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Front cover

01	02	01	Bramshott Place, Liphook
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03	01	03	C4 1 Milton Keynes
		04	Rverbank House, London
05	06	05	Hatters Retail Park, Luton
		06	Ghivce, Poland

## Financial Highlights

Graphs removed

+105%

+155%

### Three year summary

	31 03 07	31 03 06	31 03 05
	£m	£m	£m
Net rental income	14.8	16.5	20.4
Trading profits	2.1	13.4	5.8
Development profits	13.6	4.6	12.7
Share of results of joint ventures	6.2	0.4	2.7
Adjusted profits before tax	19.5	13.6	20.5
Gain on revaluation of investment property	33.2	35.7	30.1
Gain on sale of investment properties	7.4	7.8	14.1
Pre-tax profits	60.1	57.1	64.7
Return of cash paid to shareholders	-	2.4	97.2
Investment portfolio	316.0	294.6	271.3
Shareholders' funds	282.2	230.1	182.5
	pence	pence	pence
Dividend per ordinary share	4.05	3.65	3.32
Diluted earnings per share	53.7	51.8	53.7
Diluted EPRA earnings per share	16.6	12.2	14.1
Diluted EPRA net asset value per share	374	309	238
Diluted EPRA triple net asset value per share	346	284	219

Helical Bar is a property development and investment company.

Graph removed

Total Shareholder Return

	31 3 07 %	31 3 06 %	31 3 05 %
Helical Bar plc	9.7	73.5	35.6
UK Equity Market	11.1	28.0	15.6
Listed Real Estate Sector index	22.1	49.3	25.4
Direct Property – <i>monthly data</i>	15.6	20.9	18.0

Source: New Bridge Street Consultants/Thomson Financial

## Business Review

“A 21% net asset value increase has led to a doubling of net asset value per share over the last three years.”

### Highlights of 2007

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Profit before tax increased by 5% to £60.1m

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Diluted EPRA net asset value per share rose by 21% to 374p

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Like for like valuation increase of investment portfolio of 14.4%

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Final dividend of 2.75p, an increase of 12%

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## Chairman's Statement

Helical has a history of producing good financial results and the year to 31 March 2007 is no exception. The 21% increase in net assets per share in the year means that the Company has more than doubled its diluted EPRA net asset value per share in the last three years.

This performance has been reflected in our share price which has increased by 155% over the same period.

Results Profits before tax increased to £60.1m (2006: £57.1m) as higher development profits and lower net finance costs exceeded the reduced trading profits and gains on investment properties. Adjusted diluted earnings per share increased to 16.6p (2006: 12.2p).

The gain on sale and revaluation of the investment portfolio was £40.6m (2006: £43.6m) reflecting a like for like valuation increase of 14.4% (2006: 17.3%) and sales of investment properties at 17.1% over book values.

The Group's diluted EPRA net asset value per share rose by 21% to 374p (2006: 309p). The directors' valuation of trading and development stock shows a surplus of £36m (2006: £29m). Excluding this valuation, the adjusted diluted net asset value per share rose by 20% to 334p (2006: 278p).

The Company's prospects for 2007/8 allow the Board to recommend to shareholders a final dividend of 2.75p per share (2006: 2.45p), an increase of 12%. Under IFRS dividends are accounted for once declared and, as a consequence, this final dividend is not reflected in these accounts. However, taken with the interim dividend paid in December 2006 of 1.60p (2006: 1.45p) it represents a total dividend of 4.35p (2006: 3.90p), an increase of 12%.

The Board In July 2006 John Southwell retired after almost 25 years involvement with the Company, the majority of that time as Chairman of the Board. The Board thanks John for his important contribution to the success of the Company and wishes him well in his retirement. Wilf Weeks is to be congratulated on receiving an OBE for services to the Arts in London.

Outlook The Company's consistent success is derived from an ever-widening portfolio of activities, many involving highly professional and specialist joint venture partners who share in this success. As yield compression ceases and total returns for the property market move into single figures the diversification of our activities will drive our performance over the next few years.

The Company is poised to benefit from a number of exciting schemes, whether through major mixed use developments, change of planning use, retirement villages and nursing homes, outsourcing, office and retail developments and many other opportunities.

As a specialist in adding value through development, refurbishment and planning, Helical is not dependent on yield shift to deliver consistently good returns. A 21% net asset value increase has led to a doubling of net asset value per share over the last three years. We believe that the diversity of projects we have accumulated leave us well placed to outperform in the future.

Giles Weaver  
Chairman

20 June 2007

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## Managing Director's Statement

**State of the market** Recent investment performance data show that the commercial property market is levelling off. The overall figures, however, mask a sharp contrast between Central London offices, which could produce double digit capital growth, and the other sectors which are now showing little capital appreciation.

Helical's current stance is to adopt a relatively defensive approach to our investment portfolio while we remain committed to buy trading and development opportunities where we are continuing to find attractive margins.

Unlocking shareholder value in competitive markets requires increasingly creative means. Helical is constantly reinventing itself and has established a very successful model of setting up joint ventures with talented specialist management teams. This augments our core business helping to keep Helical at the forefront of the property market and continuing to outperform its peers.

**Real Estate Investment Trusts (REIT)** The REIT legislation was enacted in 2006 and, from 1 January 2007, qualifying listed property companies have been able to convert into REITs.

Companies in the new REIT asset class are required to maintain a far greater percentage of their business devoted to investments than we would wish. We believe at this point in the current cycle, it is from development and trading, rather than investment, whence the majority of our future profits will flow. Conversion to a REIT is not appropriate for Helical. Our objective is to take advantage of the flexibility that we retain to generate sufficient profits net of tax to outperform the more tax efficient REITs.

**Senior management** A cornerstone on which Helical is built is the alignment of shareholders interests with those of the senior management of the Company. The Board of Directors have always had a significant shareholding in Helical and at 31 March 2007 this shareholding, including other management, stood at 18%. Including the shares held by the Company's Employee Share Ownership Plan Trust ("ESOP") this shareholding is 24%. The average term of office for our talented team is almost 17 years for our executive directors, with the equivalent for management below Board level being over 11 years. I take this opportunity to express my thanks to the home team and all our various joint venture partners for their contributions to these results.

Michael Slade  
*Managing Director*

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Helical Bar is a property development and investment company. We create shareholder value through a wide variety of high margin activities with property investment at our core. Whilst a profit centre in its own right, property investment provides a stable income stream to cover all our overheads and interest costs. Our spread of activities gives us the flexibility to deploy capital rapidly across our business and focus on whatever opportunities offer the best returns at different points of the property cycle.

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### Our goals

We seek to make excellent returns for our shareholders over the short-, medium- and long-term whilst avoiding the pitfalls of the commercial property cycle. We aim to achieve this through a broadly based, diversified property business, which has access to a very wide range of opportunities.

We do this with a small, long serving management team who have a significant proportion of their own wealth invested in an 18% stake in the Company and have no competing interests. We try to keep execution risk to a minimum, working with first rate joint venture partners when we move into new areas of property business.

### Our approach – how we create value

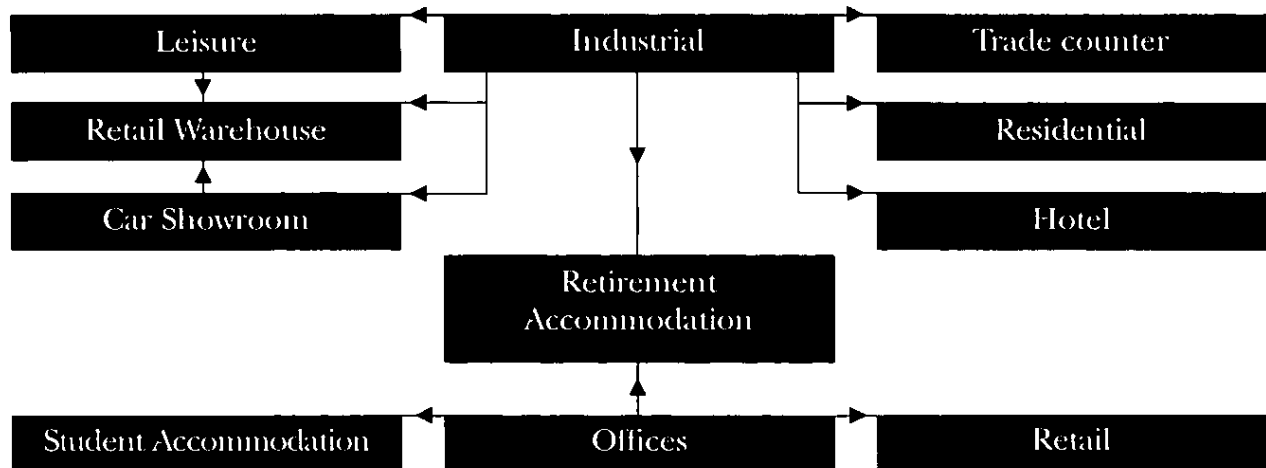
**Planning** We are specialists in unlocking value by obtaining planning consents for more valuable uses.

This year we gained consent for a retirement village of 144 units on the site of a disused hospital in Liphook, Hants, resulting in a £9m increase in site value.

We currently have brownfield sites in Cambridge, Horsham and Great Alne (west of Stratford upon Avon) where we are seeking retirement village consents. Residential use is being sought on industrial sites in Fleet and Whitstable and on a greenfield site in Telford.

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### Changes of use



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**In Vauxhall, London** we are working with National Grid UK Pension Fund to secure a large residential allocation on an industrial estate fronting the Thames. Our biggest project is at White City where on behalf of a consortium of landowners we are master planning 4.5m sq ft of residential and commercial space on 33 acres. In Milton Keynes we are in the process of gaining consent for a 300,000 sq ft retail warehouse and leisure scheme and a trade park on separate sites.

**Mixed use development** In recent years we have sought to create more sustainable development with a variety of complementary uses. In particular, we have incorporated residential uses into a number of our schemes. These include 700 student housing units above our 180,000 sq ft retail in Nottingham and 56 flats in our department store conversion in Cardiff which were all sold on the first morning of the launch, a year before completion. At C4 1 in Milton Keynes, with local developers Abbeygate, we are building 440 flats above a new 110,000 sq ft Sainsbury supermarket. These have been forward sold to Barratts and social landlord Genesis. At Parkgate, Shurley the construction of an 80,000 sq ft Asda supermarket together with 120,000 sq ft of retail and 200 residential units are planned to commence in 2008. In Wokerhampton an 11 acre site has been divided and sold into land parcels for residential, hotel, car showroom and public houses with a listed building to be converted into a casino.

**Office development** We have a 20 year track record of building Grade A Central London office buildings, often in partnership with institutions and other landowners. We have recently been appointed by Pace Investments (City) Limited to manage the development in the City of 320,000 sq ft of offices pre-let to Man Group as their new headquarters. We are also partnering National Grid UK Pension Fund on the refurbishment of 35,000 sq ft of offices and 23,000 sq ft of leisure and restaurants at Clareville House, SW1. At Mitre Square, EC3 we have obtained planning consent for a 350,000 sq ft office scheme and plan to commence in 2008. At Bracknell we are moving forward through planning a major mixed use scheme which will comprise over 300,000 sq ft of offices and residential.

**Office refurbishment** We like to breathe new life into unloved, empty office buildings in and around Central London introducing some design flair and creating new hubs or communities of occupiers. In Battersea we recently converted an empty TV studio into offices with a communal bar and meeting space which is now let to over 20 different businesses. We have just obtained planning consent to double the floor space, building a second 50,000 sq ft on part of the car park. Investment properties Rex House, SW1, Shepherds Building, W12 and 61 Southwark Street, SE1 represent over £100m of buildings that we have refurbished in the past and retained for their growth potential.

**Retail development** Through our joint ventures with Oswin and Overton, we have been building retail parks and shopping centres for over a decade. Last month we completed a retail park in Luton let to DFS, SCS, Carpetright, Harveys and sold to the Hercules Unit Trust for £36m. Planning consent is being sought for a 25,000 sq ft bulky goods retail warehouse scheme in Crewe.

**Retail asset management** Reconfiguring and combining small retail units enables us to attract desirable new retailers into our retail centres. At the old Morgan's Department Store in Cardiff we have created units for Borders, TK Maxx, Moss Bros and Rossiters. At Letchworth we nearly doubled rental values over a three year period. We introduced a dozen new retailers to the town more than doubling the capital value and generating a near five fold return on equity.

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**Industrial development** In partnership with Chancerygate we are building 140 units totalling over 580,000 sq ft for onward sale to owner occupiers at two sites in Oxford and at Southampton, Southall (West London) and Stockport. We are also building 93,000 sq ft of mainly industrial space but also trade counters, crèche and a convenience store in Hailsham with Quadrant Estates. In recent years we have completed successful schemes in Slough with Chancerygate and in Cambridge, Edenbridge and Harlow in partnership with Dencora. These schemes often include sales of parcels of land for hotels, car showrooms and self-storage and the development of trade counter schemes.

**Retirement villages** As part of our planning business we obtained retirement village consents and in the past sold off the sites for development. At Cawston, Rugby we retained an interest in the development as a consortium member and following its success have elected to build out our recently consented scheme at Liphook.

#### **Outsourcing**

Our outsourcing venture, The Asset Factor, has made good progress during the year – evolving its positioning as an asset manager and property operator.

We have secured a 50% stake in an internal property management business in partnership with Nelson Bakewell. Currently managing support services to a portfolio of over 30m sq ft in over 600 locations, it is one of the top three managers of multi-tenanted buildings in the UK. Our strategy is to invest in new management, improved systems and best practice processes to create and grow a premium branded, market leading property and facilities management business.

We have also launched a new corporate services office business as a joint venture with fast growing sector specialist Avanta. Our first surplus space deal was signed in December

2006 with Prudential on a 22,000 sq ft property at Dukesbridge House in Reading. The facility has since been refurbished and commenced operations in April 2007.

**Poland Helical** Poland continues to make good progress.

Sosnica Retail Park, Gliwice, will comprise a 64,000 sq m retail park anchored by a 12,000 sq m Carrefour hypermarket. The site is at the intersection of the new A1 and A4 motorways and will be completed to coincide with the new junction in the second half of 2009.

At Wroclaw, a retail scheme for 10,000 sq m is planned adjacent to the existing Korona Retail Centre. Pre-lets have already been agreed with Electroworld and Carpetright. Work will start on site at the end of 2007 and terms have been agreed to forward sell the completed scheme to an Irish investor.

A number of other retail schemes are under consideration.

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## How We Create Value

### 1 Morgan Department Store, Cardiff

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In March 2005 we completed the £29m purchase of the 225,000 sq ft Morgan Department Store and Royal and Morgan Arcades in Cardiff. The property had been "unworked" having been in family ownership for 124 years. The property is in an improving pitch directly opposite the St David's 2 Shopping Centre, anchored by John Lewis and due to be completed in 2009.

Planning consent was obtained in 2005 to convert the department store into three large retail units totalling 160,000 sq ft, due for completion in 2007 and pre-let to Borders, TK Maxx, Rossiter's and Moss Bros, and 56 apartments on the top floors of the building. The apartments were all sold on the first morning of their launch, a year before their completion in late 2007.

The arcades comprise 55 units being subject to intensive management on completion of the adjoining development at the Morgan Department Store.

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Project Refurbishment of department store and conversion to retail units/residential

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Stage of completion Due to complete late 2007

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Size Retail units – 160,000 sq ft  
Arcade – 65,000 sq ft  
Residential – 50,000 sq ft

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### 2 C41 Milton Keynes

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In 2004 our joint venture vehicle with Abbeygate Developments Limited was selected by English Partnerships as the developer for the £100m C41 project in central Milton Keynes.

The site was purchased in 2006 and work commenced on the construction of a 100,000 sq ft supermarket, forward sold to Sainsbury's, and 441 residential units pre-sold to Genesis and Kingsoak.

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Project Construction of new supermarket and flats

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Stage of completion Due to complete late 2008

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Size Retail units – 110,000 sq ft  
Residential – 441 flats

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### 3 Bramshott Place, Liphook

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In 2001 this site, with planning permission for an industrial development, was acquired. Since acquisition the Company has pursued a planning application for the construction of a retirement village. Permission has been granted for a retirement village of 144 units. Faced with the choice of selling to a housebuilder or developing the site the Company has opted to build and operate the first of a number of retirement villages.

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Project Construction of a retirement village on the site of a former hospital

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Stage of completion Due to complete 2009

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Size Residential – 144 apartments, cottages and bungalows

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## Portfolio Statistics

### Our portfolio – how we commit our capital

	Central London offices	South East offices	In town retail	Out of town retail	Industrial	Change of use	Total
Investment	32.8%	1.2%	20.4%	6.0%	8.9%	2.4%	71.7%
Trading and development	-	2.6%	1.0%	2.3%	13.1%	9.3%	28.3%
<b>Total</b>	<b>32.8%</b>	<b>3.8%</b>	<b>21.4%</b>	<b>8.3%</b>	<b>22.0%</b>	<b>11.7%</b>	<b>100.0%</b>

	Valuation uplift	Average unexpired lease term (years)
London offices	17.8%	6.8
In town retail	16.2%	9.5
Out of town retail	6.3%	9.0
Industrial	7.4%	9.3
<b>Investment portfolio</b>	<b>14.4%</b>	<b>7.9</b>

### Valuation yields

	Initial	Revisi- onary	Equivalent	Inte r equivalent
London offices	6.2%	7.0%	6.0%	6.3%
In town retail	3.2%	5.1%	5.1%	5.3%
Out of town retail	4.9%	5.0%	4.9%	5.1%
Industrial	6.1%	7.5%	7.4%	7.8%
<b>Investment portfolio</b>	<b>5.2%</b>	<b>6.4%</b>	<b>5.9%</b>	<b>6.2%</b>

### Properties sold/projects completed during the year

Properties sold/ projects completed during year	Description	Helical share
Garden Square, Letchworth	150,000 sq ft shopping centre. Rental values increased from £35 psf to £65 psf Zone A during ownership. Sold for more than double 2003 purchase price.	95% I
Luton	80,000 sq ft retail park development. Prelet to DFS, Carpetright, Harveys, SCS. Sold to Hercules for £36.2 million. Over 20% profit on cost.	80% D
Sandiacre, Nottingham	145,000 sq ft industrial sold to Tesco for potential supermarket development. 32% profit on cost over one year.	75% T
Weston-super-Mare	29,000 sq ft retail warehouse development prelet to Wickes and presold to Scotish Widows. Completed October 2006. Profit over 40% on cost.	75% D
St Austell	36,000 sq ft Homebase sold for circa 100% above 2002 purchase price.	75% I
Worthing	26,000 sq ft Wickes sold for 69% above 2003 purchase price.	75% I
Sawston, Cambridge	Final sales completed of 65,000 sq ft of offices and industrial units developed for freehold sales. 25% profit on cost.	67% I/T

I – Investment  
D – Development  
T – Trading

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### Ongoing Projects

Mixed use Developments	Description	Helical share	Office Developments	Description	Helical share
Morgan Department Store, Cardiff	160,000 sq ft retail – Borders, 1k Maxx, Moss Bros Completion Summer 2007 56 flats, all sold Completion late 2007	100% I	Mitre Square, London EC3	350,000 sq ft Due to start on site 2008	50% D
Trinity Square, Nottingham	180,000 sq ft retail – Borders, 1k Maxx, Dixons 700 student units Forward sold to Morley for over £100m Completion 2007	65% D	Riverbank House London EC4	320,000 sq ft pre-let to Man Group Due to start on site 2007	Development management role D
C4 1, Milton Keynes	110,000 sq ft Sainsbury's (forward sold) 440 residential units (forward sold) 35,000 sq ft of retail and offices Completion 2008	30% D	Clareville House London SW1	Refurbishment of 95,000 sq ft offices plus 23,000 sq ft of restaurant, nightclub and retail Construction started	Development management role D
White City, London W12	Planning consent to be sought for 4.5 m sq ft of commercial and residential on 33 acres	Consortium landowner and development manager D	Battersea Studios (phase 2), London SW8	50,000 sq ft of new office development commencing	75% D
Amen Corner, Bracknell	Land and options held for a gateway office/mixed use development off A329M	100% D	Forestgate, Crawley	Refurbishment of 24,000 sq ft completed. Scheme for two new buildings of 21,000 sq ft and 18,000 sq ft	75% D
Bluebrick, Wolverhampton	11 acre site Individual land sales completed for 208 flats, 20,000 sq ft showroom, 88 bed hotel, 7,000 sq ft pub A casino use is proposed for the remaining listed building	75% D	Industrial Developments	Description	Helical share
Ropemaker Park, Hailsham	70,000 sq ft light industrial, 27,000 sq ft trade counter, 12,000 sq ft car showroom, 4,000 sq ft convenience store and 4,000 sq ft crèche Construction started 2006	50% D	Watlington Road, Cowley, Oxford	71,000 sq ft of industrials and offices of which 25,000 sq ft of offices sold and 27,000 sq ft of industrials sold or under offer	80% D
Leisure Plaza, Milton Keynes	Resolution to grant planning consent for 165,000 sq ft ILVA store, 65,000 sq ft casino, 50,000 sq ft ice rink, plus a further 25,000 sq ft of retail	50% D	Longford Lane, Kidlington	140,000 sq ft of industrial units for freehold sales Construction of phase 1 due to complete Summer 2007	80% D
Trirot Way, Stockport	A planning application will be submitted in 2007 for 100,000 sq ft industrial, 49,000 sq ft trade counter, 20,000 sq ft self storage, 20,000 sq ft builders merchant and car showroom	80% D	Scotts Road, Southall, West London	250,000 sq ft of industrial units for freehold sales Construction to commence 2007	80% D
Parkgate, Shirley, Birmingham	200,000 sq ft retail – Asda (80,000 sq ft supermarket) and 200 residential units Construction to commence 2007	50% D	Millbrook Trading Estate, Southampton	50,000 sq ft of industrial units, 65,000 sq ft of trade counters, 20,000 sq ft of self storage to commence 2007 plus a further 4 acres of industrial land	80% D
Hagley Road West, Quinton, Birmingham	16,000 sq ft retail plus 15 residential units Under construction	75% D			

I – Investment  
D – Development  
T – Trading

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## Ongoing Projects

Retail Developments	Description	Helical share	Projects with change of use potential	Description	Helical share
Macon Way, Crewe	25,000 sq ft bulky goods scheme subject to planning consent	50% D	Maudslay Park, Great Alne	314,000 sq ft industrial estate on a 20 acre site subject to a planning appeal for 175 retirement home units	90% D
Ghivice, Poland	64,000 sq m out of town retail Construction to commence 2007/08	50% D	Waterside, Fleet	54,000 sq ft of industrial property on 5 acres with planning application for 207 residential units	75% I
Wroclaw, Poland	10,000 sq m out of town retail Construction due to commence 2007	50% D	Upper High Street, Epsom	Site with residential consent subject to a planning appeal for an 80,000 sq ft supermarket	100% D
Retirement Village Developments	Description	Helical share	Vauxhall, London SW8	In partnership with National Grid UK Pension Fund we are seeking to gain an allocation for a large residential led mixed use development on a Thames-side industrial estate	Profit Share D
Lime Tree Village Rugby	154 bungalows cottages and apartments being constructed in phases 104 sold to date	34% D	Ely Road, Milton, Cambridge	32,000 sq ft of industrial on 20 acres Planning application to be submitted in 2007 for 120 unit retirement village	90% D
Bramshott Place, Liphook	Planning consent granted for 144 units resulting in an increase of over £9m in site value Construction to commence 2007	90% D	Thanet Way, Whitstable	80,000 sq ft of industrial on 6 acres with potential for residential development	90% D
			Cherry Tree Yard, Faygate, Horsham	Former sawmill on 15 acres Planning application to be submitted in 2007 for 175 retirement home units	90% D
			Winterhill, Milton Keynes	28 000 sq ft of warehouses and offices with retail warehouse or trade counter potential	50% I
			Cardiff Royal Infirmary	Vacant hospital on a peppercorn lease with residential potential	75% I
			Arleston, Telford	19 acre greenfield site with residential potential	90% D

I – Investment  
D – Development  
T – Trading

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## Income producing assets

Offices	Description	Helical share	Retail – out of town	Description	Helical share
Rex House, Lower Regent Street, London SW1	80,000 sq ft office building refurbished in 2001 Short leasehold expiring 2035 Acquired vacant in 2000	100% I	Otford Road Retail Park Sevenoaks	43,000 sq ft with open A1 consent let to Wickes, Currys and Carpetright Acquired 2003	75% I
Shepherd's Building, Shepherd's Bush, London W14	150,000 sq ft of studio offices refurbished in 2001 and let to over 50 tenants Acquired vacant in 2000	90% I	Stanwell Road, Ashford	32,000 sq ft Focus DIY store Acquired 2004	75% I
61 Southwark Street, London SE1	66,000 sq ft of offices that have been subject to a rolling refurbishment and a new penthouse floor Acquired 1998	100% I	215 Brixham Road, Paignton	24,000 sq ft Focus store with open A1 consent Acquired 2005	67% I
Battersea Studios, London SW8	55,000 sq ft of media style offices refurbished in 2006 Acquired vacant in 2005	75% I			
Amberley Court, Crawley	Partial refurbishment of 31,000 sq ft Office campus	90%	Industrial	Description	Helical share
			Hawtun Park, Blackwood	251,000 sq ft estate, part vacant Acquired 2003	100% I
			Fordham, Newmarket	70,000 sq ft of R&D space and offices on a 32 acre landscaped site let on a long lease Acquired 2007	53% I
			Westgate, Aldridge	208,000 sq ft part vacant Acquired 2006	80% I
			Dales Manor, Sawston, Cambridge	70,000 sq ft multi-let estate Acquired 2003	67% I/D
Retail – in town	Description	Helical share	Golden Cross, Hatsham	102,000 sq ft unit let on a long RPI lease Acquired 2001	100% I
Morgan & Royal Arcades, Cardiff	56 units to be subject to intensive management on completion of the adjoining development at the Morgan Department Store Acquired 2005	100% I	Standard Industrial Estate, North Woolwich	50,000 sq ft estate, recently refurbished Acquired 2002	60% I
1-5 Queens Walk East Grinstead	37,000 sq ft of retail opposite a proposed new retail scheme Acquired 2005	87% I	Bushey Mill Lane, Watford	24,000 sq ft income producing with development potential Acquired 2006	80% D
Glasgow Portfolio	Three unit shop investments and part of a multi-let office block all in Glasgow City Centre Acquired 2005	100% I/T			

I – Investment  
D – Development  
T – Trading

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A property company's share price should reflect growth in net assets per share. Our Company's main objective is to maximise growth in assets from increases in investment portfolio values and from retained earnings from other property related activities.

Risk is an integral part of any company's business activities and Helical's ability to identify, assess, monitor and manage each risk to which it is exposed is fundamental to its financial stability, current and future financial performance and reputation.

IPD (all monthly and quarterly valued funds) Ungeared returns

Total Returns	% pa	% pa	% pa	% pa	% pa
Annualised over	1 year	3 years	5 years	10 years	17 years
Helical	24.1	25.9	19.5	20.8	18.5
IPD Benchmark	15.8	17.8	14.9	13.3	9.7
Percentile rank	5	3	3	1	0*

\* "0" means the top ranked fund

## Total Shareholder Return

	1 year % pa	3 years % pa	Performance measured over			
			5 years % pa	10 years % pa	15 years % pa	20 years % pa
Helical Bar plc <sup>1</sup>	9.7	37.2	23.6	21.0	29.5	19.2
UK Equity Market <sup>2</sup>	11.1	18.0	8.6	7.7	10.8	10.1
Listed Real Estate Sector Index <sup>3</sup>	22.1	31.7	23.5	14.7	16.0	10.8
Direct Property – monthly data <sup>4</sup>	15.6	18.1	15.5	13.5	12.1	11.6

<sup>1</sup> Growth over 1 year, 3 years etc to 31/3/07

<sup>2</sup> Growth in FTSE All-Share Return Index over 1 year, 3 years etc to 31/3/07

<sup>3</sup> Growth in FTSE All-Share Real Estate Sector Return Index over 1 year, 3 years etc to 31/3/07

<sup>4</sup> Growth in Total Return of IPD UK Monthly Index (All Property) over 1 year, 3 years etc to 31/3/07

## Key Performance Indicators and Benchmarks

We incentivise management to outperform the Company's competitors by setting the right levels for performance indicators against which rewards are measured. We also design our remuneration packages to align management's interests with shareholders' aspirations. Key to this is the monitoring and reporting against identifiable performance targets and benchmarks. For a number of years we have reported on these, the most important of which are:

**Investment Property Databank** The Investment Property Databank ("IPD") produces a number of independent benchmarks of property returns which are regarded as the main industry indices. They have compared the ungeared performance of Helical's total property portfolio against that of portfolios within IPD for the last 17 years. The Company's annual performance target is to exceed the top quartile of the IPD database. Helical's ungeared performance for the year to 31 March 2007 was 24.1% (2006: 25.9%) compared to the IPD median benchmark of 15.8% (2006: 20.6%) and upper quartile benchmark of 17.2% (2006: 22.8%).

IPD (all monthly and quarterly valued funds) Ungeared returns

Total Return	31/3/07 %	31/3/06 %	31/3/05 %
Helical	24.1	25.9	28.5
IPD upper quartile	17.2	22.8	20.3
Percentile rank	5	10	0*

\* "0" means the top ranked fund

The returns on shareholder capital earned by Helical are generally higher than those measured by IPD due to the use of gearing. The returns noted above take no account of the £36m (2006: £29m) surplus of trading and development stock above book value arising from the directors' valuation.

**Total Shareholder Return** Total Shareholder Return ("TSR") measures the return to shareholders from share price movements and dividend income and is used to compare returns between companies listed on the Stock Exchange. Management is incentivised to exceed the top quartile of the real estate sector. Helical's TSR for the year to 31 March 2007 was 9.7% (2006: 7.35%) compared to the median of the listed real estate sector of 22.1% (2006: 49.3%).

**Net asset value** Net asset value per share represents the share of net assets attributable to each ordinary share. Whilst the basic and diluted net asset per share calculation provide a guide to performance, the property industry prefers to use an adjusted diluted net asset per share. The adjustments necessary to arrive at this figure are shown in note 31 to these accounts.

Management is incentivised to exceed 15% p.a. growth in net asset value per share.

The adjusted diluted net asset value per share, excluding trading stock surplus, at 31 March 2007 was 334p (2006: 278p), an increase of 20%.

Including the surplus on valuation of trading and development stock, the diluted EPRA net asset value per share at 31 March 2007 was 374p (2006: 309p), an increase of 21% (2006: 30%). Adjusted EPRA triple net asset value per share rose by 22% (2006: 30%) to 346p (2006: 284p).

## Risk Management

**Risk governance** The responsibility for the governance of the Company's risk profile lies with the Board of Directors of Helical. The Board is responsible for setting the Company's risk strategy by assessing risks, determining its willingness to accept those risks and ensuring that the risks are monitored and that the Company is aware of and, if appropriate, reacts to, changes in those risks. The Board is also responsible for allocating responsibility for risk within the Company's management structure.

**Strategic risks** Strategic risks are those risks that may adversely affect the Company's financial performance by following an inappropriate strategy or by the failure to execute an appropriate strategy. Strategic risks arise over a long time frame where there are fundamental differences between the business environment in which the Company operates and the environment assumed on the establishment of that strategy.

The Company's reputation is a key component of our ability to achieve its strategic goals and success in meeting these goals depends not only on the effective management of risks but also on the maintenance of its reputation among stakeholders, i.e. employees, investors, regulators, business partners, financial institutions and the public.

## Image removed

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The other main strategic risks identified by the Company include

- long-term under-performance of the real estate sector compared to alternative forms of investment e.g. equities, gilts,
- regulatory changes which significantly impact on the attractiveness of real estate as an investment compared to alternative forms of investment, or on the attractiveness of investing in real estate through a listed company,
- the effect of global events e.g. oil prices, international conflicts and terrorism, economic impacts of global inflation/depressions on UK real estate in general and on London, as a financial centre, in particular,
- macro-economic changes such as interest rate rises affecting yields achievable on real estate,
- over-dependence on an inadequate level of business relationships restricting an ability to source opportunities, and,
- retention of key senior employees

The principal strategic risks noted above and the underlying drivers of such risks are monitored by management and discussed in the annual update of a five year Business Plan presented by the Executive Directors to the full Board each year. In addition the Company receives regular updates on the impact of economic scenarios on the real estate sector as well as subscribing to a number of economic journals in order that senior employees are kept up-to-date.

The Board has a schedule of matters specifically reserved to it for decision. The Board controls the business but delegates day-to-day responsibility to the executive management. However, there are a number of matters which are required to be on, in the interests of the Company, should only be decided by the Board of Directors as a whole.

The Board monitors the financial performance of the Company at quarterly Board meetings where comparisons against budgets and forecasts are made together with a review of key performance indicators.

The remuneration packages of senior directors and employees are seen as the key to their retention and motivation. These remuneration packages are designed to provide a basic level of salary at the lower to mid-range of the Company's peer group but with cash bonuses and share awards at the top end of the peer group rewarding outperformance compared to that peer group.

Risks to the Company's reputation are mitigated by the adoption of an internal Code of Conduct and "whistle-blowing" procedures which are reviewed annually.

The most recent annual review of the strategic risks faced by the Company indicate that the business of Helical is appropriate to the business environment in which it competes and that the strategic risks faced by the Company have not impacted adversely on it in the period under review.

**Operational risks** Operational risk is the risk that the Company may suffer a loss from inadequate internal processes, systems, resources, incorrect decision-making or through external events.

Losses from operational risk can arise from

- people-related issues such as inadequate resources, skills or departure of key personnel,
- software or hardware failure, inadequate IT security, failure of back-up facilities,
- incorrect or inappropriate use of valuation models, inappropriate gearing levels, breaches of authorisation levels,
- fraud from internal or external sources,
- external events leading to a loss of a major provider of services e.g. contractor failure.

The Company's approach is not to eliminate operational risk, but rather to identify the areas in which it might arise and to contain it within acceptable limits through the application of effective controls. Ultimately, the management of operational risk is dependent upon the application of sound management judgement. The close involvement of the executive directors in the day-to-day running of the business is critical to that judgement.

The Company has not suffered any material losses arising from exposure to operational risks in the year under review.

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**Market risks** Market risks arise from the possibility that the Company may suffer reduced income or a loss resulting from fluctuations in the values of, or income from, its real estate portfolio

Market risk is a key component of the Company's long-term strategy with exposure to the various real estate sectors fluctuating as perceptions of the future performance of each of those sectors change. Net asset value growth, a key performance indicator, is dependent upon an ability to move easily between sectors at the appropriate time

The Company's directors constantly analyse fluctuations in market movements using evidence gathered from a variety of public and personal sources, using this analysis to determine the future direction of real estate investment

Selecting the most appropriate level of exposure to each sector is fundamental to the success of the Company. Measuring that success is undertaken by comparing the Company's portfolio returns over short-, medium- and long-term periods with those as reported by Investment Property Databank (IPD), the source of the main real estate sector indices

In the year under review, and over the medium- and long-term, the Company's performance compares favourably with the rest of the sector as reported by IPD on page 15

**Liquidity risks** Liquidity risks arise from having insufficient financial resources to enable the Company to meet its obligations as they fall due, or can only secure them at an excessive cost. Liquidity risks also arise where the Company has insufficient resources to enable investment decisions, arising from its assessment of market risks, to be executed

The Company finances its operations from the cash flow generated by its operations, bank borrowings, both secured and unsecured and over short-, medium- and long-term periods, and from the capital markets through share issues

The management of cash and debt is monitored daily with medium-term cash flows prepared weekly and long-term cash flows discussed regularly in management meetings and presented to the Board annually

The Company's overall approach is to provide sufficient liquidity to be able to meet, from cash resources and available facilities, the expected requirements of the business. The guiding principle is to ensure that funding is obtained from diverse providers with a range of maturities, backed up by interest rate protection where appropriate. This is to ensure that a stable flow of financing is available and to provide protection in the event of market disruption

The Company's cash resources, bank borrowings, interest rate protection and gearing are noted on pages 59 to 61

**Credit risks** Credit risk is the possibility that the Company may suffer a loss from the failure of its tenants, borrowers, suppliers or other counterparties to meet their financial obligations to the Company, including their failure to meet them in a timely manner. It includes the risks that the Company may suffer a loss as a result of guarantees to third parties. Credit risk in order to earn a return is not a central feature of the Company's business activities, rather it is a consequence of those activities

The Company is exposed to credit risk in respect of the financial stability of the tenants and potential tenants in its real estate portfolio. It is also exposed to credit risk where cash flows from the sales of real estate, whether investment or trading properties or funded developments, are deferred. The potential failure of major suppliers such as contractors or sub-contractors also exposes the Company to credit risk. Guarantees to third parties, such as banks, where the Company is in joint venture with partners expose the Company to risks that those partners are unable to fulfil their obligations

The financial assessment of tenants, potential tenants, contractors and potential partners are part of the daily routine of the Company. The assessment of these third parties is undertaken by the finance department in discussion with the principal responsible for the real estate decision

In the year under review bad debts constituted less than 1% of gross rental income and no other third parties resulted in a loss arising in the Company from their financial position

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## Financial Review

### Consolidated Income Statement

*Profits* Profits before tax increased to £60.1m (2006 £57.1m) with higher development profits, an increased contribution from the Company's joint ventures and lower net finance costs exceeding the reduction in trading profits and gains on investment properties

Adjusted profits before tax, which excludes the gains on sale and revaluation of investment properties, increased to £19.5m (2006 £13.6m) Profits after tax and minority interest increased to £52.1m (2006 £47.4m)

*Rental income* Net rental income for the year fell to £14.8m (2006 £16.5m) reflecting, for a second year, the sale of let investment and trading properties and their replacement with vacant or partially let properties with refurbishment and rental growth prospects During the year £46m of investment properties, yielding £2.1m of rental income, were sold £29m was used to add to the investment portfolio, principally through the refurbishment of existing properties, and £42m was used to purchase sites and properties to be re-developed Together these currently produce a passing rent of £1.0m Rent reviews and new lettings, net of lease expiries and rent free periods, added rental income of £1.6m on the remaining portfolio

Rental costs fell from £3.6m to £3.3m, as vacant space at refurbished properties began to be let

*Trading and other profits* Trading profits of £2.1m were down on last year (2006 £13.4m) and arose from the sale of a number of properties at Nottingham, Curtain Road London EC2 and in Glasgow

*Development profits* The development programme produced profits at the retail schemes at Weston-super-Mare, Luton and Nottingham, office schemes at Ropemaker Place London EC2, Chertsey and Hailsham and industrial/office schemes in Oxford and Cambridge

Developments	2007 £000	2006 £000	2005 £000
Profits	13,587	4,594	12,664

*Share of results of joint ventures* During the year the main contributor to profits was the mixed-use scheme at C41 Milton Keynes

*Administrative expenses* Administrative expenses increased to £17.5m (2006 £16.6m) principally as the result of an increased charge for share-based payments Administrative expenses, before impairment of goodwill and executive bonuses, remained at £6.1m (2006 £6.1m)

*Gain on sale and revaluation of investment properties* During the year to 31 March 2007 the Group sold investment properties with book values of £45.6m (2006 £57.6m) on which it made £7.5m (2006 £7.8m) of profit The properties sold included the shopping centre at Letchworth, retail warehouses in St Austell and Worthing and a number of small units in Glasgow The revaluation surplus for the year was £33.2m (2006 £35.7m)

*Finance costs and finance income* Increases in interest rates on higher levels of debt during most of the year led to an increase in interest costs However, capitalised interest more than offset the higher interest costs reducing net finance costs to £2.7m (2006 £7.4m) Finance income earned on cash deposits remained constant at £1.3m (2006 £1.3m)

	2007 £000	2006 £000	2005 £000
Net finance costs			
Interest payable on bank loans	8,437	7,638	8,330
Other interest payable	228	2,346	2,243
Finance arrangement costs	114	234	457
Interest capitalised	(6,069)	(2,797)	(2,296)
	2,710	7,421	8,734

Interest receivable	1,335	1,295	1,948
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*Taxation* The corporation tax charge for the year is less than the standard rate of 30% due to the use of capital allowances and tax losses. It is expected that the corporation tax charge in the year to 31 March 2008 will be less than the standard rate of 30% due to the use of capital allowances.

The deferred tax charge for the year reflects a provision for tax on revaluation surpluses and on temporary differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases in accordance with IFRS.

*Dividends* The Board is recommending to shareholders at the Annual General Meeting on 25 July 2007 a final dividend of 2.75p per share (2006 2.45p) to be paid on 27 July 2007 to shareholders on the register on 29 June 2007. This final dividend, amounting to £2.5m (2006 £2.2m) has not been included as a liability at 31 March 2007, in accordance with IFRS.

	2007 pence	2006 pence	2005 pence
Dividends			
Interim	1.60	1.45	1.32
Prior period final	2.45	2.20	2.00
Total	4.05	3.65	3.32

In the year to 31 March 2005 a 400p per share dividend was paid to shareholders holding 14,143,020 A ordinary 5p shares as part of the Return of Cash on 23 December 2004.

*Earnings per share* Earnings per share in the year to 31 March 2007 were 58.0p (2006 54.7p) per share and on a diluted basis were 53.7p (2006 51.8p) per share.

	2007 pence	2006 pence	2005 pence
Earnings per share			
Earnings per share	58.0	54.7	56.3
Diluted earnings per share	53.7	51.8	53.7
Diluted EPRA earnings per share	16.6	12.2	14.1

Diluted EPRA earnings per share excludes from earnings the IFRS effects of including the gain on sale and revaluation of investment properties (net of tax) and fair value movement on derivative financial instruments.

### Consolidated Balance Sheet

*Investment portfolio* During the year investment properties with a book value of £45.6m were sold and partly replaced by £10.4m of new properties. In addition, around £18.6m of capital expenditure was spent on refurbishing various office, industrial and retail buildings. At 31 March 2007 there was a revaluation surplus of £33.2m (2006: £35.7m) on the investment portfolio.

	2007 £000	2006 £000	2005 £000
Investment portfolio			
Cost of valuation at 1 April	294,583	271,315	335,114
Additions at cost	28,965	40,231	26,957
Disposals	(45,638)	(57,565)	(124,210)
Amortisation of finance lease	(3)	-	-
Revaluation – Group	33,180	35,733	30,097
– Joint ventures	4,938	4,869	3,357
Cost of valuation at 31 March	316,025	294,583	271,315

*Net asset values* The performance of the Group in the year to 31 March 2007 has increased equity shareholders' funds, on which the net asset value per share is calculated, by £52.1m. This has led to a 21% increase in diluted net assets per share to 307p (2006: 253p). Taking into account the directors' valuation of trading and development stock of £36m (2006: £29m), the diluted EPRA net assets per share increased by 21% to 374p (2006: 309p).

Net asset values per ordinary share	2007 pence	2006 pence	2005 pence
Diluted – 1	307	253	205
Adjusted diluted – 2	334	278	224
Diluted EPRA – 3	374	309	238
Diluted EPRA triple net asset value – 4	346	284	219

1 – net asset value diluted for share options

2 – net asset value as per 1 but after adding back deferred tax on revaluation surpluses and capital allowances and the fair value of financial instruments

3 – net asset value as per 2 but after adding the fair value of trading and development stock

4 – net asset value as per 3 less the deferred tax on revaluation surpluses and capital allowances and the fair value of financial instruments

*Borrowings and financial risk* The Group's purchases of development sites have increased debt and, at 31 March 2007, net debt had increased from £112.7m to £134.0m

Taken with an increase in net assets of £52.1m, the increase in net debt combined to reduce the Group's net gearing from 49% to 47%

Net debt and gearing		2007	2006	2005
Net debt	£m	134.0	112.7	125.0
Gearing	%	47	49	67

The Group 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 £74m of undrawn bank facilities and cash of £3.4m (2006: £10.1m). In addition it had £195m (2006: £158m) of uncharged property on which the Group could borrow funds.

As at 20 June 2007, Helical's average interest rate was 6.4%

#### Performance Measures

Key performance indicators, such as the Company's performance against an Investment Property Databank ("IPD") benchmark, Total Shareholder Return and net asset value growth, are included in the Performance and Risk section of these financial statements on pages 14 to 17. In addition, in order to evaluate its overall performance against other small to mid-size companies, both here and abroad, Helical looks at equity added value.

#### Equity value added

Year ended 31 March		2007	2006	2005
Capital employed	£m	411	336	347
Return on capital	%	21.6	19.7	24.2
Weighted average cost of capital	%	7.7	7.0	6.7
Spread	%	13.9	12.7	17.5
Equity value added	£m	46.7	44.1	60.9

Nigel McNair Scott  
Finance Director

# Corporate Social Responsibility

Helical Bar plc recognises and acknowledges that the conduct of its business has an impact on its employees, its partners, its customers and suppliers and the economy, community and environment of its property portfolio. An indication of the Company's commitment to good corporate social responsibility is its inclusion on the FTSE4Good UK Index, a benchmark index of companies which meet criteria set down by EIRIS (Ethical Investment Research Service) on environmental, social and ethical performance.

The criteria established by EIRIS encompass corporate governance, environment, human rights, stakeholder issues, employee issues and customers and suppliers. The Company's corporate governance policies are noted on pages 27 to 30 and on the environment on page 23. The Company has no business activities in any countries which have unacceptable human rights records. The Company's relationship with its key stakeholders, its shareholders, is noted on page 29.

## Employees

Helical Bar plc is committed to non-discrimination in all its forms and supports the training and development of all its employees. The Company actively encourages participation in the ownership of the business through the operation of a Share Incentive Plan authorised by shareholders at the 2002 AGM. This Plan replaced the Profit Sharing Scheme which had operated since 1997. All employees are eligible to benefit from Company contributions into personal pension plans or into the Company's Stakeholder Pension Plan.

## Statement of General Health and Safety Policy

Helical Bar's policy is to develop a culture throughout its organisation that is committed to the prevention of injuries and ill health to its employees or others that may be affected by its activities.

The Board of Directors and senior staff are responsible for implementing this policy throughout the Company and must ensure that health and safety considerations are always given priority in planning and in day-to-day activities.

Helical Bar recognises its legal responsibility for health and safety. The Managing Director has overall responsibility for policy formulation, development and implementation. The Company shall liaise and co-operate with the appropriate authorities and will obtain expert advice where necessary to determine the risks to health and safety in its activities.

Facilities will be provided for employer/employee consultation on health and safety matters. All employees are expected to co-operate with the Company to achieve the objectives of this policy and must ensure that their own work, so far as is reasonably practicable, is carried out without risk to themselves or others.

The Company is committed to providing information and necessary ongoing training to employees in respect of risks to health and safety, which may arise out of their activities or at their workplace.

This policy statement will be displayed prominently at all Company offices and the organisation and arrangements for implementing this policy will be available at all Company offices for reference.

The policy will be reviewed and updated as necessary and any revisions will be communicated to those affected by the changes.

## Community involvement

Helical Bar plc has for many years joined in efforts to raise money for charitable causes. In 2007, the Company has organised an entry under the Helical banner into the London to Brighton Bike Ride hoping to repeat its success of 2005 when over £91,000 was raised for the British Heart Foundation. The Company's Managing Director, Mr Michael Slade, is a Trustee of the Land Aid Charitable Trust, a charity established in 1985 to focus the fundraising efforts of the property industry. Land Aid's mission is to support the homeless and vulnerable by raising funds to help provide accommodation, assist in refurbishment projects and give financial assistance where needed. In 2005 the charity was relaunched and organises several fundraising events each year. The Company also makes charitable donations in its own right and in the year under review the donations amounted to £45,485 (2006: £40,220).

## Ethical concerns

The Company has adopted a Code of Ethics which sets out its approach to its business principles and provides details of good business practices promoted by the Company. It includes a clear policy statement that the Company does not condone any form of corrupt behaviour in its business dealings.

The Company has also adopted an Equal Opportunities Policy which sets out its determination to treat all employees in accordance with that policy.

# Environmental Policy and Objectives

Helical remains committed to managing adverse environmental impacts arising from its property management and development activities. Our strategic commitment to the environment is outlined in the Company's environmental policy which can be found on the environment pages of [www.helical.co.uk](http://www.helical.co.uk). The environment policy is supported by 11 overarching environmental objectives, outlining our commitment across a range of environmental issues as diverse as resource use, waste management and environmental design.

As a minimum, we aim to comply with all relevant local, national and international legislation and regulation. Where practicable, we seek to go further and implement good environmental practice, because, amongst other things, we believe that it minimises risk, future proofs our business, adds value beyond the traditional financial measures of property markets and contributes to our enhanced reputation.

We set targets annually as part of an ongoing commitment to continuous improvement. These targets cover three main areas of our activity, namely, design and construction, property management and our own office occupation. Progress against these targets is tracked quarterly and a detailed review of progress against the targets is undertaken by our third party advisors each year summarising how we performed against our stated commitments. Listed below are some of the achievements of the past year.

## Building design and construction

- We developed an environmental guidance checklist for our smaller contractors. We hope to use this to encourage our contractors to consider environmental issues in assignments undertaken on behalf of Helical.
- We identified a series of key performance indicators for measuring waste at our Claiville House re-development in London. We hope that this may be useful in future given the imminent legal requirement for Site Waste Management Plans.

## Property management

- We developed an information pack for new tenants, including information on our corporate environmental policies and environmental matters relating to individual buildings.
- Work has continued with several tenants in multi-let offices to identify energy saving measures.
- We have carried out a cost comparison exercise at several multi-let offices, comparing the cost savings associated with recycling and traditional waste disposal methods.

## Own occupation

- Our website has been updated to include further details on our approach to environmental management as well as an overview of progress against last year's environment targets.

## Future commitments

A full list of targets for 2007/08 can be found on the Company website at [www.helical.co.uk](http://www.helical.co.uk).

# The Board of Directors and Senior Management

The Board of Helical Bar plc is collectively responsible for providing the entrepreneurial leadership of the Company within a framework of controls and reporting structures which assist the Company in pursuing its strategic aims and business objectives

The Board of Helical Bar plc comprises four executive directors and four non-executive directors

## Board of Directors and other officers

### *Executive directors*

*Managing Director* Michael Slade, BSc (Est Man) FRICS FSVA, joined the Board as executive director in 1984 and was appointed Managing Director in 1986 Aged 60

*Finance Director* Nigel McNair Scott, MA FCA FCT, joined the Board as non-executive director in 1985 and was subsequently appointed Finance Director in 1987 A former director of Johnson Matthey plc and Govett Strategic Investment Trust plc he is Chairman of Avocet Mining Plc Aged 61

*Development Director* Gerald Kaye, BSc (Est Man) FRICS, 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 Aged 49

*Investment Director* Michael Brown, BSc (Est Man) MRICS, 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 Aged 46

### *Non-executive directors*

*Chairman* Giles Weaver, FCA, was appointed to the Board as a non-executive director in 1993 and was appointed Chairman following the 2005 AGM He is Chairman of the Remuneration and Nominations and Appointments Committees A recent Chairman of Murray Johnstone Ltd, he is Chairman of Kenmore European Industrial Fund Limited and AII Medical Properties PLC and a director of Aberdeen Asset Management plc, James Finlay Ltd and ISIS Property Trust 2 Ltd as well as being Chairman or a director of a number of investment companies Aged 61

Antony Beevor, BA, was appointed to the Board as a non-executive director in 2000 He is the Senior Independent Director and Chairman of the Audit Committee He is also a member of the Remuneration and Nominations and Appointments Committees A former Head of Corporate Finance at Hambros Bank and Chairman of Coda International Plc, he is a Deputy Chairman of the Takeover Panel Aged 67

Wilf Weeks, OBE, was appointed to the Board as a non-executive director in 2005 He is a member of the Audit, Remuneration and Nominations and Appointments Committees Founder and Chairman of CJW Government Relations, he is now the Chairman of European Public Affairs at Weber Shandwick He was awarded an OBE in June 2006 for his services to the arts in London Aged 59

Andrew Gulliford, BSc (Est Man), FRICS, was appointed to the Board as a non-executive director in 2006 He is a member of the Audit, Remuneration and Nominations and Appointments Committees A former Deputy Senior Partner of Cushman & Wakefield Healey & Baker, he is a non-executive director of McKay Securities PLC, ISIS Property Trust 2 Ltd and various other companies Aged 60

*Company Secretary* Tim Murphy, ACA, was appointed Company Secretary in 1994 Aged 47

### *Senior management*

Matthew Bonning-Snook joined the Company as a development executive in 1995 Aged 39

Jack Pitman joined the Company as an investment executive in 2001 Aged 38

John Inwood joined the Company as a management executive in 1995 Aged 41

# Directors' Report

The directors' present their report and financial statements for the year ended 31 March 2007

## 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 in the Business Review on pages 2 to 21.

## Trading results

The results for the year are set out on page 41. The profit after tax amounts to £52,088,000 (2006: £47,444,000).

## Share capital

The detailed movements in share capital are set out in note 25 to these financial statements. At 31 March 2007 and 20 June 2007 there were 95,719,432 ordinary 1p shares in issue.

## Dividends

A final dividend of 2.75p (2006: 2.45p) per share is recommended for approval at the Annual General Meeting on 25 July 2007. The total ordinary dividend paid in the year of 4.05p (2006: 3.65p) per share amounts to £3,615,000 (2006: £3,127,000).

## Charitable donations

Donations to charities amounted to £45,485 (2006: £40,220).

## Creditor payment policy

The Company's policy is to settle all agreed liabilities within the terms established with suppliers. At 31 March 2007 there were 85 days' (2006: 75 days') purchases outstanding in respect of the Company's creditors.

## Auditors

Grant Thornton UK LLP offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

## Substantial shareholdings

At 7 June 2007 the shareholders listed in Table A on page 26 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 awards, service contracts and pension contributions are noted in the Directors' Remuneration Report on pages 31 to 37.

## 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 of the Company are listed in Table B on page 26.

Shares purchased on behalf of directors under the terms of the Share Incentive Plan are disclosed in the Directors' Remuneration Report on pages 31 to 37.

There have been no changes in the directors' interests in the period from 31 March 2007 to 20 June 2007 other than in respect of the award of shares under the Company's Share Incentive Plan as noted on page 37.

## Corporate governance

The Company's application of the principles of corporate governance is noted in the Corporate Governance Report on pages 27 to 30.

## Financial risk

Financial risk policies and objectives are discussed in the Performance and Risk report on pages 14 to 17.

## Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Directors' responsibilities for the financial statements (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditors are unaware, and,
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual General Meeting

The Annual General Meeting of the Company will be held on 25 July 2007 at 11.30 a.m. at The Westbury Hotel, Bond Street, London W1S 2YF.

The notice of meeting and the resolutions to be proposed at that meeting are set out in the enclosed circular.

Table A – Substantial shareholdings

	Number of ordinary shares at 7 June 2007	%
Michael Slade – Managing Director	12,686,693	13.3
Helical Bar Share Ownership Plan Trust	5,974,701	6.2
Legal & General	3,844,407	4.0
Fidelity	3,700,663	3.9
Cohen & Steers Inc	3,564,601	3.7

Table B – Directors' interests

	Ordinary lp shares 31 March 2007	Ordinary lp shares 1 April 2006
Giles Weaver – Chairman	96,250	96,250
Michael Slade – Managing Director	12,686,693	12,747,203
Nigel McNair Scott	2,016,104	2,013,001
Gerald Kaye	980,966	977,858
Michael Brown	910,171	907,063
Antony Beevor	8,750	8,750
Wilf Weeks	-	-
Andrew Gulliford	-	-
Total directors' interests	16,698,934	16,750,125
Issued share capital	95,719,432	94,371,925
Percentage of issued share capital	17.4%	17.7%

By Order of the Board

TJ Murphy  
Secretary

20 June 2007

# Corporate Governance Report

The Company is committed to applying the highest principles of corporate governance

The Board is accountable to the Company's shareholders for good corporate governance. This report and the Directors' Remuneration Report describe how the Company complies with the provisions of the Combined Code (2003) (the "Code")

## Compliance

The Company has complied throughout the year with the Code provisions set out in Section 1 of the Combined Code (2003)

## Application of the principles

The Board consists of four executive directors who hold the key operational positions in the Company and four non-executive directors, who bring a breadth of experience and knowledge to their roles. This provides a balance whereby the Board's decision making cannot be dominated by an individual or small group.

*Chairman and Chief Executive* The Chairman of the Board is Giles Weaver. The Company's business is run by Michael Slade, the Managing Director.

*Board balance and independence* As noted above the four executive directors are balanced by four non-executive directors (following John Southwell's retirement at the 2006 AGM). The Chairman, Giles Weaver, has been a non-executive director of Helical since 1993. In the Company's view, the experience gained as a chairman or director of several listed companies in the financial sector provides him with the necessary skills of leadership and guidance that the role of Chairman of this Company requires. These skills together with his detachment from day-to-day issues within the Company, and his robustly independent approach to the role of Chairman provide the Board with the necessary comfort that despite his time as a non-executive director he could properly be regarded as independent at the time of his appointment as Chairman.

The Chairman of the Company, Giles Weaver, is also Chairman of the Remuneration Committee because the Company regards the setting of remuneration policy to be an integral and critical function of the Board in a small, people-orientated business such as Helical.

The senior independent director is Antony Beever. The remaining non-executive directors are Wilf Weeks and Andrew Gulliford. The breadth of experience provided by the non-executive directors allied to the management information provided by the Company enable the non-executive Board members to assess and advise the full Board on the major risks faced by the Company. In view of this we continue to believe that all the non-executive directors are independent and for the purposes of this report are referred to below as independent directors.

*The Board of Directors* The Company supports the concept of an effective Board leading and controlling the Company. The Board provides entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives and reviews management performance. The Board sets the Group's values and standards and ensures that the Company's obligations to its shareholders and others are understood and met.

The members of the Board, and the roles of each director are given in the biographical details of the directors on page 24.

All directors take decisions objectively in the interests of the Company.

As part of their role as members of the Board, non-executive directors constructively challenge and help develop proposals on strategy. Non-executive directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

In addition to ad hoc meetings arranged to discuss particular transactions and events and the 2006 AGM, the full Board met on six occasions during the year under review. The attendance record of the directors is shown in the table below.

Meetings	Mr C.G.H. Weaver	Mr M.F. Slade	Mr N.G. McNamee	Mr G.A. Kaye	Mr P.M. Brown	Mr J.P. Southwell*	Mr A.R. Beever	Mr W. Weeks	Mr A. Gulliford
Full Board	6	5	6	6	6	2	6	6	5
Audit Committee	n/a	n/a	n/a	n/a	n/a	n/a	3	3	2
Remuneration Committee	6	n/a	n/a	n/a	n/a	n/a	6	6	5
Nominations and Appointments Committee	1	n/a	n/a	n/a	n/a	n/a	1	1	1

\* John Southwell retired from the Board at the 2006 AGM on 20 July 2006.

The Board has a schedule of matters specifically reserved to it for decision. The Board controls the business but delegates day-to-day responsibility to the executive management. However, there are a number of matters which are required to be or, in the interests of the Company, should only be decided by the Board of Directors as a whole. A summary of the decisions reserved for the Board is set out below.

*Schedule of matters reserved for the Board*

- Strategy and management – responsibility for the overall management of the Group, approval of the Group's long-term objectives and commercial strategy; approval of annual administration budgets, oversight of the Group's operations, extension of the Group's activities into new business areas, any decision to cease to operate all or any material part of the Group's business
- Structure and capital – changes to the Group's capital structure, major changes to the Group's corporate structure, changes to the Group's management and control structure, changes to the Company's listing or plc status
- Financial reporting and controls – approval of interim and preliminary announcements, approval of annual report and accounts, including the corporate governance statement and the directors' remuneration report, approval of dividend policy; approval of significant changes in accounting policies or practices, approval of treasury policies
- Internal controls – ensuring maintenance of a sound system of internal control and risk management.
- Communication – approval of resolutions and documentation to be put to shareholders in general meeting, approval of press releases concerning matters decided by the Board
- Board membership and other appointments to senior management
- Both the appointment and removal of the Company Secretary
- Corporate governance matters including directors' performance evaluations
- Approval of policies including code of conduct, share dealing code, health and safety policy; environmental and corporate social responsibility policy and equal opportunity policy

*Nominations and Appointments Committee*

The terms of reference of the Nominations and Appointments Committee are available by request and are included on the Company's website at [www.helical.co.uk](http://www.helical.co.uk)

The membership of the Committee is as follows:

Giles Weaver (Chairman)  
Antony Beevor  
Wilf Weeks  
Andrew Gulliford

*Directors – appointments to the Board* Appointments are made on merit and against objective criteria. Care is taken to ensure that appointees have enough time available to devote to the job.

The Nominations and Appointments Committee controls the process for Board appointments and makes recommendations to the Board. A majority of the Committee are independent non-executive Directors.

*The work of the Nominations and Appointments Committee in the year* The Committee met once during the period. A record of attendance at this meeting is shown on page 27. During this meeting the Committee resolved that Giles Weaver, Andrew Gulliford, Antony Beevor, Michael Slade and Nigel McNair Scott be recommended to shareholders for re-appointment as directors at the 2006 AGM.

*Directors – information and professional development* The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and its directors are free to seek any further information they consider necessary.

Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its Committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required. The Company Secretary is responsible for advising the Board through the Chairman on all governance matters.

The Board ensures that directors, especially non-executive directors, have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as directors. Training is available for new directors and other directors as necessary.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that board procedures are complied with.

The Company has arranged appropriate insurance cover in case of legal action against its directors.

*Directors – performance evaluation* During the year the Board undertook a formal evaluation of its own performance and that of its Committees and individual directors in the period

The Chairman is responsible for the annual evaluation process, and will act on its outcome. This process involves each director submitting an appraisal to the Chairman in respect of the performance of the main Board, and in respect of each Board Committee of which they are a member.

The non-executive directors, led by the senior independent non-executive director, are responsible for performance evaluation of the Chairman, taking into account views of executive directors. Each director completed an evaluation of the Chairman's performance and provided this evaluation to the senior independent non-executive director.

There were no significant matters arising out of the annual evaluation process which required action by the Board.

*Directors re-election* All directors are subject to re-election, after receiving the recommendation of the Nominations and Appointments Committee, every three years and, on appointment, at the first AGM after appointment. The Nominations and Appointments Committee have recommended the re-appointment of the following directors:

- Giles Weaver has served more than nine years on the Board and in accordance with the Code offers himself for re-election,
- Gerald Kaye is due to retire by rotation and offers himself for re-election, and
- Michael Brown is due to retire by rotation and offers himself for re-election.

Biographical details of the directors are given on page 24.

*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, and presentations to, its institutional shareholders to discuss its objectives. The Board also regularly meets, with the help of its brokers, institutions that do not currently hold shares in the Company to inform them of its objectives.

The AGM is used to communicate with private investors and they are encouraged to participate. The members of the Audit, Remuneration and Nominations and Appointments 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 consider 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.

The Company communicates with all shareholders through the issue of regular press releases and through its website at [www.helical.co.uk](http://www.helical.co.uk). The Company receives regular reports from sector analysts and its investor relations advisors on how it is viewed by its shareholders.

#### Accountability and audit

*Financial reporting* The Board presents a balanced and understandable assessment of the Company's position and prospects. It seeks to do so in all published information and in particular in interim and preliminary announcements and other price-sensitive reports and reports to regulators as well as in the information required to be presented by statutory requirements.

*Going concern* After making enquiries, the directors have a reasonable expectation that the Company 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.

*Audit Committee and auditors* The terms of reference of the Audit Committee are available by request and are included on the Company's website at [www.helical.co.uk](http://www.helical.co.uk).

The membership of the Committee is as follows:

Antony Beevor (Chairman)  
Wilf Weeks  
Andrew Gullford

The Committee endorses the principles set out in the Smith Guidance for Audit Committees.

The Board has formal and transparent arrangements for considering how it applies the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

Whilst all directors have a duty to act in the interests of the Company, the Audit Committee has a particular role, acting independently from the executive, to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control.

Appointments to the Audit Committee are made by the Board on the recommendation of the Nominations and Appointments Committee in consultation with the Audit Committee Chairman.

*The work of the Audit Committee in the year* The Audit Committee met three times during the year. A record of attendance at these meetings is shown on page 27. The Audit Committee met the external auditors twice to discuss matters arising from the annual and interim audits.

In addition to matters discussed in relation to the annual and interim audits, the Committee reviewed the Company's system of internal control following receipt of the auditors' review of the design effectiveness of internal controls in March 2006. The key findings and recommendations of this report, which cover governance, operational controls and financial reporting were considered and, where appropriate, were implemented in the year. Those recommendations not immediately implemented will continue to be kept under consideration in future years.

*Internal control* The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets. Such a system is designed to manage, but cannot eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The key features of the Company's system of internal control are as follows:

- clearly defined organisational responsibilities and limits of authority. The day-to-day involvement of the executive directors in the running of the business ensures that these responsibilities and limits are adhered to,
- financial controls and review procedures,
- financial information systems including cash flow, profit and capital expenditure forecasts. The Board receives regular and comprehensive reports on the day-to-day running of the business,
- an Audit Committee which meets with the auditors and deals with any significant internal control matter. In the year under review the Committee met with the Auditors on two occasions.

*Internal audit* The Board reviewed its position during 2006/07 and reaffirmed its stance that in view of the relatively small size of the Company it does not consider that an Internal Audit function would provide any significant additional assistance in maintaining a system of internal controls.

*Audit independence* A policy of reviewing audit independence has been adopted whereby non-audit services undertaken by the auditors is approved prior to work being carried out. During the year under review non-audit services comprised VAT and other taxation advice and accounting, financial reporting and IT advice.

# Directors' Remuneration Report

## Directors' remuneration

The Board recognises that directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. In accordance with Section 241A of the Companies Act 1985, the Board presents the directors' remuneration report for shareholder approval.

## Information not subject to audit

*Remuneration Committee* The terms of reference of the Remuneration Committee are available on request and are included on the Company's website at [www.helical.co.uk](http://www.helical.co.uk)

The Remuneration Committee ("Committee") has responsibility for making recommendations to the Board to determine the Company's general policy on salary, bonuses, pensions and other remuneration issues for individual directors. It carries out the policy on behalf of the Board and in the year under review the Committee met six times. A record of attendance at these meetings is shown on page 27.

The membership of the Committee is as follows:

Giles Weaver (Chairman)  
Antony Beevor  
Wilf Weeks  
Andrew Gulliford

All the members of the Committee are independent non-executive directors. 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. During the year under review the Committee were advised by New Bridge Street Consultants in relation to the performance criteria of the Company's share option schemes and Performance Share Plan.

## Policy on executive directors' remuneration

The Company operates within a competitive environment and its performance depends on the individual contributions of the directors and employees. Executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to maintain the Company'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.

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 incentives 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 to the executive directors' remuneration packages:

- i basic annual salary, pension contributions and benefits-in-kind,
- ii annual sector bonus payments,
- iii Executive Bonus Plan, and,
- iv share incentives.

*Basic annual salary, pension contributions and benefits-in-kind* Basic annual salaries for executive directors are reviewed having regard to individual performance and market practice and were last reviewed in April 2005.

The remuneration packages of each executive director include a payment of 20% of basic salary as pension entitlement. Each director takes this entitlement as additional salary.

Benefits-in-kind provided to executive directors include the provision of a company car and health insurance.

*Annual sector 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, may be paid to the executive directors responsible for their parts. A proportion of the Group's total administration costs is deducted in arriving at each sector bonus. The maximum amount payable in each year is £1m to each of the Development and Investment Directors. The sector bonus payable to the Development Director is based on the development profits generated by that director in the year. The Sector Bonus payable to the Investment Director is based on the profits and gains made on the investment and trading portfolio by that director in the year net of associated finance costs. Payment of annual sector bonuses is at the discretion of the Committee.

**Executive Bonus Plan** The Company operates an Executive Bonus Plan (“2006 Plan”) designed to align the motivations of the senior management team with the interests of shareholders and to link their remuneration to the performance of the Company’s property portfolio. The Plan operates over a five year period from 1 April 2006 and cash bonuses will be paid annually subject to the achievement of challenging performance targets.

**Performance conditions** The Committee may, at its discretion, award bonuses in respect of a financial year subject to performance conditions, the aim of which is to link the size of bonuses paid to financial growth of the Group over that financial year. No bonus will be payable unless the following conditions are satisfied:

- i Increase in net asset value  
net asset value at the end of the financial year exceeds net asset value at the beginning of the financial year,
- ii Absolute performance of the portfolio – ungeared total return  
the percentage increase in the total return on property assets of the Group over the financial year (the “Performance Period”) is greater than the percentage increase achieved by the portfolio ranked nearest to three-quarters up the performance table (taken in ascending order of return) (the “Upper Quartile”) of the portfolios of all quarterly valued funds measured by the Investment Property Databank at the beginning of the relevant Performance Period and compounded monthly during the Performance Period (the “IPD Total Return Benchmark”), and,
- iii Performance of the net asset value per share  
the percentage increase in net asset value per share for the Performance Period must be greater than the percentage increase achieved by the Upper Quartile of the portfolios of all quarterly valued funds measured by the Investment Property Databank at the beginning of the relevant Performance Period and compounded monthly during the Performance Period (the “IPD Capital Growth Benchmark”).

The Committee will recommend the size of the bonus payable by reference to the same sliding scale based on the amount by which the increase in net asset value per share exceeds the increase in the Upper Quartile of the IPD Capital Growth Benchmark subject to a cap.

**Calculation of amounts payable** The total amount of the bonuses payable in any one year shall be determined by:

- calculating the difference between the percentage increase in net asset value per share for the Performance Period and the percentage increase in the Upper Quartile of the IPD Capital Growth Benchmark over the same period (the “Difference”), and,
- calculating the sum of the amounts payable in relation to each 1% of the Difference on the following basis:

Amount of Difference	% of base net asset value payable
Less than 1%	0.01
1% to less than 2%	0.02
And thereafter for every additional 1%	An increment of 0.01
<b>For example</b> From 4% to less than 5%	0.05

If the net asset value at the end of a financial year is less than the net asset value at the beginning of that year, the bonus payable for any subsequent year will be calculated by reference to the highest net asset value in the preceding years.

**Financial accounts** The audited financial accounts which record the financial performance on which the Plan operates will be those accounts prepared in accordance with International Financial Reporting Standards.

**2006 Plan and individual limits** The total amount payable under the 2006 Plan in any one year is limited to £4m. An individual employee’s participation in the 2006 Plan is limited so that the bonus which may be paid to him under the 2006 Plan will not exceed £2m per annum. There is a further limit that payments under the 2006 Plan in any year may not exceed 20% of the Group’s pre-tax profits and payments under the 2006 Plan. Among other constraints the Committee could restrict the bonuses if payment would affect the financial or trading position of the Company.

**Timing of bonuses** Bonuses will ordinarily be paid, subject to the performance conditions being satisfied, and provided that the participant remains a director or employee of the Group at the time of payment on a specified bonus date, which will fall within four months of the end of the relevant Performance Period. Bonuses are not transferable, nor will benefits obtained under the 2006 Plan be pensionable.

**Termination of employment** If a participant dies, the bonus that would have been paid for the relevant financial year may, at the discretion of the Committee, be paid to the participant’s personal representatives, but will be scaled down pro rata to reflect the period elapsed since the start of the Performance Period. If a participant’s employment ends in any other circumstances prior to the payment of the bonus, no entitlement will arise.

**Change of control** In the event of a change in control of the Group, bonuses in respect of the financial year in which the change of control falls may be paid to the extent that the relevant performance target(s) have been satisfied over an adjusted Performance Period.

**Termination of the 2006 Plan** The Committee will not recommend the making of bonuses under the 2006 Plan in connection with a financial year later than the year ended 31 March 2011 without further shareholder authority.

*Service contracts* The service contracts of Michael Slade, Nigel McNair Scott and Gerald Kaye operate from 1 July 1997 and of Michael Brown from 8 September 1997. Each service contract provides for a one year notice period. On termination of employment each director is entitled to a payment in lieu of notice of basic salary and other contractual entitlements i.e. provision of car and health insurance.

*Non-executive directors* Non-executive directors are appointed by a Letter of Appointment and are subject to re-appointment by shareholders at the Company's AGM at least every three years. The remuneration of the non-executive directors is determined by the Board and was last increased in April 2007. The appointment of non-executive directors is terminable on three months notice. Non-executive directors do not participate in any of the Company's share option schemes.

*Total shareholder return* The performance criteria of the Company's 1999 share option schemes, referred to on pages 34 to 35 below, require the Company to exceed certain targets of total shareholder return. The total shareholder return for a holding in the Company's shares in the five years to 31 March 2007 is shown in the graph below.

## Graph removed

This graph looks at the value, by 31 March 2007, of £100 invested in Helical Bar on 31 March 2002 compared with the value of £100 invested in the FTSE All-Share Real Estate Index. The other points plotted are the values at intervening financial year-ends. Dividends received are re-invested in shares.

Information subject to audit. Remuneration of directors  
Remuneration in respect of the directors was as follows:

	Salary/fees £000	Benefits- in-kind £000	Sector bonuses £000	Executive bonus plan £000	Total £000	Gains on exercise of share options £000	2007 Total (including gains) £000	2006 Total (including gains) £000	2007 Pensions £000	2006 Pensions £000
<b>Chairman</b>										
Giles Weaver	55	-	-	-	55	-	55	47	-	-
<b>Non-executive directors</b>										
Antony Beever	35	-	-	-	35	-	35	33	-	-
Wilf Weeks	30	-	-	-	30	-	30	28	-	-
Andrew Gulliford	30	-	-	-	30	-	30	-	-	-
John Southwell (retired 20/07/06)	10	8	-	-	18	-	18	51	-	-
<b>Executive directors</b>										
Michael Slade	480	35	-	1,531	2,046	7,635	9,681	5,285	-	-
Nigel McNair Scott	300	23	-	510	833	4,104	4,937	1,351	-	-
Gerald Kaye	258	31	142	510	941	764	1,705	3,717	-	-
Michael Brown	258	30	775	510	1,573	1,425	2,998	2,631	225	215
	1,456	127	917	3,061	5,561	13,928	19,489	13,143	225	215

Michael Slade was the highest paid director during the year with a total remuneration of £9,681,000 (including gain on exercise of share options) (2006: Michael Slade £5,285,000).

The £1,000,000 sector bonus awarded to Michael Brown has been partly paid in cash (£775,000) and partly paid by pension contributions (£225,000).

In order to compensate option holders for the payment of the special dividend in April 2002, the Company pays a cash bonus of 20p per share on the date option holders exercise their options, as noted on page 35. The gain on exercise of share options of the directors includes cash bonuses of £754,000 arising out of the exercise of options during the year. The cost of these cash bonuses is included in administrative expenses.

*Directors' fees* Fees receivable by Nigel McNair Scott in his capacity as Chairman of Avocet Mining Plc are shown in the financial statements of that Company.

*Share options* The Company operated three share option schemes during the year.

The Senior Executive 1988 Share Option Scheme ceased to be able to grant options over new shares ("subscription shares") and shares held by the Helical Bar Share Ownership Plan Trust ("purchase shares") in June 2001. Under this scheme options only vest if the increase in the net asset value per share is greater than that achieved by the upper quartile of the Investment Property Databank index for capital growth of all funds over a five year period. All the performance criteria of the options granted under the terms of this scheme have been met and option holders have now exercised all remaining options.

The Helical Bar 1999 Share Option Scheme operates in respect of the grant of share options which exceed the Inland Revenue limit of £30,000. 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. Remaining share options granted in respect of this scheme are included in note 26.

The Helical Bar 1999 Approved Share Option Scheme is an Inland Revenue approved scheme. Under the terms of this scheme options up to a maximum value of £30,000 per individual may be granted. Remaining share options granted in respect of this scheme are included in note 26.

The performance criteria of the two 1999 schemes require total shareholder return over a set period to exceed a certain percentile of the aggregate performance of companies in the Real Estate 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.

These share option schemes have been replaced by the Performance Share Plan, details of which are included on pages 36 and 37, and future share option grants will only be made in exceptional circumstances and only following consultation with principal shareholders on the key terms of those options.

The directors' interests in the share option schemes during the year were as follows:

	Type	At start of year	Options exercised in year	At end of year	Exercise price	Date from which exercisable	Expiry date	Profit if options exercised at 31 March 2007
<b>Michael Slade</b>								
Senior Executive 1988 Share Option Scheme	Purchase	30,000	(30,000)	-	-	-	-	-
Senior Executive 1988 Share Option Scheme	Purchase	2,000,000	(2,000,000)	-	-	-	-	-
Helical Bar 1999 Share Option Scheme	Subscription	966,105	-	966,105	88.5p	08/03/04	07/03/09	3,292,003
Helical Bar 1999 Share Option Scheme	Purchase	740,000	-	740,000	150.0p	18/12/05	17/12/10	*
Helical Bar Approved 1999 Share Option Scheme	Subscription	33,895	-	33,895	88.5p	08/03/02	07/03/09	115,497
		3,770,000	(2,030,000)	1,740,000				3,407,500
<b>Nigel McNair Scott</b>								
Helical Bar 1999 Share Option Scheme	Purchase	215,000	(215,000)	-	-	-	-	-
Helical Bar 1999 Share Option Scheme	Subscription	1,176,105	(808,335)	367,770	88.5p	08/03/04	07/03/09	1,253,176
Helical Bar 1999 Share Option Scheme	Purchase	360,000	-	360,000	150.0p	18/12/05	17/12/10	*
Helical Bar Approved 1999 Share Option Scheme	Subscription	33,895	-	33,895	88.5p	08/03/02	07/03/09	115,497
		1,785,000	(1,023,335)	761,665				1,368,673

\* Performance conditions not satisfied at 31 March 2007

	Type	At start of year	Options exercised in year	At end of year	Exercise price	Date from which exercisable	Expiry date	Profit if options exercised at 31 March 2007
<b>Gerald Kaye</b>								
Helical Bar 1999 Share Option Scheme	Subscription	250,000	(250,000)	-	-	-	-	-
Helical Bar 1999 Share Option Scheme	Purchase	635,000	-	635,000	150 0p	18 12 05	17 12 10	*
Helical Bar 1999 Share Option Scheme	Purchase	647,095	-	647,095	153 3p	15 11 06	14 11 11	*
Helical Bar Approved 1999 Share Option Scheme	Subscription	33,895	-	33,895	88 5p	08 03 02	07 03 09	115,497
		1,565,990	(250,000)	1,315,990				115,497
<b>Michael Brown</b>								
Helical Bar 1999 Share Option Scheme	Subscription	466,105	(466,105)	-	-	-	-	-
Helical Bar 1999 Share Option Scheme	Purchase	530,000	-	530,000	150 0p	18 12 05	17 12 10	*
Helical Bar 1999 Share Option Scheme	Purchase	502,090	-	502,090	153 3p	15 11 06	14 11 11	*
Helical Bar Approved 1999 Share Option Scheme	Subscription	33,895	-	33,895	88 5p	08 03 02	07 03 09	115,497
		1,532,090	(466,105)	1,065,985				115,497

\* Performance conditions not satisfied as at 31 March 2007

#### Exercise of share options

In order that the dilutive effect of issuing new shares be reduced, and to reduce the number of shares required by the ESOP to satisfy share awards, the Company agreed with employees that the number of shares required on the exercise of options be reduced. To ensure that employees were not disadvantaged by this reduction, the exercise prices applied on the exercise of the options were correspondingly reduced.

In accordance with this agreement, the options exercised during the year by the directors, were as follows:

Director	Date of exercise	Type of option	Original number of shares	Reduced number of shares	Original exercise price	Reduced exercise price	Sale price	Gain (£000's)
Michael Slade	04 12 06	Purchase	30,000	24,005	90 5p	1 0p	450 0p	114
Michael Slade	04 12 06	Purchase	1,000,000	749,930	113 0p	1 0p	450 0p	3,561
Michael Slade	21 12 06	Purchase	1,000,000	770,500	113 0p	1 0p	490 0p	3,960
Nigel McNair Scott	04 12 06	Subscription	285,000	229,320	88 5p	1 0p	450 0p	1,085
Nigel McNair Scott	04 12 06	Purchase	215,000	172,995	88 5p	1 0p	450 0p	818
Nigel McNair Scott	21 12 06	Subscription	523,335	429,500	88 5p	1 0p	490 0p	2,201
Gerald Kaye	30 06 06	Subscription	250,000	190,966	88 5p	1 0p	375 0p	764
Michael Brown	30 06 06	Subscription	466,105	356,041	88 5p	1 0p	375 0p	1,425

The market price of the ordinary shares at 31 March 2007 was 429p (2006 395p). This market price varied between 337p and 510p during the year.

The gain on exercise of share options includes a cash bonus of 20p per 1p share in accordance with the matter referred to under special dividend below.

*Special dividend* In order to compensate option holders for the payment of a special dividend or a distribution of capital, the Board has, under the terms of the Senior Executive 1988 Share Option Scheme and the Helical Bar 1999 Share Option Scheme ("the Schemes"), the authority to adjust the number of shares subject to option or the exercise price of those options.

The Company is currently unable to increase the number of shares under option in sufficient quantity to satisfy the requirement to compensate option holders for the special dividend of 100p paid in April 2002. An adjustment to the exercise price of the existing options would result in an increased national insurance cost to the Company. Accordingly, the Board has considered alternative ways of compensating option holders and, as a result, the Company will compensate holders of options at the time the special dividend was declared, on the dates they exercise their options by 20p per 1p share (previously 100p per 5p share), equivalent to the special dividend. In the year under review compensation of £793,888 was paid following the exercise of options over 3,969,440 1p shares.

#### Performance Share Plan

At the 2004 Annual General Meeting the Company received approval for the adoption of a Performance Share Plan ("PSP")

*General* The operation of the PSP is supervised by the Remuneration Committee (the "Committee")

The PSP is capable of delivering shares to an executive after a period of not less than three years, other than in exceptional circumstances and with the approval of the Committee, subject to meeting pre-specified performance targets

*Eligibility* All employees of the Company and its subsidiaries (including directors who are required to devote substantially the whole of their working time to the business of the Group) who are not under notice nor within six months of any contractual retirement ages will be eligible to receive invitations to participate in the PSP at the discretion of the Remuneration Committee

*Grant of awards* Awards may be made within the six weeks following approval at a general meeting, the announcement by the Company of its results for any period, or the removal of any statutory or regulatory restriction which had previously prevented an award being granted or any other times considered by the Remuneration Committee to be exceptional

No awards may be made more than ten years after the adoption of the PSP by the Company. The Remuneration Committee will formally review the operation of the PSP after no more than five years

An award consists of the right to acquire shares in the Company for either no payment or payment of a nominal sum. Awards are neither transferable nor pensionable

*Limit on individual participation* No awards may be granted over shares in any financial year whose value is greater than three times an employee's annual rate of salary

*Exercise of awards* Other than in exceptional circumstances, an award will vest no earlier than the third anniversary of its grant to the extent that the applicable performance conditions (see below) have been satisfied and the participant is still employed by the Group. Once exercisable, awards will then remain capable of exercise for a period of normally no more than six months

The Remuneration Committee has set demanding performance conditions for the vesting of shares. There are two performance conditions, one based on absolute growth in the Company's net asset value per share and the other based on the gross total property return per share relative to other property funds as determined by IPD but excluding those funds worth less than £50m at the start of the three year period. Performance will be measured over the three years following grant

Participants will not normally be permitted to sell shares received through the PSP, other than to meet taxation (and national insurance contributions) liabilities, until they own shares to the value of 2 x salary for directors and 1 x salary for other executives

For the growth in net asset value, the "fully diluted triple net" net asset value as at the start of the financial year in which a grant takes place will be compared to the value three years later (having added back dividends)

#### (a) Absolute net asset value per share (having added back dividends) condition

Annual compound increase after three years	% of award vesting
15% p a or more	66.7
Between 7.5% p a and 15% p a	Pro rata between 6.7 and 66.7
7.5% p a	6.7
Below 7.5% p a	Zero

If UK inflation (RPI) is higher than 3% per annum over the three year period then the required compound increases will be raised by the excess over the 3% per annum average

#### (b) Total property return v IPD property funds condition

Ranking after three years	% of award vesting
Upper quartile or above	33.3
Between median and upper quartile	Pro rata between 3.3 and 33.3
Median	3.3
Less than median	Zero

Provided the net asset value per share (having added back dividends) increases over the three year period

*Alignment with shareholders' interests* The Remuneration Committee has analysed the potential gains that may be made by executives (directors and those below Board level) through the PSP and other incentive arrangements currently in place. It has concluded that the share of the increase in the value of the Company (measured as the increase in the net asset value plus cash returned as dividends to shareholders) that could accrue to all executives through the Company's long and short-term incentive and bonus plans (excluding gains on share options granted before December 2002) at the point at which the maximum awards vest might be of the order of 20%. At this point, in absolute terms, the Company will have increased its triple net asset value by at least 15% per annum with the Company's relative performance placing it in the top quartile of IPD, over the three year period. Share awards will be cancelled where the gross return falls below the IPD median and where the growth in triple net asset value is below 7.5% per annum over the three year period.

*Relationship to the Company's share option schemes* The PSP has replaced future share option grants which will only be made in exceptional circumstances and only following consultation with principal shareholders on the key terms of those options.

*Awards made to directors under the terms of the PSP are as follows*

Director	Shares awarded 18/08/04	Shares awarded 06/07/05	Shares awarded 04/07/06	Total
Michael Slade	750,000	519,855	391,304	1,661,159
Nigel McNair Scott	375,000	324,910	244,565	944,475
Gerald Kaye	375,000	279,420	210,326	864,746
Michael Brown	375,000	279,420	210,326	864,746

*Helical Bar 2002 Approved Share Incentive Plan* On 24 July 2002 the shareholders approved the Helical Bar 2002 Approved Share Incentive Plan (the "Plan"). Under the terms of this Plan employees of the Company are given up to £3,000 of free shares in any tax year. Participants in the Plan may purchase additional shares up to a value of £1,500 which is matched in a ratio of 2:1 by the Company. Provided participants remain employed by the Company for a minimum of three years they will retain the free and matching shares.

Shares allocated to, or purchased on behalf of, the directors under the rules of the Plan were as follows

	4 July 2006 at 368.0p	29 September 2006 at 410.0p	20 December 2006 at 500.0p	30 March 2007 at 439.75p	12 June 2007 at 432.75p
Michael Slade	1,544	342	225	304	693
Nigel McNair Scott	1,544	342	225	304	693
Gerald Kaye	1,544	342	225	304	693
Michael Brown	1,544	342	225	304	693

Shares held by the Trustees of the Plan at 31 March 2007 were 205,660 (2006: 200,015)

# Report of the Independent Auditors to the Members of Helical Bar plc

We have audited the Group and parent company financial statements (the "financial statements") of Helical Bar plc for the year ended 31 March 2007 which comprise the principal accounting policies, the Consolidated income statement, the Group and parent balance sheets, the Group and parent cash flow statements, the Group and parent company statements of recognised income and expense and notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review and Financial Review that is cross-referred from the trading results section of the Directors' Report.

In addition we report to you if, in our opinion, 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 regarding directors' remuneration and other transactions is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's statement, operating and financial review, the corporate governance statement and corporate social responsibility report and financial highlights. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Directors' Remuneration Report to be audited. 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 and Company'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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

## Opinion

### In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2007 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2007,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation, and,
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2007

### Separate opinion in relation to IFRSs

As explained in the notes to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board

In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 March 2007 and of its profit for the year then ended



Grant Thornton UK LLP  
*Registered Auditors*  
*Chartered Accountants*

London

20 June 2007

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Consolidated Income Statement  
Helical Bar plc and subsidiary undertakings  
for the year ended 31 March 2007

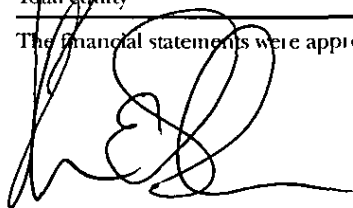
	Note	Year ended 31 3 07 £000	Year ended 31 3 06 £000
Revenue	2	123,176	119,274
Net rental income	3	14,771	16,524
Trading profits		2,094	13,441
Development profits		13,587	4,594
Share of results of joint ventures	15	6,196	437
Other operating income		766	235
Gross profit before gain on sale and revaluation of investment properties		37,414	35,231
Gain on sale and revaluation of investment properties	4	40,637	43,551
Gross profit		78,051	78,782
Administrative expenses	5	(17,544)	(16,582)
Operating profit		60,507	62,200
Finance costs	6	(2,710)	(7,421)
Finance income	6	1,335	1,295
Change in fair value of derivative financial instruments		956	1,046
Profit before tax		60,088	57,120
Tax	7	(8,000)	(9,676)
Profit after tax		52,088	47,444
– attributable to minority interests		300	(124)
– attributable to equity shareholders		51,788	47,568
Profit for the year		52,088	47,444
Basic earnings per share	11	58.0p	54.7p
Diluted earnings per share	11	53.7p	51.8p

Group and Company Balance Sheets  
Helical Bar plc and subsidiary undertakings  
at 31 March 2007

	Note	Group 31 3 07 £000	Group 31 3 06 £000	Company 31 3 07 £000	Company 31 3 06 £000
<b>Non-current assets</b>					
Investment properties	12	316,025	294,583	-	-
Owner occupied property, plant and equipment	13	351	489	351	489
Investments	14	-	-	15,300	15,300
Investment in joint ventures	15	6,188	295	6,679	150
Goodwill	16	30	68	-	-
		322,594	295,435	22,330	15,939
<b>Current assets</b>					
Land, developments and trading properties	17	110,815	86,076	1,166	522
Available-for-sale investments	18	912	66	900	-
Derivative financial instruments		345	-	-	-
Trade and other receivables	19	70,526	33,925	360,964	310,148
Cash and cash equivalents	20	3,389	10,135	11	3,030
		185,987	130,202	363,041	313,700
<b>Total assets</b>		<b>508,581</b>	<b>425,637</b>	<b>385,371</b>	<b>329,639</b>
<b>Current liabilities</b>					
Trade payables and other payables	21	(64,203)	(49,506)	(164,726)	(183,277)
Current tax liabilities		(3,909)	(3,394)	(2,785)	(1,743)
Borrowings	22	(31,560)	(42,683)	(10,250)	-
		(99,672)	(95,583)	(177,761)	(185,020)
<b>Non-current liabilities</b>					
Borrowings	22	(105,847)	(80,160)	-	-
Derivative financial instruments		-	(610)	-	-
Deferred tax provision	8	(20,697)	(19,005)	(172)	(276)
Obligations under finance leases	24	(179)	(182)	-	-
		(126,723)	(99,957)	(172)	(276)
<b>Total liabilities</b>		<b>(226,395)</b>	<b>(195,540)</b>	<b>(177,933)</b>	<b>(185,296)</b>
<b>Net assets</b>		<b>282,186</b>	<b>230,097</b>	<b>207,438</b>	<b>144,343</b>

	Note	Group 31 3 07 £000	Group 31 3 06 £000	Company 31 3 07 £000	Company 31 3 06 £000
<b>Equity</b>					
Called-up share capital	28	1,222	1,209	1,222	1,209
Share premium account	28	42,520	42,490	42,520	42,490
Revaluation reserve	28	79,664	64,820	-	-
Capital redemption reserve	28	7,478	7,478	7,478	7,478
Other reserves	28	291	291	1,987	1,987
Retained earnings	28	157,006	120,948	160,226	98,318
Own shares held	28	(5,995)	(7,139)	(5,995)	(7,139)
Equity attributable to equity holders of the parent		282,186	230,097	207,438	144,343
Minority interests		-	-	-	-
Total equity		282,186	230,097	207,438	144,343

The financial statements were approved by the Board of Directors on 20 June 2007



M E Slade  
Director



N G McNau Scott  
Director

Group and Company Statements of  
 Recognised Income and Expense  
 Helical Bar plc and subsidiary undertakings  
 for the year ended 31 March 2007

	Group Year ended 31 3 07 £000	Group Year ended 31 3 06 £000	Company Year ended 31 3 07 £000	Company Year ended 31 3 06 £000
Profit for the year	52,088	47,444	71,751	62,715
Fair value movements on available-for-sale investments	(24)	(14)	-	-
Total recognised income and expense for the year	52,064	47,430	71,751	62,715
- attributable to equity shareholders	51,764	47,554	71,751	62,715
- attributable to minority interest	300	(124)	-	-
	52,064	47,430	71,751	62,715

## Group and Company Cash Flow Statements

	Group Year to 31 307 £000	Group Year to 31 306 £000	Company Year to 31 307 £000	Company Year to 31 306 £000
<b>Cash flows from operating activities</b>				
Profit before tax	60,088	57,120	84,472	61,159
Depreciation	180	179	180	179
Gain on investment properties	(40,637)	(43,551)	-	-
Other non-cash items	(6,294)	4,626	(81,790)	(61,035)
Cash flows from operations before changes in working capital	13,337	18,374	2,862	303
Change in trade and other receivables	(36,317)	3,232	(57,048)	(60,932)
Change in land, developments and trading properties	(19,705)	11,989	(645)	(50)
Change in trade and other payables	14,828	(30,779)	(21,742)	9,340
Cash generated from operations	(27,857)	2,816	(76,573)	(51,339)
Finance costs	(8,035)	(10,256)	(223)	(123)
Finance income	574	1,295	9,925	7,525
Minority interest dividends paid	(300)	(3,545)	-	-
Dividends from joint ventures	303	2,337	-	2,488
Dividends from subsidiaries	-	-	65,558	31,205
Tax paid	(2,602)	(4,743)	(2,359)	(4,853)
	(10,060)	(14,912)	72,901	36,242
<b>Cash flows from operating activities</b>	<b>(37,917)</b>	<b>(12,096)</b>	<b>(3,672)</b>	<b>(15,097)</b>
<b>Cash flows from investing activities</b>				
Purchase of investment property	(27,772)	(39,055)	-	-
Sale of investment property	53,446	65,991	-	-
Purchase of shares	(4,164)	-	-	(311)
Sale of investments	3,909	-	-	-
Purchase of shares by ESOP	(5,084)	(85)	(5,984)	(85)
Sale of plant and equipment	7	47	7	47
Purchase of plant and equipment	(48)	(140)	(48)	(140)
	20,294	26,758	(6,025)	(489)
<b>Cash flows from financing activities</b>				
Issue of shares	43	3,418	43	3,418
Borrowings drawn down	46,206	35,146	1,500	-
Borrowings repaid	(31,616)	(65,647)	-	-
Equity dividends paid	(3,615)	(3,127)	(3,615)	(3,127)
Return of Cash - B share repurchase	-	(2,451)	-	(2,451)
Refinancing costs	(141)	(69)	-	-
	10,877	(32,730)	(2,072)	(2,160)
<b>Net decrease in cash and cash equivalents</b>	<b>(6,746)</b>	<b>(18,068)</b>	<b>(11,769)</b>	<b>(17,746)</b>
Cash and cash equivalents at 1 April 2006	10,135	28,203	3,030	20,776
Cash and cash equivalents at 31 March 2007	3,389	10,135	(8,739)	3,030

# Notes to the Financial Statements

## 1 Principal accounting policies – Group and Company

*Basis of preparation* The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards (“IFRS”), as adopted by the European Union and IFRS as issued by the International Accounting Standards Board

The parent company's financial statements have also been prepared in accordance with IFRS, as adopted by the European Union. The directors have taken advantage of the exemption offered by S 230 of the Companies Act not to present a separate income statement for the parent company

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, available for sale investments and derivative financial instruments. The measurement bases and principal accounting policies of the Group are set out below

*Basis of consolidation* The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2007. Subsidiary undertakings are those entities over which the Group has the ability to govern the financial and operating policies through the exercise of voting rights

Unrealised gains on transactions between the Company and its subsidiaries and between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred

*Revenue recognition* Property revenue consists of gross rental income on an accruals basis, together with sales of trading and development properties, excluding sales of investment properties. Rental income receivable in the period from lease commencement to the earlier of lease expiry and any tenant option to break is spread evenly over that period. Any incentive for lessees to enter into a lease agreement and any costs associated with entering into the lease are spread over the same period

Revenue in respect of investment and other income represents investment income, fees and commissions earned on an accruals basis and profits or losses recognised on investments held for the short-term. Dividends are recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate

A property is regarded as sold when the significant risks and returns have been transferred to the buyer. For conditional exchanges, sales are recognised when the conditions are satisfied

*Share-based payments* The Group provides share-based payments in the form of share options, performance share plan awards and a share incentive plan. These payments are discussed in greater detail in the Directors' Remuneration Report on pages 31 to 37

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2005 are recognised in the financial statements. The Group uses a stochastic valuation model and the resulting value is amortised through the Consolidated Income Statement (“Income Statement”) over the vesting period of the share-based payments

For the performance share plan and share incentive plan awards, where non-market conditions apply, the expense is allocated, over the vesting period, to the Income Statement based on the best available estimate of the number of awards that are expected to vest. Estimates are subsequently revised if there is any indication that the number of awards expected to vest differs from previous estimates

*Depreciation* In accordance with IAS40 Investment Property, depreciation is not provided for on freehold investment properties or on leasehold investment properties. The Group does not own the freehold land and buildings which it occupies. Costs incurred in respect of leasehold improvements to the Group's head office at 11-15 Farm Street, London W1J 5RS are capitalised and held as short leasehold improvements. Leasehold improvements, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Residual values are reassessed annually

Depreciation is charged so as to write off the cost of assets less residual value, over their estimated useful lives, using the straight line method, on the following basis:

Short leasehold improvements	– 10% or length of lease, if shorter
Plant and equipment	– 25%

*Taxation* The taxation charge represents the sum of tax currently payable and deferred tax. The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date. Tax payable upon realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which Helical expects, at the balance sheet date, to recover or settle the carrying amount of those assets and liabilities. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered

## 1 Principal accounting policies (continued)

The basis on which the deferred tax asset, in respect of future tax relief available on share awards that vest, has changed. The deferred tax asset reflects the estimated value of tax relief available on the vesting of the awards rather than on the accumulated charge at the balance sheet date.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. It is recognised in the Income Statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

*Dividends* Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which dividends are declared.

*Investment properties* Investment properties are properties owned or leased by the Group which are held for long-term rental income and for capital appreciation. Investment properties are initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS40, investment properties held under leases are stated gross of the recognised finance lease liability.

Gains or losses arising from changes in the fair value of investment properties are included in other operating income in the Income Statement of the period in which they arise.

In accordance with IAS40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

When the Group redevelops an existing investment property for continued future use as investment property, the property remains an investment property measured at fair value and is not reclassified. Interest is capitalised before tax relief until the date of practical completion.

*Investment in joint ventures* Entities whose economic activities are controlled jointly by the Group and by other ventures independent of the Group are accounted for using the equity method of accounting. Under IFRS the Group's share of the results and of the net assets of the joint ventures are shown in the Income Statement and Consolidated Balance Sheet ("Balance Sheet") respectively. Under IFRS the Company's cost of investment in joint ventures is shown in the Company Balance Sheet.

*Investments in subsidiaries* Investments in subsidiaries are held in the Company balance sheet at cost and reviewed annually for impairment.

*Goodwill* Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the Income Statement.

*Land, developments and trading properties* Land, developments and trading properties held for sale are inventory and are included in the Balance Sheet at the lower of cost and net realisable value.

*Investments* Investments are classified as available-for-sale investments or trading investments dependent on the purpose for which they were acquired. Available-for-sale investments, being investments intended to be held for an indefinite period, are revalued to fair value at the balance sheet date. For listed investments, fair value is the bid market listed value ruling at the balance sheet date. Gains or losses arising from changes in fair value are included in the revaluation reserve except to the extent that losses are attributable to impairment, in which case they are recognised in the Income Statement. Upon disposal, accumulated fair value adjustments are included in the Income Statement.

*Trade receivables* Trade receivables do not carry any interest and are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated unrecoverable amounts.

*Cash and cash equivalents* Cash and cash equivalents are carried in the Balance Sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, other short-term, highly liquid investments with original maturities of three months or less, net of bank overdrafts.

*Trade and other payables* Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.

*Borrowing and borrowing costs* Interest bearing bank loans and overdrafts are initially recorded at fair value, net of finance and other costs yet to be amortised. Finance and other costs incurred in respect of the obtaining and maintenance of borrowings are accounted for on an accruals basis and written-off to the Income Statement over the length of the associated borrowings.

Borrowing costs directly attributable to the acquisition and construction of new development and investment properties are added to the costs of such properties until the earliest of

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

All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

## 1 Principal accounting policies (continued)

**Derivative financial instruments** Derivative financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument

The Group enters into derivative transactions such as interest rate caps and floors in order to manage the risks arising from its activities. Derivatives are initially recorded at fair value and are subsequently remeasured to fair value based on market prices, estimated future cash flows and forward rates as appropriate. Any change in the fair value of such derivatives is recognised immediately in the Income Statement as a finance cost or income.

**Leases** Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

In accordance with IAS40, finance and operating leases of investment property are accounted for as finance leases and recognised as an asset and an obligation to pay future minimum lease payments. The investment property asset is included in the balance sheet at fair value, gross of the recognised finance lease liability. Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate.

Assets leased out under operating leases are included in investment property, with rental income recognised on a straight-line basis over the lease term.

**Net asset value per share** Net asset values per share have been calculated in accordance with the best practice recommendations of the European Public Real Estate Association ("EPRA")

**Earnings per share** Earnings per share have been calculated in accordance with IAS 33 and the best practice recommendations of EPRA.

**Employee Share Ownership Plan Trust** Shares held in the Helical Bar Employee Share Ownership Plan Trust ("ESOP") are shown as a deduction in arriving at equity funds. Assets, liabilities and reserves of the ESOP are included in the statutory headings to which they relate.

**Use of estimates and judgements** To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial accounts. These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances. The results of these considerations form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

Areas requiring the use of estimates and critical judgement that may significantly impact on the Group's earnings and financial position are:

- revenue and cost recognition on developments where profits, recognised only when developments are sold and let, are spread over the construction period using estimates of the final outcome,
- valuation of investment properties, where external valuers are used to provide third party valuations,
- calculation of deferred tax liabilities, where indexation is used to reduce the provision for deferred tax on revaluation surpluses,
- calculation and assessment of recoverability of deferred tax assets, where it has been assumed that the provision for ESOP purchases of shares in the Company will be tax deductible on the vesting of share awards made by the Performance Share Plan, and,
- recognition of share-based payments charge, where it has been assumed that the share awards made under the terms of the Performance Share Plan will substantially vest and require the purchase of shares in the Company by the ESOP.

## 2 Segmental information

	Investment and trading Year ended 31 3 07 £000	Developments Year ended 31 3 07 £000	Total Year ended 31 3 07 £000	Investment and trading Year ended 31 3 06 £000	Developments Year ended 31 3 06 £000	Total Year ended 31 3 06 £000
Revenue						
Rental income	18,044	-	18,044	20,102	-	20,102
Trading property sales	12,355	-	12,355	72,101	-	72,101
Developments	-	88,685	88,685	-	26,756	26,756
	30,399	88,685	119,084	92,203	26,756	118,959
Other	-	-	4,092	-	-	315
Revenue	30,399	88,685	123,176	92,203	26,756	119,274

All sales were within the UK. All revenue is attributable to continuing operations.

## 2 Segmental information (continued)

	31 3 07 £000	31 3 07 £000	31 3 07 £000	31 3 06 £000	31 3 06 £000	31 3 06 £000
<b>Profit before tax</b>						
Net rental income	14,771	–	14,771	16,524	–	16,524
Trading profits	2,094	–	2,094	13,441	–	13,441
Development profits	–	13,587	13,587	–	4,594	4,594
Share of results of joint venture	6,196	–	6,196	437	–	437
Gain on sale and revaluation of investment properties	40,637	–	40,637	43,551	–	43,551
	63,698	13,587	77,285	73,953	4,594	78,547
Other operating income			766			235
Gross profit			78,051			78,782
Unallocated administrative expenses			(17,544)			(16,582)
Unallocated net finance costs			(419)			(5,080)
<b>Profit before tax</b>			60,088			57,120
<b>Balance sheet</b>						
Investment properties	316,025	–	316,025	294,583	–	294,583
Land, development and trading properties	1,650	109,165	110,815	45,508	40,568	86,076
	317,675	109,165	426,840	340,091	40,568	380,659
Borrowings	(137,406)	–	(137,406)	(122,843)	–	(122,843)
	180,269	109,165	289,434	217,248	40,568	257,816
Unallocated assets			81,395			44,978
Unallocated liabilities			(88,643)			(72,697)
<b>Net assets</b>			282,186			230,097

The segmental information has been provided in respect of the two main divisions of the Group, the investment and trading department and the development department. Details of capital expenditure are included in notes 12 and 13.

## 3 Net rental income

	Year ended 31 3 07 £000	Year ended 31 3 06 £000
Gross rental income	18,044	20,102
Rents payable	(137)	(489)
Other property outgoings	(3,136)	(3,089)
<b>Net rental income</b>	14,771	16,524

#### 4 Gain on sale and revaluation of investment properties

	31 3 07 £000	31 3 06 £000
Net proceeds from the sale of investment properties	53,446	65,992
Book value (note 12)	(45,638)	(57,565)
Lease incentive and letting costs adjustment	(351)	(609)
Gain on sale of investment properties	7,457	7,818
Revaluation gains on investment properties	33,180	35,733
Gain on sale and revaluation of investment properties	40,637	43,551

#### 5 Administrative expenses

	31 3 07 £000	31 3 06 £000
Administrative expenses	17,544	16,582
Operating profit is stated after		
Staff costs during the year		
– salaries and other remuneration	8,511	7,700
– social security costs	1,318	1,501
– other pension costs	302	287
	10,131	9,488
Depreciation		
– owner occupied property, plant and equipment	180	179
Share-based payments charge	4,578	3,458
Auditors' remuneration		
– audit services	140	137
– non-audit services (IFRS and internal controls advice)	10	16

Details of the remuneration of Directors' (including pension contributions) amounting to £19,714,000 (2006 £13,358,000) are included in the Directors' Remuneration Report on pages 31 to 37. The amount of the share-based payments charge incurred in relation to share awards made to Directors is £3,342,000 (2006 £2,524,000).

Other pension costs relate to payments to individual pension plans.

The average number of employees (management and administration) of the Group during the year was 22 (2006 22).

6 Finance costs and finance income

	Year ended 31 3 07 £000	Year ended 31 3 06 £000
Interest payable on bank loans and overdrafts	8,437	7,638
Other interest payable and similar charges	228	2,346
Finance arrangement costs	114	234
	8,779	10,218
Interest capitalised	(6,069)	(2,797)
Finance costs	2,710	7,421
Interest receivable and similar income	1,335	1,295
Finance income	1,335	1,295

7 Taxation on profit on ordinary activities

	31 3 07 £000	31 3 06 £000
The tax charge is based on the profit for the year and represents		
United Kingdom corporation tax at 30% (2006 30%)		
- Group corporation tax	6,449	5,983
- adjustment in respect of prior periods	(141)	-
Current tax charge	6,308	5,983
Deferred tax - capital allowances	(7)	(804)
- other temporary differences	(929)	(872)
- revaluation surpluses	2,628	5,369
Deferred tax	1,692	3,693
Tax on profit on ordinary activities	8,000	9,676

## 7 Taxation on profit on ordinary activities (continued)

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 07 £000	31 3 06 £000
Profit on ordinary activities before tax	60,088	57,120
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	18,027	17,136
Effect of		
- payments for use of tax losses	3,191	3,633
- expenses not deductible for tax purposes	375	(263)
- capital allowances not reflected through deferred tax	(727)	(591)
- tax relief on share awards	(3,851)	(2,260)
- tax losses utilised	(9,538)	(7,879)
- operating losses/(profit) of joint ventures	107	(131)
- prior year adjustment	(142)	-
- other temporary differences	558	31
Total tax charge for period	8,000	9,676

*Factors that may affect future tax charges* The tax charge is expected to be less than the full rate in future years, primarily due to the Group continuing to claim capital allowances in respect of eligible expenditure on investment properties

## 8 Deferred tax

Deferred taxation provided for in the financial statements is set out below

	Group 31 3 07 £000	Group 31 3 06 £000	Company 31 3 07 £000	Company 31 3 06 £000
Capital gains	23,555	20,927	-	-
Capital allowances	2,168	2,175	172	276
Other temporary differences	(5,026)	(4,097)	-	-
Deferred tax provision	20,697	19,005	172	276

Under IAS12, deferred tax provisions are made for the tax that would potentially be payable on the realisation of investment properties and other assets at book value

Other temporary differences represent deferred tax assets arising from future tax relief available to the Group from capital allowances and when Performance Share Plan awards vest

If upon sale of the investment properties the Group retained all the capital allowances the deferred tax provision in respect of capital allowances of £2.2m would be released and further capital allowances of £13.0m would be available to reduce future tax liabilities

The provision in respect of capital gains tax has been reduced by indexation

## 9 Dividends paid

	Year ended 31 3 07 £000	Year ended 31 3 06 £000
<b>Attributable to equity share capital</b>		
<b>Ordinary</b>		
- interim paid of 1 60p (2006 1 45p) per share	1,441	1,296
- prior period final paid of 2 45p (2006 2 20p) per share	2,174	1,831
<b>Total dividends paid in year - 4 05p (2006 3 65p) per share</b>	<b>3,615</b>	<b>3,127</b>

The interim dividend of 1 60p was paid on 29 December 2006 to shareholders on the register on 8 December 2006. The final dividend, if approved at the AGM on 25 July 2007, will be paid on 27 July 2007 to shareholders on the register on 29 June 2007. This final dividend, amounting to £2,480,000, representing 2 75p per share, has not been included as a liability at 31 March 2007.

## 10 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 profit for the year of the Company was £71,751,000 (2006 £62,715,000).

## 11 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 on the assumed exercise of all dilutive options.

The earnings per share are calculated in accordance with IAS 33 and the best practice recommendations of the European Public Real Estate Association ("EPRA").

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

	Year end 31 3 07 000s	Year end 31 3 06 000s
Ordinary shares in issue	94,372	90,506
Weighting adjustment	(5,028)	(3,541)
Weighted average ordinary shares in issue for calculation of basic earnings per share	89,344	86,966
Weighted average ordinary shares issued on exercise of share options	1,847	1,087
Weighted average ordinary shares to be issued on exercise of share options	2,972	2,535
Weighted average ordinary shares to be issued under performance share plan	2,303	1,296
Weighted average ordinary shares in issue for calculation of diluted earnings per share	96,466	91,884

11 Earnings per share (continued)

	31 3 07 £000	31 3 06 £000
Earnings used for calculation of basic and diluted earnings per share	51,788	47,568
Basic earnings per share	58 0p	54 7p
Diluted earnings per share	53 7p	51 8p
Earnings used for calculation of basic and diluted earnings per share	51,788	47,568
Gain on sale and revaluation of investment properties	(40,637)	(43,551)
Fair value movement on derivative financial instruments	(955)	(1,046)
Deferred tax in respect of investment properties	2,621	4,565
Tax on profit on disposal of investment properties	3,191	3,632
Earnings used for calculation of adjusted earnings per share	16,008	11,168
Diluted EPRA earnings per share	16 6p	12 2p

12 Investment properties

	Freehold 31 3 07 £000	Leasehold 31 3 07 £000	Total 31 3 07 £000	Freehold 31 3 06 £000	Leasehold 31 3 06 £000	Total 31 3 06 £000
Group						
Fair value at 1 April	211,451	83,132	294,583	203,683	67,632	271,315
Additions at cost	32,445	1,458	33,903	39,800	5,300	45,100
Disposals	(15,174)	(30,464)	(45,638)	(57,565)	–	(57,565)
Revaluation surplus	24,974	8,206	33,180	25,533	10,200	35,733
Amortisation of finance lease	–	(3)	(3)	–	–	–
Fair value at 31 March	253,696	62,329	316,025	211,451	83,132	294,583

Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £1,192,000 (2006 £300,000)

Interest capitalised in respect of the development of investment properties is included in investment properties to the extent of £2,505,000 (2006 £1,313,000)

The investment properties have been valued on an open market basis at 31 March 2007 as follows

	£000
Cushman & Wakefield Healey & Baker, International Real Estate Consultants	218,280
Jones Lang LaSalle, International Real Estate Consultants	69,300
DTZ Debenham Tie Leung, International Property Advisors	20,440
Drivers Jonas, Chartered Surveyors	7,000
Directors' valuation	1,005
	316,025

The net surplus arising of £33,180,000 (2006 £35,733,000) has been transferred to the revaluation reserve

The historical cost of investment property is £213,501,000 (2006 £209,527,000)

### 13 Owner occupied property, plant and equipment – Group and Company

	Short lease hold improvements 31 3 07 £000	Plant and equipment at 31 3 07 £000	Total 31 3 07 £000	Short lease hold improvements 31 3 06 £000	Plant and equipment 31 3 06 £000	Total 31 3 06 £000
Cost at 1 April	646	866	1,512	646	853	1,499
Additions at cost	–	49	49	–	142	142
Disposals	–	(137)	(137)	–	(129)	(129)
Cost at 31 March	646	778	1,424	646	866	1,512
Depreciation at 1 April	505	518	1,023	458	501	959
Provision for the year	47	133	180	47	132	179
Eliminated on disposals	–	(130)	(130)	–	(115)	(115)
Depreciation at 31 March	552	521	1,073	505	518	1,023
Net book amount at 31 March	94	257	351	141	348	489

Plant and equipment include vehicles, fixtures and fittings and other office equipment

### 14 Investments

	Company 31 3 07 £000	Company 31 3 06 £000
At 1 April	15,300	15,300
Acquired during year	–	–
Further investment in existing subsidiaries	–	–
At 31 March	15,300	15,300

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
Albionland (Bushey Mill) Ltd	Development	100%
Aycliffe and Peterlee Development Company Ltd	Development and trading	100%
Baylight Developments Ltd*	Investment	100%
Chancerygate (Cowley) Ltd	Development	100%
Chancerygate (Kidlington) Ltd	Development	100%
Chancerygate (Southampton) Ltd	Development	100%
Chancerygate (Stockport) Ltd	Development	100%
Cranmer Investments (Whustable) Ltd	Development	100%
Dencora (Docklands) Ltd	Investment	100%
Dencora (Fordingham) Ltd	Investment	100%

## 14 Investments (continued)

Name of undertaking	Nature of business	Percentage of ordinary share capital held
Harbour Developments (Bracknell) Ltd	Development	100%
HB Cambs No 3 Ltd	Investment	100%
HB Dales Manor No 3 Ltd	Investment	100%
HB Sawston No 3 Ltd	Investment	100%
Helical (Aldridge) Ltd	Investment	100%
Helical (Ashford) Ltd	Investment	100%
Helical Bar Developments (South East) Ltd	Development	100%
Helical Bar (East Grimstead) Ltd	Investment	100%
Helical Bar (Epsom) Ltd	Development	100%
Helical Bar (Hawtm Park No 3) Ltd	Investment	100%
Helical Bar (Rex House) Ltd	Investment	100%
Helical Bar Services Ltd	Management Services	100%
Helical Bar (Wales) Ltd*	Investment	100%
Helical Bar (White City) Ltd	Development	100%
Helical (Battersea) Ltd	Investment	100%
Helical (Cardiff) Ltd	Investment	100%
Helical (Crawley) Ltd	Investment	100%
Helical (Faygate) Ltd	Development	100%
Helical (Fleet) No 2 Ltd*	Investment	100%
Helical (Glasgow) Ltd	Investment	100%
Helical (Hailsham) Ltd	Development	100%
Helical (Liphook) Ltd	Development (Jersey)	100%
Helical (Milton) Ltd	Development	100%
Helical (Paignton) Ltd	Investment	100%
Helical Properties Investment Ltd	Investment	100%
Helical Properties Ltd	Investment and trading	100%
Helical Retail Ltd	Development	100%
Helical Retail (RBS) Ltd*	Development	100%
Helical (Sevenoaks) Ltd	Investment	100%
Helical (Winterhill) Ltd	Investment	100%
Prescot Street Investments Ltd	Investment	100%
61 Southwark Street Ltd*	Investment	100%

All principal subsidiary undertakings operate in the United Kingdom and, unless otherwise indicated, are incorporated and registered in England and Wales. A full list of all subsidiaries is lodged with the Annual Return at Companies House.

\* Ordinary capital is held by a subsidiary undertaking.

## 15 Investment in joint ventures

	Group 31 3 07 £000	Group 31 3 06 £000
<i>Summarised income statements</i>		
Revenue	16,233	1,067
Operating profit	6,480	997
Net finance costs	(284)	(285)
Profit before tax	6,196	712
Tax	–	(275)
Profit after tax	6,196	437
<i>Summarised balance sheets</i>		
Non-current assets	10	8
Current assets	25,168	5,562
Current liabilities	(6,415)	(2,792)
Non-current liabilities	(12,575)	(2,483)
Net assets	6,188	295

The cost of the Company's investment in joint ventures was £150,000 (2006 £150,000)

At 31 March 2007 the Group and the Company had interests in the following joint venture companies

	Country of incorporation	Class of share capital held	Proportion held Group	Proportion held Company	Nature of business
Abbeygate Helical (Leisure Plaza) Ltd	United Kingdom	Ordinary	50%	–	Property development
Abbeygate Helical (Winterhill) Ltd	United Kingdom	Ordinary	50%	–	Property development
Abbeygate Helical (C4 1) LLP	United Kingdom	n/a	50%	–	Property development
Grosvenor Hill (Sprucefields) Ltd	United Kingdom	Ordinary	50%	50%	Property investment
The Asset Factor Ltd	United Kingdom	Ordinary	50%	50%	Outsourcing
Shirley Advance LLP	United Kingdom	n/a	50%	–	Property development

## 16 Goodwill

	Group At 31 3 07 £000	Group At 31 3 06 £000
Cost at 1 April	1,515	1,515
Additions	-	-
Cost at 31 March	1,515	1,515
Impairment at 1 April	1,447	1,333
Impairment for the year	38	114
Impairment at 31 March	1,485	1,447
Fair value at 31 March	30	68

The carrying values of the Group's goodwill is reassessed at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If analysis indicates that the carrying value is too high, then this is reduced to its recoverable amount which is the higher of fair value and its value in use.

## 17 Land, developments and trading properties

	Group 31 3 07 £000	Group 31 3 06 £000	Company 31 3 07 £000	Company 31 3 06 £000
Development sites	109,165	40,568	1,166	522
Properties held as trading stock	1,650	45,508	-	-
	110,815	86,076	1,166	522

The directors' valuation of trading and development stock shows a surplus of £36m above book value (2006 £29m). During the year properties held as trading stock at 31 March 2006 with a book value of £36,914,000 have been re-categorised as development sites.

Interest capitalised in respect of the development of sites is included in stock to the extent of £4,523,000 (2006 £2,867,000). Interest capitalised during the year in respect of development sites amounted to £4,877,000 (2006 £2,497,000).

## 18 Available-for-sale investments

	Group 31 3 07 £000	Group 31 3 06 £000	Company 31 3 07 £000	Company 31 3 06 £000
UK listed investments at fair value	12	66	-	-
UK unlisted investment at fair value	900	-	900	-
	912	66	900	-

## 19 Trade and other receivables

	Group 31 3 07 £000	Group 31 3 06 £000	Company 31 3 07 £000	Company 31 3 06 £000
Trade receivables	50,850	13,156	389	406
Amounts owed by joint venture undertakings	5,185	3,712	15,074	2,616
Amounts owed by subsidiary undertakings	-	-	345,293	301,370
Other receivables	1,390	2,287	33	1,507
Prepayments and accrued income	13,101	14,770	175	4,249
	70,526	33,925	360,964	310,148

## 20 Cash and cash equivalents

	Group 31 3 07 £000	Group 31 3 06 £000	Company 31 3 07 £000	Company 31 3 06 £000
Rent deposits and cash held at managing agents	1,852	1,980	–	–
Cash secured against debt and cash held at solicitors	1,045	189	–	–
Cash held to fund future development costs	–	382	–	–
Cash deposits	492	7,584	11	3,030
	3,389	10,135	11	3,030

## 21 Trade payables and other payables

	Group 31 3 07 £000	Group 31 3 06 £000	Company 31 3 07 £000	Company 31 3 06 £000
Trade creditors	9,841	8,424	123	857
Social security costs and other taxation	304	(262)	–	–
Amounts owed to joint venture undertakings	–	–	1,554	114
Amounts owed to subsidiary undertakings	–	–	159,003	180,923
Other payables	8,248	7,634	462	187
Accruals and deferred income	45,810	33,710	3,584	1,196
	64,203	49,506	164,726	183,277

## 22 Borrowings

	Group 31 3 07 £000	Group 31 3 06 £000	Company 31 3 07 £000	Company 31 3 06 £000
Current borrowings	31,560	42,683	10,250	–
Bank loans repayable within				
– one to two years	39,981	24,355	–	–
– two to three years	2,600	31,988	–	–
– three to four years	9,400	14,324	–	–
– four to five years	48,336	5,200	–	–
– after five years	5,800	4,536	–	–
	106,117	80,403	–	–
Deferred arrangement costs	(270)	(243)	–	–
Non-current borrowings	105,847	80,160	–	–

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 £222,109,000 (2006 £205,070,000). These will be repayable when the underlying properties are sold. Bank overdrafts and term loans exclude the Group's share of borrowings in joint venture companies of £22,666,000 (2006 £2,500,000).

## 23 Financing and financial instruments

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

	Group 31 3 07 £000	Group 31 3 06 £000
Bank overdraft and loans – maturity		
Due after more than one year	105,847	80,160
Due within one year	31,560	42,683
	137,407	122,843

The Group has various undrawn committed borrowing facilities. The facilities available at 31 3 07 in respect of which all conditions precedent had been met were as follows

	Group 31 3 07 £000	Group 31 3 06 £000
Expiring in one year or less	44,200	45,000
Expiring in more than one year but not more than two years	27,456	2,011
Expiring in more than two years	2,000	8,691
	73,656	55,702

### Interest rates

	%	Expiry	31 3 07 £000	%	Expiry	31 3 06 £000
Fixed rate borrowings						
– fixed	9.050	Feb 2009	6,815	9.050	Feb 2009	7,388
– swap rate plus bank margin	5.939	Sep 2009	14,324	5.939	Sep 2009	14,324
– swap rate plus bank margin	6.231	Feb 2008	5,800	6.329	Feb 2008	5,800
– swap rate plus bank margin	5.341	Jun 2011	4,536	5.439	Jun 2011	4,536
– swap rate plus bank margin	6.052	Nov 2010	5,200	5.759	Nov 2010	5,200
– swap rate plus bank margin	–	–	–	5.819	Sep 2007	3,460
– swap rate plus bank margin	–	–	–	4.965	Mar 2007	5,925
– swap rate plus bank margin	–	–	–	5.846	Jun 2006	3,500
– swap rate plus bank margin	6.052	Jan 2011	4,200	–	–	–
Weighted average	6.189	Nov 2009	40,875	6.279	Feb 2009	50,133
Floating rate borrowings	6.326	Jun 2009	96,802	5.528	Dec 2007	72,953
Total borrowings			137,677			123,086
Deferred arrangement costs			(270)			(243)
			137,407			122,843

Floating rate borrowings bear interest at rates based on LIBOR.

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

Instrument	Value £000	Rate %	Start	Expiry
Current				
– cap	80,000	7.000	Jan 2006	Sep 2009

23 Financing and financial instruments (continued)

Gearing

	31 3 07 £000	31 3 06 £000
Total borrowings	137,407	122,843
Cash	(3,389)	(10,135)
Net borrowings	134,018	112,708
Net borrowings exclude the Group's share of borrowings in joint ventures of £22,666,000 (2006 £2,500,000)		
	31 3 07 £000	31 3 06 £000
Net assets	282,186	230,097
Gearing	47%	49%

24 Obligations under finance leases

	31 3 07 £000	31 3 06 £000
Lease payments under finance leases fall due		
Not later than one year	14	14
Later than one year and not later than five years	46	46
Later than five years	119	122
Present value of finance lease obligations	179	182

25 Share capital

	31 3 07 £000	31 3 06 £000
Authorised	39,577	39,577
	39,577	39,577

The authorised share capital of the Company is £39,576,626.60 divided into ordinary shares of 1p each, 5 25p convertible cumulative redeemable preference shares 2012 of 70p each and deferred shares of ½p each

	31 3 07 £000	31 3 06 £000
Allotted, called up and fully paid		
– 95,719,432 ordinary shares of 1p each (2006 94,371,925 ordinary shares of 5p each)	957	944
– 212,145,300 deferred shares of ½p each	265	265
	1,222	1,209

25 Share capital (continued)

As at 1 April 2006 the Company had 94,371,925 ordinary 1p shares in issue. On 30 June 2006 options over 654,792 ordinary 1p shares were exercised increasing the issued share capital of the Company to 95,026,717 ordinary 1p shares. On 29 September 2006 options over 33,895 ordinary 1p shares were exercised. On 4 December 2006 options over 229,320 ordinary 1p shares were exercised. On 21 December 2006 options over 429,500 ordinary 1p shares were exercised. At 31 March 2007 there were 95,719,432 ordinary 1p shares in issue.

	Shares in issue 31 3 07 Number	Share capital 31 3 07 £000	Shares in issue 31 3 06 Number	Share capital 31 3 06 £000
<b>Ordinary shares</b>				
At 1 April	94,371,925	944	18,101,164	905
New shares issued	1,347,507	13	323,221	16
At 31 August 2006	–	–	18,424,385	921
1 September 2006 share split – five 1p shares for each one 5p share	–	–	92,121,925	921
New shares issued	–	–	2,250,000	23
At 31 March	95,719,432	957	94,371,925	944
<b>Preference shares</b>				
At 1 April	–	–	612,704	2,451
New shares issued	–	–	–	–
Shares purchased	–	–	(612,704)	(2,451)
At 31 March	–	–	–	–
<b>Deferred shares</b>				
At 1 April	212,145,300	265	212,145,300	265
New shares issued	–	–	–	–
Shares purchased	–	–	–	–
At 31 March	212,145,300	265	212,145,300	265

## 26 Share options

*Share options* At 31 March 2007 unexercised options over 1,956,070 (2006 3,655,510) new ordinary 1p shares in the Company and 3,964,695 (2006 6,234,695) purchased ordinary 1p shares held by the ESOP had been granted to directors and employees under the Company's share option schemes. During the period no new options were granted. Options over 1,699,440 new ordinary 1p shares and 2,270,000 purchased ordinary 1p shares were exercised. In order that the dilutive effect of issuing new shares be reduced, and to reduce the number of shares required by the ESOP to satisfy share awards, the Company agreed with employees that the number of shares required on the exercise of options be reduced. To ensure that employees were not disadvantaged by this reduction, the exercise prices applied on the exercise of the options were correspondingly reduced. The effect of the reductions to the exercise prices was to reduce the weighted average exercise price from 105p to 3p. These reductions in exercise prices were not applied to options exercised in accordance with the Helical Bar 1999 Approved Share Option Scheme.

Share options exercised	Original subscription options	Original purchase options	Original total	Reduced subscription options	Reduced purchase options	Reduced total
30 June 2006	857,210	25,000	882,210	654,792	19,097	673,889
29 September 2006	33,895	–	33,895	33,895	–	33,895
4 December 2006	285,000	1,245,000	1,530,000	229,320	946,930	1,176,250
21 December 2006	523,335	1,000,000	1,523,335	429,500	770,500	1,200,000
	1,699,440	2,270,000	3,969,440	1,347,507	1,736,527	3,084,034

	Exercise price per share price	Number of shares	Date from which exercisable	Expiry date of options
<b>Helical Bar 1999 Share Option Scheme</b>				
<i>Subscription options</i>				
Options granted				
– 8 March 1999	88.5	1,349,980	8 Mar 2005	7 Mar 2009
– 8 January 2001	156.0	150,000	8 Jan 2007	7 Jan 2011
– 21 November 2002	141.5	299,310	21 Nov 2007	20 Nov 2012
<i>Purchase options</i>				
Options granted				
– 18 December 2000	150.0	2,645,000	18 Dec 2006	17 Dec 2010
– 8 January 2001	156.0	170,510	8 Jan 2007	7 Jan 2011
– 15 November 2001	153.3	1,149,185	15 Nov 2007	14 Nov 2011
<b>Helical Bar 1999 Approved Share Option Scheme</b>				
<i>Subscription options</i>				
Options granted				
– 8 March 1999	88.5	135,580	8 Mar 2003	7 Mar 2009
– 21 November 2002	141.5	21,200	21 Nov 2006	20 Nov 2012
		5,920,765		

26 Share options (continued)

Summary of share options	Number 31 3 07	Weighted average exercise price 31 3 07	Number 31 3 06	Weighted average exercise price 31 3 06
At 1 April	9,890,205	121p	14,006,310	112p
Options granted	-	-	-	-
Options exercised	(3,969,440)	3p	(4,116,105)	89p
Option expired/lapsed	-	-	-	-
At 31 March	5,920,765	135p	9,890,205	121p

27 Share-based payments

The Company provides share-based payments to employees in the form of share options, performance share plan awards and a share incentive plan. All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2005 are recognised in the financial statements. The Company uses a stochastic valuation model and the resulting value is amortised through the Income Statement over the vesting period of the share-based payments.

*Share options granted after 7 November 2002*

	Options	2007 Weighted average exercise price	Options	2006 Weighted average exercise price
Outstanding at beginning and end of period	320,510	141.50	320,510	141.50
	320,510		320,510	

The options outstanding at 31 March 2007 had a weighted average remaining contractual life of five years and eight months.

The input into the stochastic model of valuation of the options were as follows:

	2007	2006
Weighted average share price	146.72	146.72
Weighted average exercise price	141.50	141.50
Expected volatility	16%	16%
Expected life	6 years	6 years
Risk free rate	4.48%	4.48%
Expected dividends	1.99%	1.99%

Expected volatility was determined by calculating the historical volatility of the Company's shares over the last six years. The expected life used in the model has been adjusted, based on the Company's best estimate, for the effects of employee changes (subject to good leaver provisions), exercise restrictions and behavioural considerations.

27 Share-based payments (continued)

*Performance share plan awards*

	Awards	2007 Weighted average award value	Awards	2006 Weighted average award value
Outstanding at beginning of period	4,514,380	229p	2,549,760	192p
Awards made during the period	1,446,195	377p	1,964,620	277p
Outstanding at end of period	5,960,575	268p	4,514,380	229p

The performance share plan awards outstanding at 31 March 2007 had a weighted average remaining contractual life of two years nine months

The inputs into the stochastic model of valuation of the PSP awards were as follows

	2007	2006
Weighted average share price	268p	229p
Weighted average exercise price	-	-
Expected volatility	n/a	n/a
Expected life	3 years	3 years
Risk free rate	n/a	n/a
Expected dividends	1.41%	1.53%

The Company recognised total expenses of £4,578,000 (2006: £3,458,000) in relation to share-based payments

## 28 Statement of changes in equity

Group	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Own shares held £000	Total £000
At 1 April 2005	1,170	39,110	54,530	7,467	291	86,822	(6,893)	182,497
Issue of shares	39	3,380	-	-	-	-	-	3,419
Revaluation surplus	-	-	30,364	-	-	(30,364)	-	-
Realised on disposals	-	-	(20,074)	-	-	20,074	-	-
Total recognised income	-	-	-	-	-	47,430	-	47,430
Dividends paid	-	-	-	-	-	(3,127)	-	(3,127)
Minority interest	-	-	-	-	-	124	-	124
Purchase of shares	-	-	-	11	-	(11)	(472)	(472)
Share options exercised	-	-	-	-	-	-	226	226
Performance share plan	-	-	-	-	-	3,128	-	3,128
Provision for ESOP purchase	-	-	-	-	-	(3,128)	-	(3,128)
At 31 March 2006	1,209	42,490	64,820	7,478	291	120,948	(7,139)	230,097
Issue of shares	13	30	-	-	-	-	-	43
Revaluation surplus	-	-	30,552	-	-	(30,552)	-	-
Realised on disposals	-	-	(15,708)	-	-	15,708	-	-
Total recognised income	-	-	-	-	-	52,064	-	52,064
Dividends paid	-	-	-	-	-	(3,615)	-	(3,615)
Minority interest	-	-	-	-	-	(300)	-	(300)
Purchase of shares	-	-	-	-	-	-	(5,155)	(5,155)
Share options exercised	-	-	-	-	-	-	71	71
Performance share plan	-	-	-	-	-	8,981	-	8,981
Own shares held	-	-	-	-	-	(6,228)	6,228	-
At 31 March 2007	1,222	42,520	79,664	7,478	291	157,006	(5,995)	282,186

The adjustment to retained earnings of £8,981,000 (2006 £3,128,000) adds back the share-based payments charge, in accordance with IFRS 2 Share-Based Payments. In 2006 the Group made a provision of £3,128,000 in respect of future purchases of shares by the ESOP in anticipation of the vesting of share awards under the Group's Performance Share Plan. Following the purchase of shares by the ESOP in the period this provision has been released.

## Notes

Share capital – represents the nominal value of issued share capital

Share premium – represents the excess of value of shares issued over their nominal value

Revaluation reserve – represents the surplus of fair value of investment properties over their historic cost

Capital redemption reserve – represents amounts paid to purchase issued shares for cancellation at their nominal value

Retained earnings – is distributable and represents the accumulated profit of the Group

Own shares held – represents the shares purchased by the Helical Bar Employees Share Ownership Plan Trust

28 Statement of changes in equity (continued)

Company	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Own shares held £000	Total £000
At 1 April 2005	1,170	39,110	-	7,467	1,987	38,741	(6,893)	81,582
Issue of shares	39	3,380	-	-	-	-	-	3,419
Total recognised income	-	-	-	-	-	62,715	-	62,715
Dividends paid	-	-	-	-	-	(3,127)	-	(3,127)
Shares purchased	-	-	-	11	-	(11)	(472)	(472)
Share options exercised	-	-	-	-	-	-	226	226
At 31 March 2006	1,209	42,490	-	7,478	1,987	98,318	(7,139)	144,343
Issue of shares	13	30	-	-	-	-	-	43
Total recognised income	-	-	-	-	-	71,751	-	71,751
Dividends paid	-	-	-	-	-	(3,615)	-	(3,615)
Shares purchased	-	-	-	-	-	-	(5,155)	(5,155)
Share options exercised	-	-	-	-	-	-	71	71
Own shares held	-	-	-	-	-	(6,228)	6,228	-
At 31 March 2007	1,222	42,520	-	7,478	1,987	160,226	(5,995)	207,438

29 Own shares held

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.

The Trust purchases shares in the Company to satisfy the Company's obligations under its Share Option Schemes and Performance Share Plan.

At 31 March 2007 the Trust held 5,174,701 (2006: 5,648,080) ordinary 1p shares in Helical Bar plc.

At 31 March 2007 options over 3,964,695 (2006: 6,234,695) ordinary 1p shares in Helical Bar plc had been granted through the Trust. At 31 March 2007 awards over 5,960,675 (2006: 4,514,380) ordinary 1p shares in Helical Bar plc had been made under the terms of the Performance Share Plan.

30 Contingent liabilities

The Company has entered into cross guarantees in respect of the banking facilities of its subsidiaries.

Other than these contingent liabilities there were no contingent liabilities at 31 March 2007 (2006: nil).

### 31 Net assets per share

	31 3 07 £000	Number of shares 000s	31 3 07 pence per share	31 3 06 £000	Number of shares 000s	31 3 06 pence per share
Net asset value	282,186	95,719		230,097	94,372	
Less own shares held by ESOP	-	(5,174)		-	(5,648)	
deferred shares	(265)			(265)	-	
Basic net asset value	281,921	90,545	311	229,832	88,724	259
Add unexercised share options	2,002	1,956		3,506	3,655	
Diluted net asset value	283,923	92,501	307	233,338	92,379	253
Adjustment for						
- fair value of financial instruments	(345)			427		
- deferred tax on capital allowances	2,168			2,175		
- deferred tax on capital gains	23,555			20,927		
Adjusted diluted net asset value	309,301	92,501	334	256,867	92,379	278
Adjustment for						
- fair value of trading properties	36,480			28,704		
Diluted EPRA net asset value	345,781	92,501	374	285,571	92,379	309
Adjustment for						
- fair value of financial instruments	345			(427)		
- deferred tax on capital allowances	(2,168)			(2,175)		
- deferred tax on capital gains	(23,555)			(20,927)		
Diluted EPRA NNAV	320,403	92,501	346	262,042	92,379	284

The net asset values per share have been calculated in accordance with the best practice recommendations of the European Public Real Estate Association ("EPRA")

32 Related party transactions

At 31 March 2007 and 31 March 2006 the following amounts were due from the Group's joint ventures

	At 31 3 07 £000	At 31 3 06 £000
Abbeygate Helical (Leisure Plaza) Ltd	889	572
Abbeygate Helical (Winterhill) Ltd	(864)	(895)
Abbeygate Helical (C4 1) LLP	(636)	–
Grosvenor Hill (Sprucefield) Ltd	(17)	(4)
Shuley Advance LLP	4,112	3,921
The Asset Factor Ltd	551	119

At 31 March 2007 and 31 March 2006 there were the following balances between the Company and its subsidiaries

	At 31 3 07 £000	At 31 3 06 £000
Amounts due from subsidiaries	346,766	301,370
Amounts due to subsidiaries	159,003	180,923

During the years to 31 March 2007 and 31 March 2006 there were the following transactions between the Company and its subsidiaries

	Year ended 31 3 07 £000	Year ended 31 3 06 £000
Management charges receivable	3,863	2,513
Management charges payable	620	–
Interest receivable	9,482	6,358
Interest payable	–	–

All of these transactions, and the year end balance sheet amounts arising from these transactions were conducted on an arm's length basis and on normal commercial terms

# Ten Year Review

	IFRS 31 3 07 £000	IFRS 31 3 06 £000	IFRS 31 3 05 £000	UK GAAP 31 3 04 £000	UK GAAP 31 3 03 £000	UK GAAP 31 3 02 £000	UK GAAP 31 3 01 £000	UK GAAP 31 3 00 £000	UK GAAP 31 3 99 £000	UK GAAP 31 3 98 £000
Revenue	123,176	119,274	101,469	54,566	135,192	136,632	165,259	149,922	121,244	214,416
Net rental income	14,771	16,524	20,440	22,980	25,619	27,827	25,532	23,652	18,475	18,598
Trading profits	2,094	13,441	5,771	1,031	349	154	920	372	72	4,363
Development profits	13,587	4,594	12,664	38	4,630	17,072	29,507	19,345	21,601	16,686
Share of results of joint ventures	6,196	437	2,699	1,636	1,544	986	86	-	-	-
Other income	766	235	235	601	626	(67)	342	113	(1,144)	(872)
Gross profit before gain on investment properties	37,414	35,231	41,809	26,286	32,768	45,972	56,387	43,482	39,004	38,775
Gain on sale of and revaluation of investment properties	40,637	43,551	44,204	2,035	2,126	2,463	709	4,555	415	838
Administrative expenses	(17,544)	(16,582)	(15,757)	(8,037)	(6,391)	(10,888)	(12,031)	(9,669)	(6,860)	(6,904)
Loss on sale of subsidiary	-	-	-	(59)	-	(195)	-	-	-	-
Negative goodwill	-	-	-	-	6,362	-	-	-	-	-
Net finance costs	(419)	(5,080)	(5,561)	(6,572)	(9,638)	(14,779)	(19,241)	(16,348)	(12,515)	(14,215)
Profit before tax	60,088	57,120	64,695	13,653	25,227	22,573	25,824	22,020	20,044	18,494
Tax	(8,000)	(9,676)	844	(2,199)	(7,660)	(5,353)	(5,471)	(6,032)	(3,899)	(3,884)
Profit after tax	52,088	47,444	65,539	11,454	17,567	17,220	20,353	15,988	16,145	14,610
Investment portfolio	316,025	294,583	271,315	334,932	342,484	439,911	453,607	419,570	332,457	250,718
Shareholders' funds	282,186	230,097	186,165	234,917	226,870	227,653	223,606	171,770	132,652	132,289
Dividend per ordinary share	4 05p	3 65p	3 32p	3 32p	3 00p	2 75p	2 50p	2 23p	2 00p	1 80p
Special dividend per ordinary share	-	-	-	-	-	20 0p	-	-	20 0p	-
Diluted earnings per ordinary share	53 7p	51 8p	53 7p	7 9p	11 8p	11 8p	13 5p	13 8p	10 3p	8 1p
Diluted EPRA net assets per share	374p	309p	238p	182p	155p	155p	151p	116p	94p	96p

The financial statements for the year to 31 March 2005 have been restated to reflect the adoption of International Financial Reporting Standards

The financial statements for the year to 31 March 1998 and subsequently have been restated to reflect the impact of the 5 for 1 share issue on 1 September 2005

# Glossary of Terms

## Average Unexpired Lease Term

The average unexpired lease term expressed in years

## BREEAM

Building Research Establishment's Environmental Assessment Method

## Diluted EPRA earnings per share

Earnings per share adjusted to exclude gains on sale and revaluation of investment properties and their deferred tax adjustments, the tax on profit on disposal of investment properties and fair value movements on derivative financial instruments, on a diluted basis

## Diluted EPRA net assets per share

Diluted net asset value per share adjusted to exclude fair value of financial instruments and deferred tax on capital allowances and on investment properties revaluation, but including the fair value of trading properties in accordance with the best practice recommendation of the European Public Real Estate Association ("EPRA")

## Diluted EPRA triple net asset value

Diluted EPRA net asset value per share adjusted to include fair value of trading properties

## Diluted figures

Reported amounts adjusted to include the effects of potential shares issuable under the employee share option schemes

## Earnings per share

Profit after tax divided by the weighted average number of ordinary shares in issue

## Estimated rental value (ERV)

The market rental value of lettable space as estimated by the Company's valuers at each balance sheet date

## Initial yield

Annualised net rents on investment properties as a percentage of the investment property valuation

## IPD

The Investment Property Databank Limited (IPD) is a company that produces an independent benchmark of property returns

## Like-for-like portfolio

Properties that have been held for the whole of the period of account

## Net assets per share or net asset value (NAV)

Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date

## Net gearing

Total borrowings less short-term deposits and cash as a percentage of equity shareholders' funds

## REIT

Real Estate Investment Trust

## Return on capital employed (ROCE)

Return on capital employed is measured as profit before financing costs plus revaluation surplus on investment property divided by the opening gross capital

## Reversionary yield

The anticipated yield, which the initial yield will rise to once the rent reaches the ERV

## Total shareholder return (TSR)

The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period

## True equivalent yield

The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value. Assumes rent is received quarterly in advance

## Weighted Average Cost of Capital (WACC)

The weighted average pre-tax cost of the Group's debt and the notional cost of the Group's equity used as a benchmark to assess investment returns

# Financial Calendar

Year ended 31 March 2007

Annual General Meeting to be held 25 July 2007

Final ordinary dividend payable 27 July 2007

Half year ending 30 September 2007

Results and interim ordinary dividend announced November 2007

Interim ordinary dividend payable December 2007

Year ending 31 March 2008

Results and final dividend announced June 2008

Final ordinary dividend payable July 2008

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