



GRESHAM HOUSE plc

INTERIM RESULTS 2003

GRESHAM HOUSE plc

CHAIRMAN'S INTERIM STATEMENT

Dear Shareholder,

The results for the half year ended 30th June, 2003 show a return on ordinary activities after tax for the Revenue account of £279,000, compared with £430,000 for the comparable period last year and a much improved position for the Capital account even though this is still showing a loss of £176,000 for the period.

Overall this has resulted in a basic return per ordinary share of 2.3p against a loss of 30.6p for the comparable period last year.

Underlying revenue streams have remained fairly constant compared with the similar period last year, the increase being attributable to construction activities undertaken in the period under review. These activities also largely account for the increase in Other expenses although the Group has also incurred additional costs in maintaining its property portfolio.

The investment portfolio reflects improvements in the markets generally and, whilst the climate for start up situations remains very difficult, we are seeing many more promising investment opportunities. As stated above, improvements to the property portfolio have continued during the period and have been met from Group resources rather than from an increase in borrowings.

Whilst the basic net asset value per ordinary share has fallen by 2.7% to 475.2p over the period this is solely as a result of the issue of 171,299 ordinary shares through the exercise of rights under the Company's Share Option schemes and under the terms of the 8% Secured Redeemable Loan Stock 2006 issued by Gresham House Finance plc.

Your Board continues its strategy of seeking out innovative early stage investments but remains cautious as to short term prospects.

A P Stirling

Chairman

23rd September, 2003

GRESHAM HOUSE plc

UNAUDITED CONSOLIDATED STATEMENT OF TOTAL RETURN

For the half year ended 30th June, 2003

	6 months to 30th June, 2003 (Unaudited)			6 months to 30th June, 2002 (Unaudited)			Year ended 31st December, 2002 (Audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loss on Investments	-	(176)	(176)	-	(1,767)	(1,767)	-	(3,497)	(3,497)
Income:									
Dividend and Interest Income	114	-	114	135	-	135	276	-	276
Rental Income	1,505	-	1,505	1,473	-	1,473	2,908	-	2,908
Other operating income	331	-	331	157	-	157	1,056	-	1,056
	1,950	(176)	1,774	1,765	(1,767)	(2)	4,240	(3,497)	743
Other expenses	(940)	-	(940)	(606)	-	(606)	(1,767)	-	(1,767)
Net return before finance costs and taxation	1,010	(176)	834	1,159	(1,767)	(608)	2,473	(3,497)	(1,024)
Interest payable and similar charges	(731)	-	(731)	(729)	-	(729)	(1,450)	-	(1,450)
Return on ordinary activities before taxation	279	(176)	103	430	(1,767)	(1,337)	1,023	(3,497)	(2,474)
Taxation	-	-	-	-	-	-	-	-	-
Return on ordinary activities after taxation attributable to equity shareholders	279	(176)	103	430	(1,767)	(1,337)	1,023	(3,497)	(2,474)
Dividend - Equity shares	-	-	-	-	-	-	(141)	-	(141)
Transfer to reserves	279	(176)	103	430	(1,767)	(1,337)	882	(3,497)	(2,615)
Basic return per Ordinary Share	6.2p	(3.9)p	2.3p	9.8p	(40.4)p	(30.6)p	23.2p	(79.5)p	(56.3)p
Diluted return per Ordinary Share	6.0p	(3.8)p	2.2p	9.3p	(40.4)p	(31.1)p	21.6p	(73.9)p	(52.3)p

Statement of Total Recognised Gains and Losses

	30th June, 2003 £'000	30th June, 2002 £'000	31st December, 2002 £'000
Profit for the financial period	279	430	1,023
Net movement on capital reserves	(176)	(1,767)	(3,497)
	103	(1,337)	(2,474)

Notes

- (i) The revenue column of this statement is the consolidated profit and loss account of the group.
(ii) All revenue and capital items in the above statement derive from continuing operations.

GRESHAM HOUSE plc

UNAUDITED CONSOLIDATED BALANCE SHEET

as at 30th June 2003

	30th June, 2003 (Unaudited)	30th June, 2002 (Unaudited)	31st December, 2002 (Audited)
	£'000	£'000	£'000
Investments			
Securities	6,234	7,958	6,649
Properties	31,666	29,455	30,976
Tangible assets	<u>391</u>	<u>393</u>	<u>382</u>
	<u>38,291</u>	<u>37,806</u>	<u>38,007</u>
Current assets	7,779	7,815	7,087
Creditors - amounts falling due within one year	<u>5,496</u>	<u>4,408</u>	<u>5,346</u>
Net current assets	<u>2,283</u>	<u>3,407</u>	<u>1,741</u>
Total assets less current liabilities	40,574	41,213	39,748
Creditors - amounts falling due after more than one year	18,452	18,132	17,860
Deferred income	<u>245</u>	<u>245</u>	<u>245</u>
	<u>21,877</u>	<u>22,836</u>	<u>21,643</u>
Capital and reserves			
Called up share capital (Note 5)	1,151	1,100	1,108
Share premium account	453	287	364
Other reserves			
Revaluation reserve	8,064	8,064	8,064
Capital reserve - realised	22,425	22,879	22,403
Capital reserve - unrealised	(256)	1,197	(57)
Revenue reserves	<u>(9,960)</u>	<u>(10,691)</u>	<u>(10,239)</u>
Equity shareholders' funds	<u>21,877</u>	<u>22,836</u>	<u>21,643</u>
Basic Net Asset Value per ordinary share	<u>475.2p</u>	<u>518.9p</u>	<u>488.3p</u>
Diluted Net Asset Value per ordinary share	<u>461.4p</u>	<u>489.4p</u>	<u>454.2p</u>

GRESHAM HOUSE plc

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	for the half year to 30th June, 2003		
	6 months to 30th June, 2003 (Unaudited) £'000	6 months to 30th June, 2002 (Unaudited) £'000	12 months to 31st December, 2002 (Audited) £'000
Cashflow from operating activities			
Investment income received	81	71	106
Interest received	33	64	166
Rental income received	1,477	1,937	3,479
Other cash payments	<u>(121)</u>	<u>(916)</u>	<u>(743)</u>
Net cash inflow from operating activities (Note 2)	<u>1,470</u>	<u>1,156</u>	<u>3,008</u>
Returns on investment and servicing of finance			
Interest paid on 2.5% Secured Redeemable Loan Stock 2001	-	(9)	(6)
Interest paid on 8% Secured Redeemable Loan Stock 2006	(146)	(92)	(243)
Interest paid on property loans	(577)	(711)	(1,183)
Net cash outflow from investments and servicing of finance	<u>(723)</u>	<u>(812)</u>	<u>(1,432)</u>
Capital expenditure and financial investment			
Sale of tangible fixed assets	6	10	10
Purchase of tangible fixed assets	(19)	-	-
Purchase of investments	(557)	(855)	(1,633)
Sale of investments	795	1,333	1,690
Net loans (advanced)/repaid	(51)	472	483
Purchase of investment properties	(690)	(572)	(2,093)
Purchase of developments in hand	(146)	(134)	(822)
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(662)</u>	<u>254</u>	<u>(2,365)</u>
Corporation tax paid	<u>-</u>	<u>-</u>	<u>-</u>
Equity dividends paid	<u>(141)</u>	<u>(136)</u>	<u>(136)</u>
Cash (outflow)/inflow before use of liquid resources and financing	<u>(56)</u>	<u>462</u>	<u>(925)</u>
Management of liquid resources			
Acquisition of listed securities held for dealing	<u>(261)</u>	<u>(50)</u>	<u>(36)</u>
Financing			
Repayment of loans	(391)	(542)	(1,238)
Receipt of loans	199	1,209	1,929
Share capital issued	132	53	138
Net cash (outflow)/inflow from financing	<u>(60)</u>	<u>720</u>	<u>829</u>
(Decrease)/increase in cash	<u>(377)</u>	<u>1,132</u>	<u>(132)</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	6 months to 30th June, 2003 (Unaudited) £'000	6 months to 30th June, 2002 (Unaudited) £'000	12 months to 31st December, 2002 (Audited) £'000
Retained profit for the period	279	430	882
Revaluation surplus	-	-	-
Net movement on capital reserves	(177)	(1,767)	(3,497)
Issue of ordinary shares	<u>132</u>	<u>53</u>	<u>138</u>
	234	(1,284)	(2,477)
Shareholders' funds at beginning of period	<u>21,643</u>	<u>24,120</u>	<u>24,120</u>
Shareholders' funds at end of period	<u>21,877</u>	<u>22,836</u>	<u>21,643</u>

GRESHAM HOUSE plc

NOTES TO THE INTERIM STATEMENT

for the half year to 30th June, 2003

1 Basis of Preparation

- (a) The interim statement has been prepared in accordance with the accounting policies as set out in the Group's Report and Accounts for the year ended 31st December, 2002.
- (b) The interim statement is neither audited nor reviewed. The figures for the year ended 31st December, 2002 do not comprise statutory accounts for the purpose of section 240 of the Companies Act 1985, and have been extracted from the Group's full accounts for that year which received an unqualified Auditors' Report and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The accounts have been filed with the Registrar of Companies.
- (c) In accordance with the Company's accounting policies the above figures take into account the results of significant investments only to the extent of dividends received amounting to £1,717 (2002: £1,717).

2 Reconciliation of operating profit to operating cash flows

	6 months to 30th June, 2003 (Unaudited) £'000	6 months to 30th June, 2002 (Unaudited) £'000	12 months to 31st December, 2002 (Audited) £'000
Return on ordinary activities before taxation	279	430	1,023
Interest payable	731	729	1,450
	<u>1,010</u>	1,159	2,473
Depreciation	4	3	14
Loan provision written back	-	-	4
(Increase)/decrease in debtors	(611)	344	467
Increase/(decrease) in creditors	1,067	(350)	50
Net cash flow from operating activities	<u>1,470</u>	<u>1,156</u>	<u>3,008</u>

3 Reconciliation of net cash flow to movement in net debt

	6 months to 30th June, 2003 (Unaudited) £'000	6 months to 30th June, 2002 (Unaudited) £'000	12 months to 31st December, 2002 (Audited) £'000
(Decrease)/increase in cash for the period	(377)	1,132	(132)
Cash outflow from repayment of debt	391	542	1,238
Cash inflow from loans received	(199)	(1,209)	(1,929)
Cash outflow from increase in liquid resources	261	50	36
Movement in net debt in the period	76	515	(787)
Net debt at beginning of period	<u>(17,840)</u>	<u>(17,053)</u>	<u>(17,053)</u>
Balance at end of period	<u>(17,764)</u>	<u>(16,538)</u>	<u>(17,840)</u>

4 Analysis of net debt

	At 1st January 2003 £'000	Cash flow £'000	Other non-cash changes £'000	At 30th June 2003 £'000
Cash in hand and at bank/brokers	2,592	(377)		2,215
Debt due within one year	(2,918)	192	592	(2,134)
Debt due after one year	(17,860)	-	(592)	(18,452)
	<u>(20,778)</u>	192	-	(20,586)
Current asset investments	346	261	-	607
	<u>(17,840)</u>	<u>76</u>	<u>-</u>	<u>(17,764)</u>

5 Called up share capital

During the period under review 97,000 share options were exercised at par under the Unapproved Share Option Schemes and, in addition, 74,299 ordinary shares were issued under the terms of the 8% Secured Redeemable Loan Stock 2006; 26,572 ordinary shares at a price of 180p per share and 47,727 ordinary shares at a price of 126p per share. The allotted share capital has therefore increased by 171,299 ordinary shares.