

**ATHELNEY TRUST PLC**  
**INTERIM RESULTS**  
**AND**  
**PORTFOLIO VALUATION**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2003**

**ATHELNEY TRUST PLC**  
**2 Queen Anne's Gate Buildings, Dartmouth Street, LONDON, SW1H 9BP**

**Telephone: 020 7222 8989**

**Fax: 020 7222 8998**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2003**

**CHAIRMAN'S STATEMENT**

I have pleasure in enclosing the unaudited results for the six months to 30 June 2003. The salient points are as follows:-

- Unaudited Net Asset Value ("NAV") is 92.2p per share (31 December 2002 : 83.2p, 30 June 2002: 99.4p), a rise of 10.8 per cent over six months, but a fall of 7.3 per cent over the past year.
- Gross Revenue rose by 32.9 per cent to £ 32,092 compared with the half year ended 30 June 2002, of £24,156 and the full year to 31 December 2002 of £60,328. On a like for like basis (after allowing for a dividend received early and a special dividend ), Gross Revenue increased by 14.1 per cent.
- Revenue return per ordinary share was 0.7p, an increase of 133 per cent ( 31 December 2002: 1.3p, 30 June 2002: 0.3p).
- As is the Board's practice, consideration of a dividend for 2003 will be left until the final results are known.

**The Market**

I am pleased to report that the view the Board held in respect of prospects for markets in 2003 has proved to be well founded. Athelney's Net Asset Value ("NAV"), which stood at 99.4p on 30 June 2002 fell to 83.2p as at 31 December 2002, with a further sickening lurch down to 79.4p only two months later at 28 February. However, the market bottomed out on 12 March with the NAV improving steadily so that it finished the half-year at 92.2p, a rise of 16 per cent or so since the end of February.

Clearly, much of that rise could be attributed to the so-called Baghdad Bounce, which came about because many of the dire warnings regarding the cost and impact of the military campaign proved to be ill-founded even though Mr Gordon Brown has earmarked £3 billion for the conflict. Elsewhere, the Budget was largely ignored by the market, although there are certainly some points worth making. The Chancellor's GDP forecast of 2-2.5 per cent growth for 2003/4 still looks too high as does 3-3.5 per cent for 2004/5. Higher National Insurance contributions will certainly affect consumer spending since it is designed to take an extra £4 billion from individuals. So-called stealth taxes, it is estimated, have raised the overall burden of tax from 34.3 per cent to 38.5 per cent of GDP, while the cost of red tape, largely borne by the small business sector, has increased by £20 billion since 1997.

The Chancellor reckons that borrowing will be about £24 billion per annum between 2003/4 and 2007/8 whereas the Institute of Fiscal Studies estimate a figure of £40 billion in 2004/5. Either way, this Government of New Labour has embarked on a course of tax, borrow and spend which will put all previous spendthrift Old Labour governments into the shade.

Corporate activity has picked up recently, although this has yet to have much impact on the Athelney portfolio with the exception of *Reed Executive*, which was bought out by the controlling family and *Mallett*, where we turned down a low tender offer.

## **Results**

Gross Revenue rose by 32.9 per cent in the six months ended 30 June 2003 but this figure rather overstated the actual position in that Athelney received a dividend from *Amalgamated Metals* in June, whereas it is normally paid in the second half of the year. Furthermore, *Gibbs & Dandy* paid a special dividend of £3,000 which is unlikely to be repeated in future years. Taking account of these special factors, Gross Revenue moved ahead by a highly satisfactory 14.1 per cent which has even exceeded the equivalent figure for the whole of 2002, namely 13.3 per cent. This, coupled with the rise in NAV of 10.8 per cent, points to what the Board believes is a satisfactory overall performance so far this year.

## **Portfolio Strategy**

As always, the Managing Director and Investment Manager, Robin Boyle, is seeking undervalued small companies which other fund managers may have overlooked. Furthermore, he is looking for companies which are capable of distributing significantly higher dividends to their shareholders over the next few years.

## **Portfolio Review**

Since January, *Genus* and *Enterprise Inns* shares have been top-sliced, *Plasmon*, *Radstone Technology*, *Intelek*, *NBA Quantum*, *Estates & Agency*, *CRC Group*, *Alphameric*, *Gowrings* and *Delcam* have all been sold. Existing holdings of *Braemar Seascope*, *T Clarke*, *Galliford Try*, *Waterman Partnership*, *Wintrust*, *WSP Group*, *CA Coutts Holdings*, *Fountains*, *Pennant International*, *Private & Commercial Finance* and *Universe Group* have been increased and new interests acquired in *James Beattie* and *Rok Property Solutions*.

## **Dividend**

Consideration of the dividend for 2003 will be left until the final results are known. However, in the absence of unforeseen circumstances, it is the Board's firm intention to recommend a payment of at least 1.7p per share (1.7p in 2002).

## **Update**

The unaudited NAV at 31 July 2003 was 96.2p per share.

## **Outlook**

Although we are probably due to pause for a period of quiet contemplation and consolidation after such a strong rise in the market, I return to what I said on 7 April this year, namely that "there is every chance of a significant rally starting in 2003 to be extended into the following year". I can say no more.

**Hugo Deschampsneufs**  
**Chairman**

**28 August 2003**

# ATHELNEY TRUST PLC

## INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2003

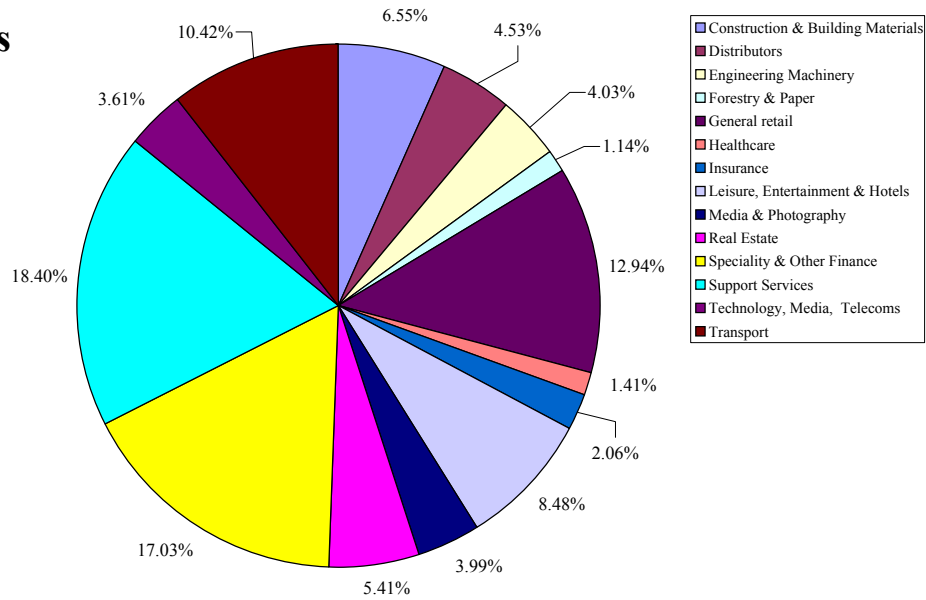
SECTOR	STOCK	HOLDING	VALUE (£)	SECTOR	
				£	%
<b>Construction &amp; Building Materials</b>	Clarke (T)	10,000	46,350	<b>108,713</b>	<b>6.55%</b>
	Galliford Try	85,000	25,713		
	Gibbs & Dandy "A"	10,000	22,950		
	Latham (James)	4,000	13,700		
<b>Distributors</b>	N.W.F. Group	13,000	42,900	<b>75,150</b>	<b>4.53%</b>
	Wynnstay Group	7,500	32,250		
<b>Engineering Machinery</b>	Goodwin	17,000	23,715	<b>66,890</b>	<b>4.03%</b>
	Severfield-Rowen	6,500	19,175		
	Slingsby (H.C.)	4,000	24,000		
<b>Forestry &amp; Paper</b>	Cropper (James)	10,000	18,900	<b>18,900</b>	<b>1.14%</b>
<b>General Retail</b>	Beattie, James	17,000	23,035	<b>214,850</b>	<b>12.94%</b>
	Flying Brands	14,000	21,910		
	Mallett	12,000	26,880		
	SCS Upholstery	8,000	18,400		
	Stanley Gibbons	120,000	31,500		
	Wyevale Garden Centres	25,000	93,125		
<b>Healthcare</b>	Reed Health Group	26,666	23,333	<b>23,333</b>	<b>1.41%</b>
<b>Insurance</b>	Personal Group Holdings	22,000	34,210	<b>34,210</b>	<b>2.06%</b>
<b>Leisure, Entertainment &amp; Hotels</b>	Enterprise Inns	7,000	56,595	<b>140,695</b>	<b>8.48%</b>
	Merrydown	47,000	34,780		
	Shepherd Neame "A"	8,930	45,990		
	Springwood	18,000	3,330		
<b>Media &amp; Photography</b>	CA Coutts Holdings	26,000	21,840	<b>66,210</b>	<b>3.99%</b>
	International Greetings	18,000	44,370		
<b>Real Estate</b>	Mountview Estates	1,925	52,938	<b>89,738</b>	<b>5.41%</b>
	Rok Property	10,000	21,000		
	Unite Group	10,000	15,800		
<b>Speciality &amp; Other Finance</b>	Amalgamated Metal	6,600	33,000	<b>282,606</b>	<b>17.03%</b>
	Broadcastle	40,000	24,000		
	Camellia	3,331	114,920		
	IFX Group	13,300	15,561		
	Private & Commercial Finance Corp.	55,000	28,325		
	S & U	10,000	41,000		
	Wintrust	6,000	25,800		
<b>Support Services</b>	Christie Group	25,000	11,625	<b>305,568</b>	<b>18.40%</b>
	Dawson Holdings	37,200	44,640		
	Enterprise	16,000	47,520		
	Fountains	20,000	20,800		
	Genus	15,000	29,775		
	Landround	7,700	18,403		
	Penna Consulting	16,000	20,080		
	Photo-scan	15,000	15,225		
	Universe Group	80,000	21,200		
	Waterman Partnership Holdings	40,000	21,200		
	Watermark Group	25,000	23,750		
	WSP Group	33,000	31,350		
	<b>Technology, Media, Telecoms</b>	Dicom Group	5,000		
ICM Computer Group		7,500	12,825		
MTL Instruments Group		7,250	9,969		
Pennant International		116,000	13,050		
<b>Transport</b>	Air Partner	8,500	25,712	<b>172,895</b>	<b>10.42%</b>
	Braemar Seascope	20,000	38,800		
	Clarkson	9,600	24,960		
	Clyde Marine	19,520	40,016		
	Fisher (James)	23,400	43,407		

# ATHELNEY TRUST PLC

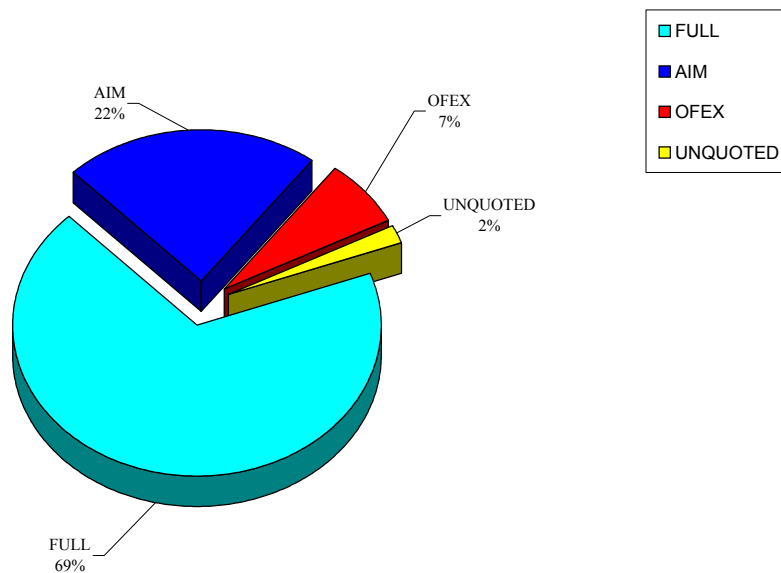
## INVESTMENT AND PORTFOLIO ANALYSIS AT 30 JUNE 2003 ( CONTINUED)

Portfolio Value	£ 1,659,727	100.00%
Net Current Assets	£ 97,952	
Deferred tax	£ (95,726)	
<b>TOTAL VALUE</b>	<b>£ 1,661,953</b>	
Shares in issue	1,802,802	
Unaudited NAV	<b>92.2p</b>	

### Portfolio by Sectors



### Portfolio by Listing



# ATHELNEY TRUST PLC

## INTERIM STATEMENT OF TOTAL RETURN (INCORPORATING THE REVENUE ACCOUNT)

FOR THE SIX MONTHS ENDED 30 JUNE 2003

	Unaudited 6 months ended 30 June 2003			Unaudited 6 months ended 30 June 2002			<i>Year ended 31 December 2002</i>
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	<i>Total £</i>
Gains / (losses) on investments	-	184,039	184,039	-	65,051	65,051	(275,430)
Income	32,092	-	32,092	24,156	-	24,156	60,328
Investment management expenses	(5,808)	(5,808)	(11,616)	(5,739)	(5,739)	(11,478)	(21,737)
Other expenses	(17,849)	-	(17,849)	(17,225)	-	(17,225)	(33,532)
<b>Return on ordinary activities before taxation</b>	8,435	178,231	186,666	1,192	59,312	60,504	(270,371)
Taxation	4,310	(29,036)	(24,726)	4,372	(2,147)	2,225	71,664
<b>Return on ordinary activities after taxation</b>	12,745	149,195	161,940	5,564	57,165	62,729	(198,707)
Dividend	-	-	-	-	-	-	(30,648)
<b>Transfer to reserves</b>	12,745	149,195	161,940	5,564	57,165	62,729	(229,355)
<b>Return per ordinary share</b>	0.7p	8.3p	9.0p	0.3p	3.2p	3.5p	(11.0)p

# ATHELNEY TRUST PLC

## INTERIM BALANCE SHEET AS AT 30 JUNE 2003

	Unaudited 30 June 2003	Unaudited 30 June 2002	31 December 2002
	£	£	£
<b>Fixed assets</b>			
Investments	<u>1,659,727</u>	<u>1,886,408</u>	<u>1,497,461</u>
<b>Current assets</b>			
Debtors	78,427	11,931	54,241
Cash at bank and in hand	<u>29,303</u>	<u>53,987</u>	<u>60,144</u>
	107,730	65,918	114,385
<b>Creditors: amounts falling due within one year</b>	<u>(9,778)</u>	<u>(32,229)</u>	<u>(40,833)</u>
<b>Net current assets</b>	<u>97,952</u>	<u>33,689</u>	<u>73,552</u>
<b>Total assets less current liabilities</b>	1,757,679	1,920,097	1,571,013
<b>Provisions for liabilities and charges</b>	<u>(95,726)</u>	<u>(128,000)</u>	<u>(71,000)</u>
<b>Net assets</b>	<u><u>1,661,953</u></u>	<u><u>1,792,097</u></u>	<u><u>1,500,013</u></u>
<b>Capital and reserves</b>			
Called up share capital	450,700	450,700	450,700
Share premium account	405,605	405,605	405,605
Other reserves - non distributable			
Capital reserve - realised	257,003	295,464	248,817
Capital reserve - unrealised	514,408	606,731	373,399
Revenue reserve	<u>34,237</u>	<u>33,597</u>	<u>21,492</u>
<b>Shareholders' funds</b>	<u><u>1,661,953</u></u>	<u><u>1,792,097</u></u>	<u><u>1,500,013</u></u>
<b>Net assets per share</b>	92.2p	99.4p	83.2p

# ATHELNEY TRUST PLC

## CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2003

	Unaudited 6 months ended 30 June 2003		Unaudited 6 months ended 30 June 2002		Year ended 31 December 2002
	£	£	£	£	£
<b>Net cash (outflow) from operating activities</b>		(192)		(14,861)	(487)
<b>Servicing of finance</b>					
Dividends paid	(30,647)		(30,643)		(30,648)
<b>Net cash (outflow) from servicing of finance</b>		(30,647)		(30,643)	(30,648)
<b>Taxation</b>					
Corporation tax paid		-		-	(8,009)
<b>Investing activities</b>					
Purchases of investments	(125,525)		(38,439)		(359,428)
Sales of investments	125,523		25,473		346,259
<b>Net cash (outflow) from investing activities</b>		(2)		(12,966)	(13,169)
<b>(Decrease) in cash in the year</b>		(30,841)		(58,470)	(52,313)
<b>Reconciliation of operating net revenue to net cash (outflow) from operating activities</b>		£		£	£
Revenue on ordinary activities before taxation		8,435		1,192	15,928
(Increase)/ decrease in debtors		(2,411)		(6,344)	15
(Decrease) in creditors		(408)		(3,970)	(5,561)
Management expenses charged to capital		(5,808)		(5,739)	(10,869)
		(192)		(14,861)	(487)



# **ATHELNEY TRUST PLC**

## **NOTES TO THE INTERIM ACCOUNTS**

### **FOR THE SIX MONTHS ENDED 30 JUNE 2003**

1. The financial information contained in this report is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (as amended). The results for the year ended 31 December 2002 were reported on by the auditors and received an unqualified report and contained no statement under Section 237(2) or (3) of the Companies Act 1985 (as amended) and a copy of the audited accounts has been filed with the Registrar of Companies.
2. The unaudited results have been prepared on the basis of the accounting policies adopted in the audited accounts for the year ended 31 December 2002.
3. The calculation of the return per ordinary share for the six months ended 30 June 2003 is based on the return on ordinary activities after taxation and on the average weighted number of shares in issue during the period of 1,802,802 ( 6 months ended 30 June 2002 : 1,802,802).
4. Copies of the interim results for the six months ended 30 June 2003 will be sent to all shareholders as soon as practicable. Copies of the interim results will be available free of charge for one month from the Company's Nominated Advisor:

Noble & Company Limited  
76 George Street  
Edinburgh  
EH2 3BU