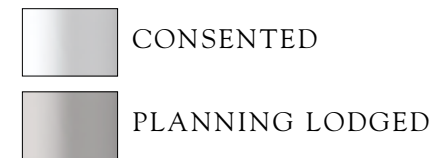
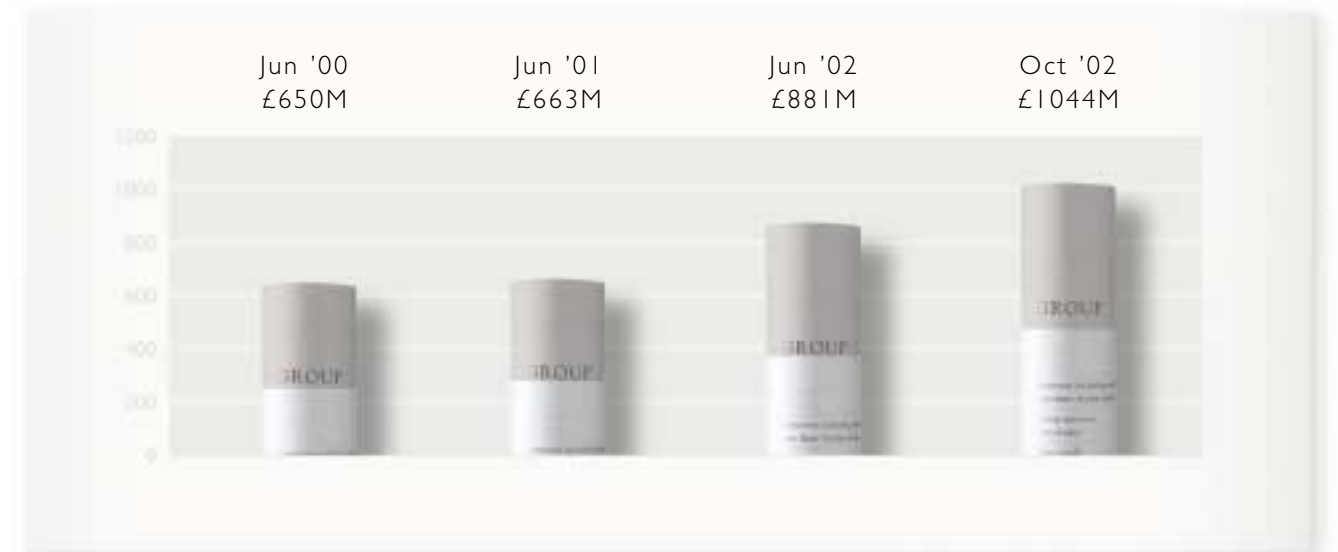


CALA GROUP RESULTS



CONTRACTED LANDBANK (TURNOVER – £ MILLION)



During the year the Board, agreed a change in strategy, designed to focus on building long-term shareholder value by substantially increasing the Group's consented landbank. This change in strategy was made with the full support of our major shareholders.

Significant progress has been made on increasing the consented landbank which had a turnover value of £384 million at 30th June 2002, up 37% on the previous year. Since the year end this has increased further still and currently stands at £474 million.

As expected profit* for the year reduced to £16.1 million, from £20.3 million in 2001 as a consequence of our change in strategy.

* Before interest, tax and amortisation of goodwill.

Homes

Our five subsidiaries continued their solid progress, completing 460 sales at an average selling price of £276,000. The sales value of land consented or lodged for planning currently stands at over £1 billion.

Properties

Properties worked on contracted development and investment transactions with a value of £68 million providing 300,000 square feet of commercial space.

Finance

Finance funded eleven developments generating a turnover of £44 million during the year.

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Geoff Ball
Executive Chairman

“I am pleased to present my fourth Statement as Chairman of CALA Group Limited and the financial results for the year, one of important strategic change for the company”.

£1 billion contracted landbank in place for CALA Homes

CALA Finance funded developments totalling **£44 million**

Commercial development and investment value of **£68 million** for CALA Properties

Highlights

During the 12 months to June 2002, CALA Group achieved its financial objectives, delivering a profit of £16.1 million, before interest, tax and goodwill amortisation. Profits were down from £20.3 million in 2001 as a consequence of the change in strategy explained to shareholders at last year's Annual General Meeting.

Group turnover was £150.3 million, including joint ventures, down from £158.2 million in the previous year. CALA's five Homes subsidiaries completed 460 sales at an average selling price of £276,000, which continues to be one of the highest average prices in the industry.

During the year the Homes companies won nine industry awards for their performance. These included

What House?, NHBC and Green Leaf Awards with CALA Homes (Midlands) winning 'Residential Developer of the Year' from Insider Magazine's inaugural Midlands Property Awards.

CALA Properties continues to be a major contributor to the Group's success with commercial and investment activity valued at £68 million.

CALA Finance had a year of continuing progress funding joint ventures with new and existing development partners, increasing turnover to £44 million.

Building Value

The Group has completed three highly successful years, meeting its key financial targets in that time and reporting record profits in the first two years.

However, obtaining planning permission for development continues to be one of the industry's

biggest challenges and it is unlikely that this will improve significantly over the coming years. In response to this, CALA Group changed its strategy during the year to substantially increase the investment in its contracted and consented landbank which we firmly believe will lead to enhanced shareholder value.

This major change in the development of the business is possible for two reasons. Firstly, as a private company we are no longer constrained by Stock Market demands on short-term profit performance. Secondly, Bank of Scotland, our principal bank and a major shareholder, has endorsed our strategy and provided additional funding through CALA Land Investments, a 50/50 joint venture with £50 million available for land acquisition.

The focus on land is already providing increased stability for the Group which now has two and a half years of consented land in place for development, nearly twice as much as at 30th June 2001.

The strengthened land position will allow a longer lead time to the development of sites, enabling the business to be planned more effectively. This will result in greater opportunities to improve operating margins which is a key benefit expected to flow from the change in strategy.

As part of recent expansion plans, CALA Homes (Scotland) restructured into two separate operating companies, CALA Homes (East) and CALA Homes (West). This move will maximise the opportunities to capitalise on a strong brand in Scotland. Both companies have performed well in their first year, significantly extending their landbanks.



Greenbank Village, Edinburgh



Central Exchange, Glasgow



The Meadows, Glasgow

CALA's quality continues to receive excellent reviews. In our most recent independent benchmark research, from which CALA monitors both quality of service and quality of product, the Group improved its performance in 13 out of 14 separate measures, achieving the highest score recorded since the research first started in 1998.

CALA Properties recently concluded the forward funding of Central Exchange in Glasgow, a major development in the heart of the city's business district. The project, with an investment value of approximately £30 million has been funded by Internationales Immobilien-Institut GmbH and construction is underway.

CALA Finance has funded residential developments with new business partners in Yorkshire, the Midlands

and the South of England. This is the continuation of an expansion programme into England that is already delivering profits for the Group.

People

David Gill has been appointed Managing Director of CALA Homes (West) and Gerry More appointed Managing Director of CALA Homes (East), the two new Homes subsidiaries in Scotland. Alasdair MacConnell has been appointed Managing Director of CALA Properties in Scotland. Gary Hardy has been appointed from outside the Group, as Managing Director of CALA Homes (Yorkshire) and John Allan has succeeded Robert Millar as Managing Director of CALA Homes (South). Robert Millar continues his role as Chairman of the English subsidiaries with overall responsibility for development land in the UK.

Jim Ross will become Managing Director, Scotland, CALA Finance, from January 2003.

CALA is continuing to invest in quality people through recruitment, training and development programmes.

The Board would like to thank all staff and business partners for their dedication and commitment and place on record its thanks to the Bank of Scotland for its continued support.

The future

The coming year is difficult to predict due to uncertainties in both the UK and world economies. The planning system continues to challenge the Group's housebuilding business, especially in England, and the situation is unlikely to change in the short-term. This was a significant factor in our decision to change strategy last year.

The change in strategy towards longer-term value creation is fully backed by the senior management team and Bank of Scotland. It underpins our commitment to sustainable growth through improvement in operating margins, prudent land buying and effective use of our excellent planning skills.

We are pleased with the progress that has been made in such a short period of time and are confident that, with a stable market, the change in strategy will deliver improved margins, higher profits and increased shareholder value for the year ahead.

Geoff Ball
Executive Chairman



Managing Director's Review

Homes



Alan Downie
Group Managing Director

Turnover **£149 million***

Total sales **460**

Average house price **£276,000**

Contracted landbank **£1 billion**

The five CALA Homes companies made a solid contribution to Group profits in the twelve months to June 2002 and were at a similar level to that achieved in the previous year despite the change in strategy. Housing turnover* totalled £149 million for the year; £75 million of which came from our subsidiaries in England.

CALA is building more urban apartments and houses for people who want to enjoy all the amenities of the city and is working on a number of high profile, stylish and innovative city centre developments. The Company continues to build quality, detached family homes and executive homes that are traditional in style, but designed for modern living. We remain focused on designing houses that reflect the needs and preferences of customers, including the trial of a state-of-the-art, technology home in Scotland which recently won the 'What House?' 2002 award for Best Future Home.

As a result of increased investment in land, the Group's planning consented landbank stood at 1,672 homes, on sites from Aberdeen to Weybridge, with a turnover value of £384 million, up 37% on 2001. In the 4 months to 31st October 2002 this has increased further still to 2016 units with a turnover value of £474 million.

*includes turnover from joint ventures

This strengthened land position will ensure that all sites are fully consented much earlier and before the start of the financial year in which they contribute to profit. This will provide more time to maximise the returns from planning, product mix, layout efficiency and procurement, leading directly to increased operating margins.

In Scotland, our current major brownfield development sites at Laighills, Dunblane and Grandholm Village, Aberdeen, are progressing well. Phase 1 of Greenbank Village, Edinburgh will be substantially complete this financial year and construction on Phase 2 consisting of a further 217 homes has just commenced. Planning applications have been lodged for our future contracted development sites at: Canniesburn Hospital, Bearsden; Bellsdyke Hospital, Larbert; Jordanhill, Glasgow and Bearsden Bus Garage, Milngavie.

We are pleased to be one of three developers selected to spearhead the residential element of the Glasgow Harbour project, a £500 million re-development initiative on the north bank of the River Clyde. This follows our continuing success at Lancefield Quay, a joint venture with Miller Group. Glasgow Harbour, together with our



Miniford, Ascot



Bardon Hall Gardens, Leeds



Craigerne, Peebles



The Easy Living Home, Dunblane



Woodford Mill, Witney

other major brownfield developments, will generate a sales turnover of £470 million spread over the next six years.

Our strategy in England is to grow the turnover in our existing Homes companies conservatively and to increase investment in land significantly. This will provide a more stable platform from which to secure higher operating margins and return on capital in the more challenging planning environment.

CALA Homes (Yorkshire) continues to expand with new developments near Wakefield and in Sheffield. The major refurbishment of 10-12 Park Row into luxury apartments in Leeds city centre is nearly complete, as is our exclusive development of 11 detached houses at Alwoodley in north Leeds. The Company's highest local price record was broken five times during the year.

CALA Homes (Yorkshire), our newest subsidiary,

achieved ISO9001 accreditation in 2002, which now means that all the CALA Homes subsidiaries are ISO9001 compliant.

CALA Homes (Midlands) has developed a variety of schemes during the year ranging from city centre apartments to large detached homes in rural locations, all on brownfield land. The Company has won five major awards during the year for achievements in business, development and quality including a Greenleaf Award for Tanglewood at Barnt Green.

CALA Homes (South) sold two entire developments from plan during the year, one achieving prices of £1.1 million for luxury detached homes in Ascot, Berkshire. The Company has also built and sold homes in Baldock and Northwood and completed its second site in Beaconsfield.



Managing Director's Review
Properties

Commercial development and investment value **£68 million**

Sales **£14 million**

Commercial space **300,000 sq ft**



151 West George Street, Glasgow



Exchange Crescent, Edinburgh



Cherwell Centre, Banbury

CALA Properties continued to enjoy considerable success in commercial property development, working on a range of projects in the Group's core operating regions across the UK.

The refurbishment of 151 West George Street, Glasgow, comprising 55,000 square feet of office, retail and bar/restaurant space, was completed, on programme, in December 2001 in a joint venture with AWG Developments Ltd. The property was fully let shortly after completion and sold to the Liverpool & Victoria Friendly Society for £14 million.

During the year, CALA Properties secured detailed planning consent to redevelop the former Hamilton House building on Waterloo Street in the heart of Glasgow's business district and at the gateway to the city's International Financial Services District. The new building, Central Exchange, will provide almost 100,000 square feet of Grade A, open plan office space with column free floor plates of 13,300 square feet.

The development will have an investment value of approximately £30 million and has been recently sold to Internationales Immobilien-Institut GmbH, for whom CALA will procure construction and conclude lettings.

Partnerships are a key factor in CALA Properties approach to maximising development opportunities. This is endorsed by the growing success of Stockdale-CALA Ltd, a joint venture with Stockdale Land Ltd, which acquired the Cherwell Centre in Banbury. Detailed planning consent has been achieved for 65,000 square feet of retail and leisure use together with 175 car parking spaces on this 2.5 acre site which has been fully pre-let.

The depth and experience of the team has been enhanced through a number of senior management appointments in Scotland.

The scope to expand after the management buy-out in 1999 has allowed CALA Properties to benefit from a wider range of market opportunities and this business remains fundamental to the Group's plans for the future.

Managing Director's Review
Finance

Development turnover **£44 million**

Total sales **297**

Development partners **10**



Warwick Road, Stratford-upon-Avon



Iona Grange, Edinburgh



Wells House, Ilkley

CALA Finance concluded another successful year of growth during 2002, reaching a turnover of £44 million from eleven residential projects with development partners. 297 homes were completed on sites across Scotland and England.

The CALA Finance team is highly focused, building on an enterprising and successful funding concept and their excellent track record.

The Company provides a unique form of 100% funding, offering small and medium-sized house-builders a source of finance and advice from experienced house-building professionals.

CALA Finance expanded its areas of operation to Yorkshire, Midlands and the South of England in 2000. Sites are now underway in all of these areas and are already delivering profits.

Plans are underway to further strengthen the team and to seek new development partners and opportunities.

Summary

The Group's approach to its third year of operations after the management buy-out has been one of common sense and hard work, delivering solid results and reinforcing the foundations for future growth. My thanks go to everyone involved for all their efforts throughout the year.

Alan Downie
 Group Managing Director

GROUP PROFIT AND LOSS ACCOUNT
for the year ending 30 June 2002

	Notes	2002 £000	2001 £000
Turnover including joint ventures	1	150,303	158,217
Less: share of joint ventures turnover		14,815	11,338
Group turnover		135,488	146,879
Cost of sales		107,922	111,921
Gross profit		27,566	34,958
Net operating expenses		14,422	16,391
Group operating profit before amortisation of goodwill		13,144	18,567
Amortisation of goodwill		2,136	2,136
Group operating profit		11,008	16,431
Share of operating profit in joint ventures		3,001	1,768
Profit on ordinary activities before interest		14,009	18,199
Interest payable and similar charges	2	12,875	13,106
Profit on ordinary activities before taxation	1	1,134	5,093
Taxation		179	2,894
Profit on ordinary activities after taxation		955	2,199



CONSOLIDATED BALANCE SHEET
as at 30 June 2002

	Notes	2002 £000	2001 £000
Fixed Assets			
Intangible fixed assets		36,160	38,296
Tangible fixed assets		1,392	1,533
Investments in joint ventures:			
Share of gross assets		60,716	26,150
Share of gross liabilities		(54,984)	(22,189)
		5,732	3,961
Other investment		970	1,592
		44,254	45,382
Current assets			
Stocks	4	127,207	69,281
Debtors		75,561	44,328
Cash at bank		65	13,293
		202,833	126,902
Creditors: due within one year			
Loans and other borrowings		(12,992)	(3,929)
Other creditors		(82,517)	(37,267)
Net current assets		107,324	85,706
Total assets less current liabilities		151,578	131,088
Creditors: due after more than one year			
Loans and other borrowings		(124,438)	(117,274)
Other creditors		(17,822)	(5,164)
Net assets		9,318	8,650
Share capital and reserves			
Called-up share capital		80	80
Share premium account		7,796	7,796
Capital redemption reserve		50	50
Profit and loss account		1,392	724
Shareholders' funds		9,318	8,650
Being:			
Non-equity shareholders' funds		9,318	8,650
Equity shareholders' funds		-	-
		9,318	8,650



NOTES TO THE ACCOUNTS
for the year ending 30 June 2002

	2002 £000	2001 £000
1 Segmental analysis		
Turnover including joint ventures:		
Housebuilding		
Group	134,159	135,426
Joint ventures	14,690	11,338
	148,849	146,764
Property development		
Group	1,329	11,453
Joint ventures	125	–
	1,454	11,453
	150,303	158,217
Profit on ordinary activities before taxation:		
Housebuilding	14,172	14,364
Property development	1,973	5,971
	16,145	20,335
Goodwill amortisation	(2,136)	(2,136)
Interest payable and similar charges	(12,875)	(13,106)
	1,134	5,093

2 Interest payable and similar charges

	2002	2001
Interest payable on:		
Bank loans, overdrafts and other borrowings	9,858	10,294
Hire purchase and finance leases	1	1
Share of joint ventures	754	459
	10,613	10,754
Less Interest receivable	(694)	(468)
	9,919	10,286
Redemption premia and bank arrangement fees	2,956	2,820
	12,875	13,106



	2002 Number	2001 Number
3 Employees		
Average monthly number of employees during the period:		
Housebuilding – site	129	167
Housebuilding – office	194	183
Property development	7	6
	330	356
	2002 £000	2001 £000
4 Stocks		
Housebuilding:		
Land	101,920	48,172
Part exchange stocks	7,237	6,116
Work in progress and other stocks	18,050	14,993
	127,207	69,281
Property development	–	–
	127,207	69,281

Directors and Advisers

Directors

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Robert J W Dick
Alan W Downie
R Guy T Stenhouse
Professor JP (Ian) Percy CBE
J Graham G Reid
Robert J Millar

Company Secretary

Moir R Sibbald LLB NP

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Principal Bankers

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