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ANNUAL RESULTS 2010

GROUP PROFILE

HEADQUARTERED IN EDINBURGH, CALA GROUP IS A LEADING PROVIDER OF HIGH QUALITY HOMES IN SCOTLAND, THE MIDLANDS AND SOUTH EAST OF ENGLAND. AS A RESULT OF CHANGES TO THE MARKETS IN WHICH THE GROUP OPERATES, A STRATEGIC REVIEW WAS COMPLETED DURING THE YEAR, THE KEY OUTCOME OF WHICH IS A REFOCUSING OF THE GROUP TO BECOME SOLELY A HOME BUILDER DEVELOPING PREDOMINANTLY AT THE PREMIUM END OF THE UK NEW HOMES MARKET.

CALA HOMES

We have a strong landbank. Our landbank remains a key driver to future success and value generation for CALA Homes. Our core strategy is to build a pipeline of contracted land including sufficient sites with planning permission that will provide a high level of visibility over the delivery of our business plan. The current focus for our land teams is on contracting, on a conditional basis, housing sites in high quality locations for development in the medium/longer term and delivery of our promising strategic land portfolio. At the same time we believe that our continued emphasis on delivering excellent service and a quality product to our customers is an important differentiator in competing for sales in these uncertain market conditions and recovering value for shareholders.

OFFICE LOCATIONS



CORPORATE HIGHLIGHTS

FINANCIAL

	2010	2009
Turnover*	£172.2 million	£168.9 million
Loss**	(£3.9 million)	(£6.2 million)
Loss before tax	(£27.1 million)	(£33.9 million)
Average sales price*	£272,000	£260,000
House sales gross margin*	9.0%	10.7%
Net debt	£122.8 million	£254.0 million
Net assets/(liabilities)	£28.0 million	(£249.7 million)

*including joint ventures

**before interest, tax, goodwill, amortisation and exceptional items

CORPORATE HIGHLIGHTS

OPERATIONAL

	2010	2009
Homes sales*	449	678
Consented land bank* (turnover)	£1.05 billion	£1.05 billion
Contracted land bank* (turnover)	£2.18 billion	£2.25 billion
Overall customer satisfaction score~	87	85
Forward sales*	35%	29%
Average weekly reservations*	8.3	11.5
Average weekly reservations per active site*	0.47	0.41
Injury incident rate per 100,000 employees^	131	351

*Including joint ventures
before interest, tax, goodwill, amortisation and exceptional items
~12 months ended 30 June 2009 and 9 months ended 31 March 2010
^12 months ended 31 March



KINNAIRD GARDENS, LARBERT, FALKIRK



THE CAMPUS, HILTON, ABERDEEN

CHAIRMAN'S STATEMENT

I am pleased to report on what has been a very significant year for CALA Group during which we saw the conclusion of a financial restructuring with Bank of Scotland.

I am also delighted that CALA Homes has been recognised as the best home builder in the UK in a survey conducted by the Home Builders Federation (HBF) in respect of the quality of our product and the service we provide to our customers.

The improved housing market and focus of our team has enabled CALA Homes to trade ahead of the Board's expectation for the financial year. The commercial property market, as it relates to the type of product in our portfolio, remained very challenging. Before exceptional items, the Group recorded an EBITA* loss for the year of £3.9 million on turnover including joint ventures of £172.2 million. This translated into a loss before tax and exceptional items of £18.6 million compared with a loss of £35.7 million in 2009. Exceptional items were a charge of £8.4 million which included a net benefit of £6.1 million relating directly to the financial restructuring, offset by an increase in net realisable value provisions of £11.5 million, the majority of which is attributable to commercial property.

Goodwill of £10.4 million has been added to the Group balance sheet at 30 June 2010. This is a consequence of the fair value exercise carried out in connection with the balance of seven residential sites held in joint venture and acquired by the Group as part of the restructuring. The goodwill is to be amortised in line with the development of these sites and based on current projections will be fully amortised within 4 years of the balance sheet date.

The improved housing market conditions experienced during the year enabled CALA Homes to provide greater visibility over cash collection by selling on average 3 – 4 months ahead of legal completion. Our sales performance has been encouraging with the average number of weekly sales per development improving to 0.47 for the 2010 financial year. This compares favourably to 0.41 achieved in 2009 and an industry average for the year to 30 June 2010 of around 0.40. This performance is particularly notable when translated into revenue generated as we achieved almost twice as much revenue per development per week compared with the industry average due to our significantly higher average selling price.

*Earnings before interest, tax and goodwill amortisation.





CHAIRMAN'S STATEMENT (CONTINUED)

We added selectively to our landbank during the second half of the financial year with a clear focus on good quality opportunities for family housing in premium locations that meet our current financial criteria. At 30 June 2010 the consented landbank comprised 3,366 plots with a turnover value of over £1.0 billion and equivalent to 4 years output on current projections.

We consistently achieve some of the best results in the industry for customer service and I am particularly proud of our performance this year. We improved our overall customer satisfaction rating to a record 87 out of 100 as measured by customer surveys undertaken by external consultants In-house Research. In the most recent HBF National New Home Customer Satisfaction Survey we were one of only two general home builders from the 15 larger home builders surveyed to be awarded an unqualified top rating of 5 stars for both categories measured – "Quality of Home" and "Recommend to a Friend". In the most recent HBF National New Homes Survey covering completions in the twelve months to 31 December 2009 we were the top home builder out of 17 in the survey achieving the highest score in 6 of 8 measures and coming second in the remaining two.

These results are outstanding and are achieved through a combination of excellent teamwork and a clear focus on our strategic goals. We have a very talented workforce and I would like to thank them all for their continued support, commitment and hard work that has enabled the Group to achieve so much during a very challenging year and for the most part in very testing circumstances.

There is no doubt we have endured the most difficult period in the Group's history but with the restructuring completed I believe the business is in good shape to ultimately recover value for shareholders. Despite the ongoing uncertainty in the housing market and UK economy the Board looks forward to the challenge of returning the Group to profitability.

Finally, I am pleased to report that Anthony Fry joins the Board on 1 October 2010 as non-executive chairman. He inherits a strong main Board team who have worked tirelessly for the company in the past year and to whom I am grateful for their support. Anthony has significant business experience having held senior appointments with Lehman Brothers, Credit Suisse and Rothschild Group. He was previously a non-executive director of Mowlem plc and is currently a non-executive director of the BBC Trust and non-executive chairman of Dairy Crest Group plc. I will remain on the Board as a non-executive director and look forward to welcoming Anthony into the business.

PROFESSOR IAN PERCY CBE
NON-EXECUTIVE CHAIRMAN

MARCHFIELD, MILNGAVIE, GLASGOW



TOP RATING OF 5 STARS FOR BOTH
CATEGORIES MEASURED – "QUALITY OF HOME"
AND "RECOMMEND TO A FRIEND".



*5 stars awarded for 'Quality of Home' and 'Recommend to a Friend' are findings of a survey, undertaken by the Home Builders Federation (HBF).



TEMPLE GARDENS, GERRARDS CROSS, BUCKINGHAMSHIRE



KEW HOUSE, GERRARDS CROSS, BUCKINGHAMSHIRE



CHIEF EXECUTIVE'S STATEMENT

The last financial year was a tough one for CALA. However, we have come through some difficult times and have emerged stronger than ever, demonstrably the best home builder in the UK in a number of areas, and this puts us in a good position for the year ahead.

The first six months of the financial year were about achieving the restructuring with Bank of Scotland, with an understandable atmosphere of concern across the company. The second half was about us delivering, with a mood of optimism.

Everyone in our company has worked extremely hard during the past 12 months and I would like to thank all staff for their continued commitment. Despite the testing times, CALA has performed well and there are a number of areas where we can now demonstrate we are the best in the industry.

We are number one for Health and Safety. For the second year in a row, we achieved the lowest annual injury incidence rate of the major UK home builders as measured by the HBF.

We are number one for customer satisfaction. We received the top customer satisfaction ratings of all major UK home builders for 2009 from the HBF, coming top in 6 of the 8 categories. For overall customer satisfaction and customers prepared to recommend our homes to a friend we achieved the top scores of 95.6% and 97.2% respectively.

We have robust cost control procedures and, for a number of years now, have been successful in avoiding significant cost overruns. Our diligence in this area plays a major role in reducing risk to our business.

CALA is doing so well in many areas because we have dedicated and talented people who work hard and are focused on achieving results. We adopt best practice across the business, but there are still many things we can, and will improve.

Overall in the last financial year the market was relatively stable, albeit challenging. However, any improvement in trading conditions appears to be some way off and we have planned the year ahead on the basis that the housing market will remain difficult and uncertain. Notwithstanding the nature of the market conditions that may lie ahead it is positive to note that CALA has started 18 new developments during 2010.

CALA is in a secure position. We have the skills, desire and headroom to withstand further market fluctuations and with the financial restructuring concluded, we can look to grow the business again. However, we will be doing this cautiously with a focus on quality to provide greater protection should the market deteriorate further and the ability to better take advantage of any market improvements which may arise in the medium term.

ALAN BROWN
CHIEF EXECUTIVE

BUSINESS ENVIRONMENT

Despite a considerable improvement in the business operating environment during the financial year to 30 June 2010, trading conditions remained challenging.

In our experience, the UK housing market displayed a welcome degree of stability which prevailed throughout the financial year despite the uncertainties arising from the recent General Election and wider economic factors. Activity levels were substantially lower than in recent years reflecting weak buyer confidence, pricing and loan-to-value constraints around mortgage supply and pressures on household finances. Despite this, house prices recovered during the first half of the financial year faster than expected but the rate of increase levelled off in the

second half as evidenced by the Halifax and Nationwide indices.

We are not carrying any excess stock and have been able to further drive down our cost base during the year. Our overheads are tightly managed and build cost reductions continue to be won, both on existing sites and when tendering for new site starts. However, we are currently seeing some upward price pressure on certain key raw materials.

The residential land market, whilst generally very subdued, displayed signs of greater activity in the second half of the financial year as some of the major home builders decided to start replenishing their landbanks. Good quality sites are now attracting multiple bids

and values for these opportunities have clearly firmed up, outperforming the rest of the land market which has recovered only modestly during the past year. Much of our effort in the first half of the financial year was applied in the renegotiation of existing land contracts. During the second half of the year we secured a number of new land opportunities principally for premium family housing in good quality locations. We also have a number of other good prospects at an advanced stage.

A window of opportunity in the commercial property market opened up at the turn of the calendar year and we took advantage of this to dispose of our largest asset, the Brandon Shopping Centre in Motherwell.



BUSINESS REVIEW AND FINANCIAL PERFORMANCE

The Group's financial performance for the year to 30 June 2010 has been constrained by the residual effects of the severe housing market downturn in 2008. Our financial statements are dominated by the positive action taken during the year to restructure CALA's banking facilities and balance sheet that has resulted in a material improvement to the financial standing of the group.

At 30 June 2010 the Group had net assets of £28.0 million after deduction of the FRS17 net pension liability of £3.0 million.

Arrangements were put in place as part of the financial restructuring to segregate the

core commercial property assets from the Group's home building activity in respect of security and funding. Group net assets can therefore be analysed as follows:

Core Homes Group	£24.1 million
Minority interests (ring-fenced commercial property)	£3.9 million

CALA Homes achieved the sales targets set by the Board for the year to 30 June 2010 and at an average net sales price above our internal forecasts. The number of homes legally completed by CALA Homes in the year to 30 June 2010 reduced to 449, compared with 678 in the previous year.

This was primarily due to a planned reduction in development activity to preserve cash flow that resulted in fewer sales outlets during the year.

Housing margins (excluding exceptional items) have been favourably impacted by the increase in net sales prices achieved during the financial year but this has been more than offset by an adverse mix variance. Many higher margin sites, impacted less by the market downturn, either completed in 2009 or did not meaningfully extend into 2010. In addition, new higher margin developments were not

commenced until this calendar year and therefore had a minimal beneficial impact on margins in 2010.

The financial results for the Group show an EBITA* loss (before exceptional items) of £3.9 million for the 12 month period on turnover, including joint ventures, of £172.2 million. The Group recorded a loss before tax and exceptional items for the period of £18.6 million.

Exceptional items in the year, including share of joint ventures, were an adverse £8.4 million. This comprises favourable restructuring adjustments of £6.1 million, offset by redundancy and administration costs of £3.1 million and further provisions against the value of land and work in

progress of £11.5 million, of which £7.8 million is attributable to commercial property.

After exceptional items the financial statements show an EBITA* loss for the year of £6.7 million and a loss before tax of £27.1 million. The loss for the year attributable to minority interests and related to ring-fenced commercial property activity was £5.5 million.

Goodwill amortisation of £0.8m was charged to the profit and loss account during the year which related to the period from 22 December 2009 to 30 June 2010.

After deducting amounts amortised during the year, goodwill of £10.4 million remains on the Group balance sheet at 30 June

2010. This is a consequence of the fair value exercise carried out in connection with the balance of seven residential sites held in joint venture and acquired by the Group as part of the restructuring. The goodwill is being amortised in line with the development of these sites and based on current projections will be fully amortised within 4 years of the balance sheet date.

At 30 June 2010 the Group had net debt, after deduction of loans due from joint ventures, of £122.8 million. This increases to £140.5 million when adding the Group's share of joint venture net debt. An analysis of the movement in Group net debt during the financial year is shown below:

*Earnings before interest, tax and goodwill amortisation

AT 30 JUNE 2010 THE GROUP HAD NET ASSETS OF £28.0 MILLION.

	1.7.2009 £ million	Ex JV £ million	Restructuring £ million	Trading £ million	30.6.2010 £ million
Homes group net debt	(292.3)	(85.1)	272.0	(36.9)	(142.3)
Ring-fenced Property debt	-	(71.4)	37.1	34.9	0.6
Less: JV loans	38.3	-	(16.8)	(2.6)	18.9
Group	(254.0)	(156.5)	292.3	(4.6)	(122.8)
Share of JVs – Homes	(80.5)	59.6	-	5.3	(15.6)
Share of JVs – Property	(36.6)	35.7	-	(1.2)	(2.1)
Group including JVs	(371.1)	(61.2)	292.3	(0.5)	(140.5)

Net debt has reduced by £131.2 million during the last 12 months. The principal driver to this reduction was that a proportion of debt was converted to preference shares as part of the restructuring of the Group. As a consequence of the restructuring we are now holding two previous joint ventures,

CALA Ventures Limited and CALA Properties (Holdings) Limited, as subsidiaries and therefore include their full bank borrowings within the net debt of the Group at 30 June 2010. The rise in net debt from trading was mainly due to the payment of bank interest during the year and a reduction in the level

of trade creditors as a result of a change to the timing of payments processing at the year end. This was substantially offset by income from the sale of the Brandon Shopping Centre in Motherwell.

FUTURE OUTLOOK

CALA Homes commenced the year to 30 June 2011 with a healthy forward sales position. At 1 July 2010 we had accumulated 398 advance home sales with a turnover value of £86.5 million (2009: 131 units and £30.1 million). This includes 35% (2009: 29%) of the total number of homes planned for the new financial year.

With the restructuring successfully completed, the directors are confident about the long term future for the Group as a homes-only business. However, we do have concerns about the potential adverse

impact of the proposed changes to planning policy in England and in particular, the lack of a clear transitional arrangement to the new regime. We do not see any prospect of an improvement in the imbalance between supply and demand, and this reinforces the Board's view that our core strategy of maintaining a strong landbank with sufficient planning permission is key to maximising future value.

In the short term our key financial objective is to return CALA Homes to a profit before tax. The principal underlying assumption in

our forecasts is that market conditions are not materially worse than currently being experienced, which means they are likely to remain challenging and uncertain. Ongoing concerns around mortgage availability and buyer confidence suggest that the risks are on the downside and as a result we have continued to be cautious in our projections.

Notwithstanding these risks, the Board is looking forward to the challenge and opportunity of returning CALA Homes to profit.

The most significant impact of a difficult and unpredictable market is the effect on cash flow. This is a risk that is difficult to mitigate without compromising the ability of the Group to deliver its financial objectives. The Group gathers and considers a variety of market intelligence at local and national level which is regularly reviewed by management, as is the current performance and future prospects for all individual developments. Appropriate action is taken to maintain a competitive pricing stance, ensure income collection is maintained and control the carrying value of inventory.

PLANNING AND REGULATION

The supply of land with appropriate planning and other regulatory permissions is essential to the Group's ability to deliver the business

results planned. The planning and regulatory environment represents a risk of uncertainty in terms of both practicality and cost. This risk has increased in recent months due to the potential adverse impact of the proposed changes to planning policy in England, although the exposure to the Group is mitigated as a majority of our revenue is generated from home building in Scotland. The Group carries out thorough research and consultation to ensure maximum planning success and compliance. Due caution and regard is applied in forecasting outcomes to minimise negative risk to the business. The Group considers that the negative risk is more than offset by the potential benefits from the number of new projects being promoted through the planning system.

GEARING

Despite the successful conclusion of the recent restructuring, the Group is still considered to be highly geared. This means it is essential that cash flow is closely managed and borrowing remains within agreed bank facility limits. Weekly cash forecasting and reporting measures are in place with the full engagement of operational management. There is a system of regular and detailed communication between the Group and its principal bankers. These controls ensure that the cash flow risks to the Group's business plan are highlighted at an early stage and eliminated or, at least, minimised where possible.

THE BOARD IS LOOKING FORWARD TO THE CHALLENGE AND OPPORTUNITY OF RETURNING CALA HOMES TO PROFIT.

PRINCIPAL RISKS AND UNCERTAINTIES

The operation of the business and the execution of the Group's strategy are subject to a number of risks.

The Board has in place a risk management system for the Group, each of its operating divisions and the IT function. The aim is to manage and reduce the principal risks to which the Group is exposed.

Risks are assessed and formally reviewed on a regular basis to ensure that the Group is fully aware of their potential impact on the business. The controls in place to manage identified risks are also reviewed to ensure that they remain relevant and effective.

In addition, the subsidiary boards identify and evaluate the significant risks applicable to their particular areas of business together with the operation of their internal controls. The risks are assessed and cover all aspects of the business.

The Board considers the key business risks currently affecting the Group are:

HEALTH AND SAFETY

The health and safety at work of our employees, customers and subcontractors is a major consideration of the Board and a high priority on our agenda. We have a positive and active safety culture within the Group and continually innovate to

eliminate safety risks. On site safety compliance is monitored and reinforced through an in-house inspection regime and a comprehensive training programme is in place. The Board is alert to any complacency that could arise from the Group's very low injury incidence and excellent health and safety record.

HOUSING MARKET

The health and stability of the housing market as it affects sales volumes and net pricing is the Group's primary risk. This risk is of considerable relevance at the current time as certain external indices indicate that the recovery in sales prices may have peaked.

AVAILABILITY OF MORTGAGE FINANCE

The limited availability of mortgage finance to homebuyers is still a major constraint on activity within the industry and a key risk to the financial performance of the Group. The directors have modified their investment and development plans so that they are aligned with activity levels currently being experienced. A number of sales techniques are being employed to remove the funding barriers for potential purchasers with the most effective being part exchange and part pay purchase. This risk is further mitigated by the positioning of the CALA product within the market. The purchaser profile is more affluent, able to offer a higher

level of equity and therefore likely to be more appealing to risk-averse lenders.

The Group also has a relatively low direct exposure to first time buyers although we acknowledge the importance of first time buyers to the housing market as a whole.

KEY PERSONNEL

The Group's performance is significantly impacted by the quality and expertise of its employees. The loss of key personnel and the inability to replace the appropriate skills and experience would adversely impact the Group's results. In mitigation,

the Group has in place a comprehensive benefits structure and performance and personal development review system which are updated on a regular basis to ensure they remain effective.

FINANCIAL REVIEW

FINANCIAL RISK AND TREASURY MANAGEMENT

The treasury function is centrally managed to support the operating activities of the Group, its primary objective being to manage liquidity and interest rate risk. Any trading in financial instruments is prohibited and hedging is undertaken using simple risk management products, almost exclusively interest rate swaps.

The management of liquidity is a principal risk for the Group and is described more fully under the heading "Gearing" on the preceding page.

During the year to 30 June 2010 the Group amended its interest rate hedging profile in conjunction with the financial restructuring. The Board has fixed the interest rate at 4% excluding margin on an average of 83% of the most recent projected borrowings profile for CALA Homes from 1 July 2010 until expiry of the facilities in June 2013.

At 30 June 2010 net bank debt of £137.4 million was hedged at a fixed rate of interest of 4% excluding margin and at varying future amounts covering the period to 30 June 2013.

Direct foreign exchange exposure is negligible given the nature of the Group's business activities which are conducted exclusively in the United Kingdom.



KINNAIRD GARDENS, LARBERT, FALKIRK

AT 30 JUNE 2010 NET BANK
BORROWINGS STOOD AT £141.7 MILLION.



THE PENTHOUSE, PAVILION, INVERLEITH, EDINBURGH

PENSION SCHEME

The triennial valuation at 6 April 2009 for the defined benefit pension scheme was completed during the year and a revised recovery plan to clear the deficit agreed with the Trustees.

The triennial valuation reported a Scheme deficit based on the technical provisions of £10.8 million, the timing of which reflects a low point for the valuation of the Scheme assets in recent years. This equates to a deficit of £8.6m at the year end after simply deducting deficit contributions from 7 April

2009 to 30 June 2010. An 8 year recovery plan has been agreed with the Trustees that provides for deficit cash contributions of £1.0 million per annum. The first payment relating to the new recovery plan is due by July 2011 and these have been incorporated into the Group's cash flow projections. In addition, the employer future service contribution rate for the Scheme increases from 8.2% to 9.2%.

During the 12 months to 30 June 2010 the Group continued to comply with the defined

benefit pension scheme recovery plan put in place in 2007. The Group made special contributions into the Scheme during the financial year of £1.4 million in addition to regular monthly deficit contributions at 8.8% of pensionable salary which equates to £0.6 million.

CORPORATE SOCIAL RESPONSIBILITY

EMPLOYEES

The rationalisation of headcount within CALA Homes was concluded earlier in the financial year and staffing levels are now aligned with projected levels of development activity planned for the business. The directors do not anticipate any further reduction in employee numbers unless there is a material deterioration in the housing market that would adversely impact activity levels or require the business to further drive down its cost base and preserve cash.

Some further redundancies continue to be made to address the run-off of operations in CALA Finance and CALA Properties. The employees affected have shown tremendous

discipline and professionalism in the way they have continued to carry out their roles despite the knowledge that their jobs would be ceasing. The Board is very grateful for the loyalty they have shown and is disappointed to lose such committed people from the business.

The Group is an equal opportunities employer and believes that employee involvement is fundamental to its future success. The directors are committed to creating a business which gives every employee the opportunity to achieve their potential in a supportive but challenging working environment. Skills training is given

a high priority and all employees are encouraged to take responsibility for their own personal development.

The directors keep employees informed on the current status of the Group and its future prospects by way of regular staff briefings held in each office.

Disabled people are employed on equal terms as others and have equal opportunities for training and development. Every effort is made to provide continuous employment for employees who become disabled whilst in employment.



UPPER MEADOW, GERRARDS CROSS, BUCKINGHAMSHIRE

THE GROUP'S HEALTH AND SAFETY PERFORMANCE WAS ENCOURAGING WITH THE LOWEST ANNUAL INJURY INCIDENCE RATE FOR THE YEAR TO 31 MARCH 2010, AS REPORTED BY THE HBF.

HEALTH AND SAFETY

The Board is encouraged by its health and safety performance during the year and this is supported by the annual injury statistics reported by the Home Builders Federation. For the second year in succession, the Group recorded the lowest annual injury incidence rate ("AIIR") of the 16 active companies reported on – 131 incidents per 100,000 employees in the year to 31 March 2010, down from 351 incidents per 100,000 employees in the year to 31 March 2009. Although there has been a year-on-year reduction in the AIIR this partially reflects lower activity levels on site during the period.

No major injuries or fatalities were recorded during the year to 30 June 2010 (2009: nil).

The Board is committed to the promotion of a positive health and safety culture throughout the Group. The Group continues to be concerned for the health, safety and welfare of its employees and to observe the terms of the Health and Safety at Work etc Act 1974.

The Group operates a comprehensive health and safety monitoring system, which includes staff training and management reporting. Regular on site inspections are

carried out by our own qualified staff. All health and safety issues, including matters arising from on site inspections, are reported to the Board for consideration on a regular basis. We remain vigilant at all times and continue to be both proactive and reactive in taking appropriate action to address new health and safety risks as they are identified.

The day-to-day management of all health and safety activities is directed by our Group health and safety manager. Graham Reid is the main Board director responsible for health and safety throughout the Group.

ENVIRONMENTAL ISSUES

The Board recognises the importance of environmental issues when carrying out its business and endeavours to deal with such issues sensitively having regard to appropriate legislation. Key Performance Indicators have been set to monitor our progress on environmental, economical and social matters. Further details and a variety of case studies can be found on our microsite www.cala.co.uk/csr.



GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2010

	Note	Before exceptional items £000	Exceptional items (note 3) £000	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Turnover including joint ventures	1	172,211	-	172,211	168,894
Less: share of joint ventures' turnover	1	(27,754)	-	(27,754)	(39,674)
Group turnover	1	144,457	-	144,457	129,220
Cost of sales		(136,809)	3,608	(133,201)	(125,736)
Gross profit		7,648	3,608	11,256	3,484
Net operating expenses		(15,637)	(5,744)	(21,381)	(21,589)
Group operating loss before amortisation of goodwill		(7,989)	(2,136)	(10,125)	(18,105)
Amortisation of goodwill		(812)	-	(812)	-
Group operating loss		(8,801)	(2,136)	(10,937)	(18,105)
Share of operating profit/(loss) in joint ventures		4,127	(688)	3,439	13,763
Total operating loss: Group and share of joint ventures		(4,674)	(2,824)	(7,498)	(4,342)
Net interest payable	2	(13,947)	(5,626)	(19,573)	(29,536)
Loss on ordinary activities before taxation		(18,621)	(8,450)	(27,071)	(33,878)
Taxation		65	-	65	(368)
Loss on ordinary activities after taxation		(18,556)	(8,450)	(27,006)	(34,246)
Minority interests		(1,566)	7,082	5,516	-
Loss for the financial period		(20,122)	(1,368)	(21,490)	(34,246)
Group statement of total recognised gains and losses					
		Before exceptional items £000	Exceptional items (note 3) £000	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Loss for the financial period attributable to shareholders		(18,556)	(8,450)	(27,006)	(34,246)
Movement on actuarial loss recognised in the pension scheme		3,083	-	3,083	(7,781)
Deferred tax relating to the pension deficit		(863)	-	(863)	2,179
Total recognised losses for the financial period		(16,336)	(8,450)	(24,786)	(39,848)

The figures and financial information for the year to 30 June 2010 do not constitute the statutory financial statements for that year. Those financial statements have been delivered to the Registrar and included the auditors' report which was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either section 498(2) of the 2006 Act (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 498(3) of the 2006 Act (failure to obtain necessary information and explanations).

The Group Profit and Loss Account, the Consolidated Balance Sheet, the Group Cash Flow Statement and the Notes to the Accounts, as shown on pages 22 to 32, have been extracted without material adjustment from the full accounts for the year ended 30th June 2010.

CONSOLIDATED BALANCE SHEET

at 30 June 2010

	Note	2010 £000	2009 £000
Fixed assets			
Intangible assets		10,444	-
Tangible fixed assets		392	763
Investments in joint ventures:			
Share of gross assets		21,796	24,848
Share of gross liabilities		(16,575)	(19,502)
		5,221	5,346
		16,057	6,109
Current assets			
Stocks	5	278,173	196,913
Debtors:			
Amounts falling due within one year	6	10,785	13,560
Amounts falling due after more than one year	6	8,036	10,942
Cash at bank and in hand		4,847	228
		301,841	221,643
Creditors: amounts falling due within one year			
Loans and other borrowings	7	(100)	(292,519)
Other creditors	8	(45,098)	(58,088)
Net current assets/(liabilities)		256,643	(128,964)
Total assets less current liabilities		272,700	(122,855)
Creditors: amounts falling due after more than one year			
Loans and other borrowings	7	(146,418)	-
Other creditors	8	(95,335)	(80,195)
Provisions		-	(40,045)
Net assets/(liabilities) excluding pension liability		30,947	(243,095)
Net pension liability		(2,981)	(6,596)
Net assets/(liabilities) including pension liability		27,966	(249,691)
Capital and reserves			
Called up share capital	9	643	638
Share premium account		343,153	63,156
Revaluation reserve		1,308	-
Profit and loss account		(321,076)	(313,485)
Total shareholders' funds/(deficit)		24,028	(249,691)
Minority interests		3,938	-
Capital employed		27,966	(249,691)

GROUP CASH FLOW STATEMENT

for the year ended 30 June 2010

	Note	2010 £000	2009 £000
Operating activities			
Net cash (outflow)/inflow from operating activities	A	(13,742)	33,444
Dividends from joint ventures and associates			
Dividends received from joint ventures		186	140
Returns on investments and servicing of finance			
Interest received		1,645	845
Interest paid		(20,228)	(20,236)
Net cash outflow from returns on investments and servicing of finance		(18,583)	(19,391)
Taxation			
UK corporation tax refunded		69	25
Capital expenditure			
Purchase of tangible fixed assets		(32)	-
Sale of tangible fixed assets		270	40
Net cash inflow from capital expenditure		238	40
Acquisitions and disposals			
Net cash acquired with subsidiaries		5,388	-
Net cash (outflow)/inflow before financing		(26,444)	14,258
Financing			
Issue of ordinary share capital		280,002	-
Advance of loans to joint ventures		(1,504)	(8,433)
Repayment of loans from joint ventures		20,921	5,125
Drawdown of bank loans		140,574	170
Repayment of bank term loan		(393,326)	(10,272)
Redemption of loan notes		(187)	(221)
Capital element of hire purchase and finance lease rentals		(35)	(71)
Net cash inflow/(outflow) from financing	C	46,445	(13,702)
Increase in cash	B	20,001	556

NOTES ON THE GROUP CASH FLOW STATEMENT

for the year ended 30 June 2010

	2010 £000	2009 £000
A. Reconciliation of operating loss to net cash (outflow)/inflow from operating activities		
Group operating loss	(10,937)	(18,105)
Depreciation charges	302	600
Profit on fixed assets disposals	(169)	(10)
Amortisation/impairment of goodwill	812	-
Excess of contributions paid over pension current service cost	(1,952)	(2,682)
Decrease in stocks	57,973	54,261
(Increase)/decrease in debtors	(4,891)	2,231
Decrease in creditors	(54,880)	(2,851)
Net cash (outflow)/inflow from operating activities	(13,742)	33,444
B. Reconciliation of net cash flow to net debt		
Increase in cash in the period	20,001	556
Net debt excluding cash and overdrafts acquired with subsidiaries	(124,434)	-
Cash (inflow)/outflow from (decrease)/increase in amounts owed by joint ventures	(19,417)	3,308
Cash outflow from hire purchase and lease financing	35	71
Redemption of loan notes	187	221
Net repayment of bank loans	252,752	10,102
Change in net debt resulting from cash flows	129,124	14,258
Provision for bank loan redemption premia	3,439	(2,265)
Amortisation of bank arrangement fees	(1,325)	(637)
	131,238	11,356
Net debt as at 1 July 2009	(254,039)	(265,395)
Net debt as at 30 June 2010	(122,801)	(254,039)

NOTES ON THE GROUP CASH FLOW STATEMENT (CONTINUED)

for the year ended 30 June 2010

C. Analysis of net debt	As at 1 July 2009	On acquisition (excluding cash & overdraft)	Cash flow	Other non-cash changes	As at 30 June 2010
	£000	£000	£000	£000	£000
Cash:					
Cash at bank and in hand	228	-	4,619	-	4,847
Bank overdrafts	(15,382)	-	15,382	-	-
	(15,154)	-	20,001	-	4,847
Loans:					
Amounts owed by joint ventures	38,292	-	(19,417)	-	18,875
Debt:					
Bank loans	(271,006)	(124,434)	252,752	2,114	(140,574)
Loan notes	(6,131)	-	187	-	(5,944)
Hire purchase and finance leases	(40)	-	35	-	(5)
	(277,177)	(124,434)	252,974	2,114	(146,523)
Net debt	(254,039)	(124,434)	253,558	2,114	(122,801)

NOTES TO THE ACCOUNTS

for the year ended 30 June 2010

1. TURNOVER ANALYSIS

	2010 £000	2009 £000
Turnover including joint ventures:		
Homebuilding		
Group	107,032	128,941
Joint ventures	25,708	35,192
	132,740	164,133
Commercial property		
Group	37,425	279
Joint ventures	2,046	4,482
	39,471	4,761
	172,211	168,894

2. NET INTEREST PAYABLE

	2010 £000	2009 £000
Interest payable and similar charges:		
Bank loans, overdrafts and other borrowings	20,228	20,236
Other finance expense/(income)	15	(150)
Share of joint ventures' interest payable	3,089	7,393
	23,332	27,479
Interest receivable	(1,645)	(845)
	21,687	26,634
Bank facility arrangement fees and redemption premia	(2,114)	2,902
	19,573	29,536

NOTES TO THE ACCOUNT (CONTINUED)

for the year ended 30 June 2010

3. EXCEPTIONAL ITEMS

	2010 £000	2009 £000
Cost of sales:		
- Guarantees on behalf of CALA Finance joint arrangements	14,378	-
- Land and work in progress write downs: Home building	(4,106)	(1,000)
- Land and work in progress write backs: Home building	418	711
- Land and work in progress write downs: Commercial property	(7,082)	-
Net operating expenses:		
- Restructuring costs and administrative expenses	(5,744)	(2,368)
Financing:		
- Interest SWAP agreement break costs	(7,990)	-
- Arrangement fees written-off	(1,075)	-
- Redemption premia released	3,439	-
Share of operating (loss)/profit in joint ventures:		
- Land and work in progress write downs: Commercial property	(688)	4,497
	(8,450)	1,840

4. EMPLOYEES

	2010 £000	2009 £000
Average monthly number of employees during the year:		
Home building: site	152	174
Home building: office	173	209
Commercial property	3	9
	328	392

5. STOCKS

	2010 £000	2009 £000
Home building:		
Land and options	216,959	146,646
Part exchange stocks	3,763	3,637
Work in progress and other stocks	53,477	46,630
	274,199	196,913
Commercial property	3,974	-
	278,173	196,913

NOTES TO THE ACCOUNT (CONTINUED)

for the year ended 30 June 2010

6. DEBTORS

	2010 £000	2009 £000
Amounts falling due within one year:		
Trade debtors	7,260	1,357
Amounts owed by joint ventures	10,184	19,779
Other debtors	1,156	592
Corporation tax	170	117
Prepayments and accrued income	1,343	249
Interests in joint arrangements	620	680
	20,733	22,774
Less: amounts irrecoverable from joint ventures	(9,948)	(9,214)
	10,785	13,560
Amounts falling due after more than one year:		
Trade debtors	198	316
Amounts owed by joint ventures	8,691	18,513
Prepayments and accrued income	450	450
Other debtors	53	53
Interests in joint arrangements	-	1,060
	9,392	20,392
Less: amounts irrecoverable from joint ventures	(1,356)	(9,450)
	8,036	10,942
	18,821	24,502

NOTES TO THE ACCOUNT (CONTINUED)

for the year ended 30 June 2010

7. LOANS AND OTHER BORROWINGS

	2010 £000	2009 £000
(a) Analysis by instrument		
Bank overdrafts	-	15,382
Term loan no 1	45,000	-
Term loan no 2	1,325	-
Revolving credit facility	94,249	215,000
Mezzanine term loan	-	56,006
Unsecured redeemable variable rate loan notes	5,944	6,131
	146,518	292,519

The Group has entered into three interest rate SWAP arrangements at a rate of 4% excluding margin. These arrangements expire on 28 June 2013. The amount of debt subject to the SWAP arrangements at 30 June 2010 was £137,400,000. This amount varies throughout the period of the SWAP arrangements. The remaining debt is at floating rates of interest.

(b) Borrowing facilities

The Group and the company had undrawn committed borrowing facilities of £47,200,000 at 30 June 2010 (2009: nil) in respect of which all conditions precedent had been met.

(c) Security

Bank borrowings from Bank of Scotland plc are secured by way of a bond and floating charge, guarantees and fixed charges granted by CALA Group Limited and the following main subsidiaries; CALA 1999 Limited, CALA Limited, and CALA Management Limited. A number of other bonds and floating charges, fixed securities, debentures and share pledges over land and assets have been granted by certain subsidiaries of the company in favour of the bank.

	2010 £000	2009 £000
(d) Maturity analysis		
Repayments fall due as follows:		
Within one year, or on demand	100	292,519
After more than one year	146,418	-
	146,518	292,519
Repayments due after more than one year are analysed as follows:		
Between one and two years	-	-
Between two and five years	146,418	-
In five years or more	-	-
	146,418	-

NOTES TO THE ACCOUNT (CONTINUED)

for the year ended 30 June 2010

8. OTHER CREDITORS

	2010 £000	2009 £000
Amounts falling due within one year:		
Trade creditors:		
Land	23,113	25,460
Other	15,494	27,196
Amounts owed to joint ventures	37	397
Other taxation and social security costs	571	751
Obligations under finance leases	5	36
Other creditors	599	345
Accruals	5,279	3,903
	45,098	58,088
Amounts falling due after more than one year:		
Trade creditors:		
Land	94,835	74,955
Other	-	4,667
Obligations under finance leases		
-payable between one and two years	-	4
Accruals	500	569
	95,335	80,195
	140,433	138,283

NOTES TO THE ACCOUNT (CONTINUED)

for the year ended 30 June 2010

9. CALLED UP SHARE CAPITAL

	Allotted and fully paid 2010	Allotted and fully paid 2009
	Number of Shares	Number of Shares
Equity share capital:		
'A1' ordinary shares of 0.001p each	131,652,120	-
'A2' ordinary shares of 0.001p each	76,304,628	-
'A3' (formerly 'A') ordinary shares of 1p each	38,962,646	38,962,646
'B' ordinary shares of 1p each	18,343,218	18,343,218
'C' ordinary shares of 1p each	6,488,226	6,488,226
'D' ordinary shares of 0.001p each	280,000	-
'E' redeemable preferred ordinary shares of 0.001p each	280,000,000	-
At 30 June 2010	552,030,838	63,794,090

	Allotted and fully paid 2010 £000	Allotted and fully paid 2009 £000
Equity share capital:		
'A1' ordinary shares of 0.001p each	1	-
'A2' ordinary shares of 0.001p each	1	-
'A3' (formerly 'A') ordinary shares of 1p each	390	390
'B' ordinary shares of 1p each	183	183
'C' ordinary shares of 1p each	65	65
'D' ordinary shares of 0.001p each	-	-
'E' redeemable preferred ordinary shares of 0.001p each	3	-
At 30 June 2010	643	638

During the year the Group entered into a debt and equity restructure with its principal lender and shareholder, Bank of Scotland. As part of this arrangement there were major changes to the structure of the company's share capital and voting rights. The former 'A' ordinary shares were renamed as 'A3' ordinary shares with no voting rights. The company issued new 'A1' ordinary shares which were subscribed for by holders of existing A3 shares. The 'A1' shares have no voting rights. The company issued new 'A2' ordinary shares which were subscribed for by certain members of the senior management. These shares as a class carry 67.99% of the votes attaching to all shares. The company issued new 'D' ordinary shares which were subscribed for by Bank of Scotland. These shares as a class carry 32.01% of the votes attaching to all shares. The company issued new 'E' redeemable preferred ordinary shares which were subscribed for by Bank of Scotland by conversion of existing debt. The 'E' shares have no voting rights.

CALA GROUP DIRECTORS



IAN PERCY
Interim Non-Executive Chairman



ALAN BROWN
Chief Executive



GRAHAM REID
Group Finance Director



ROBERT MILLAR
Group Land Director



MIKE FRESHNEY
Non-Executive Director



MOIRA SIBBALD
Company Secretary

COMPANY SECRETARY
Moira R Sibbald LLB NP

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AWARDS

