

BIG YELLOW GROUP PLC  
INTERIM 2002



# Interim 2002

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“Since opening our first store in May 1999 in Richmond, we have succeeded in building the business to the point where at the end of September we have 11,500 customers, in 21 stores, with annualised turnover of £16.4m from 753,000 sq ft occupied out of a total potential of 1.9m sq ft for the 32 committed stores.

The business remains conservatively financed, is now cash flow positive, has first class assets, a strong brand, good growth potential and, most importantly, excellent people. This should provide us with resilience, if not necessarily complete immunity, and I believe will allow us to exploit opportunities as and when they arise.”

# Financial Highlights

Results for the Six Months and Second Quarter ended 30 September 2002

	Second quarter ended 30 September 2002	First quarter ended 30 June 2002		6 months ended 30 September 2002	6 months ended 30 September 2001	
Annualised Revenue	<b>£16.4m</b>	£14.4m	<b>+14%</b>	<b>£16.4m</b>	£8.8m	<b>+86%</b>
Turnover	<b>£3.9m</b>	£3.2m	<b>+22%</b>	<b>£7.1m</b>	£3.6m	<b>+97%</b>
Loss for the period				<b>£0.65m</b>	£1.0m	
Loss per share				<b>0.57p</b>	0.92p	
Number of customers	<b>11,500</b>	10,100	<b>+14%</b>	<b>11,500</b>	6,000	<b>+92%</b>
Occupied space	<b>753,000 sq ft</b>	662,000 sq ft	<b>+14%</b>	<b>753,000 sq ft</b>	401,000 sq ft	<b>+88%</b>

- **TURNOVER UP 97% TO £7.1MILLION (2001: £3.6MILLION)**
- **ANNUALISED REVENUE UP 86% TO £16.4 MILLION (2001: £8.8 MILLION)**
- **EARNINGS BEFORE DEPRECIATION, AMORTISATION, TAXATION AND EXCEPTIONAL ITEM £0.3MILLION (2001: £0.4M LOSS)**
- **LOSS FOR THE PERIOD £0.65 MILLION (2001: £1.0 MILLION LOSS)**
- **32 STORES COMMITTED, (31 IN THE UK AND ONE IN FRANCE) OF WHICH 23 ARE TRADING, PROVIDING 1.9 MILLION SQ. FT. WHEN COMPLETED**
- **NUMBER OF CUSTOMERS UP 92% TO 11,500 (2001: 6,000)**
- **LIKE FOR LIKE ANNUALISED SALES FOR 19 STORES OPEN THROUGHOUT THE PERIOD UP 34% AS AT SEPTEMBER WHEN COMPARED TO MARCH**
- **MERCHANDISE, INSURANCE AND OTHER SALES UP TO 14.7% OF STORAGE INCOME (2001: 13.9%)**

# Chairman's Statement

The Board of Big Yellow Group PLC is pleased to announce results for the six months and for the second quarter ended 30 September 2002. Since opening our first store in May 1999 in Richmond, we have succeeded in building the business to the point where at the end of September we have 11,500 customers, in 21 stores, with annualised turnover of £16.4m from 753,000 sq ft occupied out of a total potential of 1.9m sq ft for the 32 committed stores.

## *FINANCIAL REVIEW*

Turnover for the period was £7.1 million (2001: £3.6 million), a 97% increase on the comparable period last year. Merchandise, insurance and other sales represented 14.7% of total storage during the period.

At the period end, underlying revenues on an annualised basis rose to £16.4 million, an increase of 86% when compared to that reported at September 2001.

In the second quarter to 30 September 2002, annualised revenue rose by 13.8% to £16.4 million, compared to £14.4 million at 30 June 2002 and turnover for the same period rose by 22% to £3.9 million (first quarter to 30 June 2002: £3.2 million).

On a like for like basis, annualised revenue from the 19 stores open throughout the period was 34% higher as at 30 September 2002 when compared to 31 March 2002.

The loss for the period of £0.65 million (2001: loss of £1.0 million) is stated after charging exceptional costs of £192,000, incurred in respect of the Group's introduction to the Official List. The loss per share was 0.57p (2001: 0.92p).

It is worth pointing out that the Group made an operating cash surplus for the first time. Earnings for the period were £0.3 million after operating, central overhead and interest costs, but before exceptional item, depreciation and tax.

At the period end the number of customers had risen to 11,500 from 6,000 at 30 September 2001, a rise of 92% and from 8,100 at 31 March 2002, a rise of 42%.

## *REVIEW OF OPERATIONS*

We are pleased to report that 23 stores are now trading (Bow and Brighton opened after the period end), providing a total capacity of 1.4 million sq. ft. 17 of the 23 stores are now trading profitably at the pre-tax level and 19 are operating cash flow positive, (after charging an allocation of head office overhead).

Having made one further acquisition this quarter in Swindon, we now have 32 stores committed (31 in the UK and 1 in France), with a total capacity of 1.9m sq. ft.. Planning permission has been granted on 5 (1 subject to Judicial review) of the 9 stores in the pipeline, the remaining 4 being the most recently acquired.

Total administration expenses were £1.8m for the period compared with £1.4m for the equivalent period last year. Of this total, £1.4 m relates to the UK, the remaining £0.4m in respect of costs incurred in France, including £160,000 written-off on an aborted property acquisition.

We are very conscious of the need to maintain the highest standards of service provision across our expanded store portfolio as we believe this is central to the successful development of the Big Yellow brand. To this end we are strengthening our operational structure and James Gibson is to become Group Chief Operating Officer in addition to his role as Finance Director. Michael Cole will continue ably in his role as Group Financial Controller. Adrian Lee will become UK Managing Director, taking more responsibility for the coordination of the Group's UK activities in addition to his existing duties as Operations Director. Both appointments are with immediate effect.

#### *FRANCE*

We were unsuccessful in obtaining planning permission on the proposed site at Creteil, the acquisition of which was conditional on planning. We are awaiting imminently a planning decision on a proposed store within the Paris Peripherique which if successful will provide 80,000 sq ft of net storage and open in the early summer of 2003. We are hopeful of making further acquisitions but expansion will continue to be cautious.

#### *SHARE BUY BACKS*

Following receipt of Shareholder and Court approval in September we acquired, before the period end, 4,082,500 shares for cancellation at an average purchase price of 76p per share. We will continue the buy back programme whilst it is considered beneficial for the Company and its shareholders.

#### *FUTURE STRATEGY*

The Group remains committed to its target of 50 stores as detailed at our flotation in 2000, however, as we indicated a year ago, we have slowed down the rate of expansion. We are now seeing some evidence that property prices are beginning to soften in response to a weakening of occupier demand.

Strengthening cash flow from our open stores will allow us to raise further debt and we remain confident that the share buy back will not inhibit us meeting our 50 store target, albeit at a slower pace than originally envisaged.

#### *OUTLOOK*

Whilst the stores have traded strongly over the summer months we would remind shareholders that the business will experience the usual seasonal slowdown as we enter the winter. This time last year we expressed our caution about an economic downturn and the impact it would have on our business, and in our view those risks have increased over the last 12 months.

The business however remains conservatively financed, is now cash flow positive, has first class assets, a strong brand, good growth potential and, most importantly, excellent people. This should provide us with resilience, if not necessarily complete immunity, and I believe will allow us to exploit opportunities as and when they arise.



David White  
Chairman  
5 November 2002

# Consolidated Profit and Loss Account

Six months ended 30 September 2002

	Note	Six months ended 30 September 2002 (Unaudited) £	Six months ended 30 September 2001 (Unaudited) (restated) £	Year ended 31 March 2002 (Audited) £
<b>TURNOVER</b>				
Cost of sales	2	7,097,658 (5,512,216)	3,583,849 (3,851,946)	8,407,475 (8,288,937)
<b>GROSS PROFIT/(LOSS)</b>				
Administrative expenses		1,585,442 (1,821,612)	(268,097) (1,383,864)	118,538 (2,997,017)
Exceptional item	3	(191,446)	–	–
Total administrative expenses		(2,013,058)	(1,383,864)	(2,997,017)
Other operating income		–	102,948	102,948
<b>OPERATING LOSS</b>		(427,616)	(1,549,013)	(2,775,531)
Interest receivable and similar income		431,298	345,210	511,436
Interest payable and similar charges	4	(979,423)	(189)	(42,109)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(975,741)	(1,203,992)	(2,306,204)
Taxation	5	322,339	202,716	388,295
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE PERIOD/YEAR</b>		(653,402)	(1,001,276)	(1,917,909)
<b>Loss per share</b>	7	(0.57p)	(0.92p)	(1.70p)
<b>Diluted loss per share</b>	7	(0.57p)	(0.92p)	(1.70p)

All items in the profit and loss account relate to continuing operations.

# Consolidated Balance Sheet

30 September 2002

	Note	30 September 2002 (Unaudited) £	30 September 2001 (Unaudited) (restated) £	31 March 2002 (Audited) £
<b>FIXED ASSETS</b>				
Intangible assets		1,577,986	1,674,980	1,626,483
Tangible assets		89,428,649	62,171,300	74,780,848
		<b>91,006,635</b>	63,846,280	<b>76,407,331</b>
<b>CURRENT ASSETS</b>				
Stocks		163,637	127,937	150,651
Debtors		5,717,249	4,483,199	4,715,393
Cash at bank and in hand		17,667,259	11,213,634	18,527,905
		<b>23,548,145</b>	15,824,770	<b>23,393,949</b>
<b>CREDITORS: amounts falling due within one year</b>		<b>(7,580,538)</b>	(4,717,364)	<b>(5,916,172)</b>
<b>NET CURRENT ASSETS</b>		<b>15,967,607</b>	11,107,406	<b>17,477,777</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>106,974,242</b>	74,953,686	<b>93,885,108</b>
<b>CREDITORS: amounts falling due after more than one year</b>		<b>(36,716,777)</b>	–	<b>(19,858,268)</b>
<b>TOTAL NET ASSETS</b>		<b>70,257,465</b>	74,953,686	<b>74,026,840</b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	8	11,170,062	11,578,267	11,578,267
Capital redemption reserve	8	408,205	–	–
Share premium account	8	1,923,236	66,923,236	66,923,236
Other distributable reserves	8	61,873,678	–	–
Profit and loss account	8	(5,117,716)	(3,547,817)	(4,474,663)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>70,257,465</b>	74,953,686	<b>74,026,840</b>

# Reconciliation of Movements in Shareholders' Funds

Six months ended 30 September 2002

	Six months ended 30 September 2002 (Unaudited) £	Six months ended 30 September 2001 (Unaudited) (restated) £	Year ended 31 March 2002 (Audited) £
Loss for the financial period/year	(653,402)	(1,001,276)	(1,917,909)
Foreign exchange translation differences	10,349	(278)	(10,491)
	(643,053)	(1,001,554)	(1,928,400)
Issue of shares (net of issue costs)	–	22,730,823	22,730,823
Purchase of own shares	(3,126,322)	–	–
Net (reduction)/addition to shareholders' funds	(3,769,375)	21,729,269	20,802,423
Opening shareholders' funds as previously reported	74,026,840	51,747,259	53,224,417
Prior period adjustment – see note 1	–	1,477,158	–
Opening shareholders' funds restated	74,026,840	53,224,417	53,224,417
Closing shareholders' funds	70,257,465	74,953,686	74,026,840

## Statement of Total Recognised Gains and Losses

Six months ended 30 September 2002

	Six months ended 30 September 2002 (Unaudited) £	Six months ended 30 September 2001 (Unaudited) £	Year ended 31 March 2002 (Audited) £
Loss for the period/year	(653,402)	(1,001,276)	(1,917,909)
Foreign exchange translation differences	10,349	(278)	(10,491)
Total recognised gains and losses	(643,053)	(1,001,554)	(1,928,400)

## Consolidated Cash Flow Statement

Six months ended 30 September 2002

	Six months ended 30 September 2002 (Unaudited) £	Six months ended 30 September 2001 (Unaudited) £	Year ended 31 March 2002 (Audited) £
06 Cash inflow/(outflow) from operating activities	678,718	(1,196,318)	(613,944)
Returns on investments and servicing of finance	(244,732)	320,235	443,632
Capital expenditure and financial investment	(15,026,818)	(21,608,687)	(34,936,577)
Cash outflow before financing	(14,592,832)	(22,484,770)	(35,106,889)
Financing			
Issue of ordinary share capital (net of expenses)	–	22,730,823	22,728,945
Increase in debt	16,858,509	–	19,938,268
Purchase of own shares	(3,126,322)	–	–
	13,732,187	22,730,823	42,667,213
(Decrease)/Increase in cash in the period/year	(860,645)	246,053	7,560,324

# Reconciliation of Net Cash Flow to Movement in Net Funds

Six months ended 30 September 2002

	Six months ended 30 September 2002 (Unaudited) £	Six months ended 30 September 2001 (Unaudited) £	Year ended 31 March 2002 (Audited) £
(Decrease)/increase in cash in the period/year	<b>(860,645)</b>	246,053	<b>7,560,324</b>
Cash inflow from increase in debt financing	<b>(16,858,509)</b>	–	<b>(19,938,268)</b>
Change in net (debt)/funds resulting from cash flows	<b>(17,719,154)</b>	246,053	<b>(12,377,944)</b>
<b>Movement in net (debt)/funds in the period/year</b>	<b>(17,719,154)</b>	246,053	<b>(12,377,944)</b>
Net (debt)/funds at start of period/year	<b>(1,410,363)</b>	10,967,581	<b>10,967,581</b>
<b>Net (debt)/funds at end of period/year</b>	<b>(19,129,517)</b>	11,213,634	<b>(1,410,363)</b>

# Reconciliation of Operating Loss to Net Cash Flow from Operating Activities

Six months ended 30 September 2002

	Six months ended 30 September 2002 (Unaudited) £	Six months ended 30 September 2001 (Unaudited) £	Year ended 31 March 2002 (Audited) £
Operating loss	<b>(427,616)</b>	(1,549,013)	<b>(2,775,531)</b>
Depreciation	<b>1,025,609</b>	768,171	<b>1,605,049</b>
Amortisation of goodwill	<b>48,498</b>	48,498	<b>96,996</b>
Increase in stock	<b>(12,986)</b>	(33,789)	<b>(56,502)</b>
Increase in debtors	<b>(681,576)</b>	(320,099)	<b>(431,353)</b>
Increase/(decrease) in creditors	<b>726,789</b>	(110,086)	<b>947,397</b>
Net cash inflow/(outflow) from operating activities	<b>678,718</b>	(1,196,318)	<b>(613,944)</b>

# Notes to the Interim Report

Six months ended 30 September 2002

## 1. ACCOUNTING POLICIES

### Basis of preparation

The interim information for the six months ended 30 September 2002 and 30 September 2001 is unaudited and does not comprise statutory accounts. The comparative figures for the year ended 31 March 2002 are not statutory accounts but are extracted from the audited statutory accounts. The statutory accounts for the year ended 31 March 2002 have been filed with the Registrar of Companies. They received an unqualified audit report which did not contain a statement under Section 237(2) or 237(3) of the Companies Act 1985. This interim report should be read in conjunction with the statutory accounts for the year ended 31 March 2002. The interim figures have been prepared on the same basis and applying the same accounting policies as in prior years.

The accounts for the year ended 31 March 2002 contained a prior year adjustment in respect of the year ended 31 March 2001 for FRS 19, where £1,477,158 was recorded as a tax credit.

The comparatives for the period ended 30 September 2001 have been restated to reflect a change in accounting policy following the adoption of FRS 19 "Deferred Tax". The effect of this change on the statement for the period ended 30 September 2001 is to record a debtor of £1,679,874, a tax credit of £202,716, and a credit to opening reserves of £1,477,158.

## 2. SEGMENTAL INFORMATION

Turnover represents amounts derived from the provision of services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's net assets, turnover and loss before tax, all of which arises in the United Kingdom, with the exception of £365,263 (2001: £173,465) in respect of administration expenses in France, are attributable to one activity, the provision of self storage and related services.

## 3. EXCEPTIONAL ITEM

The Group was admitted to the Official List and cancelled its AIM listing on 7 June 2002. Exceptional costs relating to this change of £191,446 have been incurred in the period.

## 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Six months ended 30 September 2002 (Unaudited) £	Six months ended 30 September 2001 (Unaudited) £	Year ended 31 March 2002 (Audited) £
Bank overdraft and other borrowings	979,423	189	42,109
	979,423	189	42,109

## 5. TAXATION

No liability to corporation tax arises on the Group's result for the period as the Group made a taxable loss during the period. The Group has unrelieved tax losses for which a deferred tax asset has been recognised (see note 1).

## 6. DIVIDENDS

Dividends have not been paid in respect of the ordinary shares of the Company in any of the periods reported upon and no dividend is proposed.

## 7. LOSS PER ORDINARY SHARE

Loss per ordinary share has been calculated on the retained loss for the period of £653,402 (2001: £1,001,276) and on the weighted average number of shares in issue during the period of 115,419,623 (2001: 109,330,311). There is no dilutive effect from the conversion of share options.

## 8. MOVEMENT ON RESERVES

	Share capital £	Capital redemption reserve £	Share premium account £	Other distributable reserves £	Profit and loss account £	Total £
Balance at 1 April 2002	11,578,267	–	66,923,236	–	(4,474,663)	74,026,840
Loss for the year	–	–	–	–	(653,402)	(653,402)
Foreign exchange	–	–	–	–	10,349	–
Capital transfer	–	–	(65,000,000)	65,000,000	–	–
Purchase of own shares	(408,205)	408,205	–	(3,126,322)	–	(3,126,322)
Balance at 30 September 2002	11,170,062	408,205	1,923,236	61,873,678	(5,117,716)	70,257,465

On 4 September 2002, the Company received confirmation from the Court to allow the reduction of the share premium account by £65,000,000. The order of the Court became effective on 5 September 2002 and £65,000,000 was transferred from the share premium account to a distributable reserve.

# Independent Review Report to Big Yellow Group PLC

## *INTRODUCTION*

We have been instructed by the company to review the financial information for the six months ended 30 September 2002 which comprises the profit and loss account, the balance sheet, the reconciliation of movements in shareholder funds, the statement of total recognised gains and losses, the cash flow statement and the related notes 1 to 8. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## *DIRECTORS' RESPONSIBILITIES*

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are also responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## *REVIEW WORK PERFORMED*

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## *REVIEW CONCLUSION*

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2002.



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**Deloitte & Touche**  
Chartered Accountants  
London

5 November 2002

## **Notes:**

A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.



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