

The Cayenne Trust plc
Unaudited Preliminary Announcement
of Final Results for the year to 31 January 2006

Financial Information and Performance Statistics

	<i>At</i> 31 January <i>2006</i>	<i>At</i> <i>31 January</i> <i>2005</i> <i>Restated*</i>	<i>%</i> <i>change</i>
Shareholders' funds (£'000)	14,017	11,696	+19.8
Actual gearing	100	189	
Asset gearing	53	133	
Net asset value per ordinary share	109.9p	91.7p	+19.8
Mid-market price per ordinary share	107.5p	81.5p	+31.9
Discount per ordinary share	2.2%	11.1%	
FTSE Investment Companies Index (capital only)	5,379.69	4,016.70	+33.9
	<i>Year to</i> 31 January <i>2006</i>	<i>Year to</i> <i>31 January</i> <i>2005</i> <i>Restated*</i>	<i>%</i> <i>change</i>
Net revenue after taxation (£'000)	340	378	-10.1
Dividends per ordinary share	3.5p	3.5p	
Dividend yield	3.3%	4.3%	
Total expense ratio	1.5%	1.3%	
Gross assets total return before expenses and taxation	18.5%	15.3%	
FTSE Investment Companies Index (total return)	34.9%	17.3%	
Returns per ordinary share			
Revenue – basic	2.7p	3.0p	
Capital – basic	21.0p	13.8p	
Total return – basic	23.7p	16.8p	

**Restated for new UK Accounting Standards*

Chairman's Statement

Christopher Jones and I were appointed Directors of your Company, and I became Chairman, on 30 January 2006 following the Extraordinary General Meeting at which Cayenne Asset Management Limited ('Cayenne') was appointed the Company's new investment manager and the Company's name was changed. Laurence Magnus joined us as a Director on 13 February 2006.

Under its new investment policy, approved by shareholders, the Company will invest principally in the securities of UK investment trusts and other closed-end funds which it believes to be undervalued. The Company will also seek to ensure preservation of capital by the use of derivative or similar hedging instruments. Up to 15 percent of the Company's assets, at the time of investment, may be invested in Apollo Fund plc, an offshore fund which is managed by Cayenne with an investment approach substantially similar to that which Cayenne intends to use for the Company's portfolio.

Accordingly, the Company has made an initial investment of £1.48 million in Apollo on 28 February 2006, steps have been taken to hedge the general market risk of the Company's portfolio and various assets have been sold and others purchased.

The company paid a total dividend of 3.5p per share in respect of the year to 31 January 2006. The present investment objective is to achieve consistent positive absolute returns. Income as such will not be sought and dividends payable by the Company are therefore likely to fluctuate. Your Board estimates, on the basis of advice received from Cayenne, that, in the

absence of unforeseen circumstances, dividends of at least 1p per share will be paid in respect of the Company's current financial year to 31 January 2007.

In view of the new investment policy, the management expenses and finance costs of the Company will now be allocated 80% to capital and 20% to income.

The Company is proposing to raise up to £45 million new capital, in the form of £10 million of convertible unsecured loan stock, to reintroduce a degree of gearing into the Company, and £35 million "C" shares, which when the proceeds of issue are fully invested will convert into ordinary shares. The final details of the issue are contained in a Prospectus expected to be published on 28 March 2006.

Following the issue, the Board will follow an active discount management policy. Shares will be repurchased at prices representing discounts to net asset value of more than 5 percent and will be held in treasury until resold or cancelled.

Len Gayler, the chief executive of Cayenne, is well-known to your Board and Cayenne has been successful in generating returns for Apollo substantially above its benchmark of 5 percent per annum. Although any investment policy which seeks to generate superior returns carries risks, your board is confident that the Company's new investment policy, to be implemented by Cayenne, is likely to be successful.

Income Statement

for the year ended 31 January

	2006			2005 <i>Restated*</i>		
	<i>Revenue</i> £'000	<i>Capital</i> £'000	<i>Total</i> £'000	<i>Revenue</i> £'000	<i>Capital</i> £'000	<i>Total</i> £'000
Gains on investments	—	3,227	3,227	—	2,167	2,167
Income	866	59	925	859	174	1,033
Investment management fee	(65)	(65)	(130)	(59)	(59)	(118)
Other expenses	(192)	—	(192)	(160)	—	(160)
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Net return before finance costs and taxation	609	3,221	3,830	640	2,282	2,922
Increase in value of RPI 5.06% Debenture Stock	—	(308)	(308)	—	(279)	(279)
Increase in value of hedge on £5 million RPI 5.06% Debenture Stock	4	157	161	4	143	147
Profit on RPI buy backs	—	—	—	—	5	5
Interest payable and similar charges	(273)	(388)	(661)	(266)	(388)	(654)
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Return on ordinary activities before taxation	340	2,682	3,022	378	1,763	2,141
Tax on ordinary activities	—	—	—	—	—	—
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Return on ordinary activities after taxation for the financial year	340	2,682	3,022	378	1,763	2,141
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Return per ordinary share:						
Basic	2.7p	21.0p	23.7p	3.0p	13.8p	16.8p
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No operations were acquired or discontinued in the year.

* Restated for new UK Accounting Standards

Reconciliation of Movements in Shareholders' Funds

as at 31 January

	<i>Share Capital £'000</i>	<i>Share Premium £'000</i>	<i>Warrant Redemption Reserve £'000</i>	<i>Capital Reserve – realised £'000</i>	<i>Capital Reserve – unrealised £'000</i>	<i>Revenue reserve £'000</i>	<i>Total £'000</i>
At 31 January 2004 (as previously stated)	3,189	9,119	73	941	(3,730)	313	9,905
Effects of revaluing investments to bid	—	—	—	—	(159)	—	(159)
Second interim dividend 2004 declared in 2005	—	—	—	—	—	255	255
At 31 January 2004 (restated)	3,189	9,119	73	941	(3,889)	568	10,001
Second interim dividend for 2004 declared and paid in 2005	—	—	—	—	—	(255)	(255)
Interim dividend for 2005 paid in year	—	—	—	—	—	(191)	(191)
Net return from ordinary activities	—	—	—	(431)	2,194	378	2,141
At 31 January 2005	3,189	9,119	73	510	(1,695)	500	11,696
Final dividend for 2005	—	—	—	—	—	(255)	(255)
Net return from ordinary activities	—	—	—	616	2,066	340	3,022
Expiry of warrants	—	73	(73)	—	—	—	—
Interim dividend for 2006 declared and paid in year	—	—	—	—	—	(191)	(191)
Second interim dividend for 2006 declared and paid in year	—	—	—	—	—	(255)	(255)
At 31 January 2006	3,189	9,192	—	1,126	371	139	14,017

Balance Sheet
as at 31 January

	2006	2005
	£'000	Restated* £'000
Fixed assets		
Investments at fair value through profit or loss	7,396	15,573
Current assets		
Debtors	3,078	516
Certificates of deposit	—	2,000
Cash at bank	3,688	4,108
	6,766	6,624
Creditors: amounts falling due within one year	(145)	(10,501)
Net current assets/(liabilities)	6,621	(3,877)
Total assets less current liabilities	14,017	11,696
Net assets	14,017	11,696
Capital and reserves		
Called-up share capital	3,189	3,189
Share premium account	9,192	9,119
Other reserves		
Warrant premium reserve	—	73
Capital reserve – realised	1,126	510
Capital reserve – unrealised	371	(1,695)
Revenue reserve	139	500
Equity Shareholders' funds	14,017	11,696
Net asset value per ordinary share		
Basic and diluted	109.9p	91.7p

* Restated for new UK Accounting Standards

Cash Flow Statement
for the year ended 31 January

	2006	2005
	£'000	£'000
Cash inflow from operating activities	607	771
Servicing of finance	(38)	(654)
Financial investment	8,452	2,431
Equity dividends paid	(701)	(446)
Net cash inflow before management of liquid resources and financing	8,320	2,102
Management of liquid resources	2,430	(2,106)
Financing	(10,740)	(60)
Increase/(decrease) in cash in the year	10	(64)

<u>Reconciliation of net cash flow to movement in net debt</u>	2006	2005
	£'000	£'000
Increase/(decrease) in cash in the year	10	(64)
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(2,430)	2,106
Debenture Stock non-cash movement	(307)	(215)
Repayment of Debenture Stock	10,740	—
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Movement in net debt in the year	8,013	1,827
Net debt at beginning of year	(4,325)	(6,152)
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Net funds/(debt) at end of year	3,688	(4,325)

Notes to the Financial Statements

1. Accounting Policies

Accounting policies have been applied consistently throughout the year and the preceding year with the exceptions of those set out below in 1(a) and 1(b).

- Following the introduction of FRS26 'Financial Instruments Measurement' financial assets designated as at fair value through profit or loss, are measured at subsequent reporting dates at fair value, which is the bid price. Prior to 1 February 2005 these were valued at middle market prices. Comparatives have been restated to reflect this change.
- Following the introduction of FRS 21 'Events After the Balance Sheet Date', dividends are not accrued in the accounts unless there is an obligation to pay the dividends at the balance sheet date. Proposed final dividends are thus recognised in the period in which they are approved by the shareholders. As a result, the accounts for the year ended 31 January 2005 have been restated to reflect this change.

2. Income

	2006	2005
	£'000	£'000
Income from listed investments		
UK dividends	437	660
Unfranked investment income	227	10
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	664	670
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Other income		
Deposit interest	202	189
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Total income	866	859
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Total income comprises:		
Investment income	664	670
Interest	202	189
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	866	859

Special dividends of £58,000 (2005: £174,000) in relation to Martin Currie Capital Return dividends received in lieu of capital distributions have been allocated to capital reserve – realised. A capital payment of £1,275 was also received in the year in respect of a capital distribution from the liquidation of Jupiter Europe Investment Trust.

3. Investment management fee

	<i>Revenue £'000</i>	<i>2006 Capital £'000</i>	<i>Total £'000</i>	<i>Revenue £'000</i>	<i>2005 Capital £'000</i>	<i>Total £'000</i>
Investment management fee	55	55	110	50	50	100
Irrecoverable VAT thereon	10	10	20	9	9	18
	65	65	130	59	59	118

Cayenne Asset Management Limited was appointed Investment Manager to the Company under an agreement dated 30 January 2006.

Prior to this agreement INVESCO Asset Management Limited, a wholly-owned subsidiary undertaking of AMVESCAP plc, acted as Investment Manager and Company Secretary to the Company under an agreement dated 23 December 1992 which was terminable by either party at twelve months' notice. The fee was calculated at the rate of 0.5% per annum (plus VAT) by reference to the total assets less current liabilities as set out in the latest published audited balance sheet of the Company.

At 31 January 2006 £446 (2005: £29,600) was due for payment in respect of management fees. There was no liability for performance fees.

4. Other expenses

	<i>2006 £'000</i>	<i>2005 £'000</i>
General expenses	138	106
Directors' fees	34	34
Auditors' remuneration		
– for audit services	17	16
– for tax compliance	3	4
	192	160

The Directors' fees authorised by the Articles of Association are £100,000 per annum.

Of the Directors' fees disclosed above, none was payable to third parties in respect of making available the services of Directors (2005: nil).

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 January 2006 or the year ended 31 January 2005. The financial information for 2005 is derived from the statutory accounts for 2005, which have been delivered to the Registrar of Companies. The auditors have reported on the 2005 accounts; their report was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. The financial information for year ended 31 January 2006 is unaudited. The statutory accounts for 2006 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The audited Report and Accounts will be posted to shareholders shortly. Copies may be obtained during normal business hours from the Company's Registered Office, 30 Finsbury Square, London, EC2A 1AG.

The Annual General Meeting will be held at the Company's Registered Office on 20 April 2006 at 10.30am .

By order of the Board
INVESCO Asset Management Limited
Company Secretary

22 March 2006