

THE CAYENNE TRUST PLC

Preliminary Announcement of Un-audited Annual Results for the year ended 31 January 2007

Investment Policy

The Cayenne Trust plc is a UK investment trust listed on The London Stock Exchange. Its investment policy can be summarised as follows:

- < the Company invests principally in the securities of UK investment trust companies and other closed-end funds;
- < up to 15% of the Company's assets, at the time of investment, may be invested in Apollo Fund plc (an open-ended fund with a similar investment policy managed by Cayenne Asset Management Ltd); and
- < the Company will seek to ensure preservation of capital by use of derivative and similar instruments to the extent permissible within the regulations governing investment trust companies and the Listing Rules.

Share and Loan Capital

The Company's share capital consists of 42,475,143 Ordinary shares of 25p each and £10,000,000 in nominal amount of 3.25 per cent. Convertible Unsecured Loan Stock 2011.

As at 31 January 2007 the actual gearing was 117%.

Principal Data

	At	At	
	31 January	31 January	%
	2007	2006	change
Shareholders' funds (£'000)	51,780	14,017	269.4
Actual gearing	117%	100%	
Asset gearing	110%	53%	
Net asset value per Ordinary share – basic (per AIC guidelines – see note 4)	119.52p	109.89p	8.8
Discount per Ordinary share (per AIC guidelines)	1.1%	2.2%	
Net asset value per Ordinary share – basic	121.91p	109.89p	10.9
Discount per Ordinary share	3.0%	2.2%	
Mid-market price per Ordinary share	118.25p	107.50p	10.0
FTSE 350 Equity Investment Instruments Index (Source: Bloomberg)	5,725.10	5,314.90	7.7
	Year to	Year to	
	31 January	31 January	%
	2007	2006	change
Net revenue after taxation (£'000)	441	340	29.7
Dividends per Ordinary share	1.0p	3.5p	(71.4)
Dividend yield	0.8%	3.3%	
Total expense ratio	1.5%	1.5%	
FTSE 350 Equity Investment Instruments Index (total return) (Source: Bloomberg)	9.9%	37.7%	
Performance Fee high water mark*	120.17p	n/a	
Returns per Ordinary share – basic			
Revenue	1.23p	2.67p	
Capital	3.25p	21.03p	
Total return	4.48p	23.70p	

*The performance fee high water mark for the year to 31 January 2008 is 126.18p.

Chairman's Statement

The period under review was the first financial year since your Company appointed Cayenne Asset Management Limited as its investment manager and changed its investment policy and the composition of its Board. In April 2006 the Company raised £10 million in 3.25% Convertible Unsecured Loan Stock 2011 (CULS) and £35 million in "C" shares, more than quadrupling the size of the Company. Subsequently the Company's administration was transferred

to Phoenix Administration Services Limited. In June 2006 the "C" shares converted into Ordinary shares at a conversion rate of 0.8491.

Although, for the reasons set out in my interim statement, the investment performance in the first six months of the financial year was mixed, I am pleased to report that in the full twelve months net asset value per share* for the original Ordinary shareholders increased by 8.8% and for the converted "C" Ordinary shareholders by 1.5%. The mid-market price of the Ordinary shares increased by 10.0%, while "C" shareholders experienced a price appreciation of 0.4%. At 31 January 2007 the Company's Ordinary shares stood at 118.25p, which represented a discount of 1.1% to the NAV of 119.52p per share.

Your Board is proposing a final dividend for the year to 31 January 2007 of 1.0p per Ordinary share which, if approved by shareholders at the forthcoming Annual General Meeting, would be payable on 21 June 2007 to shareholders on the register at 1 June 2007 (ex-dividend 30 May 2007).

Your Board has decided to propose a resolution to shareholders at the forthcoming Annual General Meeting to appoint BDO Stoy Hayward LLP as your Company's auditors for the financial year to 31 January 2008. The current auditors, Deloitte & Touche LLP have agreed to step down at the close of the Meeting. Your Board considers it appropriate to recommend the appointment of a new firm of auditors in the light of the major changes at your Company during 2007 but wishes to place on record its appreciation for the services provided by Deloitte & Touche LLP in respect of the year ended 31 January 2007.

On behalf of the shareholders I should like to thank the investment manager, the administrator and my colleagues on the Board for the achievements of an increasingly successful first financial year.

Jonathan Agnew

Chairman

10 April 2007

* Net Asset Value for this purpose is calculated after deduction of the nominal amount of the Company's 3.25% Convertible Unsecured Loan Stock 2011, the basis on which the investment manager's performance fee would be calculated, rather than as required by UK GAAP for the preparation of the balance sheet.

Income Statement

	Unaudited			Audited		
	Year ended 31 January 2007			Year ended 31 January 2006		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gains from investments held at fair value	-	3,949	3,949	-	3,227	3,227
Current assets held at fair value:						
Losses on listed put warrants	-	(1,805)	(1,805)	-	-	-
Gains on forward currency contracts	-	650	650	-	-	-
Exchange differences	-	(132)	(132)	-	-	-
Income	908	-	908	866	59	925
Investment management fee	(94)	(379)	(473)	(65)	(65)	(130)
Other expenses	(293)	(801)	(1,094)	(192)	-	(192)
Net return before finance costs and taxation	521	1,482	2,003	609	3,221	3,830
Increase in value of RPI 5.06% Debenture Stock	-	-	-	-	(308)	(308)
Increase in value of hedge on £5 million RPI 5.06% Debenture Stock	-	-	-	4	157	161
Interest payable and similar charges	(80)	(321)	(401)	(273)	(388)	(661)
Return on ordinary activities before taxation	441	1,161	1,602	340	2,682	3,022
Tax on ordinary activities	-	-	-	-	-	-
Transfer to reserves	441	1,161	1,602	340	2,682	3,022
Return per ordinary share:						
Basic	1.23p	3.25p	4.48p	2.67p	21.03p	23.70p
Diluted	1.23p	3.25p	4.48p	n/a	n/a	n/a

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

A statement of Total Recognized Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

Reconciliation of Movements in Shareholders' Funds

	Share Capital £'000	Share Premium £'000	'C' Share Capital £'000	Deferred Share Capital £'000	Capital Redemption Reserve £'000	Equity Component CULS 2011 £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
At 31 January 2006	3,189	9,192	-	-	-	-	1,126	371	139	14,017
Issue of 'C' shares 25 April 2006	-	-	35,000	-	-	-	-	-	-	35,000
Issue of 3.25% Convertible Unsecured Loan Stock 2011 25 April 2006	-	-	-	-	-	1,161	-	-	-	1,161
Conversion of 'C' shares 22 June 2006	7,430	-	(35,000)	27,570	-	-	-	-	-	-
Redemption of Deferred Shares 22 June 2006	-	-	-	(27,570)	27,570	-	-	-	-	-
Net (loss)/return from ordinary activities	-	-	-	-	-	-	(1,492)	2,653	441	1,602
At 31 January 2007	10,619	9,192	-	-	27,570	1,161	(366)	3,024	580	51,780

	Share Capital £'000	Share Premium £'000	Warrant Redemption Reserve £'000	Capital Reserve - Realised £'000	Capital Reserve - Unrealised £'000	Revenue Reserve £'000	Total £'000
At 31 January 2005	3,189	9,119	73	510	(1,695)	500	11,696
Final dividend for 2005	-	-	-	-	-	(255)	(255)
Expiry of warrants	-	73	(73)	-	-	-	-
Net return from ordinary activities	-	-	-	616	2,066	340	3,022
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

	Unaudited 2007 £'000	Audited 2006 £'000
Fixed Assets		
Investments at fair value through profit or loss	57,151	7,396
Current Assets		
Listed put warrants held at fair value through profit or loss	1,356	-
Forward currency contracts held at fair value through profit or loss	5,878	-
Debtors	818	3,078
Cash at bank	1,432	3,688
	9,484	6,766
Creditors: amounts falling due within one year		
Forward currency contracts held at fair value through profit or loss	(5,229)	-
Other creditors	(638)	(145)
	(5,867)	(145)
Net current assets	3,617	6,621
Total assets less current liabilities	60,768	14,017
Creditors: amounts falling due after more than one year		
3.25% Convertible Unsecured Loan Stock 2011	(8,988)	-
Net assets	51,780	14,017

Capital and reserves		
Called-up share capital	10,619	3,189
Share premium account	9,192	9,192
Other reserves:		
Capital redemption reserve	27,570	-
Equity component 3.25% Convertible Unsecured Loan Stock 2011	1,161	-
Capital reserve – realised	(366)	1,126
Capital reserve – unrealised	3,024	371
Revenue reserve	580	139
Equity Shareholders' funds	51,780	14,017
Net asset value per Ordinary share:		
Basic	121.91p	109.89p
Diluted	121.91p	n/a

Cash Flow Statement for the year ended 31 January

	Unaudited 2007 £'000	Audited 2006 £'000
Cash (outflow)/inflow from operating activities	(3,699)	607
Servicing of finance	(252)	(38)
Financial investment	(43,173)	8,452
Equity dividends paid	–	(701)
Net cash (outflow)/inflow before financing	(47,124)	8,320
Financing		
Repayment of RPI Debenture Stock	–	(10,740)
Issue of 'C' shares	35,000	–
Issue of 3.25% Convertible Unsecured Loan Stock 2011	10,000	–
Decrease in cash during the year	(2,124)	(2,420)
Reconciliation of net cash flow to movement in net debt/funds		
Decrease in cash during the year	(2,124)	(2,420)
Debenture Stock non-cash movement	–	(307)
Repayment of Debenture Stock	–	10,740
Issue of 3.25% Convertible Unsecured Loan Stock 2011	(10,000)	–
Exchange movements	(132)	–
Non-cash flow movements:		
Equity element of 3.25% Convertible Unsecured Loan Stock 2011	1,161	–
Notional interest charge on 3.25% Convertible Unsecured Loan Stock 2011 – income	(30)	–
Notional interest charge on 3.25% Convertible Unsecured Loan Stock 2011 – capital	(119)	–
Change in net (debt)/funds	(11,244)	8,013
Opening net funds/(debt)	3,688	(4,325)
Closing net (debt)/funds	(7,556)	3,688

Notes to the preliminary announcement

Note 1. Accounting policies

A summary of the principal accounting policies is set out below. They are consistent with the policies set out in the annual report for the year ended 31 January 2006, except as noted below:

a) Basis of accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of fixed assets and in accordance with United Kingdom law and Accounting Standards and with the Statement of Recommended Practice ("SORP") "Financial Statements of Investment Trust Companies", issued by the Association of Investment Companies (dated January 2003, revised December 2005).

b) Investments

Investments are classified at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated at fair value through profit or loss on initial recognition. Financial assets designated at fair value through profit or loss, are measured at subsequent reporting dates at fair value, which is the bid price.

c) 3.25% Convertible Unsecured Loan Stock 2011

Convertible Unsecured Loan Stock issued by the Company is regarded as a compound instrument, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using a comparable bond with a coupon rate and maturity for a similar non-convertible debt. The difference between the proceeds of issue of the Convertible Unsecured Loan Stock and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the Convertible Unsecured Loan Stock.

d) Income

All dividends and any related tax credits are taken into account on the date investments are marked ex-dividend. The fixed returns on debt securities and non-equity shares have been accounted for on an effective interest rate basis, the effective interest rate being calculated by reference to comparable bonds which have similar coupon rates and maturity dates, but are non-convertible debt. Deposit interest and underwriting commission receivable are taken into account on an accruals basis.

e) Expenses

With effect from 1 February 2006, 80% of the investment management fee and finance costs are charged to capital reserves – realised in line with the Board's expected long-term split of returns from the investment portfolio of the Company. Prior to 1 February 2006, 50% of the investment management fee and finance costs were charged to capital reserves – realised. Performance fees are charged entirely to capital reserves – realised. All other expenses are charged to the revenue account.

f) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rules and laws that have been enacted or substantially enacted by the balance sheet date. The tax effect of different items of expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates, using the marginal method. This basis is in accordance with the SORP issued by the Association of Investment Companies.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the company's taxable profits and its results as stated in the Financial Statements which are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are not discounted.

g) Foreign currency

Transactions in foreign currency, whether of a revenue or capital nature, are translated to sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities are translated to sterling at the rates of exchange ruling at the Balance Sheet date. Any gains or losses are taken to revenue reserve or capital reserve – realised, as appropriate.

Note 2. Return per Ordinary share

(a) Basic earnings

The basic return per Ordinary share is based on the net gain on ordinary activities after taxation for the year ended 31 January 2007 of £1,602,000 (2006: gain of £3,022,000) and on 35,716,883 (2006: 12,755,082) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

The basic earnings per Ordinary share figures detailed above can be further analysed between revenue and capital, as below:

The revenue return is based on the net return on ordinary activities after taxation for the year ended 31 January 2007 of £441,000 (2006: £340,000) and on 35,716,883 (2006: 12,755,082) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

The capital return is based on the net gain on ordinary activities for the year ended 31 January 2007 of £1,161,000 (2006: £2,682,000) and on 35,716,883 (2006: 12,755,082) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

(b) Diluted earnings

The effect of the 3.25% Convertible Unsecured Loan Stock 2011 on the revenue, capital and total earnings per share is anti-dilutive. The diluted revenue, capital and total returns per share are therefore equal to the basic returns per share.

Note 3. Dividends

We set out below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 842 Income and Corporation Taxes Act 1988 are considered.

	Unaudited 2007 £'000	Audited 2006 £'000
Interim dividend for the year ended 31 January 2006 of 1.5p per share	–	191
Second interim dividend for the year ended 31 January 2006 of 2.0p per share	–	255
Proposed final dividend for the year ended 31 January 2007 of 1.0p per share	425	–
	425	446

Note 4. Net asset value

The net asset per Ordinary share and the net assets attributable at the year end were as follows:

	Net asset value per share		Net assets attributable	
	Unaudited 2007 pence	Audited 2006 pence	Unaudited 2007 £'000	Audited 2006 £'000
Ordinary shares - Basic	121.91	109.89	51,780	14,017

The basic net asset value per Ordinary share is based on net assets of £51,780,000 (2006: £14,017,000) (including the deduction of the liability component of the 3.25% Convertible Unsecured Loan Stock 2011) and on 42,475,143 (2006: 12,755,082) Ordinary shares, being the number of Ordinary shares in issue at the year end.

The Convertible Unsecured Loan Stock 2011 has an anti-dilutive effect on the net asset value per Ordinary share, and therefore the diluted net asset value is equal to the basic net asset value.

Under The Association of Investment Companies (AIC) guidelines, the basic net asset value per share is calculated as follows:

	Unaudited 2007 £'000
Total assets less current liabilities (per the balance sheet)	60,768
Redemption value of 3.25% Unsecured Loan Stock 2011	(10,000)
Net assets per AIC guidelines	50,768
Number of Ordinary shares	42,475,143
NAV per share (p)	119.52

Note 5.

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 January 2007 or 2006. The financial information for the year ended 31 January 2006 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237 (2) or (3) of the Companies Act 1985. The statutory accounts for the year ended 31 January 2007 will be finalised on the basis of the financial information presented by the Directors in the preliminary announcement, will be audited and delivered to the Registrar of Companies in due course.

Note 6.

Copies of the Annual Report will be posted to shareholders in due course and further copies may be obtained from the Registered Office, c/o Phoenix Administration Services Limited, Springfield Lodge, Colchester Road, Chelmsford, CM2 5PW.

The Annual General Meeting will be held at 3.00 p.m. on Thursday 7 June 2007 at The Crowne Plaza Hotel, Buckingham Gate, London SW1E 6AF.

Phoenix Administration Services Limited

Company Secretary

10 April 2007