

Chairman's statement

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It is one of the more pleasant duties of a company chairman to report on a year which sees significant growth in both operating profits and pre-tax earnings.

Operating profits have risen to £2.7m (2004: £2.0m). Pre-tax profits almost doubled to £2.1m from last year's £1.1m, partly due to the absence of the significant exceptional costs that were a feature of 2004, but should not disguise the real progress made by the Group in its activities in the year.

The market for our commercial business parks has been active during the year under review, with a much higher level of sales achieved. The prospects for this area of the business are expected to remain positive for 2005/06.

Whilst the housing market is always likely to be punctuated by short term volatility, the Board believes the long term prospects for housebuilding are strongly founded on basic economic principles, and we continue to build up land reserves at Rippon Homes and seek other opportunities to expand.

Inevitably any corporate activity has been inhibited whilst the Infiniteland litigation remained open. It is to be welcomed that the Court of Appeal has upheld the judgment of the High Court finding in favour of Artisan as explained in the Financial Review that follows in this report.

Your Board is looking forward to 2005/06 with confidence and, although we anticipate a more difficult and uncertain year for our housebuilding operations, we will redouble our efforts to pursue interesting prospects in the property sector. Whilst the Group is in a much better position to pursue worthwhile opportunities we will not allow our pursuit of these opportunities to compromise the stability that has been established over the past couple of years. We are determined to take the Group forward to restore a more robust market capitalisation and believe the platform to achieve this growth is now firmly founded.

With this in mind, your Board does not recommend a dividend for the current year, in order that funds for investment may be retained in the business.

The impressive results for the year could only have been achieved with the support of all the employees in the business, and I should like to acknowledge their efforts on behalf of the entire Board.

Michael W Stevens
Chairman
11 July 2005