



Interim statement for the six months to 31 December 2008

Developing property, building value

Artisan (UK) plc

UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

London, 31 March 2009: Artisan (UK) plc (“Artisan” or “the Group”), the AIM listed house builder, commercial property developer and property investor, announces its unaudited interim results for the six months ended 31 December 2008.

- Sales down to £5.1m for the period (2007: £10.6m), reflecting general economic and sector conditions
- Operating loss before tax and exceptional items of £1.0m (2007: profit of £0.7m)
- Exceptional items of £3.7m, including goodwill impairment on Rippon Homes and increased provision on carrying value of stock
- Constructive negotiations on restructuring of loan facilities ongoing: Board confident that term of the loan will be extended and covenants restructured in the near future for the current market conditions
- Rippon Homes complete 15 sales in the period (2007: 39): improved reservation levels since the end of the period
- Artisan (UK) Developments' sales at £2.0m, (2007: £3.7m), generating operating profit before exceptional items and central charges of £0.2m (2007: £0.9m)
- Cost reduction programme implemented: further cost cuts expected at Rippon Homes

Michael W. Stevens, Chairman of Artisan (UK) plc commented,

“The Group is facing the most difficult set of economic conditions in its history. The Board has taken early and decisive steps to restructure Artisan to meet the market conditions and provide the best possible platform to overcome the continuing market turmoil and emerge to take advantage of improved trading conditions in the future.”

“More recent trading activity since the period end is proving, to a degree, more positive, with improved reservation levels for our residential units: however the difficulties in the mortgage lending market are proving a brake on completions.”

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Chairman's statement

Global and national conditions have caused enormous difficulties for the economy as a whole in the period under review. The property development industry has been particularly badly impacted and Artisan has suffered alongside others in the sector. Your Board has taken swift and far-reaching steps to restructure its operations as well as its finances. We had hoped that we would be in a position to announce the extension of the Group's loan facilities together with these results: negotiations with our lenders are ongoing and constructive, but necessarily the banking sector is acting with increased scrutiny and these negotiations are still ongoing. The Board is confident of being in a position to announce a successful completion of this process in the near future.

Results

Turnover for the 6 months to 31 December 2008 was £5.1m compared to £10.6m in the same period in 2007, which benefited from a particularly robust performance from our commercial development business.

As a result of both reduced turnover and reduced margins, the Group's commercial development and residential subsidiaries have together recorded an operating loss before tax, central charges and exceptional items of £0.3m (2007: £1.3m profit). Additionally a reassessment of the carrying value of investment properties has increased the loss by £0.5m (2007: £0.2m profit). Consequently the operating loss before interest, tax and exceptional items was £1.0m (2007: £0.7m profit).

Further to the operating losses the Board has decided it is appropriate to further re-assess the carrying value of our stocks and work in progress resulting in the increase to the existing carrying value provision by £1.1m to £1.4m (2007: £nil and £nil). In addition employee restructuring costs of £50,000 have been incurred as we re-shape the operating divisions to meet anticipated activity levels.

Finance expenses have risen slightly to £0.7m (2007: £0.6m) reflecting an increase in borrowing compared with the comparative period, £24.7m (2007: £20.3m). The increase in borrowing includes the Convertible Loan Note of £1.75m issued in August

2008 and borrowing costs includes the interest payable on the loan note. The convertible loan note is included in the balance sheet at 31 December 2008 at £1.5m (2007: £nil), being the amortised cost of the debt element and fair value of the embedded financial derivative (share option). The movement in fair value of the share option is included within the Income Statement as finance income of £0.2m (2007: £nil).

Goodwill

We performed our annual impairment review in June 2008 and this demonstrated more than sufficient headroom in the carrying value of our investment in Rippon Homes Limited. Ordinarily the next impairment review would be June 2009. However, due to the extraordinary change in market conditions, we have considered whether an impairment is required at this interim stage. The Board has decided that the anticipated cash flows to be generated by Rippon will not now be sufficient to justify continuing to carry the goodwill in the balance sheet and consequently all of the goodwill amounting to £2.5m has been written off.

Residential Trading

During the six months we sold 15 units (2007: 39 units) generating a turnover of £2.9m, compared to £6.9m in 2007. As a consequence of the very low volumes and low margins, the operating loss before tax, central management charges and exceptional costs was £0.5m (2007: £0.3m profit).

Sales reservations became particularly difficult in the second half of the six months as the banking crisis led the economy into recession. In response to falls in reservations, we re-appraised the incentives offered by Rippon Homes to attract customers. In December 2008 customer interest started to improve and we have seen improved reservation levels in 2009. We ensure reservations are carefully vetted and then move them to completion. Securing completion is then primarily a function of mortgage availability. We have now secured reservations that should take us close to our revised annual target for completions some three months before the end of the period. It is to be hoped that the Government's and Bank of England's attempts to re-start the mortgage market will prove effective.

Commercial Trading

Artisan (UK) Developments achieved a turnover of £2.0m (2007: £3.7m) generating an operating profit before tax, central management charges and exceptional costs of £0.2m (2007: £0.9m). The turnover was largely attributed to forward sales contracts which have now been successfully completed. Further sales during the remainder of the current year will be sought from existing stock units. To conserve cash, Artisan (UK) Developments decided not to complete on a mooted land purchase, leading to costs of £0.1m being written off in the period under review.

Dividend

The Board has decided that in light of the current market conditions and trading results, no interim dividend should be paid (2007: 1.2p per share).

Market Conditions and response

The market conditions were severe during the period under review, characterised for our customers by restricted access to funds, delays in securing mortgages and a lack of confidence from our commercial customers in their own business prospects and a demand for higher yields from investors.

We have responded to these conditions in a variety of ways. Our sales and marketing incentives include:

- negotiating discounts on both residential and commercial properties
- establishing an innovative and generous 'Rent to Buy' scheme on selected residential properties
- since January 2009, offering a shared equity sale basis on a limited number of our residential properties
- offering excellent part exchange and sales assist schemes to residential customers
- offering lease contracts on commercial properties that allow customers to purchase the freehold interest during the first or second year.

The Group has also reduced, and is continuing to reduce, costs. We have balanced our production to meet demand and we have the objective of reducing our stock of finished units. The primary consequence of this is a very significant reduction in personnel numbers compared with January 2008. The

commercial operation has, by the end of January 2009, reduced its employee numbers by 64%. The residential operation expects to have further reductions comparable in scale to the commercial operation. We very much regret the impact of redundancy on our former employees who have served the Group well. We have also reduced our use of subcontractors and understand the consequent impact on their employees.

Stock and Work In Progress

The Group decided to complete stock for sale in order that sales can be achieved. Therefore stock that was in the course of production has largely been built out to completion and this has, compared with current sales levels, created a high level of finished goods stock held for sale. Residential customers are tending to choose only from completed products. The Board's view is that the completion of work in progress was economically prudent, despite poor market conditions. However by the end of March we will have completed this phase and production will be extremely limited, reflecting customer demand on particular sites for product, and finishing buildings for individual customer requirements. Commercial production has ceased and will only be re-started in the short term if a forward sale is secured or demand improves significantly.

Debt and Banking

The net debt at 31 December 2008 was £24.7m (2007: £20.3m). Included in the 2008 value is £1.54m attributable to the Convertible Loan Note (2007: £nil).

We are currently renegotiating our banking facilities following a breach of covenant at 31 December 2008 as previously announced. We expect to be able to announce a conclusion to the negotiations in the near future and that the restructured facilities will contain covenants more appropriate to trading in the present market conditions.

We are grateful for the understanding and cooperation extended by our bank during this period when the supply of property finance is under great pressure.

Outlook

The outlook for the Group is dependent on the prevailing market conditions and very difficult to predict. We will continue to manage the business by concentrating on realising stocks, cash conservation and debt reduction.

Most of our residential sites are now written down to nil or very low margins and until normal market conditions return and selling prices show improvement, it will be difficult to generate a trading profit. As regards commercial property, whilst our sites generally show better profitability than our residential sites, volumes are very low.

The Group has spent recent years retaining profits and these have helped to generate the cash headroom so important now. Unfortunately current and anticipated trading losses will do much to erode the reserves of the Group and it is quite feasible that at an appropriate time, new equity and debt will be needed to provide for new investment to grow the Group once again.

Michael W. Stevens

Chairman

31 March 2009

Consolidated income statement

six months to 31 December 2008

	Note	Unaudited Six months ended 31 December 2008 £	Unaudited Six months ended 31 December 2007 £	Audited Year ended 30 June 2008 £
Revenue	3	5,085,194	10,620,644	23,412,951
Cost of sales				
Before exceptional items		(4,405,795)	(9,130,498)	(20,100,545)
Exceptional items	4	(1,200,826)	–	(272,247)
Cost of sales		(5,606,621)	(9,130,498)	(20,372,792)
Gross (loss)/profit				
Before exceptional items		679,399	1,490,146	3,312,406
Exceptional items		(1,200,826)	–	(272,247)
Gross (loss)/profit		(521,427)	1,490,146	3,040,159
Other operating income		159,188	182,465	475,946
Administrative expenses				
Before exceptional items		(1,387,419)	(1,191,000)	(2,817,909)
Exceptional items	4	(2,510,461)	–	(5,960)
Administrative expenses		(3,897,880)	(1,191,000)	(2,823,869)
(Loss)/gain on revaluation of investment properties	11	(4,260,119)	481,611	692,236
Operating (loss)/profit				
Before exceptional items		(1,010,940)	703,891	2,177,554
Exceptional items		(3,711,287)	–	(278,207)
Operating (loss)/profit		(4,722,227)	703,891	1,899,347
Finance income	5	189,931	3,755	13,893
Finance expense	6	(704,482)	(627,824)	(1,323,007)
(Loss)/profit before taxation				
Before exceptional items		(1,525,491)	79,822	868,440
Exceptional items		(3,711,287)	–	(278,207)
(Loss)/profit before taxation		(5,236,778)	79,822	590,233
Tax credit	7			
Before exceptional items		–	–	92,699
Exceptional items		–	–	16,323
Tax credit		–	–	109,022
(Loss)/profit for the period attributable to the equity holders of the parent				
Before exceptional items		(1,525,491)	79,822	961,139
Exceptional items		(3,711,287)	–	(261,884)
(Loss)/profit for the period attributable to the equity holders of the parent		(5,236,778)	79,822	699,255
Basic and diluted (loss)/earnings per share	9	(63.87)p	0.97p	8.53p

Consolidated balance sheet at 31 December 2008

		Unaudited As at 31 December 2008 £	Unaudited As at 31 December 2007 £	Audited As at 30 June 2008 £
ASSETS				
Non-current assets				
Intangible assets	10	–	2,454,760	2,454,760
Investment properties	11	3,685,742	3,192,985	4,147,850
Property, plant and equipment		862,649	1,001,319	955,039
Other receivables		428,833	116,667	394,634
		4,977,224	6,765,731	7,952,283
Current assets				
Inventories		39,178,611	42,185,233	39,101,427
Trade and other receivables		929,738	1,173,519	1,118,454
Current tax recoverable		99,733	–	99,733
Cash and cash equivalents		764	1,169	1,497
		40,208,846	43,359,921	40,321,111
Total assets		45,186,070	50,125,652	48,273,394
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings	12	(1,543,495)	(20,317,428)	(19,704,561)
		(1,543,495)	(20,317,428)	(19,704,561)
Current liabilities				
Trade and other payables		(3,920,032)	(8,374,508)	(6,689,273)
Current tax provisions		–	(67,741)	–
Interest bearing loans and borrowings	12	(23,182,953)	–	–
Provisions		(444,072)	(444,072)	(444,072)
		(27,547,057)	(8,886,321)	(7,133,345)
Total liabilities		(29,090,552)	(29,203,749)	(26,837,906)
Net assets		16,095,518	20,921,903	21,435,488
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY				
Called up share capital		1,642,650	1,642,650	1,642,650
Share premium account		10,356,683	10,356,683	10,356,683
Merger reserve		515,569	515,569	515,569
Capital redemption reserve		91,750	91,750	91,750
Revaluation reserve		28,044	93,590	74,840
Retained earnings		3,479,887	8,240,726	8,773,061
Own shares		(19,065)	(19,065)	(19,065)
Total equity	13	16,095,518	20,921,903	21,435,488

Consolidated cash flow statement

six months to 31 December 2008

	Unaudited Six months ended 31 December 2008 £	Unaudited Six months ended 31 December 2007 £	Audited Year ended 30 June 2008 £
Cash flows from operating activities			
(Loss)/profit before taxation	(5,236,778)	79,822	590,233
Impairment of goodwill	2,454,760	–	–
Depreciation	34,262	34,073	69,909
Finance income	(189,931)	(3,755)	(13,893)
Finance expense	704,482	627,824	1,323,007
Share based payments charge	5,094	11,286	22,572
Loss/(profit) on disposal of property, plant and equipment	2,519	(281)	(1,281)
Revaluation loss/(gain) on investment properties	462,108	(222,280)	(1,207,111)
Loss on liquidation of group undertaking	7,681	–	–
Profit on sale of investment property	–	–	(145,537)
Operating (loss)/profit before changes in working capital and provisions	(1,755,803)	526,689	637,899
Increase in inventories	(1,337,214)	(7,392,672)	(4,308,866)
Decrease/(increase) in trade and other receivables	154,517	187,856	(35,046)
(Decrease)/increase in trade and other payables	(1,415,428)	347,304	(1,227,624)
Cash used by operations	(4,353,928)	(6,330,823)	(4,933,637)
Finance income received	7,838	3,755	13,893
Finance costs paid	(769,634)	(588,107)	(1,293,597)
Tax paid	–	(455,786)	(514,238)
Net cash used in operating activities	(5,115,724)	(7,370,961)	(6,727,579)
Cash flows from investing activities			
Purchase of property, plant and equipment	(3,190)	(36,106)	(44,387)
Capital expenditure on investment properties	–	(2,034,946)	(2,449,981)
Proceeds from sale of investment property	–	–	490,538
Proceeds from sale of property, plant and equipment	12,003	553	1,528
Costs of liquidation of group undertaking	(7,681)	–	–
Net cash from/(used in) investing activities	1,132	(2,070,499)	(2,002,302)
Cash flows from financing activities			
Dividends paid	(61,490)	(122,980)	(221,364)
New convertible loan note issued	1,696,957	–	–
Movement on bank borrowings	3,478,392	9,564,483	8,951,616
Net cash from financing activities	5,113,859	9,441,503	8,730,252
Net (decrease)/increase in cash and cash equivalents	(733)	43	371
Cash and cash equivalents at the beginning of the period	1,497	1,126	1,126
Cash and cash equivalents at the end of the period	764	1,169	1,497

Notes to the interim statement

1. BASIS OF PREPARATION

This consolidated interim financial information in this condensed report is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and on the basis of the accounting policies set out in the 2008 annual report and accounts, being accounting policies consistent with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union. The Interim Statement has been prepared on a going concern basis.

The endorsed IFRS that will be effective (or available for early adoption) in the financial statements for the year ending 30 June 2009 are still subject to change and to additional interpretation and therefore cannot be determined with certainty. Accordingly, the accounting policies for the period will only be determined finally when the consolidated financial statements are prepared for the year ending 30 June 2009.

The interim financial information for the 6 months ended 31 December 2008 and 31 December 2007 has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board, and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. Comparative financial information for the year ended 30 June 2008 has been derived from information extracted from the statutory accounts for that period. The 2008 annual report and accounts, which received an unqualified opinion from the auditors, did not include any reference to matters to which the auditors drew attention to by way of emphasis without qualifying the report, and did not contain a statement under section 237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies.

Going concern

In determining the appropriate basis of preparation of the Interim Statement, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Group’s business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Chairman’s statement on pages 2 to 4. Our ability to continue trading is dependant on our debt facilities remaining available to us. The Group expects to restructure its banking facilities and agree loan covenants that are more reflective of the trading and cash flow as indicated in the Group’s internal forecasts. However, the key factor in the ability of the Group to continue to comply with the covenants will be its ability to generate cash from the sale of stock properties and we will have to take whatever steps we can to ensure that sufficient cash flow is maintained.

If conditions in the UK economy that impact on the Group’s activities worsen further than that assumed in the Group’s current internal forecasts then there is a risk that the Group may find that it is unable to meet any revised banking covenant obligations and would therefore need to seek a further restructuring of such facilities before their renewal. Failure to agree a restructuring of facilities, or to obtain other funding, may cast significant doubt about the Group’s ability to continue as a going concern.

Nevertheless, based on the Group’s current internal forecasts, the Directors believe that the Group will secure appropriate facility terms and accordingly believe that it is appropriate to prepare the Interim Statement on the going concern basis.

2. ACCOUNTING POLICIES

The interim financial information has been prepared by applying the accounting policies and presentation that were applied in the preparation of the Group’s published consolidated financial statements for the year ended 30 June 2008, except for the following new and amended accounting policies:

Exceptional items: exceptional items comprise items of income and expense that are material in amount and unlikely to recur and which, individually or, if of a similar type, in aggregate, merit separate disclosure if the financial statements are to give a true and fair view.

Financial liabilities: convertible loan notes – the terms of the Group’s convertible loan note are such that it is considered to be a hybrid instrument comprising a financial liability (loan) and an embedded derivative (share option). At the date of issue both elements are included in the balance sheet at fair value. The fair value of the loan element was estimated using the prevailing market interest rate for similar non convertible debt. Subsequently the loan element is accounted for at amortised cost and is accreted up to the redemption amount each year. The fair value of the share option element was estimated using the binomial option pricing model with subsequent changes in fair value being recognised in the income statement. Both the debt and share option are included in the balance sheet within liabilities.

3. SEGMENTAL ANALYSIS

The Group operates through its three principal business segments: Residential development, Commercial development and Property Investment. The Group does not operate outside the United Kingdom. A summary of the segmental trading results is shown below:

Six months ended 31 December 2008	Residential Development £	Commercial Development £	Property Investment £	Eliminations £	Total £
Revenue					
External revenue	2,897,447	2,037,766	149,981	–	5,085,194
Inter-segment revenue	–	–	21,930	(21,930)	–
	2,897,447	2,037,766	171,911	(21,930)	5,085,194
Segment result					
Segment result before central charges and exceptional items	(490,063)	202,304	(347,444)	46,796	(588,407)
Exceptional items	(3,603,665)	(99,941)	–	–	(3,703,606)
Segment result before central charges but after exceptional items	(4,093,728)	102,363	(347,444)	46,796	(4,292,013)
Central charges	(242,652)	(217,575)	(65,773)	–	(526,000)
Segment result after central charges and exceptional items	(4,336,380)	(115,212)	(413,217)	46,796	(4,818,013)
Unallocated corporate expenses (including £7,681 of exceptional costs)					(249,951)
Unallocated corporate income					345,737
Finance expense					(704,482)
Finance income					189,931
Loss before taxation					(5,236,778)
Tax credit					–
Loss after taxation					(5,236,788)

3. SEGMENTAL ANALYSIS (continued)

Six months ended 31 December 2007	Residential Development £	Commercial Development £	Property Investment £	Eliminations £	Total £
Revenue					
External revenue	6,930,023	3,689,246	1,375	–	10,620,644
Inter-segment revenue	228,000	1,973,304	2,982	(2,204,286)	–
	7,158,023	5,662,550	4,357	(2,204,286)	10,620,644
Segment result					
Segment result before central charges	348,489	912,709	284,556	(329,387)	1,216,367
Central charges	(312,068)	(185,161)	(46,249)	–	(543,478)
Segment result after central charges	36,421	727,548	238,307	(329,387)	672,889
Unallocated corporate expenses					(316,668)
Unallocated corporate income					347,670
Finance expense					(627,824)
Finance income					3,755
Profit before taxation					79,822
Tax credit					–
Profit after taxation					79,822
Year ended 30 June 2008	Residential Development £	Commercial Development £	Property Investment £	Eliminations £	Total £
Revenue					
External revenue	14,905,807	8,380,617	126,527	–	23,412,951
Inter-segment revenue	228,000	2,326,741	24,551	(2,579,292)	–
	15,133,807	10,707,358	151,078	(2,579,292)	23,412,951
Segment result					
Segment result before central charges	(29,760)	1,761,505	1,458,971	(253,151)	2,937,565
Central charges	(606,098)	(406,046)	(99,133)	–	(1,111,277)
Segment result after central charges	(635,858)	1,355,459	1,359,838	(253,151)	1,826,288
Unallocated corporate expenses					(566,612)
Unallocated corporate income					639,671
Finance expense					(1,323,007)
Finance income					13,893
Profit before taxation					590,233
Tax credit					109,022
Profit after taxation					699,255

4. EXCEPTIONAL ITEMS

	Six months ended 31 December 2008 £	Six months ended 31 December 2007 £	Year ended 30 June 2008 £
Costs			
Charged to cost of sales			
Inventory – net realisable value provision	1,114,855	–	272,247
Withdrawal from land purchase contracts	85,971	–	–
	1,200,826	–	272,247
Charged to administrative expenses			
Goodwill impairment charge	2,454,760	–	–
Redundancy costs	48,020	–	5,960
Costs of liquidation of group undertaking	7,681	–	–
	2,510,461	–	5,960
Total exceptional costs	3,711,287	–	278,207

The exceptional items reflect the Board's action taken in response to a significant deterioration in market conditions. These actions include write downs to the carrying value of inventories to net realisable value, a goodwill impairment charge, aborted costs following the withdrawal from land purchase contracts and redundancy costs resulting from a reduction in headcount across the Group. The costs of liquidation of group undertaking relate to the winding up of a dormant overseas subsidiary.

5. FINANCE INCOME

	Six months ended 31 December 2008 £	Six months ended 31 December 2007 £	Year ended 30 June 2008 £
Change in fair value of financial derivative	182,093	–	–
Other interest	7,838	3,755	13,893
	189,931	3,755	13,893

6. FINANCE EXPENSE

	Six months ended 31 December 2008 £	Six months ended 31 December 2007 £	Year ended 30 June 2008 £
Bank overdrafts and loans repayable within 5 years	637,411	627,824	1,320,974
Convertible loan note interest based on amortised cost	67,071	–	–
Other interest	–	–	2,033
	704,482	627,824	1,323,007

7. TAXATION

The taxation charge for the 6 months has been calculated at an expected annual effective rate of Nil% (31 December 2007 Nil%) as the result of the loss incurred for the period (31 December 2007: anticipated use of brought forward capital and trading losses).

8. DIVIDENDS

The Board does not propose to pay an interim dividend (2007: £98,384).

9. (LOSS)/EARNINGS PER SHARE

The calculation of earnings per share is based on the loss on ordinary activities after taxation and 8,198,658 (31 December 2007: 8,198,658) ordinary shares being the weighted average number of shares in issue during the half year (excluding treasury shares). The weighted average number of shares in issue during the year ended 30 June 2008, excluding treasury share, was 8,198,658. There are no potentially dilutive shares in 2008 and 2007.

10. INTANGIBLE NON CURRENT ASSETS

	Six months ended 31 December 2008 £	Six months ended 31 December 2007 £	Year ended 30 June 2008 £
Goodwill			
Carrying value			
At beginning of period	2,454,760	2,454,760	2,454,760
Impairment charge in income statement	(2,454,760)	–	–
At end of period	–	2,454,760	2,454,760

The goodwill arose on the acquisition of Rippon Homes Limited in 2000. As explained in the Chairman's Statement, the Group normally carries out an annual impairment review as required by IAS 36. However, because of the extraordinary change in market conditions since the last year end an impairment review was also undertaken at 31 December 2008 and this showed that the goodwill was impaired.

The impairment review was carried out using the methodology outlined in the Report and Accounts for the year ended 30 June 2008. It was based on cash flow forecasts derived from projections for the period to 30 June 2010 and then extrapolated a further three years, after which an annual growth rate of 2% per annum in perpetuity was assumed. The rate used to discount the forecast cash flows was 8.23%.

11. INVESTMENT PROPERTIES

	Six months ended 31 December 2008 £	Six months ended 31 December 2007 £	Year ended 30 June 2008 £
Fair value			
At beginning of period	4,147,850	1,515,897	1,515,897
Additions – capital expenditure	–	1,923,718	2,238,753
Transfer to property, plant and equipment in respect of owner occupied property	–	(468,910)	(468,910)
Disposals	–	–	(345,001)
	4,147,850	2,970,705	2,940,739
Revaluations included in income statement	(462,108)	222,280	1,207,111
At end of period	3,685,742	3,192,985	4,147,850
Historical cost of investment properties	2,779,931	2,709,021	2,779,931

The fair values of the Group's investment properties at 31 December 2008 have been arrived at on the basis of open market value by the directors, who are suitably experienced and having regard to professional advice.

12. BORROWING

	Six months ended 31 December 2008 £	Six months ended 31 December 2007 £	Year ended 30 June 2008 £
Amounts falling due within one year			
Secured bank loans	23,182,953	–	–
Amounts falling due after one year			
Secured bank loans	–	20,317,428	19,704,561
Convertible loan note – debt element	1,509,499	–	–
Convertible loan note – option element	33,996	–	–
Total borrowings	24,726,448	20,317,428	19,704,561

The secured bank loans comprise a £30 million revolving credit loan which expires on 1 July 2010 and a £4,296,750 investment property facility which was fully drawn at 31 December 2008 and which expires on 30 June 2012. As a result of the breach of the loan covenants extant at 31 December 2008 both the revolving credit loan and the investment property loan have been reclassified as due within one year at the balance sheet date, as the Bank could request repayment of the loans at any time. As already stated the Group continues to negotiate a restructuring of the facility.

The convertible loan notes were issued on 1 August 2008 to Aspen Finance Limited, a company in which Michael Stevens is beneficially interested. The convertible loan notes are unsecured and are subordinated to the banking facilities provided by The Royal Bank of Scotland plc. They are repayable on 1 July 2012, although, subject to the terms of the Subordination Deed with The Royal Bank of Scotland plc, the Company may redeem the loan notes at par value plus accrued interest, either as a whole or in part, in cash in multiples of not less than £100,000 nominal value at any time after the second anniversary of their issue.

The loan notes carry interest at a rate of 1.25% above The Royal Bank of Scotland plc's base rate and are convertible at any time, at the holder's option, into Ordinary Shares of 20p each in the capital of the Company. The conversion price is:

- until 30 June 2009, 34.125p per Ordinary Share;
- from 1 July 2009 to 30 June 2010, 80p per Ordinary Share;
- from 1 July 2010 to 30 June 2011, 85p per Ordinary Share;
- after 30 June 2011, 90p per Ordinary Share.

The Group's accounting policy for the convertible loan note is set out in note 2.

13. CONDENSED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 December 2008 £	Six months ended 31 December 2007 £	Year ended 30 June 2008 £
Opening equity	21,435,488	20,860,185	20,860,185
Revaluation (loss)/gain on owner occupied property recognised in equity	(46,796)	93,590	74,840
(Loss)/profit for the period	(5,236,778)	79,822	699,255
Total recognised income and expense for the period	(5,283,574)	173,412	774,095
Dividends paid	(61,490)	(122,980)	(221,364)
Credit to retained earnings in respect of employee share schemes	5,094	11,286	22,572
Closing equity	16,095,518	20,921,903	21,435,488

14. APPROVAL OF INTERIM STATEMENT

The interim statement was approved by the Board of Directors on 31 March 2009. Copies are being sent to all shareholders. Copies of this statement will be available to members of the public, free of charge, from the Company's registered office, Vantage House, Vantage Park, Washingley Road, Huntingdon, Cambridgeshire, PE29 6SR.

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