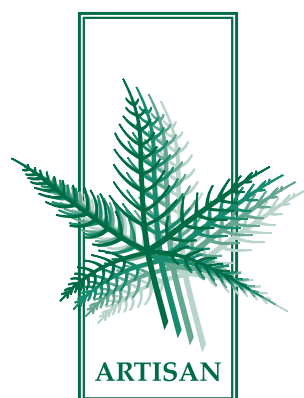




ARTISAN (UK) Plc

INTERIM STATEMENT

*For the Six Months
to 30th September 2001*



UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001

CHAIRMAN'S INTERIM STATEMENT FOR THE PERIOD TO 30TH SEPTEMBER 2001

FINANCIAL HIGHLIGHTS

For the 6 months to 30th September 2001

	Six months 30th September 2001	Six months 30th September 2000	Year to 31st March 2001
Turnover	£30,358,364	£38,556,637	£81,364,520
Profit before tax	£3,249,044	£5,518,619	£9,909,435
Dividend per share – interim	0.25p	0.25p	0.25p
Dividend per share – final			0.35p
Earnings per share	0.77p	1.52p	2.59p
Net Assets	£35,637,249	£29,631,850	£34,146,473

During the period under review your group continued to expand its core activities of house building, commercial development and property services. Rippon Homes, Artisan Developments and Speymill have in particular had a good first half, in two cases ahead of group budgets at the half way stage.

The Group has committed to add to its Property Services Division by taking a stake in property maintenance and facilities manager, Wigmore Group plc which is soon to be floated. This investment underlines our commitment to property services in a controlled way. We believe significant synergies exist between the two businesses. The Group's shareholding will carry the right to appoint a director to the Board of Wigmore to represent our interests and promote joint venture co-operation.

During the period the Company has had several merger discussions in which we have so far not been able to conclude negotiations, in part due to the low rating of the Company's shares.

Our investment in Propan Homes plc was sold at a small loss, and is included in the above figures as well as other abortive merger costs.

The market in which your group operates remains stable despite uncertainties following the tragedy of 11th September. Lettings at our Colmworth Business Park, which has several U.S. subsidiaries as prospective tenants, are progressing after some delay.

The Company's joint venture with Living Heritage Holdings had a disappointing first half producing a loss in the first half against an anticipated profit. Our investment in this venture is being closely monitored but the outcome for the year is likely to be substantially below our earlier expectations.



We are pleased to announce the appointment of Mr. John Jones (currently Chief Executive of Rippon Homes) to the Board of Artisan with particular responsibility for all house building and residential including joint venture activities. The appointment endorses the Board's commitment to house building

The Board intends to hold the interim dividend at the same level as last year and to pay a dividend of 0.25p to shareholders on the register as at 1st February 2002. Payment of the dividend will be made on 21st February 2002.

On this occasion both myself and my family interests have waived our rights to that dividend.

Pursuant to the authority to buy-back the Company's own shares given to the Directors at the last Annual General Meeting, the Board intends to implement part of that authority from 18th December 2001. The effect of such repurchase should significantly improve earnings per share.

For the past two years my involvement with the Group has been part time. I have recently relinquished other outside executive responsibilities and in order to strengthen management, I am now able to provide a greater commitment to the Group.

Financial Review

During the six months to 30th September 2001, the Group has made considerable progress in reducing fixed term bank and vendor loans with repayments totalling £8.2 million. Our recently negotiated banking facilities allow the Group to flex its debt requirements to meet development and investment opportunities.

Rippon Homes Ltd has during the current interim period continued to produce strong recurring turnover to the Group and has contributed profits above our expectations on acquisition.

The Group's turnover in the current interim period is £30.4 million (30th September 2000: £38.6 million) and the profit before tax is £3.25 million (30th September 2000: £5.5 million).

The principal reasons for the change are:

- Significant turnover and profits were generated by large projects completed in Gryphon Developments plc in the six months to 30th September 2000. We would not expect these exceptionally good returns to be repeated every year.
- Losses from the Living Heritage Group.
- In the six months to 30th September 2000 the Group achieved significant returns from the Envesta plc transaction, a non-core activity, which have not been repeated in the current period. Artisan no longer holds any Envesta shares.

The disposal of the regional contracting operations has provided not only a profit on disposal, but also relieved the Group of the vagaries of general contracting. The Group management is now able to concentrate on the continuing operations.

There have been no further share issues since 31st March 2001 and net assets per share has increased to 12.41p, up from 11.89p per share at 31st March 2001.



HOUSING DIVISION

Rippon Homes Limited

Rippon Homes made a very satisfactory contribution in its first full six months of trading since our acquisition, meeting the demanding production and sales targets set with fifty eight plots sold and maintaining better than budgeted margins under the stewardship of its management team, led by the experienced John Jones.

New sites were opened at Mansfield (Nottinghamshire), South Normanton (Derbyshire) and Ingham (Lincolnshire) and although the planning process is becoming far more difficult, as reported across the industry, Rippon Homes has adapted well and recently successfully won an appeal on a planning decision on a five acre land bank site in Bilsthorpe, significantly enhancing value of the site.

Living Heritage Group

Andrew Crosby was appointed Managing Director in September and the finance team has been strengthened by the appointment of a new financial controller.

Twenty-six plots were sold in the first half of the year, with the Codicote and Putteridge Bury sites in Hertfordshire performing well, but otherwise sales and profitability have been below expectations.

Two new sites have been purchased in the Hertfordshire/Buckinghamshire area, a barn conversion scheme in Puttenham and a new build town centre apartment development in Berkhamsted.

COMMERCIAL DIVISION

Artisan (UK) Developments Limited

Artisan (UK) Developments has performed well in its core business park activity, although lettings and occupier sales are proving more difficult to secure since September.

All the units on the Minerva Business Park have now been sold, and substantial progress made on the development of the twenty-two acre Colmworth Business Park. The new 14,000 sq.ft. office development at St. Ives is well underway, on programme and budget. We are expecting shortly to exchange on the purchase of a three acre site for a business park in Huntingdon.

Conditions have been more difficult in the larger office sector, where despite securing planning consent on a 68,000 sq.ft. office site at St Albans, the absence of institutional finance to forward fund this scheme has led the Directors to postpone development plans, in preference to proceeding on a speculative risk basis. A 24,000 sq.ft. pre-sold office development in Watford was completed in the period, but our eventual profit share will be eroded by the delays in finding a tenant.

All the Company's own residual housing stock has now been developed and sold, with the exception of the final units in the joint venture programme with Gleeson Homes reaching completion.



PROPERTY SERVICES DIVISION

Speymill Contracts Limited

The leisure industry continues to thrive and Speymill Contracts are ideally suited to cater for the demands in this busy sector. The company remains focused carrying out fit-outs, refurbishments and new build projects in Hotels, Restaurants, Clubs and Public Houses.

The first six months have seen a successful start to the new financial year with turnover standing at £8.7 million, which is slightly up on the same period last year, and profits have seen a marked increase, being 16% ahead of the same period last year. Speymill have established themselves as preferred contractors with a number of key clients and their major clients remain Scottish and Newcastle Retail, S.F.I., The Old Monk Pub Company, Pizza Express, Charles Wells and Regent Inns. New clients include Fish Plc, McMullens and Out of Town Restaurants.

Speymill have completed a variety of projects including a £1.8 million Premier Lodge new build for Scottish and Newcastle Retail at Crawley which was only the second new build lodge that achieved zero defects at completion of build. Speymill continue to work nationally having completed in the year a £1.3 million conversion of an existing swimming pool leisure complex into The Old Monk Pub Company Springbok concept at Newquay, Cornwall. The Walkabout concept for Regent Inns was completed at Bristol and Speymill are currently completing a Jongleurs Comedy Club, Walkabout and Surfers Paradise for Regent Inns in Glasgow. Speymill also continue to complete a variety of projects for S.F.I. in their Litten Tree brands and the recently completed new Bar Med concept at Lincoln. Speymill have completed two of the Fish! concepts at Manchester and Marlow and are shortly to commence a project in St. Albans.

The outlook for the future looks promising with secured work for the year 31st March 2002 already totalling £14.7 million and our key clients are suggesting some large development programmes for the next twelve months.

Future Prospects

I believe our business is well placed to take advantage of the opportunities that arise within its market sector.

We have seen substantial growth over the past three years, which has been driven both organically, and also through acquisition. The board has examined a number of acquisition targets over the past few months but due to the low valuation of our business we are of the opinion that this would not be earnings enhancing. The board is reviewing a range of alternative strategies that would deliver shareholder value. All shareholders will be kept fully informed about these events.

In conclusion I wish to thank all the staff and management for their continued loyalty and support.

STEPHEN DEAN

Chairman and Chief Executive



CONSOLIDATED PROFIT AND LOSS ACCOUNT

Six months to September 2001

	Six months ended 30th September 2001 (Unaudited) £	Six months ended 30th September 2000 (Unaudited) £	Year ended 31st March 2001 (Audited) £
Turnover			
Continuing operations – existing	25,905,504	26,589,527	55,175,066
– acquisitions	–	–	2,084,838
Discontinued activities	4,452,860	11,967,110	24,104,616
Total Turnover	30,358,364	38,556,637	81,364,520
Less: Group's share of associate's turnover	(3,351,006)	(804,578)	(3,287,934)
Group Turnover	27,007,358	37,752,059	78,076,586
Operating profit			
Continuing operations – existing	2,395,886	4,809,059	9,898,791
– acquisitions	–	–	215,416
Discontinued activities	(72,436)	(377,053)	297,091
Cost of aborted transactions	(227,626)	–	–
Group's share of Operating (Loss)/Profit of Associate	(411,921)	(193,762)	210,470
Total Operating Profit	1,683,903	4,238,244	10,621,768
Interest receivable and similar income	334,814	1,648,807	712,367
Profit on sale of group undertaking	1,924,997	–	287,277
Interest payable	(694,670)	(368,432)	(1,711,977)
Profit on ordinary activities before taxation	3,249,044	5,518,619	9,909,435
Taxation on ordinary activities	(1,157,599)	(1,771,402)	(2,983,222)
Taxation on associate share of loss/(profit)	117,363	58,129	(76,950)
Profit on ordinary activities after taxation	2,208,808	3,805,346	6,849,263
Dividends – interim at cash value	(718,032)	(659,134)	(1,283,823)
– <i>in specie</i> dividends	–	(1,730,988)	(2,632,617)
Retained profit	1,490,776	1,415,224	2,932,823
Earnings per share	0.77p	1.52p	2.59p
Fully diluted earnings per share	0.77p	1.48p	2.58p
Dividends per share – Total	0.25p	0.91p	1.42p
– Interim at cash value	0.25p	0.25p	0.25p
– <i>in specie</i>	–	0.66p	0.82p
– Final at cash value	–	–	0.35p



CONSOLIDATED BALANCE SHEET

	As at 30th September 2001 (Unaudited) £	As at 30th September 2000 Restated (Unaudited) £	As at 31st March 2001 (Audited) £
Fixed assets			
Tangible fixed assets	1,428,646	2,350,337	2,433,528
Intangible fixed assets	13,740,801	11,176,733	14,110,245
Investments in associates	919,686	693,335	1,214,245
	<u>16,089,133</u>	<u>14,220,405</u>	<u>17,758,018</u>
Current assets			
Investments	1,664,144	5,024,237	4,157,109
Stocks	26,109,213	24,363,350	27,385,667
Debtors	23,123,051	14,398,522	23,868,248
Cash at bank and in hand	120,934	5,697,555	5,375,378
	<u>51,017,342</u>	<u>49,483,664</u>	<u>60,786,402</u>
Creditors			
Amounts falling due within one year	(22,772,755)	(31,088,909)	(35,331,379)
Net current assets	<u>28,244,587</u>	<u>18,394,755</u>	<u>25,455,023</u>
Total assets less current liabilities	<u>44,333,720</u>	<u>32,615,160</u>	<u>43,213,041</u>
Creditors			
Amounts falling due after more than one year	(8,696,471)	(2,983,310)	(9,066,568)
Net Assets	<u>35,637,249</u>	<u>29,631,850</u>	<u>34,146,473</u>
Capital and reserves			
Called up share capital	1,436,064	1,318,269	1,436,064
Share premium account	18,428,211	15,548,982	18,428,211
Other reserves	9,358,749	9,358,749	9,358,749
Profit and loss account	6,414,225	3,405,850	4,923,449
Equity shareholders' funds	<u>35,637,249</u>	<u>29,631,850</u>	<u>34,146,473</u>
Total loan balances included in creditors	<u>13,934,492</u>	<u>15,850,442</u>	<u>22,141,442</u>



CONSOLIDATED CASH FLOW

	Six months ended 30th September 2001 (Unaudited) £	Six months ended 30th September 2000 (Unaudited) £	Year ended 31st March 2001 (Audited) £
Net cash (outflow)/inflow from operating activities	(1,808,892)	54,362	5,791,772
Returns on investments and servicing of finance			
Interest received and similar income	334,814	892,180	712,367
Interest paid	(694,670)	(368,432)	(1,711,977)
	<u>(359,856)</u>	<u>523,748</u>	<u>(999,610)</u>
Taxation			
UK Corporation tax paid	(80,618)	(50,086)	(1,006,686)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(2,161)	(571,192)	(676,024)
Sale of tangible fixed assets	—	382,561	1,006,741
	<u>(2,161)</u>	<u>(188,631)</u>	<u>330,717</u>
Acquisitions and disposals			
Purchase of subsidiary undertakings	—	(241,382)	(11,847,585)
Disposal of subsidiary undertakings	1,914,433	—	—
Cash disposal with subsidiary undertakings	(71,450)	—	—
Purchase of share in associate undertaking	—	(156,479)	(156,479)
	<u>1,842,983</u>	<u>(397,861)</u>	<u>(12,004,064)</u>
Equity Dividends Paid	<u>—</u>	<u>—</u>	<u>(1,061,801)</u>
Net cash outflow before financing	<u>(408,544)</u>	<u>(58,468)</u>	<u>(8,949,672)</u>
Financing			
Issue of shares net of costs	—	150,000	1,997,381
(Repayment of)/Additions to borrowings	(7,351,950)	2,144,065	10,382,092
Capital element of finance leases	47,817	213,759	149,405
	<u>(7,304,133)</u>	<u>2,507,824</u>	<u>12,528,878</u>
(DECREASE)/INCREASE IN CASH	<u><u>(7,712,677)</u></u>	<u><u>2,449,356</u></u>	<u><u>3,579,206</u></u>



NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	Six months ended 30th September 2001 (Unaudited) £	Six months ended 30th September 2000 (Unaudited) £	Year ended 31st March 2001 (Audited) £
Operating profit	1,683,903	4,238,244	10,621,768
Depreciation	135,324	122,220	344,479
Amortisation	390,156	62,977	656,700
Loss/(Profit) on sale of trade investments	94,129	(82,460)	(1,347,865)
Loss/(Profit) retained in associated company	391,209	193,762	(256,500)
Increase in investments	(850,244)	(2,091,229)	(2,594,188)
Decrease in stock	977,835	395,677	4,790,223
Increase in debtors	(1,982,971)	(501,141)	(980,276)
Decrease in creditors	(2,648,233)	(2,283,688)	(5,442,569)
Net cash (outflow)/inflow from operating activities	<u>(1,808,892)</u>	<u>54,362</u>	<u>5,791,772</u>

(b) Reconciliation of net cash flow to movement in net debt

	Six months ended 30th September 2001 (Unaudited) £	Six months ended 30th September 2000 (Unaudited) £	Year ended 31st March 2001 (Audited) £
(Decrease)/Increase in cash	(7,712,677)	2,449,346	3,579,206
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	7,399,767	(2,357,824)	(10,531,497)
Debt disposed of on sale of subsidiary	891,460	—	—
Shares issued to settle Loan Notes converted	—	—	495,000
Change in net debt resulting from cash flows	<u>578,550</u>	<u>91,522</u>	<u>(6,457,291)</u>
Opening net debt	<u>(17,034,515)</u>	<u>(10,577,224)</u>	<u>(10,577,224)</u>
Closing net debt	<u>(16,455,965)</u>	<u>(10,485,702)</u>	<u>(17,034,515)</u>



(c) Analysis of net cash and debt

	At 31st March 2001 £	Cash Flow £	Disposal of Subsidiaries £	At 30th September 2001 £
NET CASH				
Cash at bank	5,375,378	356,440	–	5,731,818
Bank Overdrafts	–	(8,069,117)	–	(8,069,117)
	5,375,378	(7,712,677)	–	(2,337,299)
DEBT				
Finance leases	(268,451)	47,817	36,460	(184,174)
Debt due within one year	(13,641,442)	7,051,950	855,000	(5,734,492)
Debt due after more than one year	(8,500,000)	300,000	–	(8,200,000)
Net (debt)	<u>(17,034,515)</u>	<u>(312,910)</u>	<u>891,460</u>	<u>(16,455,965)</u>

(d) Major Non-Cash Transactions

During the period the Group sold its investment in EnterpriseAsia.com plc to Stratus Services Group Inc in exchange for a 7 year Loan Note to the value of £3,249,080.



NOTES TO THE INTERIM STATEMENT

1. The interim financial information has been prepared on the basis of the accounting policies set out in the Group's 2001 statutory accounts to 31st March 2001. The interim figures have not been audited. The interim financial statement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (The "Act"). Comparative financial information for the 12 months ended 31st March 2001 has been extracted from the statutory accounts for the period which have been delivered to the registrar of Companies and upon which the auditors gave an unqualified report, with no statement under Section 237(2) or (3) of the Act.
2. The Corporation tax charge on ordinary activities for the six months to 30th September 2001 of £1,157,599 includes £630,000 of tax charge relating to the profit on disposal of Group undertakings.
3. The restatement of the 30th September 2000 interim results is principally to reflect the now discontinued activities in the comparative results as well as the 30th September 2001 results.
4. The taxation charge for the 6 months has been calculated at an effective rate of 30% (30th September 2000: 31%).
5. The calculation of earnings per share is based on the profit on ordinary activities after taxation and 287,212,760 (30th September 2000: 250,348,236) ordinary shares being the weighted average number of shares in issue during the half year. The weighted average number of shares in issue during the twelve months ended 31st March 2001 was 264,919,700.

The calculation of fully diluted earnings per share is based on the profit on ordinary activities after taxation and 287,914,282 (30th September 2000: 256,428,236) ordinary shares being the weighted average number of shares in issue during the half-year, after allowing for share options.

6. The Directors have declared an interim dividend of 0.25p per share cash to shareholders on the register at the close of business on 1st February 2002 which will be paid on 21st February 2002.
7. The interim statement was approved by the board of Directors on 17th December 2001. 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, Dean House, Sovereign Court, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

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Registered No. 3630998**

STEPHEN DEAN

Chairman and Chief Executive

18th December 2001

