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C O R P O R A T E P R O F I L E

ARTISAN (UK) PLC

Artisan (UK) plc is the holding company for a group of property development companies and a property holding company. Artisan (UK) plc commenced trading in December 1998 by acquiring three trading subsidiaries through the de-merger from a listed company, then known as Dean Corporation plc. The current principal trading companies are shown below.

ARTISAN (UK) DEVELOPMENTS LIMITED

This company now specialises in commercial developments of light industrial units and commercial office space. Its activity is concentrated in Cambridgeshire and Hertfordshire.

RIPPON HOMES LTD

Rippon Homes, which has been part of the Artisan Group since December 2000, is a residential house developer based in Mansfield operating in the East Midlands and Lincolnshire areas.

LIVING HERITAGE DEVELOPMENTS LTD

Living Heritage Developments and its subsidiaries specialise in the conversion of attractive older buildings in desirable locations into quality apartments and individual buildings, together with an increasing element of new build in a similar style.

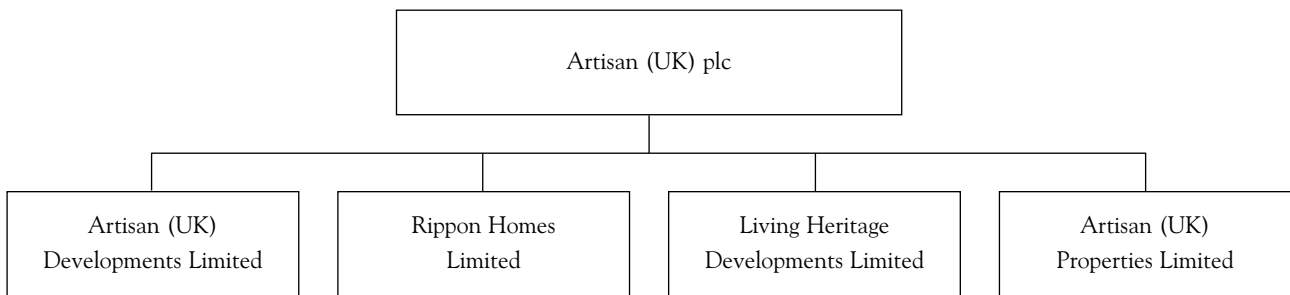
ARTISAN (UK) PROPERTIES LTD

It has not been the Group's intention to hold property in the long term, but where the Group holds tenanted properties and properties available for tenants, they are held in this company.

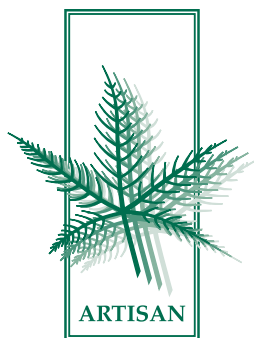


C O R P O R A T E P R O F I L E

GROUP STRUCTURE AND PRINCIPAL TRADING SUBSIDIARIES



All of the above companies are 100% subsidiaries of Artisan (UK) plc.



DIRECTORS AND ADVISERS

COMPANY NUMBER:

3630998

REGISTERED OFFICE:

Dean House, Sovereign Court, Ermine Business Park, Huntingdon,
Cambridgeshire PE29 6XU

DIRECTORS:

Michael Stevens	(NON EXECUTIVE CHAIRMAN)
Martyn Freeman	(CHIEF EXECUTIVE)
Christopher Musselle	(FINANCE DIRECTOR)
Norman Saunders	(NON-EXECUTIVE)
John Hemingway	(NON-EXECUTIVE)
Stephen Dean	(NON-EXECUTIVE)

SECRETARY:

Philip Speer

AUDITORS:

Spokes & Company, Hilden Park House, 79 Tonbridge Road, Hildenborough, Kent TN11 9BH

REGISTRAR:

Capita IRG Plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ

NOMINATED ADVISERS:

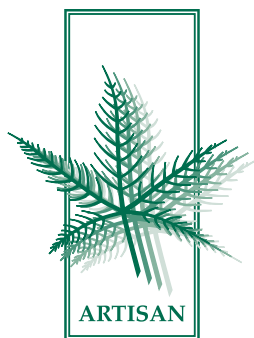
Seymour Pierce Limited, 29-30 Cornhill, London EC3V 3NF.

STOCKBROKER:

Seymour Pierce Limited, 29-30 Cornhill, London EC3V 3NF.

LEGAL ADVISERS:

Philip Speer & Co., 51 Cambridge Place, Cambridge, CB2 1NS

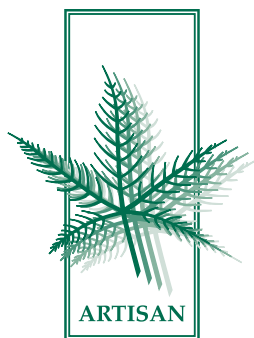


FINANCIAL HIGHLIGHTS

For the year ended 31 March 2002

	YEAR TO 31 MARCH 2002 £	YEAR TO 31 MARCH 2001 £
GROUP TURNOVER	63,292,876	81,364,520
GROUP OPERATING PROFIT EXCLUDING GOODWILL	3,501,105	11,021,968
PROFIT BEFORE INTEREST AND TAX EXCLUDING GOODWILL	7,306,955	11,565,745
FINAL DIVIDEND PER SHARE	0.15p	0.35p
EARNINGS PER SHARE EXCLUDING GOODWILL	2.10p	2.83p
EARNINGS PER SHARE INCLUDING GOODWILL	(4.72p)	2.59p
NET ASSETS	19,151,273	34,146,473

ANNUAL GENERAL MEETING	17 SEPTEMBER 2002
FINAL DIVIDEND	TO BE PAID ON 2 OCTOBER 2002 TO SHAREHOLDERS REGISTERED 9 AUGUST 2002
INTERIM RESULTS 2003	ANNOUNCEMENT EXPECTED DECEMBER 2002
INTERIM DIVIDEND 2003	PAYMENT EXPECTED FEBRUARY 2003
FINAL RESULTS 2003	ANNOUNCEMENT EXPECTED JULY 2003



CHAIRMAN'S STATEMENT

During the year we have undertaken and carried out an evaluation of the Group's activities, which has resulted in a number of disposals culminating in that of the Speymill Contracts business.

The year to 31 March 2002 saw strong performances from both our commercial and residential property development business and in particular there has been a strong contribution from Rippon Homes.

As reported at the interim stage, we had experienced serious difficulties with Living Heritage as an independently managed associate business of the Artisan Group. Although this substantially impacted upon our year end results I am pleased to report that the Board have implemented strategic management changes bringing Living Heritage under the direct control of the Artisan Group's management.

The results for this period prior to goodwill, taxation and interest show a profit of £7.31 million on turnover of £59.46 million.

During the year Artisan bought back 5.85 million shares of its issued share capital with a further 13.35 million purchased shortly after the year end. These in total reduced the issued share capital by nearly 7%.

The Directors will be recommending a final dividend for the year to 31 March 2002 of 0.15p, which is subject to shareholders approval at the Annual General Meeting of the Company.

As announced in May, I am delighted to welcome both Michael Stevens and John Hemingway to the Board as non-executive Directors and the appointment of Martyn Freeman as Chief Executive. With their considerable expertise and experience within the property sector, I believe that together, they will add significantly to the future development of the Group.

The future strategy of the Group will be to concentrate primarily on larger scale commercial and residential developments both in the UK and Europe to generate the growth expected by our shareholders from the Company's potential.

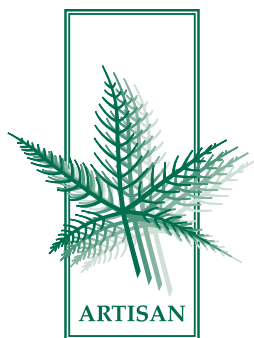
Following these changes and with emphasis on the future growth strategy of the Group, the Board has reviewed the goodwill accumulated on the balance sheet, with the result that there should be a write off of all goodwill carried except for that related to the Rippon Homes business, which amounts to £2.94 million. As a result the balance sheet value will be more in line with the market capitalisation of the Group. As a consequence we have written down goodwill by £18.8 million and therefore the pre goodwill profit before interest and taxation of £7.31 million becomes a loss of £12.2 million before interest and taxation.

After four years as Chairman of Artisan (UK) plc, I have decided to retire following the Annual General Meeting. However to allow for an orderly succession I have today stepped down as Chairman and I am delighted to announce that Michael Stevens is the Company's new Chairman. The Board look to the future with confidence and I would like to take this opportunity to thank all of our staff for their dedication and efforts throughout this financial year.

STEPHEN DEAN

Chairman

29 July 2002



OPERATIONS REVIEW

COMMERCIAL DEVELOPMENT AND PROPERTY

During the year Artisan (UK) Developments sold a further 40,000ft² of office and industrial units on its business parks in Peterborough, St Neots and St Ives and sold a 2 acre site to Whitbread Plc for development as an hotel and leisure complex.

To replace its land stocks, the Company has purchased eight acres of land for two new business parks in Huntingdon and Peterborough, on which we have started development works, together with the three acre St Albans site purchased last year. These three new sites will provide over 150,000ft² of new office development to add to the 175,000ft² still to be developed on the Colmworth Business Park and the 20,000ft² of property in stock and under development.

The 24,000ft² office block in Watford previously pre-sold by Gryphon Developments plc, was completed early in the year and let to Citibank, releasing the balance of the purchase price shortly after the financial year end.

£3.6 million was raised from the sale of 80,000ft² of offices in Sheffield and Halifax together with two small retail properties in Ripley and Cromer. A further £0.5 million secured second tranche is receivable within two years.

Since the year end the Company has taken the opportunity to convert £860,000 of Loan Note and accrued fees and interest against the part cost of some newly developed commercial property in Spain valued for the company at €2.17 million (approx £1.4 million).

RESIDENTIAL DEVELOPMENT

The consolidation of the Company's housing activities has now been completed, with residential development now centred on Rippon Homes with Living Heritage integrated as its premium brand division.

The residual house building activity in East Anglia previously undertaken by Artisan (UK) Developments has now been completed allowing the Group to concentrate its investment more effectively in the less volatile and lower land cost markets in the Midlands.

Rippon Homes sold 115 houses during the year. The landbank surplus acquired when we purchased the Company last year has been developed out, resulting in the year being particularly profitable, and by the year end the land purchase programme for 2002/03 had already commenced with new sites at Rainworth and Mansfield under contract and three further site purchases in Nottinghamshire and Derbyshire agreed with the landowners.

Our original 50% investment in Living Heritage was made in 1999, under an agreement for the vendors to retain management control under a profits earn-out structure until 2002. However, your Board was unhappy with both the control of development and rate of sales, and the weak financial management, and therefore took control of Living Heritage in October 2001 making appropriate loss provisions to allow it to trade profitably in the future.

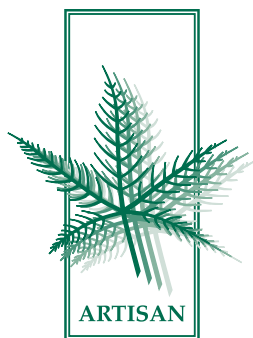
The management team has been changed and costs drastically reduced. New control systems were introduced and the original activity of converting older properties phased out as Living Heritage was re-positioned as a specialist division alongside Rippon Homes.

As at 31 March 2002 the delayed Living Heritage conversion projects were virtually all completed with a consequentially high level of finished but unsold stocks at the balance sheet date. Since the year end the new management team have succeeded in substantially reducing these stocks and the associated bank debt through increased sales levels.

MARTYN FREEMAN

Chief Executive

29 July 2002



FINANCIAL REVIEW

For the year to 31 March 2002 Group turnover reduced to £63.3 million (year to 31 March 2001 £81.4 million) principally as a result of the disposal of the regional contracting operations. Profit before interest and goodwill has decreased to £7.3 million (year to 31 March 2001 £11.6 million). The goodwill impairment review has turned the profit before interest into a loss of £12.2 million before interest and taxation, but will reduce the ongoing amortisation charge by £992,000 per annum.

Following the disposal of the regional contracting businesses earlier in the year and the sale of Speymill just prior to the year end, the Group's continuing operations comprise residential and commercial development activity and some property investment interest. A total of £4.3 million profit has been derived from the sale of contracting subsidiaries during the year. Of the consideration £1.5 million remains outstanding as debt due to Artisan.

	Residential	Commercial	Property	Central	Total Continuing Operations
	£m	£m	£m	£m	£m
Turnover	26.4	6.8	8.8	0.3	42.3
Operating Profit excluding goodwill	1.7	2.0	0.3	(1.1)	2.9

Therefore the continuing turnover and profit is now derived almost entirely from residential and commercial property development. The profits for the forthcoming financial year will not benefit from the level of profits derived from disposals in the current year. The future profit levels will also be affected by the cyclical nature of development activity in the group. Artisan is currently investing in new projects which should generate a profitable return on equity in future years.

SHARE CAPITAL

During the year there have been no shares issued other than those exercisable under the approved share option scheme and a total of 5.85 million shares have been repurchased at an average price of 7.55p.

BALANCE SHEET

At the year end the group had net cash balances of £0.4m and bank and other borrowings of £23.3 million representing a gearing ratio of 119.8%. However since 31 March 2001 the Artisan balance sheet has been reduced by the goodwill write

down and at the balance sheet date we have assumed £8.5 million of debt arising from the consolidation of Living Heritage. Without these two items, the gearing ratio would have been less than the 2001 ratio of 50%. Living Heritage Developments and its subsidiaries had always carried very high gearing as an individual group. The Artisan debt level is relatively high but will be reduced substantially as the stock of Living Heritage properties continues to be sold. A further £1.7 million of debt has been repaid from Living Heritage sales since the balance sheet date.

GOODWILL

As a consequence of the results and changes through the year and those currently envisaged, the Board has undertaken an impairment review. This follows the difficulties encountered with Living Heritage, the consequential effects thereof and the cessation of other specific areas of activity. The result is an exceptional write down amounting to £18.8 million in the year. The amortisation savings in future years will enhance reported profitability and the now lower net asset value is both closer to the market value of Artisan and the value attributed by most financial analysts when assessing the balance sheet.

DIVIDENDS

During the course of the year, your board has paid an interim dividend of 0.25p and recommends a final dividend of 0.15p subject to approval by shareholders at the Annual General Meeting of the Company. The total dividend is over five times covered by earnings per share, before goodwill, of 2.10p. The final dividend will be payable on 2 October 2002 to shareholders on the register at 9 August 2002. The dividend is lower than last year and reflects the lower profit achieved compared with last year.

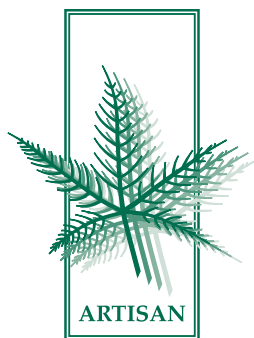
POST BALANCE SHEET

The principal post balance sheet event is the purchase under the share buyback authority of a further 13.35 million Artisan (UK) plc shares at an average price of 8.625p.

CHRIS MUSSELLE

Finance Director

29 July 2002



DIRECTORS' REPORT

The Directors present the annual report and the Group accounts for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activities of the Group during the year were property related services which included residential house building, commercial property development, the provision of property refurbishment services, and property management. During the year the property refurbishment operations were sold, following the disposal of the regional contracting operations earlier in the year.

The Chairman's statement, operations and financial reviews are set out on pages 6 to 8 and contain details of the Group's progress during the year together with an indication of future developments.

RESULTS AND DIVIDENDS

The Group profit for the year after taxation excluding goodwill amounted to £6,013,067 (2001: £7,505,963). The Group loss for the year after taxation, including goodwill, amounted to £13,523,450 (2001: £6,849,263 profit).

The Directors propose to pay a final dividend of £403,294, being 0.15 pence per share, making the aggregate ordinary dividend for the year £1,059,450 (2001: £3,916,440).

POST BALANCE SHEET EVENTS

Since the year end, the Company has purchased a total of 13,350,001 ordinary shares of 0.5p each in accordance with its buy back programme.

DIRECTORS

The following Directors have held office during the year.

Stephen Dean
 Christopher Musselle
 Alan Brookes (resigned 23 April 2002)
 Martyn Freeman
 Norman Saunders
 John Jones (appointed 17 December 2001)

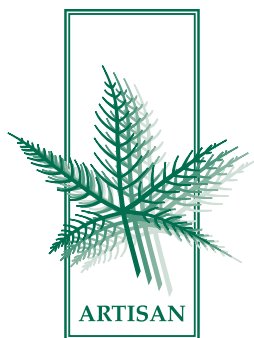
On 23 May 2002, John Jones resigned from the Board and John Hemingway and Michael Stevens were both appointed as non executive directors.

DIRECTORS' SHAREHOLDINGS

The Directors at 31 March 2002 and their interests in the share capital (beneficially held) of the Company at the dates stated were as follows:

	31 Mar 02	31 Mar 01	31 Mar 02	31 Mar 01
	Ordinary	Ordinary	Options	Options
	Shares	Shares		
Stephen Dean	21,750,001	27,585,001	3,000,000	3,000,000
Christopher Musselle	298,853	298,853	3,280,000	3,530,000
Alan Brookes	104,333	104,333	3,250,000	3,550,000
Martyn Freeman	29,000	29,000	3,000,000	3,000,000
Norman Saunders	46,666	46,666	–	–
John Jones	–	–	–	–

Movements in the above Directors' interests since 31 March 2002 include the disposal by Stephen Dean and Alan Brookes of their entire interests in the company's shares. Also, Martyn Freeman increased his shareholding to 204,000 shares by the purchase of 174,000 shares.



DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

At 29 July 2002 the Company has been notified of the following interests in its issued share capital pursuant to Part VI of the Companies Act 1985

Aspen Finance Limited	10,000,000 (3.72%).
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Michael Stevens, director, is beneficially interested in the shares held by Aspen Finance Limited, as a director of Aspen Finance Limited and a potential beneficiary of its parent company, Okaba Management Inc.

CREDITORS PAYMENT POLICY

Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions. Creditor days for the trading members of the Group have been calculated at 35 days (2001: 49 days).

For the property trading members of the group, creditor days have been calculated as nil, as payment for current asset investments will usually occur on the completion date.

INTRODUCTION OF THE EURO

The directors have considered the introduction of the euro and do not anticipate any directly attributable impact on the company's business or expect to incur any significant costs as a result of that introduction.

ANNUAL GENERAL MEETING

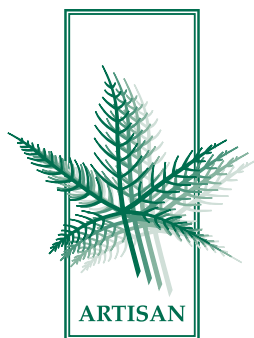
The Annual General Meeting of the Company will be held at Butchers Hall, 87 Bartholomew Close, London EC1A 9HP on 17 September 2002 at 11.30 a.m. Notice of the Annual General Meeting is separately enclosed with the distribution of the Report and Accounts.

AUDITORS

A resolution to reappoint Spokes & Company as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

PHILIP SPEER
Company Secretary
29 July 2002



C O R P O R A T E G O V E R N A N C E

The Directors' acknowledge the importance of the Principles set out in The Combined Code issued by the Committee on Corporate Governance. Although not required to make these disclosures, the directors set out below how these principles have been applied during the year:

The Board of Directors

During the year to 31 March 2002 the Board comprised an Executive chairman, a Finance Director, two Executive Directors and an independent non-executive director. An additional executive director was appointed on 17 December 2001. The Board will always include non-executive directors of sufficient calibre and number to bring independent judgement on the key issues facing the Group. Since the year end two further non-executive directors were appointed to the board. At the same time the Chairman became Non-Executive Chairman and one of the Executive Directors was appointed Chief Executive.

The Board meets regularly throughout the year to review performance against pre agreed budgets. The Board has a formal schedule of matters specifically reserved to it for decision covering overall strategy, acquisition and divestment policy, approval of budgets and major capital expenditure projects and general treasury and risk management policies. To enable the Board to discharge its duties, all directors have full access to all relevant information and to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, the directors may take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

A nominations committee is not considered appropriate because of the small size of the Board but all appointments or potential appointments are fully discussed by all Board members. All new directors and senior management are given a comprehensive introduction to the Group's business, including visits to the principal sites and meetings with senior management. Any training necessary will be provided at the Company's expense.

The Articles of Association provide that directors will be subject to re-election at the first opportunity after their appointment and then submit to re-election at intervals of three years.

Audit Committee

The Audit Committee throughout the year consisted of the non-executive director, Norman Saunders and meetings are also attended by relevant Executive Directors. The Audit Committee meets at least twice a year and considers the appointment and fees of the external auditors and discusses the scope of the audit and its findings. The Committee is also responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board.

Remuneration Committee

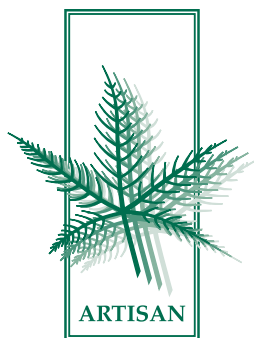
The Remuneration Committee throughout the year comprised the non-executive director, Norman Saunders and the Chairman. The Committee's role is to consider and approve the remuneration and benefits of the Executive Directors. In framing the Company's remuneration policy, the Remuneration Committee has given full consideration to Section B of The Combined Code. The Report on Directors' Remuneration is set out on pages 14 to 16.

Internal Control

The Board has ultimate responsibility for the system of internal control operating throughout the group and for reviewing its effectiveness.

No system of internal control can provide absolute assurance against material misstatement or loss. The group's system is designed to manage rather than eliminate the risk of failure, to achieve business objectives and to provide the board with reasonable assurance that potential problems will normally be prevented or will be detected in a timely manner for appropriate action.

The company has had procedures in place throughout the year and up to the date of approval of this annual report, which



C O R P O R A T E G O V E R N A N C E

accord with the internal Control Guidance for Directors on the Combined Code published in September 1999.

The Board has delegated the detailed design of the system of internal control to the executive directors.

The control framework and key procedures are as follows:

- The executive directors meet regularly together, and with other senior executives, to consider group financial performance, business development and group management issues. The directors and officers of group subsidiaries comprise executives with appropriate functional responsibilities. Directors of key operating companies meet regularly to manage their respective businesses.
- The group board establishes corporate strategy and group business objectives. Divisional management must integrate such objectives into divisional business strategies for presentation to the group board with supporting financial objectives.
- There is an ongoing process for identifying, evaluating and managing the significant risks faced by the group. Major business risks and their financial implications are appraised by the responsible executives and endorsed by divisional management. This is an integral part of the strategic planning process. The appropriateness of controls is considered by the executives, having regard to cost/benefit, materiality and the likelihood of risks crystallising. Key risks and actions to mitigate those risks are considered at each regular board meeting and are formally reviewed and approved by the group board annually.
- Divisional budgets, containing financial and operating targets, capital expenditure proposals and performance indicators are reviewed by the executive directors and must support divisional business strategies. The consolidated group budget is approved by the group board.
- Reports on group and divisional performances are regularly provided to directors and discussed at group board meetings. Performance against both budgets and objectives together with management of business risks are reviewed

with divisional management, as are forecasts and material sensitivities. The board regularly receives reports from key executives and functional heads covering areas such as forecasts, business development, strategic planning, legal and corporate matters.

- There is a group-wide policy governing appraisal and approval of investment expenditure and asset disposals. Post investment performance reviews are undertaken.
- Clearly defined organisation structures and appropriate delegated authorities for executives are in place throughout the group.

Relations with Shareholders

Communications with shareholders are given high priority. There is a regular commentary for shareholders including presentations after the Company's preliminary announcement of the year end results and at the half year.

The Board also uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chairman aims to ensure that the Chairmen of the Audit and Remuneration Committees are available at Annual General Meetings to answer questions.

Established procedures ensure the timely release of share price sensitive information and the publication of financial results and regulatory financial statements.

Health and Safety

A high standard of health and safety management is promoted at all levels within the Group. The Group's health and safety approach is supported by training programmes at operating businesses, Group health and safety rules and monitoring and auditing to promote a high level of awareness and commitment.

Statement by Directors on Compliance with the Provisions of the Combined Code

The Board consider that they have complied with the provisions of the Combined Code throughout the year ended 31 March 2002 as far as practicable and appropriate for a



C O R P O R A T E G O V E R N A N C E

relatively small public company in accordance with the recommendations on corporate governance of the City Group for Smaller Companies.

Directors' Responsibilities for the Financial Statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and

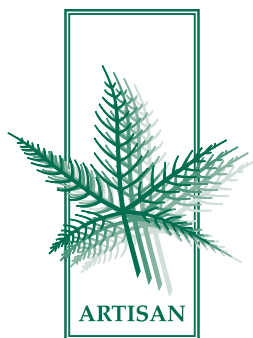
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for maintaining sufficient internal controls for safeguarding the assets of the Group and for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing these financial statements.

Going Concern

After making appropriate enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.



REPORT ON DIRECTORS' REMUNERATION

This report has been prepared by the Remuneration Committee on behalf of the Board for submission to shareholders. In so doing, the provisions of schedule B to the Combined Code annexed to the Listing Rules of the UK Listing Authority have been followed.

REMUNERATION COMMITTEE MEMBERS

The Remuneration Committee throughout the year consisted of the non-executive director, Norman Saunders, and the Chairman. The Remuneration Committee meets as required during the year and at least twice a year.

REMUNERATION COMMITTEE RESPONSIBILITIES

The Remuneration Committee provides advice and recommendations to the Board regarding the Company's framework for executive remuneration and its duties include:

- monitoring the remuneration policies applied in the Group having regard to relevant market comparisons and practice;
- considering and determining the remuneration arrangements (including bonuses, pension rights, service contracts and compensation payments) of executive directors of the Company. Its approach is consistent with the Group's overall philosophy that all staff should be competitively rewarded;
- considering and where appropriate ratifying the remuneration arrangements (including bonuses, pension rights, service contracts and compensation payments) of senior executives of the Group;
- ensuring that the remuneration policy and the Group's practices for executive directors facilitate the employment and motivation of top quality personnel and adequately reward individual contributions made to the Group while at the same time remaining appropriate in terms of the Group's performance;
- seeking advice from independent remuneration consultants for the purpose of establishing the Group's market position or exploring particular aspects of remuneration; and
- monitoring the Group's employee share schemes in relation to legislative and market developments and determining within the overall remuneration policy the level of options or awards under such schemes.

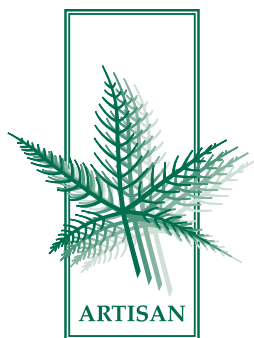
POLICY

The Company has given full consideration to the principles of and has compiled as far as possible with the provisions of the Combined Code on directors' remuneration.

A strategic aim is to align as closely as possible the interests of employees and shareholders. This is achieved by attracting, training, developing and retaining talented staff at all levels throughout the Group underpinned by the provision of highly competitive salaries and benefits to all employees.

Individual salary, bonus and benefit levels for executive directors and other senior executives are reviewed annually by the Remuneration Committee and are determined by reference to a range of criteria including:

- personal performance;
- level of responsibility;
- the performance of the Group relative to its competitors; and
- the practice of other listed companies, in particular those operating in similar sectors.



REPORT ON DIRECTORS' REMUNERATION

REMUNERATION PACKAGES

The remuneration package for executive directors comprises short term and longer term benefits, post retirement benefits and share options. The Remuneration Committee regularly takes external advice to help ensure the appropriateness of these benefits.

Short term benefits comprise annual salary, provision of a company car (or car allowance), life assurance, medical expenses insurance and performance bonuses.

DIRECTORS SERVICE AGREEMENTS

Each of the Executive Directors has a service agreement which requires not more than twelve months notice of termination. The services of Stephen Dean are provided by Clayworth Group S.A.

The non-executive director has a contract with the Company terminable at six months notice. Since the year end Stephen Dean has become a non-executive director and therefore the executive service agreement was terminated and replaced by a non-executive service agreement terminable on six months notice.

PENSIONS

Pension contributions are paid on a money purchase basis to the personal pension schemes of the executive directors. These arrangements are continually reviewed to ensure that they are appropriate. There is no intention to set up an occupational pension scheme.

NON-EXECUTIVE DIRECTORS

The fees of non-executive directors are set by the Board.

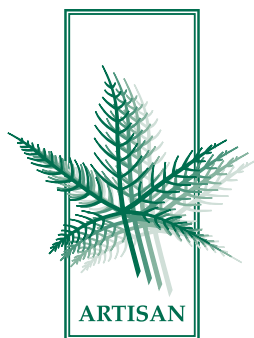
DIRECTORS' REMUNERATION

	Salary & Fees	Bonus	Benefits	Pension	Total	Total
	£	£	£	Contributions	31 Mar 2002	31 Mar 2001
Executives				£	£	£
STEPHEN DEAN	200,000	–	–	–	200,000	181,867
CHRISTOPHER MUSSELLE	125,000	–	17,851	12,500	155,351	159,133
ALAN BROOKES	95,175	–	13,443	9,400	118,018	139,574
MARTYN FREEMAN	110,000	–	16,351	10,992	137,343	92,740
JOHN JONES	26,106	16,559	2,404	–	45,069	–
Non-Executives						
NORMAN SAUNDERS	20,625	–	1,511	–	22,136	19,197
Total 2002	576,906	16,559	51,560	32,892	677,917	592,511
Total 2001	384,171	127,500	29,885	50,955	592,511	

The value of benefits received during the year relates principally to the provision of company cars (or car allowances), life assurance and medical expenses cover.

The above details are in respect of the year ended 31 March 2002. In the case of John Jones, the details relate to the period from his appointment as a Director on 17 December 2001. The amounts attributed to Stephen Dean represent fees paid to Clayworth Group S.A. In addition Stephen Dean has a material interest in Silverhall Holdings Limited, which is referred to in note 31 to the accounts.

Since the year end, the executive director service agreement with Clayworth Group SA was terminated and a new non-executive director service agreement was implemented as further detailed in note 32.



REPORT ON DIRECTORS' REMUNERATION

SHARE OPTIONS

The Company believes that share ownership by executive directors and senior executives strengthens the links between their personal interest and those of investors.

At 31 March 2002 options were outstanding to directors under the terms of the share option schemes to subscribe for ordinary shares as follows:

Approved scheme

	31 Mar 01	Number Granted	Number Exercised	Number Surrendered	31 Mar 02	Exercise price	Date from which Exercisable	Expiry Date
ALAN BROOKES	300,000	–	(300,000)	–	–	4.083p	15/1/2002	15/1/2009
	250,000	–	–	–	250,000	7.00p	10/9/2002	10/9/2009
	550,000	–	(300,000)	–	250,000			
CHRISTOPHER MUSSELLE	250,000	–	(250,000)	–	–	4.083p	15/1/2002	15/1/2009
	280,000	–	–	–	280,000	7.00p	10/9/2002	10/9/2009
	530,000	–	(250,000)	–	280,000			

The exercised options were exercised on 25 January 2002.

Unapproved scheme

	31 Mar 01	Number Granted	Number Exercised	Number Surrendered	31 Mar 02	Exercise price	Date from which Exercisable	Expiry Date
STEPHEN DEAN	3,000,000	–	–	–	3,000,000	16p	17/5/2003	18/5/2010
CHRISTOPHER MUSSELLE	3,000,000	–	–	–	3,000,000	16p	17/5/2003	18/5/2010
ALAN BROOKES	3,000,000	–	–	–	3,000,000	16p	17/5/2003	18/5/2010
MARTYN FREEMAN	3,000,000	–	–	–	3,000,000	16p	17/5/2003	18/5/2010

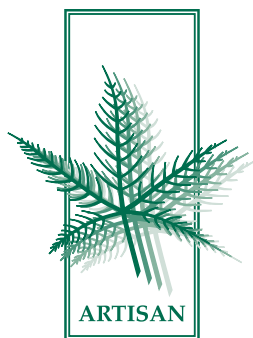
The closing mid-market price of the Company's shares on 31 March 2002 was 7.5p per share and the high and low prices during the year were 12.25p and 6p respectively. 1,500,000 of the options granted to each of the above are subject to performance conditions related to increases in the Company's earnings per share over the 3 years ending 31 March 2003.

DIRECTORS' INTERESTS

The directors' interests in the ordinary shares of the Company are set out in the Directors' Report on page 9 and details of the options outstanding are set out above.

On behalf of the Remuneration Committee

NORMAN SAUNDERS
29 July 2002



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTISAN (UK) PLC

We have audited the financial statements of Artisan (UK) plc for the year ended 31 March 2002 which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes 1 to 32. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility as independent auditors, are established by statute, the Auditing Standards Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

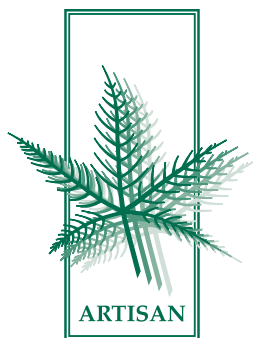
OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2002 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

SPOKES & COMPANY

*Chartered Accountants
and Registered Auditors*

Hilden Park House, 79 Tonbridge Road, Hildenborough, Kent TN11 9BH
29 July 2002

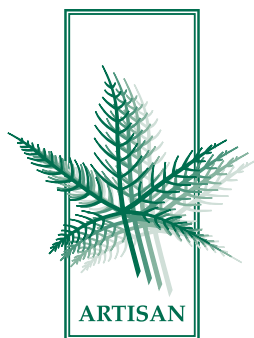


GROUP PROFIT AND LOSS ACCOUNT

For The Year Ended 31 March 2002

NOTES

	31 Mar 2002		31 Mar 2001	
	Excluding goodwill £	Including goodwill £	Excluding goodwill £	Including goodwill £
1 TURNOVER				
CONTINUING OPERATIONS				
– EXISTING	42,272,870	42,272,870	40,934,030	40,934,030
DISCONTINUED ACTIVITIES	21,020,006	21,020,006	40,430,490	40,430,490
GROUP TURNOVER	63,292,876	63,292,876	81,364,520	81,364,520
GROUP'S SHARE OF ASSOCIATE'S TURNOVER – ALL CONTINUING	(3,830,789)	(3,830,789)	(3,287,934)	(3,287,934)
	59,462,087	59,462,087	78,076,586	78,076,586
1 COST OF SALES	(49,776,974)	(49,776,974)	(61,981,183)	(61,981,183)
1 GROSS PROFIT	9,685,113	9,685,113	16,095,403	16,095,403
1 ADMINISTRATIVE EXPENSES	(6,267,124)	(7,007,097)	(6,614,259)	(7,224,929)
1 OTHER OPERATING INCOME	83,116	83,116	1,540,824	1,540,824
5 GOODWILL WRITE DOWN (EXCEPTIONAL)	–	(18,755,120)	–	–
1 GROUP OPERATING PROFIT/(LOSS)	3,501,105	(15,993,988)	11,021,968	10,411,298
CONTINUING OPERATIONS – EXISTING	2,871,297	(16,623,796)	9,813,058	9,202,388
DISCONTINUED ACTIVITIES	629,808	629,808	1,208,910	1,208,910
GROUP'S SHARE OF OPERATING (LOSS)/PROFIT OF ASSOCIATE	(600,257)	(600,257)	256,500	256,500
AMORTISATION OF GOODWILL ARISING ON ACQUISITION OF ASSOCIATE	–	(41,424)	–	(46,030)
TOTAL OPERATING PROFIT/(LOSS)	2,900,848	(16,635,669)	11,278,468	10,621,768
PROFIT ON DISPOSAL OF FIXED ASSETS	73,414	73,414	287,277	287,277
PROFIT ON SALE OF GROUP UNDERTAKING	4,295,208	4,295,208	–	–
INCOME FROM CURRENT ASSET INVESTMENTS	37,485	37,485	–	–
	7,306,955	(12,229,562)	11,565,745	10,909,045
3 INTEREST PAYABLE	(858,729)	(858,729)	(1,711,977)	(1,711,977)
INTEREST RECEIVABLE & SIMILAR INCOME	261,695	261,695	712,367	712,367
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6,709,921	(12,826,596)	10,566,135	9,909,435
4 TAXATION	(696,854)	(696,854)	(3,060,172)	(3,060,172)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	6,013,067	(13,523,450)	7,505,963	6,849,263
7 DIVIDENDS	(1,059,450)	(1,059,450)	(3,916,440)	(3,916,440)
20 RETAINED FOR THE YEAR	4,953,617	(14,582,900)	3,589,523	2,932,823
8 BASIC EARNINGS PER SHARE	2.10p	(4.72p)	2.83p	2.59p
8 DILUTED EARNINGS PER SHARE	2.10p	(4.72p)	2.82p	2.58p



GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

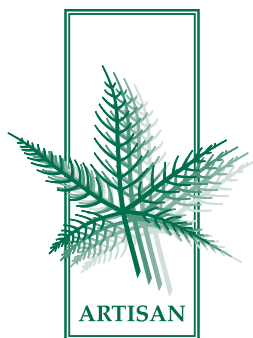
For The Year Ended 31 March 2002

	31 Mar 2002	31 Mar 2001
	£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		
EXCLUDING SHARE OF PROFITS OF ASSOCIATE	(12,881,769)	6,715,743
SHARE OF ASSOCIATE'S (LOSS)/PROFIT FOR		
THE YEAR	(641,681)	133,520
	<u>(13,523,450)</u>	<u>6,849,263</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

For The Year Ended 31 March 2002

	31 Mar 2002	31 Mar 2001
	£	£
(LOSS)/PROFIT FOR THE YEAR	(13,523,450)	6,849,263
DIVIDEND	(1,059,450)	(3,916,440)
SHARES BOUGHT BACK IN THE YEAR	(412,300)	–
SHARES ISSUED IN YEAR	–	5,233,642
MOVEMENT IN MERGER RESERVE	–	648,105
NET MOVEMENT IN SHAREHOLDERS' FUNDS	<u>(14,995,200)</u>	<u>8,814,570</u>
OPENING SHAREHOLDERS' FUNDS	<u>34,146,473</u>	<u>25,331,903</u>
CLOSING SHAREHOLDERS' FUNDS (EQUITY)	<u>19,151,273</u>	<u>34,146,473</u>

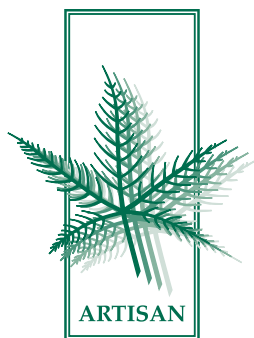


GROUP BALANCE SHEET AS AT 31 MARCH 2002

NOTES	31 Mar 2002 £	31 Mar 2001 £
FIXED ASSETS		
9 INTANGIBLE FIXED ASSETS	2,942,158	14,110,245
10 TANGIBLE FIXED ASSETS	894,642	2,433,528
11 INVESTMENT IN ASSOCIATES	–	1,214,245
	3,836,800	17,758,018
CURRENT ASSETS		
12 INVESTMENTS	811,056	4,157,109
13 STOCKS & WORK IN PROGRESS	33,199,625	27,385,667
14 DEBTORS	16,638,113	23,868,248
CASH AT BANK & IN HAND	355,049	5,375,378
	51,003,843	60,786,402
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(27,885,356)	(35,331,379)
NET CURRENT ASSETS	23,118,487	25,455,023
TOTAL ASSETS LESS CURRENT LIABILITIES	26,955,287	43,213,041
16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	(7,804,014)	(9,066,568)
NET ASSETS	19,151,273	34,146,473
CAPITAL & RESERVES		
19 CALLED UP SHARE CAPITAL (ALL EQUITY)	1,411,064	1,436,064
20 SHARE PREMIUM ACCOUNT	18,428,211	18,428,211
20 MERGER RESERVE	515,569	9,358,749
20 CAPITAL REDEMPTION RESERVE	25,000	–
20 PROFIT & LOSS ACCOUNT	(1,228,571)	4,923,449
EQUITY SHAREHOLDERS' FUNDS	19,151,273	34,146,473

The financial statements were approved by the Board of Directors on 29 July 2002.

C.P. MUSSELLE
Director

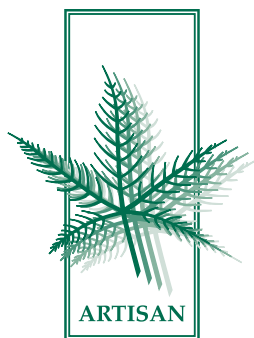


C O M P A N Y B A L A N C E S H E E T A S A T 3 1 M A R C H 2 0 0 2

NOTES	31 Mar 2002 £	31 Mar 2001 £
FIXED ASSETS		
10 TANGIBLE FIXED ASSETS	92,627	293,471
11 INVESTMENTS	10,450,176	5,469,593
	10,542,803	5,763,064
CURRENT ASSETS		
12 INVESTMENTS	811,056	4,157,109
14 DEBTORS	23,707,540	40,383,090
CASH AT BANK & IN HAND	646,512	5,447,812
	25,165,108	49,988,011
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(12,602,274)	(21,827,120)
NET CURRENT ASSETS	12,562,834	28,160,891
TOTAL ASSETS LESS CURRENT LIABILITIES	23,105,637	33,923,955
16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	(1,450,000)	(3,113,985)
NET ASSETS	21,655,637	30,809,970
CAPITAL & RESERVES		
19 CALLED UP SHARE CAPITAL	1,411,064	1,436,064
20 SHARE PREMIUM ACCOUNT	18,428,211	18,428,211
20 MERGER RESERVE	689,328	9,574,855
20 CAPITAL REDEMPTION RESERVE	25,000	—
20 PROFIT & LOSS ACCOUNT	1,102,034	1,370,840
EQUITY SHAREHOLDERS' FUNDS	21,655,637	30,809,970

The financial statements were approved by the Board of Directors on 29 July 2002.

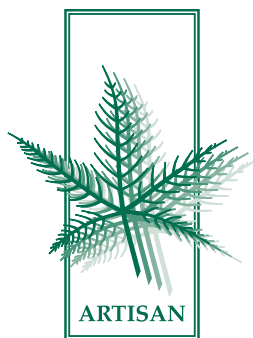
C.P. MUSSELLE
Director



GROUP CASH FLOW STATEMENT

For The Year Ended 31 March 2002

NOTES	31 Mar 2002 £	31 Mar 2001 £
25 NET CASH INFLOW FROM OPERATING ACTIVITIES	1,496,250	5,791,772
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
INTEREST RECEIVED	261,695	712,367
INTEREST PAID	(858,729)	(1,711,977)
DIVIDENDS RECEIVED	37,485	–
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(559,549)	(999,610)
TAXATION		
UK CORPORATION TAX PAID	(535,156)	(1,006,686)
CAPITAL EXPENDITURE & FINANCIAL INVESTMENT		
SALE OF TANGIBLE FIXED ASSETS	896,163	1,006,741
PURCHASE OF TANGIBLE FIXED ASSETS	(401,397)	(676,024)
NET CASH INFLOW FROM INVESTING ACTIVITIES	494,766	330,717
ACQUISITIONS & DISPOSALS		
DISPOSAL OF SUBSIDIARY UNDERTAKING	5,714,818	–
PURCHASE OF SUBSIDIARY UNDERTAKINGS	(552,692)	(11,847,585)
NET CASH DISPOSED WITH SUBSIDIARY UNDERTAKINGS	(39,027)	–
PURCHASE OF SHARE IN ASSOCIATE	–	(156,479)
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DISPOSALS	5,123,099	(12,004,064)
EQUITY DIVIDENDS PAID	(656,156)	(1,061,801)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	5,363,254	(8,949,672)
FINANCING		
ISSUE OF SHARES	–	2,124,532
COST OF SHARE ISSUES	–	(127,151)
SHARE BUY BACK	(412,300)	–
MOVEMENT IN BORROWING	(9,985,501)	10,382,092
CAPITAL ELEMENT OF FINANCE LEASES	14,218	149,405
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(10,383,583)	12,528,878
26 (DECREASE)/INCREASE IN CASH	(5,020,329)	3,579,206



PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. Estimates are used principally when accounting for income and expenditure on contracts and developments, provision for doubtful debts, depreciation and taxes.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its subsidiary undertakings for the year ended 31 March 2002.

The results of businesses acquired or disposed of during the year have been included from the effective date of acquisition or up until the date of disposal. Profits or losses on intra-group transactions are eliminated in full.

TURNOVER

Turnover represents the value of work done and properties sold excluding VAT. Turnover arises solely in the UK. Profit is recognised on long term work in progress contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract. In respect of sales of property, turnover is recognised when the sale becomes unconditional.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a purchase cost basis. Work in progress includes materials and labour costs and an appropriate proportion of overheads incurred on incomplete contracts and developments at the year end. Profit is recognised on long term contracts, as stated above.

LAND HELD FOR BUILDING

Land held for building is stated at the lower of cost and net realisable value. Cost comprises land cost and direct materials and labour. Net realisable value is the actual or estimated net selling price.

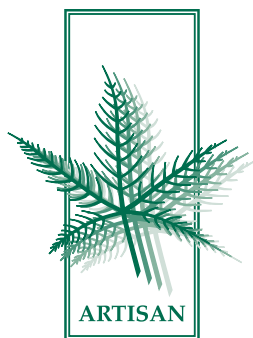
LEASED ASSETS

Finance leases are those which transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised as tangible fixed assets and depreciated over their expected useful lives. Outstanding finance lease obligations, which comprise principal plus accrued interest, are included within creditors. The finance element of the agreements is charged to the profit and loss account over the term of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

TAXATION

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Provision is made for material deferred taxation.



PRINCIPAL ACCOUNTING POLICIES

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Freehold Buildings	2% per annum on the straight line basis
Leasehold Improvements	25% per annum on the straight line or reducing balance basis
Motor Vehicles	20-25% per annum on the straight line or reducing balance basis
Fixtures & Fittings	15-25% per annum on the straight line or reducing balance basis
Office Equipment	25% per annum on the straight line or reducing balance basis
Plant & Machinery	15-25% per annum on the straight line or reducing balance basis

GOODWILL

Goodwill arising from the purchase of subsidiary undertakings and interests in associates, represents the excess of the fair value of the purchase consideration over the fair value of the net assets acquired.

For acquisitions completed on or after 1 April 1998, the goodwill arising is capitalised as an intangible asset or, if arising in respect of an associate, recorded as part of the related investment. In most cases, the goodwill is amortised on a straight line basis from the time of acquisition over its useful economic life. The economic life is normally presumed to be a maximum of 20 years. For acquisitions on or before 31 March 1998, the goodwill was written off on acquisition against group reserves.

Goodwill is regularly reviewed and any impairments are taken to the profit and loss account as they are identified.

If an undertaking is subsequently divested, the appropriate unamortised goodwill or goodwill written off to reserves is dealt with through the profit and loss account in the period of disposal as part of the gain or loss on divestment.

PENSIONS

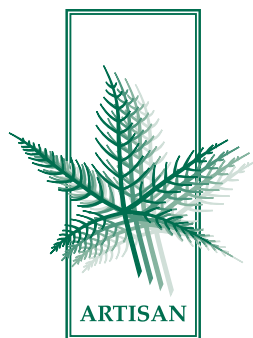
The group operates defined contributions pension schemes. Contributions paid during the year are charged to the profit and loss account.

FIXED ASSET INVESTMENT

Investments in subsidiary undertakings and associates are stated at cost less amounts written off. Investments in associates are stated in the group balance sheet at the group's share of their net assets, together with any attributable unamortised goodwill on acquisitions arising on or after 1 April 1998. The group's share of profits less losses of associates is included in the group profit and loss account. Investments in other participating interests are stated at cost less amounts written off.

CURRENT ASSET INVESTMENTS

Current asset investments are stated at the lower of cost or net realisable value.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

1 TURNOVER & OPERATING PROFIT

Turnover is generated from property-related activities within the UK.

	31 MAR 2002		31 MAR 2001	
	EXISTING OPERATIONS	DISCONTINUED OPERATIONS	EXISTING OPERATIONS	DISCONTINUED OPERATIONS
	£	£	£	£
COST OF SALES	31,505,665	18,271,309	26,011,769	35,969,414
GROSS PROFIT	6,936,416	2,748,697	11,634,327	4,461,076
ADMINISTRATIVE EXPENSES	4,888,208	2,118,889	3,967,026	3,257,903
GOODWILL WRITE DOWN (EXCEPTIONAL)	18,755,120	–	–	–
OTHER OPERATING INCOME	83,116	–	1,535,087	5,737

The discontinued operations reflect the disposal of Bickerton Construction Limited, Driver Construction Limited, Gryphon Estates Limited and Yeadon Air Structures Limited on 24 May 2001, and Speymill Contracts on 26 March 2002. These disposals represent the withdrawal from regional and refurbishment contracting operations.

Operating profit is stated after charging/(crediting) the following:

	YEAR ENDED 31 MAR 2002	YEAR ENDED 31 MAR 2001
	£	£
DEPRECIATION	448,457	344,479
AMORTISATION OF GOODWILL	739,973	610,670
AMORTISATION OF GOODWILL IN ASSOCIATES	41,424	46,030
IMPAIRMENT OF GOODWILL	18,755,120	–
AUDITORS' REMUNERATION – AUDIT SERVICES	67,000	66,550
– OTHER SERVICES	11,756	40,000
HIRE OF PLANT AND MACHINERY	187,154	354,109
OTHER OPERATING LEASE RENTALS – VEHICLES	44,611	259,608
– LAND & BUILDINGS	101,500	194,400
RENT RECEIVABLE	–	(30,603)

2 EMPLOYEES

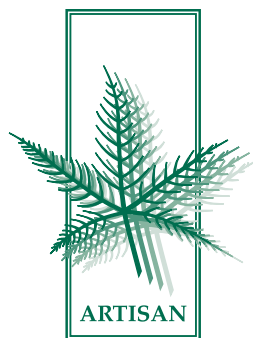
Staff costs (including directors) during the year were as follows:

	31 MAR 2002	31 MAR 2001
	£	£
WAGES & SALARIES	5,073,629	6,000,110
SOCIAL SECURITY COSTS	431,671	635,122
OTHER PENSION COSTS	159,364	208,837
	5,664,664	6,844,069

Details for each director of remuneration, pension entitlement and interest in share options are set out in the Report on Directors Remuneration.

The average number of employees of the Group during the year was as follows:

	NUMBER	NUMBER
ADMINISTRATION	34	93
OPERATIONS	105	128
	139	221



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

3 INTEREST PAYABLE

	31 MAR 2002	31 MAR 2001
	£	£
HIRE PURCHASE & FINANCE LEASES	29,939	20,861
BANK OVERDRAFTS AND LOANS REPAYABLE OTHERWISE THAN BY INSTALMENTS WITHIN 5 YEARS	756,231	1,082,663
OTHER INTEREST	72,559	608,453
	<u>858,729</u>	<u>1,711,977</u>

4 TAXATION

	31 MAR 2002	31 MAR 2001
	£	£
CORPORATION TAX CHARGE AT 30% BASED ON THE RESULT FOR THE YEAR:	579,064	3,284,371
SHARE OF TAX OF ASSOCIATED UNDERTAKINGS	–	76,950
ADJUSTMENT TO PRIOR PERIOD	(97,064)	(1,149)
DEFERRED TAX	214,854	(300,000)
	<u>696,854</u>	<u>3,060,172</u>

5 EXCEPTIONAL ITEMS

Recognised in arriving at operating profit:

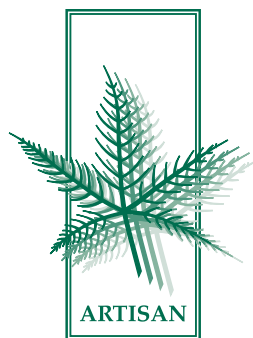
	31 MAR 2002	31 MAR 2001
	£	£
IMPAIRMENT OF GOODWILL	<u>18,755,120</u>	<u>–</u>

6 PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The loss for year, dealt with in the profit and loss account of the company and after taking into account dividends from subsidiary undertakings, was £8,742,033 (2001 profit: £1,151,815).

7 DIVIDENDS

	31 MAR 2002	31 MAR 2001
	£	£
INTERIM DIVIDENDS PAID IN CASH	656,156	278,578
INTERIM DIVIDENDS PAID IN SPECIE	–	2,632,617
	<u>656,156</u>	<u>2,911,195</u>
PROPOSED FINAL DIVIDEND	403,294	1,005,245
	<u>1,059,450</u>	<u>3,916,440</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

8 EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the profit for the financial year attributable to shareholders by the weighted average number of shares in issue. In calculating the diluted earnings per share, share options outstanding have been taken into account. The earnings per share figures have also been calculated on the profit excluding goodwill write offs, for both years, to provide a comparison excluding the exceptional goodwill charges in the current years results.

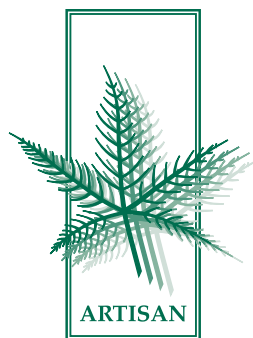
The weighted average number of shares were:

	31 MAR 2002	31 MAR 2001
	NUMBER	NUMBER
BASIC WEIGHTED AVERAGE NUMBER OF SHARES	286,383,308	264,919,700
DILUTIVE POTENTIAL ORDINARY SHARES: EMPLOYEE SHARE OPTIONS	126,300	999,338
	<u>286,509,608</u>	<u>265,919,038</u>

9 INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise goodwill arising on consolidation of businesses acquired as follows:

	31 MAR 2002	31 MAR 2001
	£	£
PURCHASED GOODWILL BROUGHT FORWARD	14,751,227	10,380,536
ON BUSINESSES ACQUIRED IN YEAR	8,277,006	3,064,084
FURTHER GOODWILL ON PRIOR PERIOD ACQUISITIONS	50,000	1,306,607
ON BUSINESSES DISPOSED OF	(19,399,053)	–
PURCHASED GOODWILL AT COST	<u>3,679,180</u>	<u>14,751,227</u>
AMORTISATION BROUGHT FORWARD	640,982	30,312
AMORTISATION CHARGED	739,973	610,670
IMPAIRMENT WRITE OFF	18,755,120	–
ON DISPOSALS	(19,399,053)	–
AMORTISATION CARRIED FORWARD	<u>737,022</u>	<u>640,982</u>
NET INTANGIBLE FIXED ASSETS	<u>2,942,158</u>	<u>14,110,245</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

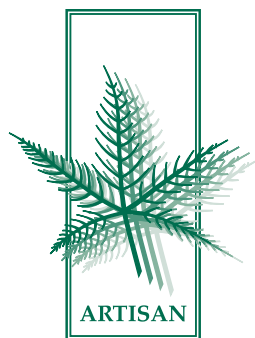
10 TANGIBLE FIXED ASSETS

The Group

	FREEHOLD LAND AND BUILDINGS £	LEASEHOLD IMPROVE- MENTS £	PLANT AND MACHINERY £	MOTOR VEHICLES £	FIXTURES AND FITTINGS £	TOTAL £
COST						
AT 31 MAR 2001	1,498,657	106,639	382,859	933,373	650,816	3,572,344
ADDITIONS	24,505	27,212	1,748	131,414	216,517	401,396
ACQUIRED WITH SUBSIDIARY UNDERTAKINGS	–	–	47,737	376,409	11,318	435,464
DISPOSALS	(427,893)	(80,639)	(4,531)	(403,270)	(268,235)	(1,184,568)
DISPOSED WITH SUBSIDIARY UNDERTAKINGS	(645,000)	–	(115,886)	(411,237)	(368,994)	(1,541,117)
AT 31 MARCH 2002	450,269	53,212	311,927	626,689	241,422	1,683,519
DEPRECIATION						
AT 31 MAR 2001	37,268	56,757	311,232	494,968	238,591	1,138,816
PROVIDED IN THE YEAR	6,597	37,048	37,826	240,593	126,393	448,457
ACQUIRED WITH SUBSIDIARY UNDERTAKINGS	–	–	13,267	50,827	1,458	65,552
ELIMINATED ON DISPOSALS	–	(61,915)	(2,913)	(185,317)	(111,674)	(361,819)
DISPOSED WITH SUBSIDIARY UNDERTAKINGS	(27,600)	–	(92,979)	(228,912)	(152,638)	(502,129)
AT 31 MAR 2002	16,265	31,890	266,433	372,159	102,130	788,877
NET BOOK VALUE						
AT 31 MARCH 2002	434,004	21,322	45,494	254,530	139,292	894,642
AT 31 MARCH 2001	1,461,389	49,882	71,627	438,405	412,225	2,433,528

The figures above include assets held under finance leases as follows:

	£
NET BOOK VALUE AT 31 MARCH 2002	199,875
NET BOOK VALUE AT 31 MARCH 2001	286,588
DEPRECIATION PROVIDED IN THE YEAR 31 MARCH 2002	89,326
DEPRECIATION PROVIDED IN THE YEAR 31 MARCH 2001	82,223



NOTES TO THE FINANCIAL STATEMENTS

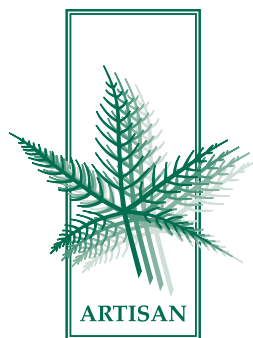
For the Year Ended 31 March 2002

10 TANGIBLE FIXED ASSETS (Continued)

The Company

	LEASEHOLD IMPROVEMENTS £	MOTOR VEHICLES £	EQUIPMENT FIXTURES AND FITTINGS £	TOTAL £
COST				
BALANCE BROUGHT FORWARD	106,639	236,578	75,772	418,989
ADDITIONS	1,407	–	8,543	9,950
DISPOSALS	–	(84,238)	(1,523)	(85,761)
INTER-GROUP TRANSFERS	(80,639)	–	(50,533)	(131,172)
BALANCE CARRIED FORWARD	27,407	152,340	32,259	212,006
DEPRECIATION				
BALANCE BROUGHT FORWARD	56,757	41,294	27,467	125,518
CHARGE	21,767	73,478	17,588	112,833
DISPOSALS	–	(23,932)	(1,423)	(25,355)
INTER-GROUP TRANSFERS	(61,915)	–	(31,702)	(93,617)
	16,609	90,840	11,930	119,379
NET BOOK VALUE				
AT 31 MARCH 2002	10,798	61,500	20,329	92,627
AT 31 MARCH 2001	49,882	195,284	48,305	293,471

The net book value of fixed assets includes an amount of £61,500 (2001: £179,498) in respect of assets held under finance leases. The depreciation charge includes an amount of £61,456 (2001: £39,038) in respect of assets held under finance leases.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

11 FIXED ASSET INVESTMENTS

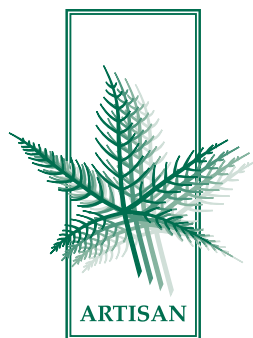
THE GROUP

	ASSOCIATED UNDERTAKINGS £
BALANCE BROUGHT FORWARD	1,214,245
SHARE OF LOSS FOR YEAR AFTER TAX AND GOODWILL	(641,681)
TRANSFERRED TO INVESTMENTS IN SUBSIDIARY UNDERTAKINGS	<u>(572,564)</u>
BALANCE CARRIED FORWARD	<u>—</u>

The total amount of goodwill included in the carrying amount of the associate, less amortisation charged to date is £nil (2001: £752,473).

	SUBSIDIARY UNDERTAKINGS £	ASSOCIATED UNDERTAKINGS £	TOTAL £
THE COMPANY			
BALANCE BROUGHT FORWARD	4,681,324	788,269	5,469,593
DISPOSALS	(3,681,325)	(788,269)	(4,469,594)
ADDITIONS	999,900	—	999,900
PROVISION AGAINST INVESTMENTS	(999,900)	—	(999,900)
TRANSFERRED FROM INTERMEDIATE SUB GROUP HOLDING COMPANIES	<u>9,450,177</u>	<u>—</u>	<u>9,450,177</u>
BALANCE CARRIED FORWARD	<u>10,450,176</u>	<u>—</u>	<u>10,450,176</u>

In the opinion of the directors the aggregate value of the Company's investments are not less than the amount included in the Balance Sheet.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

11 **FIXED ASSET INVESTMENTS** (Continued)

At 31 March 2002 the Company held the following interests in subsidiary undertakings all of which are included within the consolidated accounts.

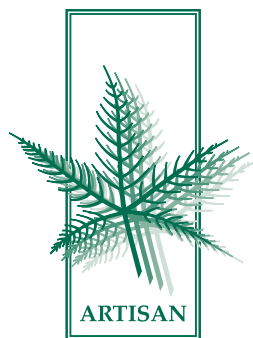
NAME	CLASS OF SHARE CAPITAL HELD	PROPORTION HELD	NATURE OF BUSINESS
ARTISAN CONTRACTING LTD	ORDINARY	100%	DORMANT
ARTISAN (UK) PROPERTIES LTD	ORDINARY	100%	PROPERTY SALES AND LETTING
ARTISAN (UK) DEVELOPMENTS LTD	ORDINARY	100%	HOUSE BUILDING AND COMMERCIAL DEVELOPMENT
RIPPON HOMES LTD	ORDINARY	100%	HOUSE BUILDING
ARTISAN CHILTERN LTD	ORDINARY	100%	HOUSE BUILDING AND DEVELOPMENT
LIVING HERITAGE DEVELOPMENTS LTD	ORDINARY	100%	HOUSE BUILDING AND DEVELOPMENT
<i>WHOLLY OWNED SUBSIDIARIES OF LIVING HERITAGE DEVELOPMENTS LTD</i>			
LIVING HERITAGE PROPERTIES LTD	ORDINARY	100%	HOUSE BUILDING AND DEVELOPMENT
HARTGROOM LTD	ORDINARY	100%	HOUSE BUILDING AND DEVELOPMENT
MOUNTWALK PROPERTIES LTD	ORDINARY	100%	HOUSE BUILDING AND DEVELOPMENT

All the above companies are registered in England and Wales.

12 **CURRENT ASSET INVESTMENTS**

	THE GROUP		THE COMPANY	
	31 MAR 2002	31 MAR 2001	31 MAR 2002	31 MAR 2001
	£	£	£	£
LISTED INVESTMENTS AT COST	954,849	5,157,109	954,849	5,157,109
UNLISTED INVESTMENTS AT COST	90,465	–	90,465	–
PROVISION MADE IN THE YEAR	(234,258)	(1,000,000)	(234,258)	(1,000,000)
	<u>811,056</u>	<u>4,157,109</u>	<u>811,056</u>	<u>4,157,109</u>

There were two listed investments at the year end, one quoted on the Alternative Investment Market in the United Kingdom and the other quoted on NASDAQ in the United States of America.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

13 STOCKS AND WORK IN PROGRESS

	THE GROUP		THE COMPANY	
	31 MAR 2002	31 MAR 2001	31 MAR 2002	31 MAR 2001
	£	£	£	£
RAW MATERIALS AND CONSUMABLES	154,589	116,958	–	–
LAND HELD FOR DEVELOPMENT	930,275	814,085	–	–
WORK IN PROGRESS	13,588,527	12,388,173	–	–
COMPLETED DEVELOPMENTS AND HOUSES FOR SALE	18,526,234	14,066,451	–	–
	<u>33,199,625</u>	<u>27,385,667</u>	<u>–</u>	<u>–</u>

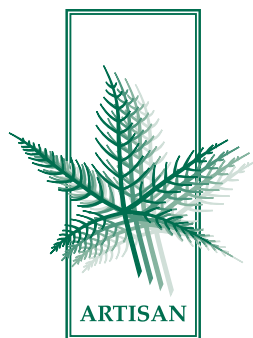
Work in progress includes interest charges relating to specific developments of £173,353 (2001: £nil).

14 DEBTORS

	THE GROUP		THE COMPANY	
	31 MAR 2002	31 MAR 2001	31 MAR 2002	31 MAR 2001
	£	£	£	£
TRADE DEBTORS	6,329,126	9,255,450	844,643	125,540
AMOUNTS RECOVERABLE ON CONTRACTS	1,943,296	4,462,391	–	–
AMOUNTS OWED FROM SUBSIDIARY UNDERTAKINGS	–	–	16,831,779	32,065,429
AMOUNTS OWED FROM ASSOCIATED UNDERTAKINGS	–	8,468,694	–	4,405,818
OTHER DEBTORS	5,916,882	952,288	3,780,258	112,657
DIVIDEND RECEIVABLE	–	–	–	3,300,000
PREPAYMENTS & ACCRUED INCOME	2,363,663	429,425	2,250,860	73,646
DEFERRED TAX	85,146	300,000	–	300,000
	<u>16,638,113</u>	<u>23,868,248</u>	<u>23,707,540</u>	<u>40,383,090</u>

Included in other debtors of the Group is an amount of £4,801,695 (2001: £427,368) that is due after more than one year. £500,000 is secured by mortgage against a freehold property and is repayable by December 2003, £1,000,000 are convertible loans to an AIM listed company repayable by April 2004 and £3,301,695 is convertible redeemable preferred stock in a NASDAQ quoted company repayable by July 2008.

Amounts owed from associated undertakings were secured against specific freehold development properties.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

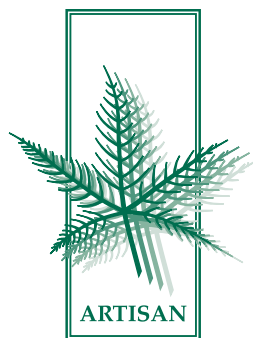
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

	THE GROUP		THE COMPANY	
	31 MAR 2002	31 MAR 2001	31 MAR 2002	31 MAR 2001
	£	£	£	£
BANK LOANS	14,843,221	6,699,167	1,850,000	1,100,000
OTHER LOANS	1,294,305	6,942,275	1,294,305	6,942,275
TRADE CREDITORS	2,438,828	8,291,332	206,576	251,262
AMOUNTS OWED TO SUBSIDIARY UNDERTAKINGS	—	—	7,300,000	11,959,843
CORPORATION TAX	2,904,145	2,870,818	169,200	239,200
SOCIAL SECURITY & OTHER TAXES	443,794	542,089	19,300	69,036
PROPOSED DIVIDENDS	403,294	1,005,245	403,294	1,005,245
OTHER CREDITORS	1,627,363	1,747,128	1,027,876	175,000
ACCRUALS	3,767,547	7,136,442	246,679	37,081
AMOUNTS DUE UNDER FINANCE LEASES	162,859	96,883	85,044	48,178
	<u>27,885,356</u>	<u>35,331,379</u>	<u>12,602,274</u>	<u>21,827,120</u>

Included in other loans is £nil (2001: £4,105,000) of convertible loans.

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

	THE GROUP		THE COMPANY	
	31 MAR 2002	31 MAR 2001	31 MAR 2002	31 MAR 2001
	£	£	£	£
BANK LOANS	6,950,000	8,500,000	1,450,000	3,000,000
AMOUNTS DUE UNDER FINANCE LEASES	49,014	171,568	—	113,985
TRADE CREDITORS	805,000	395,000	—	—
	<u>7,804,014</u>	<u>9,066,568</u>	<u>1,450,000</u>	<u>3,113,985</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

17 BORROWINGS

Are repayable as follows:

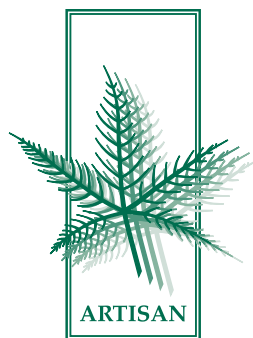
	THE GROUP		THE COMPANY	
	31 MAR 2002	31 MAR 2001	31 MAR 2002	31 MAR 2001
	£	£	£	£
WITHIN ONE YEAR:				
BANK BORROWINGS	14,843,221	6,699,167	1,850,000	1,100,000
OTHER LOANS & BORROWINGS	1,294,305	6,942,275	1,294,305	6,942,275
FINANCE LEASES	162,859	96,883	85,044	48,178
AFTER ONE AND WITHIN TWO YEARS:				
BANK BORROWINGS	1,450,000	1,600,000	–	1,600,000
FINANCE LEASES	14,103	105,761	–	48,178
AFTER TWO AND WITHIN FIVE YEARS:				
BANK BORROWINGS	5,500,000	6,900,000	1,450,000	1,400,000
FINANCE LEASES	34,911	65,807	–	65,807
	<u>23,299,399</u>	<u>22,409,893</u>	<u>4,679,349</u>	<u>11,204,438</u>

The bank loans are secured by a fixed and floating charge over the assets of the Group. Set-off is available to the bank between the Company and its group company members by virtue of the bank holding a debenture from each company together with a cross corporate guarantee. The other loans are secured by fixed charges over specific freehold properties.

18 PROVISIONS FOR LIABILITIES AND CHARGES

Provision for deferred taxation has been made as follows:

	THE GROUP		THE COMPANY	
	31 MAR 2002	31 MAR 2001	31 MAR 2002	31 MAR 2001
	£	£	£	£
FULL POTENTIAL LIABILITY				
ACCELERATED CAPITAL ALLOWANCES	85,146	28,810	–	10,342
OTHER TIMING DIFFERENCES	–	300,000	–	300,000
	<u>85,146</u>	<u>328,810</u>	<u>–</u>	<u>310,342</u>
AMOUNTS UNPROVIDED	–	(28,810)	–	(10,342)
AMOUNTS PROVIDED	<u>85,146</u>	<u>300,000</u>	<u>–</u>	<u>300,000</u>



NOTES TO THE FINANCIAL STATEMENTS

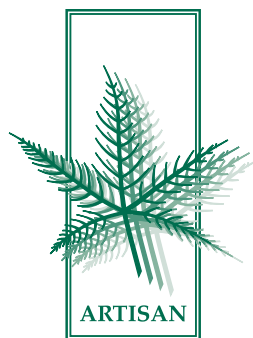
For the Year Ended 31 March 2002

19 SHARE CAPITAL

	31 MAR 2002 £	31 MAR 2001 £
AUTHORISED:		
400,000,000 Ordinary Shares of 0.5p each	<u>2,000,000</u>	<u>2,000,000</u>
ALLOTTED AND CALLED UP AND FULLY PAID:		
282,212,760 Ordinary Shares of 0.5p each	<u>1,411,064</u>	<u>–</u>
287,212,760 Ordinary Shares of 0.5p each	<u>–</u>	<u>1,436,064</u>

In the year ended 31 March 2002 the movements in Ordinary Shares issued were as follows:

	NUMBER	NOMINAL VALUE £
Brought forward	287,212,760	1,436,064
08/12/01 Purchase of own shares	(1,500,000)	(7,500)
21/12/01 Purchase of own shares	(500,000)	(2,500)
07/01/02 Purchase of own shares	(250,000)	(1,250)
10/01/02 Purchase of own shares	(250,000)	(1,250)
25/01/02 Issues re: share options	850,000	4,250
25/01/02 Purchase of own shares	(850,000)	(4,250)
28/01/02 Purchase of own shares	(500,000)	(2,500)
27/03/02 Purchase of own shares	(1,000,000)	(5,000)
28/03/02 Purchase of own shares	(1,000,000)	(5,000)
	<u>282,212,760</u>	<u>1,411,064</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

19 SHARE CAPITAL (Continued)

CONTINGENT RIGHTS TO THE ALLOTMENT OF SHARES

Options granted, exercised and lapsed under the employee share option scheme were as follows:

		EXERCISE PRICE RANGE	WEIGHTED EXERCISE PRICE
APPROVED SCHEME	SHARES		
AT 31 MARCH 2001	2,830,000	4.083-15.00p	9.87p
EXERCISED	(850,000)	4.083p	4.083p
LAPSED	(1,500,000)	7.00-15.00p	12.580p
AT 31 MARCH 2002	480,000	7.00-15.00p	10.33p
UNAPPROVED SCHEME	SHARES	EXERCISE PRICE RANGE	WEIGHTED EXERCISE PRICE
AT 31 MARCH 2001	12,000,000	16.00p	16.00p
LAPSED	–	16.00p	16.00p
AT 31 MARCH 2002	12,000,000	16.00p	16.00p

The above options are exercisable between 17 May 2003 and 18 May 2010. 6,000,000 of these shares are subject to performance conditions related to increases in the Company's earnings per share over the three years ending 31 March 2003.

20 STATEMENT OF MOVEMENT ON RESERVES

	THE GROUP				THE COMPANY			
	SHARE PREMIUM ACCOUNT £	MERGER RESERVE £	CAPITAL REDEMPTION RESERVE £	PROFIT AND LOSS ACCOUNT £	SHARE PREMIUM ACCOUNT £	MERGER RESERVE £	CAPITAL REDEMPTION RESERVE £	PROFIT AND LOSS ACCOUNT £
AT 31 MARCH 2001	18,428,211	9,358,749	–	4,923,449	18,428,211	9,574,855	–	1,370,840
PREMIUM ARISING ON OWN SHARE PURCHASE	–	–	–	(387,300)	–	–	–	(387,300)
OWN SHARE PURCHASE	–	–	25,000	(25,000)	–	–	25,000	(25,000)
TRANSFER ON DISPOSAL OF SUBSIDIARIES	–	(8,843,180)	–	8,843,180	–	(8,885,527)	–	8,885,527
RETAINED LOSS FOR THE YEAR	–	–	–	(14,582,900)	–	–	–	(8,742,033)
	18,428,211	515,569	25,000	(1,228,571)	18,428,211	689,328	25,000	1,102,034



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

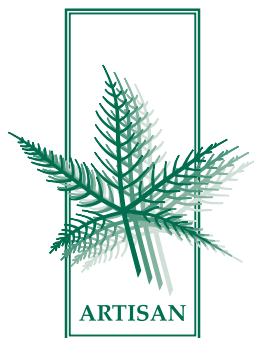
21 ACQUISITION OF LIVING HERITAGE HOLDINGS LIMITED

On 1 November 2001 the Group acquired effective control of Living Heritage Holdings Limited, by virtue of its existing holding of 50% of the issued share capital and control of the board of directors.

The assets and liabilities of Living Heritage Holdings Limited as at 1 November 2001 are set out below:

	BOOK VALUE	FAIR VALUE ADJUSTMENT	FAIR VALUE
	£	£	£
TANGIBLE FIXED ASSETS	369,911	–	369,911
STOCKS AND WORK IN PROGRESS	18,640,958	(5,336,506)	13,304,452
DEBTORS	1,843,346	–	1,843,346
CREDITORS	(22,719,459)	–	(22,719,459)
NET ASSETS ACQUIRED	<u>(1,865,244)</u>	<u>(5,336,506)</u>	<u>(7,201,750)</u>
GOODWILL			<u>8,277,006</u>
			<u>1,075,256</u>
<i>Satisfied by:</i>			
CASH CONSIDERATION			502,692
TRANSFERRED FROM COST OF ASSOCIATE			<u>572,564</u>
			<u>1,075,256</u>

The fair value adjustment relates to a detailed review of the net realisable value of developments and the carrying values of development work in progress. The reduction represents losses recognised in bringing the carrying value of work in progress into line with group policy.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

22 DISPOSAL OF SPEYMILL CONTRACTS LTD

On 26th March 2002, the Company disposed of its entire shareholding in Speymill Contracts Limited.

The profit before tax for the period to the date of disposal, included in the Group Profit and Loss account, is £694,659.

The disposal is analysed as follows:

Net assets disposed of:

	£
FIXED ASSETS	166,907
STOCKS	32,136
DEBTORS	5,256,583
BANK	589
CREDITORS	(4,447,028)
	1,009,187
PROFIT ON DISPOSAL	2,613,983
COSTS OF DISPOSAL	376,830
NET DISPOSAL PROCEEDS	4,000,000
SATISFIED BY:	
LOAN NOTES	1,000,000
CASH	3,000,000
	4,000,000

23 DISPOSAL OF ARTISAN INVESTMENTS LIMITED

On 28 March 2002, the Company disposed of its entire shareholding in Artisan Investments Limited, which in turn owned the following:

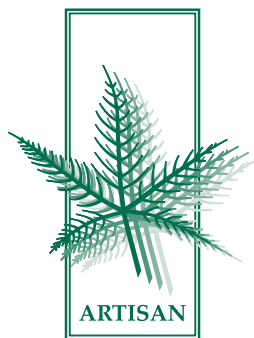
NAME	SHARE CAPITAL HELD
ARTISAN (UK) DEVELOPMENT HOLDINGS LIMITED	100% ORDINARY
GRYPHON DEVELOPMENTS PLC	100% ORDINARY
ARTISAN PROPERTY HOLDINGS PLC	100% ORDINARY
LIVING HERITAGE HOLDINGS LIMITED	100% ORDINARY

In turn, at disposal, Living Heritage Holdings Limited ultimately held 100% of the ordinary share capital of the following companies: Living Heritage Limited, Pearldrop Developments Limited, Penview Estates Limited, Sunmill Properties Limited, Homerose Properties Limited, Homerose Joinery Limited, Springlade Developments Limited, Skirose Properties Limited.

The loss before tax for the period to the date of disposal, included in the Group Profit and Loss account, is £2,081.

A summary of the effect of this disposal is as follows:

	£
PURCHASE COST OF ARTISAN INVESTMENTS LIMITED	1
COSTS OF SALE	67,674
	67,675
LOSS ON DISPOSAL	(67,674)
NET DISPOSAL PROCEEDS	1



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

24 DISPOSAL OF BICKERTON CONSTRUCTION LIMITED, DRIVER CONSTRUCTION LIMITED AND YEADON AIR STRUCTURES LIMITED

On 24 May 2001, the Company disposed of its entire shareholding in Driver Construction Limited, Yeadon Air Structures Limited and Bickerton Construction Limited, which in turn owned Gryphon Estates Limited.

The loss before tax for the period to the date of disposal, included in the Group Profit and Loss account, is £57,950.

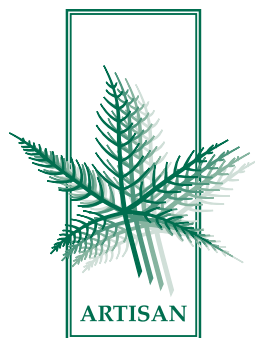
The disposal is analysed as follows:

Net assets disposed of:

	£
FIXED ASSETS	872,081
STOCKS	462,931
DEBTORS	6,973,949
BANK	38,438
CREDITORS	(8,086,976)
	260,423
PROFIT ON DISPOSAL	1,748,899
COSTS ON DISPOSAL	324,278
NET DISPOSAL PROCEEDS	2,333,600
SATISFIED BY:	
CASH	1,830,652
LOAN NOTE	502,948
	2,333,600

25 NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 MAR 2002	31 MAR 2001
	£	£
OPERATING (LOSS)/PROFIT	(16,635,669)	10,621,768
DEPRECIATION	448,457	344,479
AMORTISATION	781,397	656,700
GOODWILL IMPAIRMENT WRITE OFF	18,755,120	–
PROFIT ON SALE OF TRADE INVESTMENTS	–	(1,347,865)
LOSS/(PROFIT) RETAINED IN ASSOCIATED COMPANY	600,257	(256,500)
DECREASE/(INCREASE) IN TRADE INVESTMENTS	103,980	(2,594,188)
DECREASE IN STOCK	7,395,427	4,790,223
(INCREASE) IN DEBTORS	(129,832)	(980,276)
DECREASE IN CREDITORS	(9,822,887)	(5,442,569)
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,496,250	5,791,772



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

26 RECONCILIATION OF CHANGE IN CASH TO MOVEMENT IN NET DEBTS

	2002 £	2001 £
(DECREASE)/INCREASE IN CASH IN THE YEAR	(5,020,329)	3,579,206
CASH OUTFLOW/(INFLOW) FROM CHANGES IN DEBT & LEASE FINANCING	10,254,899	(10,531,497)
DEBT DISPOSED WITH SUBSIDIARY UNDERTAKINGS	70,796	–
DEBT ACQUIRED WITH SUBSIDIARY UNDERTAKINGS	(11,215,201)	–
SHARES ISSUED TO SETTLE LOAN NOTES CONVERTED	–	495,000
MOVEMENT IN NET FUNDS IN THE YEAR	(5,909,835)	(6,457,291)
OPENING NET DEBT	(17,034,515)	(10,577,224)
CLOSING NET DEBT	(22,944,350)	(17,034,515)

27 ANALYSIS OF NET CASH AND DEBT

	31 MAR 2001	CASH FLOW	DEBT ACQUIRED WITH SUBSIDIARY	DISPOSED WITH SUBSIDIARY	NON CASH MOVEMENT	31 MAR 2002
	£	£	£	£	£	£
CASH AT BANK	5,375,378	(5,020,329)	–	–	–	355,049
	5,375,378	(5,020,329)	–	–	–	355,049
FINANCE LEASES	(268,451)	(14,218)	–	70,796	–	(211,873)
DEBT DUE WITHIN ONE YEAR	(13,641,442)	10,269,117	(11,215,201)	–	(1,550,000)	(16,137,526)
DEBT DUE AFTER MORE THAN ONE YEAR	(8,500,000)	–	–	–	1,550,000	(6,950,000)
NET DEBT	(17,034,515)	5,234,570	(11,215,201)	70,796	–	(22,944,350)

28 FINANCIAL INSTRUMENTS

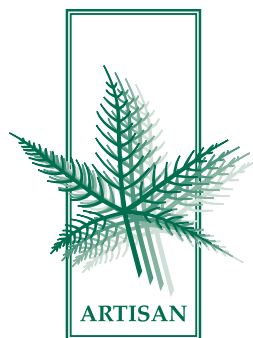
(a) Policies and risks

The Group's financial instruments comprise equity investments, bank loans, finance leases, cash and various items such as trade debtors and trade creditors that arise directly from its operations. Cash and bank loans are used to raise finance for the group's operations and acquisitions. The main purpose of holding equity investments is to achieve capital growth and realise profits on their disposal.

The main risk arising from the Group's financial instruments are interest rate risk, as some of the group's borrowings are at floating rates of interest, and liquidity risk. The group has not entered into any derivative transactions. The equity investments held by the Group are susceptible to changes in value arising from market factors. The performance of each investment is constantly monitored by the directors and its advisers.

The Group is also subject to foreign exchange risk in respect of a loan note and an investment denominated in US dollars.

Short term debtors and creditors have been excluded from the disclosures.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

28 FINANCIAL INSTRUMENTS (Continued)

(b) Interest rate risk profile of financial liabilities

CURRENCY	TOTAL	FIXED RATE FINANCIAL LIABILITIES	FLOATING RATE FINANCIAL LIABILITIES	FINANCIAL LIABILITIES ON WHICH NO INTEREST IS EARNED	WEIGHTED AVERAGE INTEREST RATE	WEIGHTED AVERAGE PERIOD FOR WHICH RATE IS FIXED YEARS
	£	£	£	£	%	
31 MAR 2002						
STERLING	24,104,399	1,506,178	21,793,221	805,000	8.62	0.25
31 MAR 2001						
STERLING	22,804,893	7,210,726	15,199,167	395,000	7.79	1.41

The bank borrowings relate to term loans fully repayable by December 2005. The finance leases all relate to term agreements none of which exceed 4 years. Other loans includes £1,294,305 of loan notes repayable within one year.

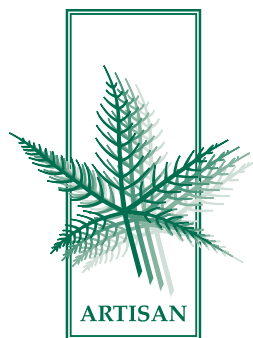
The group's floating rate financial liabilities bear interest at rates based on LIBOR.

The weighted average period for which the rate is fixed, excludes loan notes totalling £649,305, where the rate is fixed but there is no fixed repayment period.

(c) Interest rate risk profile of financial assets

CURRENCY	TOTAL	FIXED RATE FINANCIAL ASSETS	FLOATING RATE FINANCIAL ASSETS	FINANCIAL ASSETS ON WHICH NO INTEREST IS EARNED
	£	£	£	£
31 MAR 2002				
STERLING	4,467,800	3,301,695	355,049	811,056
31 MAR 2001				
STERLING	9,532,487	—	5,375,378	4,157,109

Fixed rate financial assets comprise convertible redeemable preferred stock denominated in US dollars and repayable by July 2008. Floating rate financial assets comprise cash held in UK bank accounts. Financial assets on which no interest is paid comprise equity investments in listed and unlisted securities. £198,851 is in respect of an investment denominated in US dollars otherwise all assets are denominated in sterling.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

28 FINANCIAL INSTRUMENTS (Continued)

(d) Maturity profile of the group's financial liabilities

	31 MAR 2002	31 MAR 2001
	£	£
WITHIN ONE YEAR	16,300,385	13,738,325
AFTER ONE & WITHIN TWO YEARS	2,269,103	2,100,761
AFTER TWO & WITHIN FIVE YEARS	5,534,911	6,965,807
	<u>24,104,399</u>	<u>22,804,893</u>

(e) Borrowing facilities

The group has undrawn committed facilities as at 31 March as follows:

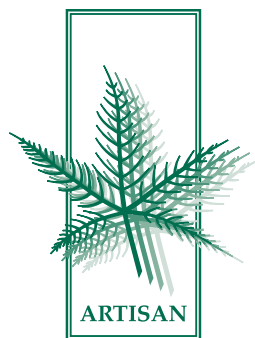
	31 MAR 2002	31 MAR 2001
	£	£
EXPIRING IN ONE YEAR OR LESS	3,759,725	2,000,000
EXPIRING AFTER ONE YEAR BUT WITHIN TWO YEARS	—	—
EXPIRING IN MORE THAN TWO YEARS	—	—
	<u>3,759,725</u>	<u>2,000,000</u>

(f) Fair value of financial liabilities and financial assets

	31 MAR 2002		31 MAR 2001	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
	£	£	£	£
SHORT-TERM BORROWINGS	16,137,526	16,137,526	13,641,442	13,641,442
LONG-TERM BORROWINGS	6,950,000	6,950,000	8,500,000	8,500,000
LONG-TERM CREDITORS	805,000	805,000	395,000	395,000
FINANCE LEASES	211,873	211,873	268,451	268,451
CASH	355,049	355,049	5,375,378	5,375,378
CURRENT ASSET INVESTMENTS	811,056	811,056	4,157,109	4,220,321
CONVERTIBLE REDEEMABLE STOCK	3,301,695	3,301,695	—	—

The fair value of financial liabilities is based on market rates of interest.

The fair values of current asset investments are based on quoted market values, directors valuation or actual disposal transactions after the year end.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

29 CONTINGENT LIABILITIES AND COMMITMENTS

A cross guarantee held by the bank in favour of Artisan (UK) plc and its group company members has been given by the Company for all monies owing.

In the normal course of business the group has given counter indemnities in respect of performance bonds and financial guarantees. As at 31 March 2002, bonds in issue amount to £110,012 (2001: £961,362).

The Group had given guarantees in the normal course of business, in respect of performance bonds of subsidiaries since sold. The outstanding value of bonds not yet completed at 31 March 2002 was £686,000.

During the year the group entered into a contract for the purchase of land at a value of £495,000. This contract has a number of conditions that must be met before the contract is enforceable.

The Group had capital commitments of £nil at 31 March 2002 (2001: £nil)

30 LEASING COMMITMENTS

Other lease payments amounting to £121,767 are due within one year (2001: £437,942). The leases to which these amounts relate expire as follows:

	31 MAR 2002		31 MAR 2001	
	LAND AND BUILDINGS	OTHER	LAND AND BUILDINGS	OTHER
	£	£	£	£
WITHIN ONE YEAR	—	15,713	—	50,102
BETWEEN TWO AND FIVE YEARS	—	4,554	41,500	181,940
OVER FIVE YEARS	101,500	—	164,400	—

31 RELATED PARTY TRANSACTIONS

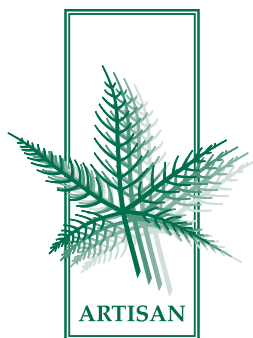
At the year end, the Group were owed £408,962 (2001: £nil) by Cater Barnard plc, a company in which Stephen Dean is a Director. Trusts in which Stephen Dean holds a material interest are also shareholders in Cater Barnard plc. The maximum balance outstanding during the year was £958,962. Interest is payable at 1.5% above bank base rate. The debt is due for repayment on or before 30 September 2002.

Fees of £711,250, principally in respect of corporate advice, were paid during the year to Silverhall Holdings Limited, a company in which Stephen Dean has a material interest.

32 POST BALANCE SHEET EVENTS

On 23 April 2002, the Company bought back a further 13,350,001 of its own ordinary shares. This included 11,750,001 ordinary shares in which Stephen Dean had a beneficial interest.

Since the year end, Stephen Dean has sold his entire shareholding in the company, and has become a non-executive Director, from 1 May 2002. The service agreement with Clayworth Group SA, the company which provides the services of Stephen Dean, was terminated at a cost of £510,000. A new service agreement to provide Stephen Dean's services as a non-executive director at £120,000 per annum is terminable on six months notice.



ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of Artisan (UK) plc ("the Company") will be held at Butchers Hall, 87 Bartholomew Close, London, EC1A 9HP at 11.30 am on Tuesday, 17th September 2002 for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed, in the case of Resolutions 1 to 5 inclusive, as ordinary resolutions and, in the case of Resolution 6, as a special resolution:

1. That the Report of the Directors and the audited accounts of the Company for the year ended 31st March 2002 be received.
2. That a dividend be declared.
3. That Michael Stevens be re-elected as a Director of the Company.
4. That John Hemingway be re-elected as a Director of the Company.
5. That Spokes & Company be re-appointed auditors of the Company, and that the Directors be authorised to determine the auditors' remuneration.
6. That the Directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (as defined in Section 93(2) of that Act) pursuant to the authority conferred by a resolution passed on 13th March 2000 as if Section 89(1) of that Act did not apply to such allotment, provided that –
 - (a) this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £294,468; and
 - (b) this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date of the next annual general meeting of the Company after the passing of this resolution, but so that the Directors shall be empowered to allot equity securities after such expiry in pursuance of an offer or agreement entered into prior to such expiry.

BY ORDER OF THE BOARD

PHILIP SPEER
Company Secretary

Date: 6 August 2002

Notes:

- (1) Any person entitled to attend and vote at the meeting is entitled to appoint one or more persons to attend and, on a poll, vote in his place. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the Annual General Meeting is enclosed and, to be valid, it must be lodged at the offices of the Company's registrars, Capita IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ together with the power of attorney or other written authority, if any, under which it is signed (or a notarially certified copy of such power or authority) not less than 48 hours before the time fixed for the meeting.
- (3) The appointment of a proxy does not preclude the appointing shareholder from subsequently attending and voting at the meeting.

Registered office:
Dean House
Sovereign Court
Ermine Business Park
Huntingdon
Cambs PE29 6XU