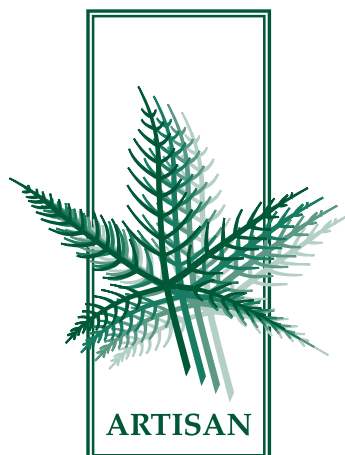


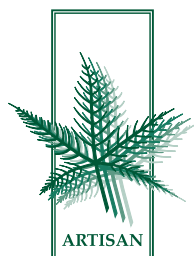


ARTISAN (UK) PLC

Annual Report and Accounts

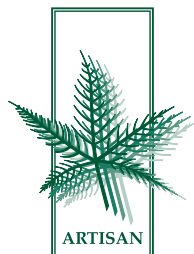
for the year to

31 March 2003



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CORPORATE PROFILE

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. The current principal trading companies are shown below.

RIPPON HOMES LIMITED

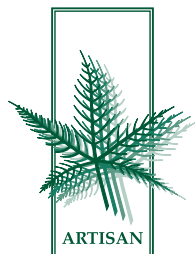
Rippon Homes, which has been part of the Artisan Group since December 2000, is a residential house developer based in Mansfield operating in the East Midlands and Lincolnshire areas. Rippon Homes now incorporates the Living Heritage name for the more exclusive properties.

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.

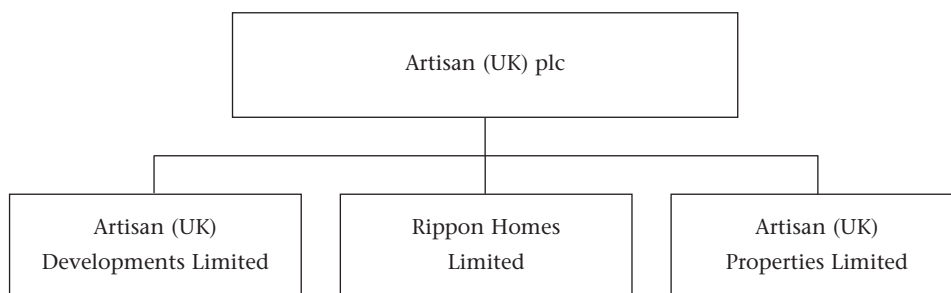
ARTISAN (UK) PROPERTIES LIMITED

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.

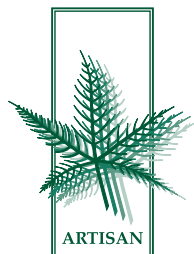


CORPORATE PROFILE

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:

Mace 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)

SECRETARY:

Philip Speer

AUDITORS:

BDO Stoy Hayward, 8 Baker Street, London W1U 3LL

REGISTRAR:

Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

NOMINATED ADVISERS:

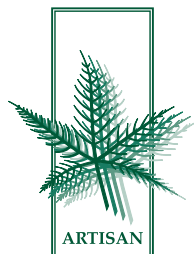
Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL

STOCKBROKER:

Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL

LEGAL ADVISERS:

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

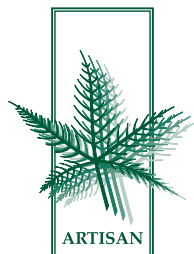


FINANCIAL HIGHLIGHTS

For the year ended 31 March 2003

	Year to 31 March 2003	Year to 31 March 2002
	£	£
GROUP TURNOVER	35,290,017	59,462,087
GROUP OPERATING PROFIT/(LOSS)	267,920	(15,993,988)
LOSS BEFORE INTEREST AND TAX	(4,747,791)	(12,229,562)
LOSS PER SHARE	(1.95)p	(4.72)p
NET ASSETS	13,149,505	19,151,273
NET DEBT	(10,620,698)	(22,133,294)

ANNUAL GENERAL MEETING	9 SEPTEMBER 2003
INTERIM RESULTS 2004	ANNOUNCEMENT EXPECTED DECEMBER 2003
FINAL RESULTS 2004	ANNOUNCEMENT EXPECTED JULY 2004



CHAIRMAN'S STATEMENT

The year to March 2003 has seen many significant and positive changes to the profile of our Group.

John Hemingway and I joined the Board in May and Stephen Dean stepped down as Chairman at the end of July after founding the Company four years previously.

The Governance Review I announced at the last AGM has been concluded and published on the Group's website, and the composition of two of the Board Committees has been updated to reflect latest practice. It is topical to pay attention to the rewards of directors and I can confirm I have waived my own director's fees for the period under review and the Executive Directors have waived any bonus and salary review entitlements, as the Directors are unable to recommend a dividend for 2003.

Much energy has gone into concentrating the Group's capital and management time towards the core housebuilding and commercial development businesses, and the strong results from Rippon Homes have enabled the Board to approve a substantial budget to acquire further land for housebuilding in the Midlands during 2003/04.

Borrowings have been very substantially reduced as the Group has realised its non-core property investments in both the UK and Mallorca and has sold the majority of the residual Living Heritage housing portfolio.

As announced in the interim report, after careful consideration we have reviewed our investment in Stratus Services Group Inc. The Board have taken a prudent approach and have provided a total of £3.3 million for the year against this investment. However we continue to work towards a realisation or restructuring of this investment. The legal action involving our disposal of Bickerton continues and we remain confident of our position but believe a provision is prudent.

Following several discussions with the management of Wigmore, we have succeeded in restructuring the Loan Note investment held by Artisan. As a consequence £400,000 is due to be received shortly, the conversion terms for the balance have been reduced from 3p to 1.75p and the repayment of the balance spread over a more manageable profile for Wigmore.

As a result, the provisions have reduced the Operating Profit to a Loss before Taxation of £5.3m (2002: Loss £12.8m).

Adverse exchange rate movement and increased currency and interest rate risks have caused us to defer our European ambitions for the present but the stated intentions of Gordon Brown to increase the provision of new homes as a component of the Government's Euro Convergence Strategy bodes well for the longer term UK housebuilding.

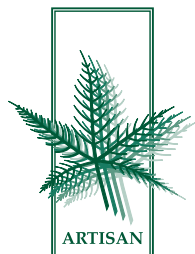
After a difficult period of retrenchment the Group is now in a position to endeavour to provide shareholders with the level of returns they deserve and expect. Whilst we are facing some softness in the commercial market, we remain confident in our residential markets. I believe that the residential housing markets in which Artisan operates and intends to operate are fundamentally strong and will continue to be so even if the house price increase seen in recent years slows in its rate of growth. Following our return to concentrate on core activity, I believe we are well placed to capitalise on opportunities in the future. In particular we are actively seeking residential developer acquisitions to increase our presence in this sector.

Finally I would like to thank all the staff and professional team for their support over the last year and look forward to working with them in the future as Artisan develops.

MICHAEL STEVENS

Chairman

10 July 2003



OPERATIONS REVIEW

as at 31 March 2003

2002/03 was another successful year for Rippon Homes, with the company operating effectively and selling all available stock on a rising housing market.

The modest slowdown experienced in the South-East towards the end of the year did not impact on the Midlands market, although the exceptional rate of increase is not expected to be maintained in 2003/04.

During the twelve months under review Rippon Homes sold 113 houses and acquired land for 68 plots for future development. The rate of land purchase has been escalated to increase production capacity for 2004 onwards.

The integration of the residual Living Heritage activity as the premium brand of Rippon Homes was concluded mid way through the year, and the Malvern offices of Living Heritage were closed.

All the original Living Heritage sites were completed during the year and the majority were sold, releasing funds for a substantial reduction in borrowings. After some months of negotiation a settlement was reached shortly after the year end with the vendors of Living Heritage.

The occupational demand for the business parks developed by Artisan (UK) Developments remained subdued throughout the year, with the second half of the year particularly affected with the uncertainties of the Iraq crisis. As a consequence although the division managed to turn around the first half year loss, planned production had to be scaled back to avoid potential excessive stock levels. The policy of pursuing a greater proportion of forward sales has helped maintain a stable cash flow and avoid the discounting on stock units experienced by many of our competitors. Whilst this 'safety-first' policy inevitably reduced turnover, the Board was able to divert investment into residential land acquisition.

As we opened Financial Year 2003/04, the Group had 59 housing plots in development and a land bank of 159 housing plots on 9 sites owned or agreed for purchase predominantly in Nottinghamshire and Derbyshire, and land on four business parks in Cambridgeshire and Hertfordshire with planning consent for 30,000 square metres of offices and industrial units.

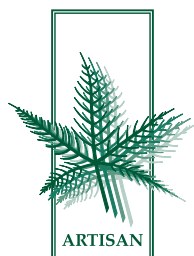
The stated policy of disinvestment in non-core assets and activities was substantially progressed during the year. The retail properties in Newcastle and Rawtenstall were successfully sold towards the end of the period, together with the retail development in Mallorca sold over the year end.

Following requests from shareholders after last year's AGM, the Directors have adopted a policy of providing regular and detailed updates on the Group's operations via the Company website, and we intend to maintain this well received facility for 2003/04.

MARTYN FREEMAN

Chief Executive

10 July 2003



FINANCIAL REVIEW

RESULTS

Group Turnover for the year to 31 March 2003 was at a reduced £35.3m (2002: £63.3m). However £21.0m of the total reduction was in respect of discontinued activities sold towards the end of the 2002 financial year, and £6.3m in respect of lower activity in property investments sales, as the portfolio of investment properties has been successfully reduced.

Operating profit has improved by £16.9m to a profit of £268,000 from a loss of £16.6m after goodwill and write-downs.

Summary of operating results (Continuing Activities)

	Residential	Commercial	Property Investment	Central	Total (excluding goodwill)
	£m	£m	£m	£m	£m
Turnover					
– 2003	28.1	4.7	2.5	–	35.3
– 2002	26.4	6.8	8.8	0.3	42.3
Operating Profit					
– 2003	1.6	0.5	0.1	(1.6)	0.6
– 2002	1.7	2.0	0.3	(1.1)	2.9

SHARE CAPITAL

At the beginning of the financial year the share buyback programme was concluded with 13.4m of shares repurchased for £1.2m. Since then with the appointment of Michael Stevens as Chairman, a new strategy for the Group has been defined, concentrating on core activity. Consequently new shares were issued in December 2002 to Aspen Finance Ltd, a company in which Michael Stevens has a beneficial interest, as part of his intention to acquire further shares in Artisan. In April 2003, new shares, (3m shares at 2p) were issued in settlement of outstanding liabilities to the vendors of Living Heritage.

BALANCE SHEET

The Net Assets of the Group have been reduced from £19.1m to £13.1m principally as a result of the write downs on non-core assets. Net debt, which includes current asset investment write downs, has reduced by £11.5m. At 31 March 2003 the group had net cash balances of £0.3m (2002: £0.4m) and borrowings of £11.4m (2002: £23.3m). We do not expect any reduction in this debt level as further reductions in Dunbar Bank debt will be matched by increases in the principal Bank of Scotland facility as further sums are invested in stocks and work-in-progress, principally for residential housing stock. The gearing ratio has reduced to 83.8% (2002: 119.8%) as a result of the substantial debt repayments in the year.

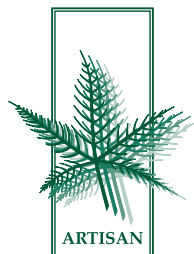
Debtors have reduced to £6.3m (2002: £16.6m). Whilst this is partly as a consequence of the provisions referred to elsewhere in this review it also reflects the realisation of the non-core assets and the majority of this year's balances consists of debtors arising in the normal course of trade.

The result of the substantial write-downs over the last two years has been to create substantial negative distributable reserves. It is our intention to apply to cancel these negative reserves by reduction of the share premium account and the resolutions giving effect to this are set out in the notice of the Annual General Meeting, which is a separate document.

NON-CORE ASSETS

Artisan has concentrated on realising and rationalising its non-core assets. This has resulted in provisions principally in respect of the Stratus Services Group Inc investment which has been written down by £3.3m. We are actively involved in discussions with the management of Stratus to realise or protect this investment.

The Cater Barnard plc debt to Artisan has been satisfactorily settled. Surplus land at Rippon Homes' head office has been disposed of resulting in a gain of £261,000.



FINANCIAL REVIEW

We are in dispute with Infiniteland Ltd over the sale of Bickerton Construction Ltd and Driver Construction Ltd. The full outstanding debt has been provided for whilst litigation continues. Bickerton Construction Ltd was placed into liquidation by its new owners some months after our sale of the business. We are addressing the normal enquiries from the liquidator and managing potential bond claims totalling £700,000, against which some prudent provision has been made.

OTHER ACTIVITIES

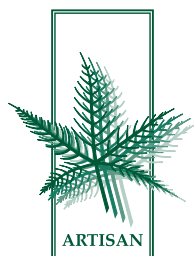
During the year the Company had invested in a new European development company, Artisan International s.a. The Group incurred a loss on disposal of £4,000 and trading costs of £201,000 but retained potential income contingent upon the successful outcome of a project in Massy, France.

Aborted acquisition costs in the year contributed £231,000 towards the administration costs. However Artisan remains fully committed towards finding new acquisitions to build on the fully rationalised asset base of the Group and to generate greater activity in the core activities of the Group.

CHRIS MUSSELLE

Finance Director

10 July 2003



DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 March 2003.

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 and property management.

The Chairman's statement, operations and financial reviews are set out on pages 6 to 9 and contain details of the Group's progress during the year together with an indication of future developments.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 19 and shows the loss for the year. The Group loss for the year after taxation amounted to £5,338,801 (2002 – £13,523,450).

The Directors do not propose to pay a final dividend for the year (2002 – £403,294). No ordinary dividends were paid in the year (2002 – £656,156).

POST BALANCE SHEET EVENTS

On 25 April 2003 the company issued 3,000,000 shares at 1.98p per share.

DIRECTORS

The following Directors have held office during the year:

Michael Stevens (appointed 23 May 2002)
 Christopher Musselle
 Martyn Freeman
 Norman Saunders
 John Hemingway (appointed 23 May 2002)
 Stephen Dean (resigned 17 September 2002)
 Alan Brookes (resigned 23 April 2002)
 John Jones (resigned 23 May 2002)

DIRECTORS' SHAREHOLDINGS

The Directors at 31 March 2003 and their interests in the share capital (beneficially or potentially beneficially held) of the Company at the dates stated were:

	31 Mar 03	31 Mar 02*	31 Mar 03	31 Mar 02*
	Ordinary Shares	Ordinary Shares	Options	Options
Michael Stevens	26,666,667	–	–	–
Christopher Musselle	298,853	298,853	1,780,000	3,280,000
Martyn Freeman	204,000	29,000	1,500,000	3,000,000
Norman Saunders	46,666	46,666	–	–
John Hemingway	–	–	–	–

* or at date of appointment, if later.

SUBSTANTIAL SHAREHOLDERS

At 10 July 2003 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 29,666,667 (10.36%)

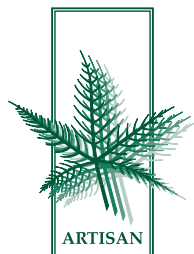
Michael Stevens, a director, is beneficially interested in the shares held by Aspen Finance Limited as a director of Aspen Finance Limited and a potential beneficiary of its parent company, Okaba Management Inc.

Details of purchase of own shares are provided in note 21 to the financial statements.

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 (2002 – 35 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.



DIRECTORS' REPORT

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Butchers Hall, 87 Bartholomew Close, London, EC1A 9HP on 9 September 2003 at 11.30 am. Notice of the Annual General Meeting will be separately enclosed with the distribution of the Report and Accounts.

AUDITORS

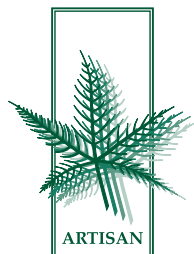
BDO Stoy Hayward were appointed as auditors during the year. A resolution to re-appoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

PHILIP SPEER

Secretary

10 July 2003



CORPORATE GOVERNANCE

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 the principles that they consider to be applicable to the Company have been applied during the year:

The Board of Directors

During the year to 31 March 2003 the Board comprised a non-executive Chairman, a Chief Executive, a Finance Director and two independent Non-Executive Directors. The Board includes Non-Executive Directors of sufficient calibre and number to bring independent judgement on the key issues facing the Group.

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. The Chief Executive is not subject to retirement by rotation, but would expect to submit voluntarily to re-election at intervals of three years.

Audit Committee

The Audit Committee consists of Norman Saunders and John Hemingway. 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. Meetings are also attended by relevant Executive Directors. 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 consists of Norman Saunders and John Hemingway. The Committee's role is, amongst other responsibilities, 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 15 to 17.

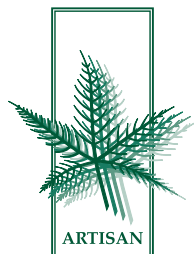
Internal Control

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 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. Since the year end, the Board has also appointed a manager with specific responsibility for operational risk management.



CORPORATE GOVERNANCE

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. All shareholder enquiries to the Directors are attended to by a Director. 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, as well as the investor relations section of the Company's website.

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.

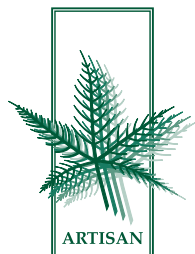
Established procedures ensure the timely release of share price sensitive information and the publication of financial results and regulatory financial statements.

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 2003 which they consider to be practicable and appropriate for a relatively small public company in accordance with the recommendations on corporate governance.



CORPORATE GOVERNANCE

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 and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

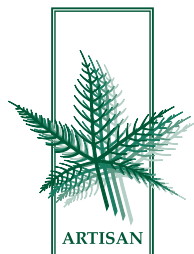
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 safeguarding the assets of the Group and hence for taking reasonable steps 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 financial statements.



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, where considered to be appropriate.

REMUNERATION COMMITTEE MEMBERS

The Remuneration Committee consists of Norman Saunders and John Hemingway. 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 making recommendations on 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 making recommendations on 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; and if considered appropriate
- 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, and making recommendations for the grant of options.

POLICY

The Company has given full consideration to the principles of and has complied 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 is empowered to take external advice to help ensure the appropriateness of these benefits, where it considers it appropriate to do so.

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 Non-Executive Directors have contracts with the Company terminable at 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.

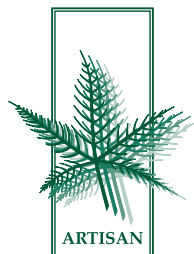
DIRECTORS' REMUNERATION

	Salary and Fees £	Bonus £	Compensation for loss of office £	Benefits £	Pension contributions £	Total 31 March 2003 £	Total 31 March 2002 £
Executives							
MARTYN FREEMAN	121,250	–	–	17,828	12,125	151,203	137,343
CHRISTOPHER MUSSELLE	125,000	–	–	17,828	12,500	155,328	155,351
STEPHEN DEAN	135,000	–	380,000	–	–	515,000	200,000
ALAN BROOKES	6,453	21,600	–	1,098	8,400	37,551	118,018
JOHN JONES	13,177	–	25,000	1,197	–	39,374	45,069
Non-Executives							
MICHAEL STEVENS	–	–	–	–	–	–	–
NORMAN SAUNDERS	22,000	–	–	1,833	–	23,833	22,136
JOHN HEMINGWAY	12,904	–	–	–	–	12,904	–
Total 2003	435,784	21,600	405,000	39,784	33,025	935,193	
Total 2002	576,906	16,559	–	51,560	32,892		677,917

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 2003. The amounts attributed to Stephen Dean represent fees paid to Clayworth Group SA. In addition Stephen Dean had a material interest in Silverhall Holdings Limited, which is referred to in note 29 to the financial statements.

Pension contributions were made in respect of 3 directors (2002 – 3).



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 2003 options were outstanding to Directors under the terms of the share option schemes to subscribe for ordinary shares as follows:

Approved scheme	At 31 March 2002	Number lapsed	At 31 March 2003	Exercise price	Date from which exercisable	Expiry date
CHRISTOPHER MUSSELLE	280,000	–	280,000	7p	10/9/2002	10/9/2009
ALAN BROOKES	280,000	(280,000)	–	7p	10/9/2002	10/9/2009
Unapproved scheme						
MARTYN FREEMAN	3,000,000	(1,500,000)	1,500,000	16p	17/5/2003	18/5/2010
CHRISTOPHER MUSSELLE	3,000,000	(1,500,000)	1,500,000	16p	17/5/2003	18/5/2010
STEPHEN DEAN	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

The closing mid-market price of the company's shares on 31 March 2003 was 1.75p per share and the high and low prices during the year were 9.75p and 1.75p respectively.

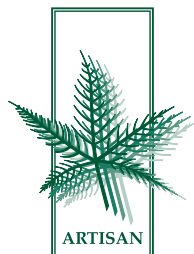
In the year ended 31 March 2002, Christopher Musselle and Alan Brookes made gains of £8,543 and £10,251 respectively on exercising options over 250,000 and 300,000 shares at 4.083p.

DIRECTORS' INTERESTS

The Directors' interests in the ordinary shares of the Company are set out in the Directors' Report on page 10 and details of the options outstanding are set out above.

On behalf of the Remuneration Committee

NORMAN SAUNDERS
10 July 2003



REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ARTISAN (UK) PLC

We have audited the financial statements of Artisan (UK) plc for the year ended 31 March 2003 on pages 19 to 37 which have been prepared under the accounting policies set out on pages 24 to 25.

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 is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Operating and Financial Reviews, the Directors' Report, the Corporate Governance Statement and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 Group and the Company as at 31 March 2003 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*

London

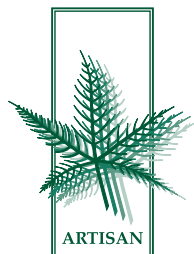
10 July 2003



GROUP PROFIT & LOSS ACCOUNT

For The Year Ended 31 March 2003

		31 Mar 2003	31 Mar 2002
	Note	£	£
TURNOVER	2		
Continuing operations		35,290,017	42,272,870
Discontinued activities		–	21,020,006
		35,290,017	63,292,876
Less: share of associate's continuing turnover		–	(3,830,789)
GROUP TURNOVER		35,290,017	59,462,087
Cost of sales		(32,369,023)	(51,885,067)
GROSS PROFIT		2,920,994	7,577,020
Administrative expenses before exceptional item		(2,681,483)	(4,899,004)
Exceptional goodwill write down	7	–	(18,755,120)
Total administrative expenses		(2,681,483)	(23,654,124)
Other operating income		28,409	83,116
GROUP OPERATING PROFIT/(LOSS)		267,920	(15,993,988)
Continuing operations		468,683	(16,623,796)
Discontinued activities		(200,763)	629,808
Group share of operating loss of associate		–	(600,257)
Amortisation of goodwill arising on acquisition of associate		–	(41,424)
TOTAL OPERATING PROFIT/(LOSS)	4	267,920	(16,635,669)
Profit on disposal of fixed assets		261,614	73,414
(Loss)/profit on sale of group undertaking		(4,082)	4,295,208
Exceptional provisions in respect of sale of group undertakings in previous years	7	(1,177,949)	–
Exceptional termination payments	7	(570,000)	–
Exceptional losses and provisions arising on current asset investments and loan notes	7	(3,525,294)	–
Income from current asset investments		–	37,485
		(4,747,791)	(12,229,562)
Interest payable	5	(791,941)	(858,729)
Interest receivable and similar income		200,931	261,695
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,338,801)	(12,826,596)
Taxation	6	–	(696,854)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(5,338,801)	(13,523,450)
Dividends	9	–	(1,059,450)
RETAINED FOR THE YEAR	22	(5,338,801)	(14,582,900)
Basic loss per share	10	(1.95)p	(4.72)p
Diluted loss per share	10	(1.95)p	(4.72)p



GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For The Year Ended 31 March 2003

	31 Mar 2003	31 Mar 2002
	£	£
Loss for the financial year excluding share of loss of associate	(5,338,801)	(12,881,769)
Share of associate's loss for the year	–	(641,681)
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR	(5,338,801)	(13,523,450)

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

For The Year Ended 31 March 2003

	31 Mar 2003	31 Mar 2002
	£	£
LOSS FOR THE YEAR	(5,338,801)	(13,523,450)
Dividend	–	(1,059,450)
Shares bought back in the year	(1,162,967)	(412,300)
Shares issued in year	500,000	–
NET MOVEMENT IN SHAREHOLDERS' FUNDS	(6,001,768)	(14,995,200)
Opening shareholders' funds	19,151,273	34,146,473
CLOSING SHAREHOLDERS' FUNDS	13,149,505	19,151,273



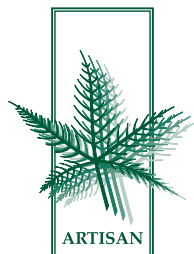
GROUP BALANCE SHEET

at 31 March 2003

	Note	31 MARCH 2003		31 MARCH 2002	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		2,785,174		2,942,158
Tangible assets	12		434,475		894,642
			3,219,649		3,836,800
CURRENT ASSETS					
Investments	14	398,976		811,056	
Stocks and work in progress	15	22,242,791		33,199,625	
Debtors	16	6,281,528		16,638,113	
Cash at bank and in hand		344,371		355,049	
		29,267,666		51,003,843	
CREDITORS: amounts falling due within one year	17	18,054,598		27,885,356	
NET CURRENT ASSETS			11,213,068		23,118,487
TOTAL ASSETS LESS CURRENT LIABILITIES			14,432,717		26,955,287
CREDITORS: amounts falling due after more than one year	18		308,212		7,804,014
Provisions for liabilities and charges	20		975,000		–
			13,149,505		19,151,273
CAPITAL AND RESERVES					
Called up share capital	21		1,427,647		1,411,064
Share premium account	22		18,844,878		18,428,211
Merger reserve	22		515,569		515,569
Capital redemption reserve	22		91,750		25,000
Profit and loss account	22		(7,730,339)		(1,228,571)
EQUITY SHAREHOLDERS' FUNDS			13,149,505		19,151,273

The financial statements were approved by the Board on 10 July 2003

CHRIS MUSSELLE
Director



COMPANY BALANCE SHEET

as at 31 March 2003

	Note	31 MARCH 2003		31 MARCH 2002	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12		20,900		92,627
Investments	13		10,452,149		10,450,176
			10,473,049		10,542,803
CURRENT ASSETS					
Investments	14	398,976		811,056	
Debtors	16	6,816,378		23,707,540	
Cash at bank and in hand		675,204		646,512	
		7,890,558		25,165,108	
CREDITORS: amounts falling due within one year	17	5,467,566		12,602,274	
NET CURRENT ASSETS			2,422,992		12,562,834
TOTAL ASSETS LESS CURRENT LIABILITIES			12,896,041		23,105,637
CREDITORS: amounts falling due after more than one year	18		300,000		1,450,000
Provisions for liabilities and charges	20		975,000		–
			11,621,041		21,655,637
CAPITAL AND RESERVES					
Called up share capital	21		1,427,647		1,411,064
Share premium account	22		18,844,878		18,428,211
Merger reserve	22		689,328		689,328
Capital redemption reserve	22		91,750		25,000
Profit and loss account	22		(9,432,562)		1,102,034
EQUITY SHAREHOLDERS' FUNDS			11,621,041		21,655,637

The financial statements were approved by the Board on 10 July 2003

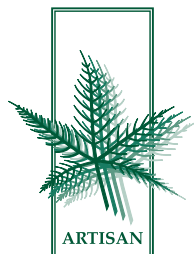
CHRIS MUSSELLE
Director



GROUP CASH FLOW STATEMENT

for the year ended 31 March 2003

	Note	31 MARCH 2003		31 MARCH 2002	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	23		15,305,940		1,392,270
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		204,984		261,695	
Interest paid		(1,269,142)		(858,729)	
Dividends received		–		37,485	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(1,064,158)		(559,549)
TAXATION					
UK corporation tax paid			(1,935,166)		(535,156)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Sale of tangible fixed assets		555,339		896,163	
Purchase of tangible fixed assets		(24,996)		(401,397)	
NET CASH INFLOW FROM INVESTING ACTIVITIES			530,343		494,766
ACQUISITIONS AND DISPOSALS					
Disposal of subsidiary undertaking		(18,618)		5,714,818	
Purchase of subsidiary undertakings		–		(552,692)	
Net cash disposed with subsidiary undertakings		(6,190)		(39,027)	
NET CASH (OUTFLOW)/INFLOW FROM ACQUISITIONS AND DISPOSALS			(24,808)		5,123,099
MANAGEMENT OF LIQUID RESOURCES					
Sale of current asset investments			178,786		103,980
EQUITY DIVIDENDS PAID			(403,294)		(656,156)
NET CASH INFLOW BEFORE FINANCING			12,587,643		5,363,254
FINANCING					
Issue of shares		500,000		–	
Share buy back		(1,162,967)		(412,300)	
Movement in borrowing		(11,123,893)		(11,661,100)	
Capital element of finance leases		(186,248)		14,218	
NET CASH OUTFLOW FROM FINANCING			(11,973,108)		(12,059,182)
INCREASE/(DECREASE) IN CASH	24		614,535		(6,695,928)



NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are 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 2003.

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.

The following principal accounting policies have been applied:

Turnover

Turnover represents the value of work done and properties sold excluding VAT. 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.

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 lives. It is calculated at the following rates:

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 and fittings	–	15-25% per annum on the straight line or reducing balance basis
Plant and machinery	–	15-25% per annum on the straight line or reducing balance basis

Stocks and work in progress

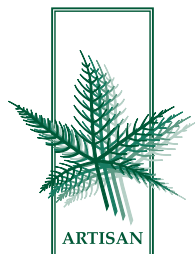
Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a purchase cost basis. Work in progress includes materials and labour costs and an appropriate proportion of overheads incurred on incomplete contracts and developments at the year end. Profit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

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.



NOTES TO THE FINANCIAL STATEMENTS

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

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.

Goodwill arising on acquisitions is capitalised as an intangible asset or, if arising in respect of an associate, recorded as part of the related investment. 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.

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 contribution pension schemes. Contributions are charged to the profit and loss account in the year in which they become payable.

Fixed asset investment

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Current asset investments

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

Comparative figures

Certain prior year amounts in the profit and loss account have been reclassified to conform with the 2003 presentation.



NOTES TO THE FINANCIAL STATEMENTS

2 TURNOVER AND OPERATING PROFIT

Turnover is generated from property-related activities within the UK, with the exception of £729,733 (2002: £nil) arising in Spain.

	2003 Continuing operations £	2003 Discontinued operations £	2002 Continuing operations £	2002 Discontinued operations £
Cost of sales	32,369,023	–	33,613,758	18,271,309
Gross profit	2,920,994	–	4,828,323	2,748,697
Administrative expenses	2,480,720	200,763	2,780,115	2,118,889
Goodwill write down (exceptional)	–	–	18,755,120	–
Other operating income	28,409	–	83,116	–

The discontinued operations in 2003 reflect the disposal in the year of Artisan International s.a. which represents the withdrawal from operations in France.

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

3 EMPLOYEES

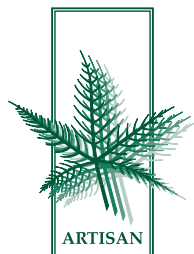
	2003 £	2002 £
Staff costs, including directors, consist of:		
Wages and salaries	3,604,738	5,073,629
Social security costs	323,443	431,671
Other pension costs	87,879	159,364
	4,016,060	5,664,664

Details for each director of remuneration, pension entitlement and interest in share options are set out in the Report on Directors' Remuneration on pages 15 to 17.

	2003 Number	2002 Number
The average number of employees, including directors, during the year was:		
Administration	31	34
Operations	117	105
	148	139

4 OPERATING PROFIT/(LOSS)

	2003 £	2002 £
This has been arrived at after charging/(crediting):		
Depreciation	184,593	488,457
Amortisation of goodwill	156,984	739,973
Amortisation of goodwill in associates	–	41,424
Impairment of goodwill	–	18,755,120
Auditors' remuneration – audit services	67,500	67,000
– other services	22,500	11,756
Hire of plant and machinery	55,620	187,154
Other operating lease rentals – vehicles	47,830	44,611
– land and buildings	156,758	101,500
Rent receivable	(69,445)	(31,718)



NOTES TO THE FINANCIAL STATEMENTS

5 INTEREST PAYABLE

	2003 £	2002 £
Hire purchase and finance leases	1,193	29,939
Bank overdrafts and loans repayable within 5 years	779,530	756,231
Other interest	11,218	72,559
	791,941	858,729

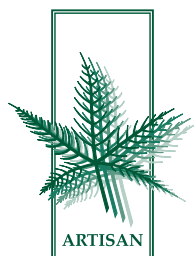
6 TAXATION

	2003 £	2002 £
<i>Current tax</i>		
UK corporation tax on profits of the year	–	579,064
Adjustment in respect of previous years	–	(97,064)
Total current tax	–	482,000
<i>Deferred tax</i>		
Origination and reversal of timing differences	–	214,854
Taxation	–	696,854

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
Loss on ordinary activities before tax	(5,338,801)	(12,826,596)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 – 30%)	(1,601,640)	(3,847,979)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,507,540	403,926
Non-taxable income	(38,917)	(149,396)
Capital allowances for year in excess of depreciation	(16,017)	51,709
Capital gains adjustment	(83,214)	2,095,914
Losses carried forward	232,248	2,024,890
Adjustment to tax charge in respect of previous years	–	(97,064)
Current tax charge for year	–	482,000

Subject to the agreement of the Inland Revenue, there are tax losses of approximately £2 million for set off against future years' profits.



NOTES TO THE FINANCIAL STATEMENTS

7 EXCEPTIONAL ITEMS

	2003 £	2002 £
Recognised after arriving at operating profit/(loss):		
(a) Losses and provisions arising on current asset investments and loan notes		
(i) Loss arising on disposal of UK listed investments	73,294	–
(ii) Provision against carrying value of UK listed investments	160,000	–
(iii) Provision against carrying value of convertible redeemable preferred stock in NASDAQ quoted company	3,292,000	–
	3,525,294	–
(b) Termination payments in respect of former chairman	570,000	–
(c) Provision against deferred consideration due and claims in respect of the disposal of group undertakings in the previous year	1,177,949	–
Recognised before arriving at operating profit/(loss):		
(d) Impairment of goodwill	–	18,755,120

8 LOSS 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 the year, dealt with in the profit and loss account of the company and after taking into account dividends from subsidiary undertakings, was £9,371,629 (2002 – loss £8,742,033).

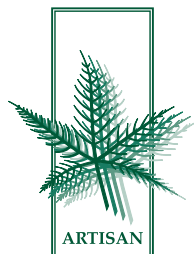
9 DIVIDENDS

	2003 £	2002 £
Interim dividends paid	–	656,156
Proposed final dividend	–	403,294
	–	1,059,450

10 LOSS PER SHARE

The basic loss share is calculated by dividing the loss on ordinary activities after taxation by the weighted average number of shares in issue. In calculating the diluted loss per share, share options outstanding have been taken into account.

	2003 Number	2002 Number
The weighted average number of shares were:		
Basic weighted average number of shares	274,187,964	286,383,308
Diluted potential ordinary shares – employee share options	–	126,300
	274,187,964	286,509,608



NOTES TO THE FINANCIAL STATEMENTS

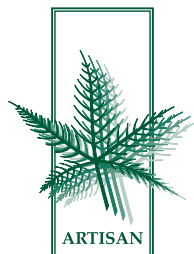
11 INTANGIBLE FIXED ASSETS

	£
GOODWILL	
Cost	
At 1 April 2002 and 31 March 2003	3,136,389
Amortisation	
At 1 April 2002	194,231
Charge for the year	156,984
At 31 March 2003	351,215
Net book value	
At 31 March 2003	2,785,174
At 31 March 2002	2,942,158

12 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
GROUP						
Cost						
At 1 April 2002	450,269	53,212	311,927	652,134	269,477	1,737,019
Additions	–	–	3,536	7,103	14,357	24,996
Disposals	(134,469)	–	(84,093)	(379,091)	(12,458)	(610,111)
At 31 March 2003	315,800	53,212	231,370	280,146	271,376	1,151,904
Depreciation						
At 1 April 2002	16,265	31,890	266,433	397,604	130,185	842,377
Provided for the year	6,188	17,231	17,238	67,080	83,701	191,438
Eliminated on disposals	(5,905)	–	(60,167)	(243,737)	(6,577)	(316,386)
At 31 March 2003	16,548	49,121	223,504	220,947	207,309	717,429
Net book value						
At 31 March 2003	299,252	4,091	7,866	59,199	64,067	434,475
At 31 March 2002	434,004	21,322	45,494	254,530	139,292	894,642

The net book value of fixed assets includes an amount of £38,726 (2002 - £199,875) in respect of assets held under hire purchase. The depreciation charge includes an amount of £70,796 (2002 - £89,326) in respect of assets under hire purchase.



NOTES TO THE FINANCIAL STATEMENTS

12 TANGIBLE ASSETS (Continued)

	Leasehold improvements £	Motor vehicles £	Equipment, fixtures and fittings £	Total £
COMPANY				
Cost				
At 1 April 2002	27,407	152,340	32,259	212,006
Additions	–	–	7,629	7,629
Disposals	–	(152,340)	(5,538)	(157,878)
At 31 March 2003	27,407	–	34,350	61,757
Depreciation				
At 1 April 2002	16,609	90,840	11,930	119,379
Provided for the year	6,768	–	8,447	15,215
Disposals	–	(90,840)	(2,897)	(93,737)
At 31 March 2003	23,377	–	17,480	40,857
Net book value				
At 31 March 2003	4,030	–	16,870	20,900
At 31 March 2002	10,798	61,500	20,329	92,627

The net book value of fixed assets includes an amount of £Nil (2002 – £61,500) in respect of assets held under hire purchase. The depreciation charge includes an amount of £Nil (2002 – £61,456) in respect of assets under hire purchase.

13 FIXED ASSET INVESTMENTS

	Subsidiary undertakings £
COMPANY	
Cost	
At 1 April 2002	11,450,176
Additions	7,973
Disposals	(6,000)
At 31 March 2003	11,452,149
Provisions	
At 1 April 2002 and 31 March 2003	1,000,000
Net book value	
At 31 March 2003	10,452,149
At 31 March 2002	10,450,176

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

13 FIXED ASSET INVESTMENTS (Continued)

At 31 March 2003 the Company held the following interests in subsidiary undertakings all of which are included within the consolidated financial statements.

Name	Class of share capital held	Proportion held	Nature of business
Artisan (UK) Developments Limited	Ordinary	100%	Commercial property development
Rippon Homes Limited	Ordinary	100%	House building and development
Artisan Chiltern Limited	Ordinary	100%	House building and development
Living Heritage Developments Limited	Ordinary	100%	House building and development
*Artisan Investments SL	Ordinary	100%	Property development
Artisan (UK) Properties Limited	Ordinary	100%	Property sales and letting
Artisan Contracting Limited	Ordinary	100%	Dormant
<i>Wholly owned subsidiaries of Living Heritage Developments Limited</i>			
Living Heritage Properties Limited	Ordinary	100%	House building and development
Hartgroom Limited	Ordinary	100%	House building and development
Mountwalk Properties Limited	Ordinary	100%	House building and development

* Acquired in the year

All the above companies are registered in England and Wales apart from Artisan Investments SL which is registered in Spain.

During the year the company acquired and disposed of the entire share capital of Artisan International s.a., a company registered in Luxembourg.

14 CURRENT ASSET INVESTMENTS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Listed investments at cost	825,528	1,077,608	825,528	1,077,608
Unlisted investments at cost	90,465	90,465	90,465	90,465
Provisions against listed investments	(517,017)	(357,017)	(517,017)	(357,017)
	398,976	811,056	398,976	811,056

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.

15 STOCKS AND WORK IN PROGRESS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Raw materials and consumables	83,031	154,589	–	–
Land held for development	426,004	930,275	–	–
Work in progress	14,450,833	13,588,527	–	–
Completed developments and houses for sale	7,282,923	18,526,234	–	–
	22,242,791	33,199,625	–	–



NOTES TO THE FINANCIAL STATEMENTS

16 DEBTORS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Trade debtors	4,210,346	6,329,126	30,418	844,643
Amounts recoverable on contracts	313,941	1,943,296	–	–
Amounts owed from subsidiary undertakings	–	–	5,556,169	16,831,779
Other debtors	1,571,887	7,616,882	1,147,967	5,480,258
Prepayments and accrued income	100,208	663,663	81,824	550,860
Deferred tax – capital allowances	85,146	85,146	–	–
	6,281,528	16,638,113	6,816,378	23,707,540

Included in other debtors are £1,000,000 (2002 – £1,000,000) of convertible loans to an AIM listed company repayable by April 2005 and £124,175 (2002 – £3,301,695) of convertible redeemable preferred stock in a NASDAQ quoted company repayable by July 2008.

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Bank loans and overdrafts (secured – see note 19)	10,934,949	14,843,221	1,350,000	1,850,000
Other loans	103,471	1,294,305	103,471	1,294,305
Trade creditors	3,225,175	2,438,828	144,078	206,576
Amounts owed to subsidiary undertakings	–	–	3,000,000	7,300,000
Corporation tax	912,596	2,904,145	169,200	169,200
Other taxes and social security	203,115	443,794	15,917	19,300
Proposed dividends	–	403,294	–	403,294
Other creditors	198,390	1,627,363	–	1,027,876
Accruals	2,459,489	3,767,547	684,900	246,679
Amounts due under hire purchase agreements	17,413	162,859	–	85,044
	18,054,598	27,885,356	5,467,566	12,602,274

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Bank loans (secured – see note 19)	300,000	6,950,000	300,000	1,450,000
Amounts due under hire purchase agreements	8,212	49,014	–	–
Trade creditors	–	805,000	–	–
	308,212	7,804,014	300,000	1,450,000



NOTES TO THE FINANCIAL STATEMENTS

19 BORROWINGS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Are repayable as follows:				
Within one year:				
Bank borrowings	10,934,949	14,843,221	1,350,000	1,850,000
Other loans and borrowings	103,471	1,294,305	103,471	1,294,305
Hire purchase agreements	17,413	162,859	–	85,044
After one and within two years:				
Bank borrowings	300,000	1,450,000	300,000	–
Hire purchase agreements	5,892	14,103	–	–
After two and within five years:				
Bank borrowings	–	5,500,000	–	1,450,000
Hire purchase agreements	2,320	34,911	–	–
	11,364,045	23,299,399	1,753,471	4,679,349

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.

20 PROVISIONS FOR LIABILITIES AND CHARGES

	Provision for claims £
Group and Company	
At 1 April 2002	–
Movement in the year	975,000
At 31 March 2003	975,000

The company is in dispute with Infiniteland Limited over the sale of Group undertakings in the previous year. The Directors have made provisions for bond and other claims in connection with this dispute.

21 SHARE CAPITAL

	2003 £	2002 £
Authorised 400,000,000 ordinary shares of 0.5p each	2,000,000	2,000,000
Allotted, called up and fully paid		
285,529,426 ordinary shares of 0.5p each	1,427,647	–
282,212,760 ordinary shares of 0.5p each	–	1,411,064

In the year ended 31 March 2003 the movements in ordinary shares issued were as follows:

	Number	Consideration	Nominal value £
At 1 April 2002	282,212,760		1,411,064
23/04/02 Purchase of own shares	(13,350,001)	(1,162,967)	(66,750)
23/12/02 Issue of shares	16,666,667	500,000	83,333
At 31 March 2003	285,529,426	(662,967)	1,427,647

In accordance with the authority given at the Annual General Meeting on 4 September 2001, the company completed the purchase of 13,350,001 shares on 23 April 2002.

The issue of shares was carried out to raise additional working capital for the group.



NOTES TO THE FINANCIAL STATEMENTS

21 SHARE CAPITAL (Continued)

Contingent rights to the allotment of shares

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

	Shares	Exercise price range	Weighted exercise price
Approved scheme			
At 1 April 2002 and at 31 March 2003	480,000	7.00-15.00p	10.33p
Unapproved scheme			
At 1 April 2002	12,000,000	16.00p	16.00p
Lapsed	(9,000,000)	16.00p	16.00p
At 31 March 2003	3,000,000	16.00p	16.00p

The above options are exercisable between 17 May 2003 and 18 May 2010.

22 RESERVES

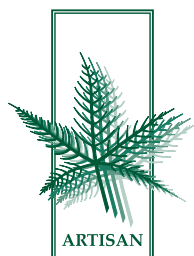
	Group				Company			
	Share premium account £	Merger reserve £	Capital redemption reserve £	Profit and loss account £	Share premium account £	Merger reserve £	Capital redemption reserve £	Profit and loss account £
At 1 April 2002	18,428,211	515,569	25,000	(1,228,571)	18,428,211	689,328	25,000	1,102,034
Premium arising on own share purchase	–	–	–	(1,096,217)	–	–	–	(1,096,217)
Own share purchase	–	–	66,750	(66,750)	–	–	66,750	(66,750)
Shares issued in the year	416,667	–	–	–	416,667	–	–	–
Retained loss for the year	–	–	–	(5,338,801)	–	–	–	(9,371,629)
At 31 March 2003	18,844,878	515,569	91,750	(7,730,339)	18,844,878	689,328	91,750	(9,432,562)

23 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit/(loss)	267,920	(16,635,669)
Depreciation	191,438	448,457
Amortisation	156,984	781,397
Goodwill impairment write off	–	18,755,120
Loss retained in associated company	–	600,257
Decrease in stock	10,956,834	7,395,427
Decrease/(increase) in debtors	6,592,020	(129,832)
Decrease in creditors and provisions	(2,859,256)	(9,822,887)
Net cash inflow from operating activities	15,305,940	1,392,270

24 RECONCILIATION OF CHANGE IN CASH TO MOVEMENT IN NET DEBT

	2003 £
Increase in cash in the year	614,535
Cash outflow from changes in debt and lease financing	11,310,141
Cash inflow from decrease in liquid resources	(178,786)
Changes in market values of current asset investments	(233,294)
Movement in net debt in the year	11,512,596
Opening net debt	(22,133,294)
Closing net debt	(10,620,698)



REPORT OF THE INDEPENDENT AUDITORS

25 ANALYSIS OF NET DEBT

	At 1 April 2002 £	Cash Flow £	Non-cash movement £	At 31 March 2003 £
Cash at bank	355,049	(10,678)	–	344,371
Bank overdrafts	(2,290,134)	625,213	–	(1,664,921)
	(1,935,085)	614,535	–	(1,320,550)
Finance leases	(211,873)	186,248	–	(25,625)
Debt due within one year	(13,847,392)	11,123,893	(6,650,000)	(9,373,499)
Debt due after more than one year	(6,950,000)	–	6,650,000	(300,000)
Current asset investments	811,056	(178,786)	(233,294)	398,976
Net debt	(22,133,294)	11,745,890	(233,294)	(10,620,698)

26 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 the company's advisers.

The Group is also subject to foreign exchange risk in respect of a loan note and an investment denominated in US dollars as set out in note 26(c).

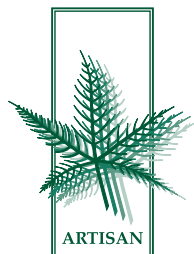
Short term debtors and creditors have been excluded from the disclosures.

(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
At 31 March 2003						
Sterling	11,364,045	129,096	11,234,949	–	6.09	1.80
At 31 March 2002						
Sterling	24,104,399	1,506,178	21,793,221	805,000	8.62	0.25

The bank borrowings related 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 £103,471 (2002 – £694,305) of loan notes repayable within one year.

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



NOTES TO THE FINANCIAL STATEMENTS

26 FINANCIAL INSTRUMENTS (Continued)

(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 £
At 31 March 2003				
Sterling and US dollars	1,867,522	124,175	1,344,371	398,976
At 31 March 2002				
Sterling and US dollars	6,167,800	3,301,695	2,055,049	811,056

Fixed rate financial assets comprise convertible redeemable preferred stock denominated in US dollars carrying interest at 7% and repayable by July 2008. Floating rate financial assets comprise UK loan notes and cash held in UK bank accounts. Financial assets on which no interest is paid comprise equity investments in listed and unlisted securities of which £198,851 (2002 – £198,851) is in respect of an investment denominated in US dollars otherwise all assets are denominated in sterling.

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

	2003 £	2002 £
Within one year	11,055,833	16,300,385
After one and within two years	305,892	2,269,103
After two and within five years	2,320	5,534,911
	11,364,045	24,104,399

(e) Borrowing facilities

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

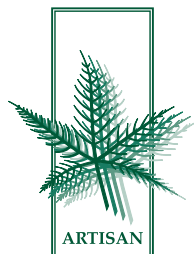
Expiring within one year	4,935,079	3,759,725
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(f) Fair value of financial liabilities and financial assets

	2003 Book value £	2003 Fair value £	2002 Book value £	2002 Fair value £
Short term borrowings	11,038,420	11,038,420	16,137,526	16,137,526
Long term borrowings	300,000	300,000	6,950,000	6,950,000
Long term contracts	–	–	805,000	805,000
Finance leases	25,625	25,625	211,873	211,873
Cash	344,371	344,371	355,049	355,049
Current asset investments	398,976	398,976	811,056	811,056
Convertible redeemable preferred stock	124,175	124,175	3,301,695	3,301,695

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

The fair value 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

27 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. At 31 March 2003, bank borrowings of Group company members covered by the cross guarantee amounted to £7,759,115 (2002 – £8,385,950).

In the normal course of business the Group has given counter indemnities in respect of performance bonds and financial guarantees. As at 31 March 2003, bonds in issue amount to £346,154 (2002 – £110,012).

The Group has given guarantees in normal course of business, in respect of performance bonds of subsidiaries since sold. The outstanding value of bonds not yet completed at 31 March 2003 was £783,365.

28 LEASING COMMITMENTS

Operating lease payments amounting to £184,925 are due within one year (2002 – £121,767). The leases to which these amounts relate expire as follows:

	2003 Land and buildings £	2003 Other £	2002 Land and buildings £	2002 Other £
Within one year	24,562	8,028	–	15,713
Between two and five years	116,000	36,335	–	4,554
Over five years	–	–	101,500	–

29 RELATED PARTY TRANSACTIONS

Fees of £118,750 (2002 – £521,250), principally in respect of corporate advice, were paid to Silverhall Holdings Limited, a company in which Stephen Dean had a material interest. A further amount of £190,000 (2002 – £Nil) was paid to Silverhall Holdings Limited in respect of termination obligations.

30 POST BALANCE SHEET EVENTS

On 25 April 2003, the company issued 3,000,000 shares at 1.98p per share.

