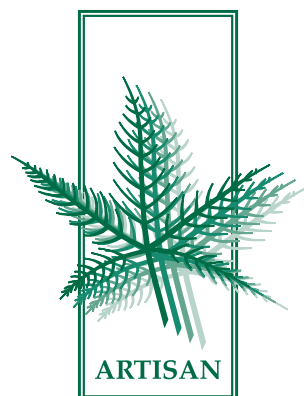




ARTISAN (UK) PLC

INTERIM STATEMENT

*For the Six Months
to 30th September 2003*



UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003

CHAIRMAN'S INTERIM STATEMENT FOR THE PERIOD TO 30TH SEPTEMBER 2003

FINANCIAL HIGHLIGHTS

For the 6 months to 30th September 2003

	Six months 30th September 2003	Six months 30th September 2002	Year to 31st March 2003
Turnover	£16,885,282	£13,047,813	£35,290,017
Operating Profit/(Loss)	£447,650	£(248,095)	£267,920
Profit/(Loss) before interest and tax	£485,478	£(3,024,893)	£(4,747,791)
Earnings/(Loss) per share	0.09p	(1.16)p	(1.95)p
Net Assets	£13,455,013	£14,860,196	£13,149,505
Net Debt	£6,003,312	£18,612,286	£10,620,698

CHAIRMAN'S STATEMENT

The first six months' result has continued the favourable trend in operational profitability, with an improvement over the comparable period last year. I remain confident that the correct strategy for Artisan is to concentrate on its core activity of property development in the UK, with a particular emphasis on residential development.

COMMERCIAL DIVISION

Artisan (UK) Developments

Occupational demand for the business parks developed by Artisan (UK) Developments Ltd remained subdued for the first half of the year. Planned production was held back in areas where supply exceeded demand and this approach has reduced the level of finished stock held across the business parks.

The policy of seeking to achieve forward sales rather than speculative development has proven successful in maintaining a stable cash flow and avoiding the need to heavily discount stock units. However, the nature of the property that Artisan offers still demands that we also maintain a reasonable level of available stock if we are to maximise revenues as and when the market improves.

We are beginning to see early signs in the market place that give us reasons for being mildly optimistic that the second half of the year will show an improvement in demand from occupiers over the first half and the management moved to cautiously increase the volume of speculative development for release in the latter part of the financial year.



RESIDENTIAL HOUSING DIVISION

Rippon Homes

Rippon Homes including the new Living Heritage products have exceeded budgeted targets with the sale of fifty five new homes in the period in part by bringing forward sales expected in the second half.

Although there now appear to be modest signs of market resistance, the East Midlands new homes market remains buoyant with virtually no stock properties currently being carried.

Completing the integration of Living Heritage within Rippon Homes resulted in the historic Living Heritage stock being sold, apart from the five apartments in Midhurst for which a new approach is to be adopted. Prices for the Living Heritage stocks were in line with budgeted expectations.

Rippon Homes has moved to broaden its area of operation into South Yorkshire and Leicestershire and continues to purchase development sites in order to build land stocks in Nottinghamshire, Derby and Lincolnshire.

LITIGATION

The litigation over the earlier disposal of Bickerton Construction Limited is moving towards a conclusion. The hearing in the High Court continues but is now not expected to conclude prior to Christmas, and is therefore unfortunately delayed until early February due to court availability. Judgement will then be reserved until, we estimate, sometime later in the first quarter in 2004. Artisan remains confident that we have a good defence, but the outcome is a matter for the Court. Artisan has provided for the costs of the hearing and not assumed any recovery will be made for costs and damages in favour of Artisan. Also we have not allowed for any award against Artisan of costs and damages, which if made could be substantial, in the financial results for the six months to 30 September 2003.

FINANCIAL REVIEW

The Group's turnover for the current interim period has increased to £16.89m (30 September 2002 £13.05m) with operating profit increasing to £448,000 (30 September 2002 loss £248,000).

Rippon Homes has exceeded both budgeted turnover and margin as a result of the buoyant demand conditions and a successful delivery of product. Against this Artisan (UK) Developments has fallen behind budget as a result of the unfavourable market conditions in South Cambridgeshire, with steady trading at the Peterborough Business Park helping to counteract otherwise negative results.

We are pleased to report not only the realisation of the Group's investment in The Wigmore Group plc, but a surplus of £108,000 over the carrying value as at 31 March 2003.

The Stratus Services Group Inc investment continues to be held at a prudent level compared with the potential realisation. We are advised that Stratus' programme for their continuous offering to raise new funds continues to progress.



The Group gearing as at 30 September 2003 is reduced significantly at 46.8% on £6.29m of net debt excluding current asset investments (30 September 2002 125.3%, £17.73m). This is, in part, due to great efforts resulting in the realisation of non core and surplus assets. Also whilst new land opportunities for residential have been found, actual cash expenditure had not necessarily been incurred at 30 September 2003. There will also be an investment in replenishing speculative commercial stock. Consequently we may anticipate some increase in the gearing ratio over coming months.

Profitability is not sufficiently restored to pay an interim dividend, but the Board would not in the present circumstances recommend payment of an interim dividend whilst we concentrate on investing for future returns. To assist our future distribution policy our application to court to reduce the share premium account is proceeding through the Court and should be completed before the financial year end.

FUTURE PROSPECTS

The ordinary profits for the full year will inevitably be largely dependent on the recent upturn in occupier demand for office properties delivering sales of the few remaining stock offices developed by Artisan (UK) Developments, although a solid contribution from Rippon Homes is expected to continue through to the year end given current housing market conditions.

The Company made a number of approaches to purchase private house building businesses over the summer, but has been unable to date to identify a suitable candidate for a fair price that provides an additional division beyond Rippon Homes. As a consequence some investment has been shifted towards greater residential land bank acquisition for the time being, but the longer term business plan objectives are retained and will continue to be explored.

Finally, I wish to thank the staff and management for their continued loyalty to Artisan and their great contributions to the future success of Artisan.

MICHAEL W STEVENS

Chairman

17th December 2003



CONSOLIDATED PROFIT AND LOSS ACCOUNT

Six months to September 2003

	Six months ended 30th September 2003 (Unaudited) £	Six months ended 30th September 2002 (Unaudited) £	Year ended 31st March 2003 (Audited) £
Turnover			
Continuing operations	16,885,282	13,047,813	35,290,017
Operating profit/(loss)			
Continuing operations	447,650	(224,171)	468,683
Discontinued activities	—	(23,924)	(200,763)
Total operating profit/(loss)	<u>447,650</u>	<u>(248,095)</u>	<u>267,920</u>
(Loss)/profit on disposal of fixed assets	—	(6,798)	261,614
Loss on sale of group undertaking	(20,343)	—	(4,082)
Exceptional provisions in respect of sale of group undertakings in previous years	(50,000)	—	(1,177,949)
Exceptional termination payments	—	(570,000)	(570,000)
Exceptional losses and provisions arising on current asset investments and loan notes	—	(2,200,000)	(3,525,294)
Profit on sale of current asset investments	<u>108,171</u>	<u>—</u>	<u>—</u>
	485,478	(3,024,893)	(4,747,791)
Interest payable	(415,182)	(647,217)	(791,941)
Interest receivable and similar income	<u>204,756</u>	<u>162,216</u>	<u>200,931</u>
Profit/(loss) on ordinary activities before taxation	275,052	(3,509,894)	(5,338,801)
Taxation on ordinary activities	<u>(28,896)</u>	<u>381,784</u>	<u>—</u>
Profit/(loss) on ordinary activities after taxation	<u>246,156</u>	<u>(3,128,110)</u>	<u>(5,338,801)</u>
Dividends	<u>—</u>	<u>—</u>	<u>—</u>
Retained for the period	<u>246,156</u>	<u>(3,128,110)</u>	<u>(5,338,801)</u>
Earnings/(loss) per share	0.09p	(1.16)p	(1.95)p
Diluted earnings/(loss) per share	0.09p	(1.16)p	(1.95)p



CONSOLIDATED BALANCE SHEET

	As at 30th September 2003 (Unaudited) £	As at 30th September 2002 (Unaudited) £	As at 31st March 2003 (Audited) £
Fixed assets			
Intangible fixed assets	2,706,682	2,863,666	2,785,174
Tangible fixed assets	393,099	669,987	434,475
	<u>3,099,781</u>	<u>3,533,653</u>	<u>3,219,649</u>
Current assets			
Investments	289,415	929,805	398,976
Stocks and work in progress	17,806,594	32,021,606	22,242,791
Debtors	5,009,672	7,430,064	6,281,528
Cash at bank and in hand	41,088	231,600	344,371
	<u>23,146,769</u>	<u>40,613,075</u>	<u>29,267,666</u>
Creditors			
Amounts falling due within one year	(11,735,218)	(22,936,532)	(18,054,598)
Net current assets	<u>11,411,551</u>	<u>17,676,543</u>	<u>11,213,068</u>
Total assets less current liabilities	<u>14,511,332</u>	<u>21,210,196</u>	<u>14,432,717</u>
Creditors			
Amounts falling due after more than one year	(158,212)	(6,350,000)	(308,212)
Provisions for liabilities and charges	(898,107)	—	(975,000)
Net Assets	<u>13,455,013</u>	<u>14,860,196</u>	<u>13,149,505</u>
Capital and reserves			
Called up share capital	1,442,647	1,344,314	1,427,647
Share premium account	18,889,230	18,428,211	18,844,878
Merger reserve	515,569	515,569	515,569
Capital redemption reserve	91,750	91,750	91,750
Profit and loss account	(7,484,183)	(5,519,648)	(7,730,339)
Equity shareholders' funds	<u>13,455,013</u>	<u>14,860,196</u>	<u>13,149,505</u>
Total overdraft and loan balances included in creditors	<u>6,321,789</u>	<u>18,794,336</u>	<u>11,338,420</u>



CONSOLIDATED CASH FLOW

	Six months ended 30th September 2003 (Unaudited) £	Six months ended 30th September 2002 (Unaudited) £	Year ended 31st March 2003 (Audited) £
Net cash inflow from operating activities	5,035,566	7,791,681	15,305,940
Returns on investments and servicing of finance			
Interest received and similar income	204,756	162,216	204,984
Interest paid	(415,182)	(647,217)	(1,269,142)
	<u>(210,426)</u>	<u>(485,001)</u>	<u>(1,064,158)</u>
Taxation			
UK Corporation tax paid	(237,304)	(1,906,671)	(1,935,166)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(15,563)	(17,354)	(24,996)
Sale of tangible fixed assets	20,746	112,376	555,339
	<u>5,183</u>	<u>95,022</u>	<u>530,343</u>
Acquisitions and disposals			
Disposal of subsidiary undertakings	(20,343)	–	(18,618)
Cash disposal with subsidiary undertakings	–	–	(6,190)
	<u>(20,343)</u>	<u>–</u>	<u>(24,808)</u>
Management of liquid resources			
Sale of current asset investment	154,271	–	178,786
Equity dividends paid	<u>–</u>	<u>–</u>	<u>(403,294)</u>
Net cash inflow before financing	<u>4,726,947</u>	<u>5,495,031</u>	<u>12,587,643</u>
Financing			
Issue of shares	–	–	500,000
Share buy back	–	(1,162,967)	(1,162,967)
Repayment of borrowings	(8,312,070)	(5,475,336)	(11,123,893)
Capital element of finance leases & hire purchase contracts	<u>(13,599)</u>	<u>(162,323)</u>	<u>(186,248)</u>
	<u>(8,325,669)</u>	<u>(6,800,626)</u>	<u>(11,973,108)</u>
(DECREASE)/INCREASE IN CASH	<u><u>(3,598,722)</u></u>	<u><u>(1,305,595)</u></u>	<u><u>614,535</u></u>



NOTES TO THE STATEMENT OF CASH FLOWS

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

	Six months ended 30th September 2003 (Unaudited) £	Six months ended 30th September 2002 (Unaudited) £	Year ended 31st March 2003 (Audited) £
Operating profit/(loss)	447,650	(248,095)	267,920
Depreciation	43,882	122,835	191,438
Amortisation	78,492	78,492	156,984
Profit on disposal of fixed assets	(7,689)	—	—
Increase in investments	—	(118,749)	—
Decrease in stock	4,436,197	1,178,019	10,956,834
Decrease in debtors	1,335,317	7,008,049	6,592,020
Decrease in creditors and provisions	(1,298,283)	(228,870)	(2,859,256)
Net cash inflow from operating activities	<u>5,035,566</u>	<u>7,791,681</u>	<u>15,305,940</u>

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

	Six months ended 30th September 2003 (Unaudited) £	Six months ended 30th September 2002 (Unaudited) £	Year ended 31st March 2003 (Audited) £
(Decrease)/increase in cash	(3,598,722)	(1,305,595)	614,535
Cash outflow from decrease in debt and lease financing	8,325,669	5,637,659	11,310,141
Cash inflow from decrease in liquid resources	(154,271)	—	(178,786)
Change in net debt resulting from cash flows	<u>4,572,676</u>	<u>4,332,064</u>	<u>11,745,890</u>
Conversion of debtors to current asset investments	600,000	—	—
Proceeds due from sale of current asset investments	(663,461)	—	—
Profit on sale of current asset investments	108,171	—	—
Change in market value of current asset investments	—	—	(233,294)
Opening net debt	<u>(10,620,698)</u>	<u>(22,944,350)</u>	<u>(22,133,294)</u>
Closing net debt	<u>(6,003,312)</u>	<u>(18,612,286)</u>	<u>(10,620,698)</u>



(c) Analysis of net cash and debt

	At 31st March 2003 £	Cash Flow £	Non-cash movement £	At 30th September 2003 £
NET CASH				
Cash at bank	344,371	(303,283)	–	41,088
Bank overdrafts	(1,664,921)	(3,295,439)	–	(4,960,360)
	(1,320,550)	(3,598,722)	–	(4,919,272)
DEBT				
Finance leases	(25,625)	13,599	–	(12,026)
Debt due within one year	(9,373,499)	8,312,070	(150,000)	(1,211,429)
Debt due after more than one year	(300,000)	–	150,000	(150,000)
Current asset investment	398,976	(154,271)	44,710	289,415
Net debt	<u>(10,620,698)</u>	<u>4,572,676</u>	<u>44,710</u>	<u>(6,003,312)</u>



NOTES TO THE INTERIM STATEMENT

1. The interim financial information has been prepared on the basis of the accounting policies set out in the Group's 2003 statutory accounts to 31st March 2003. The interim figures have not been audited. The interim financial statement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (The "Act"). Comparative financial information for the 12 months ended 31st March 2003 has been extracted from the statutory accounts for the period which have been delivered to the Registrar of Companies and upon which the auditors gave an unqualified report, with no statement under Section 237(2) or (3) of the Act.
2. The restatement of the 30th September 2002 interim results is to reflect the now discontinued activities in the comparative results as well as the 30th September 2003 results and the treatment of exceptional termination payments to be consistent with 31st March 2003 year end. This restatement has no effect on aggregate Group turnover and profit/(loss) on ordinary activities before taxation.
3. The taxation charge for the 6 months has been calculated at an effective rate of 10.5% due to the availability of trading losses brought forward to offset against profits of the current period (30th September 2002 credit: 31%).
4. The calculation of earnings per share is based on the profit on ordinary activities after taxation and 288,135,983 (30th September 2002: 270,540,628) ordinary shares being the weighted average number of shares in issue during the half year. The weighted average number of shares in issue during the twelve months ended 31st March 2003 was 274,187,964.

The calculation of diluted earnings per share is based on the profit on ordinary activities after taxation and 288,135,983 (30th September 2002: 270,540,628) ordinary shares being the weighted average number of shares in issue during the half-year, after allowing for share options.

5. The Board has decided that there will be no interim dividend.
6. The interim statement was approved by the Board of Directors on 17 December 2003. Copies are being sent to all shareholders. Copies of this statement will be available to members of the public, free of charge, from the Company's registered office, Mace House, Sovereign Court, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

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