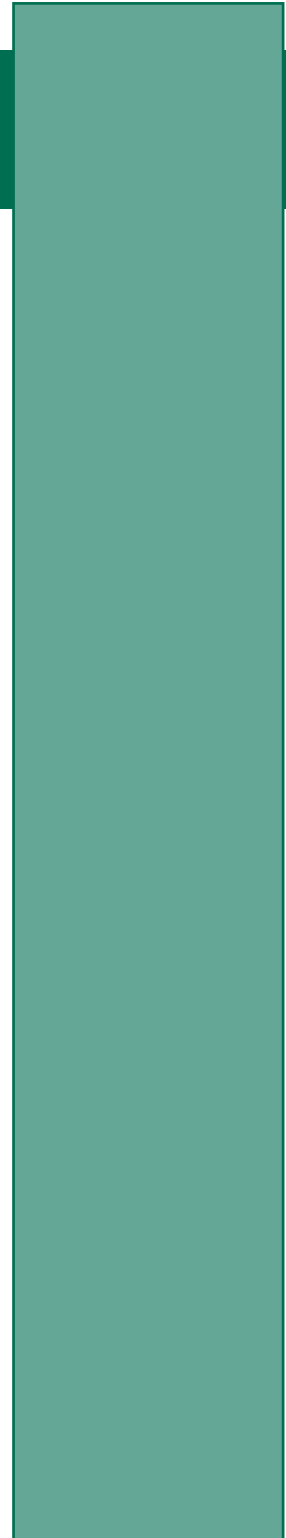


ARTISAN
(UK) plc

Interim Statement

for the six months to 31 December 2009



Artisan (UK) plc

UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

London, 29 March 2010: Artisan (UK) plc (“Artisan” or “the Group”), the AIM listed house builder, commercial property developer and property investor, announces its unaudited interim results for the six months ended 31 December 2009.

- Turnover at £4.2m compared to £5.1m in the same period in 2008
- Operating loss before finance, tax and exceptional items reduces to £0.5m (2008: £1.0m loss)
- Residential: currently trading continues at a low level due to the impact of difficult conditions in the mortgage market
- Work in Progress and stock levels reduced, although two new sites opened
- Continued cost cutting measures

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

“Through the six months to 31 December 2009, the Group has seen the residential market stabilising albeit at a low level. The tough economic factors that affected the Group’s customers last year have persisted. The residential market continues to suffer from a shortage of mortgage funds for the majority of our potential customers and possibly over cautious mortgage valuations being provided by valuers to mortgage providers. The slowdown in the commercial property market continues to impact on our Commercial Property division.”

“Since the end of the period under review, the mortgage market appears to have eased a little with mortgage funds starting to become more easily available and valuers moving towards improved valuations for some residential properties. We will continue to manage the business by balancing sales, production and cash flow and adopting a flexible response as conditions change.”

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Chairman's statement

Through the six months to 31 December 2009, the Group has seen the residential market stabilising albeit at a low level. The tough economic factors that affected the Group's customers last year have persisted. The residential market continues to suffer from a shortage of mortgage funds for the majority of our potential customers and possibly over cautious mortgage valuations being provided by valuers to mortgage providers. The slowdown in the commercial property market continues to impact on our Commercial Property division. However since the end of the period under review, the mortgage market appears to have eased a little with mortgage funds starting to become more easily available and valuers moving towards improved valuations for some residential properties.

Results

Turnover for the 6 months to 31 December 2009 was £4.2m compared to £5.1m in the same period in 2008.

As a result of both reduced turnover and reduced margins, the Group has recorded an operating loss before finance, tax and exceptional items for the period of £0.5m (2008: £1.0m loss). After net finance costs the loss before tax and exceptional items was £0.7m (2008: £1.5m loss). Overall the loss before tax for the period was reduced to £0.7m (2008: £5.2m) and the loss per share improved to 5.38p (2008: 63.87p loss).

The Board has reviewed the carrying value of our stocks and work in progress. The outcome is that overall no further impairment of the carrying value is required and that the assessment at the previous year end remains broadly appropriate. This results in a very minor reduction to the carrying value provision of £20,135 (2008: provision of £1.1m; and a total provision of £1.6m for the year to 30 June 2009).

As a result of reduced interest rates and lower borrowings, finance expenses have fallen to £0.2m (2008: £0.7m). The conversion of the Convertible Loan Note of £1.75m in June 2009 also reduced the interest charged on this loan to £nil (2008: £0.1m).

The results continue to be prepared on a going concern basis. We have outlined in note 1 to these results the

areas considered by the board when arriving at this conclusion.

Residential Trading

During the six months we sold 22 units (2008: 15 units) generating a turnover of £3.5m, compared to £2.9m in 2008. As a consequence of the very low volumes and low margins, the operating loss before tax, central management charges and exceptional costs was £0.4m (2008: £0.5m loss).

We are convinced that strong underlying demand remains for our products and sales would be greater if mortgage funding was more widely available. Clearly trading conditions remain difficult and sales are difficult to complete.

In response, the Group has undertaken a limited programme of shared equity sales. These allow for those home buyers who lack a deposit, but nevertheless have stable prospects, to enter the freehold market. The Group retains an economic interest in the property, usually 25%, up to a maximum period of normally 10 years. The Group's residual interest is subsequently recovered as 25% of any future sale proceeds or at remortgaging equal to 25% of the then current value of the property. Accounting requirements mean that we recognise the implicit interest cost in the transaction, creating a reduction in turnover and margin at the current time but locking in an income over future years whilst the Group's part-ownership of the property continues. The impact of this accounting treatment has been to reduce turnover and margin by £0.1m (2008: £nil) during the period.

Having curtailed construction during the spring and early summer 2009, we have recommenced limited construction. We have opened two new sites to encouraging levels of sales interest and relatively robust pricing. Sales interest has been particularly focussed on our four bedroom houses and bungalows. We have also introduced a three bedroom detached unit that is providing a useful bridge between the pricing of three bedroom semi-detached properties and four bedroom properties.

Commercial Trading

Artisan (UK) Developments achieved a turnover of £0.6m (2008: £2.0m) generating an operating loss before tax, central management charges and exceptional costs of £0.3m (2008: £0.2m profit). The 2008 turnover was largely attributed to forward sales, contracted but not completed before the downturn impacted sales opportunities. Sales during the period have been from existing stock units. To conserve cash, Artisan (UK) Developments Limited has suspended all construction. Future construction in the short term will most likely be as a result of achieving forward sales or forward lets to customers.

We have generally seen the decline in investment yields abating and an improvement in yields for the best properties and tenants. This has improved capital values and is beginning to allow for more opportunities for investment sales. However the market is patchy and the potentially achievable capital value is quite variable.

Dividend

The Board has decided that in light of the current market conditions and trading results, no interim dividend should be paid (2008: nil per share).

Stock and Work In Progress

The Group has adopted a policy of reducing stocks to meet market conditions. Residential customers will not commit to purchase property without seeing the completed article, and therefore an adequate and well balanced stock of finished product is essential. Having reduced the finished residential stocks held at the start of the financial period, we have commenced limited construction at two new sites in Debdale and Springwood Grove, both in Mansfield. It is essential that there is sufficient stock to meet demand as we go forward. Overall the Group has reduced stocks and work in progress to £30.5m (2008: £39.2m).

Debt and Banking

The net debt at 31 December 2009 was reduced to £19.4m (2008: £24.7m). Included in the 2008 value is £1.5m attributable to the Convertible Loan Note (2009: £nil). At 31 December 2009 the gross drawn bank debt was £23.8m (2008: £32.3m). The Group's bank facility for development activity is committed by the bank until 1 July 2011.

Employees

We have continued to respond to the difficult market conditions and conserved our financial resources where possible. Employees have assisted by agreeing a reduced working week for a period of time which the Board very much appreciates. The majority of the Group Board also reduced their remuneration during the period under review; as Chairman and a major shareholder I have forgone 100% of the fees due to myself during the period.

Outlook

We will continue to manage the business by balancing sales, production and cash flow and adopting a flexible response as conditions change. The outlook for the Group remains dependent on the future market conditions which are currently difficult to predict, due to the impact of the wider economy and the impact of the forthcoming election. We have seen an easing of the terms associated with mortgage funds provision which is welcome, but there still remains some way to go before more normal conditions prevail.

The commercial market continues to lag behind the residential market and sales of stock units are difficult to achieve whilst customers lack confidence in the economy. Recently we have had some negotiations on potential forward sales, whilst the commercial operation has opened discussions with agents looking for assistance in the promotion of schemes and projects.

The Group continues to explore, without restriction, ideas for re-invigorating the trading operations and establishing a means of bringing them back to more sustainable volumes of operation.

Michael W. Stevens
Chairman

29 March 2010

Condensed consolidated income statement

six months to 31 December 2009

	Note	Unaudited Six months ended 31 December 2009 £	Unaudited Six months ended 31 December 2008 £	Audited Year ended 30 June 2009 £
Revenue	3	4,195,282	5,085,194	10,926,592
Cost of sales				
Before exceptional items		(4,244,530)	(4,405,795)	(10,172,288)
Exceptional items	4	20,135	(1,200,826)	(1,684,184)
Cost of sales		(4,224,395)	(5,606,621)	(11,856,472)
Gross loss				
Before exceptional items		(49,248)	679,399	754,304
Exceptional items		20,135	(1,200,826)	(1,684,184)
Gross loss		(29,113)	(521,427)	(929,880)
Other operating income		152,104	159,188	343,345
Administrative expenses				
Before exceptional items		(961,545)	(1,387,419)	(2,846,302)
Exceptional items	4	–	(2,510,461)	(2,610,124)
Administrative expenses		(961,545)	(3,897,880)	(5,456,426)
Revaluation surplus/(deficit) on investment properties	10	(838,554)	(4,260,119)	(6,042,961)
		313,271	(462,108)	(750,412)
Operating loss				
Before exceptional items		(545,418)	(1,010,940)	(2,499,065)
Exceptional items		20,135	(3,711,287)	(4,294,308)
Operating loss		(525,283)	(4,722,227)	(6,793,373)
Finance income	5	10,367	189,931	29,279
Finance expense	6	(202,718)	(704,482)	(1,301,189)
Loss before taxation				
Before exceptional items		(737,769)	(1,525,491)	(3,770,975)
Exceptional items		20,135	(3,711,287)	(4,294,308)
Loss before taxation		(717,634)	(5,236,778)	(8,065,283)
Tax credit	7			
Before exceptional items		–	–	12,823
Exceptional items		–	–	14,602
Tax credit		–	–	27,425
Loss for the period attributable to the equity holders of the parent				
Before exceptional items		(737,769)	(1,525,491)	(3,758,152)
Exceptional items		20,135	(3,711,287)	(4,279,706)
Loss for the period attributable to the equity holders of the parent		(717,634)	(5,236,778)	(8,037,858)
Basic and diluted loss per share	9	(5.38)p	(63.87)p	(97.21)p

Condensed consolidated statement of comprehensive income

six months to 31 December 2009

	Unaudited Six months ended 31 December 2009 £	Unaudited Six months ended 31 December 2008 £	Audited Year ended 30 June 2009 £
Loss for the period	(717,634)	(5,236,778)	(8,037,858)
Other comprehensive income/(expense) for the period			
Revaluation of Group occupied property	–	(46,796)	(46,796)
Other comprehensive income/(expense) for the period	–	(46,796)	(46,796)
Total comprehensive expense for the period attributable to the equity holders of the parent	(717,634)	(5,283,574)	(8,084,654)

Condensed consolidated statement of changes in equity

six months to 31 December 2009 (unaudited)

	Share capital £	Share premium account £	Merger reserve £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Own shares held £	Total £
Balance at 1 July 2008	1,642,650	10,356,683	515,569	91,750	74,840	8,773,061	(19,065)	21,435,488
Revaluation of owner occupied property	–	–	–	–	(46,796)	–	–	(46,796)
Share based payments	–	–	–	–	–	5,094	–	5,094
Dividend paid	–	–	–	–	–	(61,490)	–	(61,490)
Loss for the period	–	–	–	–	–	(5,236,778)	–	(5,236,778)
Balance at 31 December 2008	1,642,650	10,356,683	515,569	91,750	28,044	3,479,887	(19,065)	16,095,518
Issue of shares	1,025,641	1,000,000	–	–	–	–	–	2,025,641
Share based payments	–	–	–	–	–	5,094	–	5,094
Loss for the period	–	–	–	–	–	(2,801,080)	–	(2,801,080)
Balance at 30 June 2009	2,668,291	11,356,683	515,569	91,750	28,044	683,901	(19,065)	15,325,173
Share based payments	–	–	–	–	–	601	–	601
Loss for the period	–	–	–	–	–	(717,634)	–	(717,634)
Balance at 31 December 2009	2,668,291	11,356,683	515,569	91,750	28,044	(33,132)	(19,065)	14,608,140

Condensed consolidated statement of financial position

at 31 December 2009

		Unaudited As at 31 December 2009 £	Unaudited As at 31 December 2008 £	Audited As at 30 June 2009 £
ASSETS				
Non-current assets				
Investment properties	10	3,710,709	3,685,742	3,397,438
Property, plant and equipment		825,982	862,649	833,517
Other receivables		519,572	428,833	393,245
		5,056,263	4,977,224	4,624,200
Current assets				
Inventories		30,504,496	39,178,611	33,724,507
Trade and other receivables		498,848	929,738	678,405
Current tax recoverable		19,118	99,733	19,118
Cash and cash equivalents		404,056	764	1,396
		31,426,518	40,208,846	34,423,426
Total assets		36,482,781	45,186,070	39,047,626
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings	11	(19,820,228)	(1,543,495)	(19,441,807)
		(19,820,228)	(1,543,495)	(19,441,807)
Current liabilities				
Trade and other payables		(1,619,605)	(3,920,032)	(2,502,802)
Interest bearing loans and borrowings	11	–	(23,182,953)	(1,333,772)
Provisions		(434,808)	(444,072)	(444,072)
		(2,054,413)	(27,547,057)	(4,280,646)
Total liabilities		(21,874,641)	(29,090,552)	(23,722,453)
Net assets		14,608,140	16,095,518	15,325,173
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY				
Called up share capital		2,668,291	1,642,650	2,668,291
Share premium account		11,356,683	10,356,683	11,356,683
Merger reserve		515,569	515,569	515,569
Capital redemption reserve		91,750	91,750	91,750
Revaluation reserve		28,044	28,044	28,044
Retained earnings		(33,132)	3,479,887	683,901
Own shares		(19,065)	(19,065)	(19,065)
Total equity		14,608,140	16,095,518	15,325,173

Condensed consolidated statement of cash flows

six months to 31 December 2009

	Unaudited Six months ended 31 December 2009 £	Unaudited Six months ended 31 December 2008 £	Audited Year ended 30 June 2009 £
Cash flows from operating activities			
Loss before taxation	(717,634)	(5,236,778)	(8,065,283)
Goodwill impairment charge	–	2,454,760	2,454,760
Depreciation	26,986	34,262	64,145
Finance income	(10,367)	(189,931)	(29,279)
Finance expense	202,718	704,482	1,301,189
Share based payments charge	601	5,094	10,188
Loss on disposal of property, plant and equipment	–	2,519	2,267
Revaluation (surplus)/deficit on investment properties	(313,271)	462,108	750,412
Operating loss before changes in working capital and provisions	(810,967)	(1,763,484)	(3,511,601)
Decrease/(increase) in inventories	3,220,011	(1,337,214)	5,376,920
Decrease in trade and other receivables	53,230	154,517	441,438
Decrease in trade and other payables	(892,866)	(1,415,428)	(4,050,322)
Cash from/(used by) operations	1,569,408	(4,361,609)	(1,743,565)
Finance income received	10,367	7,838	29,279
Finance costs paid	(202,313)	(769,634)	(1,161,697)
Tax received	–	–	108,040
Net cash from/(used in) operating activities	1,377,462	(5,123,405)	(2,767,943)
Cash flows from investing activities			
Purchase of property, plant and equipment	(19,451)	(3,190)	(4,186)
Proceeds from sale of property, plant and equipment	–	12,003	12,500
Net cash (used in)/from investing activities	(19,451)	8,813	8,314
Cash flows from financing activities			
Dividends paid	–	(61,490)	(61,490)
New convertible loan note issued	–	1,696,957	–
Proceeds from the issue of ordinary share capital	–	–	1,750,000
Movement on bank borrowings	(955,351)	3,478,392	1,071,018
Net cash (used in)/from financing activities	(955,351)	5,113,859	2,759,528
Net increase/(decrease) in cash and cash equivalents	402,660	(733)	(101)
Cash and cash equivalents at the beginning of the period	1,396	1,497	1,497
Cash and cash equivalents at the end of the period	404,056	764	1,396

Notes to the interim statement

1. BASIS OF PREPARATION

This consolidated interim financial information in this condensed report is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and on the basis of the accounting policies set out in the 2009 annual report and accounts, being accounting policies consistent with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union. The Interim Statement has been prepared on a going concern basis.

The endorsed IFRS that will be effective (or available for early adoption) in the financial statements for the year ending 30 June 2010 are still subject to change and to additional interpretation and therefore cannot be determined with certainty. Accordingly, the accounting policies for the period will only be determined finally when the consolidated financial statements are prepared for the year ending 30 June 2010.

The interim financial information for the 6 months ended 31 December 2009 and 31 December 2008 has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board, and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Comparative financial information for the year ended 30 June 2009 has been derived from information extracted from the statutory accounts for that period. The 2009 annual report and accounts, which received an unqualified opinion from the auditors, did not include any reference to matters to which the auditors drew attention to by way of emphasis without qualifying the report, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies.

Going concern

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

Our ability to continue trading is dependent on our debt facilities remaining available to us. The development facility is committed until 1 July 2011. The key factor in the ability of the Group to continue to comply with its banking covenants will be its ability to generate cash from the sale of stock properties and we will have to take whatever steps we can to ensure that sufficient cash flow is maintained.

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

Nevertheless, the Group has met all of its interest and other payment obligations on time and based on the Group's current internal forecasts, the Directors believe that the Group will continue to meet its banking covenant obligations for a period of not less than 12 months from the date of this report and accordingly believe that it is appropriate to prepare the Interim Statement on the going concern basis.

2. ACCOUNTING POLICIES

The interim financial information has been prepared by applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 30 June 2009, except for the following new and amended accounting policies:

IAS 1 (revised) Presentation of Financial Statements:

IAS 1 (revised) requires the production of a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. There is a choice between presenting comprehensive income in one statement or in two statements comprising an income statement and a separate statement of comprehensive income. The Group has chosen to present comprehensive income in two statements. In addition, IAS 1 (revised) requires the statement of changes in shareholders' equity to be presented as a primary statement along with certain other changes in terminology which have been adopted in these condensed Group financial statements.

IAS 23 (revised) Borrowing Costs:

IAS 23 (revised) requires the capitalisation of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use) as part of the cost of the asset. The amendment removes the option of immediately expensing borrowing costs, subject to an exemption for inventories manufactured in large numbers on a repetitive basis.

The Group has evaluated its business processes and where developments are considered to fall under the requirements of IAS 23 (revised) borrowing costs are capitalised. No borrowing costs have been capitalised in the period ended 31 December 2009.

2. ACCOUNTING POLICIES (continued)

IFRS 8 Operating Segments:

The Group has adopted IFRS 8, "Operating Segments", with effect from 1 July 2009. IFRS 8 requires operating segments to be identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the chief operating decision maker, which in the case of the Group is the Group Board, in order to allocate resources to the segments and to assess their performance and is effective in the EU for accounting periods beginning on or after 1 January 2009. In contrast, the previous standard on Segment Reporting (IAS 14) required the Group to identify segments on a business and geographical basis, using a risk and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

3. SEGMENTAL ANALYSIS

The Group operates through its three principal business segments which form the basis upon which the Group reports for management and statutory purposes. The Group does not operate outside the United Kingdom. The business segments are as follows:

Residential development	Residential house development mainly in the East Midlands, Lincolnshire and Yorkshire areas
Commercial development	Business park development concentrated in East Anglia and Hertfordshire
Property investment	Property investment activities throughout the UK
Other	Represents unallocated Group overheads and consolidation adjustments

A summary of the segmental trading results, assets and liabilities is shown below:

Six months ended 31 December 2009	Residential Development £	Commercial Development £	Property Investment £	Other £	Total £
Income statement					
Revenue					
External revenue	3,476,305	569,000	149,977	–	4,195,282
Inter-segment revenue	–	–	21,930	(21,930)	–
	3,476,305	569,000	171,907	(21,930)	4,195,282
Segment result					
Segment result before central charges and exceptional items	(430,075)	(272,329)	443,510	(286,524)	(545,418)
Exceptional items	20,135	–	–	–	20,135
Segment result before central charges but after exceptional items	(409,940)	(272,329)	443,510	(286,524)	(525,283)
Central charges	(163,671)	(163,856)	(52,338)	379,865	–
Segment result after central charges and exceptional items	(573,611)	(436,185)	391,172	93,341	(525,283)
Finance income	10,207	160	–	–	10,367
Finance expense	(195,735)	(73,451)	(37,579)	104,047	(202,718)
Loss before taxation	(759,139)	(509,476)	353,593	197,388	(717,634)
Tax	–	–	–	–	–
Loss after taxation	(759,139)	(509,476)	353,593	197,388	(717,634)
Statement of Financial Position					
Segment assets	21,586,826	11,425,114	5,162,368	(1,691,527)	36,482,781
Segment liabilities	17,465,712	10,948,899	4,294,977	(10,834,947)	21,874,641

3. SEGMENTAL ANALYSIS (continued)

Restated six months ended 31 December 2008	Residential Development £	Commercial Development £	Property Investment £	Other £	Total £
Income statement					
Revenue					
External revenue	2,897,447	2,037,766	149,981	–	5,085,194
Inter-segment revenue	–	–	21,930	(21,930)	–
	2,897,447	2,037,766	171,911	(21,930)	5,085,194
Segment result					
Segment result before central charges and exceptional items	(490,063)	202,304	(347,444)	(375,737)	(1,010,940)
Exceptional items	(3,603,665)	(99,941)	–	(7,681)	(3,711,287)
Segment result before central charges but after exceptional items	(4,093,728)	102,363	(347,444)	(383,418)	(4,722,227)
Central charges	(242,652)	(217,575)	(65,773)	526,000	–
Segment result after central charges and exceptional items	(4,336,380)	(115,212)	(413,217)	142,582	(4,722,227)
Finance income	7,691	147	–	182,093	189,931
Finance expense	(608,741)	(223,384)	(109,753)	237,396	(704,482)
Loss before taxation	(4,937,430)	(338,449)	(522,970)	562,071	(5,236,778)
Tax	–	–	–	–	–
Loss after taxation	(4,937,430)	(338,449)	(522,970)	562,071	(5,236,778)
Statement of Financial Position					
Segment assets	28,278,771	12,252,837	5,130,316	(475,854)	45,186,070
Segment liabilities	21,382,094	10,679,969	4,422,734	(7,394,245)	29,090,552

3. SEGMENTAL ANALYSIS (continued)

Restated year ended 30 June 2009	Residential Development £	Commercial Development £	Property Investment £	Other £	Total £
Income statement					
Revenue					
External revenue	7,775,778	2,853,480	297,334	–	10,926,592
Inter-segment revenue	–	–	43,500	(43,500)	–
	7,775,778	2,853,480	340,834	(43,500)	10,926,592
Segment result					
Segment result before central charges and exceptional items	(1,100,229)	(5,964)	(490,724)	(902,148)	(2,499,065)
Exceptional items	(4,173,360)	(113,267)	–	(7,681)	(4,294,308)
Segment result before central charges but after exceptional items	(5,273,589)	(119,231)	(490,724)	(909,829)	(6,793,373)
Central charges	(474,730)	(398,050)	(94,819)	967,599	–
Segment result after central charges and exceptional items	(5,748,319)	(517,281)	(585,543)	57,770	(6,793,373)
Finance income	25,551	67,467	13,781	(77,520)	29,279
Finance expense	(850,006)	(392,257)	(161,021)	102,095	(1,301,189)
Loss before taxation	(6,572,774)	(842,071)	(732,783)	82,345	(8,065,283)
Tax	73,509	(46,084)	–	–	27,425
Loss after taxation	(6,499,265)	(888,155)	(732,783)	82,345	(8,037,858)
Statement of Financial Position					
Segment assets	25,908,154	13,174,424	4,919,195	(4,954,147)	39,047,626
Segment liabilities	21,027,907	12,188,730	4,405,394	(13,899,578)	23,722,453

4. EXCEPTIONAL ITEMS

	Six months ended 31 December 2009 £	Six months ended 31 December 2008 £	Year ended 30 June 2009 £
Costs			
(Released)/Charged to cost of sales			
Inventory impairment charges	(20,135)	1,114,855	1,594,012
Withdrawal from land purchase contracts	–	85,971	90,172
	(20,135)	1,200,826	1,684,184
Charged to administrative expenses			
Goodwill impairment charge	–	2,454,760	2,454,760
Redundancy costs	–	48,020	147,683
Costs of liquidation of group undertaking	–	7,681	7,681
	–	2,510,461	2,610,124
Total exceptional (release)/costs	(20,135)	3,711,287	4,294,308

During the half year the Group reviewed the net realisable value of its inventories and concluded that its assessment of carrying values at the previous year end remains largely unchanged. The net impact of the review was a release to the income statement of £20,135 (2008: charge £1,114,855).

5. FINANCE INCOME

	Six months ended 31 December 2009 £	Six months ended 31 December 2008 £	Year ended 30 June 2009 £
Change in fair value of financial derivative	–	182,093	–
Other interest	10,367	7,838	29,279
	10,367	189,931	29,279

6. FINANCE EXPENSE

	Six months ended 31 December 2009 £	Six months ended 31 December 2008 £	Year ended 30 June 2009 £
Bank overdrafts and loans repayable within 5 years	202,718	637,411	916,332
Convertible loan note interest based on amortised cost	–	67,071	116,696
Change in fair value of financial derivative	–	–	28,314
Loss on conversion of loan note	–	–	239,482
Other interest	–	–	365
	202,718	704,482	1,301,189

7. TAXATION

The taxation charge for the 6 months has been calculated at an expected annual effective rate of Nil% (2008 Nil%) as the result of the loss incurred for the period (2008: as the result of the loss incurred for the period).

8. DIVIDENDS

The Board does not propose to pay an interim dividend (2008: £Nil).

9. LOSS PER SHARE

The calculation of earnings per share is based on the loss on ordinary activities after taxation and 13,326,863 (2008: 8,198,658) ordinary shares being the weighted average number of shares in issue during the half year (excluding treasury shares). The weighted average number of shares in issue during the year ended 30 June 2009, excluding treasury shares, was 8,268,907. There are no potentially dilutive shares in 2009 and 2008.

10. INVESTMENT PROPERTIES

	Six months ended 31 December 2009 £	Six months ended 31 December 2008 £	Year ended 30 June 2009 £
Fair value			
At beginning of period	3,397,438	4,147,850	4,147,850
Revaluations included in income statement	313,271	(462,108)	(750,412)
At end of period	3,710,709	3,685,742	3,397,438
Historical cost of investment properties	2,779,931	2,779,931	2,779,931

The fair values of the Group's investment properties at 31 December 2009 have been arrived at on the basis of open market value by the directors, who are suitably experienced and having regard to professional advice.

11. BORROWINGS

	Six months ended 31 December 2009 £	Six months ended 31 December 2008 £	Year ended 30 June 2009 £
Amounts falling due within one year			
Secured bank loans	–	23,182,953	1,333,772
Amounts falling due after one year			
Secured bank loans	19,820,228	–	19,441,807
Convertible loan note – debt element	–	1,509,499	–
Convertible loan note – option element	–	33,996	–
Total borrowings	19,820,228	24,726,448	20,775,579

The secured bank loans comprise a £25m revolving credit loan which expires on 1 July 2011 and a £3,173,529 investment property facility which was fully drawn at 31 December 2009 and which expires on 30 June 2012. The Group was in compliance with the loan covenants extant at 31 December 2009 and expects to remain so for the foreseeable future.

12. APPROVAL OF INTERIM STATEMENT

The interim statement was approved by the Board of Directors on 29 March 2010. Dependent on the preference they have previously expressed, shareholders will receive either a printed copy of the interim statement or a letter or email notification of publication of the interim statement on the company's website at www.artisan-plc.co.uk. Copies of this statement will be available to members of the public, free of charge, from the Company's registered office, Vantage House, Vantage Park, Washingley Road, Huntingdon, Cambridgeshire PE29 6SR.

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