



Interim Report

2003



telfordhomes



“Once again, I am pleased to report excellent results for the Company.”



Andrew Wiseman Chief Executive

Results

Once again, I am pleased to report excellent results for the Company. For the six months ended 30th September 2003, turnover increased by 74% to £15.2 million (2002 - £8.7 million) and profit before tax increased by 48% to £2.1 million (2002 - £1.4 million).

We have exchanged contracts on 88 properties in the period with a total value of £17.8 million. Of these, 80 were open market homes, six were affordable homes and two were commercial units. The open market homes achieved an average selling price of £205,000 which compares with £214,000 in the year ended 31st March 2003. This decrease reflects a lower value mix of units whilst

underlying prices have remained static across the period in our target market.

The results are very much in line with our expectations and the Board has declared an interim dividend of 1.5p per share, a 50% increase on last year.

Development sites

During the first six months contracts were exchanged on properties at 12 different development sites and we completed construction on seven sites with all of the properties now handed over to customers.

We had four new project launches in the period including our development at Abbots Wharf on the Limehouse Cut canal. This was particularly successful

with 76 of the 101 open market apartments reserved. To date, we have exchanged contracts on 47 of these apartments and the remainder are proceeding to contract. Abbots Wharf is a joint development with East Thames Housing Group and construction of all 201 open market and affordable apartments, a new marina and some commercial space is now underway with completion programmed from 2005.

Of even greater significance to our first half result was continued progress at Goldsmiths Row, adjacent to Haggerston Park E2, where we have now exchanged contracts on 29 of the 35 open market apartments with build completion expected by Spring 2004.

Our development stock now includes a site at Wenlock Road N1, backing on to the Wenlock Basin, where we have a planning application in progress for 59 apartments and 40,000 square feet of commercial space. We have also agreed terms with James Smith Estates Plc on a joint venture to create 24 apartments and four commercial units all within an existing concrete framed building overlooking Chelmsford's waterways. We continue to appraise many opportunities to increase our activity.

Finance

The Company continues to receive strong support from its banking partners enabling the growth of the business to be maintained while keeping it on a sound financial base. Our strategy of providing good quality one and two bedroom apartments in East London, priced predominantly under £250,000, continues to enable us to sell at an early stage in the development process and secure our future cash inflows. Consequently, our bank debt is supported at this early stage by additional value in the form of exchanged contracts. At 30th September 2003 gearing was 117% and we expect this to increase in the coming months as we continue to maximise our return on equity.

Following our success at the London Stock Exchange AIM awards last year, we were delighted to be nominated for the AIM 'Company of the Year' award this year. To be nominated for an award like this underlines the immediate success of the Company and we hope to continue to achieve such recognition in the wider investment community.

People

Our strength comes from our employees and, following the Board appointments last year, we continue to add to the skills and experience of the Telford Homes team with the appointment of key management both at head office and on our development sites.

In the period to 30th September 2003, we achieved legal completion on 98 properties compared with 56 in the year ended 31st March 2003. Good handover procedures, quality control and customer support are vital to our business and during the period we employed a dedicated Customer Service Manager. This will ensure consistently high standards are achieved in both product finish and after-sales service.

We expect to put in place shortly an employee share incentive plan enabling our staff to participate in the success of the Company. In addition I am pleased to note that our new directors are participating in the Company's equity through their acquisition of shares from existing directors. On behalf of the Board, my thanks and congratulations go to all of our

employees for their efforts in the last six months and I know this will continue in the future.

Current trading and outlook

Since the 30th September 2003 we have exchanged contracts on a further 22 properties with a sales value of £4.6 million. In addition to this we currently have 43 properties sold, subject to contract, with a combined sales value of £10.2 million.

In the light of this performance, we are confident that we will continue to produce excellent results and I look forward to reporting on further success for the full year.

Andrew Wiseman

Chief Executive

19th November 2003

Profit and loss account | 30th September 2003

	Note	6 months ended 30th September 2003 £000	6 months ended 30th September 2002 £000	12 months ended 31st March 2003 £000
Turnover		15,222	8,725	25,334
Cost of sales		(11,635)	(6,334)	(18,449)
Gross profit		3,587	2,391	6,885
Administrative expenses		(1,122)	(671)	(1,910)
Operating profit		2,465	1,720	4,975
Interest receivable		32	16	22
Interest payable and similar charges		(421)	(332)	(725)
Profit on ordinary activities before taxation		2,076	1,404	4,272
Taxation on profit on ordinary activities	2	(623)	(421)	(1,282)
Profit on ordinary activities after taxation		1,453	983	2,990
Dividends paid and proposed	3	(378)	(246)	(755)
Retained profit for the period		1,075	737	2,235
Retained profit brought forward		2,974	739	739
Retained profit carried forward		4,049	1,476	2,974
Earnings per share:				
Basic	4	5.77p	4.43p	12.67p
Diluted	4	5.62p	4.39p	12.58p

The Company has no recognised gains and losses other than those included in the profit and loss account.

All activities are in respect of continuing operations.

	Note	30th September 2003 £000	30th September 2002 £000	31st March 2003 £000
Fixed assets				
Tangible assets		644	299	681
Current assets				
Stocks and work in progress		22,103	13,960	19,810
Debtors		13,831	9,672	18,152
Cash at bank and in hand		1,081	1,071	239
		37,015	24,703	38,201
Creditors - amounts falling due within one year		(23,140)	(13,568)	(25,427)
Net current assets		13,875	11,135	12,774
Total assets less current liabilities		14,519	11,434	13,455
Creditors - amounts falling due after more than one year		(98)	(86)	(109)
Provision for liabilities and charges		(4)	(4)	(4)
Net assets		14,417	11,344	13,342
Financed by:				
Capital and reserves				
Called up share capital	5	2,518	2,455	2,518
Share premium	5	7,850	7,413	7,850
Profit and loss account	5	4,049	1,476	2,974
Equity shareholders' funds	6	14,417	11,344	13,342

Cash flow statement | 30th September 2003

	Note	6 months ended 30th September 2003 £000	6 months ended 30th September 2002 £000	12 months ended 31st March 2003 £000
Cash flow from operating activities	7	1,779	(2,124)	(7,052)
Returns on investments and servicing of finance				
Interest received		32	16	22
Interest paid		(415)	(327)	(713)
Hire purchase interest		(6)	(5)	(12)
		(389)	(316)	(703)
Taxation		-	(287)	(382)
Capital expenditure				
Purchase of tangible fixed assets		(57)	(63)	(404)
Sale of tangible fixed assets		57	-	12
Equity dividends paid		(504)	(203)	(454)
Cash flow before financing		886	(2,993)	(8,983)
Financing				
Issue of ordinary share capital		-	3,030	3,530
Expenses of share issue		-	(158)	(158)
Increase in bank loans		36	1,601	6,350
Capital element of hire purchase payments		(80)	(48)	(139)
		(44)	4,425	9,583
Increase in cash		842	1,432	600
Reconciliation of net cash flow to movement in net debt				
Increase in cash		842	1,432	600
Increase in bank loans		(36)	(1,601)	(6,350)
Capital element of hire purchase payments		80	48	139
Decrease (increase) in debt arising from cash flow		886	(121)	(5,611)
Inception of hire purchase agreements		(69)	(33)	(177)
Movement in net debt in the period		817	(154)	(5,788)
Net debt brought forward		(16,551)	(10,763)	(10,763)
Net debt carried forward	8	(15,734)	(10,917)	(16,551)

1 Basis of preparation

The figures for the six months ended 30th September 2003 and the six months ended 30th September 2002 are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The interim report has been prepared under the historical cost convention and on a basis consistent with the accounting policies in the financial statements for the year ended 31st March 2003. The results for the year ended 31st March 2003 and the balance sheet of that date are an extract from the statutory financial statements for that period, which have been filed with the Registrar of Companies and on which the Company's auditors gave an unqualified report.

2 Taxation

Taxation has been calculated on profit for the six months ended 30th September 2003 at the estimated effective rate of tax of 30%.

3 Dividends

The interim dividend declared for the six months ended 30th September 2003 is 1.5p per ordinary share and is expected to be paid on 12th January 2004 to those shareholders on the register at the close of business on 19th December 2003.

The interim dividend paid for the six months ended 30th September 2002 was 1p per ordinary share and the final dividend paid for the year ended 31st March 2003 was 2p per ordinary share making a total of 3p per ordinary share.

4 Earnings per share

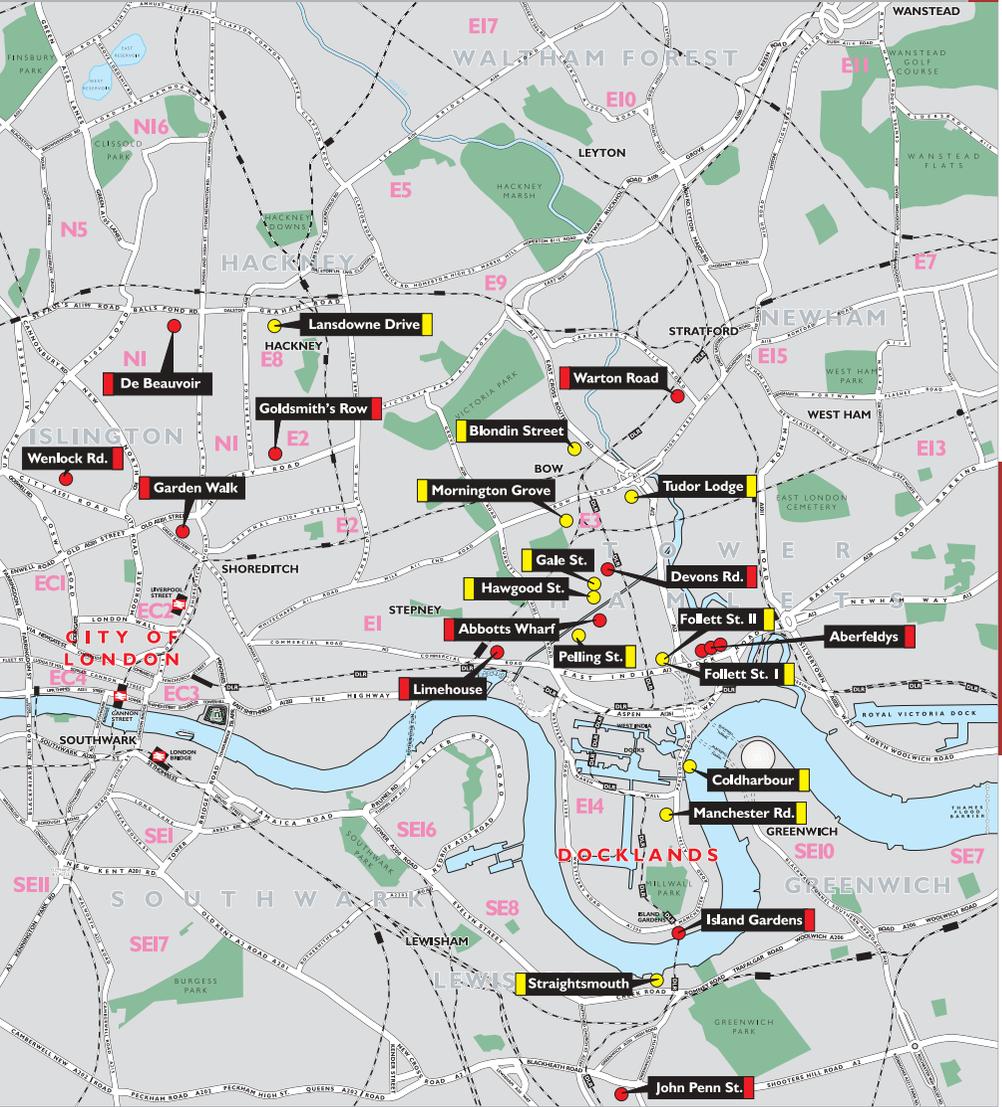
	6 months ended 30th September 2003	6 months ended 30th September 2002	12 months ended 31st March 2003
Earnings per share have been calculated using the following figures:			
Weighted average number of shares in issue	25,175,000	22,202,459	23,595,753
Dilution - effect of share options	683,706	169,684	172,631
Diluted weighted average number of shares in issue	25,858,706	22,372,143	23,768,384
Profit on ordinary activities after taxation	£1,453,000	£983,000	£2,990,000
Earnings per share:			
Basic	5.77p	4.43p	12.67p
Diluted	5.62p	4.39p	12.58p

5 Reserves	Share capital	Share premium account	Profit and loss account	Total
	£000	£000	£000	£000
At 1st April 2003	2,518	7,850	2,974	13,342
Retained profit for the period	-	-	1,075	1,075
At 30th September 2003	2,518	7,850	4,049	14,417

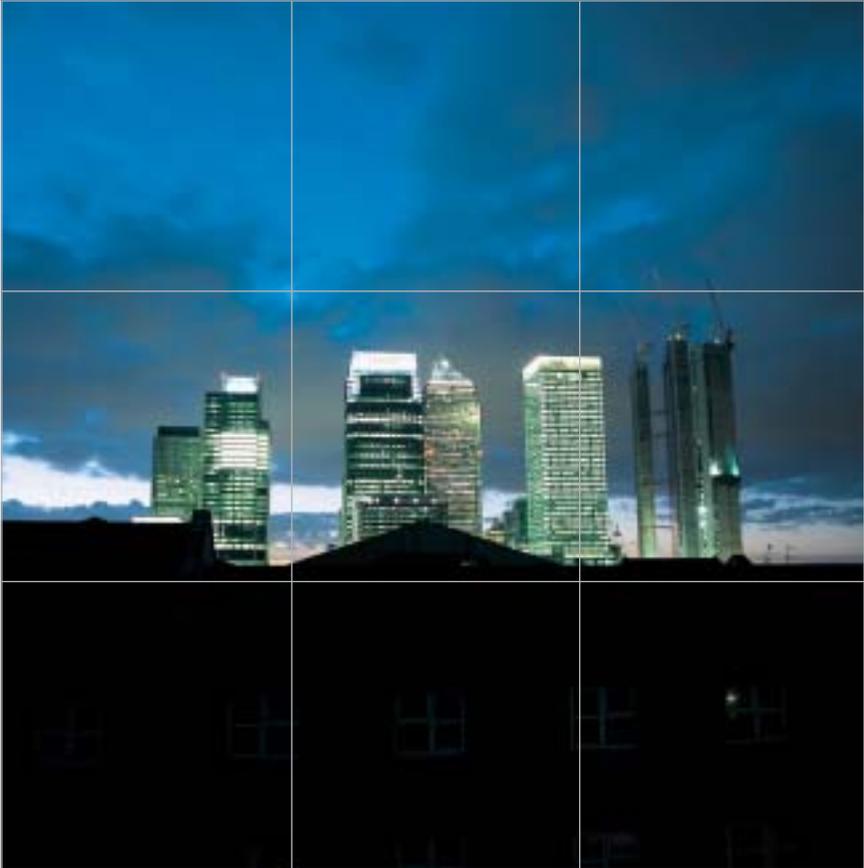
6 Equity shareholders' funds	£000
Profit for the period	1,453
Dividends paid and proposed	(378)
	1,075
At 1st April 2003	13,342
At 30th September 2003	14,417

7 Reconciliation of operating profit to cash flow from operating activities	6 months ended 30th September 2003 £000	6 months ended 30th September 2002 £000	12 months ended 31st March 2003 £000
Operating profit	2,465	1,720	4,975
Depreciation	117	76	179
Profit on sale of tangible fixed assets	(11)	-	(12)
Increase in stocks and work in progress	(2,293)	(853)	(6,703)
Decrease (increase) in debtors	4,321	(3,196)	(11,676)
(Decrease) increase in creditors	(2,820)	129	6,185
Cash flow from operating activities	1,779	(2,124)	(7,052)

8 Analysis of change in net debt	At 1st April 2003 £000	Cash flows £000	Inception of finance leases £000	At 30th September 2003 £000
Cash at bank and in hand	239	842	-	1,081
Bank loans	(16,570)	(36)	-	(16,606)
Hire purchase liabilities	(220)	80	(69)	(209)
	(16,551)	886	(69)	(15,734)



KEY ● Completed by Dec 2003 ● Current and future sites



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