Press Release **28 May 2008**

Telford Homes Plc

(‘Telford’ or ‘the Company’)

Preliminary Results

Telford Homes Plc (AIM:TEF), the residential developer in East London noted for regeneration projects within public sector partnerships, today announces its preliminary results for the year ended 31 March 2008.

Highlights

- Turnover up 54% to £160.4 million (2007: £104.4 million)
- Profit before tax up 31% to £17.7 million (2007: £13.5 million)
- 2,051 properties under construction at 31 March 2008, with 73% already secured by contracts exchanged
- In response to current market conditions, the Company is taking a prudent approach to land acquisition, and exploring joint ventures and partnerships with housing associations which require reduced up front net equity
- Final dividend proposed of 5.5 pence per share, to be paid on 18 July 2008 to shareholders on the register on 27 June 2008. Total dividend for the year of 10.0 pence (2007: 8.9 pence per share)

Andrew Wiseman, Chief Executive of Telford Homes, commented: “Telford Homes has made good progress over the 2008 financial year. Our robust business model, in which we de-risk the business through pre-selling homes, has meant that Telford Homes is now in a strong position, in particular with the £125 million of unrecognised secured revenue that we carry forward into the 2009 financial year and beyond.

“The level of consumer confidence in the national housing market has been hit in recent months by the reduced availability and higher cost of mortgage finance. We are cautious in our approach to the new financial year, but the need for new housing in East London, together with an ongoing programme of regeneration, our brand’s reputation and our beneficial partnerships with affordable housing providers, gives me confidence that the medium to longer term outlook for Telford Homes remains positive.”

- Ends -

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Chairman's statement

Telford Homes has continued to make good progress during the last 12 months and once again I am reporting on a record year in which our financial targets have been exceeded.

The Company's strategy is to pre-sell properties as early as possible, in many cases before construction has commenced, and a number of successful sales launches have contributed to this aim of reducing risk in the business. At 31 March 2008 unrecognised revenue secured by contracts exchanged was £125 million, higher than ever before. Our strategy has put us in a very strong position in the face of a weakening market.

Since last summer the Company has been more cautious when investing in new land given the restricted availability and higher costs of mortgage finance for homebuyers and the impact this had on consumer confidence. This prudent approach will continue. Funds have been retained for investment in our partnerships with housing transfer organisations but other land purchases will be restricted to those where the initial cash outflow is limited or cash inflows from the development are secured.

We expect trading conditions to improve when restrictions ease in the mortgage market although it is not clear when this will occur. There remains a need to increase the supply of new homes over the next few years and this, together with ongoing growth and regeneration in East London, underpins the future success of Telford Homes.

David Holland
Chairman (Non-Executive)
27 May 2008

Chief Executive's review

An excellent performance in the first six months of the year continued into the second half despite increasingly difficult market conditions. Revenue has grown by 54% to £160.4 million and profit before tax is up 31% to £17.7 million.

This has been achieved as a result of the strength of the Telford Homes brand, incorporating realistic pricing and consistent delivery, together with strong marketing concepts which have allowed the Company to continue selling homes to the investor market at an early stage in the development process.

Property sales and affordable housing

Contracts were exchanged on 523 open market private homes, 502 affordable homes and ten commercial units, making a total of 1,035 properties in the year. Included within this number are 230 homes being constructed under joint ventures where we recognise half of the revenue and profit from the development.

Where the market allows we maintain our policy of de-risking the business by contracting sales before much of the development work on each site has taken place. This secures future cash flows and has led to extended bank finance on a number of developments where the volume of sales offsets the risk of increased gearing. In total we had 2,051 properties under construction at 31 March 2008 of which 73% were secured by contracts exchanged.

The number of open market private homes sold has increased by 9% this year with the average selling price of those homes increasing to £264,000 from £258,000. Successful sales launches during the year include the sale of all 161 open market homes at Merchants' Quarter on the British Estate, E3; Stadthaus, N1 where all 19 open market homes were sold in November 2007; Vellum in Walthamstow where contracts have been exchanged on 24 of 66 open market homes and Kinetica, E8 where 25 of 41 have been secured. Vellum and Kinetica were launched in the first few months of 2008 and reservations are still being taken at these developments. Handovers of the completed homes will take place in 2010, by which time our investors anticipate that the market will have recovered.

In contrast expected handover dates for the first and second phases at Queen Mary's Gate in South Woodford are all during 2008. This development has been the Company's most significant sales outlet during the year with properties largely for the owner-occupier market. The first phase is 93% sold with 172 out of 184 open market homes secured and over 150 legally completed and occupied. The second phase is due to be completed in November 2008 and contracts have been exchanged on 18 of 93 open market homes with a further one reserved.

Whilst properties for the owner-occupier market are less likely to sell at an early stage, the rate of sale has significantly slowed at Queen Mary's Gate. Without improvement in the current market conditions we expect to be carrying a number of completed homes for sale on this development into 2009 and the Company is budgeting on this basis.

The number of affordable homes sold has increased to 502 from 84 last year, partly reflecting the timing of some significant contracts. Partnerships with affordable housing providers remain integral to our business and typically 35% of any development is sold for affordable housing. These partnerships are even more significant in the current climate and we will continue to be active in seeking opportunities where an increased level of affordable housing reduces the open market risk in a development. Our development at Papermill Place in Walthamstow incorporates 175 homes being constructed for East Thames Housing Group for £19.3 million as well as 66 open market homes being marketed as Vellum. This mix of homes improves the return on equity from the development and secures cash inflows over the course of construction in return for a lower anticipated margin. In total at 31 March 2008 amounts due under affordable housing contracts over the next few years were in excess of £60 million.

Completions

Consumer confidence in the national housing market has been hit in recent months by the reduced availability and higher cost of mortgage finance. Restrictions on mortgage finance make the process of legally completing finished properties more protracted.

Telford Homes is communicating with each purchaser to ensure their financial arrangements have been instigated at an early enough stage to meet our completion dates. In addition we have been in dialogue with some of the major lenders and valuers to maximise confidence through transparency of information. The Telford Homes approach to sales is based on net prices agreed at the point of sale with no undisclosed discounts or incentives distorting true valuations.

In the last six months we have legally completed more than 300 open market homes at Icona in Stratford and Queen Mary’s Gate with a quarter of these in the past eight weeks. Although some have taken slightly longer than usual to complete there have only been a few serious issues; on two occasions we rescinded contracts with the buyer and retained the 10% deposit. One of these properties was immediately resold and completed, the other was rescinded in April 2008 and is expected to be resold at no less than the original purchase price.

Despite the problems in the mortgage market, our performance on completions to date coupled with our early dialogue with customers due to complete later in 2008 means that we remain confident that the projected cash inflows from exchanged properties will be realised.

Site acquisitions

The Company has reduced its investment in the development pipeline over the last few months in response to a climate of continuing uncertainty in the housing market and the economy. Protection of cash has become our immediate priority and we are therefore appraising sites which have lower up-front net equity requirements including joint ventures and partnerships with housing associations.

Our most recent acquisition is a parcel of five sites in Southwark in partnership with Family Mosaic Housing Association which are expected to deliver over 100 new homes. There are no initial land payments from Telford Homes and the expected proceeds will be shared with Family Mosaic under the terms of the agreement. Three of the sites are already under construction and the other two are subject to receipt of full planning permission.

Planning

The planning process remains a significant barrier to the efficient delivery of new homes in London. We retain a competitive advantage through our knowledge of the local planning environment in East London and this puts us in a strong position. During the year we have had a number of successes including full planning permission for the 371 homes at Greenwich Creekside, our joint venture with The Royal Bank of Scotland, and for 360 homes in Bethnal Green Road, our joint venture with Genesis Housing Group.

Increasing bureaucracy and the need to satisfy several different bodies with competing views have led to delays in the development of some sites which are expected to be under construction during 2008. Two of our developments await appeal decisions which, if allowed, will mean work can commence later this year. Overall the number of units in the development pipeline that are subject to the planning process has reduced to 25% of the total pipeline from 42% last year.

Development pipeline and partnerships

Our development pipeline, being properties that will produce profit in future years excluding those built for joint venture partners, consists of 1,388 properties with planning permission and 454 subject to the planning process. This is a total of 1,842 properties which are expected to provide turnover in excess of £430 million and gross profit of over £80 million.

Although we have reduced our investment in new land, we have retained financial resources to deploy in our partnerships with Eastend Homes and Poplar HARCA. These housing transfer organisations are both significant land owners in East London and have chosen Telford Homes to be their partner on a number of large regeneration schemes.

Following the success of our partnership with Eastend Homes on the British Estate, E3, we have now submitted plans for the St George's Estate, E1 and we continue to progress master plans for the regeneration of five other estates. The British Estate has set the model for this partnership with land payments made by Telford Homes being reinvested into the third party refurbishment of existing homes on the estate. In total the partnership with Eastend Homes is expected to add in excess of 1,000 properties to the development pipeline and the partnership with Poplar HARCA is expected to add over 400 properties.

In further recognition of our contribution to the supply of affordable housing we were chosen as a pre-qualified partner of the Housing Corporation during 2007. This enables the Company to bid directly for grant funding and gives us greater influence in the provision of new affordable housing.

Operating performance

The operational output of the business continues to grow and we have over 3,000 properties either in the planning process, in detailed design or under construction. There are now three operating divisions managing delivery, following the formation of Strada earlier this year to join Alto and Metro. In many ways it is business as usual in the operational management of the development pipeline and it will remain so if we continue to be successful in selling our homes at an early stage in the development process.

Health and Safety remains at the forefront of our business and we have continued to develop and monitor our policies and procedures during the year.

People

Staff numbers have risen in the last 12 months to manage increasing activity. We will maintain and expand this infrastructure to deliver our properties whilst we are able to secure the cash inflows from their development. Every employee contributes to the excellent reputation of Telford Homes and I thank each of them for their efforts this year in producing another set of record results.

Current trading and outlook

The reduced availability of mortgage finance is continuing to weaken confidence in the national housing market which makes it more difficult to secure individual sales, even in London, traditionally the most resilient region. Our developments with completion dates 12 months or more into the future continue to attract buyers' interest confirming long term confidence. Queen Mary's Gate, still with availability and completing later in 2008, has seen a significant slowdown in sales in the past few months due to short term concerns.

We will time sales launches at Greenwich Creekside and Bethnal Green Road to get the best results in light of prevailing market conditions; both of these developments are due for completion in 2011. Reflecting our high percentage of pre-sales at 31 March 2008 we have made only a handful of sales since the end of the year with no new launches and relatively little marketing activity taking place during this period.

Recent figures from the Department for Communities and Local Government show that the supply of new homes is not going to meet current government targets in the short term. New housing starts for the three months to March 2008 were 32,100 against an annual target of 240,000. Ongoing tighter terms for mortgage finance will further restrict new starts as developers will not construct properties that cannot be sold. The imbalance between the supply of new homes and the need for somewhere to live is increasingly evident and the rental market in East London is growing steadily as a result.

The Company is in a strong position both to withstand the current market and to benefit once conditions begin to improve. Our strategy in previous years of pre-selling is now paying off and as at 31 March 2008 revenue secured but not yet recognised was £125 million, up from £91 million at the same time last year.

We are cautious in our approach to the new financial year, but the need for new housing in East London, together with an ongoing programme of regeneration, our brand's reputation and our beneficial partnerships with affordable housing providers, gives me confidence that the medium to longer term outlook for Telford Homes remains positive.

Andrew Wiseman
Chief Executive
27 May 2008

FINANCIAL REVIEW

Telford Homes has produced another year of record revenue and profit during a period of increasing uncertainty. In response to the change in market conditions the Company is taking a prudent approach to its deployment of cash for land acquisition. The protection of cash balances and the appropriate funding of the business must be key priorities in the current climate.

Operating results

Revenue increased to £160.4 million from £104.4 million last year. An analysis of properties sold in the year is given in the Chief Executive's review.

Gross profit has increased to £33.6 million with the margin falling to 20.9% from 22.4% last year. This fall is partly due to a number of developments where the cash profile results in higher returns on equity balanced during the site appraisal by a reduced margin. Each new site is appraised to achieve a gross margin of at least 20% unless high returns on equity can be secured either through deferred land payments or early revenue receipts.

Queen Mary's Gate in South Woodford was purchased for consideration of 35% of all private sales proceeds achieved from the development. The total expected payments now exceed £35 million with only £14 million paid up to 31 March 2008, resulting in a high rate of return on equity. The profit margin on our share of sales proceeds is in excess of 20% as this represents our risk in the development. However, the reported margin is 14% when taking the proceeds being paid directly to the vendor into account, still in line with our original expectations for the site. The gross margin in 2008 excluding Queen Mary's Gate is 22.6%, down from 23.5% last year.

The operational teams continue to monitor and control development costs in a period that has seen significant cost pressures particularly for some raw materials. Cost contingencies cover much of this inflation and careful management will be required going forward to minimise the impact on margin in a period when increasing costs will not be offset by increasing sales values. Some of these pressures are likely to be alleviated in the current market but it will take time for this to manifest itself in subcontract tender prices. Our commercial teams are focused on achieving cost savings in the coming months. Total build costs in the year to 31 March 2008 were £76 million up from £50 million last year.

The operating margin has fallen to 15.8% from 16.0% with overheads reducing as a percentage of revenue to 5.1% from 6.4% last year. Overheads remain controlled given the need to recruit adequately to manage the increasing number of properties in design and under construction.

Interest

Interest charged in the year was £8.1 million, up from £4.0 million last year in line with our expectations. This reflects a significant increase in activity on site during the year together with the impact of investing funds from the 2006 share placing in new development sites where bank finance provides 70% of the cash requirement.

Interest received in the year was £0.5 million, down from £0.8 million last year as a result of lower average cash balances following the investment of the placing funds.

Pressure on finance costs has been alleviated to some extent by the recent reductions in the base rate. The majority of the Company's bank finance is linked to the base rate with some exposure to LIBOR linked funding in one of our jointly controlled entities.

All of our facilities with The Royal Bank of Scotland and Barclays Bank are at base rate plus margins of 1.5% to 1.75% depending on whether each site has planning permission. The Company has recently negotiated a £33 million development facility with The Royal Bank of Scotland for Greenwich Creekside at base rate plus 1.5% and these rates are still being achieved thanks to our strong relationships and proven track record in achieving sales.

Our revolving facility with Allied Irish Bank is renegotiated on an annual basis each April and whilst the bank is borrowing at LIBOR they are moving away from any base rate linked funding. In this context we have negotiated base rate plus usual margins plus an additional 0.5% while three month LIBOR remains more than 0.5% over base rate. Essentially this caps the additional LIBOR liability at 0.5% whilst the current differential is nearer to 0.9%.

Interest cover was 3.6 times in 2008 which remains well within acceptable limits.

Dividends

The board proposes a final dividend of 5.5 pence per ordinary share. Together with the interim dividend of 4.5 pence paid in January 2008, this will give a total dividend for the year of 10.0 pence which is covered 3.3 times by earnings per share. The total dividend last year was 8.9 pence.

The final dividend is expected to be paid on 18 July 2008 to shareholders on the register on 27 June 2008.

The board’s dividend policy is to maintain the level of cover at around 3.3 times in order to achieve an appropriate mix between profits returned to shareholders and those reinvested in the business. At all times the Company monitors expected cash flows to ensure that this dividend can be accommodated within current and future resources.

Earnings per share

Earnings per share increased to 33.3 pence from 29.4 pence and the weighted average number of shares in issue was 37.0 million up from 32.8 million shares because the shares issued in the October 2006 placing had a full year weighting.

Balance sheet

Net assets have increased to £64.2 million from £54.8 million and net assets per share at 31 March 2008 were 171 pence, up from 148 pence last year.

The placing funds raised in 2006 have been allocated to new land opportunities and we have reserved some equity for investment over the next two years in our partnerships with housing transfer organisations. Some of the sites purchased with the placing funds will take time to flow into revenue as they have only just received planning permission or are still going through the planning process.

Pre-tax return on equity in the year ended 31 March 2008 was 30.0%, falling from 31.2% last year partly as a result of the weighting of the additional equity raised in late 2006.

Finance

The Company uses loan finance to acquire development land and undertake site construction and facilities are in place with three banks secured by a debenture over the assets of the Company and by charges over the development sites owned by the Company. Typically the debt to equity ratio in these facilities is 70/30 with extended funding available on some sites where all properties have been sold.

We maintain excellent relationships with each of our banking partners and fully involve them in our cash flow forecasting and sensitivity analysis. The detailed nature of our reporting, together with our existing rate of pre-sales and the nature and location of our developments, has reinforced confidence in the Company and is directly assisting the negotiation of new facilities, and the renewal of existing facilities, in a period of reduced liquidity in the banking industry.

Our revolving loan facility with Allied Irish Bank of £40 million is allocated to certain development sites. At 31 March 2008 we had utilised £24.8 million of this facility leaving an unutilised balance of £15.2 million. The facility is next due for an annual review in April 2009.

In addition the Company's jointly controlled entity, Bishopsgate Apartments LLP, has a credit facility with Allied Irish Bank of £20 million in respect of the purchase of development land in Bethnal Green Road. Interest is charged at LIBOR plus 1.25%. At 31 March 2008 Bishopsgate Apartments LLP had utilised £19 million of this facility and Telford Homes has recorded its 50% share of the loan in the balance sheet at 31 March 2008. This facility expires in January 2009 and an increased development land and construction facility is being negotiated following the grant of planning permission in March 2008.

The Company has site specific loan facilities with The Royal Bank of Scotland of £84.3 million. At 31 March 2008 we had utilised £51.6 million of these facilities leaving an unutilised balance of £32.7 million. Facilities are repayable on completion of each development directly from the sales proceeds received.

In addition the Company's jointly controlled entity, Telford Homes (Creekside) Limited, has a credit facility with The Royal Bank of Scotland of £51.3 million in respect of the purchase of development land and construction at Greenwich Creekside. At 31 March 2008 Telford Homes (Creekside) Limited had utilised £13.8 million of this facility leaving an unutilised balance of £37.5 million. The Company has recorded its 50% share of the loan in its balance sheet at 31 March 2008. This facility is due for repayment in 2011.

The Company has site specific loan facilities with Barclays Bank of £12.6 million. At 31 March 2008 we had utilised £5.4 million of these facilities leaving an unutilised balance of £7.2 million. These facilities are due for repayment during 2010.

Gearing at 31 March 2008 was 144% increased from 102% last year when this was lowered by placing funds held on the balance sheet. Gearing is down from 173% reported for the interim results as we have reduced investment in the development pipeline.

We remain comfortable with our level of gearing as we can balance the certainty of future cash inflows against exposure to debt. Our business model of selling properties at an early stage of construction reduces the risk of carrying debt as the sales revenue on a given development, secured by exchanging contracts, will be used to repay loans specific to that development.

Internally we calculate 'uncovered gearing' which excludes debt matched by the value of contracts exchanged on a given development. This is an important performance indicator in the business and is monitored by all three banks currently funding the Company. The board has determined that levels of uncovered gearing up to 100% are acceptable. Uncovered gearing at 31 March 2008 was 48%, up from 18% last year but down from 56% at September 2007.

The Company had access to immediate funding on pre-sold sites of £9 million at 31 March 2008 and had this been drawn then uncovered gearing would have reduced to 34%. Facilities are managed to minimise the drawdown of funds where these are not immediately required in the business in order to control interest costs.

At 31 March 2008 the Company had unutilised overdraft facilities of £3 million (2007 - £2.5 million).

Cash flow

We maintain a detailed month by month cash flow forecast as part of our management information systems. This extends five years into the future and is subject to continual re-assessment and sensitivity analysis. The cash flow position is reviewed by the board and by each of the Company's banking partners on a monthly basis.

International Financial Reporting Standards

Telford Homes has adopted International Financial Reporting Standards (IFRS) for the year ended 31 March 2008. There were no significant changes in accounting required as a result of the Company adopting IFRS.

Future change in accounting policy

The International Financial Reporting Interpretations Committee (IFRIC) has recently concluded lengthy deliberations on the accounting treatment for real estate sales. Their proposed amendment to the accounting required under IFRS will mean that Telford Homes will have to account for revenue and profit from open market private sales on legal completion of each property. Currently revenue and profit for all properties is recognised from the point of exchange of contracts and then on a percentage complete basis. The accounting for affordable homes sold under construction contracts will remain unchanged. This proposal is expected to be agreed in June 2008 and would be effective for the year ended 31 March 2010. The method of accounting will not change the financial health or day to day operation of the business but will have a significant impact on reported revenue and profit in each year and the Company will assess this over the next few months.

Jonathan Di-Stefano
Financial Director
27 May 2008

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Note	Year ended 31 March 2008 £000	Year ended 31 March 2007 £000
Revenue		160,433	104,383
Cost of sales		(126,855)	(81,001)
Gross profit		33,578	23,382
Administrative expenses		(8,208)	(6,676)
Operating profit		25,370	16,706
Finance income		493	794
Finance costs		(8,136)	(3,985)
Profit before income tax		17,727	13,515
Income tax expense	3	(5,400)	(3,865)
Profit from continuing operations after tax		12,327	9,650
Earnings per share:			
Basic	5	33.3p	29.4p
Diluted	5	33.1p	28.5p

All activities are in respect of continuing operations.

BALANCE SHEET
AT 31 MARCH 2008

	31 March 2008 £000	31 March 2007 £000
Non current assets		
Property, plant and equipment	822	851
Deferred income tax assets	-	226
	822	1,077
Current assets		
Inventories	74,446	70,135
Trade and other receivables	120,174	56,104
Cash and cash equivalents	4,698	17,617
	199,318	143,856
Total assets	**200,140**	**144,933**
Non current liabilities		
Hire purchase liabilities	(18)	(96)
Deferred income tax liabilities	(4)	-
	(22)	(96)
Current liabilities		
Trade and other payables	(32,393)	(15,028)
Current income tax liabilities	(1,971)	(1,655)
Borrowings	(101,424)	(73,210)
Hire purchase liabilities	(83)	(113)
	(135,871)	(90,006)
Total liabilities	**(135,893)**	**(90,102)**
Net assets	**64,247**	**54,831**
Capital and reserves		
Issued share capital	3,750	3,694
Share premium	29,749	28,641
Retained earnings	30,748	22,496
Total equity	**64,247**	**54,831**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 April 2006	**2,981**	**12,656**	**16,848**	**32,485**
Profit for the year	-	-	9,650	9,650
Dividend on equity shares	-	-	(2,867)	(2,867)
Movement in excess tax on share options	-	-	281	281
Shares issued under the Deferred Payment Share Purchase Plan	55	1,375	(1,430)	-
Proceeds of equity share issue	658	15,237	-	15,895
Costs arising from shares issued	-	(627)	-	(627)
Share-based payments	-	-	90	90
Purchase of own shares	-	-	(365)	(365)
Sale of own shares	-	-	180	180
Movement arising from write down in value of own shares	-	-	109	109
Balance at 31 March 2007	**3,694**	**28,641**	**22,496**	**54,831**
Profit for the year	-	-	12,327	12,327
Dividend on equity shares	-	-	(3,498)	(3,498)
Movement in excess tax on share options	-	-	(194)	(194)
Shares issued under the Deferred Payment Share Purchase Plan	16	374	(390)	-
Proceeds of equity share issue	40	734	-	774
Share-based payments	-	-	109	109
Purchase of own shares	-	-	(422)	(422)
Sale of own shares	-	-	211	211
Movement arising from write down in value of own shares	-	-	109	109
Balance at 31 March 2008	**3,750**	**29,749**	**30,748**	**64,247**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Year ended 31 March 2008 £000	Year ended 31 March 2007 £000
Cash flow from operating activities		
Operating profit	25,370	16,706
Depreciation	358	360
Write down in value of own shares	109	109
Share-based payments	109	90
Profit on sale of tangible assets	(24)	(34)
Increase in inventories	(4,311)	(24,588)
(Increase) decrease in receivables	(64,070)	3,347
Increase in payables	16,629	4,870
	(25,830)	860
Interest paid	(7,400)	(3,900)
Income tax paid	(5,048)	(3,554)
Cash flow from operating activities	(38,278)	(6,594)
Cash flow from investing activities		
Purchase of tangible assets	(329)	(182)
Proceeds from sale of tangible assets	24	38
Interest received	493	794
Cash flow from investing activities	188	650
Cash flow from financing activities		
Proceeds from issuance of ordinary share capital	774	15,895
Expenses of share issue	-	(627)
Purchase of own shares	(422)	(365)
Sale of own shares	211	180
Increase in bank loans	59,825	52,241
Repayment of bank loans	(31,611)	(47,984)
Dividend paid	(3,498)	(2,867)
Capital element of hire purchase payments	(108)	(123)
Cash flow from financing activities	25,171	16,350
Net (decrease) increase in cash and cash equivalents	(12,919)	10,406
Brought forward	17,617	7,211
Cash and cash equivalents carried forward	**4,698**	**17,617**

NOTES

1 Basis of preparation

The financial information set out above does not constitute statutory accounts within the meaning of section 240 of The Companies Act 1985. Statutory accounts for the year ended 31 March 2008 will be delivered to the Registrar of Companies and sent to all shareholders shortly. The information included within this statement has been derived from the statutory accounts of Telford Homes Plc for the year ended 31 March 2008. The report of the auditors was unqualified and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.

The statutory accounts for the year ended 31 March 2008 are the Company's first financial statements prepared under International Financial Reporting Standards (IFRS). The statutory accounts, including the comparative information for the year ended 31 March 2007 have been prepared in accordance with IFRS as adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. An explanation of how the transition from UK GAAP to IFRS has impacted the Company’s financial position, financial performance and cash flows is disclosed in the statutory accounts for the year ended 31 March 2008.

2 Accounting policies

IFRS accounting policies were drawn up as part of the Company’s IFRS transition and implementation process completed in the year to 31 March 2008. These accounting policies were disclosed within the Company’s interim report published on 4 December 2007. The Company has finalised its IFRS accounting policies as part of its 2008 financial year end. The substance of the accounting policies has remained unchanged from those previously reported. The accounting policies will be disclosed in full within the Company’s forthcoming statutory accounts.

3 Taxation

Taxation has been calculated on the profit for the year ended 31 March 2008 at the estimated effective tax rate of 30.5% (2007 – 28.6%).

4 Dividends paid

	Year ended 31 March 2008 £000	Year ended 31 March 2007 £000
Final dividend paid in July 2007 of 4.9p (July 2006 – 4.6p)	1,818	1,391
Interim dividend paid in Jan 2008 of 4.5p (Jan 2007 – 4.0p)	1,680	1,476
	3,498	2,867

The final dividend proposed for the year ended 31 March 2008 is 5.5p per ordinary share. This dividend was declared after 31 March 2008 and as such the liability of £2,062,000 has not been recognised at that date.

5 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held in the Share Incentive Plan. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

Earnings per share have been calculated using the following figures:

	Year ended 31 March 2008	**Year ended 31 March 2007**
Weighted average number of shares in issue	36,971,367	32,781,546
Dilution - effect of share options	318,266	1,054,146
Diluted weighted average number of shares in issue	37,289,633	33,835,692
Profit from continuing operations after tax	£12,327,000	£9,650,000
Earnings per share:		
Basic	33.3p	29.4p
Diluted	33.1p	28.5p

Copies of this announcement are available from the Company at First Floor, Stuart House, Queensgate, Britannia Road, Waltham Cross, Hertfordshire EN8 7TF and on our website www.telfordhomes.plc.uk.