Press Release **26 May 2010**

Telford Homes Plc

("Telford Homes" or the "Group")

Preliminary Results

Telford Homes Plc (AIM:TEF), the residential developer in East London noted for regeneration projects in partnership with the public sector, today announces its preliminary results for the year ended 31 March 2010.

Financial Highlights

- Revenue increased to £159.3 million (2009: £106.7 million)
- Profit before tax and exceptional items increased to £8.1 million (2009: £7.3 million)
- Net assets increased to £63.1 million (2009: £50.3 million)
- Net debt reduced to £37.2 million (2009: £107.2 million)
- Final dividend of 1.25 pence which, together with the 0.75 pence interim dividend, makes a total dividend for the year of 2.0 pence (2009: Nil)
- Exceptional costs remained unchanged from interim results at £780,000 (2009: £3.0 million)

Operational Highlights

- Number of open market completions increased to 389 from 350
- The secured grant programme with the Homes and Communities Agency ("HCA") has been increased to £73 million
- A placing of new shares in February 2010 raised £7.2 million to enable the Group to develop more homes for open market sale
- Named 'Homebuilder of the Year 2009' at the Mail on Sunday British Home Awards, Best City Development 2009 from the Evening Standard, an Innovation Award for Building Technology and three NHBC awards recognising build quality

Andrew Wiseman, Chief Executive of Telford Homes, commented: "I am delighted to report an excellent set of results in the face of a challenging economic landscape.

The East London property market has improved in the last six months and remains stable. Telford Homes' strong local relationships together with the equity placing of £7.2 million will allow the Group to deliver more homes into an undersupplied market and the continuing rate of sales to UK and overseas customers underpins the Board's confidence in committing funds to new development opportunities.

"Within East London ongoing regeneration, including development of the Olympic Park, and improving transport links indicate a favourable long term outlook for Telford Homes."

- Ends -

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

CHAIRMAN'S STATEMENT

I am delighted to announce that Telford Homes has exceeded expectations for the year to 31 March 2010, achieving an increase in revenue of nearly 50 per cent and profit before exceptional items and tax of £8.1 million. This success has been achieved with an improved market in East London resulting in sales being secured earlier than expected.

Over the last 18 months, a quarter of the open market homes pre-sold during 2006 and 2007 have not completed in time with the original buyer. Hence, the Group has re-sold the majority of these properties to individual owner occupiers and the rate of new sales since September last year, both to owner occupiers in the UK and to overseas buyers, has been extremely encouraging.

There have been other significant achievements over the last year including:

- The secured grant programme with the Homes and Communities Agency ("HCA") has been increased to £73 million with allocations now secured for all sites where Telford Homes is already committed to the development and where grant is required to ensure that the scheme can be completed.
- A placing of new shares in February 2010 raised £7.2 million, net of expenses, which will enable the Group to develop more homes for open market sale over the next three years.
- Amongst many accolades received this year Telford Homes was named 'Homebuilder of the Year 2009' at the Mail on Sunday British Home Awards.

The Board prepared for the worst leading up to the recession and reacted swiftly to deteriorating macro-economic financial conditions such that the Group has emerged from the recession in a strong position. Although our reduced investment in new opportunities during 2008 and 2009 is likely to reduce profit levels over the next two financial years, the placing funds will help to enhance profits beyond this period. The longer term prospects for Telford Homes remain sound.

Finally, I am pleased to report the re-instatement of a dividend with a total payment for the year of 2 pence of which 0.75 pence has already been paid and a further 1.25 pence is proposed to be paid in July 2010. Despite any short term fluctuations in reported profits the Board intends to maintain a progressive dividend policy over the coming years in keeping with our longer term expectations.

David Holland

Chairman (Non-Executive)

25 May 2010

CHIEF EXECUTIVE'S REVIEW

Telford Homes can report on an excellent set of financial results for the year to 31 March 2010, a period that has seen a continuation of the economic downturn followed by gradual improvement in the second half of the year. Revenue has increased to £159.3 million from £106.7 million last year with the number of open market property completions increasing to 389 from 350. Despite some pressure on margins from reduced selling prices, profit before tax and exceptional items has increased to £8.1 million from £7.3 million. Exceptional costs, principally write downs to land and work in progress, have remained unchanged from the interim results at £780,000 (2009: £3.0 million). These results are significantly better than original market expectations for the year and support the Board's long term confidence in the business in East London.

Sales and completions

A deterioration in market conditions, particularly in the availability of mortgage finance, and a recession in the wider economy began as the Group was preparing to complete the development of around 600 pre-sold homes over an 18 month period from October 2008 to March 2010. These pre-sold homes represented over £130 million of potential proceeds and the Group worked hard to ensure as many as possible achieved legal completion.

The Board put in place contingency plans to offset the impact of failed contracts but the policy of working with each individual customer on a day-to-day basis was successful and led to most of the contracts completing with the original buyers. In addition, the improving market enabled those homes that failed to complete with the original buyer within acceptable timescales to be sold to new buyers, mainly owner occupiers.

The Group has now completed over 540 of the pre-sold properties including just over 100 re-sold to new customers where the original 10 per cent deposit has been retained by Telford Homes. This success means the Board now believes that any financial risk of significant contract failures has been avoided.

The market in East London has improved over the last six months and a steady rate of new sales has also been achieved on the completed developments at Nayland

Court, Romford and the second phase of Queen Mary's Gate, Woodford. Only 14 homes remain for sale at the latter and Nayland Court is now sold out.

Selling prices have declined by up to 15 per cent from their peak in 2007 although this has had limited impact on the total revenue from re-sales given the deposits retained from the original sales. In general, prices achieved on new sales have been ahead of expectations set at the beginning of the year with gradual improvement over the last few months.

Telford Homes will continue to target pre-sales where possible and while demand from off-plan investors in the UK remains severely restricted by the mortgage market, the Group has identified strong pockets of demand from overseas buyers. Developments have been marketed in various Middle Eastern and Asian locations and in the last few months over 100 new sales have been secured overseas across a number of developments. These include Greenwich Creekside where the first completions are due later this year and Matchmakers Wharf, the site of the former Lesney Toys factory just north of the Olympic Park. The remaining homes on these developments are expected to be sold to a mix of investors and owner-occupiers through and beyond the construction period. This represents a return to the historic sales model for Telford Homes that preceded the boom in investor demand in 2006 and 2007.

HCA and affordable housing

A significant strength of Telford Homes both during the recession and since has been its status as a grant partner of the HCA. The Group has successfully bid for grant on nine different sites and this has resulted in a total grant package of £73 million for the delivery of 534 affordable homes.

In preparation for the recession, the Board stopped investment in new land opportunities and put some open market developments on hold. Amended planning permissions were secured to turn some sites into 100 per cent affordable housing. With the benefit of grant funding from the HCA, these sites will achieve margins averaging 10 per cent with improved returns on equity due to the grant receipts and monthly payments from housing associations.

Typically 60 per cent of the grant allocated to a site has been received at the start of the construction work although this was increased for two of the Group's developments which received 75 per cent up front by commencing construction prior to 31 March 2010. The balance of the grant is received on completion. To date, £47 million of the total grant package has been received. Grant is utilised purely for the construction of the affordable homes for which it has been allocated and a substantial amount of the grant received to date is held within cash on the balance sheet to be used for future construction expenditure across the relevant sites.

In the future, grant rates are likely to decrease and the availability of grant allocations will be at a premium. Telford Homes has secured grant for all of the sites already within the Group's ownership and future opportunities that are reliant on grant funding will only be purchased when the grant position has been agreed. However, the excellent relationship developed with the HCA, including meeting all deadlines and milestones to date, will put the Group in the best possible position to access grant funding in the future.

Partnerships with affordable housing providers have also been fundamental to the business model since the inception of Telford Homes. These relationships enable the Group to secure contracts for the sale of the affordable homes on each site and have been a source of new land opportunities. The Group continues to work closely with many Registered Social Landlords and its partnership with Eastend Homes forms a significant part of the future development pipeline of the business. The British Estate set the model for the partnership with Eastend Homes where land payments made by Telford Homes were reinvested into the third party refurbishment of existing homes on the estate. Construction is now underway on new affordable housing on three other estates and the Group expects to continue exercising options to purchase land to develop open market housing on the same estates over the next few months. The option prices for the open market sites have been set based on current market selling prices.

It remains an important part of the Board's strategy to further partnerships with the HCA and affordable housing providers and in the future one of the advantages of these relationships will be access to land owned by the public sector. As an example, Telford Homes has formed a partnership with London and Quadrant Housing Association to bid for the redevelopment of Blackwall Reach, a region expected to provide up to 2,000 new homes over eight years and owned predominantly by the HCA and the London Borough of Tower Hamlets. The partnership has been shortlisted for the project along with three others.

Developing in East London

Telford Homes operates in a marketplace underpinned by the employment areas of Canary Wharf and the City. Ongoing regeneration across several boroughs, improving the quality of the built environment for the benefit of both existing and new residents, means there are many more opportunities arising in the future.

Local knowledge has played a key role in the success of Telford Homes over the last few years and is a competitive advantage, particularly in relationships with local authorities and affordable housing providers, and in the Group's understanding of the local planning process. Amongst other things, this has assisted the Group in achieving a number of planning permissions in the last year including some of the estate regeneration projects in partnership with Eastend Homes.

The 2012 Olympics are a major boost to East London with construction of the Olympic Park in Stratford now taking shape and with many other events due to take place in the local London boroughs. This continues to accelerate the programme of regeneration that was already taking place in the area, including further improvement to public transport in the region. Examples include the extension of the East London line, Stratford international station, expansion of the Docklands Light Railway and, further into the future, the Crossrail project. These improvements benefit all of East London on a long term basis, and not just the area in the immediate vicinity of the Olympic Park.

Land acquisition

During the recession, the Board took the decision not to invest in new land opportunities and concentrated on optimising the cash return from existing developments as well as agreeing option contracts for future land purchases, particularly with Eastend Homes. As a consequence, the output of completed open market homes is likely to temporarily reduce over the next two years. In addition, the impact of the downturn on expected selling prices means profit margins on some of the developments that will be completed over this period are expected to be lower than usual. To some extent, securing HCA grant over the last 18 months has reduced the impact of the recession on the business but actual reported profits over the next two years will be constrained.

As the economy slowly recovers, the Board remains confident of developing in East London and many new opportunities now exist to add to the Group's development pipeline and provide a platform for future growth. In February 2010, the Group raised £7.2 million, net of expenses, through a placing of new shares. This equity will enable the business to take some of these opportunities, including developing more homes for open market sale upon sites in its ownership and as part of estate regeneration projects with Eastend Homes. The Board was delighted with the success of the placing which will enable the Group to move forward more quickly than would otherwise have been the case.

Supply and demand

There is an increasing gap between the supply of new homes and the need for new homes. Even where demand is partially constrained by a lack of mortgage finance it is clear that over time, with population and the number of single person households increasing, current levels of construction will not be sufficient. Nationally, the government has assessed that there is a need in the UK for 240,000 new homes per annum over the next 20 years; new housing starts in 2009 were under 100,000. In London, the population in 2008 was 7.6 million but is expected to be 8.9 million by 2031. This translates to 800,000 new households of which 600,000 are expected to be single person. The National Housing Planning Advice Unit has published a report concluding that 46,800 new homes are required per annum in London up to 2031, and yet new housing starts in London were only 10,500 in 2009.

This lack of supply represents an opportunity for Telford Homes to undertake high quality developments in the right locations and to benefit from the continuing need for new homes, both for open market sale and affordable housing, over the next few years.

As at 31 March 2010, the Group's pipeline of open market and affordable properties not yet legally completed was 2,370 (2009: 2,635) including 2,346 with planning permission. This total includes sites under option contracts within the control of the Group.

Operations

The year to 31 March 2010 has been successful for Telford Homes in many respects and the Board extends its gratitude and congratulations to each and every employee. The standard of design and construction of the Group's developments is excellent and the operational teams continue to ensure that a first class product is delivered to each customer supported by a dedicated Customer Service team. During the year, the Group has received a number of awards including Homebuilder of the Year 2009 at the Mail on Sunday British Home Awards, Best City Development 2009 from the Evening Standard, an Innovation Award for Building Technology and three NHBC awards recognising build quality.

Current trading and outlook

The market in East London has seen gradual improvement from September 2009 and has remained steady. Since 1 September 2009, the Group has achieved over 300 new sales, just over 90 of which were secured in the new financial year. Since 1 April 2010 47 open market homes have already been completed and handed over to customers.

The continuing rate of new sales to UK and overseas customers underpins the Board's confidence in committing funds to new development opportunities. Alongside this, the future prospects for East London remain encouraging with ongoing regeneration, improving transport links, the Olympics and a fundamental shortage of supply all indicating a favourable long term outlook for Telford Homes.

Andrew Wiseman

Chief Executive

25 May 2010

FINANCIAL REVIEW

Controlling cash flows, repaying existing debt and sourcing new finance have all been important targets over the past year. The success of the Group in securing completions has allowed substantial debt repayments to be made and along with HCA grant receipts this has led to a reduction in net debt of £70 million. In addition, the placing in February 2010 raised £7.2 million enabling Telford Homes to take opportunities to commence the construction of an increased number of homes over the next three years.

Operating results

Revenue increased to £159.3 million (2009: £106.7 million) with gross profit before exceptional items of £21.0 million (2009: £17.6 million). Gross profit is stated after expensing loan interest that has been capitalised within inventories of £5.3 million (2009: £3.7 million) and before charging this interest the gross margin in the year was 16.5 per cent compared to 20.0 per cent last year. This reduction is due to undertaking lower risk construction work in developing more affordable housing and reduced selling prices on new sales due to the downturn in the market.

In the new financial year, the overall gross margin is likely to reduce further, reflecting a higher proportion of construction on the lower risk affordable projects together with open market completions on the developments most affected by the recession, including those where the value of land and work in progress has been written down. However, margins are expected to remain at reasonably healthy levels and improve back to normal levels over the following two years.

The operational teams continue to monitor and control development costs with a focus on achieving cost savings wherever possible, while maintaining good relationships with all suppliers. The value of construction work undertaken in the year to 31 March 2010 was £103 million compared to £79 million last year.

The operating margin before exceptional items and interest charged to cost of sales was 9.2 per cent to 31 March 2010, down from 11.3 per cent last year. Administrative expenses have remained under close control with the increase against last year representing a return to modest employee salary increases and bonus payments due to the excellent results in the year to 31 March 2010. Selling expenses have increased to £1.9 million (2009: £1.4 million) in keeping with the level of new sales being secured especially as a result of overseas sales events.

Exceptional items

The exceptional items reported in the year to 31 March 2010 are primarily write downs to the value of land and work in progress and total £0.8 million (2009: £3.0 million). These write downs were all recorded in the first half of the year with improved market conditions ensuring that there were no further impairments to asset values in the second half of the year.

Interest

The total borrowings of the Group have reduced over the course of the year and the interest rates payable on existing facilities are very competitive at LIBOR plus a margin of between 2 and 3 percent or base rate plus a margin of between 2.5 and 4 percent over base rate. As a result, total interest paid in the year was £3.5 million reduced substantially from £6.4 million last year.

Interest charged to the income statement includes £5.3 million in cost of sales (2009: £3.7 million) and a further £1.7 million of finance costs (2009: £1.2 million) primarily as a result of suspending the capitalisation of interest on certain sites that were not progressing in terms of design or construction.

Dividend

The Board expects to pay a dividend to shareholders every year. Due to the economic uncertainty last year and the risk surrounding the cash inflows from pre-sold properties the Board took the decision not to pay any dividend with a view to re-instating a dividend as soon as it was prudent to do so. Given the results for the year along with enhanced cash balances and reduced borrowings, the Board has decided to propose a final dividend of 1.25 pence which, together with the 0.75 pence interim dividend paid on 15 January 2010, makes a total dividend for the year of 2.0 pence (2009: Nil).

The final dividend is expected to be paid on 16 July 2010 to those shareholders on the register at the close of business on 25 June 2010.

Balance sheet

Net assets at 31 March 2010 were £63.1 million increased from £50.3 million last year. A placing of new shares in February 2010 raised £7.2 million, net of expenses, in new equity which has significantly strengthened the balance sheet and given the Group the ability to take opportunities to construct new open market homes subject to bank finance.

Cash balances are particularly high at 31 March 2010 at £33.6 million against £4.9 million last year. This balance includes operational balances of £7.4 million, the placing proceeds of £7.2 million which were received in March, grant monies held for future expenditure of £12.7 million and £6.3 million acquired as part of the acquisition of Clifford Contracting Limited on 23 June 2009.

The acquisition of Clifford Contracting gave Telford Homes access to a form of finance against unsold properties which in turn assisted the Group in securing bank finance by providing additional comfort over the ability to withstand contract failures on pre-sold properties. As a consequence of the improved market and a better than expected rate of sales, the Group redeemed some of the loan notes issued as consideration for the acquisition during April 2010. Together with the redemption premium the total payment was £2.0 million which released an equal amount from the restricted funds held by the now renamed Telford Homes Contracting Limited. This early redemption has saved the Group future interest costs of £80,000. The remaining £4.3 million of loan notes, inclusive of redemption premium, may also be redeemed earlier than the current anticipated date of September 2011, and the Board will continue to assess the need for ongoing finance against unsold properties over the next few months.

Cash management and cash flow forecasting

Despite the high levels of cash currently within the business, control of cash will always be of critical importance and a detailed month by month cash flow forecast is maintained as part of the Group's management information systems. This enables continuous monitoring of the forecast and actual cash flows over a five year period. The forecasts are necessarily subject to a number of assumptions and judgements and these are tested on a reasonable basis by sensitivity analysis. These forecasts are reviewed by the Board in detail on a monthly basis.

Borrowings

Telford Homes uses loan finance to acquire development land and undertake site construction. Bank facilities are in place with three banks; The Royal Bank of Scotland, Barclays Bank and Allied Irish Bank, and are secured by debentures and by charges over development sites.

Borrowings at 31 March 2010 were £70.8 million (2009: £112.0 million) with net debt reducing from £107.2 million to £37.2 million. This represents a gearing level of just 58.9 per cent, a substantial reduction from 206.6 per cent last year. This reduction is mainly due to achieving completions, but is also due to grant received, new equity raised and control of investment in land and expenditure on work in progress. The Board has determined that long term growth can be achieved at lower levels of gearing than those required in previous years and as such expects this to remain below 150 per cent. This is consistent with finance being made available at lower loan to cost percentages.

The Group's bank facilities ensure that adequate funding is available to cover working capital requirements and the Board considers that existing facilities are sufficient to cover funding requirements in the foreseeable future. In addition, some of the Group's bank facilities are subject to a number of general and financial covenants which are tested periodically by each bank. In all cases, the Board has assessed whether the Group will remain in compliance with the covenants in the short to medium term and are satisfied that there will be no breach of the covenants that cannot be easily rectified.

Despite this, all of the Group's facilities are secured on a site by site basis which has become less popular in terms of securing finance for new developments. As a result, the Board is aiming to refinance existing loans in a new corporate facility with a number of participating banks each taking a share. This corporate facility will be secured against a portfolio of land and development sites thus spreading the risk to each bank and will allow sufficient headroom to finance new opportunities over an extended term. The equity raised earlier this year is seen as a sign of strength by the Group's banks and negotiations for the new facility are progressing well with four high street banks, two of which are new to the Group.

Jonathan Di-Stefano

Financial Director

25 May 2010

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010

	Note	Year ended 31 March 2010	Year ended 31 March 2009
		£000	£000
Revenue		159,338	106,662
Cost of sales		(138,291)	(89,044)
Exceptional items		(710)	(2,868)
Gross profit		**20,337**	**14,750**
Administrative expenses		(9,691)	(7,971)
Selling expenses		(1,920)	(1,373)
Exceptional items		(70)	(116)
Operating profit		**8,656**	**5,290**
Finance income		333	216
Finance costs		(1,651)	(1,163)
Profit before income tax		**7,338**	**4,343**
Analysed as:			
Profit before income tax and exceptional items		**8,118**	**7,327**
Exceptional items	3	(780)	(2,984)
		7,338	**4,343**
Income tax expense	4	(2,019)	(1,320)
Profit after income tax		**5,319**	**3,023**
Earnings per share:			
Basic	6	13.7p	8.1p
Diluted	6	13.5p	8.1p

All activities are in respect of continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	Year ended 31 March 2010	Year ended 31 March 2009
	£000	**£000**
Movement in excess tax on share options	14	(30)
Other comprehensive income (expense) net of tax	**14**	**(30)**
Profit for the year	5,319	3,023
Total comprehensive income for the year	**5,333**	**2,993**

GROUP BALANCE SHEET
AT 31 MARCH 2010

	31 March 2010 £000	31 March 2009 £000
Non current assets		
Property, plant and equipment	380	618
Deferred income tax assets	109	13
	489	631
Current assets		
Inventories	120,047	177,941
Trade and other receivables	7,638	9,098
Current income tax assets	-	342
Cash and cash equivalents	33,642	4,865
	161,327	192,246
Total assets	**161,816**	**192,877**
Current liabilities		
Trade and other payables	(27,065)	(30,534)
Borrowings	(70,800)	(112,020)
Current income tax liabilities	(871)	-
Hire purchase liabilities	-	(18)
	(98,736)	(142,572)
Total liabilities	**(98,736)**	**(142,572)**
Net assets	**63,080**	**50,305**
Capital and reserves		
Issued share capital	4,978	3,875
Share premium	37,357	30,345
Retained earnings	20,745	16,085
Total equity	**63,080**	**50,305**

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 April 2008	**3,750**	**29,749**	**15,354**	**48,853**
Profit for the year	-	-	3,023	3,023
Total other comprehensive expense	-	-	(30)	(30)
Dividend on equity shares	-	-	(2,061)	(2,061)
Proceeds of equity share issue	125	596	-	721
Share-based payments	-	-	195	195
Purchase of own shares	-	-	(721)	(721)
Sale of own shares	-	-	194	194
Write down in value of own shares	-	-	131	131
Balance at 31 March 2009	**3,875**	**30,345**	**16,085**	**50,305**
Profit for the year	-	-	5,319	5,319
Total other comprehensive income	-	-	14	14
Dividend on equity shares	-	-	(295)	(295)
Proceeds of equity share issue	1,103	7,343	-	8,446
Costs arising from shares issued	-	(331)	-	(331)
Share-based payments	-	-	283	283
Purchase of own shares	-	-	(312)	(312)
Sale of own shares	-	-	149	149
Write down in value of own shares	-	-	126	126
Option to repurchase own shares	-	-	(624)	(624)
Balance at 31 March 2010	**4,978**	**37,357**	**20,745**	**63,080**

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Cash flow from operating activities		
Operating profit	8,656	5,290
Depreciation	288	387
Write down in value of own shares	126	131
Share-based payments	283	195
Profit on sale of tangible assets	-	(39)
Decrease in inventories	59,565	6,427
Decrease in receivables	1,460	3,533
Decrease in payables	(3,348)	(21,050)
	67,030	(5,126)
Interest paid	(3,443)	(6,425)
Income taxes (paid) received	(888)	2,915
Cash flow from operating activities	62,699	(8,636)
Cash flow from investing activities		
Purchase of tangible assets	(50)	(99)
Proceeds from sale of tangible assets	-	40
Interest received	333	216
Cash flow from investing activities	283	157
Cash flow from financing activities		
Proceeds from issuance of ordinary share capital	8,446	721
Expenses of share issue	(331)	-
Purchase of own shares	(312)	(721)
Sale of own shares	149	194
Increase in bank loans	33,272	52,774
Repayment of bank loans	(75,116)	(42,178)
Dividend paid	(295)	(2,061)
Capital element of hire purchase payments	(18)	(83)
Cash flow from financing activities	(34,205)	8,646
Net increase in cash and cash equivalents	28,777	167
Cash and cash equivalents brought forward	4,865	4,698
Cash and cash equivalents carried forward	**33,642**	**4,865**

NOTES

1 Basis of preparation

The financial information set out above does not constitute statutory accounts for the year ended 31 March 2010 or 2009 but is derived from those accounts. Statutory accounts for the year ended 31 March 2009 have been delivered to the Registrar of Companies and the statutory accounts for the year ended 31 March 2010 will be delivered to the Registrar of Companies and sent to all shareholders shortly. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006 or equivalent preceding legislation.

The statutory accounts for the year ended 31 March 2010, including the comparative information for the year ended 31 March 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

2 Accounting policies

Accounting convention
The statutory accounts for the year ended 31 March 2010 have been prepared under historical cost convention and on a basis consistent with the accounting policies in the financial statements for the year ended 31 March 2009 except as noted below. The accounting policies will be disclosed in full within the Group's forthcoming financial statements.

Grant income
Grants received from the Homes and Communities Agency are recognised as revenue in the income statement to match with the related costs that they are intended to compensate.

3 Exceptional items

The exceptional items of £780,000 (2009: £3.0 million) includes £710,000 (2009: £2.9 million) where the net realisable value of land and work in progress on certain developments has been assessed to be lower than the costs originally recorded in inventories as a result of the deterioration in market conditions and £70,000 (2009: £0.1 million) of redundancy costs.

4 Taxation

Taxation has been calculated on the profit for the year ended 31 March 2010 at the estimated effective tax rate of 27.5% (2009: 30.4%).

5 Dividend paid

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Final dividend paid in July 2009 of Nil (July 2008: 5.5p)	-	2,061
Interim dividend paid in January 2010 of 0.75p (January 2009: Nil)	295	-
	295	2,061

The final dividend proposed for the year ended 31 March 2010 is 1.25p per ordinary share. This dividend was declared after 31 March 2010 and as such the liability of £622,000 has not been recognised at that date.

6 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 2010	Year ended 31 March 2009
Weighted average number of shares in issue	38,804,588	37,381,374
Dilution - effect of share options	689,918	-
Diluted weighted average number of shares in issue	39,494,506	37,381,374
Profit from continuing operations after tax	£5,319,000	£3,023,000
Earnings per share:		
Basic	13.7p	8.1p
Diluted	13.5p	8.1p