Company Registration No. 1660121

GOLDCREST HOMES PLC

Report and Financial Statements

31 March 2003



Deloitte & Touche LLP
London

GOLDCREST HOMES PLC

REPORT AND FINANCIAL STATEMENTS 2003

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GOLDCREST HOMES PLC

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Peter Thompson (Chairman)* †
M Collins (Chief Executive)* †
T L Carvall (Technical Director)
S E Leach ACA (Finance Director)* †
A Roake (Planning & Design Director)
Miss P A Henderson (Marketing Director)
G K Maddrell (Non-Executive)* †
Dr K Mourad FRCR (Non-Executive)
Miss O M Collins (Non-Executive)
Miss S A Collins (Non-Executive)

* indicates member of audit committee
† indicates member of remuneration committee

SECRETARY

M Collins

REGISTERED OFFICE

Goldcrest House
7 Hurlingham Business Park
Sulivan Road
London
SW6 3DU

BANKERS

Barclays Bank plc
PO Box 544
54 Lombard Street
London
EC3V 9EX

SOLICITORS

Lawrence Graham
190 Strand
London
WC2R 1JN

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London
EC4A 3TR

JOINT STATEMENT BY CHAIRMAN AND CHIEF EXECUTIVE

Dear Shareholders

This is another year of profit growth for the company and demonstrates the success to be achieved by building high quality homes at affordable prices, whilst being supported by a land buying development team of exceptional talent.

Results

Group profit before taxation at £4.2 million, as adjusted for minority interest, is 15.2% higher than the comparable figure of £3.7 million in 2002.

We have raised further new equity during the year. Nevertheless, basic earnings per share has increased from 30p to 32p. Shareholders funds increased to £10.7 million, which included £66,000 of share options exercised by directors.

Review of Activities

To support our commitment to the strategic objectives we have retained two larger sites in Wimbledon and City Road that we had purchased unconditional on planning but now have the benefit of planning. We have recognised the added value in gaining planning permission in this year's profit. This was facilitated by selling the land, at market value, to special purpose vehicles with joint venture partners that enabled Goldcrest to recognise the land profit element this financial year and then to control the development of the site and share in the construction profit on completion of the units in subsequent financial years.

As a consequence of this transaction, the profit on the uplift in value of the land is shown in the Profit and Loss Account under the heading "Income from sale of investments". The statement also illustrates the effect if the sales had been recorded as normal land sale transaction to a non-related company. The consequence of the transactions ensures that our business model in relation to build larger sites and sell smaller sites is met and that our shareholders will benefit from both the value added in the planning process as well as the profit from the development and sales of units.

We also made two sales of smaller less complicated sites in the year after obtaining the benefit of planning. These are shown as "Turnover" in the Profit and Loss Account.

Dividend

The company paid an interim dividend of 6.84p per share in December 2002. A further interim dividend of 8.31p was paid in June 2003 making a total for the year of 15.15p against a total of 14.00p last year. This distribution reflects the stated dividend policy of distributing one third of the profit before tax in dividends. The dividend was payable to all shareholders on the register at 31 March 2003 and it is proposed that no final dividend be paid.

Property Review

In 2002 the company did not buy many sites, recognising that land values had become overheated. The market has now softened and we are now buying sites at prices that will enable us to maintain our margins.

Financing

Our financing structure remains robust. The company is continuing to raise equity finance for the acquisition of new sites and to invest in build programmes on the larger sites. Our bank continues to support us fully and we are now enjoying loan facilities in excess of £35 million.

Stakeholders

We fully support the aims of the Princes Trust Business in the Community Initiative "One Per Cent Club". 1% of our future pre tax profit will be donated to charitable local organisations.

A special thanks to all our stakeholders for their continued support in helping the company achieve its strategic objectives – our shareholders, our customers, our suppliers, our professional advisors and our financiers. In particular the Goldcrest team have again shown their loyalty and commitment in achieving another successful year. Thank you!

JOINT STATEMENT BY CHAIRMAN AND CHIEF EXECUTIVE (continued)

Outlook

Our strategic objectives are clear. We will continue to buy both large and smaller sites without planning permission. We are building out the larger sites in some cases with joint venture partners as detailed above. The smaller sites, once planning permission has been obtained, we will sell on to quoted house builders. We believe that this policy will enable us to continue the growth of earnings during the current year.

Sir Peter Thompson
Chairman

Michael Collins
Chief Executive

30 September 2003

TEN YEAR RECORD

Summary consolidated results £'000	1993	1994	1995	1997 (18 mths)	1998	1999	2000	2001	2002	2003
Turnover	3,691	5,586	5,880	9,758	9,812	14,958	11,397	21,276	24,940	2,840
Operating profit/(loss)	594	883	1,250	1,857	2,056	2,696	3,115	4,480	3,761	(1,175)
Other Income	53	28	39	83	136	58	45	15	911	6,031
Interest (net)	(124)	(155)	(164)	(438)	(383)	(505)	(453)	(1,162)	(1,010)	(521)
PROFIT BEFORE TAXATION	**523**	**756**	**1,125**	**1,502**	**1,809**	**2,249**	**2,707**	**3,333**	**3,662**	**4,335**
Taxation	(167)	(261)	(415)	(518)	(575)	(730)	(781)	(1,019)	(1,112)	(1,293)
Profit after taxation	356	495	710	984	1,234	1,519	1,926	2,314	2,550	3,042
Minority Interest	-	-	-	-	-	-	-	-	-	(116)
Profit for the financial year	356	495	710	984	1,234	1,519	1,926	2,314	2,550	2,926
Dividend	(300)	(317)	(217)	(258)	(596)	(707)	(902)	(1,088)	(1,239)	(1,406)
Retained profit for the year	56	178	493	726	638	812	1,024	1,226	1,311	1,520
Net assets										
Stock and debtors	3,557	3,668	3,765	7,850	7,486	14,103	9,747	30,569	31,778	20,627
Net debt	(1,354)	(1,024)	(1,010)	(3,219)	(2,730)	(7,066)	(3,017)	(19,026)	(17,809)	(6,740)
Other assets/liabilities	(1,142)	(1,405)	(1,023)	(2,173)	(1,660)	(3,032)	(1,401)	(4,488)	(5,215)	(3,186)
	1,061	1,239	1,732	2,458	3,096	4,005	5,329	7,055	8,754	10,701
Ratios										
Earnings per share	£2.40	£3.34	£4.78	£6.63	£8.31	£10.05	£12.64	£14.88	0.30p+	0.32p+
Dividend per share	£2.02	£2.14	£1.46	£1.74	£4.02	£4.68	£5.88	£7.00	14.00p	15.15p
Dividend cover	1.2	1.6	3.3	3.8	2.1	2.1	2.1	2.1	2.1	2.1
Net asset value per share	£7.15	£8.35	£11.67	£16.56	£20.86	£26.49	£34.28	£45.38	£0.98	£1.15

+ - share split of 1 share into 50 occurred on 21 March 2002.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Group's principal activities for the year under review were that of residential house building, land development and sales.

A summary of the results of the year's trading is shown on page 9 of the financial statements. A review of the Group's business and future developments is included within the Chairman's statement.

RESULTS AND DIVIDENDS

The profit for the year after taxation and minority interests amounted to £2,926,000 (2002: £2,550,000).

The directors recommend that the profit for the year be dealt with as follows:

	£'000
Ordinary dividends	
- Interim dividend paid of 6.84p (2002 - 6.84p) per share	635
- Second interim dividend proposed of 8.31p (2002 - 7.16p) per share	771
Transfer to reserves	1,520
	2,926

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year and their interests in the issued share capital at the beginning and end of the year were as follows:

		Executive Share Options				2p Ordinary shares Fully paid	
		2003	Granted in year	Exercised in year	2002	2003	2002
M Collins		333,333	333,333	-	-	6,681,100	6,681,100
Sir Peter Thompson	- Beneficial interests	138,750	138,750	-	-	764,495	702,000
	- Non-beneficial interests	-	-	-	-	113,603	89,300
G K Maddrell		-	-	-	-	-	-
Dr K Mourad FRCR		-	-	-	-	102,700	102,700
Miss O M Collins		-	-	-	-	84,300	84,300
Miss S A Collins		-	-	-	-	84,300	84,300
T L Carvall		89,650	89,650	102,200	102,200	185,500	83,300
S E Leach		91,556	50,481	41,075	82,150	55,426	42,850
D Hodgson		-	-	-	92,750	-	-
A Roake		83,333	63,983	-	19,350	-	-
Miss P A Henderson		94,444	94,444	-	-	-	-

On 18 September 2002 Miss P A Henderson was appointed Marketing Director. On 1 June 2003 Geoffrey Maddrell was appointed non-executive Director. David Hodgson resigned as director on 11 June 2002 and 92,750 of his share options were cancelled.

Sir Peter Thompson's non-beneficial interests arise through two discretionary trusts in favour of his children and grandchildren.

Miss O M Collins, Dr. K Mourad, Miss S A Collins retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (Continued)

CHARITABLE DONATIONS

During the period the Group contributed £22,190 (2002 - £8,696) to charitable organisations, £4,000 to local charities serving the communities in which the group operates and £18,190 to other charities. The Group made no political donations.

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M Collins
Secretary

30 September 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLDCREST HOMES PLC

We have audited the financial statements of Goldcrest Homes plc for the year ended 31 March 2003 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and the chairman's statement for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company and the group as at 31 March 2003 and of the profit for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
30 September 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Sales (including sales to subsidiaries)		15,840	-
Less sales to subsidiaries		(13,000)	-
TURNOVER	1	2,840	24,940
Cost of sales (including sales to subsidiaries)		(9,123)	-
Less cost of sales to subsidiaries		7,209	-
Cost of sales		(1,914)	(18,106)
Gross profit (including sales to subsidiaries)		6,717	-
Less sales to subsidiaries		(5,791)	-
Gross profit		926	6,834
Administrative expenditure		(2,101)	(3,073)
OPERATING PROFIT (including sales to subsidiaries)		4,616	-
Less sales to subsidiaries		(5,791)	-
OPERATING (LOSS) / PROFIT		(1,175)	3,761
Interest receivable		83	36
Income from disposal of investments	9	5,948	875
Interest payable	4	(521)	(1,010)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	4,335	3,662
Tax on profit on ordinary activities	5	(1,293)	(1,112)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,042	2,550
Minority interest		(116)	-
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		2,926	2,550
Dividends	6	(1,406)	(1,239)
Retained profit for the year	19	1,520	1,311
Earnings per share - basic	7	£0.32	£0.30
- fully diluted	7	£0.30	£0.28

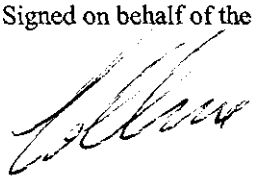
All gains and losses are recognised in the profit and loss account, accordingly no statement of total recognised gains and losses is required.

CONSOLIDATED BALANCE SHEET
31 March 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	8	194	207
CURRENT ASSETS			
Stocks	10	17,113	9,048
Debtors	11	3,514	22,730
Cash at bank and in hand		62	726
		20,689	32,504
CREDITORS: amounts falling due within one year			
Bank loans and overdraft	12	(11,250)	(17,922)
Other creditors	12	(3,248)	(5,940)
		(14,498)	(23,862)
NET CURRENT ASSETS		6,191	8,642
TOTAL ASSETS LESS CURRENT LIABILITIES		6,385	8,849
CREDITORS: amounts falling due after more than one year			
Loan stock	13	(1,024)	-
Other creditors	13	(10)	(35)
		(1,034)	(35)
		5,351	8,814
Minority interest		5,350	(60)
NET ASSETS		10,701	8,754
CAPITAL AND RESERVES			
Called up share capital	17	186	178
Share premium account	19	1,994	1,575
Profit and loss account	19	8,521	7,001
EQUITY SHAREHOLDERS' FUNDS	20	10,701	8,754

These financial statements were approved by the Board of Directors on 30 September 2003.

Signed on behalf of the Board of Directors



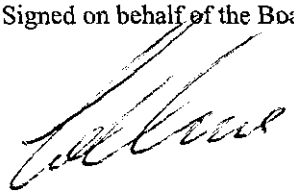
M Collins
Chief Executive

COMPANY BALANCE SHEET
31 March 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	8	194	207
Investments	9	817	955
		1,011	1,162
CURRENT ASSETS			
Stocks	10	2,051	1,222
Debtors	11	17,573	22,520
Cash at bank and in hand		8	716
		19,632	24,458
CREDITORS: amounts falling due within one year			
Bank loans and overdraft	12	(1,333)	(9,088)
Other creditors	12	(7,547)	(8,707)
		(8,880)	(17,795)
NET CURRENT ASSETS		10,752	6,663
TOTAL ASSETS LESS CURRENT LIABILITIES		11,763	7,825
CREDITORS: amounts falling due after more than one year			
Loan stock	13	(1,024)	-
Other creditors	13	(10)	(35)
		(1,034)	(35)
NET ASSETS		10,729	7,790
CAPITAL AND RESERVES			
Called up share capital	17	186	178
Share premium account	19	1,994	1,575
Profit and loss account	19	8,549	6,037
EQUITY SHAREHOLDERS' FUNDS		10,729	7,790

These financial statements were approved by the Board of Directors on 30 September 2003.

Signed on behalf of the Board of Directors



M Collins
Chief Executive

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2003

		2003 £'000	2002 £'000
Net cash inflow from operating activities	23	7,636	4,278
Returns on investments and servicing of finance	24	(665)	(1,245)
Taxation		(913)	(755)
Capital expenditure	25	(59)	(60)
Acquisitions and disposals	26	422	935
Equity dividends paid		(1,273)	(1,204)
Net cash inflow before financing		5,148	1,949
Financing	27	(5,008)	(2,169)
Increase/(Decrease) in cash in the year		140	(220)

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

They have all been applied consistently throughout the year and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The Group financial statements consolidate the financial statements of Goldcrest Homes plc and all its subsidiary undertakings. No profit and loss account for Goldcrest Homes plc has been presented as permitted by Section 230 of the Companies Act 1985. The retained profit for Goldcrest Homes plc for the year ended 31 March 2003 is £2,512,000 (2002: £622,000).

Turnover

Turnover comprises amounts receivable for properties sold and services provided in the normal course of business excluding value added tax.

Profit recognition

Properties are treated as sold and profits are recognised when contracts are exchanged and the building work is substantially complete.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	-	over term of lease
Fixtures, fittings and equipment	-	over 5 years
Computer equipment	-	over 4 years
Motor vehicles	-	over 4 years

Leasing and hire purchase

Assets obtained under finance leases and hire purchase contracts which result in the transfer of substantially all the risks and rewards of ownership are capitalised as tangible fixed assets at the estimated present value of underlying minimum lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period. Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes cost of acquisition plus all attributable direct expenditure but excludes interest.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

In the company balance sheet, investments in subsidiaries are stated at cost less provision for impairment in value.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2003 £'000	2002 £'000
Depreciation: owned fixed assets	52	50
Depreciation: assets under finance leases	8	9
Operating lease rentals- motor vehicles	25	48
Directors' emoluments		
- fees	25	15
- remuneration	498	576
Loss on disposal of fixed assets	12	-
Auditors' remuneration		
- audit services	22	21
- non-audit services	46	16

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Number of employees

The average weekly number of persons (including directors) employed by the company during the year was:

	2003 £'000	2002 £'000
Office and management	23	24
Construction	-	1
	23	25

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Employment costs (including directors)

	2003 £'000	2002 £'000
Wages and salaries	979	1,065
Social security costs	111	133
	1,090	1,198

The amounts in respect of the highest paid director are as follows:

	2003 £'000	2002 £'000
Emoluments	107	200

Share Incentive Plan

The company operates a scheme for the employees, which was approved by the Inland Revenue on 10 April 2001. The trust for the scheme purchased 55,824 shares on behalf of the employee beneficiaries in the year.

4. INTEREST PAYABLE

	2003 £'000	2002 £'000
On loans and overdrafts repayable:		
Within five years not repayable by instalments	379	944
Other interest payable	142	66
	521	1,010

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2003 £'000	2002 £'000
Current tax		
UK corporation tax	1,281	1,398
Adjustments in respect of prior years		
- UK corporation tax	(14)	(1)
Total current tax	1,267	1,397
Deferred tax		
Origination and reversal of timing differences	26	(285)
Total deferred tax (note 11)	26	(285)
Total tax on profit on ordinary activities	1,293	1,112

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2003 £'000	2002 £'000
Group profit on ordinary activities before tax	4,335	3,662
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2002 30%)	1,300	1,099
Effects of:		
Expenses not deductible for tax purposes	8	28
Capital allowances in excess of depreciation	(2)	3
Income subject to tax in a different period	(25)	268
Adjustments to tax charge in respect of previous periods	(14)	(1)
Group current tax charge for period	1,267	1,397

Deferred tax asset is recognised as follows:

	2003 £'000	2002 £'000
Group		
Accelerated capital allowances	15	17
Income subject to tax in a different period	243	268
Deferred tax asset	258	285

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2003 £'000	2002 £'000
Company		
Accelerated capital allowances	15	17
Deferred tax asset	15	17

6. DIVIDENDS

	2003 £'000	2002 £'000
Ordinary shares:		
- Interim dividend paid of 6.84p (2002 – 6.84p) per share	635	601
- Second interim dividend proposed of 8.31p (2002 – 7.16p) per share	771	638
	1,406	1,239

7. EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the attributable profit of £2,926,000 (2002: £2,550,000) by 9,163,218 (2002: 8,567,784) being the weighted average number of ordinary shares in issue during the year.

The diluted earnings per share has been calculated using the attributable profit of £2,926,000 (2002: £2,550,000) by 9,986,495 (2002: 9,227,556) calculated as follows:

	2003	2002
Basic weighted average number of shares	9,163,218	8,567,784
Dilutive potential ordinary shares:		
Employee share options	823,277	659,772
	9,986,495	9,227,556
Basic earnings per share	£0.32	£0.30
Diluted earnings per share	£0.30	£0.28

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

8. TANGIBLE FIXED ASSETS

Group	Leasehold improve-ments £'000	Fixtures, fittings, and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2002	39	111	183	134	467
Additions	1	4	64	-	69
Disposals	-	-	-	(48)	(48)
At 31 March 2003	40	115	247	86	488
Depreciation					
At 1 April 2002	11	69	126	54	260
Charge for the year	13	13	26	8	60
Disposals	-	-	-	(26)	(26)
At 31 March 2003	24	82	152	36	294
Net book value					
Owned assets	16	33	95	-	144
Leased assets	-	-	-	50	50
At 31 March 2003	16	33	95	50	194
Owned assets	28	42	57	-	127
Leased assets	-	-	-	80	80
At 31 March 2002	28	42	57	80	207

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

8. TANGIBLE FIXED ASSETS (continued)

Company	Leasehold improve-ments £'000	Fixtures, fittings, and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2002	39	95	168	134	436
Additions	1	4	64	-	69
Disposals	-	-	-	(48)	(48)
At 31 March 2003	40	99	232	86	457
Depreciation					
At 1 April 2002	11	53	111	54	229
Charge for the year	13	13	26	8	60
Disposals	-	-	-	(26)	(26)
At 31 March 2003	24	66	137	36	263
Net book value					
Owned assets	16	33	95	-	144
Leased assets	-	-	-	50	50
At 31 March 2003	16	33	95	50	194
Owned assets	28	42	57	-	127
Leased assets	-	-	-	80	80
At 31 March 2002	28	42	57	80	207

9. FIXED ASSET INVESTMENTS

GROUP

Income from disposal of investments

During the year, income arose on the disposal of investments of £5,948,000 (2002 - £875,000).

On 31 March 2003, Goldcrest Homes plc sold 28 shares in Goldcrest Homes (Graham) Limited to Michael Collins, the Chief Executive of the company for £224,000 which gave rise to a profit on the investment of £84,000. This resulted in the Group's equity interest in the company reducing from 50.8% to 43.4% although voting control was retained by the Group. The disposal of a 7.4% interest in Goldcrest Homes (Graham) Limited gave rise to a profit to the Group of £131,113 based on the net assets at the date of disposal.

On 31 March 2003, Goldcrest Homes (The Downs) Limited issued £99,998 of £1 shares, of which Goldcrest Homes plc subscribed to £998 of voting shares. This resulted in the Group's equity interest in the company reducing from 100% to 1%. As noted in note 21 the balance being non-voting shares issued were subscribed for by a number of directors. The disposal of its 99% interest in Goldcrest Homes (The Downs) Limited gave rise to a profit to the Group of £2,457,000 based upon the net assets at the date of disposal.

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

9. FIXED ASSET INVESTMENTS (CONTINUED)

On 31 March 2003, Goldcrest Homes (Britannia) Limited issued £99,998 of £1 shares, of which the Group subscribed to £998 of voting shares. This resulted in the Group's equity interest in the company reducing from 100% to 1%. As noted in note 21 the balance of non-voting shares issued were subscribed for by a number of directors. The disposal of its 99% interest in Goldcrest Homes (Britannia) Limited gave rise to a profit to the Group of £3,276,000 based upon the net assets at the date of disposal.

The principal subsidiaries are:

	Percentage holding	Issued ordinary share capital
Goldcrest Homes (London) Limited	100	£100
Goldcrest Homes (Balham) Limited	100	£2
Goldcrest Homes (Princes Way) Limited	100	£2
Goldcrest Homes (Larkhall) Limited	100	£2
Goldcrest Homes (Britannia) Limited	1	£99,999
Goldcrest Homes (Heathfield) Limited	100	£1
Goldcrest Homes (The Downs) Limited	1	£100,000
Goldcrest Homes (North) Limited	100	£2
Goldcrest Advertising and Design Limited	100	£2
Goldcrest Homes (Graham) Limited	43	£1,890,002
Goldcrest Homes (Graham Developments) Limited (i)	100	£1
Goldcrest Homes (Britannia Developments) Limited (iii)	100	£1
Goldcrest Homes (Downs Development) Limited (iv)	100	£1
Goldcrest Homes (East London) Limited	100	£1
Goldcrest Homes (South London) Limited	100	£1
Goldcrest Homes (Construction) Limited (ii)	100	£2

(i) Wholly owned subsidiary of Goldcrest Homes (Graham) Limited.

(ii) Wholly owned subsidiary of Goldcrest Homes (London) Limited.

(iii) Wholly owned subsidiary of Goldcrest Homes (Britannia) Limited.

(iv) Wholly owned subsidiary of Goldcrest Homes (The Downs) Limited.

All the above companies are incorporated in Great Britain and operate in the United Kingdom. All companies are involved in housebuilding and property development except Goldcrest Homes (North) Limited which is dormant and Goldcrest Homes (London) Limited which is a holding company.

COMPANY

Investments in subsidiary undertakings

	2003 £'000	2002 £'000
Shares at cost in Goldcrest Homes (Graham) Limited	815	955
Shares at cost in Goldcrest Homes (Britannia) Limited	1	-
Shares at cost in Goldcrest Homes (The Downs) Limited	1	-
Shares at cost in Goldcrest Property Ltd	250	250
Provision for impairment in value	(250)	(250)
Shares in subsidiary undertaking	817	955

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

10. STOCKS

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Stock – land	14,472	8,378	870	870
Work in progress	2,641	670	1,181	352
	17,113	9,048	2,051	1,222

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade debtors	2,383	21,250	578	10,356
Amounts owed by Group undertakings	-	-	16,524	12,008
Deferred tax (note 5)	258	285	15	17
Other debtors	667	1,084	254	28
Prepayments	206	111	202	111
	3,514	22,730	17,573	22,520

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Obligations under finance leases	12	18	12	18
Bank loans (secured)	11,184	17,052	1,319	8,284
Bank overdraft (secured)	66	870	14	804
Trade creditors	345	2,727	97	1,030
Other creditors	91	21	1	21
Accruals	199	407	33	227
Amounts owed to Group undertakings	-	-	6,581	5,863
Corporation tax	1,782	1,402	10	187
Loan stock (unsecured)	-	560	-	560
Other taxes and social security costs	48	167	42	163
Dividends proposed	771	638	771	638
	14,498	23,862	8,880	17,795

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Obligations under finance leases	10	35	10	35
Loan stock (unsecured)	1,024	-	1,024	-
	1,034	35	1,034	35

14. LOANS

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Bank loans				
Wholly repayable within one year	11,184	17,052	1,319	8,284
	11,184	17,052	1,319	8,284
Loan stock				
Wholly repayable within one year	-	560	-	560
Between two and five years	1,024	-	1,024	-
	1,024	560	1,024	560
Aggregate amounts repayable				
Within one year	11,184	17,612	1,319	8,844
Between two and five years	1,024	-	1,024	-
	12,208	17,612	2,343	8,844

Security

Bank loans and overdrafts are secured by a legal charge on the Group's stock of land for development and a floating charge on all other assets.

Loan stock

£733,000 of the Loan Stock is repayable in June 2007 and £291,000 repayable in September 2007. Of the £1,024,000 outstanding at 31 March 2003, £469,000 was owed to directors and their spouses and dependants.

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

15. OBLIGATIONS UNDER FINANCE LEASES

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Obligations under finance lease contracts				
Amounts payable:				
Within one year	12	18	12	18
Between one and two years	10	18	10	18
Between two and five years	-	17	-	17
	22	53	22	53

16. COMMITMENTS UNDER OPERATING LEASES

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Motor vehicle leases which expire:				
Within one year	8	30	8	30
Between one and two years	2	15	2	15
Between two and five years	-	2	-	2
	10	47	10	47

17. CALLED UP EQUITY SHARE CAPITAL

	2003 £	2002 £
Authorised:		
50,000,000 (2002: 50,000,000) 2p ordinary shares	1,000,000	1,000,000
Allotted and fully paid		
9,280,221 (2002: 8,905,600) 2p ordinary shares	185,604	178,112

During the year the company allotted 374,621 2p ordinary shares with a nominal value of £7,492 and at a premium of £419,340 in order to finance acquisition of land in the normal course of business, of which the following were allotted to directors or their spouses and dependants:

	Shares
Sir Peter Thompson	86,798
T L Carvall	102,200
S E Leach	41,075

S E Leach disposed of 14,444 shares on 27 September 2002 and 14,055 shares on 19 November 2002.

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

18. SHARE OPTIONS

Options have been granted under an Approved Executive Share Option Scheme and an Unapproved Executive Share Option Scheme to subscribe for Ordinary Shares of Goldcrest Homes plc as follows:

Scheme	No of options	Grant date	Subscription price per share	Exercise period
Approved scheme	14,250	October 1999	£1.40	Not earlier than 3 or later than 10 years after grant of option, which was subject to the pre-tax profit for the year ended 31 March preceding the date of exercise exceeding a specified amount.
	19,350	April 2000	£1.40	
	12,500	August 2000	£1.40	
	9,406	April 2002	£1.80	
	40,592	September 2002	£1.80	
Unapproved scheme	41,075	October 1998	£0.70	
	536,066	April 2002	£1.80	
	184,577	September 2002	£1.80	

During the year T L Carvall exercised 102,200 unapproved share options and S E Leach exercised 41,075 unapproved share options.

19. RESERVES

Group	Share premium account £'000	Profit and loss account £'000
At 1 April 2002	1,575	7,001
On issue of shares	419	-
Retained profit for the year	-	1,520
At 31 March 2003	1,994	8,521

Company	Share premium account £'000	Profit and loss account £'000
At 1 April 2002	1,575	6,037
On issue of shares	419	-
Retained profit for the year	-	2,512
At 31 March 2003	1,994	8,549

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

20. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
Profit for the financial year	2,926	2,550
Dividend paid on equity shares	(635)	(601)
Dividend payable on equity shares	(771)	(638)
New shares issued	427	388
Net addition to shareholders' funds	1,947	1,699
Opening equity shareholders' funds	8,754	7,055
Closing equity shareholders' funds	10,701	8,754

21. RELATED PARTY TRANSACTIONS

On 31 March 2003 unconditional contracts were exchanged for the sale of the long leasehold of Harcourt House to Michael Collins the Chief Executive of the company. Completion and receipt of cash took place on 11 June 2003. The sale was on an arms length basis for £1,200,000 approved in a meeting of the Board of Directors with Michael Collins not taking part. The amount is included with trade debtors.

On 31 March 2003 the company sold part of its investment in Goldcrest Homes (Graham) Limited to Michael Collins, the Chief Executive of the company. The sale was made on an arms length basis for £224,000 approved in a meeting of the Board of Directors with Michael Collins not taking part. This amount is included in trade debtors. The cash was received on 16 July 2003.

During the year, £15,000 of consulting services were invoiced to Michael Collins, the Chief Executive of the company. This amount is included in trade debtors. The cash was received on 24 July 2003.

The aggregate gross profit from the three transactions represents 11% of the gross profit for the year.

On 31 March 2003 Goldcrest Homes (The Downs) Limited and Goldcrest homes (Britannia) Limited then both wholly owned subsidiaries, issued 99,000 non-voting £1 shares each resulting in 99% ownership transferring to a minority interest including Michael Collins (the Chief Executive), Sir Peter Thompson (the non-Executive Chairman), Stephen Leach (the Finance Director), Trevor Carvall (the Technical Director), Adam Roake (the Planning & Design Director), Trish Henderson (the Marketing Director) and Oona Collins and Sally Collins (both non Executive Directors). The investment was offered to all shareholders on 31 March 2003. Over 95% of the cash for these transaction had been received by 30 May 2003.

Details of other transactions with related parties are given in Notes 17 and 14.

22. COMMITMENTS

At 31 March 2003, the Group had exchanged contracts on a property and was committed to pay the balance of the purchase price of £1.01 million. This transaction completed on 3 April 2003.

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2003 £'000	2002 £'000
Operating (loss)/profit	(1,175)	3,761
Depreciation	60	59
Loss on disposal of fixed asset	12	-
(Increase)/Decrease in stock	(8,065)	2,485
Decrease/(Increase) in debtors	19,216	(3,694)
(Decrease)/Increase in creditors	(2,412)	1,667
Net cash inflow from operating activities	7,636	4,278

24. RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2003 £'000	2002 £'000
Interest received	83	36
Loan interest paid	(740)	(1,275)
Finance lease interest paid	(8)	(6)
	(665)	(1,245)

25. CAPITAL EXPENDITURE

	2003 £'000	2002 £'000
Purchase of tangible fixed assets	(69)	(60)
Sales of tangible fixed assets	10	-
	(59)	(60)

26. ACQUISITIONS AND DISPOSALS

	2003 £'000	2002 £'000
Sale of shares in subsidiary undertakings	422	935

27. FINANCING

	2003 £'000	2002 £'000
Issue of ordinary share capital	427	388
(Decrease) in short term borrowings	(6,428)	(1,965)
Increase/(decrease) in loan stock	1,024	(560)
Capital element of finance lease rental payments	(31)	(32)
	(5,008)	(2,169)

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

28. ANALYSIS AND RECONCILIATION OF NET DEBT

		Movements	
	1 April 2002 £'000	Cashflow £'000	31 March 2003 £'000
Cash at bank and in hand	726	(664)	62
Overdrafts	(870)	804	(66)
	(144)	140	(4)
Debt due after 1 year	-	(1,024)	(1,024)
Debt due within 1 year	(17,612)	6,428	(11,184)
Finance leases	(53)	31	(22)
	(17,665)	5,435	(12,230)
Net Debt	(17,809)	5,575	(12,234)

	2003 £'000	2002 £'000
Increase/(Decrease) in cash in the year	140	(220)
Cash inflow from debt and lease financing	5,435	1,437
Change in net debt resulting from cash flows	5,575	1,217
New finance leases	-	-
Movement in net debt in the year	5,575	1,217
Net debt at 1 April 2002	(17,809)	(19,026)
Net debt at 31 March 2003	(12,234)	(17,809)