

Accounting Policies

This interim financial information has been prepared by applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2006, except for the following changes:

OTHER OPERATING INCOME

Other operating income comprises profits from the sale of land holdings and ground rents, rent receivable, and other incidental sundry income.

DEPOSITS

New property deposits and on account contract receipts are held within current trade and other payables until the legal completion of the related property or cancellation of the sale.

FINANCIAL INSTRUMENTS

The Group adopted IFRS 7 (Financial Instruments: Disclosures) on 1 January 2007. The standard serves to consolidate and expand upon existing disclosure requirements, further details of which will be presented in the financial statements for the year ending 31 December 2007. Adoption of IFRS 7 has had no impact on the income statement or balance sheet.

BASIS OF PREPARATION

These interim financial statements are condensed financial statements, prepared in accordance with the recognition and measurement criteria of IFRSs and the disclosure requirements of the Listing Rules.

The results stated for the year ended 31 December 2006 are not statutory accounts. A copy of the statutory accounts for this year, before the restatement detailed in note 1, has been filed at Companies House. The report from the auditors on these accounts was (i) unqualified, (ii) did not include a reference to any matters which the auditors drew attention to without qualifying their report and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.