

Group News

CHAIRMAN'S STATEMENT 2006



I am pleased to report a year of further solid progress for the Group. Turnover increased by £32.7m to £93.0m, whilst operating profit was increased by £1.5m to £9.0m.

Given the increase in turnover, the resultant return on sales of 9.7% was an excellent achievement and was in line with the Group's forecasts. This trading result again demonstrates the success of the Group's strategy of focusing on development led opportunities and also reflects the benefit of the Group's complimentary divisions.

During the year the Group increased its development land bank by £6.0m to £27.7m at cost. This comprises a number of valuable residential, student accommodation and commercial land sites and will provide the basis for the Group to achieve continued profitable growth in the coming years. As a consequence of the strong profit result and reduction in working capital, the Group generated a net cash inflow before financing of £14.5m.

Future Prospects

The outlook for the Group remains extremely positive. As referred to above we have a number of outstanding developments which will be carried out over the next few years. The Group's ability to deliver large mixed use schemes and to work closely with our strategic partners is providing a catalyst for new opportunities.

Employees

Once again I would like to thank all our employees for their significant contribution to the Group's success over the last year. It has been pleasing to see that we have recruited a number of new staff and we will continue to do so as the Group's activities continue to increase. We are committed to ensuring that the Group provides good opportunities for its employees and to providing the training required for their own personal development and to meet the needs of the Group in the years ahead.

G Watkin Jones

Chairman

15th December 2006

CONGRATULATIONS

To Graham Davies on his recent promotion to Managing Director of the Construction Division.

HEALTH & SAFETY

Please ensure you have read the memo relating to the new Smoke Free Law. There are certificates at all sites/offices instructing staff where they can smoke and who is responsible.



**MAE AMSER MWG AIL-LAW AR BEN
TIME'S UP FOR SECOND-HAND SMOKE**

SEVENTEENTH CENTURY FIND

The Upper Allen St site was excavated by ARCUS in Oct/Nov 2006. The site is situated in a former slum housing area which was first developed at the end of the Seventeenth Century. It was an area of rapid expansion at that time due to the growth of the steel and associated industries which resulted in people moving to Sheffield looking for work. Many people were housed in close vicinity to the site, which included a large immigrant population from Europe.



There were remains of tenement houses, including foundation walls and cellars which were set around courtyards. Three courtyard areas were identified during the excavation, each at different levels to match the sites original topography. Within one of the courtyards were found well preserved remains of the Kenyon cutlery works 1868-1890. This type of site is typical of Sheffield and exemplifies Little Meisters who worked in small workshops often within dense residential areas. The preservation of the site was astounding, with every area full of walls and surfaces. Moreover a large assemblage of bone handles (for cutlery) were recovered which will give insight into the exact cutlery styles produced in the area in the nineteenth century.

With thanks to Duncan Alexander @ ARCUS

Don't forget to visit our WEB site for the latest development details :-

www.watkinjones.com



Congratulations Watkin Jones were nominated and won two awards (i) for the “**Commercial**” and (ii) for the “**Sustainable Development**”, both for recognition of the high standards of construction and workmanship for the Tesco Retail Store in Ruthin.

The past 12 months have seen the Division commence prestigious projects at Victoria Dock, Caernarfon, Menai Centre, Bangor and Portal Country Club in Cheshire, with a combined value of over £35m.



Portal, right



The Menai Centre, Bangor, left

Notable completions in the same period have been Tesco at Ruthin, Offices at Ellesmere Port and Homebase at Holyhead.

Tesco Ruthin, left



Forward orders for the next 12 months are in excess of £25 million with projects due to commence in Droylsden (The Fitzroy Club and offices), St Asaph (50,000 sq.ft of offices), Tesco Holywell, Hotpoint Llandudno (50,000 sq. ft of offices), Nottingham apartments and Industrial Units in Bangor.

Negotiations are also ongoing with MacDonald Hotels for Hill Valley Phase 3 a Health and Fitness Centre and 2 Hotel extensions in Cumbria.

Homebase Holyhead, right



The Student Accommodation division continues to grow from strength to strength with commencement of developments in March and April which are due for completion in August 2008.



Charles St, Bristol, left 21, 1 & 2 bedroom, high specification apartments near the city centre. The development is subject to many technicalities with the adjacent building being grade 1 listed, as the former resident was Charles Wesley, hymn writer. Demolition is underway with piling and ground works operations to commence April 2007.

Dighton Street, Bristol, right 99 key worker/student studio apartments within a short walk of the University and Royal Infirmary. This site is adjacent to Charles Street and shares its challenges with regards to space and logistics.



Our developments at Brighton, Salford and **Birmingham, left** continue at great pace with all the show flats now available to the respective clients. Birmingham is proving a challenge, a grade 2 listed refurbishment which also enjoys a higher than normal specification including designer galley kitchens and leather sofas.

Broad St, Sheffield, right Steel frame erection and metal decking operations are progressing on program at this high profile flag ship development. The site team are coping well with the technicalities of working adjacent to the Sheffield Tram system and Sheffield Park Way dual carriage way.



Congratulations

Nigel Pritchard who was selected as a 'Pride in the Job Quality Award' winner for his work on the Llys Tregarnedd, St. Joseph's development in Llangefni pictured **left**.



The Park, Summerhill right



Round Deakin - 'Llys-y-Garnedd', Bangor

Watkin Jones Homes launched this new development at Llys-y-Garnedd in February 2007 on a mixture of three bedroom semi-detached houses plus one bedroom apartments. Within one week, we were successful in achieving 90% sales. We are working closely with Gwynedd County Council in offering Affordable Housing.

Leapfrog - 'Gawer Court', Chester

This development consists of 15 apartments varying in size with secure parking, once again its pleasing to record that there is only one dwelling that remains unsold.

For further details on all of our schemes, please visit our web page.



Mixed use development, Droylsden, G Manchester, below left



We are now just waiting for resolution of legal issues on the site acquisition and are hopeful that Homes will start phase 1 on the Residential in April, closely followed by the construction of the new Social Club by the Bangor Construction Division, as well as the commercial units to Manchester Road.

Mixed use development, Chester City Centre, right

We are currently working towards resolving the last few issues with a view to handing over to the Construction Team for a start on site in July 07.



The Plaza, Bangor, left



176 en suite student study bedrooms in 31 flat clusters, 23 studios, 1 double studio and a management suite. Newmark are project managing this scheme for Castle Hotel Ltd. Currently working with Carlton to formalise the contract with Watkin Jones Student Division and secure the project funding. Due to start in May 2007 and complete in August 2008.

STAFF TRAINING

The Training Initiative for 2007 has been set out to include more bespoke training. It is hoped that this will develop staff within the Group and will form a crucial part in succession planning. Management Training is currently underway and will continue for various groups throughout April and May.

All other staff have been asked to choose training modules from various titles ranging from prioritising your work, to take-off training, that will hopefully develop individuals on a personal, professional and technical level. These training modules will be held throughout June to October. Office based staff will be given the opportunity to visit two of our larger developments during May as part of the WJ 'Away Days'. These away days will hopefully highlight how each role is imperative for the work on site to continue, and develop the team ethos of the Group. Further details of the 'Away Days' will be circulated in the next couple of weeks.