



22 February 2016

## MJ GLEESON PLC

Interim results for the half-year ended 31 December 2015

Gleeson (GLE.L), the urban regeneration and strategic land specialist, announces another strong performance for the six months to 31 December 2015, with a 52.1% increase in revenue, 182.5% increase in operating profit and 66.7% increase in interim dividend.

	H1 15/16	H1 14/15	Change
<u>Continuing operations</u>	£m	£m	%
Revenue	64.8	42.6	52.1%
Pre-exceptional operating profit	11.3	5.0	126.0%
Operating profit	11.3	4.0	182.5%
Pre-exceptional profit before tax	11.3	4.9	130.6%
Profit before tax	11.3	3.9	189.7%
Net cash outflow from operating & investing activities	(2.2)	(1.5)	(46.7%)
Cash and cash equivalents	9.6	8.4	14.3%
Net assets	141.6	128.9	9.9%

	Pence	Pence	%
Earnings per share (basic)	16.60	6.03	175.3%
Interim dividend per share	4.5	2.7	66.7%
Net assets per share	262	240	9.2%

## **Strong growth in both divisions**

- Significant increase in revenue and profits driven by strong trading performances in Gleeson Homes and Gleeson Strategic Land
- Gleeson Homes:
  - Unit sales increased 24.6% to 400 units (H1 14/15: 321)
  - Gross margin improved to 30.6% (H1 14/15: 28.8%)
  - Operating profit increased by 48.1% to £7.7m (H1 14/15: £5.2m)
  - Average selling price £125,000 (H1 14/15: £124,600)
  - Land pipeline, including conditionally purchased sites, of 7,919 plots (June 2015: 7,496 plots)
  - Pursuing opportunities for geographic expansion, with new site openings planned
- Gleeson Strategic Land:
  - Operating profit increased by 500.0% to £4.2m (H1 14/15: £0.7m)
  - Four sites (151 acres combined) sold (H1 14/15: two sites, 16.5 acres combined)
  - Ten sites in the portfolio have either planning permission or a resolution to grant permission
  - 16 sites awaiting either the determination of a planning application or the outcome of a planning appeal
- Interim dividend increased 66.7% to 4.5 pence per share (H1 14/15: 2.7 pence)

## **Dermot Gleeson, Chairman of MJ Gleeson, commented:**

“The Group has delivered a strong performance across both divisions.

“At Gleeson Homes, continued strong growth will be achieved through a combination of further sales growth in our existing areas and targeted geographic expansion. We have identified a location for a new regional office in Liverpool which is set to open in the second half of the financial year. Land continues to be available at sensible prices and demand for low cost homes remains strong.

“In Strategic Land, we are seeing a more balanced phasing of sales over the course of the financial year.

“Against this backdrop, the Board is confident that the Group’s trading performance for the full year will be in line with its expectations. We look forward to reporting on further progress.”

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## CHAIRMAN'S STATEMENT

I am pleased to report another strong first half result.

Group revenue increased by 52.1% to £64.8m (H1 14/15: £42.6m) and operating profit increased by 126.0% to £11.3m (H1 14/15: £5.0m before exceptional costs) reflecting strong performances in both Gleeson Homes and Gleeson Strategic Land. Profit before tax increased by 130.6% to £11.3m (H1 14/15: £4.9m before exceptional costs).

Gleeson Homes increased unit sales by 24.6% to 400 units (H1 14/15: 321 units) and acquired a further 823 plots during the first half of the year, increasing the pipeline to 7,919 plots at 31 December 2015.

### **Gleeson Homes**

Gleeson Homes, a housing regeneration specialist working in challenging communities to provide new homes for sale to people on low incomes in the North of England, achieved further strong growth in both revenue and profits.

Revenue increased 24.4% to £50.0m (H1 14/15: £40.2m), reflecting a 24.6% rise in the total number of units sold from 321 to 400.

The average selling price ("ASP") for the units sold in the period increased by 0.3% to £125,000 (H1 14/15: £124,600).

Gross margin on units sold in the period increased by 210 basis points to 30.6% (H1 14/15: 28.5%). This was driven by the reduced cost of land and the mix of homes sold.

Operating margin increased by 240 basis points to 15.4% (H1 14/15: 13.0%) and operating profit increased by 48.1% to £7.7m (H1 14/15: £5.2m).

60% of unit sales during H1 15/16 benefitted from the Government's Help to Buy scheme. In addition, our own bespoke purchaser assistance packages continued to prove attractive.

At 31 December 2015, we were selling from 45 sites, an increase of six sites on the corresponding period last year. The second half of this year is expected to be very active with a number of existing sites closing and new sites opening. We continue to expect the number of active selling sites to be approaching 50 at June 2016.

The land pipeline of owned sites increased during the period by 237 plots to 3,917 plots and conditionally purchased plots increased by 186 to 4,002 plots, bringing the total pipeline of owned and conditionally purchased plots to 7,919 plots on 104 sites at December 2015 (June 2015: 7,496 plots). Ten sites were added to the total pipeline during the period and three sites closed.

### **Gleeson Strategic Land**

Gleeson Strategic Land deploys its planning expertise to help landowners take advantage of the high prices that house builders are willing to pay for good quality greenfield residential sites in the South of England.

The division recorded the sale of four sites (H1 14/15: two sites); three sites, covering a combined acreage of 51 acres for residential development totalling 423 plots, and one site of 100 acres for commercial development.

Revenue increased by £12.3m to £14.7m (H1 14/15: £2.4m), reflecting the increased activity during the period compared with the same period last year.

Gross profit increased by £4.1m to £5.5m (H1 14/15: £1.4m). Operating profit increased by £3.5m to £4.2m (H1 14/15: £0.7m).

There are currently ten sites in the portfolio with planning permission or a resolution to grant permission. Four of these sites, which will deliver 470 plots, are being progressed for possible sale in the current financial year.

During the period, planning applications for seven sites, with the potential to deliver in excess of 2,700 plots, were submitted. In total, there are 16 sites where the division is currently awaiting either the determination of a planning application or the outcome of a planning appeal.

The strategic land portfolio continues to be replenished, with a further two agreements, involving a total of 24 acres with the potential to deliver 340 plots, having been secured in the period.

At 31 December 2015 the strategic land portfolio totalled 3,849 acres (30 June 2015: 3,936 acres), of which 137 acres (30 June 2015: 159 acres) were owned or part owned, 2,099 acres (30 June 2015: 2,073 acres) were controlled under option, and 1,613 acres (30 June 2015: 1,704 acres) were subject to planning promotion agreements. The portfolio, in which the Group has an overall 71% beneficial interest, has the potential for in excess of 21,000 plots.

### **Dividend and Dividend timetable**

The Board aims to maintain a progressive dividend policy with payments covered between two and three times by full year earnings and with a one third / two thirds interim / final split.

In light of these strong results and of our confidence in the future, the Board is declaring an interim dividend of 4.5 pence per share, an increase of 66.7% over the prior year (H1 14/15: 2.7 pence per share).

The interim dividend will be paid on 4 April 2016 to shareholders on the register at close of business on 4 March 2016 and with an ex-entitlement date of 3 March 2016.

### **Summary & Outlook**

The Group has delivered a strong performance across both divisions.

At Gleeson Homes, continued strong growth will be achieved through a combination of further sales growth in our existing areas and targeted geographic expansion. We have identified a location for a new regional office in Liverpool which is set to open in the second half of the financial year. Land continues to be available at sensible prices and demand for low cost homes remains strong.

In Strategic Land, we are seeing a more balanced phasing of sales over the course of the financial year.

Against this backdrop, the Board is confident that the Group's trading performance for the full year will be in line with its expectations. We look forward to reporting on further progress.

## **Financial Overview**

### Income Statement

Group revenue increased by 52.1% to £64.8m (H1 14/15: £42.6m) due to the increased number of homes sold by Gleeson Homes and increased site sales in Gleeson Strategic Land. Gross profit increased 60.0% to £20.8m (H1 14/15: £13.0m) due to the increase in activity and the improvement in the gross margin to 32.1% (H1 14/15: 30.6%)

The Group's operating profit increased by 182.5% to £11.3m (H1 14/15: £4.0m). The Group did not incur any exceptional costs in the period (H1 14/15: £1.0m restructuring costs). Net interest expense of nil (H1 14/15: £0.1m) resulted in profit before tax increasing by 189.7% to £11.3m (H1 14/15: £3.9m).

The tax charge for the period was £2.3m (H1 14/15: £0.6m). The profit after tax from continuing operations totalled £9.0m (H1 14/15: £3.3m). Discontinued operations recorded a post-tax loss of £0.1m (H1 14/15: £0.1m) and so the profit for the period attributable to equity holders totalled £8.9m (H1 14/15: £3.2m).

### Balance Sheet and Cash Flow

Total shareholders' equity stood at £141.6m at 31 December 2015 compared to £128.9m at 31 December 2014. This equates to net assets per share of 261.6 pence (31 December 2014: 240.0 pence).

The Group's net cash balance at 31 December 2015 was £9.6m (31 December 2014: £8.4m) and reflects net cash outflow of £6.2m in the period (H1 14/15: £5.3m).

## **Risks and Uncertainties**

The Group is subject to a number of risks and uncertainties as part of its activities. The Board regularly considers these and seeks to ensure that appropriate processes are in place to identify, control, and monitor these risks. The directors consider that the principal risks and uncertainties facing the Group are those outlined on pages 18 to 19 of the Report and Accounts for the year ended 30 June 2015.

**Dermot Gleeson**  
**Chairman**

## Condensed Consolidated Statement of Comprehensive Income

for the six months to 31 December 2015

		<b>Unaudited Six months to 31 December 2015 £000</b>	Unaudited Six months to 31 December 2014 £000	Audited Year to 30 June 2015 £000
<b>Continuing operations</b>				
Revenue		<b>64,789</b>	42,628	117,588
Cost of sales		<b>(44,014)</b>	(29,602)	(77,287)
<b>Gross profit</b>		<b>20,775</b>	13,026	40,301
Administrative expenses before restructuring costs		<b>(9,490)</b>	(8,037)	(17,019)
Exceptional restructuring costs	6	-	(999)	(1,236)
Administrative expenses		<b>(9,490)</b>	(9,036)	(18,255)
<b>Operating profit</b>		<b>11,285</b>	3,990	22,046
Exceptional provision for diminution in value of investments		-	-	(4,896)
Financial income		<b>208</b>	159	496
Financial expenses		<b>(178)</b>	(227)	(383)
<b>Profit before tax</b>		<b>11,315</b>	3,922	17,263
Tax	7	<b>(2,270)</b>	(606)	(4,848)
<b>Profit for the period from continuing operations</b>		<b>9,045</b>	3,316	12,415
<b>Discontinued operations</b>				
Loss for the period from discontinued operations (net of tax)	5	<b>(120)</b>	(83)	(207)
<b>Total comprehensive income for the period attributable to equity shareholders of parent company</b>		<b>8,925</b>	3,233	12,208

### Earnings per share attributable to equity holders of parent company

Basic	9	<b>16.60 p</b>	6.03 p	22.77 p
Diluted	9	<b>16.53 p</b>	6.00 p	22.61 p

### Earnings per share from continuing operations

Basic	9	<b>16.83 p</b>	6.19 p	23.16 p
Diluted	9	<b>16.76 p</b>	6.15 p	22.99 p

**Condensed Consolidated Statement of Financial Position**  
at 31 December 2015

	<b>Unaudited 31 December 2015 £000</b>	Unaudited 31 December 2014 £000	Audited 30 June 2015 £000
<b>Non-current assets</b>			
Plant and equipment	1,300	1,036	1,236
Investment properties	506	563	506
Investments in joint ventures	15	15	15
Other investments	-	4,896	-
Trade and other receivables	7,493	7,958	19,606
Deferred tax assets	4,544	9,926	5,668
	<b>13,858</b>	<b>24,394</b>	<b>27,031</b>
<b>Current assets</b>			
Inventories	112,958	106,550	108,222
Trade and other receivables	36,079	11,710	17,530
Cash and cash equivalents	9,638	8,374	15,809
	<b>158,675</b>	<b>126,634</b>	<b>141,561</b>
<b>Total assets</b>	<b>172,533</b>	<b>151,028</b>	<b>168,592</b>
<b>Non-current liabilities</b>			
Provisions	(51)	(67)	(59)
	<b>(51)</b>	<b>(67)</b>	<b>(59)</b>
<b>Current liabilities</b>			
Loans and borrowings	-	(685)	-
Trade and other payables	(28,421)	(21,195)	(31,790)
UK corporation tax	(1,145)	-	-
Provisions	(1,314)	(214)	(214)
	<b>(30,880)</b>	<b>(22,094)</b>	<b>(32,004)</b>
<b>Total liabilities</b>	<b>(30,931)</b>	<b>(22,161)</b>	<b>(32,063)</b>
<b>Net assets</b>	<b>141,602</b>	<b>128,867</b>	<b>136,529</b>
<b>Equity</b>			
Share capital	1,082	78,448	1,074
Share premium account	23	-	23
Retained earnings	140,497	50,419	135,432
<b>Total equity</b>	<b>141,602</b>	<b>128,867</b>	<b>136,529</b>



## Condensed Consolidated Statement of Changes in Equity

for the six months to 31 December 2015

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total £000
<b>At 1 July 2014 (audited)</b>	1,063	6,436	120	120,472	128,091
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	3,233	3,233
<b>Total comprehensive income for the period</b>	-	-	-	3,233	3,233
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions and distributions to owners</b>					
Share issue	61	32	-	-	93
Scheme of arrangement with shareholders	77,324	(6,468)	(120)	(70,736)	-
Purchase of own shares	-	-	-	(25)	(25)
Share-based payments	-	-	-	104	104
Dividends	-	-	-	(2,629)	(2,629)
<b>Transactions with owners, recorded directly in equity</b>	<b>77,385</b>	<b>(6,436)</b>	<b>(120)</b>	<b>(73,286)</b>	<b>(2,457)</b>
<b>At 31 December 2014 (unaudited)</b>	<b>78,448</b>	<b>-</b>	<b>-</b>	<b>50,419</b>	<b>128,867</b>
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	8,975	8,975
<b>Total comprehensive income for the period</b>	-	-	-	8,975	8,975
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions and distributions to owners</b>					
Share issue	(50)	23	-	-	(27)
Issue of preference shares	50	-	-	-	50
Redemption of preference shares	(50)	-	-	-	(50)
Share reduction	(77,324)	-	-	77,324	-
Share-based payments	-	-	-	162	162
Dividends	-	-	-	(1,448)	(1,448)
<b>Transactions with owners, recorded directly in equity</b>	<b>(77,374)</b>	<b>23</b>	<b>-</b>	<b>76,038</b>	<b>(1,313)</b>
<b>At 30 June 2015 (audited)</b>	<b>1,074</b>	<b>23</b>	<b>-</b>	<b>135,432</b>	<b>136,529</b>
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	8,925	8,925
<b>Total comprehensive income for the period</b>	-	-	-	8,925	8,925
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions and distributions to owners</b>					
Share issue	8	-	-	-	8
Purchase of own shares	-	-	-	(75)	(75)
Share-based payments	-	-	-	162	162
Dividends	-	-	-	(3,947)	(3,947)
<b>Transactions with owners, recorded directly in equity</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>(3,860)</b>	<b>(3,852)</b>
<b>At 31 December 2015 (unaudited)</b>	<b>1,082</b>	<b>23</b>	<b>-</b>	<b>140,497</b>	<b>141,602</b>

## Condensed Consolidated Statement of Cash Flow

for the six months to 31 December 2015

	Unaudited Six months to 31 December 2015 £000	Unaudited Six months to 31 December 2014 £000	Audited Year to 30 June 2015 £000
<b>Operating activities</b>			
Profit before tax from continuing operations	11,315	3,922	17,263
Loss before tax from discontinued operations	(120)	(105)	(207)
	<b>11,195</b>	<b>3,817</b>	<b>17,056</b>
Depreciation of plant and equipment	392	407	798
Share-based payments	162	104	266
Profit on sale of investment properties	-	(172)	(171)
Loss on sale of other property, plant and equipment	32	32	104
Profit from the sale of assets held for sale	(44)	(32)	(50)
Capitalisation of available for sale assets	-	(22)	(22)
Financial income	(208)	(159)	(496)
Financial expenses	178	227	383
<b>Operating cash flows before movements in working capital</b>	<b>11,707</b>	<b>4,202</b>	<b>17,868</b>
Impairment of investment	-	-	4,896
Increase in inventories	(4,736)	(5,833)	(7,506)
(Increase) / decrease in receivables	(6,733)	1,073	(16,420)
(Decrease) / increase in payables	(2,275)	(1,026)	9,602
<b>Cash (utilised by) / generated from operating activities</b>	<b>(2,037)</b>	<b>(1,584)</b>	<b>8,440</b>
Tax paid	-	(82)	(79)
Interest paid	(178)	(176)	(383)
<b>Net cash flow (deficit) / surplus from operating activities</b>	<b>(2,215)</b>	<b>(1,842)</b>	<b>7,978</b>
<b>Investing activities</b>			
Proceeds from disposal of available for sale assets	546	180	735
Proceeds from disposal of investment properties	-	272	236
Proceeds from disposal of plant and equipment	10	-	15
Interest received / (paid)	-	93	(3)
Purchase of plant and equipment	(498)	(207)	(870)
<b>Net cash flow surplus from investing activities</b>	<b>58</b>	<b>338</b>	<b>113</b>
<b>Financing activities</b>			
Repayment of borrowings	-	(1,248)	(1,933)
Proceeds from issue of shares	8	93	66
Purchase of own shares	(75)	(25)	(25)
Dividends paid	(3,947)	(2,629)	(4,077)
<b>Net cash flow deficit from financing activities</b>	<b>(4,014)</b>	<b>(3,809)</b>	<b>(5,969)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,171)</b>	<b>(5,313)</b>	<b>2,122</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>15,809</b>	<b>13,687</b>	<b>13,687</b>
<b>Cash and cash equivalents at end of period</b>	<b>9,638</b>	<b>8,374</b>	<b>15,809</b>

## **Notes to the Condensed Consolidated Financial Statements**

for the six months to 31 December 2015

### **1. Basis of preparation and accounting policies**

The Interim Report of the Group for the six months ended 31 December 2015 has been prepared in accordance with IAS 34 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRS") as adopted for use in the European Union ("EU") and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

The Interim Report does not constitute financial statements as defined in Section 434 of the Companies Act 2006 and is neither audited nor reviewed. It should be read in conjunction with the Report and Accounts for the year ended 30 June 2015, which is available either on request from the Group's registered office, 6 Europa Court, Sheffield Business Park, Sheffield, S9 1XE, or can be downloaded from the corporate website [www.mjgleeson.com](http://www.mjgleeson.com).

The comparative information for the financial year ended 30 June 2015 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters which the auditor drew attention to by way of emphasis without qualifying their report and (iii) did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The accounting policies adopted are consistent with those of the Report and Accounts for the year ended 30 June 2015, as described in those financial statements.

#### **Going concern**

In determining the appropriate basis of preparation of the Interim Report, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Group's business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Chairman's Statement.

In December 2013, the Group entered into a 3 year, £20 million revolving credit facility with Lloyds Bank, secured by a charge over the Group's assets. The company is in discussions with the bank to extend the expiry to January 2019. The Group meets its day-to-day working capital requirements through its cash resources and its credit facility.

The Group's forecasts and projections show that the Group is able to operate within the limits of the revolving credit facility for the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Interim Report.

This Interim Report was approved for issue by the Board of Directors on 19 February 2016.

### **2. Cautionary statement**

This Interim Report contains certain forward looking statements with respect to the financial condition, results, operations and business of MJ Gleeson plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this Interim Report should be construed as a profit forecast.

### 3. Directors' liability

Neither the Company nor the Directors accept any liability to any person in relation to this Interim Report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A of the Financial Services and Marketing Act 2000.

### 4. Segmental analysis

For management purposes, the Group is organised into the following two operating divisions:

- Gleeson Homes
- Gleeson Strategic Land

In addition the following divisions are considered as discontinued:

- Gleeson Capital Solutions
- Gleeson Construction Services

	Note	Unaudited Six months to 31 December 2015 £000	Unaudited Six months to 31 December 2014 £000	Audited Year to 30 June 2015 £000
<b>Revenue</b>				
<b>Continuing activities:</b>				
Gleeson Homes		50,048	40,194	96,078
Gleeson Strategic Land		14,741	2,434	21,510
		<b>64,789</b>	<b>42,628</b>	<b>117,588</b>
<b>Discontinued activities:</b>	5	-	185	237
<b>Total revenue</b>		<b>64,789</b>	<b>42,813</b>	<b>117,825</b>
<b>Profit on activities</b>				
Gleeson Homes		7,713	5,238	17,384
Gleeson Strategic Land		4,207	739	8,147
		<b>11,920</b>	<b>5,977</b>	<b>25,531</b>
Group activities		(635)	(988)	(2,249)
Exceptional restructuring costs		-	(999)	(1,236)
Exceptional provision for diminution of value in investments		-	-	(4,896)
Financial income		208	159	496
Financial expenses		(178)	(227)	(383)
<b>Profit before tax</b>		<b>11,315</b>	<b>3,922</b>	<b>17,263</b>
Tax		(2,270)	(606)	(4,848)
<b>Profit for the period from continuing operations</b>		<b>9,045</b>	<b>3,316</b>	<b>12,415</b>
<b>Loss for the period from discontinued operations (net of tax)</b>	5	<b>(120)</b>	<b>(83)</b>	<b>(207)</b>
<b>Profit for the period attributable to equity holders of the parent company</b>		<b>8,925</b>	<b>3,233</b>	<b>12,208</b>

Balance sheet analysis of business segments:

	Unaudited 31 December 2015		
	Assets	Liabilities	Net assets
	£000	£000	£000
Gleeson Homes	103,294	(15,619)	87,675
Gleeson Strategic Land	54,463	(10,827)	43,636
Group activities / discontinued operations	5,138	(4,485)	653
Net cash	9,638	-	9,638
	<b>172,533</b>	<b>(30,931)</b>	<b>141,602</b>

	Unaudited 31 December 2014		
	Assets	Liabilities	Net assets
	£000	£000	£000
Gleeson Homes	101,976	(14,900)	87,076
Gleeson Strategic Land	34,869	(3,951)	30,918
Group activities / discontinued operations	5,809	(3,310)	2,499
Net cash	8,374	-	8,374
	<b>151,028</b>	<b>(22,161)</b>	<b>128,867</b>

	Audited 30 June 2015		
	Assets	Liabilities	Net assets
	£000	£000	£000
Gleeson Homes	94,960	(5,788)	89,172
Gleeson Strategic Land	51,756	(13,213)	38,543
Group activities / discontinued operations	6,067	(13,062)	(6,995)
Net cash	15,809	-	15,809
	<b>168,592</b>	<b>(32,063)</b>	<b>136,529</b>

## 5. Discontinued operations

The trading of Gleeson Construction Services now only relates to remedial works and the division is classified as discontinued.

	Unaudited Six months to 31 December 2015	Unaudited Six months to 31 December 2014	Audited Year ended 30 June 2015
	£000	£000	£000
Revenue	-	185	237
Cost of sales	(45)	(207)	(275)
Gross loss	(45)	(22)	(38)
Administrative expenses	(75)	(83)	(169)
Operating loss	(120)	(105)	(207)
Loss before tax	(120)	(105)	(207)
Tax	-	22	-
Loss for the period from discontinued operations	<b>(120)</b>	<b>(83)</b>	<b>(207)</b>

## 6. Exceptional items

	<b>Unaudited Six months to 31 December 2015 £000</b>	Unaudited Six months to 31 December 2014 £000	Audited Year to 30 June 2015 £000
Exceptional restructuring costs	-	(999)	(1,236)
Exceptional provision for diminution in value of investments	-	-	(4,896)
	<u>-</u>	<u>(999)</u>	<u>(6,132)</u>

### Restructuring costs

There were no restructuring costs incurred in the current period.

During the prior year, the Group underwent a restructuring by means of a Scheme of Arrangement under Part 26 of the Companies Act. The Scheme of Arrangement was approved by shareholders on 26 November 2014 and was sanctioned by the High Court on 18 December 2014.

Following the sanction of the High Court, shareholders were issued one share in MJ Gleeson plc for every one share they held in MJ Gleeson Group plc. The shares of MJ Gleeson plc were admitted and listed on the London Stock Exchange on 19 December 2014 and the shares of MJ Gleeson Group plc were cancelled.

The non-legacy assets of the Group were transferred to MJ Gleeson plc on 23 December 2014 by way of a dividend in specie.

The restructuring was completed with the High Court approving a capital reduction of MJ Gleeson plc, which reduced the nominal value of the shares from 146 pence per share to 2 pence per share and created a reserve of profits.

### Provision for diminution in value of investments

There was no provision for diminution in the value of investments in the current period.

During the prior year the Group made a provision against its investments in GB Building Solutions Limited and GB Group Holdings Limited which went into administration on 9 March 2015.

## 7. Tax

The accounts for the six months to 31 December 2015 include a tax charge of 20.1% of profit before tax (31 December 2014: 15.3%; 30 June 2015: 28.4%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

## 8. Dividends

	<b>Unaudited Six months to 31 December 2015 £000</b>	Unaudited Six months to 31 December 2014 £000	Audited Year to 30 June 2015 £000
<b>Amounts recognised as distributions to equity holders in the year:</b>			
Final dividend for the year ended 30 June 2014 of 4.9p per share	-	2,629	2,629
Interim dividend for the year ended 30 June 2015 of 2.7p (2014: 1.1p) per share	-	-	1,448
Final dividend for the year ended 30 June 2015 of 7.3p per share	<b>3,947</b>	-	-
	<b>3,947</b>	2,629	4,077

On 19 February 2016 the Board approved an interim dividend of 4.5 pence per share at an estimated total cost of £2,435,000. The dividend has not been included as a liability as at 31 December 2015 and there are no tax consequences for the Group.

## 9. Earnings per share

### From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the following data:

<b>Earnings</b>	<b>Unaudited Six months to 31 December 2015 £000</b>	Unaudited Six months to 31 December 2014 £000	Audited Year to 30 June 2015 £000
Earnings for the purposes of basic earnings per share, being net profit/(loss) attributable to equity holders of the parent company			
Profit from continuing operations	<b>9,045</b>	3,316	12,415
Loss from discontinued operations	<b>(120)</b>	(83)	(207)
Earnings for the purposes of basic and diluted earnings per share	<b>8,925</b>	3,233	12,208

  

<b>Number of shares</b>	<b>Six months to 31 December 2015 No. 000</b>	Six months to 31 December 2014 No. 000	Year to 30 June 2015 No. 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>53,756</b>	53,577	53,614
Effect of dilutive potential ordinary shares:			
Share options	<b>224</b>	350	383
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>53,980</b>	53,927	53,997

	<b>Six months to 31 December 2015 pence</b>	Six months to 31 December 2014 pence	Year to 30 June 2015 pence
<b>From continuing operations</b>			
Basic	<b>16.83</b>	6.19	23.16
Diluted	<b>16.76</b>	6.15	22.99
<b>From discontinued operations</b>			
Basic	<b>(0.22)</b>	(0.16)	(0.39)
Diluted	<b>(0.22)</b>	(0.16)	(0.39)
<b>From continuing and discontinued operations</b>			
Basic	<b>16.60</b>	6.03	22.77
Diluted	<b>16.53</b>	6.00	22.61
	<b>Six months to 31 December 2015 £000</b>	Six months to 31 December 2014 £000	Year to 30 June 2015 £000
<b>Normalised Earnings per share</b>			
<b>From continuing and discontinued operations</b>			
Profit for the purposes of basic and diluted earnings per share	<b>8,925</b>	3,233	12,208
Adjusted for the impact of exceptional costs in the period	-	-	6,132
Normalised earnings	<b>8,925</b>	4,232	18,340
	<b>Six months to 31 December 2015 pence</b>	Six months to 31 December 2014 pence	Year to 30 June 2015 pence
Basic	<b>16.60</b>	6.03	34.21
Diluted	<b>16.53</b>	6.63	33.96

Normalised EPS for 31 December 2014 includes the impact of exceptional restructuring costs (£1.0m); the method for calculating normalised EPS was changed to exclude exceptional restructuring costs in June 2015. Normalised EPS for the six month to 31 December 2014 would have been 7.90 pence basic and 7.85 pence diluted had the impact of the restructuring costs been excluded.



## 10. Financial instruments

The fair value of the Group's financial assets and liabilities are not materially different from the carrying values. The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Available for sale financial assets due after more than one year, which represent receivables in respect of shared equity properties, are recorded at fair value, being the amount receivable by the Group discounted to present day values. Gains and losses arising from changes in fair value with respect to impairment losses, cashflows and interest are recognised in profit in the year. The difference between the amount receivable by the Group and the initial fair value is credited over the deferred term to finance income, with the financial asset increasing to its full cash settlement value on the anticipated receipt date. Credit risk is accounted for in determining fair values and appropriate discount factors are applied. The Group holds a second charge over property sold under shared equity schemes.

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

### Level 3: inputs for assets or liability that are not based on observable market data.

	Unaudited 31 December 2015 Level 3 £000	Unaudited 31 December 2014 Level 3 £000	Audited 30 June 2015 Level 3 £000
Available for sale financial assets	7,493	7,958	7,938

## 11. Group pension scheme

The Group operates a defined contribution pension plan. The assets of the pension plan are held separately from those of the Group in funds under the control of the trustees.

The total pension cost charged to the Statement of Comprehensive Income in the six months to 31 December 2015 of £275,000 (six months to 31 December 2014: £257,000; year to 30 June 2015: £543,000) represents contributions payable to the defined contribution pension plan by the Group at rates specified in the plan rules. At 31 December 2015, contributions of £42,000 (31 December 2014: £64,000; 30 June 2015: £64,000) due in respect of the current reporting period had not been paid over to the pension plan. Since the period end, this amount has been paid.

## 12. Related party transactions

There have been no material transactions with related parties during the period.

There have been no material changes to the related party arrangements as reported in note 32 of the Report and Accounts for the year ended 30 June 2015.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

## 13. Share capital

On 19 December 2014 the parent company of the Group became MJ Gleeson plc replacing MJ Gleeson Group plc. Under a Scheme of Arrangement entered into by the former parent company, the share capital of MJ Gleeson Group plc was cancelled and the shareholders of that company received one share of MJ Gleeson plc for each share it previously held in MJ Gleeson Group plc. Further details are reported in the Reports and Accounts for the year ended 30 June 2015.

## **Statement of Directors' responsibility**

for the six months to 31 December 2015

The Directors confirm that, to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board,

**Stefan Allanson**  
Chief Financial Officer