gleeson

22 February 2012

MJ GLEESON GROUP PLC

INTERIM ANNOUNCEMENT

Gleeson (GLE.L), the urban regeneration and strategic land specialist, announces its results for the six months to 31 December 2011.

Key Points – Financial

- Revenue from continuing operations totalled £18.8m (2010: £24.0m).
- Operating result improved to a profit of £0.2m (2010: loss £0.2m)
- Pre-tax profits from continuing operations improved by £0.3m to £0.4m (2010: £0.1m).
- A Special Dividend of 5p a share was paid in December, at a cost of £2.6m.
- A strong balance sheet was maintained, with a cash balance of £15.1m (30 June 2011: £17.8m)

Key Points – Commercial

- Gleeson Regeneration & Homes increased private development sales by 26% to 107 units (2010: 85).
- Overall units sold totalled 130 (2010: 171), a decrease of 41 due to the timing of sales to Registered Social Landlords in the prior year.
- Average selling prices decreased to £117,000 (2010: £122,000) due to a change in the mix of product sold. Like-for-like sales showed a modest increase in average selling price.
- Eight new sites were opened in the period and a further 10 are expected to open before 30 June 2012. By the end of the year the Group expects to be selling from 29 sites.
- Gleeson Strategic Land attained residential planning permission for 899 units on four plots of land.
- During the period, two plots of land were sold and additional revenue became recognisable on land that was sold in the prior year.

Current Trading and Prospects

Dermot Gleeson, Chairman, stated: "Conditions in the housing market have remained generally stable. Gleeson Regeneration & Homes has substantially increased its activity in the North of England, with eight sites opening during the period and a further ten sites due to open during the rest of this financial year. It has also achieved an encouraging increase in both site visitors and private development completions. This reflects the business unit's enhanced ability to provide first time buyers with homes that represent quite exceptional value for money.

Meanwhile, Gleeson Strategic Land's recent success in securing residential planning permission on a number of attractive sites in the South of England means that it is well placed to benefit from the increasing appetite for consented land from the UK's volume housebuilders.

The Board remains confident that the Group's focus on low cost brownfield developments in the North of England and on the promotion and sale of high value green field sites in the South will provide a strong and sustainable improvement in the Group's performance."

Enquiries:

M J Gleeson Group plc		01252 360 300
Dermot Gleeson	Chairman	
Alan Martin	Chief Operating Officer & Group Finance Director	

Notes to Editors

MJ Gleeson Group plc operates in the house building sector through the following business units; Gleeson Regeneration & Homes, which focuses on estate regeneration and housing development on brownfield land in the North of England; Gleeson Strategic Land, which purchases options over land in the South of England with the objective of enhancing the value of the site concerned by securing residential planning permission; and Gleeson Capital Solutions which manages the Group's PFI investments in social housing and takes the lead in securing new PFI opportunities.

CHAIRMAN'S STATEMENT

Market and Business Overview

Against the background of a housing market that has remained generally stable, Gleeson Regeneration & Homes has continued to increase the scale of its operations in the North of England. Eight new sites were opened during the period and a further ten sites are due to open during the rest of this financial year. There has also been an encouraging increase in both site visitors and private development sales. This reflects the business unit's ability to provide first time buyers with homes that represent quite exceptional value for money.

During the period, Gleeson Strategic Land achieved residential planning permission on four sites in the South of England. One of these has already been sold and the remainder will be marketed for sale during 2012.

Gleeson Capital Solutions sold three of its PFI investments during the period.

Results

Revenue from continuing operations decreased by 21.7% to £18.8m (2010: £24.0m). This reflected a fall in overall number of units sold by Gleeson Regeneration & Homes.

Revenue from Gleeson Regeneration & Homes decreased by 26% to £15.3m (2010: £20.6m). This was the result of a reduction in the number of units sold to Registered Social Landlords, which was only partially offset by an increase in private development sales.

Gleeson Strategic Land recorded revenue of £3.5m (2010: £3.4m) as a result of two land sales in the period and the recognition of additional revenue from a land sale in the prior year. (2010: one land sale).

The Group recorded an operating profit of £0.2m (2010: loss £0.2m), which included exceptional credits of £1.2m (2010: £0.8m) relating to the partial reversal of provisions for asset valuation write-downs.

Profit before tax increased by £0.3m to £0.4m (2010: £0.1m) and the profit for the period attributable to equity holders of the parent company improved to £0.4m (2010: £0.1m).

Discontinued operations recorded a post-tax loss of £27k (2010: £37k).

Operational Review

Gleeson Regeneration & Homes

An operating loss of £0.8m (2010: £0.8m) was recorded for the period. This included exceptional credits of £1.2m (2010: £0.8m) relating to the partial reversal of provisions for asset valuation write-downs.

Gleeson Regeneration & Homes completed the sale of 130 units (2010: 171) at an average selling price of £117,000 (2010: £122,000). Of the units sold, 107 (2010: 85) were private development sales, an increase of 26%. The balance of 23 (2010: 86) comprised sales to Registered Social Landlords. The decrease in average selling price was primarily a result of a change in the mix of product sold. Like-for-like sales showed a modest increase in price.

During the period, eight new sites were opened, bringing the current number of sites to 19. It is anticipated that a further 10 sites will open prior to the end of the financial year, bringing the total number of selling outlets to 29.

The Group continues to take advantage of low land prices in the North of England. Three sites were acquired during the period, adding 478 plots to our land bank and a further 18 sites were conditionally purchased. If these conditional purchases are completed, they will add a further 1,657 plots to the land bank, taking the total number of plots to 2,800.

Gleeson Strategic Land

An operating profit of £1.1m (2010: £1.6m) was recorded for the period as a result of Gleeson Strategic Land selling two sites and recognising additional revenue on a site sold in the prior year. In the comparative six month period one site was sold.

Despite continuing difficulties within the planning system, caused in part by the uncertainty regarding the future of the draft national planning framework, resolutions to grant planning permission were achieved during the period on a 600 unit site in Littlehampton, West Sussex, a 68 unit site in Swindon, Wiltshire, a 58 unit site in Swaythling, Hampshire and a 173 unit site at Yapton, West Sussex. Demand from the major housebuilders for 'oven ready' land in the South of England remains robust. The Swindon site was sold in the period and it is expected that the remainder of these sites will be sold during 2012.

The strategic land portfolio continues to be replenished. During the period, agreements were entered into regarding two new sites comprising 107 acres and, potentially, 575 units.

At 31 December 2011, the portfolio totalled 3,620 acres (2010: 3,833 acres), of which 184 acres (2010: 191 acres) were owned, 2,341 acres (2010: 2,668 acres) were controlled under option, and 1,095 acres (2010: 974 acres) were subject to planning promotion agreements.

<u>Gleeson Capital Solutions</u>

An operating profit of £0.4m (2010: loss £0.1m) was recorded for the period. The result includes the sale of three social housing PFI investments, which achieved a profit on sale of £0.3m on proceeds of £7.5m. The Group continues to hold only one social housing PFI investment, which it expects to sell in the current financial year.

Gleeson Capital Solutions is part of a consortium that is one of two final bidders for a PFI social housing project in the North of England. It is hoped that a preferred bidder will be appointed in the first half of 2012.

<u>Group Overheads</u>

Group overheads, which continue to be tightly controlled, totalled £0.6m (2010: £0.8m) for the period.

<u>Gleeson Construction Services</u>

The Group sold certain contracts, assets and liabilities of Gleeson Building Contracting Division to Gleeson Building Limited (now re-named GB Building Solutions Limited) in 2005. Any financial results arising from contracts, assets and liabilities retained by the Group are recorded within operating profit. A pre-tax loss of £59k was recorded for the period (2010: £27k).

The Group sold certain contracts, assets and liabilities of Gleeson Engineering Division to Black & Veatch Ltd in 2006. Any financial results arising from contracts, assets and liabilities retained by the Group are treated as a Discontinued Operation. A post–tax loss of £27k was recorded for the period (2010: £37k).

Dividend

Shareholders approved the payment of a Special Dividend of 5p a share at the Annual General Meeting. Accordingly, the dividend, which totalled £2.6m, was paid on 16 December 2011.

The Board does not propose an interim dividend for the year ending 30 June 2012.

Balance Sheet and Cash Flow

Total shareholders' equity stood at £97.1m at 31 December 2011 compared to £99.2m at 30 June 2011. This equates to net assets per share of 184.1p (30 June 2011: 188.0p).

The Group's net cash balance at 31 December 2011 was £15.1m, reflecting a net cash outflow of £2.7m in the period.

Risks and Uncertainties

The principal risks and uncertainties that have been identified as being capable of affecting the Group's performance in the second half are set out below:

<u>Housing Demand</u>

Security of employment, interest rates and mortgage availability are the key determinants of house buyers' confidence. Currently employment prospects remain uncertain and although interest rates remain low, mortgage finance remains restricted, particularly for high loan-tovalue mortgages. To minimise cash outflows in this difficult environment, the Group continues to build to demand in a strictly controlled manner.

<u>Planning consents</u>

The Group derives profit from the sale to other developers of land, which it acquires through the exercise of option or promotion agreements, when it succeeds in obtaining appropriate planning consents. Although the demand for consented land has recently increased, it is always difficult to predict with any precision the date by which planning consents can be obtained.

Prospects

Gleeson Regeneration & Homes has commenced 2012 with an encouraging level of visitors and reservations. Whilst the prospects for the housing market during the rest of year remain difficult to judge, this positive start, coupled with the business unit's considerable success in acquiring new sites, is encouraging. Similarly, the continuing success of Gleeson Strategic Land in obtaining residential planning permissions has further enhanced its commercial potential.

Against this background, the Board remains confident that the restructured Group's focus on low cost brownfield developments in the North of England and on the promotion and sale of high value green field sites in the South is laying the foundations of a strong and sustainable improvement in performance.

Dermot Gleeson Chairman

Condensed Consolidated Statement of Comprehensive Income for the six months to 31 December 2011

	Unaudited Six months to 31 December 2011			Unaudited Six months to 31 December 2010			Audited Year to 30 June 2011		
	Before exceptional items	**Exceptional items Note 7**		Before exceptional items	Exceptional items Note 7		Before exceptional items	Exceptional items	
	£000	**£000**	**£000**	£000	£000	£000	£000	£000	£000
Continuing operations									
Revenue	**18,800**	**-**	**18,800**	24,018	-	24,018	41,353	-	41,353
Cost of sales	**(16,121)**	**1,249**	**(14,872)**	(21,345)	576	(20,769)	(37,181)	1,821	(35,360)
Gross profit	**2,679**	**1,249**	**3,928**	2,673	576	3,249	4,172	1,821	5,993
Administrative expenses	**(4,065)**	**-**	**(4,065)**	(3,742)	248	(3,494)	(7,123)	1,648	(5,475)
Profit on sale of investments in PFI projects	**341**	**-**	**341**	-	-	-	-	-	-
Profit on sale of investment properties	**-**	**-**	**-**	-	-	-	18	-	18
Share of (loss)/profit of joint ventures (net of tax)	**(51)**	**-**	**(51)**	67	-	67	392	-	392
Operating profit/(loss)	**(1,096)**	**1,249**	**153**	(1,002)	824	(178)	(2,541)	3,469	928
Financial income	**261**	**-**	**261**	378	-	378	793	-	793
Financial expenses	**(17)**	**-**	**(17)**	(77)	-	(77)	(179)	-	(179)
Profit/(loss) before tax	**(852)**	**1,249**	**397**	(701)	824	123	(1,927)	3,469	1,542
Tax	**-**	**-**	**-**	-	-	-	42	-	42
Profit/(loss) for the period from continuing operations	**(852)**	**1,249**	**397**	(701)	824	123	(1,885)	3,469	1,584
Discontinued operations									
Loss for the period from discontinued operations (net of tax)			**(27)**			(37)			(73)
Profit for the period attributable to equity holders of the parent company			**370**			86			1,511
Other comprehensive income									
Cash flow hedges			**51**			(12)			(40)

	Note			
Total comprehensive income for the period		**421**	74	1,471
Earnings per share attributable to equity holders of parent company				
Basic and diluted	*10*	**0.71**	0.16	2.88
Earnings per share from continuing operations	*10*			
Basic and diluted		**0.76**	0.23	3.02

Condensed Consolidated Statement of Financial Position as at 31 December 2011

	Note	**Unaudited**	Unaudited	Audited
		31 December 2011	31 December 2010	30 June 2011
		£000	£000	£000
Non-current assets				
Plant and equipment		**360**	217	258
Investment properties		**803**	859	803
Investments in joint ventures		**15**	2,179	15
Loans and other investments		**4,896**	9,341	6,902
Trade and other receivables		**4,385**	3,439	3,838
Deferred tax assets		**894**	1,047	894

		11,353	17,082	12,710
Current assets				
Inventories		**72,795**	67,733	69,497
Trade and other receivables		**10,241**	14,924	13,679
UK corporation tax		**-**	3	-
Cash and cash equivalents		**15,149**	18,967	17,763
Assets classified as held for sale	11	**2,007**	-	6,868
		100,192	101,627	107,807
Total assets		**111,545**	118,709	120,517
Non-current liabilities				
Provisions		**(377)**	(2,496)	(480)
		(377)	(2,496)	(480)
Current liabilities				
Trade and other payables		**(13,626)**	(17,225)	(19,809)
Provisions		**(490)**	(1,040)	(1,075)
		(14,116)	(18,265)	(20,884)
Total liabilities		**(14,493)**	(20,761)	(21,364)
Net assets		**97,052**	97,948	99,153
Equity				
Share capital		**1,055**	1,054	1,054
Share premium account		**6,076**	6,037	6,039
Capital redemption reserve		**120**	120	120
Retained earnings		**89,801**	90,737	91,940
Total equity		**97,052**	97,948	99,153

Condensed Consolidated Statement of Changes in Equity for the six months to 31 December 2011

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 July 2010	1,053	5,969	120	90,701	**97,843**
Total comprehensive income for the period					
Profit for the period	-	-	-	86	**86**
Other comprehensive income					
Cash flow hedges	-	-	-	(12)	**(12)**

Total comprehensive income for the period	-	-	-	74	**74**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	1	68	-	-	**69**
Purchase of own shares	-	-	-	(75)	**(75)**
Share-based payments	-	-	-	37	**37**
Transactions with owners, recorded directly in equity	1	68	-	(38)	**31**
At 31 December 2010	1,054	6,037	120	90,737	**97,948**
Total comprehensive income for the period					
Profit for the period	-	-	-	1,425	**1,425**
Other comprehensive income					
Cash flow hedges	-	-	-	(28)	**(28)**
Total comprehensive income for the period	-	-	-	1,397	**1,397**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	-	2	-	-	**2**
Purchase of own shares	-	-	-	(43)	**(43)**
Share-based payments	-	-	-	(151)	**(151)**
Transactions with owners, recorded directly in equity	-	2	-	(194)	**(192)**
At 30 June 2011	1,054	6,039	120	91,940	**99,153**
Total comprehensive income for the period					
Profit for the period	-	-	-	370	**370**
Other comprehensive income					
Cash flow hedges	-	-	-	51	**51**
Total comprehensive income for the period	-	-	-	421	**421**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	1	37	-	-	**38**
Purchase of own shares	-	-	-	(7)	**(7)**
Share-based payments	-	-	-	73	**73**
Dividends	-	-	-	(2,626)	**(2,626)**
Transactions with owners, recorded directly in equity	1	37	-	(2,560)	**(2,522)**
At 31 December 2011	**1,055**	**6,076**	**120**	**89,801**	**97,052**

Condensed Consolidated Statement of Cash Flow for the six months to 31 December 2011

	Unaudited	Unaudited	Audited
	Six months to 31 December 2011 £000	Six months to 31 December 2010 £000	Year to 30 June 2011 £000
Operating activities			
Profit before tax from continuing operations	**397**	123	1,542
Loss before tax from discontinued operations	**(27)**	(37)	(73)

	370	86	1,469
Depreciation of plant and equipment	**64**	43	92
Share-based payments	**73**	37	(114)
Profit on sale of investment properties	**-**	-	(5)
Profit from the sale of investments in joint ventures	**(341)**	-	-
Share of (loss)/profit of joint ventures (net of tax)	**51**	(67)	(392)
Financial income	**(261)**	(393)	(808)
Financial expenses	**17**	77	179
Operating cash flows before movements in working capital	**(27)**	(217)	421
(Increase)/decrease in inventories	**(3,298)**	8,345	6,580
Decrease in receivables	**2,899**	4,977	5,749
Decrease in payables	**(6,879)**	(12,801)	(12,214)
Cash (utilised)/generated by operating activities	**(7,305)**	304	536
Tax received	**-**	21	218
Interest paid	**(11)**	(45)	(132)
Net cash flows from operating activities	**(7,316)**	280	622
Investing activities			
Net proceeds from disposal of assets held for sale	**7,209**	-	-
Proceeds from disposal of investment properties	**26**	14	154
Interest received	**228**	244	299
Purchase of plant and equipment	**(166)**	(111)	(200)
Loans made to joint ventures	**-**	-	(1,999)
Repayment of loans to joint ventures and other investments	**-**	123	511
Net cash flows from investing activities	**7,297**	270	(1,235)
Financing activities			
Proceeds from issue of shares	**38**	69	71
Purchase of own shares	**(7)**	(75)	(118)
Dividends paid	**(2,626)**	-	-
Net cash flows from financing activities	**(2,595)**	(6)	(47)
Net (decrease)/increase in cash and cash equivalents	**(2,614)**	544	(660)
Cash and cash equivalents at beginning of period	**17,763**	18,423	18,423
Cash and cash equivalents at end of period	**15,149**	18,967	17,763

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The Interim Report of the Group for the six months ended 31 December 2011 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 Services Authority.

The Interim Report does not constitute financial statements as defined in Section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for full annual statements. It should be read in conjunction with the Report and Accounts for the year ended 30 June 2011, which is available either on request from the Group's registered office, Sentinel House, Harvest Crescent, Ancells Business Park, Fleet, Hampshire, GU51 2UZ or can be downloaded from the corporate website www.mjgleeson.com.

The comparative figures for the financial year ended 30 June 2011 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters which the auditors 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.

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 along with the principal risks and uncertainties that have been identified as being capable of affecting the Group’s performance in the second half of the financial year.

The Group meets its day-to-day working capital requirements through its cash resources. The current economic conditions create uncertainty, particularly over the level of demand for the Group’s goods and services and the availability of bank finance.

The Group’s forecasts and projections show that the Group is able to operate without the need for debt finance 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 21 February 2012.

2. Accounting policies

The accounting policies adopted are consistent with those of the Report and Accounts for the year ended 30 June 2011, as described in those financial statements.

3. Responsibility statement

The Directors confirm that this Interim Report has been prepared in accordance with IAS 34 and that the Chairman's Statement and the notes to the financial statements herein 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 DTR 4.2.8R (disclosure of related party transactions and changes therein).

4. Cautionary statement

This Interim Report contains certain forward looking statements with respect to the financial condition, results, operations and business of MJ Gleeson Group 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.

5. 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.

6. Segmental analysis

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

- Gleeson Regeneration & Homes focuses on estate regeneration and housing development on brownfield land in the North of England.
- Gleeson Strategic Land focuses on the purchase of options over land in the South of England.
- Gleeson Capital Solutions manages the Group's Private Financing Initiative investments in social housing.
- Gleeson Commercial Property Developments is engaged in commercial property development in the UK.
- Gleeson Construction Services includes construction services in the UK.

Segment information about the Group's operations, including joint ventures, is presented below:

	Note	**Unaudited**	Unaudited	Audited
		Six months to 31 December 2011 £000	Six months to 31 December 2010 £000	Year to 30 June 2011 £000
Revenue				
Continuing activities:				
Gleeson Regeneration & Homes		**15,285**	20,641	35,440
Gleeson Strategic Land		**3,488**	3,395	5,770
Gleeson Capital Solutions		**-**	-	-
Gleeson Commercial Property Developments		**-**	-	2
Gleeson Construction Services		**27**	(18)	141

		18,800	24,018	41,353
Discontinued activities:				
Gleeson Construction Services	8	**276**	120	353
		276	120	353
Total revenue				
		19,076	24,138	41,706
Profit/(loss) on activities				
Gleeson Regeneration & Homes				
Gleeson Strategic Land		**(800)**	(812)	(400)
Gleeson Capital Solutions		**1,089**	1,593	2,710
Gleeson Commercial Property Developments		**360**	(95)	110
Gleeson Construction Services		**179**	(30)	(27)
		(59)	(27)	(54)
Group Activities		**769**	629	2,339
Financial income		**(616)**	(807)	(1,411)
Financial expenses		**261**	378	793
Profit before tax		**(17)**	(77)	(179)
Tax		**397**	123	1,542
Profit for the period from continuing operations		**-**	-	42
Loss for the period from discontinued operations (net of tax)		**397**	123	1,584
8 **Profit for the period attributable to equity holders of the parent company**		**(27)**	(37)	(73)
		370	86	1,511

7. Exceptional items

Impairment of inventories and contract provisions

At 31 December 2011, the Group conducted a review of the net realisable value of the land and workin-progress carrying values of its sites in the light of the condition of the UK housing market. Where the estimated net present realisable value is greater than the carrying value within the balance sheet, the Group has partially reversed the impairment previously made.

Restructuring costs

During prior periods, the Group incurred significant costs in relation to reorganising and restructuring the business. In the periods to 31 December 2010 and 30 June 2011, the Group has reviewed the level of provision and has released excess provisions.

Exceptional income may be summarised as follows:

	Unaudited Six months to 31 December 2011 £000	Unaudited Six months to 31 December 2010 £000	Audited Year to 30 June 2011 £000
Re-instatement of inventories and contract provisions	**1,249**	576	1,821
Reversal of restructuring costs	**-**	248	1,648
	1,249	824	3,469

In the six months ended 31 December 2011, £1,249,000 (six months ended 31 December 2010: £824,000, year ended 30 June 2011, £3,469,000) of exceptional income was reported in the Gleeson Regeneration and Homes division.

8. Discontinued operations

The Group disposed of certain assets and liabilities of the Gleeson Engineering Division of Gleeson Construction Services to Black and Veatch Limited ("B&V") in a prior period and treated this as a discontinued operation. A small number of contracts were legally retained but the operations were taken over by B&V on the Group's behalf on a cost plus basis. Consequently, the Group has no involvement in the day-to-day running of these contracts and acts as an intermediary. At the time of the sale, the remaining costs to complete the contracts were considered insignificant in relation to the separately identifiable division as a whole.

	Unaudited Six months to 31 December 2011 £000	Unaudited Six months to 31 December 2010 £000	Audited Year to 30 June 2011 £000
Revenue	**276**	120	353
Cost of sales	**(257)**	(128)	(353)
Gross profit/(loss)	**19**	(8)	-
Administrative expenses	**(46)**	(44)	(88)
Operating loss	**(27)**	(52)	(88)
Financial income	**-**	15	15
Loss before tax	**(27)**	(37)	(73)
Tax	-	-	-
Loss for the period from discontinued operations	**(27)**	(37)	(73)

9. Tax

The accounts for the 6 months to 31 December 2011 include a tax charge of 0.0% of profit before tax (31 December 2010 0.0%; 30 June 2011 0.2%). The Group's effective tax rate continues at a lower level than the underlying UK tax rate of 27.0% (31 December 2010 28.0%; 30 June 2011 27.75%) as the Group benefits from the utilisation of tax losses.

10. Earnings per share

From continuing and discontinued operations

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

Earnings	**Unaudited Six months to 31 December 2011 £000**	Unaudited Six months to 31 December 2010 £000	Audited Year to 30 June 2011 £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	**397**	123	1,584
Loss from discontinued operations	**(27)**	(37)	(73)

Earnings for the purposes of basic and diluted earnings per share	**370**	86	1,511

Number of shares	**31 December 2011 No. 000**	31 December 2010 No. 000	30 June 2011 No. 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**52,563**	52,394	52,458
Effect of dilutive potential ordinary shares: Share options	**-**	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**52,563**	52,394	52,458

From continuing operations

	31 December 2011 p	31 December 2010 p	30 June 2011 p
Basic and diluted	**0.76**	0.23	3.02

From discontinued operations

	31 December 2011 p	31 December 2010 p	30 June 2011 p
Basic and diluted	**(0.05)**	(0.07)	(0.14)

From continuing and discontinued operations

	31 December 2011 p	31 December 2010 p	30 June 2011 p
Basic and diluted	**0.71**	0.16	2.88

11. Non-current assets classified as held for sale

At 30 June 2011, three joint ventures within the Gleeson Capital Solutions division are presented as available for sale. These assets were available for immediate sale, with negotiations for sale well advanced. On 23 September 2011, these assets were sold for £7,508,000, generating a profit, net of costs, of £341,000.

The joint ventures investments which were classified as held for sale are AvantAge (Cheshire) Holdings Ltd; Chrysalis (Stanhope) Holdings Ltd; and Grove Village Holdings Ltd

In the period, the remaining joint venture within the Gleeson Capital Solutions division became available for sale following the release of a restriction on sale. Following an impairment review, the directors do not consider it necessary to impair the joint venture on reclassification.

	Unaudited Six months to 31 December 2011 £000	Unaudited Six months to 31 December 2010 £000	Audited Year to 30 June 2011 £000
Investments in joint ventures	**2,007**	-	2,461
Loans and other investments	**-**	-	4,407
	2,007	-	6,868

12. Related party transactions

Identity of related parties

The Group has a related party relationship with its joint ventures and key management personnel.

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

Transactions with key management personnel

At 31 December 2011, the Group owed £nil (31 December 2010 £1,000; 30 June 2011 £nil) in relation to contract retentions to JD Plastics & Rooflines Ltd, a company in which Jolyon Harrison is a director. The Group has made no purchases from the company in the period (31 December 2010 £nil; 30 June 2011 £nil).

Provision of goods and services to joint ventures

	Unaudited Six months to 31 December 2011 £000	Unaudited Six months to 31 December 2010 £000	Audited Year to 30 June 2011 £000
Grove Village Limited	**30**	100	203
Chrysalis (Stanhope) Limited	**4**	98	194
AvantAge (Cheshire) Limited	**2**	129	264
Leeds Independent Living Accommodation Company Limited	**127**	60	143
	163	387	804

Sales to related parties were made at market rates.

Amounts owed by and owed to joint ventures are analysed below:

The amounts owed by joint ventures are shown below:

	Unaudited Six months to 31 December 2011 £000	Unaudited Six months to 31 December 2010 £000	Audited Year to 30 June 2011 £000
Loans and other investments	**2,007**	4,445	2,006
Amounts classified as held for sale	**-**	-	4,407
Prepayments and accrued income	**-**	83	74
	2,007	4,528	6,487

The amounts owed to joint ventures at 31 December 2011 totalled £Nil (31 December 2010 £Nil; 30 June 2011 £Nil).

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 income statement in the 6 months to 31 December 2011 of £155,000 (6 months to 31 December 2010: £150,000; year to 30 June 2011: £318,000) represents contributions payable to the defined contribution pension plan by the Group at rates specified in the plan rules. At 31 December 2011, contributions of £38,000 (31 December 2010: £36,000; 30 June 2011 £37,000) 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.