27 February 2017

MJ GLEESON PLC

Interim results for the half-year ended 31 December 2016

Gleeson (GLE.L), the urban regeneration and strategic land specialist, announces another strong performance for the six months to 31 December 2016, with a 12.8% increase in plot completions, record reservations, strong cash generation and a 44.4% increase in interim dividend.

	H1 16/17	H1 15/16	Change
Volume - Homes (plots)	451	400	12.8%
- Strategic Land (land sales)	3	4	(1 sale)
	£m	**£m**	
Operating profit - Homes	8.5	7.7	10.4%
- Strategic Land	4.0	4.2	(4.8%)
Profit before tax	11.5	11.3	1.8%
Net cash flow from operating & investing activities	8.6	(2.2)	+10.8m
Cash and cash equivalents	26.4	9.6	175.0%
Net assets	156.7	141.6	10.7%
	Pence	**Pence**	
Basic earnings per share	16.8	16.6	1.2%
Dividend per share	6.5p	4.5p	44.4%
Net assets per share	290	262	10.7%

A strong start to the year

- A strong first half performance, as expected
- Gleeson Homes:
    - Unit sales increased 12.8% to 451 units (H1 15/16: 400)
    - Revenue increased 9.4% to £54.7m (H1 15/16: £50.0m)
    - ASP down 2.9% to £121,400 (H1 15/16: £125,000) due to development mix
    - Gross margin improved to 31.9% (H1 15/16: 30.6%)
    - Operating profit increased by 10.4% to £8.5m (H1 15/16: £7.7m)
    - Operating margin increased to 15.5% (H1 15/16: 15.4%)
    - Land pipeline, including conditionally purchased sites, of 10,454 plots (June 2016: 9,284 plots)
    - Geographic expansion continues, with more site openings planned in existing and new areas
- Gleeson Strategic Land:
    - Completed 3 land sales (H1 15/16: 4 land sales) and generated turnover of £8.3m (H1 15/16: £14.7m)
    - Operating profit decreased by 4.8% to £4.0m (H1 15/16: £4.2m) due to phasing in the prior half year, as expected
    - 13 sites in the portfolio have either planning permission or a resolution to grant permission (H1 14/15: 10 sites)
    - Full year Strategic Land result expected to be broadly in line with last year
- Operating & investing cash flows increased to £8.6m (H1 15/16: £2.2m outflow)
- Interim dividend increased 44.4% to 6.5 pence per share (H1 15/16: 4.5 pence)

Dermot Gleeson, Chairman of MJ Gleeson, commented:

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

“Gleeson Homes is on track with its ambitious growth plans. It continues to experience strong demand both in its established operating areas and in the new areas into which it is expanding. Reservations are at record levels.

“The division opened a new office in Nottinghamshire earlier this month, bringing the total number of area offices to seven. Land continues to be available at sensible prices.

“Gleeson Strategic Land completed the sale of an additional greenfield site in the South of England during the first week of January and is very well placed to secure further sales during the remaining months of the year.

“Against this background, the Board is confident of delivering a result for the full year in line with expectations.”

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CHAIRMAN'S STATEMENT

I am delighted to report another strong first half performance.

Group operating profit increased by 1.8% to £11.5m (H1 15/16: £11.3m) following strong performances in both Gleeson Homes and Gleeson Strategic Land. Strong cash generation resulted in cash balances increasing by £16.8m to £26.4m.

Gleeson Homes increased unit sales by 12.8% to 451 units (H1 15/16: 400 units), grew active sites to 51 (31 December 2015: 45 active sites) and acquired a further 1,621 plots during the first half of the year, increasing the pipeline to 10,454 plots at 31 December 2016.

Demand is strong. Reservations taken during the period are more than 30% higher than H1 15/16.

We are encouraged by the recent Housing White Paper, in particular the definition of Affordable Homes which we believe now formalises our product as Affordable Housing and opens up new commercial opportunities.

Gleeson Homes

Gleeson Homes is a housing regeneration specialist working in challenging communities to build new homes for sale to people on low incomes in the North of England. During the period the division achieved strong growth in volume, margin and profit.

Revenue increased 9.4% to £54.7m (H1 15/16: £50.0m), reflecting a 12.8% rise in the total number of units sold from 400 to 451.

The average selling price ("ASP") for the units sold in the period decreased by 2.9% to £121,400 (H1 15/16: £125,000) reflecting the effect of development mix and final legacy sites sales partly offset by modest price increases. A more typical development mix is expected in H2 16/17 which should result in ASPs returning to more typical levels.

Gross margin on units sold in the period increased by 130 basis points to 31.9% (H1 15/16: 30.6%).

Operating margin increased by 10 basis points to 15.5% (H1 15/16: 15.4%) and operating profit increased by 10.4% to £8.5m (H1 15/16: £7.7m).

66% of unit sales during the period benefitted from the Government's Help to Buy scheme. In addition, our own bespoke purchaser assistance packages continued to prove attractive.

At 31 December 2016, we were selling from 51 sites, an increase of six sites on the corresponding period last year. We expect to be busy with site openings during the coming months and anticipate the number of active selling sites to be significantly higher by June 2017. We continue to see significant scope for expanding our proven model beyond our existing areas of operation.

The pipeline of owned sites increased during the period by 288 plots to 4,645 plots and conditionally purchased plots increased by 882 to 5,809 plots, bringing the total pipeline of owned and conditionally purchased plots to 10,454 plots on 122 sites at December 2016 (June 2016: 9,284 plots). 20 new sites were added to the pipeline during the period, while 15 sites were either completed or we did not proceed to purchase.

Gleeson Strategic Land

Gleeson Strategic Land, the land promotion business, continued to see strong demand from medium and large housebuilders for good quality greenfield residential sites in the South of England.

The division recorded the sale of three sites (H1 15/16: four sites), covering combined residential development totalling 265 plots. A further site sale was completed during the first week of January that is not included in the interim results.

Revenue decreased by £6.4m to £8.3m (H1 15/16: £14.7m), reflecting lower sales activity, as expected, due to the timing of site sales.

Gross profit decreased by £0.7m to £4.8m (H1 15/16: £5.5m). Operating profit decreased by £0.2m to £4.0m (H1 15/16: £4.2m).

There are currently 13 sites in the portfolio with planning permission or a resolution to grant permission (H1 15/16: 10 sites). Seven of these sites, which will deliver 1,055 plots, are currently being progressed for sale (H1 15/16: four sites, 470 plots).

In total, there are 14 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 one further agreement, involving a total of 96 acres and with the potential to deliver 400 plots, having been secured in the period.

At 31 December 2016 Gleeson Strategic Land had a portfolio of 66 sites (30 June 2016: 68 sites) having sold 3 sites and acquired 1 site during the period. The portfolio, in which the Group has an overall 71% beneficial interest, has the potential to develop in excess of 21,200 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 6.5 pence per share, an increase of 44.4% over the prior year (H1 15/16: 4.5 pence per share).

The interim dividend will be paid on 7 April 2017 to shareholders on the register at close of business on 10 March 2017 and with an ex-entitlement date of 9 March 2017.

Summary & Outlook

The Group has delivered a strong performance in both divisions.

Gleeson Homes is on track with its ambitious growth plans. It continues to experience strong demand both in its established operating areas and in the new areas into which it is expanding. Reservations are at record levels.

The division opened a new office in Nottinghamshire earlier this month, bringing the total number of area offices to seven. Land continues to be available at sensible prices.

Gleeson Strategic Land completed the sale of an additional greenfield site in the South of England during the first week of January and is very well placed to secure further sales during the remaining months of the year.

Against this background, the Board is confident of delivering a result for the full year in line with expectations.

Financial Overview

Income Statement

Group revenue fell by 2.8% to £63.0m (H1 15/16: £64.8m), as expected, with revenue growth in Gleeson Homes and fewer site sales in Gleeson Strategic Land.

Group gross profit increased 6.7% to £22.2m (H1 15/16: £20.8m) and gross margin increased to 35.3% (H1 15/16: 32.1%).

The Group's operating profit increased by 1.8% to £11.5m (H1 15/16: £11.3m). Net interest expense of nil (H1 15/16: nil) resulted in profit before tax also increasing by 1.8% to £11.5m (H1 15/16: £11.3m).

The tax charge for the period was £2.3m (H1 15/16: £2.3m) reflecting an effective rate of 19.6% (H1 15/16: 20.1%). The profit after tax from continuing operations totalled £9.3m (H1 15/16: £9.0m). Discontinued operations recorded a post-tax loss of £0.2m (H1 15/16: £0.1m loss) and so the profit for the period attributable to equity holders totalled £9.1m (H1 15/16: £8.9m).

Balance Sheet and Cash Flow

Total shareholders' equity stood at £156.7m at 31 December 2016 compared to £141.6m at 31 December 2015. This equates to net assets per share of 289.6 pence (31 December 2015: 261.6 pence).

Cash flows from operating and investing activities increased by £10.8m to £8.6m (H1 15/16: £2.2m outflow).

The Group's net cash balance at 31 December 2016 was £26.4m (31 December 2015: £9.6m) and reflects net cash inflow of £3.2m in the period (H1 15/16: £6.2m outflow).

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 2016.

Dermot Gleeson
Chairman

Condensed Consolidated Income Statement

for the six months to 31 December 2016

	Note	**Unaudited Six months to 31 December 2016 £000**	Unaudited Six months to 31 December 2015 £000	Audited Year to 30 June 2016 £000
Continuing operations				
Revenue		**63,005**	64,789	142,065
Cost of sales		**(40,776)**	(44,014)	(94,509)
Gross profit		**22,229**	20,775	47,556
Administrative expenses		**(10,692)**	(9,490)	(19,390)
Operating profit		**11,537**	11,285	28,166
Financial income		**96**	208	512
Financial expenses		**(113)**	(178)	(440)
Profit before tax		**11,520**	11,315	28,238
Tax	4	**(2,258)**	(2,270)	(4,934)
Profit for the period from continuing operations		**9,262**	9,045	23,304
Discontinued operations				
Loss for the period from discontinued operations (net of tax)	3	**(158)**	(120)	(345)
Profit for the period		**9,104**	8,925	22,959

Earnings per share attributable to equity holders of the parent company

	Note			
Basic	6	**16.84 p**	16.60 p	42.59 p
Diluted	6	**16.67 p**	16.53 p	42.51 p

Earnings per share from continuing operations

	Note			
Basic	6	**17.13 p**	16.83 p	43.23 p
Diluted	6	**16.96 p**	16.76 p	43.15 p

Condensed Consolidated Statement of Comprehensive Income

for the six months to 31 December 2016

	Unaudited Six months to 31 December 2016 £000	Unaudited Six months to 31 December 2015 £000	Audited Year to 30 June 2016 £000
Profit for the period	**9,104**	8,925	22,959
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss			
Change in value of available for sale financial assets	**(106)**	-	(584)
Other comprehensive income for the period, net of tax	**(106)**	-	(584)
Total comprehensive income for the period attributable to equity holders of the parent company	**8,998**	8,925	22,375

Condensed Consolidated Statement of Financial Position
at 31 December 2016

	Unaudited 31 December 2016 £000	Unaudited 31 December 2015 £000	Audited 30 June 2016 £000
Non-current assets			
Plant and equipment	**1,437**	1,300	1,274
Investment property	**506**	506	506
Investments in joint ventures	**-**	15	-
Trade and other receivables	**8,175**	7,493	13,527
Deferred tax assets	**4,409**	4,544	4,567
	14,527	13,858	19,874
Current assets			
Inventories	**126,586**	112,958	114,238
Trade and other receivables	**15,811**	36,079	23,284
UK corporation tax	**751**	-	-
Cash and cash equivalents	**26,414**	9,638	23,244
	169,562	158,675	160,766
Total assets	**184,089**	172,533	180,640
Non-current liabilities			
Provisions	**(100)**	(51)	(100)
	(100)	(51)	(100)
Current liabilities			
Trade and other payables	**(27,210)**	(28,421)	(26,904)
Provisions	**(54)**	(1,145)	(111)
UK corporation tax	**-**	(1,314)	(620)
	(27,264)	(30,880)	(27,635)
Total liabilities	**(27,364)**	(30,931)	(27,735)
Net assets	**156,725**	141,602	152,905
Equity			
Share capital	**1,082**	1,082	1,082
Share premium account	**23**	23	23
Available for sale reserve	**(690)**	-	(584)
Retained earnings	**156,310**	140,497	152,384
Total equity	**156,725**	141,602	152,905

Condensed Consolidated Statement of Changes in Equity
for the six months to 31 December 2016

	Share capital £000	Share premium account £000	Available for sale reserve £000	Retained earnings £000	Total £000
At 1 July 2015 (audited)	1,074	23	-	135,432	136,529
Total comprehensive income for the period					
Profit for the period	-	-	-	8,925	8,925
Total comprehensive income for the period	-	-	-	8,925	8,925
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	8	-	-	-	8
Purchase of own shares	-	-	-	(75)	(75)
Share-based payments	-	-	-	162	162
Dividends	-	-	-	(3,948)	(3,948)
Transactions with owners, recorded directly in equity	8	-	-	(3,861)	(3,853)
At 31 December 2015 (unaudited)	1,082	23	-	140,496	141,601
Total comprehensive income for the period					
Profit for the period	-	-	-	14,034	14,034
Other comprehensive income	-	-	(584)	-	(584)
Total comprehensive income for the period	-	-	(584)	14,034	13,450
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Purchase of own shares	-	-	-	29	29
Share-based payments	-	-	-	258	258
Dividends	-	-	-	(2,433)	(2,433)
Transactions with owners, recorded directly in equity	-	-	-	(2,146)	(2,146)
At 30 June 2016 (audited)	**1,082**	**23**	**(584)**	**152,384**	**152,905**
Total comprehensive income for the period					
Profit for the period	**-**	**-**	**-**	**9,104**	**9,104**
Other comprehensive income	**-**	**-**	**(106)**	**-**	**(106)**
Total comprehensive income for the period	**-**	**-**	**(106)**	**9,104**	**8,998**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Purchase of own shares	**-**	**-**	**-**	**(23)**	**(23)**
Share-based payments	**-**	**-**	**-**	**254**	**254**
Dividends	**-**	**-**	**-**	**(5,409)**	**(5,409)**
Transactions with owners, recorded directly in equity	**-**	**-**	**-**	**(5,178)**	**(5,178)**
At 31 December 2016 (unaudited)	**1,082**	**23**	**(690)**	**156,310**	**156,725**

Condensed Consolidated Statement of Cash Flow
for the six months to 31 December 2016

	Unaudited Six months to 31 December 2016 £000	Unaudited Six months to 31 December 2015 £000	Audited Year to 30 June 2016 £000
Operating activities			
Profit before tax from continuing operations	**11,520**	11,315	28,238
Loss before tax from discontinued operations	**(158)**	(120)	(336)
	11,362	11,195	27,902
Depreciation of plant and equipment	**376**	392	763
Share-based payments	**254**	162	420
Profit on sale of available for sale assets	**(30)**	-	(73)
Loss on sale of plant and equipment	**11**	32	129
Profit from the sale of assets held for sale	**-**	(44)	-
Impairment of investments in joint ventures	**-**	-	15
Financial income	**(96)**	(208)	(512)
Financial expenses	**113**	178	440
Operating cash flows before movements in working capital	**11,990**	11,707	29,084
Increase in inventories	**(12,349)**	(4,736)	(6,016)
Decrease / (increase) in receivables	**12,380**	(6,733)	(604)
Increase / (decrease) in payables	**220**	(2,274)	(4,940)
Cash generated from / (utilised by) operating activities	**12,241**	(2,036)	17,524
Tax paid	**(3,472)**	-	(3,224)
Interest paid	**(85)**	(178)	(440)
Net cash flow surplus / (deficit) from operating activities	**8,684**	(2,214)	13,860
Investing activities			
Proceeds from disposal of available for sale assets	**453**	546	926
Proceeds from disposal of plant and equipment	**-**	10	8
Interest received	**15**	-	-
Purchase of plant and equipment	**(550)**	(498)	(940)
Net cash flow (deficit) / surplus from investing activities	**(82)**	58	(6)
Financing activities			
Proceeds from issue of shares	**-**	8	8
Purchase of own shares	**(23)**	(75)	(46)
Dividends paid	**(5,409)**	(3,948)	(6,381)
Net cash flow deficit from financing activities	**(5,432)**	(4,015)	(6,419)
Net increase / (decrease) in cash and cash equivalents	**3,170**	(6,171)	7,435
Cash and cash equivalents at beginning of period	**23,244**	15,809	15,809
Cash and cash equivalents at end of period	**26,414**	9,638	23,244

Notes to the Condensed Consolidated Financial Statements
for the six months to 31 December 2016

1. Basis of preparation and accounting policies

The Interim Report of the Group for the six months ended 31 December 2016 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 2016, 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.

The comparative figures for the financial year ended 30 June 2016 are not the Company’s statutory accounts for that financial year. Those accounts have 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, method of computation, and presentation adopted are consistent with those of the Report and Accounts for the year ended 30 June 2016, as described in those financial statements. There have been no new accounting standards adopted or issued but not yet adopted by the Group other than those disclosed in the Report and Accounts for the year ended 30 June 2016.

In applying the accounting policies, management has made appropriate estimates in many areas, and the actual outcome may differ from those calculated. The key sources of estimation uncertainty at the balance sheet date were the same as those that applied to the consolidated financial statements of the Group for the year ended 30 June 2016.

Going concern

The Directors have, at the time of approving the interim accounts, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least twelve months from the date of approval of the Interim Report. Thus they continue to adopt the going concern basis of accounting in preparing the Interim Report.

2. Segmental analysis

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

- Gleeson Homes
- Gleeson Strategic Land

2. Segmental analysis *(cont.)*

Segment information about the Group's operations is presented below:

	Note	**Unaudited Six months to 31 December 2016 £000**	Unaudited Six months to 31 December 2015 £000	Audited Year to 30 June 2016 £000
Revenue				
Continuing activities:				
Gleeson Homes		**54,747**	50,048	113,633
Gleeson Strategic Land		**8,258**	14,741	28,432
Total revenue		**63,005**	64,789	142,065
Profit on activities				
Gleeson Homes		**8,466**	7,713	19,465
Gleeson Strategic Land		**3,952**	4,207	10,163
		12,418	11,920	29,628
Group activities		**(881)**	(635)	(1,462)
Financial income		**96**	208	512
Financial expenses		**(113)**	(178)	(440)
Profit before tax		**11,520**	11,315	28,238
Tax		**(2,258)**	(2,270)	(4,934)
Profit for the period from continuing operations		**9,262**	9,045	23,304
Loss for the period from discontinued operations (net of tax)	3	**(158)**	(120)	(345)
Profit for the period		**9,104**	8,925	22,959

The revenue in the Gleeson Homes segment relates to the sale of residential properties and land. All revenue for the Gleeson Strategic Land segment is in relation to the sale of land interests.

Balance sheet analysis of business segments:

	Unaudited 31 December 2016		
	Assets £000	**Liabilities £000**	**Net assets £000**
Gleeson Homes	**114,181**	**(19,739)**	**94,442**
Gleeson Strategic Land	**41,774**	**(5,983)**	**35,791**
Group activities / discontinued operations	**1,720**	**(1,642)**	**78**
Net cash	**26,414**	**-**	**26,414**
	184,089	**(27,364)**	**156,725**

	Unaudited 31 December 2015		
	Assets £000	Liabilities £000	Net assets £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
	172,533	(30,931)	141,602

2. Segmental analysis *(cont.)*

	Audited 30 June 2016		
	Assets £000	Liabilities £000	Net assets £000
Gleeson Homes	106,440	(20,195)	86,245
Gleeson Strategic Land	50,633	(7,323)	43,310
Group activities / discontinued operations	323	(217)	106
Net cash	23,244	-	23,244
	180,640	(27,735)	152,905

3. 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 2016 £000	Unaudited Six months to 31 December 2015 £000	Audited Year ended 30 June 2016 £000
Revenue	**-**	-	-
Cost of sales	**-**	(45)	(6)
Gross loss	**-**	(45)	(6)
Administrative expenses	**(158)**	(75)	(330)
Operating loss	**(158)**	(120)	(336)
Loss before tax	**(158)**	(120)	(336)
Tax	**-**	-	(9)
Loss for the period from discontinued operations	**(158)**	(120)	(345)

4. Tax

The results for the six months to 31 December 2016 include a tax charge of 19.6% of profit before tax (31 December 2015: 20.1%; 30 June 2016: 17.7%), 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.

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted into law before the balance sheet date.

5. Dividends

	Unaudited Six months to 31 December 2016 £000	Unaudited Six months to 31 December 2015 £000	Audited Year to 30 June 2016 £000
Amounts recognised as distributions to equity holders:			
Final dividend for the year ended 30 June 2015 of 7.3p per share	**-**	3,948	3,948
Interim dividend for the year ended 30 June 2016 of 4.5p per share	**-**	-	2,433
Final dividend for the year ended 30 June 2016 of 10.0p per share	**5,409**	-	-
	5,409	3,948	6,381

On 24 February 2017 the Board approved an interim dividend of 6.5 pence per share at an estimated total cost of £3,518,000. The dividend has not been included as a liability as at 31 December 2016 and there are no tax consequences for the Group.

6. 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 2016 £000**	Unaudited Six months to 31 December 2015 £000	Audited Year to 30 June 2016 £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	**9,262**	9,045	23,304
Loss from discontinued operations	**(158)**	(120)	(345)
Earnings for the purposes of basic and diluted earnings per share	**9,104**	8,925	22,959

Number of shares	**31 December 2016 No. 000**	31 December 2015 No. 000	30 June 2016 No. 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**54,065**	53,756	53,907
Effect of dilutive potential ordinary shares:			
Share options	**542**	224	103
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**54,607**	53,980	54,010

From continuing operations	**Six months to 31 December 2016 pence**	Six months to 31 December 2015 pence	Year to 30 June 2016 pence
Basic	**17.13**	16.83	43.23
Diluted	**16.96**	16.76	43.15

From discontinued operations	**Six months to 31 December 2016 pence**	Six months to 31 December 2015 pence	Year to 30 June 2016 pence
Basic	**(0.29)**	(0.22)	(0.64)
Diluted	**(0.29)**	(0.22)	(0.64)

From continuing and discontinued operations	**Six months to 31 December 2016 pence**	Six months to 31 December 2015 pence	Year to 30 June 2016 pence
Basic	**16.84**	16.60	42.59
Diluted	**16.67**	16.53	42.51

6. Earnings per share *(cont.)*

	Six months to 31 December 2016 £000	Six months to 31 December 2015 £000	Year to 30 June 2016 £000
Normalised Earnings per share			
From continuing and discontinued operations			
Profit for the purposes of basic and diluted earnings per share	**9,104**	8,925	22,959
Adjusted for the impact of exceptional costs in the period	**-**	-	-
Normalised earnings	**9,104**	8,925	22,959

	Six months to 31 December 2016 pence	Six months to 31 December 2015 pence	Year to 30 June 2016 pence
Basic	**16.84**	16.60	42.59
Diluted	**16.67**	16.53	42.51

The directors are of the opinion that the publication of normalised earnings per share is useful because the exclusion of exceptional costs allows users to assess the performance of the underlying business. There were no exceptional costs in the current or comparative period, therefore normalised earnings per share are the same as reported earnings per share.

7. 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

	Unaudited 31 December 2016 Level 3 £000	Unaudited 31 December 2015 Level 3 £000	Audited 30 June 2016 Level 3 £000
Balance at start of period	**6,611**	7,938	7,938
Additions	**-**	-	-
Redemptions	**(393)**	(502)	(853)
Unwind of discount (financial income)	**53**	57	110
Fair value movement recognised in Other Comprehensive Income	**(136)**	-	(584)
Balance at end of period	**6,135**	7,493	6,611

Available for sale financial assets represent shared equity loans advanced to customers and secured by way of a second charge on the property sold. They are carried at fair value which is determined by discounting forecast cash flows for the residual period of the contract. The difference between the nominal value and the initial fair value is credited over the deferred term to financial income, with the financial asset increasing to its full cash settlement value on the anticipated receipt date.

Forecast cash flows are determined using inputs based on current market conditions and the Group’s historic experience of actual cash flows resulting from such arrangements. These inputs are by nature estimates and as such the fair value has been classified as Level 3 under the fair value hierarchy laid out in IFRS 13: Fair Value Measurement. There have been no transfers between fair value levels in the period.

7. Financial instruments *(cont.)*

Significant unobservable inputs into the fair value measurement calculation include regional house price movements based on the Group's actual experience of regional house pricing and management forecasts of future movements, the anticipated period to redemption of loans which remain outstanding and a discount rate based on current observed market interest rates offered to private individuals on secured second loans.

The key assumptions applied in calculating fair value as at the balance sheet date were:

- Forecast regional house price inflation: 2.0% - 3.5%
- Average period to redemption: 5.5 years
- Discount rate: 8%

The sensitivity analysis of changes to each of the key assumptions applied in calculating fair value, whilst holding all other assumptions constant, is as follows:

	Increase / (decrease) in fair value £'000
Change in assumption	
Forecast regional house price inflation – increase by 1%	326
Average period to redemption – increase by 1 year	(316)
Discount rate – decrease by 1%	311

Redemptions in the period of shared equity loans carried at £423,000 generated a profit on redemption of £30,000 which has been recognised within Administrative expenses in the Consolidated Income Statement.

In addition, a change in value of available for sale assets of £106,000 has been recognised in Other Comprehensive Income. This is made up as follows:

	Unaudited 31 December 2016 £000	Unaudited 31 December 2015 £000	Audited 30 June 2016 £000
Fair value movement recognised in Other Comprehensive Income	**(136)**	-	(584)
Fair value recycled through profit and loss	**30**	-	-
Total movement recognised in Other Comprehensive Income	**(106)**	-	(584)

8. 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 Consolidated Income Statement in the six months to 31 December 2016 of £302,000 (six months to 31 December 2015: £275,000; year to 30 June 2016: £545,000) represents contributions payable to the defined contribution pension plan by the Group at rates specified in the plan rules. At 31 December 2016, contributions of £75,000 (31 December 2015: £42,000; 30 June 2016: £67,000) 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.

9. 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 31 of the Report and Accounts for the year ended 30 June 2016.

9. Related party transactions *(cont.)*

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

10. Seasonality

Reservations in Gleeson Homes are largely unaffected by seasonal variations and tend to be driven more by the timing of site openings than by seasonality. However, completions in the second half of the financial year tend to be higher than the first half.

There is no seasonality in the Gleeson Strategic Land division.

Statement of Directors' responsibility

for the six months to 31 December 2016

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).

The Board

The Board of Directors of MJ Gleeson plc at 30 June 2016 and their respective responsibilities can be found on pages 30 to 31 of the MJ Gleeson plc Report and Accounts 2016. There have been no changes since that date.

By order of the Board,

Stefan Allanson
Chief Financial Officer
24 February 2017