Thursday 23 September 2010

MJ GLEESON GROUP PLC – PRELIMINARY ANNOUNCEMENT

Gleeson (GLE.L), the urban regeneration and strategic land specialist, announces its results for the year to 30 June 2010.

	2010	2009
	£m	£m
		Restated*
Revenue	46.5	43.0
Operating loss	(0.3)	(51.6)
Profit/(loss) before tax	0.4	(50.7)
Cash generated / (utilised) from operating activities	14.2	(20.4)
Dividend paid	7.9	-
Net cash	18.4	10.9
Net assets	97.8	102.4
Basic and diluted EPS	6.0p	(98.7)p
Net assets per share	186p	195p

* For details of the restatement see note 9

Financial highlights

- Revenue from continuing operations increased by 8% to £46.5m (2009: £43.0m).
- Profit before tax includes an exceptional credit of £3.5m (2009: charge £41.3m), due to the partial reversal of asset valuation write-downs
- Cash generated from operations £14.2m (2009: utilised £20.4m)
- Special dividend of 15p per share was paid in March 2010 at a cost of £7.9m (2009: £nil).

Commercial highlights

- Gleeson Regeneration & Homes made an operating loss of £1.3m (2009: £33.3m) on revenue of £22.7m (2009: £39.8m). The operating loss included exceptional credits of £2.8m (2009: charge £27.3m) from the partial reversal of asset valuation write-downs caused by reductions in construction costs and better than forecast selling prices.
- Gleeson Regeneration & Homes sold 174 (2009: 313) units at an average selling price of £131,000 (2009: £112,000), up 17%, reflecting a change in product mix year-on-year with higher proportion of units being sold in the South.
- Gleeson Strategic Land completed three significant land sales during the year, generating an operating profit of £2.2m (2009: loss £5.9m) on revenue of £10.5m (2009: £1.1m). The portfolio of options increased to 3,862 (2008: 3,755) acres.
- Powerminster Gleeson Services (social housing maintenance) was sold on 30 June 2010 for proceeds of £6.6m at a pre-tax profit of £1.9m. It is now classified as a discontinued operation.
- Gleeson Commercial Property Development disposed of its remaining commercial property sites.
- The central overhead reduced by 47% to £1.9m (2009: £3.6m).

Dermot Gleeson, Chairman of MJ Gleeson Group plc, said:

"During the year to 30 June 2010, conditions in the housing market showed modest signs of improvement. The steep fall in selling prices experienced in the previous two years levelled off and there was some easing of the credit conditions required by mortgage providers. Against this background, the Group, which has net cash balances, recommenced construction on a number of mothballed developments and has begun selectively to purchase new residential sites, taking advantage of depressed land prices in the North of England.

Although trading to date during the current year has been in line with expectations, the short term outlook for housing demand remains difficult to predict. However, the Board has been encouraged by the achievements over the last year of both Gleeson Regeneration & Homes and Gleeson Strategic Land and believe that both are well placed to meet the challenges ahead."

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Chris Holt (GCEO)
Alan Martin (GFD)

CHAIRMAN'S STATEMENT

During the year, conditions in the housing market showed modest signs of improvement. The steep fall in selling prices experienced in the previous two years levelled off and there was some easing of the credit conditions required by mortgage providers. Against this background, the Group, which has net cash balances, recommenced construction on a number of mothballed developments and has begun selectively to purchase new residential sites, taking advantage of depressed land prices in the North of England.

Financial Overview

As explained in the Finance Review, the prior year results have been restated due to a change in accounting policy for our Grove Village regeneration project and the reclassification of Powerminster Gleeson Services as a discontinued operation.

Revenue from continuing operations increased by £3.5m to £46.5m (2009: £43.0m). This increase reflected an increase of £9.4m by Gleeson Strategic Land, which achieved the sale of three significant sites during the year, and an increase of £11.1m by Gleeson Commercial Property Developments, which disposed of its remaining properties. These increases were offset by a reduction of £17.1m by Gleeson Regeneration & Homes, due to a 44% decrease in housing unit sales, mitigated by a 17% increase in the average selling price ("ASP").

Profit for the year attributable to equity holders of the parent company totalled £3.1 m (2009: loss £51.5m).

A profit before tax from continuing operations of £0.4m (2009: loss £50.7m) was recorded, which included exceptional credits of £3.5m (2009: charge £41.3m) relating to the partial reversal of asset valuation write-downs.

Discontinued operations, which this year includes the trading result and profit on sale of Powerminster Gleeson Services, generated a post-tax profit of £2.5m (2009: £1.8m).

The year end total equity attributable to equity holders of the parent company decreased by 4% to £97.8m (2009: £102.4m), representing net assets per share of 186p (2009: 195p). Net cash at 30 June 2010 was £18.4m (2009: £10.9m), an increase of £7.5m. Both the equity and cash figures reflect the payment of the £7.9m special dividend paid in March 2010.

Business Review

The Group's continuing operations comprise ongoing business units and business units in run-off.

The Group's ongoing business units – Gleeson Regeneration & Homes, Gleeson Strategic Land, and Gleeson Capital Solutions – all improved their year on year trading results.

Gleeson Regeneration & Homes unit sales decreased by 44% to 174 (2009: 313). This reflected its strategy to build to demand in the private sector (2010: 129 units, 2009: 156 units) as well as a significant reduction in units sold to Registered Social Landlords ("RSLs")(2010: 45 units, 2009: 157 units). ASP increased by 17%, from £112,000 to £131,000. Exceptional credits of £2.8m were recorded due to the partial reversal of asset valuation write-downs. This reversal is due to greater than anticipated success in reducing construction costs (£1.9m), along with higher than forecast selling prices (£0.9m). One new site (43 units) was purchased during the year and a further four sites (217 units) have been conditionally purchased since the year end.

Gleeson Strategic Land had a successful year, completing three significant land sales and the sale of three smaller plots. The business unit added to its portfolio of options and now has 3,862 acres (2009: 3,755 acres) under option.

Gleeson Capital Solutions recorded a profit of £0.3m (2009: loss £0.6m). In the year, no PFI investments were sold and no new PFI projects reached financial close.

The Group's business units in run-off comprise Gleeson Commercial Property Developments and Gleeson Building Contracting Division within Gleeson Construction Services Limited.

Gleeson Commercial Property Developments disposed of its remaining developments, recording a profit of £0.5m (2009: loss £8.0m) of which £0.7m was an exceptional credit (2009: charge £7.5m).

Gleeson Building Contracting Division recorded a loss of £0.1m (2009: £0.1m).

Group Activities (the central overhead) reduced by 47% to £1.9m (2009: £3.6m). There were no exceptional items (2009: charge £0.6m).

The Group's discontinued operations are Gleeson Engineering Division within Gleeson Construction Services Limited and Powerminster Gleeson Services.

Gleeson Engineering Division recorded a loss of £0.1m (2009: £0.1m).

Powerminster Gleeson Services was sold to Morgan Sindall Group plc on 30 June 2010 for total cash proceeds of £6.6m and a pre-tax gain of £1.9m. The sale reflected concerns over decreasing revenues, reducing margins and an uncertain business climate. An operating profit of £0.6m (2009: £1.1m) was recorded.

Board

The Board currently comprises three Executive Directors, four Non-Executive Directors (three of whom are considered to be independent) and myself as Non-Executive Chairman.

The sale of Powerminster Gleeson Services Limited makes it an appropriate time for Chris Holt, Group Chief Executive, to retire from the Board. As announced on 30 June 2010, this will take effect from 30 September 2010. Chris has been a magnificent and immensely professional Group Chief Executive and I and my colleagues owe him a huge debt of gratitude.

Alan Martin will combine his current role as Group Finance Director with that of Chief Operating Officer, with additional responsibility for Human Resources, Company Secretariat, Internal Audit and IT.

Jolyon Harrison, who since November 2009 has been Managing Director of Gleeson Regeneration & Homes, was appointed to the Board with effect from 1 July 2010.

Employees

The average number of employees reduced in the year to 285 (2009: 311), and the number at the year end, following the disposal of Powerminster Gleeson Services, was 95 (2009: 286).

The Board would like to thank all employees for their commitment and continuing dedication during the year, especially given the difficult market conditions with which the Group has had to contend.

Dividends

During the year, the Group reviewed its short and long term cash needs and concluded that the Group had cash in excess of its requirements. Accordingly, the Board decided to pay a special dividend of 15p a share on 31 March 2010. The dividend payment totalled £7.9m.

The Board does not propose a final dividend for the year ended 30 June 2010.

Current Trading and Prospects

Although trading to date during the current year has been in line with expectations, the short term outlook for housing demand remains difficult to predict. However, the Board has been encouraged by the achievements over the last year of both Gleeson Regeneration & Homes and Gleeson Strategic Land and believe that both are well placed to meet the challenges ahead.

Dermot Gleeson
Chairman

BUSINESS REVIEW

Management has reacted to the uncertain trading conditions by continuing to reduce costs in both overhead build costs. We have taken advantage of the lower value of land by securing an additional site in the North of England during the year and since year end we have conditionally purchased a further four sites in the North of England.

Group Businesses and Strategy

Gleeson is predominantly a housebuilder in the North of England, focused on the regeneration sector and with particular emphasis on creating sustainable communities.

The Group comprises ongoing businesses and businesses in run-off:

Ongoing Businesses

Gleeson Regeneration & Homes – This business unit focuses on estate regeneration and housing development on brownfield land in the North of England. In response to market conditions, the business unit has reduced build and labour spend. However, the longer term strategy is to grow the business in the North of England and the business unit has recently recommenced the purchase of land for development.

Gleeson Strategic Land - This business unit focuses on the purchase of options over land in the South of England, with the objective of enhancing the value of the sites concerned by securing residential planning consents.

Gleeson Capital Solutions – This business unit manages the Group's PFI investments in social housing and takes the lead in securing new PFI opportunities that offer good investment returns, while also providing development opportunities for Gleeson Regeneration & Homes

Group Activities – comprise the Board, Company Secretariat and Group Finance.

Businesses in Run-off

Gleeson Commercial Property Developments – during the year, the Group completed the sale of its remaining developments. This business unit is no longer trading.

Engineering and Building Contracting – the Group sold certain contracts, assets and liabilities of the Engineering Division in October 2006 to Black & Veatch Limited and of the Building Contracting Division in August 2005 to Gleeson Building Limited (now GB Building Solutions Limited), a management buy-out vehicle. The run-off activity of the former is reported as a discontinued operation, whilst that of the latter is reported as a continuing operation.

Operating Risk Statement

The Group has established risk management procedures, involving the identification, control and monitoring of risks at various levels within the organisation. However, there are other significant risks out of the Group's control which could affect its business, which include but are not limited to the following:

Risks common to the Group

Funding – The Group must have sufficient cash resources and facilities to finance its operations.

Health & Safety – The Group must have adequate systems and procedures in place to mitigate, as far as possible, the dangers inherent in the execution of work in the Group's continuing businesses.

People – The Group must attract and retain the right people to ensure the Group's long-term success.

Insurance – The Group must maintain suitable insurance arrangements to underpin and support the many areas in which the Group is exposed to risk or loss.

Information Technology – The Group must have suitable systems to ensure that a reliable flow of information operates throughout the Group and that the risk of system loss is mitigated by appropriate contingency plans.

Risks specific to Gleeson Regeneration & Homes

Economic Conditions – The housebuilding industry is sensitive to availability of mortgage finance, employment levels, private and buy-to-let housing demand, interest rates, and consumer confidence.

Risks specific to Gleeson Strategic Land

Planning – The uncertainty resulting from the coalition government's amendments to the planning system may impact upon the timing of achieving planning consents.

Risks specific to Gleeson Capital Solutions

Government Policy – The business unit is dependent upon the Government's continued commitment to PFI procurement as a means of funding regeneration projects.

Bid Costs – Substantial bid costs can be incurred, without recovery, when seeking to win new projects.

Risks specific to Businesses in Run-off

Engineering and Building Contracting

Completion of retained projects – These businesses must complete outstanding work on retained projects within the provisions made by management.

Latent defects – The Group is exposed to any latent defects that may arise within 12 years of completion of a project. Rectification of the defects must be completed within the provisions made by management.

Performance

Gleeson Regeneration & Homes

The business unit's results for the year were as follows:

	2010	2009
Revenue	£22.7m	£39.8m
Operating Loss	£1.3m	£33.3m

Included within these results were the following exceptional items:

	2010	2009
Non-cash valuation write down of land and work in progress	£2.0m	£(27.0)m
Restructuring costs	-	£(0.3)m
	£2.0m	£(27.3)m

Gleeson Regeneration & Homes

Jolyon Harrison was appointed Managing Director of this business unit in November 2009.

In response to historically low levels of customer demand, the business unit has placed a strong emphasis on conserving cash, reducing overhead and construction cost, and rigorously aligning construction work in progress to sales rates. The number of house types has been reduced, build specifications have been simplified and new build methods and procedures have been implemented to improve efficiency and drive down costs.

The business unit has seven regeneration sites, all of which – apart from Ashford, Kent - are in the North of England. In addition, the business unit has two non-regeneration sites, one of which is in the North of England. During the year, the business unit purchased one site and subsequent to the year end it conditionally purchased a further four sites.

During the year, 174 (2009: 313) units were sold, of which private sales totalled 129 (2009: 156) and sales to RSLs totalled 45 (2009: 157). ASP for private sales was £140,000 (2009: £130,000) and for sales to RSLs was £103,000 (2009: £97,000). The increase in ASP for private sales reflected a change in product mix year-on-year with a higher proportion of units being sold off in the South.

Unit sales as recognised in Revenue

	2010	2010	2010	2009	2009	2009
			ASP			ASP
	Units	%	£'000	Units	%	£'000
Private Sales	129	74	140	156	50	130
RSL Sales	45	26	103	157	50	97
Total	174	100	131	313	100	112

Unit sales as Handed Over

	2010	2010	2010	2009	2009	2009
			ASP			ASP
	Units	%	£'000	Units	%	£'000
Private Sales	129	67	140	156	41	130
RSL Sales	64	33	104	221	59	97
Total	193	100	128	377	100	112

Market sector analysis

	2010	2010	2010	2009	2009	2009
			ASP			ASP
	Units	%	£'000	Units	%	£'000
Private Sales – 1 & 2 beds	55	28	102	63	17	97
Private Sales – 3 beds	56	30	150	57	15	142
Private Sales – 4 beds	15	8	154	30	8	154
Private Sales – 5 or more beds	3	1	498	6	2	264
RSL Sales	64	33	104	221	59	99
Total	195	100	127	377	100	112

Product mix analysis

	2010	2010	2010	2009	2009	2009
			ASP			ASP
	Units	%	£'000	Units	%	£'000
Apartments	35	18	123	52	13	88
Three storey	1	1	625	40	11	141
Room in roof	5	2	359	10	3	267
Traditional – other	88	46	126	54	14	138
RSL Sales	64	33	104	221	59	99
Total	193	100	127	377	100	112

Gleeson Strategic Land

	2010	2009
Revenue	£10.5m	£1.1m
Operating Profit/(Loss)	£2.2m	£(5.9)m

The business unit completed three significant land sales in the year and sold off a smaller parcel of land and some houses. A number of the major housebuilders have re-entered the land market in order to replenish their depleted land stocks and the business unit anticipates selling two significant residential sites during the remainder of the current financial year. In addition, it will shortly be marketing a small commercially consented site in Kent.

During the year, three new options were secured covering 195 acres. In addition, heads of terms have been agreed for a further seven options covering 230 acres.

At the year end, the portfolio totalled 3,862 acres (2009: 3,755 acres), most of which are in Southern England (Buckinghamshire, Dorset, Essex, Hampshire, Hertfordshire, Kent, Oxfordshire, Surrey, Sussex and Wiltshire).

Regional Planning Policy – The previous Government's Regional Planning Policy has been abandoned as part of a move away from a "Top Down" approach to housing delivery in favour of a policy of "localism", which permits Local Authorities to identify their own housing number requirements. We await firm details of how this will evolve and to what extent it will impact upon our business in terms of both constraints and opportunities.

Planning Applications – There is currently one planning application for a 152 unit site awaiting consent. A further three applications are to be lodged in the near future. These are expected to deliver circa 350 units.

Planning Consents – During the year, planning consent was secured on four sites, which means that the Group currently holds in excess of 1,250 plots of consented residential land.

Gleeson Capital Solutions

Gleeson Capital Solutions holds investments in four PFI projects, namely Grove Village, an estate regeneration project in Manchester; Stanhope, an estate regeneration project in Ashford, Kent; Avantage, an extra care homes project in Cheshire; and Leeds Independent Living, a social housing project in Leeds. During the year, the project in Cheshire achieved build completion.

	2010	**2009**
Revenue	-	-
Operating Profit/(Loss)	£0.3m	(£0.6m)

During the year, no projects achieved financial close (2009: none).

The business unit is currently bidding for a regeneration project in Manchester. In the year, speculative bid costs of £0.1m (2009: £0.3m) were incurred, which were expensed.

Powerminster Gleeson Services

	2010	**2009**
Revenue	£17.4m	£18.7m
Operating Profit	£0.6m	£1.0m
Operating Margin	3.6%	5.3%

On 30 June 2010, the Group sold Powerminster Gleeson Services to Morgan Sindall Group plc.

Gleeson Commercial Property Developments

Although the results of this business are included within continuing operations, the business is in run-off, as announced on 30 March 2007.

During the year, the Group disposed of the five remaining commercial property sites generating a turnover of £13.2m (2009: £2.1m). An operating profit of £0.5m (2009: loss £8.0m) was recorded including an exceptional credit of £0.7m (2009: charge £7.5m), which related to the partial reversal of asset valuation write-downs.

The Group has now concluded the disposal of its commercial property developments.

Gleeson Construction Services

CONTINUING OPERATIONS

	2010	**2009**
Revenue	£0.1m	£0.0m
Operating Loss	£(0.1)m	£(0.1)m

The Group retained sufficient assets and liabilities after the disposal of its Gleeson Building Contracting Division in August 2005 for the results of these retained assets and liabilities to be classified as continuing.

The business unit continued to resolve contractual matters within the provisions set by management, with the loss recorded being its running costs.

DISCONTINUED OPERATIONS

	2010	**2009**
Revenue	£0.7m	£3.8m
Operating Loss	£(0.1)m	£(0.2)m

The Group disposed of sufficient assets and liabilities of its Gleeson Engineering Division in October 2006 such that the results of these retained assets are classified as discontinued.

The retained element of the Gleeson Engineering Division recorded an operating loss for the year of £0.1m (2009: £0.2m), which represented its running costs.

Group Activities

The charge for the year, which relates to the Board, Company Secretariat and Group Finance, was £1.9m (2009: £3.6m), of which £nil (2009: £0.6m) was exceptional.

FINANCE REVIEW

Overview

The financial results for the year reflected the continuing uncertain trading environment.

The profit before tax from continuing operations of £0.4m (2009: loss £50.1m) included exceptional credits of £3.5m (2009: charge £41.3m). The exceptional credits comprise the partial reversal of asset valuation write-downs, with £2.8m relating to Gleeson Regeneration & Homes and £0.7m to Gleeson Commercial Property Developments.

Key Performance Indicators

	2010	2009
Continuing Operations		
Revenue	**£46.5m**	**£43.0m**
Operating Loss	**£(0.3)m**	**£(51.6)m**

Continuing Operations

Gleeson Regeneration & Homes recorded an operating loss of £1.3m (2009: £33.3m) on revenue of £22.7m (2009: £39.8m). Included within the operating loss is an exceptional credit of £2.8m (2009: charge £27.8m), which related to the partial reversal of asset valuation write-downs. The accounting treatment of the only regeneration site to be accounted for as a long term contract was changed during the year to a unit sales basis, which is now consistent with the Group's other housebuilding projects. The change was made in light of guidance provided by IFRIC 15 Agreements for the Construction of Real Estate, which the Group has adopted early.

Gleeson Strategic Land recorded an operating profit of £2.2m (2009: loss £5.9m) on revenue of £10.5m (2009: £1.1m). There were no exceptional items within the operating result for the year (2009: charge £5.5m).

Gleeson Capital Solutions recorded an operating profit of £0.3m (2009: loss £0.6m) on revenue of £nil (2009: £nil). There were no exceptional items within the operating result for the year (2009: charge £0.5m). No projects for which Gleeson Capital Solutions is bidding achieved financial close during the year.

Gleeson Commercial Property Developments made an operating profit of £0.5m (2009: loss £8.0m) on revenue of £13.2m (2009: £2.1m). Included within the operating profit is an exceptional credit of £0.7m (2009: charge £7.5m), which related to the partial reversal of asset valuation write-downs.

Gleeson Construction Services, the continuing element of which comprises the run-off of the Gleeson Building Contracting Division, recorded revenue of £0.1m (2009: £nil), on which an operating loss of £0.1m (2009: £0.1m) was recorded.

Discontinued Operations

Discontinued operations comprise Powerminster Gleeson Services, which was sold to Morgan Sindall Group on 30 June 2010, and Gleeson Construction Services, being those assets and liabilities of the Gleeson Engineering Division which were not sold to Black & Veatch in October 2006.

Powerminster Gleeson Services recorded an operating profit of £0.6m (2009: £1.0m) on revenue of £17.4m (2009: £18.7m). The profit on the sale of Powerminster Gleeson Services totalled £1.9m.

The Gleeson Engineering Division of Gleeson Construction Services generated revenue of £0.7m (2009: £3.8m). An operating loss of £0.1m (2009: loss £0.2m) was recorded.

Interest

Net interest income of £0.8m (2009: £0.9m) was lower due to reduced average net cash balances maintained by the Group, along with reduced interest rates.

Tax
A net tax credit for continuing operations, excluding tax for joint ventures, of £0.2m (2009: charge £2.6m) has been recorded in the Income Statement. The Group now has £89.9m (2009: £89.0m) of tax losses which can be carried forward indefinitely.

The total tax credit, including tax on discontinued operations and tax attributable to joint ventures, was £0.1m (2009: charge £1.9m). The net deferred tax asset recorded within the Balance Sheet totals £1.1m (2009: £0.6m).

Earnings per Share
Basic and diluted earnings per share were 6.0p (2009: loss 98.7p). For continuing operations only, the basic and diluted earnings per share were 1.3p (2009: loss 102.3p).

Dividend
During the year, the Group reviewed its short and long term cash needs and concluded that the Group had cash in excess of its requirements. Accordingly, the Board decided to pay a special dividend of 15p a share on 31 March 2010. The dividend payment totalled £7.9m.

The Board does not propose a final dividend for the year ended 30 June 2010.

Acquisitions
The Group acquired the balance of the share capital of two joint ventures during the year. In October 2009, the Group acquired the 50% of the share capital of Oakmill Properties Limited ("Oakmill") that it did not own for £1. Oakmill had developed a residential and commercial site in Barnes, London and at the time of acquisition the residential properties had yet to be sold. The remaining properties in the development were sold during the year.

In February 2010, the Group acquired the 50% of the share capital of Denbigh Gleeson (Cap Green) Limited ("Denbigh") that it did not own for £1. Denbigh had developed a commercial site in Luton, which at the time of the acquisition was partly let. The Group sold the freehold of the site during the year.

Disposals
The Group sold Powerminster Gleeson Services Limited to Morgan Sindall Group plc on 30 June 2010. The cash proceeds totalled £6.6m, with the net cash inflow of £3.8m after taking account of the costs of disposal and cash transferring with the company. The gain on disposal, after tax, totalled £1.9m. As the disposal occurred on the final day of the financial year, the trading results of Powerminster Gleeson Services for the full year have been included within the Group's results. The entity is treated as a discontinued operation and prior year results have been restated within the Income Statement.

Balance Sheet
At 30 June 2010, shareholders' funds totalled £97.8m (2009: £102.4m). Non-current assets decreased to £16.6m (2009: £22.1m) due to the reduction of plant and equipment with the disposal of Powerminster Gleeson Services and a reduction in the loans to joint ventures. Net current assets were broadly in line with the prior year at £84.3m (2009: £84.4m).

Cash Flow
The Group generated a cash inflow for the year of £7.5m (2009: £11.0m), resulting in a net cash balance at 30 June 2010 of £18.4m (2009: £10.9m).

Operating cash flows, including working capital movements, generated £14.2m (2009: utilised £20.4m). There were no taxes paid or received during the year (2009: net receipt £3.4m). Cash inflows from investing activities totalled £1.4m (2009: £6.4m), with £3.8m net receipt from the sale of Powerminster Gleeson Services set off by £2.8m cash outflow from loans to joint ventures and other investments. Net cash flows from financing activities utilised £7.9m (2009: £nil), due to dividend payments (2009: £nil).

Treasury Risk Management
The Group's cash balances are centrally pooled and invested, ensuring the best available returns are achieved consistent with retaining sufficient liquidity for the Group's operations. The Group only deposits funds with financial institutions which have a minimum credit rating of AA.

As the Group operates wholly within the UK, there is no requirement for currency risk management.

Bank Facilities
Following a review of the Group's banking facilities, which were to expire in June 2010, the Board concluded that the Group had no further need for its revolving credit facility and terminated this in March 2010.

The review of the Group's banking needs demonstrated that the only requirement was for a letter of credit facility. Subsequent to the year end, the Group signed a £5m letter of credit and bonding facility with Santander.

Pension
The Group contributes to a defined contribution pension scheme. A charge of £0.6m (2009: £0.7m) was recorded in the Income Statement for pension contributions. The Group has no exposure to defined benefit pension plans.

Going Concern
The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described above. In addition, the notes to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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 in the foreseeable future.

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 annual Report and Accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	2010 Before exceptional items	2010 Exceptional items Note 4	2010	2009 Before exceptional items Restated Note 9	2009 Exceptional items Note 4 Restated Note 9	2009 Restated Note 9
	£000	£000	£000	£000	£000	£000
Continuing operations						
Revenue	**46,534**	**-**	**46,534**	43,030	-	43,030
Cost of sales	**(43,507)**	**2,803**	**(40,704)**	(41,760)	(33,917)	(75,677)
Gross profit/(loss)	**3,027**	**2,803**	**5,830**	1,270	(33,917)	(32,647)
Administrative expenses	**(7,281)**	**710**	**(6,571)**	(12,408)	(7,341)	(19,749)
Profit on sale of investment and owner-occupied properties	**57**	**-**	**57**	340	-	340
Share of profit of joint ventures (net of tax)	**361**	**-**	**361**	498	-	498
Operating (loss)/profit	**(3,836)**	**3,513**	**(323)**	(10,300)	(41,258)	(51,558)
Financial income	**1,086**	**-**	**1,086**	1,444	-	1,444
Financial expenses	**(316)**	**-**	**(316)**	(576)	-	(576)
Profit/(loss) before tax	**(3,066)**	**3,513**	**447**	(9,432)	(41,258)	(50,690)
Tax	**235**	**-**	**235**	(2,609)	-	(2,609)
Profit/(loss) for the year from continuing operations	**(2,831)**	**3,513**	**682**	(12,041)	(41,258)	(53,299)
Discontinued operations						
Profit for the year from discontinued operations (net of tax) and gain from sale of discontinued operation			**2,455**			1,844
Profit/(loss) for the year attributable to equity holders of the parent company			**3,137**			(51,455)
Other comprehensive income						
Cash flow hedges			**(75)**			-
Total comprehensive income for the year			**3,062**			(51,455)
Earnings/(loss) per share attributable to equity holders of parent company						
Basic and diluted			**6.00**			(98.71)
Earnings/(loss) per share from continuing operations						
Basic and diluted			**1.30**			(102.25)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2010

	Group		
	2010	2009	2008
	£000	£000	£000
		Restated	Restated
		Note 9	Note 9
Non-current assets			
Property, plant and equipment	**150**	1,650	1,875
Investment properties	**873**	1,140	3,278
Investments in joint ventures	**2,124**	1,888	3,050
Loans and other investments	**9,380**	14,582	21,860
Trade and other receivables	**3,012**	1,962	11,674
Deferred tax assets	**1,053**	862	3,889
	16,592	22,084	45,626
Current assets			
Inventories	**76,077**	73,702	107,829
Trade and other receivables	**20,266**	33,355	35,561
UK corporation tax	**22**	2	2,130
Cash and cash equivalents	**18,423**	10,926	21,875
	114,788	117,985	167,395
Total assets	**131,380**	140,069	213,021
Non-current liabilities			
Provisions	**(3,063)**	(3,803)	(4,364)
Deferred tax liabilities	**-**	(291)	(328)
	(3,063)	(4,094)	(4,692)
Current liabilities			
Trade and other payables	**(28,898)**	(31,914)	(51,326)
Provisions	**(1,571)**	(1,624)	(3,266)
UK corporation tax	**(5)**	(5)	-
	(30,474)	(33,543)	(54,592)
Total liabilities	**(33,537)**	(37,637)	(59,284)
Net assets	**97,843**	102,432	153,737
Equity			
Share capital	**1,053**	1,052	1,047
Share premium account	**5,969**	5,861	5,611
Capital redemption reserve	**120**	120	120
Retained earnings	**90,701**	95,399	146,959
Total equity	**97,843**	102,432	153,737

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2010

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000 Restated Note 9	**Total £000 Restated Note 9**
At 1 July 2008	1,047	5,611	120	152,461	**159,239**
Effect of change in accounting policy (Note 9)	-	-	-	(5,502)	**(5,502)**
At 1 July 2008 (restated)	1,047	5,611	120	146,959	**153,737**
Total comprehensive income for the period					
Loss for the period	-	-	-	(51,455)	**(51,455)**
Total comprehensive income for the period	**-**	**-**	**-**	(51,455)	**(51,455)**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	5	250	-	-	**255**
Purchase of own shares	-	-	-	(161)	**(161)**
Share-based payments	-	-	-	56	**56**
Transactions with owners, recorded directly in equity	5	250	-	(105)	**150**
At 30 June 2009	1,052	5,861	120	95,399	**102,432**
Total comprehensive income for the period					
Profit for the period	-	-	-	3,137	**3,137**
Other comprehensive income					
Cash flow hedges	-	-	-	(75)	**(75)**
Total comprehensive income for the period	-	-	-	3,062	**3,062**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	1	108	-	-	**109**
Purchase of own shares	-	-	-	(108)	**(108)**
Share-based payments	-	-	-	220	**220**
Dividends	-	-	-	(7,872)	**(7,872)**
Transactions with owners, recorded directly in equity	1	108	-	(7,760)	(7,651)
At 30 June 2010	1,053	5,969	120	90,701	**97,843**

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 30 June 2010

	2010 £000	2009 £000 Restated Note 9
Operating activities		
Profit/(loss) before tax from continuing operations	**447**	(50,690)
Profit before tax from discontinued operations	**2,455**	963
	2,902	(49,727)
Depreciation of property, plant and equipment	**251**	289
Goodwill on acquisition of subsidiaries	**(50)**	-
(Restatement)/impairment of loans to joint ventures	**(710)**	5,950
Share-based payments	**220**	56
Profit on sale of investment and owner-occupied properties	**(57)**	(340)
Profit on sale of other property, plant and equipment	**-**	(22)
Profit on disposal of investment in subsidiary	**(1,936)**	-
Share of profit of joint ventures (net of tax)	**(361)**	(498)
New ground rents capitalised	**-**	(3)
Financial income	**(1,086)**	(1,628)
Financial expenses	**316**	576
Operating cash flows before movements in working capital	**(511)**	(45,347)
Decrease in inventories	**7,026**	34,127
Decrease in receivables	**9,233**	12,645
Decrease in payables	**(1,569)**	(21,798)
Cash generated/(utilised) from operating activities	**14,179**	(20,373)
Tax received	**-**	3,398
Tax paid	**(2)**	-
Interest paid	**(237)**	(490)
Net cash flows from operating activities	**13,940**	(17,465)
Investing activities		
Proceeds from disposal of subsidiary undertakings, net of cash disposed	**3,816**	-
Proceeds from dissolution of investments in joint ventures	**-**	1,659
Proceeds from disposal of investment and owner-occupied properties	**324**	2,492
Proceeds from disposal of other property, plant and equipment	**1**	42
Interest received	**291**	910
Purchase of property, plant and equipment	**(195)**	(84)
Net (increase)/decrease in loans to joint ventures and other investments	**(2,809)**	1,403
Net cash flows from investing activities	**1,428**	6,422
Financing activities		
Proceeds from issue of shares	**109**	255
Purchase of own shares	**(108)**	(161)
Dividends paid	**(7,872)**	-
Net cash flows from financing activities	**(7,871)**	94
Net increase/(decrease) in cash and cash equivalents	**7,497**	(10,949)
Cash and cash equivalents at beginning of year	**10,926**	21,875
Cash and cash equivalents at end of year	**18,423**	10,926

Notes

1. Accounting policies

Statement of compliance
Both the Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs").

Notes on the preliminary statement
The financial information set out above does not constitute the company's statutory accounts for the years ended 30 June 2010 or 2009, but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies, and those for 2010 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Cautionary statement
This 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 Report should be construed as a profit forecast.

Directors' liability
Neither the Company nor the Directors accept any liability to any person in relation to this 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 Markets Act 2000.

Basis of preparation
Assets and liabilities in the financial statements have been valued at historic cost except where otherwise indicated in these accounting policies.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates include the carrying value of land held for development, work in progress, investment in subsidiaries, loans to joint ventures, amounts recoverable on contracts and trade receivables.

The Company has taken advantage of section 408 of the Companies Act 2006 and consequently the Income Statement of the parent company is not presented as part of these accounts. The loss of the parent company for the financial year amounted to £57,520,000 (2009: £1,078,000).

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The following accounting policy changes have been made:

Changes in accounting policies
1) Overview
As of 1 July 2009, the Group has changed its accounting policies in the following areas:
• Determination and presentation of operating segments
• Presentation of financial statements
• Agreements for the construction of real estate

2) Determination and presentation of operating segments
As of 1 July 2009, the Group determines and presents operating segments based on the information that internally is provided to the Group Chief Executive, who is the Group’s chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Comparative segment information has been re-presented in conformity with the transitional

requirements of the standard. Since the change in accounting policy only impacts presentation and disclosure aspect, there is no impact on earnings per share.

3) Presentation of financial statements
The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective for periods beginning on or after 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects there is no impact on earnings per share.

4) Agreements for the construction of real estate
As of 1 July 2009, the Group has changed the accounting treatment for one of its regeneration sites from complying with IAS 11 "Long Term Contract Accounting" to complying with the sale of goods within the scope of IAS 18 "Revenue". The change in accounting policy is due to the issuance of IFRIC 15 "Agreements for the Construction of Real Estate", which provides guidance on how certain agreements should be accounted for.

Following the change in policy, revenue from the Grove Village project is now recognised when contracts to sell the property are completed and title has passed. Previously, revenue was based upon costs incurred plus sales margin. The change in policy has been implemented in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", with comparative figures being restated. The detail of the changes in accounting policy are set out in Note 9.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings. Joint ventures are accounted for using the equity method of accounting.

Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the fair value of consideration given for the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. In circumstances where the fair values of the identifiable net assets exceed the cost of acquisition, the excess is immediately recognised in the income statement.

Revenue recognition
Revenue represents the fair value of work done on contracts performed during the year on behalf of customers or the value of goods and services delivered to customers. Revenue is recognised as follows:

* Revenue from construction services activities represents the value of work carried out during the year, including amounts not invoiced.
* Revenue from property sales is recognised at the earlier of when contracts to sell are completed and title has passed or when unconditional contracts to sell are exchanged.
* Revenue from homes sales, other than construction contracts, is recognised when contracts to sell are completed and title has passed.
* Revenue from rental income from investment properties is recognised as the Group becomes entitled to the income.

Revenue and margin on construction contracts are recognised by reference to the stage of completion of the contract at the accounts date. The stage of completion is determined by valuing the cost of the work completed at the accounts date and comparing this to the total forecasted cost of the contract. Full provision is made for all forecasted losses. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue and that they are capable of being reliably measured.

Prudent provision against claims from customers or third parties is made in the year in which the Group becomes aware that a claim may arise.

Exceptional items
Items that are both material in size and unusual or infrequent in nature are presented as exceptional items in the income statement. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Examples of events that may give rise to the classification of items as exceptional are the restructuring of existing and newly-acquired businesses, gains or losses on the disposal of businesses or individual assets and asset impairments, including land, work in progress and amounts recoverable on construction contracts.

Restructuring costs
Restructuring costs are recognised as exceptional items in the income statement when the Group has a detailed plan that has been communicated to the affected parties. A liability is accrued for unpaid restructuring costs.

Leasing
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Finance income and expenses
Finance income comprises interest income on funds invested, dividend income and the unwinding of discounts on deferred receipts. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings and unwinding of the discount on deferred payments and provisions. All borrowing costs are recognised in the income statement using the effective interest method.

Amounts due from construction contract customers
Amounts due from construction contract customers represent the value of work carried out at the balance sheet date, less a provision for foreseeable losses less progress billings (see revenue recognition accounting policy).

Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgement and sources of estimation uncertainty at the balance sheet date are:

Land and work-in-progress
Valuations which include an estimation of costs to complete and remaining revenues are carried out at regular intervals throughout the year, during which site development costs are allocated between units built in the current year and those to be built in future years. These assessments include a degree of inherent uncertainty when estimating the profitability of a site and in assessing any impairment provisions which may be required.

The Group conducted a review of inventory and, following cost savings and improvements in sales values, impairments which had been made in the prior year were reversed to the extent that they were no longer required. The review was conducted on a site by site basis, using valuations that incorporated selling price, based on local management and the Board’s assessment of market conditions existing at the balance sheet date.

Investments and investments in subsidiaries
Investments and investments in subsidiaries are stated at the lower of cost and net realisable value, which is dependent upon management's assessment of future trading activity and is therefore subject to a degree of inherent uncertainty.

Loans to joint ventures
Loans to joint ventures are stated at the lower of the value of the loan and net realisable value, which is dependent upon management's assessment of future trading activity of the joint venture and is therefore subject to a degree of inherent uncertainty.

Amounts recoverable on contracts and trade receivables
Management has reviewed the recoverability of amounts recoverable on contracts and trade receivables and, following significant write downs in the prior year, no further provisions were deemed to be required.

Available for sale financial assets (shared equity)
Management has reviewed the valuation of the available for sale financial assets in light of current market conditions, expected house price inflation, cost of money and the expected time to realisation of the assets.

2. Segmental analysis

For management purposes, the Group is organised into the following six 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.
- Powerminster Gleeson Services includes the provision of property maintenance, installation and facilities management in the construction industry in the UK. This division was sold on 30 June 2010.
- Gleeson Commercial Property Developments is engaged in commercial property development in the UK
- Gleeson Construction Services includes constructions services in the UK.

In prior years, the operating divisions Gleeson Regeneration & Homes, and Gleeson Strategic Land were reported as a single division. The revised segments reflect the basis of how the operating results of the business are reviewed by the Group Chief Executive and the Board in accordance with IFRS 8. There have been no further changes in the analysis.

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

	2010 £000	2009 £000 Restated Note 9
Revenue		
Continuing activities:		
Gleeson Regeneration & Homes	**22,741**	39,815
Gleeson Strategic Land	**10,490**	1,066
Gleeson Capital Solutions	**-**	30
Gleeson Commercial Property Developments	**13,231**	2,086
Gleeson Construction Services	**72**	33
	46,534	43,030
Discontinued activities:		
Gleeson Construction Services	**666**	3,828
Powerminster Gleeson Services	**17,419**	18,681
	18,085	22,509
Total revenue	**64,619**	65,539
Profit/(loss) on activities		
Gleeson Regeneration & Homes	**(1,307)**	(33,256)
Gleeson Strategic Land	**2,191**	(5,904)
Gleeson Capital Solutions	**282**	(614)
Gleeson Commercial Property Developments	**480**	(8,028)
Gleeson Construction Services	**(68)**	(142)
	1,578	(47,944)
Group Activities	**(1,901)**	(3,614)
Financial income	**1,086**	1,444
Financial expenses	**(316)**	(576)
Profit/(loss) before tax	**447**	(50,690)
Tax	**235**	(2,609)
Profit/(loss) for the year from continuing operations	**682**	(53,299)
Profit for the year from discontinued operations and gain on sale of discontinued operations (net of tax)	**2,455**	1,844
Profit/(loss) for the year attributable to equity holders of the parent company	**3,137**	(51,455)

All rental incomes from investment properties, totalling £18,000 (2009: £84,000), are reported within the Gleeson Commercial Property Developments segment, with the balance of the Gleeson Commercial Property Developments segment revenue being sale of commercial properties. All revenue for the Gleeson Construction Services segment is in relation to long term contracts. The revenue in the Gleeson Regeneration & Homes segment relates to the sale of residential properties and land. Service revenues are reported by Gleeson Capital Solutions.

3. 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.

On 30 June 2010, the Group disposed of the Powerminster Gleeson Services division to Morgan Sindall Group Plc. The results for the year have been restated to reflect the discontinued nature of this division.

	2010 £000	2009 £000 Restated Note 9
Revenue	**18,085**	22,509
Cost of sales	**(15,514)**	(19,585)
Gross profit	**2,571**	2,924
Administrative expenses	**(2,052)**	(2,145)
Operating profit	**519**	779
Gain on disposal of discontinued operations	**1,936**	-
Financial income	**-**	184
Profit before tax	**2,455**	963
Tax	**-**	881
Profit for the year from discontinued operations	**2,455**	1,844

The post-tax gain on the disposal of discontinued operations was determined as follows:

	2010 £000	**2010 £000**
Consideration received, satisfied in cash		**6,610**
Property, plant and equipment	**1,443**	
Deferred tax assets	**25**	
Trade and other receivables	**3,339**	
Cash and cash equivalents	**1,785**	
Trade and other payables	**(2,636)**	
Deferred tax liabilities	**(291)**	
		(3,665)
Gain before costs		**2,945**
Costs relating to sale		**(1,009)**
Gain on disposal of discontinued operations		**1,936**

Effect of disposal on the financial position of the Group

	2010
	£000
Consideration received, satisfied in cash	**6,610**
Costs relating to sale	**(1,009)**
Cash and cash equivalents disposed of	**(1,785)**
Net cash inflow	**3,816**

Earnings per share – impact of discontinued operations

	2010	2009
	p	p
		Restated
		Note 9
Basic	**4.70**	3.54
Diluted	**4.70**	3.54

The cash flow statement includes the following relating to operating profit on discontinued operations:

	2010	2009
	£000	£000
		Restated
		Note 9
Operating activities	**2,455**	963
	2,455	963

4. Exceptional items

Impairment of inventories and contract provisions
At 30 June 2010, the Group conducted a review of the net realisable value of the land and work in progress carrying values of its sites in the light of the condition of the UK housing market. In the prior year, where the estimated net present realisable value was less than its carrying value within the balance sheet, the Group impaired the carrying value. In the current year, 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.

Impairment of amounts due from construction contracts
At 30 June 2010, the Group conducted a review of the net realisable value of amounts due from construction contracts in the light of the condition of the UK housing market. In the prior year, where the estimated net present realisable value was less than its carrying value within the balance sheet, the Group impaired the carrying value.

Impairment of loans to joint ventures
At 30 June 2010, the Group conducted a review of the net realisable value of loans to joint ventures in the light of the condition of the UK commercial property market. In the prior year, where the estimated net present realisable value was less than its carrying value within the balance sheet, the Group impaired the carrying value. Where the estimated net present realisable value of a previously impaired loan is more than its carrying value within the balance sheet, the Group has reversed the impairment previously made.

Restructuring costs
During the prior year, the Group incurred significant costs in relation to reorganising and restructuring the business, including redundancy costs, where existing employees could not be retained within the Group.

Exceptional income/(costs) may be summarised as follows:

	2010 £000	2009 £000 Restated Note 9
Re-instatement/(impairment) of inventories and contract provisions	**2,803**	(33,917)
Re-instatement/(impairment) of loans to joint ventures	**710**	(5,950)
Restructuring costs	**-**	(1,391)
	3,513	(41,258)

	2010 £000	2009 £000 Restated Note 9
Gleeson Regeneration & Homes	**2,803**	(27,250)
Gleeson Strategic Land	**-**	(5,452)
Gleeson Capital Solutions	**-**	(469)
Gleeson Commercial Property Developments	**710**	(7,513)
Group Activities	**-**	(574)
	3,513	(41,258)

5. Financial income and expenses

	Continuing operations		Discontinued operations		Total	
	2010 £000	2009 £000 Restated	**2010 £000**	2009 £000	**2010 £000**	2009 £000 Restated
Financial income						
Interest on bank deposits	**60**	144	**-**	-	**60**	144
Interest on joint venture loans	**416**	159	**-**	-	**416**	159
Other interest	**172**	459	**-**	184	**172**	643
Unwinding of discount on deferred receipts	**438**	682	**-**	-	**438**	682
	1,086	1,444	**-**	184	**1,086**	1,628
Financial expenses						
Interest on bank overdrafts and loans	**(2)**	(16)	**-**	-	**(2)**	(16)
Bank charges	**(164)**	(301)	**-**	-	**(164)**	(301)
Unwinding of discount on deferred payments	**(150)**	(259)	**-**	-	**(150)**	(259)
	(316)	(576)	**-**	-	**(316)**	(576)
Net financial income	**770**	868	**-**	184	**770**	1,052

Financial expenses have been restated to analyse separately interest on bank overdrafts and loans, and bank charges. The restatement has no impact on the income statement or net assets.

6. Tax

	Continuing operations		Discontinued operations		Total	
	2010	2009	**2010**	2009	**2010**	2009
	£000	£000 Restated Note 9	**£000**	£000 Restated Note 9	**£000**	£000 Restated Note 9
Current tax:						
Corporation tax	**-**	-	**-**	-	**-**	-
Adjustment in respect of prior years	**(19)**	(338)	**-**	(924)	**(19)**	(1,262)
	(19)	(338)	**-**	(924)	**(19)**	(1,262)
Deferred tax:						
Current year (credit)/expense	**(63)**	2,947	**-**	43	**(216)**	2,990
Adjustment in respect of prior years	**(153)**	-	**-**	-	**-**	-
Corporation tax (credit)/expense for the year	**(235)**	2,609	**-**	(881)	**(235)**	1,728
Joint ventures tax expense for the year	**141**	189	**-**	-	**141**	189
Total tax	**(94)**	2,798	**-**	(881)	**(94)**	1,917

Corporation tax was 28% for 2010 (2009: 28%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2010	2009
	£000	£000 Restated
Profit/(loss) before tax on continuing operations	**447**	(50,690)
Add joint venture tax for the year	**141**	189
	588	(50,501)
Profit before tax from discontinued operations	**2,455**	963
Profit/(loss) before tax	**3,043**	(49,538)
Tax charge at standard rate	**852**	(13,871)
Tax effect of:		
Non-taxable profits on disposal of discontinued operations	**(700)**	-
Expenses that are not deductible in determining taxable profits	**97**	(18)
Tax reliefs not recognised in the income statement	-	(35)
Losses arising in the year carried forward	**329**	12,629
Utilisation of tax losses not previously recognised	**(500)**	(3)
Losses from prior years no longer recognised	-	2,812
Adjustments in respect of prior years	**(172)**	403
Tax (credit)/charge and effective tax rate for the year	**(94)**	1,917

The 2009 results have been restated for the reclassification of the Powerminster Gleeson Services division as discontinued following the sale of the division on 30 June 2010. See Note 9.

7. Dividends

	2010	2009
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Special dividend paid on 31 March 2010 of 15p (2009: nil p) per share	**7,872**	-
	7,872	-
There is no final dividend proposed for the year ended 30 June 2010 (2009: nil p per share)	**-**	-

8. Earnings/(loss) per share

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

Earnings

	2010	2009
	£000	£000
		Restated
		Note 9
Earnings for the purposes of basic earnings per share, being net profit or loss attributable to equity holders of the parent company		
Profit/(loss) from continuing operations	**682**	(53,299)
Profit from discontinued operations	**2,455**	1,844
Profit/(loss) for the purposes of basic and diluted earnings per share	**3,137**	(51,455)

Number of shares

	2010	2009
	No. 000	No. 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**52,260**	52,126
Effect of dilutive potential ordinary shares:		
Share options	**-**	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**52,260**	52,126

From continuing operations

	2010	2009
	p	p
Basic and diluted	**1.30**	(102.25)

From discontinued operations

	2010	2009
	p	p
Basic and diluted	**4.70**	3.54

From continuing and discontinued operations

	2010	2009
	p	p
Basic and diluted	**6.00**	(98.71)

9. Restatement of comparison

IFRIC 15 'Agreements for the construction of real estate'
IFRIC Interpretation 15 'Agreements for the construction of real estate' was issued on 3 July 2008 and is mandatory for periods beginning on or after 1 January 2010. The Group has taken up the option for the early adoption of IFRIC 15 in these accounts. Following the clarification contained within IFRIC 15, the Group has revised the revenue recognition on the Grove Village regeneration project from that of a long term contract to that of unit sales.

The Group has reported current year results in line with IFRIC 15 and restated both the prior year results and balance sheet.

Disposal of Powerminster Gleeson Services and subsidiaries

On 30 June 2010, the Group disposed of Powerminster Gleeson Services Ltd. The Group has reclassified results in the prior year as discontinued resulting in the restatement of the consolidated statement of comprehensive income.

Effect on consolidated statement of comprehensive income year ended 30 June 2010

	2010 IFRIC 15 adjustment £000
Continuing operations	
Revenue	(352)
Cost of sales	(3)
Gross loss	(355)
Administrative expenses	(232)
Operating loss	(587)

Restatement of consolidated statement of comprehensive income for the year ended 30 June 2009

	2009 Previously reported £000	2009 IFRIC 15 restatement £000	2009 Powerminster disposal £000	2009 Restated £000
Continuing operations				
Revenue	54,999	6,712	(18,681)	43,030
Cost of sales	(89,552)	(1,915)	15,790	(75,677)
Gross (loss)/profit	(34,553)	4,797	(2,891)	(32,647)
Administrative expenses	(21,444)	(229)	1,924	(19,749)
Profit on sale of investment and owner-occupied properties	340		-	340
Share of profit of joint ventures (net of tax)	498		-	498
Operating (loss)/profit	(55,159)	4,568	(967)	(51,558)
Financial income	1,444	-	-	1,444
Financial expenses	(576)	-	-	(576)
(Loss)/profit before tax	(54,291)	4,568	(967)	(50,690)
Tax	(2,652)	-	43	(2,609)
(Loss)/profit for the year from continuing operations	(56,943)	4,568	(924)	(53,299)
Discontinued operations				
Profit for the year from discontinued operations (net of tax) and gain from sale of discontinued operation	920	-	924	1,844
(Loss)/profit for the year attributable to equity holders of the parent company	(56,023)	4,568	-	(51,455)
Earnings per share attributable to equity holders of parent company				
Basic and diluted	(107.48)	8.77	-	(98.71)
Earnings per share from continuing operations				
Basic and diluted	(109.25)	8.77	(1.77)	(102.25)

Restatement of consolidated statement of comprehensive income for periods prior to the year ended 30 June 2009

	Cumulative adjustment to 2008 and prior periods £000
Continuing operations	
Revenue	(31,299)
Cost of sales	26,597
Gross loss	(4,702)
Administrative expenses	(800)
Operating loss	(5,502)

Restatement of consolidated statement of financial position

	2009 Previously reported £000	2009 IFRIC 15 restatement £000	2009 Restated £000	2008 Previously reported £000	2008 IFRIC 15 restatement £000	2008 Restated £000
Non-current assets	22,084	-	22,084	45,626	-	45,626
Current assets						
Inventories	50,080	23,622	73,702	81,667	26,162	107,829
Trade and other receivables	57,911	(24,556)	33,355	67,225	(31,664)	35,561
UK corporation tax	2	-	2	2,130	-	2,130
Cash and cash equivalents	10,926	-	10,926	21,875	-	21,875
	118,919	(934)	117,985	172,897	(5,502)	167,395
Total assets	141,003	(934)	140,069	218,523	(5,502)	213,021
Total liabilities	(37,637)	-	(37,637)	(59,284)	-	(59,284)
Net assets	103,366	(934)	102,432	159,239	(5,502)	153,737
Equity						
Share capital	1,052	-	1,052	1,047	-	1,047
Share premium account	5,861	-	5,861	5,611	-	5,611
Capital redemption reserve	120	-	120	120	-	120
Retained earnings	96,333	(934)	95,399	152,461	(5,502)	146,959
Total equity	103,366	(934)	102,432	159,239	(5,502)	153,737