MJ GLEESON PLC

Audited results for the year ended 30 June 2015

MJ Gleeson plc, the community regeneration housebuilder and strategic land specialist, is pleased to announce another strong performance with revenue up 44.4%, operating profit from continued operations up 82.7% and a proposed final dividend of 7.3p per share.

	2015	2014	Change
	£m	£m	%
Revenue	117.6	81.4	44.4
Pre-exceptional operating profit*	23.3	11.3	106.7
Operating profit	22.0	12.1	82.7
Pre-exceptional profit before tax*	23.4	11.4	105.9
Profit before tax	17.3	12.2	42.0
Net cash flow from operating & investing activities	8.1	5.7	43.9
Cash and cash equivalents	15.8	13.7	15.5
Net assets	136.5	128.1	6.6
Basic earnings per share (normalised) **	34.2	17.2	99.0
Basic earnings per share	22.8	32.9	(30.8)
Dividend per share	10.0p	6.0p	66.7
Net assets per share	254p	241p	5.5

Notes:

* Pre-exceptional operating profit excludes the impact of the exceptional restructuring costs (£1.2m) in 2015 and the £0.8m reinstatement of inventories in 2014. Pre-exceptional profit before tax also excludes £4.9m provision against investment in GB Group Holding Ltd (2014: nil).

** Normalised basic earnings per share excludes the impact of the exceptional restructuring costs (£1.2m) and provision against investments (£4.9m) in 2015 and the deferred tax credit of £8.3m and £0.8m reinstatement of inventories and contract provisions in 2014

Strong Performance in Both Business Units

- Gleeson Homes:
    - 751 units sold (2014: 561 units)
    - Operating profit increased to £17.4m (2014: £9.4m)
    - Average Selling Price £123,750 (2014: £121,500)
    - Land pipeline, including conditionally purchased sites, of 7,496 plots (2014: 5,065 plots)

- Gleeson Strategic Land:
    - Operating profit of £8.1m (2014: £4.8m)
    - Three land sales completed; unconditional exchange on further two sites, with combined acreage of 62.2 acres
    - Eight new sites secured during the year
    - Portfolio at year end: 68 sites comprising 3,936 acres

- Final dividend of 7.3 pence per share proposed (2014: 4.9 pence per share), resulting in total dividend for the year up 66.7% to 10.0 pence per share (2014: 6.0 pence per share)

Dermot Gleeson, Chairman of MJ Gleeson plc, said:

“Our twin track strategy – the development of low cost homes for open market sale in the North of England and strategic land sales in the South – continues to deliver excellent results, which provide strong grounds for optimism concerning the Group’s future prospects.

“Gleeson Homes is on track to achieve its medium term target of 1,000 unit sales per annum. Moreover, it believes that there are excellent opportunities for further volume growth beyond this figure, primarily through the roll out of its distinctive and highly successful business model across a wider geographical area.

“Meanwhile, Gleeson Strategic Land continues to see robust demand for consented land from a wide range of housebuilders. The division has a strong pipeline of sites, covering 3,936 acres (2014 3,802 acres); and, against the background of the Government’s strong commitment to maintaining the new National Planning Policy Framework it is confident that it will continue to enjoy a high level of success in promoting commercially attractive sites through the planning system.

“Following a robust start to the year, the Board believes the Group has scope to deliver results for the full year towards the upper end of expectations.”

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Chairman’s Statement

I am pleased to be able to report another year of strong and profitable growth.

Gleeson Homes increased unit sales by 33.9% to 751 units (2014: 561 units). Cost pressures continued to be very effectively contained and there was a modest increase in selling prices. The division further increased its land pipeline, taking advantage of the relatively low land prices in our target areas in the North of England to add 33 sites, comprising 3,366 plots, to its development pipeline.

Gleeson Strategic Land increased operating profit by 68.2%.This reflected both a high level of success in securing residential planning consents and the continuing strength of demand for such sites once consented.

Financial Performance

Group revenues increased 44.4% to £117.6m (2014: £81.4m). The Group recorded an operating profit from continuing operations of £22.0m, an increase compared to the previous year of 82.7% (2014: £12.1m). This strong result was after deducting exceptional restructuring costs of £1.2m (2014: £0.8m exceptional credit from the reinstatement of impaired inventory) relating to the introduction of a new parent company. The post-tax loss from discontinued operations was £0.2m (2014: £0.2m).

Pre-exceptional profit before tax was £23.4m. In March 2015 the Group announced that it had been notified that GB Group Holdings, in which Gleeson had a 25% shareholding, had appointed Administrators. The Group has accordingly taken a provision of £4.9m for the carrying value of this investment. After this and the exceptional restructuring costs, reported PBT was £17.3m (2014: £12.2m). Profit for the year attributable to equity holders of the parent company was £12.2m (2014: £17.4m including a non-recurring exceptional deferred tax credit of £8.3m).

Net assets increased by 6.6% to £136.5m (2014: £128.1m), representing net assets per share of 254p (2014: 241p). Cash and cash equivalents at 30 June 2015 totalled £15.8m (2014: £13.7m).

Normalised basic earnings per share, excluding the impact of exceptional costs (£1.2m) and provisions against investments (£4.9m), grew to 34.2p (2014: 17.2p).

Market Context

Gleeson Homes continues to enjoy high levels of demand, in particular from its core customer base of families on low incomes who have a strong desire to own their own home. Reservations in the current year to date are at record levels.

Our customers are continuing to benefit both from the Government’s Help to Buy Scheme, which has been extended to 2020, and from Gleeson Homes’ very rigorous control of costs, which means that our selling prices remain exceptionally affordable. These factors, along with the continuing growth of real incomes, should ensure that any eventual rise in interest rates will have a very limited impact on our customers’ ability to buy.

Gleeson Homes is making excellent progress towards achieving its current strategic objective of 1,000 unit completions per annum. As set out in the Strategic Report, we are reviewing the opportunities for substantial growth beyond this figure, primarily by rolling out the division’s distinctive and highly successful business model across a wider geographical area.

Gleeson Strategic Land is still experiencing robust demand for green field sites in the South of England from a wide range of housebuilders who are keen to take advantage of favourable market conditions. Against the background of the Government’s strong commitment to maintaining the new National Planning Policy Framework, the division is confident that it will continue to enjoy a high level of success in obtaining commercially attractive planning consents.

In the current year, the division has already completed the sale of a 100 acre site with planning consent for a major commercial development; and it expects to sell a number of additional consented sites shortly.

Board and People

During the year the Chief Financial Officer, Alan Martin, resigned in order to pursue other opportunities following the Board's decision to relocate all of the Group's finance function to Sheffield. He has been succeeded by Stefan Allanson. I am delighted to welcome Stefan to the Group, and on behalf of everyone at Gleeson, I'd like to thank Alan once again for his significant contribution over the last eight years.

Employees

The average number of employees during the year increased to 266 (2014: 217). The actual number of employees at the year-end was 290 (2014: 228).

The Group's strong performance during the year reflects the immense commitment and professionalism of our employees. On behalf of the Board, I would like to congratulate and thank them.

Dividends

Reflecting the Group's strong financial performance and our confidence in the prospects for the current year and beyond, the Board is recommending a final dividend for the year of 7.3 pence per share (2014: 4.9 pence per share). Combined with the interim dividend, this will give a total dividend for the year of 10 pence per share (2014: 6.0 pence per share), an increase compared to the previous year of 66.7%. Subject to shareholder approval at the Annual General Meeting ("AGM"), the final dividend will be paid on 17 December 2015 to shareholders on the register at close of business on 20 November 2015.

The Board aims to maintain dividend cover between two and three times earnings for the foreseeable future.

Summary and Outlook

We have a very strong presence in the two sectors of the housing market in which we specialise and market conditions in both sectors remain favourable. Against this background, the Board is confident that the Group has considerable scope to grow both revenue and profits in the current year and beyond.

Dermot Gleeson
Chairman
25 September 2015

STRATEGIC REPORT

GROUP BUSINESSES

The Group consists of two distinct but complementary businesses: housebuilding on brownfield land in the North of England and strategic land trading, primarily in the South of England.

Gleeson Homes: A housing regeneration specialist, working in challenging communities to provide new homes for sale to people on low incomes in the North of England.

Gleeson continues to build significant value for shareholders as well as also delivering a unique social benefit in helping people on lower incomes move from the 'rent trap' into home ownership. Our homes are affordable enough to be sold to a couple on the current minimum wage and quite often mortgage repayments are less than comparable council house rents.

The key features of the Gleeson Homes business model are:

- **Community regeneration**. Over the years, Gleeson has played a key role in regenerating challenging communities. Through establishing strong relationships with local authorities, Gleeson has created a 'virtuous circle' where it acquires and redevelops legacy sites where there is an obvious need for social and economic regeneration and builds homes at affordable prices and enables home ownership. This 'virtuous circle' will continue to underpin the business and allows for future geographic expansion.
- **Successful land purchase**. We partner with local authorities and private land owners to acquire land in socially and economically deprived areas which will benefit from community regeneration. We have a very carefully targeted land buying strategy that has clearly defined and challenging hurdle rates.
- **Driving down building costs**. We build traditional 2, 3 and 4 bedroom detached and semi-detached homes. We ensure that our good quality homes are built to the specification that our customers require.
- **Low overheads**. We ensure that overhead costs are kept low by having small and similarly structured management teams in each operating region and continuously measuring their relative performance.
- **Enabling the customer**. We offer our customers a range of bespoke financial packages to enable them to become homeowners.

Gleeson Strategic Land: A land promotion business that enhances the value of land by securing residential planning consents. The primary focus is on sites in the South of England likely to be attractive to a wide range of developers.

The key features of the Gleeson Strategic Land business model are:

- **Achieving mutually beneficial agreements with landowners**. We enter into agreements with landowners to promote their land through the planning process.
- **Promotion through the planning process**. The division's team of land surveyors and town planners, along with legal and technical experts, steer the land through the planning process with a view to achieving a commercially attractive residential planning consent.
- **Realising value**. We strive to ensure that the best value is achieved for all stakeholders by managing the sale of the consented site to a developer.

STRATEGIC DEVELOPMENT AND PRIORITIES

The strategy of the Group is to build a larger and increasingly profitable business by increasing the number of housing regeneration sites in its target markets, increasing its housebuilding land pipeline and improving profitability on the sale of individual units and of land with residential planning permission.

As Gleeson Homes approaches its medium-term objective of 1,000 unit completions per annum, and expects to do so in the near future, a number of opportunities for further growth are being considered.

Gleeson Homes has a proven and successful business model. Whilst this has been centred on the North and North-West, where there remains significant untapped potential, it is clear that the model would be equally successful across many other parts of the UK, where there is an urgent imperative for community regeneration but which is held back by a lack of developers prepared to rehabilitate legacy brownfield sites or able to provide an affordable product for people on low incomes.

Gleeson Homes has proven to be alone in recognising both the need and the opportunity and, working alongside local authorities, has played a key role in regenerating whole communities, allowing people to continue living in, or return to, their home neighbourhoods.

Drawing on the same model that has underpinned the Company's success in the North and North-West, Gleeson Homes has analysed the rest of the UK on a strict affordability basis to determine where it might in future look to further roll-out its product. The results indicate a potential addressable population of three times its current geographic market.

Whilst it is early days, and no decisions have been taken in terms of which areas might be targeted first for roll-out, it is clear that the business has significant scope for future growth.

In the meantime, our strategic priorities remain as set out below:

Increased housebuilding footprint: We will increase the number of developments throughout our existing and new operating areas and particularly in areas of community regeneration need. Our business enables people on lower incomes to become homeowners and regenerates local communities in areas of social deprivation. This is recognised by local authorities and results in more opportunities for us to acquire brownfield land at low prices, leading to increased sales volumes and profitability whilst keeping Average Selling Prices ("ASPs") low.

Improve margins: We will continue to control development costs and acquire land in line with our defined and challenging hurdle rates.

Build quality, sustainable homes: We will build good quality homes to the specification that our customers require. We will ensure that our homes are energy efficient and have low running costs. We will use appropriate construction methods to build efficiently and overcome any potential labour shortages.

Increased land pipeline: We will continue to acquire land, at appropriate cost, in socially and economically deprived areas, which would benefit from community regeneration.

Progress planning applications: We will progress planning applications on strategic land sites where we consider there to be strong prospects for residential housing planning permission to be achieved.

Cash generation: We will maintain an appropriate capital structure, minimise financing costs, and continue to improve returns to shareholders.

Robust Health & Safety: We will continue to improve our safety culture and will maintain a high level of compliance with health and safety standards.

DISCONTINUED OPERATIONS

Building and Engineering Contracting: The Group sold certain contracts, assets and liabilities of the Building Contracting Division and Engineering Division in 2005 and 2006. The activity of this business unit is now limited to the resolution of occasional contractual claims. During the year a restructuring was completed, the purpose of which was to segregate the continuing businesses of the Group from the Group's legacy building contracting and engineering businesses. This reorganisation was in the form of a Scheme of Arrangement which is more fully explained on page 8.

BUSINESS PERFORMANCE

Gleeson Homes

Gleeson Homes' results for the year were as follows:

	2015	2014
Revenue	£96.1m	£70.6m
Operating profit	£17.4m	£9.4m

751 homes were sold, an increase of 34% on the prior year's total of 561. During the year Gleeson Homes had on average 39 selling outlets open compared to 33 during the prior year. The outlets were located in Cleveland, County Durham, Derbyshire, Lancashire, Greater Manchester, Merseyside, Northumberland, Nottinghamshire, Tyne and Wear, South Yorkshire and West Yorkshire. The number of outlets is expected to increase during the course of the current financial year to in excess of 45.

The Average Selling Price ("ASP") for the homes sold in the year was £123,750 (2014: £121,500). The increase is influenced by the mix of outlets and plot-types. 81% of homes sold in the year were at a price below £140,000 (2014: 78%). Overall, our aim is to keep ASP increases modest in order to ensure that our homes remain affordable to our customers.

The proportion of homes sold from newer, higher margin sites rose from 84% in the prior year to 89%.

Gross profit margin increased to 31.5% (2014: 29.2%) due to a combination of the continued improvement in the mix of homes sold from the new higher margin sites, an increase in the average selling price, lower land costs and the maintenance of a very stringent approach to cost control.

Gleeson Homes margins	2011	2012	2013	2014	2015
Gross profit	11.3%	20.4%	27.8%	29.2%	31.5%
Operating profit	(1.1%)	0.9%	8.4%	13.3%	18.1%

The increase in the volume of homes sold along with the improved gross profit margin has resulted in gross profit increasing by 46.6% to £30.3m (2014: £20.6m).

There were no exceptional operating profit items in 2015. In 2014 an exceptional credit of £0.8m relating to the partial reversal of a debtor provision was included in operating profit. Operating profit has broadly doubled in each of the last two years.

Gleeson Homes has a large range of bespoke packages to assist customers to become homeowners. The Government's Help to Buy Scheme has been popular with many of our customers, with 46% of the homes sold in the year utilising this scheme. We continue to offer our own range of support packages that are used by the majority of our customers who are not using Help to Buy.

Lenders continue to have an appetite for mortgage lending and there has been growth in mortgage availability outside of the three main "High Street" institutions, offering our customers a more competitive choice. Despite the tightening of qualifying criteria under the Mortgage Market Review, our customers have continued to be able to qualify for loans on reasonable terms.

Gleeson Homes continued to take advantage of the relatively low land prices in the North of England to build up a substantially enlarged land pipeline. During the year, 20 sites were purchased which added 1,203 plots to the pipeline. A further 13 sites that have been conditionally purchased are expected to add a further 2,163 plots to the pipeline in the near future. When and if these acquisitions are completed, the land pipeline will total in excess of 7,496 plots. Impaired plots now represent only 1.7% (2014: 4%) of the land pipeline. In addition to owned and conditionally purchased plots, there are a further 460 plots which are being actively considered for acquisition.

Gleeson Strategic Land

	2015	2014
Revenue	£21.5m	£10.8m
Operating profit	£8.1m	£4.8m

The increase in the revenue of Strategic Land reflected the fact that more transactions than in the previous 12 months involved the sale of sites owned by the Group. The turnover generated by the sale of such sites is recorded at full land value, whereas the turnover recorded for the sale of sites that are subject to promotional agreements is recorded at the level of the fees receivable. The operating profit increase was primarily due to an increase in acres sold, including both owned and promoted sites, during the year.

The performance during the year reflects the continuing robust demand for consented land from a wide range of housebuilders in good quality areas of the South of England. As a result, the business unit was able to complete on three land sales and unconditionally exchange on a further two sites.

During the year eight new sites were secured by means of either option or promotion agreement and two of these sites are allocated in Local Plans and four others will shortly be the subject of planning applications. In addition heads of terms have been agreed in respect of a further five sites.

The Business unit continues to actively manage the strategic land portfolio and currently has planning permission on seven sites and resolutions to grant consent on a further five sites. A further nine sites have planning applications submitted or are subject to planning appeals and applications are expected to be submitted on a further eight sites.

At the year end, Gleeson Strategic Land's portfolio totalled 68 sites comprising 3,936 acres (2014: 3,802 acres), of which 159 acres (2014: 155 acres) were wholly or part owned by the Group, 2,073 acres (2014: 2,037 acres) were held under option and 1,705 acres (2014: 1,610 acres) were the subject of promotion agreements. The geographic bias of the portfolio is towards the South of England, predominantly in Buckinghamshire, Devon, Dorset, Essex, Hampshire, Hertfordshire, Kent, Oxfordshire, Somerset, Surrey, Sussex and Wiltshire. The 68 sites have the potential to deliver circa 21,150 plots.

INVESTMENTS

The Group entered the year holding only one significant minority investment, in GB Group Holdings Limited (GBGH). The Group's investment in GBGH was made in 2005 in order to facilitate a management buyout of the Group's building contracting division. During the year the Group was notified that GBGH went into administration. The Group has fully provided for the £4.9m carrying value of this investment as an exceptional, non-cash item.

RESTRUCTURING

On 19 December 2014 the new holding company of the Group, MJ Gleeson plc, had its shares admitted to the premium listing segment of the official list of the London Stock Exchange as part of the Group's restructuring. On 23 December 2014 the old Group holding company, M J Gleeson Group plc (which is now M J Gleeson Group Limited) declared and paid a dividend in specie, the effect of which was to make each of Gleeson Developments Limited, Gleeson Regeneration Limited and Gleeson Developments (North East) Limited a wholly-owned subsidiary of MJ Gleeson plc. The old Group holding company, M J Gleeson Group Limited (which itself wholly-owns Gleeson Construction Services Ltd) is now also a wholly-owned subsidiary of MJ Gleeson plc. The purpose of the restructuring was to segregate the continuing businesses of the Group from the Group's legacy building contracting and engineering businesses.

MJ Gleeson plc also carried out a court approved reduction of capital designed to create a reserve of profits to support the payment of future dividends. This capital reduction became effective on 22 January 2015.

It should be noted that the financial result of the parent company in the results of the Group for the year ended 30 June 2015 include the results of M J Gleeson plc (the new holding company), being consolidated under merger accounting rules. However, the results of the Company, being newly incorporated in the year, have no comparative figures.

Financial Review

Highlights

- Revenue increased by 44.4% to £117.6m
- Profit before tax increased by 42.0% to £17.3m (before exceptional items increased by 106% to £23.4m)
- Normalised earnings per share* increased by 99.0% to 34.2 pence
- Net assets per share increased by 5.5% to 254 pence per share
- Dividend for the year increased by 66.7% to 10 pence per share

The table below shows the major drivers of growth in profit before tax and exceptional items during the year:

Group profit before tax (and exceptional items) - bridge

	£m
Year ended 30 June 2014	**11.4**
Homes – volume increase	6.6
Homes – gross margin increase	1.4
Homes – higher land sales	2.4
Strategic Land – higher profit	3.9
Administrative /finance cost increase	(2.3)
Year ended 30 June 2015	**23.4**

Consolidated Statement of Comprehensive Income

Revenue increased by 44.4% in the year to £117.6m (2014: £81.4m). The revenue of Gleeson Homes increased by 36.0% to £96.1m (2014: £70.6m) due to a combination of the 33.9% increase in homes sold to 751 (2014: 561) and a 1.9% increase in the average selling price to £123,750 (2014: £121,500). Revenue for Gleeson Strategic Land increased by £10.7m to £21.5m due to significantly higher turnover values per transaction in 2015 attributed to a similar level of transactions in 2015 to those in 2014.

Gross profit increased by 50.7% to £40.3m (2014: £26.7m). The gross profit of Gleeson Homes increased by 46.6% to £30.3m (2014: £20.6m) due to the increase in volume, the continuing reduction of units sold from older lower margin sites and improved margin being recorded due to our stringent approach to cost control. The gross profit of Gleeson Strategic Land increased by 64.4% to £10.0m (2014: £6.1m) primarily due to the increase in acres sold during the year.

Administrative expenses include the sales & marketing costs for Gleeson Homes, along with the administrative overheads for the whole Group. Overall administrative expenses increased by £3.6m (24.3%). However this included £1.2m in respect of exceptional restructuring costs. Additionally £0.7m was incurred for redundancy and compensation for loss of office. Administrative costs excluding the restructuring costs and the redundancy and compensation costs increased by £1.6m (11.0%). Sales & marketing costs increased by £0.6m being an increase of 10.9% in order to service new sites and generate increased revenue of 36.0%. Recurring administrative overheads increased by £1.1m mainly due to increased employment and recruitment costs.

Operating profit from continuing operations was £22.0m (2014: £12.1m) an increase of 82.7% over last year. This strong result was after deducting exceptional restructuring costs of £1.2m (2014: £0.8m exceptional credit from the reinstatement of impaired inventory).

Growth in operating profit has been driven by Gleeson Homes which contributes over two thirds of the Group's profits.

Footnote: * *Normalised earnings per share exclude the impact of exceptional restructuring costs (£1.2m) and the provision against investment (£4.9m) (2014: recognising previously unrecognised tax losses - credit of £8.3m).*

Operating profit by division

	2011	2012	2013	2014	2015
Homes	£(0.4m)	£0.3m	£4.0m	£9.4m	£17.4m
Strategic Land	£2.7m	£3.7m	£3.5m	£4.8m	£8.1m
Total operating divisions	£2.3m	£4.0m	£7.5m	£14.3m	£25.5m

Discontinued operations incurred a loss of £0.2m during the year (2014: loss £0.2m). This related to the costs of Gleeson Construction Services Ltd, whose only activity is limited to resolving occasional contractual claims from the businesses that were sold in 2005 and 2006.

Provision for diminution in value of investment
During the year the Group was notified that GB Group Holding Ltd went into administration. The Group has fully provided for the £4.9m carrying value of this investment.

Financing
Financial income of £0.5m (2014: £0.5m) consists primarily of the unwinding of discounts on deferred receipts. Interest earned on unwinding of deferred receipts was higher than the prior year as a result of a higher level of deferred receipts outstanding.

Financial expenses of £0.4m (2014: £0.4m) consist of interest payable on bank loans and overdrafts, bank charges and interest and unwinding of discounts relating to deferred payments. Financial expenses are lower in the current year, primarily due to the interest expense on deferred payments for land acquisitions being lower due to a lower level of deferred payments outstanding.

Profit for the year
The profit for the year attributable to equity holders was £12.2m (2014: 17.4m which included an exceptional tax credit of £8.3m not recurring in 2015). The 2014 profit excluding the tax credit was £9.1m.

Tax
A tax charge for continuing operations of £4.8m (2014: £2.8m) has been recorded for the year resulting largely from an increase in the effective tax charge mainly due to non-tax deductible restructuring costs incurred. This compares to a net tax credit of £5.5m in 2014 due to an exceptional tax credit relating to deferred tax of £8.3m which was a one off adjustment.

Deferred tax assets relating to unused tax losses have been recognised to the extent that it is probable that taxable profits will be available against which the asset can be utilised. The Group now has £30.98m (2014: £57.6m) of tax losses, of which £25.9m is recognised as a deferred asset, which can be carried forward indefinitely.

The tax charge attributable to discontinued operations was £nil (2014: £0.1m).

The net deferred tax asset recorded within the Statement of Financial Position totals £5.7m (2014: £10.5m).

Earnings per share
Reported, basic earnings per share reduced by 30.8% to 22.8p (2014: 32.9p). The normalised basic earnings per share, which excludes the impact of exceptional restructuring costs of £1.2m and a provision for the diminution in value of investment of £4.9m improved by 99.0% to 34.2p (2014: 17.2p).

Dividend
Against the background of significant improvements in the results of the Group and our confidence in the short term outlook, the Board has proposed a final dividend of 7.3 pence per share (2014: 4.9 pence per share). Combined with the interim dividend, the dividend for the full year totals 10 pence per share being an increase of 66.7% on the prior year (2014: 6.0 pence per share). The Board aims to maintain dividend cover between two and three times earnings for the foreseeable future.

Statement of Financial Position

During the year to 30 June 2015, shareholders' funds increased by £8.4m to £136.5m (2014: £128.1m). Net assets per share increased to 254 pence, an increase of 5.5% year on year (2014: 241 pence).

In the year, non-current assets increased by £1.6m to £27.0m (2014: £25.4m). The main reasons for the change is the £4.8m decrease in the deferred tax asset, the reduction in the carrying value of the investment from £4.9m to nil and the increase in trade and other receivables of £11.5m.

Current assets increased by £14.4m to £141.6m (2014: £127.2m), with inventories increasing by £7.5m to £108.2m, trade and other receivables increasing by £4.7m to £17.5m (2014: £12.8m) and cash balances increasing by £2.1m to £15.8m (2014: £13.7m).

Total liabilities increased by £7.6m to £32.1m (2014: £24.5m). This was mainly due to trade and other payables of £31.8m (2014: £22.2m) being £9.6m higher and the reduction in loans and borrowings, which stood at £1.9m in 2014 being repaid in the year.

Cash Flow

The Group generated £2.1m (2014: £3.8m) of cash in the year, resulting in a net cash balance at 30 June 2015 of £15.8m (2014: £13.7m).

Operating cash flows before working capital movements generated £17.9m (2014: £12.1m). Investment in working capital of £14.3m (2014: £6.4m) resulted in cash generated from operating activities of £8.4m (2014: £5.8m). Cash generated from investing activities totalled £0.1m (2014: £0.3m). Net cash flows from financing activities utilised £6.0m (2014: £1.8m), including £4.1m (2014: £1.6m) on dividend payments.

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 deposits funds only with financial institutions which have a minimum credit rating of A.

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

Bank Facilities

The Group entered in to a three year £20m revolving working capital facility with Lloyds Bank plc in December 2013. The facility was reinstated in December 2014 following the implementation of the Scheme of Arrangement. The facility provides the Group with additional flexibility and capacity for growth. None of these available funds were drawn down at the balance sheet date.

Pension

The Group contributes to a defined contribution pension scheme. A charge of £0.5m (2014: £0.5m) was recorded in the Income Statement for pension contributions. The Group has no exposure to defined benefit pension plans.

Jolyon Harrison
Chief Executive Officer
25 September 2015

Stefan Allanson
Chief Financial Officer
25 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	2015	2014
	£000	£000
Continuing operations		
Revenue	**117,588**	81,442
Cost of sales before reinstatement of inventories and contract provisions	**(77,287)**	(55,497)
Reinstatement of inventories and contract provisions	**-**	800
Cost of sales	**(77,287)**	(54,697)
Gross profit	**40,301**	26,745
Administrative expenses before restructuring costs	**(17,019)**	(14,681)
Exceptional restructuring costs	**(1,236)**	-
Administrative expenses	**(18,255)**	(14,681)
Operating profit	**22,046**	12,064
Exceptional provision for diminution in value of investments	**(4,896)**	-
Financial income	**496**	485
Financial expenses	**(383)**	(389)
Profit before tax	**17,263**	12,160
Tax for the period before recognition of additional deferred tax asset on losses brought forward	**(4,848)**	(2,827)
Exceptional deferred tax recognition of additional tax asset on losses brought forward	**-**	8,326
Tax	**(4,848)**	5,499
Profit for the year from continuing operations	**12,415**	17,659
Discontinued operations		
Loss for the year from discontinued operations (net of tax)	**(207)**	(231)
Total comprehensive income for the year attributable to equity holders of parent company	**12,208**	17,428

Earnings per share attributable to equity holders of parent company		
Basic	**22.77 p**	32.92 p
Diluted	**22.61 p**	32.36 p
Earnings per share from continuing operations		
Basic	**23.16 p**	33.36 p
Diluted	**22.99 p**	32.79 p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Group	
	2015	2014
	£000	£000
Non-current assets		
Plant and equipment	**1,236**	1,268
Investment properties	**506**	571
Investments in joint ventures	**15**	15
Other investments	**-**	4,896
Trade and other receivables	**19,606**	8,116
Deferred tax assets	**5,668**	10,513
	27,031	25,379
Current assets		
Inventories	**108,222**	100,717
Trade and other receivables	**17,530**	12,794
Cash and cash equivalents	**15,809**	13,687
	141,561	127,198
Total assets	**168,592**	152,577
Non-current liabilities		
Provisions	**(59)**	(75)
	(59)	(75)
Current liabilities		
Loans and borrowings	**-**	(1,933)
Trade and other payables	**(31,790)**	(22,182)
Provisions	**(214)**	(214)
UK corporation tax	**-**	(82)
	(32,004)	(24,411)
Total liabilities	**(32,063)**	(24,486)
Net assets	**136,529**	128,091
Equity		
Share capital	**1,074**	1,063
Share premium account	**23**	6,436
Capital redemption reserve	**-**	120
Retained earnings	**135,432**	120,472
Total equity	**136,529**	128,091

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2015

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	**Total £000**
At 1 July 2013	1,058	6,343	120	104,568	**112,089**
Total comprehensive income for the period					
Profit for the period	-	-	-	17,428	**17,428**
Total comprehensive income for the period	**-**	**-**	**-**	17,428	**17,428**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	5	93	-	-	**98**
Purchase of own shares	-	-	-	(28)	**(28)**
Share-based payments	-	-	-	144	**144**
Dividends	-	-	-	(1,640)	**(1,640)**
Transactions with owners, recorded directly in equity	5	93	-	(1,524)	**(1,426)**
At 30 June 2014	1,063	6,436	120	120,472	**128,091**
Total comprehensive income for the period					
Profit for the period	-	-	-	12,208	**12,208**
Total comprehensive income for the period	-	-	-	12,208	**12,208**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	11	55	-	-	**66**
Issue of preference shares	50	-	-	-	**50**
Scheme of arrangement with shareholders	77,324	(6,468)	(120)	(70,736)	**-**
Share reduction	(77,324)	-	-	77,324	**-**
Redemption of preference shares	(50)	-	-	-	**(50)**
Purchase of own shares	-	-	-	(25)	**(25)**
Share-based payments	-	-	-	266	**266**
Dividends	-	-	-	(4,077)	**(4,077)**
Transactions with owners, recorded directly in equity	11	(6,413)	(120)	2,752	**(3,770)**
At 30 June 2015	1,074	23	-	135,432	**136,529**

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 30 June 2015

	2015 £000	2014 £000
Operating activities		
Profit before tax from continuing operations	**17,263**	12,160
Loss before tax from discontinued operations	**(207)**	(131)
	17,056	12,029
Depreciation of plant and equipment	**798**	828
Share-based payments	**266**	144
Profit on sale of investment properties	**(171)**	(313)
Profit on sale of assets held for sale	**(50)**	(21)
Loss on sale of other property, plant and equipment	**104**	-
Capitalisation of available for sale assets	**(22)**	(426)
Financial income	**(496)**	(485)
Financial expenses	**383**	389
Operating cash flows before movements in working capital	**17,868**	12,145
Impairment of investment	**4,896**	-
Increase in inventories	**(7,506)**	(3,897)
(Increase)/decrease in receivables	**(16,420)**	995
Increase/(decrease) in payables	**9,602**	(3,484)
Cash generated in operating activities	**8,440**	5,759
Tax paid	**(79)**	-
Interest paid	**(383)**	(477)
Net cash flows from operating activities	**7,978**	5,282
Investing activities		
Proceeds from disposal of available for sale assets	**735**	244
Proceeds from disposal of investment properties	**236**	490
Proceeds from disposal of plant and equipment	**15**	-
Interest (paid)/received	**(3)**	194
Purchase of plant and equipment	**(870)**	(629)
Net cash flows from investing activities	**113**	299
Financing activities		
Repayment of borrowings	**(1,933)**	(260)
Proceeds from issue of shares	**66**	98
Purchase of own shares	**(25)**	(28)
Dividends paid	**(4,077)**	(1,640)
Net cash flows from financing activities	**(5,969)**	(1,830)
Net increase in cash and cash equivalents	**2,122**	3,751
Cash and cash equivalents at beginning of year	**13,687**	9,936
Cash and cash equivalents at end of year	**15,809**	13,687

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 2015 or 2014, but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies, and those for 2015 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 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
The accounting policies adopted in the preparation of these accounts are consistent with those described in the Report and Accounts for the year ended 30 June 2014. Of the new standards, amendments and interpretations that are in issue and mandatory for the financial year ended 30 June 2015, there is no financial impact on these preliminary results.

2. Segmental analysis

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

- Gleeson Homes
- Gleeson Strategic Land

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

	2015	2014
	£000	£000
Revenue		
Continuing activities:		
Gleeson Homes	**96,078**	70,646
Gleeson Strategic Land	**21,510**	10,796
	117,588	81,442
Discontinued activities	**237**	100
Total revenue	**117,825**	81,542
Profit on activities		
Gleeson Homes	**17,384**	9,408
Gleeson Strategic Land	**8,147**	4,844
	25,531	14,252
Administrative expenses	**(2,249)**	(2,188)
Exceptional restructuring costs	**(1,236)**	-
Exceptional provision for diminution in value of investments	**(4,896)**	-
Financial income	**496**	485
Financial expenses	**(383)**	(389)
Profit before tax	**17,263**	12,160
Tax	**(4,848)**	5,499
Profit for the year from continuing operations	**12,415**	17,659
Loss for the year from discontinued operations (net of tax)	**(207)**	(231)
Profit for the year attributable to equity holders of the parent company	**12,208**	17,428

All rental income from investment properties, totalling £nil (2014: £32,000), is reported within the Gleeson Homes segment. The revenue in the Gleeson Homes segment relates to the sale of residential properties and land. All revenue for Gleeson Strategic Land segment is in relation to the sale of land.

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 is treated as a discontinued operation.

The Group disposed of certain assets and liabilities of the Gleeson Building Division of Gleeson Construction Services to GB Building Solutions Ltd, in a prior period and is treated as a discontinued operation.

In a prior year, the Group disposed of the remaining joint venture investment in the Gleeson Capital Solutions division. There is no further business within the division and is treated as discontinued.

The Group has closed its Gleeson Commercial Property Development division and it is treated as discontinued.

	Gleeson Capital Solutions	**Gleeson Commercial Property Develop-ments**	**Gleeson Construction Services**	**Total**	Gleeson Capital Solutions	Gleeson Commercial Property Develop-ments	Gleeson Construction Services	Total
	2015	**2015**	**2015**	**2015**	2014	2014	2014	2014
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Revenue	**-**	**-**	**237**	**237**	-	-	100	100
Cost of sales	**-**	**-**	**(275)**	**(275)**	-	-	(46)	(46)
Gross (loss)/profit	**-**	**-**	**(38)**	**(38)**	-	-	54	54
Administrative expenses	**-**	**-**	**(169)**	**(169)**	-	-	(185)	(185)
Operating loss	**-**	**-**	**(207)**	**(207)**	-	-	(131)	(131)
Loss before tax	**-**	**-**	**(207)**	**(207)**	-	-	(131)	(131)
Tax	**-**	**-**	**-**	**-**	(77)	-	(23)	(100)
Loss for the year from discontinued operations	**-**	**-**	**(207)**	**(207)**	(77)	-	(154)	(231)

Loss per share - impact of discontinued operations

	2015	2014
	p	p
Basic	**(0.39)**	(0.44)

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

	2015	2014
	£000	£000
Operating activities	**(73)**	(83)

4. Exceptional items

	2015	2014
	£000	£000
Re-instatement of inventories and contract provisions	**-**	800
Deferred tax	**-**	8,326
Restructuring costs	**(1,236)**	-
Provision for diminution in value of investments	**(4,896)**	-
	(6,132)	9,126

Restructuring costs
Reorganisation costs of £1,236,000 were incurred on consultancy and legal costs relating to the Scheme of Arrangement.

Provision for diminution in value of investments
The Group made a provision of £4,896,000 being the carrying value against its investment in GB Building Solutions Limited and GB Group Holdings Limited ("GBGH") which went into administration on 9 March 2015.

Impairment of inventories and contract provisions
At 30 June 2015, 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. Where the estimated net present realisable value is greater than the carrying value 2015: £nil (2014: £800,000) within the Balance Sheet, the Group has partially reversed the impairment previously made.

Deferred tax on tax losses
During the year, the Group recognised £nil (2014: £8,326,000) of previously unrecognised deferred tax asset in relation to tax losses available to offset against future profits.

During the year the exceptional income of £nil (2014: £800,000) and the tax credit of £nil (2014: £8,326,000) were reported in the Gleeson Homes division. The reorganisation costs of £1,236,000 (2014: £nil) and the provision for diminution in value of investments of £4,896,000 (2014: £nil) were reported under Group activity.

5. Financial income and expenses

	Continuing operations		Discontinued operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000
Financial income						
Interest on bank deposits	**4**	7	**-**	-	**4**	7
Other interest	**1**	17	**-**	-	**1**	17
Unwinding of discount on deferred receipts	**491**	461	**-**	-	**491**	461
	496	485	**-**	-	**496**	485
Financial expenses						
Interest on bank overdrafts and loans	**-**	(48)	**-**	-	**-**	(48)
Bank charges	**(383)**	(240)	**-**	-	**(383)**	(240)
Interest and unwinding of discount on deferred payments	**-**	(101)	**-**	-	**-**	(101)
	(383)	(389)	**-**	-	**(383)**	(389)
Net financial income	**113**	96	**-**	-	**113**	96

6. Tax

	Continuing operations		Discontinued operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000
Current tax:						
Adjustment in respect of prior years	**3**	(6)	**-**	88	**3**	82
	3	(6)	**-**	88	**3**	82
Deferred tax:						
Current year expense/credit)	**4,959**	(5,876)	**-**	6	**4,959**	(5,870)
Adjustment in respect of prior years	**(54)**	-		-	**(54)**	-
Impact of rate change	**(60)**	383	**-**	6	**(60)**	389
Deferred tax /expense/(credit) for the year	**4,845**	(5,493)	**-**	12	**4,845**	(5,481)
Total tax charge/(credit)	**4,848**	(5,499)	**-**	100	**4,848**	(5,399)

Reductions in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) and to 21% (effective 1 April 2014) were substantively enacted on 3 July 2012 and 2 July 2013 respectively. A further reduction to 20% effective from 1 April 2015 was substantively enacted on 2 July 2013. The weighted average rate of corporation tax was 20.75% (2014: 22.50%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2015	2014
	£000	£000
Profit before tax on continuing operations	**17,263**	12,160
Loss before tax from discontinued operations	**(207)**	(131)
Profit before tax	**17,056**	12,029
Tax charge at standard rate	**3,539**	2,707
Tax effect of:		
Expenses that are not deductible in determining taxable profits	**1,313**	287
Tax reliefs not recognised in the Statement of Comprehensive Income	**-**	(538)
Utilisation of tax losses not previously recognised	**110**	-
Recognition of tax losses not previously recognised	**-**	(8,326)
Changes in tax rates	**(60)**	389
Adjustments in respect of prior years	**(54)**	82
Tax charge and effective tax rate for the year	**4,848**	(5,399)

7. Dividends

	2015	2014
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 30 June 2015 of 2.7p (2014: 1.1 p) per share	**1,448**	582
Final dividend for the year ended 30 June 2014 of 4.9p (2013: 2.0p) per share	**2,629**	1,058
	4,077	1,640

The proposed final dividend for the year ended 30 June 2015 of 7.3p per share (2014: 4.9p) makes a total dividend for the year of 10.0p (2014: 6.0p).

The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these Financial Statements. The total estimated dividend to be paid is £5,370,000.

8. Earnings per share

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

	2015	2014
Earnings	**£000**	£000
Earnings for the purposes of basic earnings per share, being net profit attributable to equity holders of the parent company		
Profit from continuing operations	**12,415**	17,659
Loss from discontinued operations	**(207)**	(231)
Profit for the purposes of basic and diluted earnings per share	**12,208**	17,428

	2015	2014
	No. 000	No. 000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**53,614**	52,941
Effect of dilutive potential ordinary shares:		
- share options	**383**	915
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**53,997**	53,856

	2015	2014
From continuing operations		
Basic earnings per share	**23.16p**	33.36p
Diluted earnings per share	**22.99p**	32.79p
From discontinued operations		
Basic earnings per share	**(0.39)p**	(0.44)p
Diluted earnings per share	**(0.39)p**	(0.44)p
From continuing and discontinued operations		
Basic earnings per share	**22.77p**	32.92p
Diluted earnings per share	**22.61p**	32.36p

	2015	2014
	£000	£000
Normalised earnings per share from continuing and discontinued operations		
Profit for the purposes of basic and diluted earnings per share	**12,208**	17,428
Adjust for the impact of exceptional costs/credits	**6,132**	(8,326)
Normalised earnings	**18,340**	9,102

	2015	2014
Normalised basic earnings per share	**34.21p**	17.19p
Normalised diluted earnings per share	**33.96p**	16.90p