



25 February 2015

MJ GLEESON PLC

Interim results for the half-year ended 31 December 2014

Gleeson (GLE.L), the urban regeneration and strategic land specialist, announces another strong performance for the six months to 31 December 2014, including a 24% increase in revenue, 56% increase in operating profit and 145% increase in interim dividend.

	H1 2014	H1 2013
	£m	£m
<u>Continuing operations</u>		
Revenue	42.6	34.4
Operating profit	4.0	2.6
Profit attributable to equity holders	3.2	3.6*
Cash and cash equivalents	8.4	7.7
Net assets	128.9	114.7
Basic earnings per share (p)	6.0p	6.7p
Interim dividend per share (p)	2.7p	1.1p
Net assets per share (p)	240p	216p

* The prior year includes an exceptional deferred tax credit of £1.1m

Key Points

- Significant increase in revenue and profits driven by strong trading performance by Gleeson Homes
- Gleeson Homes:
 - Sales increased 24% to 321 units (2013: 258)
 - Gross margin improved to 28.8% (2013: 25.9%)
 - Land pipeline in excess of 5,200 plots, including owned sites and sites in the process of being acquired
- Gleeson Strategic Land:
 - Two sites (16.5 acres combined) sold
 - Ten sites in the portfolio have either planning permission or a resolution to grant permission

- Twelve sites awaiting either the determination of a planning application or the outcome of a planning appeal
- Interim dividend increased 145% to 2.7 pence per share (2013: 1.1 pence)

Dermot Gleeson, Chairman of MJ Gleeson, commented:

“This was another excellent result, as the Group continues to benefit from its distinctive twin track strategy within the housing sector.

The forward order book for Gleeson Homes, which totalled 299 homes at 31 December 2014 has continued to improve during January and early February and the Board now expects to record an increase in completions in the year to 30 June 2015 of not less than 30% against the prior year total of 561 units. Gleeson Strategic Land continues to progress the sale of a number of sites and anticipates an increase in profits compared to the prior year. Against this background, the Board remains confident that the Group’s trading performance will match current market expectations.”

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Notes to Editors

MJ Gleeson plc operates in the house building sector through the following business units: Gleeson Homes, which focuses on estate regeneration and housing development on brownfield land in the North of England; and Gleeson Strategic Land, which purchases options over land in the South of England with the objective of enhancing the value of the site concerned by securing residential planning permission.

CHAIRMAN'S STATEMENT

Results Overview

I am delighted to report another excellent first half result, as the Group continues to benefit from its distinctive twin track strategy within the housing sector. Revenue increased by 24% to £42.6m (2013: £34.4m), whilst operating profit rose 56% to £4.0m (2013: £2.6m), reflecting, in particular, a very strong performance by Gleeson Homes. Profit before tax for the Group increased 48% to £3.9m (2013: £2.7m).

Business Review

Gleeson Homes

Gleeson Homes, which specialises in the provision of high quality, low cost homes for people on low incomes in the North of England, enjoyed further strong growth in both revenue and profits.

Revenue increased 22% to £40.2m (2013: £33.0m), reflecting a 24% rise in the total number of homes sold from 258 to 321. The average selling price ("ASP") for the homes sold in the period increased by 3.8% to £124,600 (2013: £120,000). This reflected small uplifts in prices on most sites, coupled with increases of approximately 8% on a number of higher volume developments.

Gross margin for the period was 28.8% (2013: 25.9%), comfortably above our 25% target. This was driven by a combination of the increase in the ASP, the continuing improvement in the proportion of homes sold from new, higher margin sites and the maintenance of very stringent cost control.

The division's operating margin increased by 23% to 13.0% (2013: 10.6%) and operating profit increased by 51% to £5.2 m (2013: £3.5m).

43% of completions in the period benefited from the Government's Help to Buy scheme. In addition, our own bespoke purchaser assistance packages continued to prove attractive.

At 31 December 2014, we were selling from 39 sites, an increase of six sites on the corresponding period last year, and a further six sites are due to open in the period to June 2015.

Gleeson Homes continues to take advantage of the low land prices that prevail in many parts of the North of England. The land pipeline of owned and conditionally purchased plots at 31 December 2014 increased by 30% compared to the prior year, totalling 5,267 plots, of which 1,588 plots have been purchased subject to planning permission. In addition, a further 1,900 plots are under negotiation.

Gleeson Strategic Land

Whilst Gleeson Homes takes advantage of low land prices in the North of England to build homes that people on low incomes can afford, Gleeson Strategic Land deploys its planning expertise to help landowners take advantage of the high prices that house builders are willing to pay for good quality greenfield residential sites in the South of England.

The business unit recorded revenue of £2.4m (2013: £1.5m) as a result of two land sales in the period, with a combined acreage of 16.5 acres (2013: two land sales, with combined acreage of 4 acres). The division's operating profit in the period was £0.8m (2013: £0.1m).

There are currently ten sites in the portfolio with planning permission or a resolution to grant permission. Seven of these sites, which will deliver 797 plots, are being progressed for possible sale in the current financial year.

During the period, planning applications for five sites, with the potential to deliver in excess of 500 plots were submitted. In total, there are 12 sites where the division is currently awaiting either the determination of a planning application or the outcome of a planning appeal.

The strategic land portfolio continues to be replenished, with a further two agreements, involving a total of 84 acres with the potential to deliver 530 plots, having been secured in the period.

At 31 December 2014 the strategic land portfolio totalled 3,897 acres (2013: 3,772 acres), of which 154 acres (2013: 155 acres) were owned, 2,090 acres (2013: 2,354 acres) were controlled under option, and 1,652 acres (2013: 1,263 acres) were subject to planning promotion agreements. The portfolio, in which the Group has an overall 69% beneficial interest, has the potential for in excess of 21,000 plots.

Group Restructuring

The details of the Group restructuring, which I first mentioned in my Chairman's Statement accompanying the December 2013 interim results, were disclosed to shareholders in a circular on 4 November 2014. The restructuring, which was by means of a Scheme of Arrangement under Part 26 of the Companies Act, was approved by shareholders on 26 November 2014 and was subsequently sanctioned by the High Court on 18 December 2014. Subsequent to the sanction of the High Court, shareholders were issued one share in MJ Gleeson plc for every share they held in MJ Gleeson Group plc. The shares of MJ Gleeson plc were admitted to the premium segment of the Official List and to trading on the main market of the London Stock Exchange on 19 December 2014 and the shares in MJ Gleeson Group plc were simultaneously cancelled. The non-legacy assets of the Group were transferred to MJ Gleeson plc on 23 December 2014 by way of a dividend in specie. The restructuring was completed with the High Court approval of a capital reduction of MJ Gleeson plc, which reduced the nominal value of the shares from 146 pence per share to 2 pence per share and created a reserve of profits.

The restructuring has resulted in the separation of the Group's core ongoing and future businesses from the legacy businesses, whilst ensuring that potential future creditors of the legacy businesses are provided for on a prudent and reasonable basis.

Dividend and Dividend timetable

In the light of these strong results and of our confidence in the future, the Board is declaring an interim dividend of 2.7 pence per share.

This interim dividend, which marks an increase of 145% over the prior year (2013: 1.1 pence per share), follows the 4.9 pence per share final dividend for the year ended 30 June 2014 and reflects the Board's intention to maintain a progressive dividend policy, in which the final dividend will normally represent roughly two thirds of the total dividend. The dividend will be paid on 2 April 2015 to shareholders on the register at close of business on 6 March 2015 with an associated entitlement date of 5 March 2015.

Relocation and Board Change

In the interests of greater efficiency and lower overhead costs, it has been decided to locate all of the Group's financial staff in our Sheffield office. However, Alan Martin, the Group's Chief Financial Officer, who is currently based in our Hampshire office, has, with regret, informed the Board that he does not feel able, for personal reasons, to relocate to the North of England. In consequence, he will in due course be leaving the Group.

Alan has played a crucial role in the radical repositioning of MJ Gleeson in recent years and deserves no small part of the credit for the consequent improvement in our financial performance. On behalf of the Board, our staff and our shareholders, I wish to thank Alan for everything he has achieved for us and to wish him and his family the very best for the future.

I am pleased to report that the search for Alan's successor is progressing well and we expect to make an announcement regarding Alan's departure date and his replacement shortly.

Outlook

The forward order book for Gleeson Homes, which totalled 299 homes at 31 December 2014 has continued to improve during January and early February and the Board now expects to record an increase in completions in the year to 30 June 2015 of not less than 30% against the prior year total of 561 units. Gleeson Strategic Land continues to progress the sale of a number of sites and anticipates an increase in profits compared with the prior year.

Against this background, the Board remains confident that the Group's trading performance for the year as a whole will match current market expectations.

Financial Overview

Income Statement

Group revenue increased by 24% to £42.6m (2013: £34.4m), primarily due to the increased number of houses sold by Gleeson Homes. Gross profit increased 39% to £13.0m (2013: £9.4m) due to the increase in activity and the improvement in the gross margin to 30.6% (2013: 27.2%)

The Group's operating profit increased by 56% to £4.0m (2013: £2.6m). The operating profit improvement is recorded after including the costs of the group restructuring which totalled £1.0m. Net interest expense of £0.1m (2013: income £0.1m) resulted in profit before tax increasing by 48% to £3.9m (2013: £2.7m). The tax charge for the period was £0.6m, whereas the prior year credit of £1.0m, included an exceptional deferred tax credit of £1.1m. The profit after tax from continuing operations totalled £3.3m (2013: £3.7m). Discontinued operations recorded a post-tax loss of £0.1m (2013: £0.1m) and so the profit for the period attributable to equity holders totalled £3.2m (2013: £3.6m).

Balance Sheet and Cash Flow

Total shareholders' equity stood at £128.9m at 31 December 2014 compared to £114.7m at 31 December 2013. This equates to net assets per share of 240p (2013: 216p).

The Group's net cash balance at 31 December 2014 was £8.4m, reflecting a net cash outflow of £5.3m in the period.

Risks and Uncertainties

The principal risks and uncertainties that have been identified as being capable of affecting the Group's performance in the second half are set out below. The principal risks of our business are set out in full on pages 12 and 13 of the Report and Accounts for the year ended 30 June 2014.

Housing Demand

Security of employment, interest rates and mortgage availability are the key determinants of house buyers' confidence. Though the general economy continues to grow, employment prospects remain uncertain in some geographic areas; and, although interest rates remain low, mortgage finance remains, by historic standards, relatively restricted for high loan-to-value mortgages. To minimise cash outflows, the Group continues to build to demand in a strictly controlled manner.

Planning consents

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

Dermot Gleeson
Chairman

Condensed Consolidated Statement of Comprehensive Income for the six months to 31 December 2014

		Unaudited Six months to 31 December 2014 £000	Unaudited Six months to 31 December 2013 £000	Audited Year to 30 June 2014 £000
	<i>Note</i>			
Continuing operations				
Revenue		42,628	34,448	81,442
Cost of sales before reinstatement of inventories and contract provisions		(29,602)	(25,066)	(55,497)
Reinstatement of inventories and contract provisions	7	-	-	800
Cost of sales		(29,602)	(25,066)	(54,697)
Gross profit		13,026	9,382	26,745
Administration before restructuring costs		(8,037)	(6,819)	(14,681)
Restructuring costs	7	(999)	-	-
Administrative expenses		(9,036)	(6,819)	(14,681)
Operating profit		3,990	2,563	12,064
Financial income		159	211	485
Financial expenses		(227)	(119)	(389)
Profit before tax		3,922	2,655	12,160
Tax for the period before recognition of additional deferred tax asset on tax losses brought forward		(606)	(58)	(2,827)
Recognition of additional deferred tax asset on tax losses brought forward	7	-	1,103	8,326
Tax	8	(606)	1,045	5,499
Profit for the period from continuing operations		3,316	3,700	17,659
Discontinued operations				
Loss for the period from discontinued operations (net of tax)	9	(83)	(144)	(231)
Total comprehensive income for the period attributable to equity shareholders of parent company		3,233	3,556	17,428
Earnings per share attributable to equity holders of parent company				
Basic	11	6.03 p	6.73 p	32.92 p
Diluted	11	6.00 p	6.63 p	32.36 p
Earnings per share from continuing operations				
Basic	11	6.19 p	7.00 p	33.36 p
Diluted	11	6.15 p	6.90 p	32.79 p

**Condensed Consolidated Statement of Financial Position
as at 31 December 2014**

	Unaudited 31 December 2014 £000	Unaudited 31 December 2013 £000	Audited 30 June 2014 £000
Non-current assets			
Plant and equipment	1,036	1,452	1,268
Investment properties	563	583	571
Investments in joint ventures	15	15	15
Loans and other investments	4,896	4,896	4,896
Trade and other receivables	7,958	8,070	8,116
Deferred tax assets	9,926	6,069	10,513
	24,394	21,085	25,379
Current assets			
Inventories	106,550	96,213	100,717
Trade and other receivables	11,710	9,203	12,794
Cash and cash equivalents	8,374	7,651	13,687
	126,634	113,067	127,198
Total assets	151,028	134,152	152,577
Non-current liabilities			
Loans and borrowings	-	(2,047)	-
Provisions	(67)	(77)	(75)
	(67)	(2,124)	(75)
Current liabilities			
Loans and borrowings	(685)	(179)	(1,933)
Trade and other payables	(21,195)	(16,903)	(22,182)
Provisions	(214)	(234)	(214)
UK corporation tax	-	-	(82)
	(22,094)	(17,316)	(24,411)
Total liabilities	(22,161)	(19,440)	(24,486)
Net assets	128,867	114,712	128,091
Equity			
Share capital	78,448	1,062	1,063
Share premium account	-	6,396	6,436
Capital redemption reserve	-	120	120
Retained earnings	50,419	107,134	120,472
Total equity	128,867	114,712	128,091

Condensed Consolidated Statement of Changes in Equity for the six months to 31 December 2014

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 July 2013 (audited)	1,058	6,343	120	104,568	112,089
Total comprehensive income for the period					
Profit for the period	-	-	-	3,556	3,556
Total comprehensive income for the period	-	-	-	3,556	3,556
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	4	53	-	-	57
Purchase of own shares	-	-	-	(32)	(32)
Share-based payments	-	-	-	98	98
Dividends	-	-	-	(1,056)	(1,056)
Transactions with owners, recorded directly in equity	4	53	-	(990)	(933)
At 31 December 2013 (unaudited)	1,062	6,396	120	107,134	114,712
Total comprehensive income for the period					
Profit for the period	-	-	-	13,872	13,872
Total comprehensive income for the period	-	-	-	13,872	13,872
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	1	40	-	-	41
Purchase of own shares	-	-	-	4	4
Share-based payments	-	-	-	46	46
Dividends	-	-	-	(584)	(584)
Transactions with owners, recorded directly in equity	1	40	-	(534)	(493)
At 30 June 2014 (audited)	1,063	6,436	120	120,472	128,091
Total comprehensive income for the period					
Profit for the period	-	-	-	3,233	3,233
Total comprehensive income for the period	-	-	-	3,233	3,233
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	61	32	-	-	93
Scheme of arrangement with shareholders	77,324	(6,468)	(120)	(70,736)	-
Purchase of own shares	-	-	-	(25)	(25)
Share-based payments	-	-	-	104	104
Dividends	-	-	-	(2,629)	(2,629)
Transactions with owners, recorded directly in equity	77,385	(6,436)	(120)	(73,286)	(2,457)
At 31 December 2014 (unaudited)	78,448	-	-	50,419	128,867

Condensed Consolidated Statement of Cash Flow for the six months to 31 December 2014

	Unaudited Six months to 31 December 2014 £000	Unaudited Six months to 31 December 2013 £000	Audited Year to 30 June 2014 £000
Operating activities			
Profit before tax from continuing operations	3,922	2,655	12,160
Loss before tax from discontinued operations	(105)	(136)	(131)
	3,817	2,519	12,029
Depreciation of plant and equipment	407	414	828
Share-based payments	104	98	144
Profit on sale of investment properties	(172)	(314)	(313)
Loss on sale of other property, plant and equipment	32	-	-
Profit from the sale of assets held for sale	(32)	-	(21)
Capitalisation of available for sale assets	(22)	(239)	(426)
Financial income	(159)	(211)	(485)
Financial expenses	227	119	389
Operating cash flows before movements in working capital	4,202	2,386	12,145
(Increase)/decrease in inventories	(5,833)	607	(3,897)
Decrease in receivables	1,073	4,194	995
Decrease in payables	(1,026)	(8,637)	(3,484)
Cash (utilised by)/generated from operating activities	(1,584)	(1,450)	5,759
Tax paid	(82)	-	-
Interest paid	(176)	(98)	(477)
Net cash flows from operating activities	(1,842)	(1,548)	5,282
Investing activities			
Proceeds from disposal of available for sale assets	180	25	244
Proceeds from disposal of investment properties	272	479	490
Interest received	93	156	194
Purchase of plant and equipment	(207)	(399)	(629)
Net cash flows from investing activities	338	261	299
Financing activities			
(Repayment of)/increase in loans and borrowings	(1,248)	33	(260)
Proceeds from issue of shares	93	57	98
Purchase of own shares	(25)	(32)	(28)
Dividends paid	(2,629)	(1,056)	(1,640)
Net cash flows from financing activities	(3,809)	(998)	(1,830)
Net (decrease)/increase in cash and cash equivalents	(5,313)	(2,285)	3,751
Cash and cash equivalents at beginning of period	13,687	9,936	9,936
Cash and cash equivalents at end of period	8,374	7,651	13,687

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The Interim Report of the Group for the six months ended 31 December 2014 has been prepared in accordance with IAS 34 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRS") as adopted for use in the European Union ("EU") and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

The Interim Report does not constitute financial statements as defined in Section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for full annual statements. It should be read in conjunction with the Report and Accounts for the year ended 30 June 2014, which is available either on request from the Group's registered office, Sentinel House, Harvest Crescent, Ancells Business Park, Fleet, Hampshire, GU51 2UZ or can be downloaded from the corporate website www.mjgleeson.com.

The comparative figures for the financial year ended 30 June 2014 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters which the auditor drew attention to by way of emphasis without qualifying their report and (iii) did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

Going concern

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

The Group's business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Chairman's Statement along with the principal risks and uncertainties that have been identified as being capable of affecting the Group's performance in the second half of the financial year.

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

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

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

This Interim Report was approved for issue by the Board of Directors on 24 February 2015.

2. Accounting policies

The accounting policies adopted are consistent with those of the Report and Accounts for the year ended 30 June 2014, as described in those financial statements.

3. Responsibility statement

The Directors confirm that this Interim Report has been prepared in accordance with IAS 34 and that the Chairman's Statement and the notes to the financial statements herein includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and DTR 4.2.8R (disclosure of related party transactions and changes therein).

4. Cautionary statement

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

5. Directors' liability

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

6. Segmental analysis

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

- Gleeson Homes
- Gleeson Strategic Land

In addition the following divisions are considered as discontinued:

- Gleeson Capital Solutions
- Gleeson Construction Services

	Note	Unaudited Six months to 31 December 2014 £000	Unaudited Six months to 31 December 2013 £000	Audited Year to 30 June 2014 £000
Revenue				
Continuing activities:				
Gleeson Homes		40,194	32,963	70,646
Gleeson Strategic Land		2,434	1,485	10,796
		<u>42,628</u>	<u>34,448</u>	<u>81,442</u>
Discontinued activities:	9	185	100	100
Total revenue		<u>42,813</u>	<u>34,548</u>	<u>81,542</u>

		Unaudited Six months to 31 December 2014 £000	Unaudited Six months to 31 December 2013 £000	Audited Year to 30 June 2014 £000
Profit on activities				
Gleeson Homes		5,238	3,480	9,408
Gleeson Strategic Land		739	75	4,844
		5,977	3,555	14,252
Group Activities		(1,987)	(992)	(2,188)
Financial income		159	211	485
Financial expenses		(227)	(119)	(389)
Profit before tax		3,922	2,655	12,160
Tax		(606)	1,045	5,499
Profit for the period from continuing operations		3,316	3,700	17,659
Loss for the period from discontinued operations (net of tax)	9	(83)	(144)	(231)
Profit for the period attributable to equity holders of the parent company		3,233	3,556	17,428

7. Exceptional items

Restructuring costs

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

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

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

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

Re-instatement of inventories and contract provisions

Every 6 months, at the balance sheet date, the Group conduct a review of the net realisable value of the land and work-in-progress against their carrying values of its sites in the light of the condition of the UK housing market. Where the estimated net present realisable value is greater than the carrying value within the Balance Sheet, the Group has partially reversed the impairment previously made.

Deferred tax on tax losses

During the period, the Group recognised £Nil (six months ended 31 December 2013: £1,103,000, year ended 30 June 2014: £8,326,000) of previously unrecognised deferred tax asset in relation to tax losses available to offset against future profits.

Exceptional items may be summarised as follows:

	Unaudited Six months to 31 December 2014 £000	Unaudited Six months to 31 December 2013 £000	Audited Year to 30 June 2014 £000
Restructuring costs	(999)	-	-
Re-instatement of inventories and contract provisions	-	-	800
Deferred tax on tax losses	-	1,103	8,326
	(999)	1,103	9,126

In the six months ended 31 December 2014, £Nil (six months ended 31 December 2013: £Nil, year ended 30 June 2014: £800,000) of exceptional income was reported in the Gleeson Homes division and £Nil (six months ended 31 December 2013: £1,103,000, year ended 30 June 2014: £8,326,000) was reported as tax.

In the six months ended 31 December 2014, £999,000 (six months ended 31 December 2013: £Nil, year ended 30 June 2014: £Nil) of exceptional expense was reported in the Group Activities division.

8. Tax

The accounts for the six months to 31 December 2014 include a tax charge of 15.3% of profit before tax (31 December 2013: 39.1% credit; 30 June 2014: 44.9% credit). The Group's effective tax rate continues at a lower level than the underlying UK tax rate of 21.0% (31 December 2013: 23.0%; 30 June 2014: 22.5%) due to tax adjustment for allowable payments in the tax period (prior periods lower level due to the Group recognising and utilising previously unrecognised tax losses).

9. Discontinued operations

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

The Gleeson Capital Solutions division sold its final PFI in February 2013 and the division is considered to be discontinued.

	Unaudited Six months to 31 December 2014		
	Gleeson Capital Solutions £000	Gleeson Construction Services £000	Total £000
Revenue	-	185	185
Cost of sales	-	(207)	(207)
Gross loss	-	(22)	(22)
Administrative expenses	-	(83)	(83)
Operating loss	-	(105)	(105)
Loss before tax	-	(105)	(105)
Tax	-	22	22
Loss for the period from discontinued operations	-	(83)	(83)

	Unaudited Six months to 31 December 2013		
	Gleeson Capital Solutions £000	Gleeson Construction Services £000	Total £000
Revenue	-	100	100
Cost of sales	-	(72)	(72)
Gross profit	-	28	28
Administrative expenses	-	(164)	(164)
Operating loss	-	(136)	(136)
Loss before tax	-	(136)	(136)
Tax	-	(8)	(8)
Loss for the period from discontinued operations	-	(144)	(144)

	Audited Year ended 30 June 2014		
	Gleeson Capital Solutions £000	Gleeson Construction Services £000	Total £000
Revenue	-	100	100
Cost of sales	-	(46)	(46)
Gross profit	-	54	54
Administrative expenses	-	(185)	(185)
Operating loss	-	(131)	(131)
Loss before tax	-	(131)	(131)
Tax	(77)	(23)	(100)
Loss for the period from discontinued operations	(77)	(154)	(231)

10. Dividends

	Unaudited Six months to 31 December 2014 £000	Unaudited Six months to 31 December 2013 £000	Audited Year to 30 June 2014 £000
Amounts recognised as distributions to equity holders in the year:			
Final dividend for the year ended 30 June 2013 of 2.0p per share	-	1,058	1,058
Interim dividend for the year ended 30 June 2014 of 1.1p (2013: 0.5 p) per share	-	-	582
Final dividend for the year ended 30 June 2014 of 4.9p per share	2,629	-	-
	2,629	1,058	1,640

On 24 February 2015 the Group declared an interim dividend of 2.7 pence per share at a total cost of £1,449,832. The dividend has not been provided for and there are no tax consequences for the Group.

11. Earnings per share

From continuing and discontinued operations

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

Earnings	Unaudited Six months to 31 December 2014 £000	Unaudited Six months to 31 December 2013 £000	Audited Year to 30 June 2014 £000
Earnings for the purposes of basic earnings per share, being net profit/(loss) attributable to equity holders of the parent company			
Profit from continuing operations	3,316	3,700	17,659
Loss from discontinued operations	(83)	(144)	(231)
Earnings for the purposes of basic and diluted earnings per share	3,233	3,556	17,428
Number of shares	31 December 2014 No. 000	31 December 2013 No. 000	30 June 2014 No. 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	53,577	52,821	52,941
Effect of dilutive potential ordinary shares:			
Share options	350	805	915
Weighted average number of ordinary shares for the purposes of diluted earnings per share	53,927	53,626	53,856
From continuing operations	31 December 2014 p	31 December 2013 p	30 June 2014 p
Basic	6.19	7.00	33.36
Diluted	6.15	6.90	32.79
From discontinued operations	31 December 2014 p	31 December 2013 p	30 June 2014 p
Basic	(0.16)	(0.27)	(0.44)
Diluted	(0.16)	(0.27)	(0.44)
From continuing and discontinued operations	31 December 2014 p	31 December 2013 p	30 June 2014 p
Basic	6.03	6.73	32.92
Diluted	6.00	6.63	32.36

	31 December 2014	31 December 2013	30 June 2014
	£000	£000	£000
Normalised Earnings per share			
From continuing and discontinued operations			
Profit for the purposes of basic and diluted earnings per share	3,233	3,556	17,428
Excluding the impact of recognising unrecognised tax losses	-	-	(8,326)
Normalised earnings	3,233	3,556	9,102

	31 December 2014	31 December 2013	30 June 2014
	p	p	p
Basic	6.03	6.73	17.19
Diluted	6.00	6.63	16.90

12. Related party transactions

Identity of related parties

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

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

Transactions with key management personnel

Transactions in the period between the Group and with key management personnel were limited to those relating to remuneration as disclosed in the audited accounts for the year to 30 June 2014. There has been no material change in these arrangements since the year end.

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

The amounts owed by joint ventures at 31 December 2014 totalled £35,000 (31 December 2013: £31,000, 30 June 2014 £31,000).

The amounts owed to joint ventures at 31 December 2014 totalled £Nil (31 December 2013: £Nil; 30 June 2014: £Nil).

13. Group pension scheme

The Group operates a defined contribution pension plan. The assets of the pension plan are held separately from those of the Group in funds under the control of the trustees. The total pension cost charged to the income statement in the six months to 31 December 2014 of £257,000 (six months to 31 December 2013: £204,000; year to 30 June 2014: £451,000) represents contributions payable to the defined contribution pension plan by the Group at rates specified in the plan rules. At 31 December 2014, contributions of £64,000 (31 December 2013: £50,000; 30 June 2014: £53,000) due in respect of the current reporting period had not been paid over to the pension plan. Since the period end, this amount has been paid.

14. Share capital

On 18 December 2014, the Company entered into a scheme of arrangement with the shareholders of MJ Gleeson Group plc whereby the Company obtained 100% of the share capital in MJ Gleeson Group plc in consideration of one share issued to shareholders of MJ Gleeson Group Plc for every one share held in MJ Gleeson Group plc.

Prior to the scheme of arrangement on 18 December 2014, the share capital of the Group (MJ Gleeson Group plc) was:

Ordinary shares of 2p each - MJ Gleeson Group plc

	2014 No.	£000
As at 1 July 2014	53,154,084	1,063
Shares issued	543,397	11
As at 18 December 2014	<u>53,697,481</u>	<u>1,074</u>

As a result of the scheme of arrangement on 18 December 2014, the share capital of MJ Gleeson plc was:

Ordinary shares of £1 each - MJ Gleeson plc

	2014 No.	£000
Issued on incorporation on 16 October 2014	2	-
Shares cancelled on 18 December 2014	(2)	-
As at 18 December 2014	<u>-</u>	<u>-</u>
At 31 December 2014	<u>-</u>	<u>-</u>

Redeemable non-voting preference shares of £1 each - MJ Gleeson plc

	2014 No.	£000
Issued on incorporation on 16 October 2014	50,000	50
As at 18 December 2014	<u>50,000</u>	<u>50</u>
At 31 December 2014	<u>50,000</u>	<u>50</u>

Ordinary shares of £1.46 each - MJ Gleeson plc

	2014 No.	£000
At 16 October 2014	-	-
Issued on 18 December 2014	53,697,480	78,398
As at 18 December 2014	<u>53,697,480</u>	<u>78,398</u>
At 31 December 2014	<u>53,697,480</u>	<u>78,398</u>

Ordinary shares of 2p - MJ Gleeson Group plc

The company has one class of Ordinary share which carries no rights to fixed income.

Ordinary shares of £1 - MJ Gleeson plc

On 16 October 2014, the Company was incorporated with 2 Ordinary shares of £1 each. These were fully paid. On 18 December 2014, these shares were gifted to a nominee of the Company and cancelled.

Redeemable non-voting preference shares of £1 each - MJ Gleeson plc

On 16 October 2014, the Company was incorporated with 50,000 redeemable, non-voting preference shares of £1 each. These shares are unpaid.

Ordinary shares of £1.46 each - MJ Gleeson plc

On 18 December 2014, the Company entered into a Scheme of Arrangement with the shareholders of MJ Gleeson Group plc whereby the Company obtained 100% of the share capital in MJ Gleeson Group plc in consideration of one share issued to shareholders of MJ Gleeson Group plc for every one share held in MJ Gleeson Group plc.

15. Post balance sheet events

Following the year end, the Company has completed a share capital reduction, reducing the nominal value of the 53,697,480 Ordinary shares of 146 pence to shares of 2 pence. The Ordinary share capital has reduced from £78,398,000 to £1,074,000 with a corresponding increase in retained earnings.