MJ GLEESON PLC

Audited results for the year ended 30 June 2016

MJ Gleeson plc, the community regeneration housebuilder and strategic land specialist, is pleased to announce another strong performance with revenue up 20.8%, profit before tax up 63.0% and a proposed final dividend of 10.0p per share.

	2016 £m	2015 £m	Change %
Revenue	142.1	117.6	+20.8
Pre-exceptional operating profit*	28.2	23.3	+21.0
Operating profit	28.2	22.0	+28.2
Pre-exceptional profit before tax*	28.2	23.4	+20.5
Profit before tax	28.2	17.3	+63.0
Net cash flow from operating & investing activities	13.9	8.1	+71.6
Cash and cash equivalents	23.2	15.8	+46.8
Net assets	152.9	136.5	+12.0
Basic earnings per share (normalised) **	42.6	34.2	+24.6
Basic earnings per share	42.6	22.8	+86.8
Dividend per share	14.5p	10.0p	+45.0
Return on capital employed	23.2%	21.1%	+10.0

Notes: There were no exceptional items in 2016.

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

** Normalised basic earnings per share in 2015 excludes the impact of exceptional restructuring costs (£1.2m) and provision against investments (£4.9m).

Strong performance across both divisions and confident in outlook

Gleeson Homes:

- 904 units sold (2015: 751 units)
- Operating profit increased to £19.5m (2015: £17.4m)
- Average Selling Price £125,700 (2015: £123,750)
- Land pipeline, including conditionally purchased sites, of 9,284 plots (2015: 7,496 plots)

Gleeson Strategic Land:

- Operating profit of £10.2m (2015: £8.1m) driven by increase in transactions during the year
- Seven land sales completed during the year for 191 acres of residential and commercially developable land
- Five new sites secured during the year
- Portfolio at year end: 68 sites comprising 3,843 acres

Final dividend of 10.0 pence per share proposed (2015: 7.3 pence per share), resulting in total dividend for the year up 45% to 14.5 pence per share (2015: 10.0 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 – goes from strength to strength, delivering increased margins, profits and cash.

"Gleeson Homes continues to see strong customer demand for its low cost homes. The opening of two new regional offices and the increase in its land pipeline to 9,284 plots will enable the division to continue to grow in what remains a strong market for low cost homes in the North of England. We have commenced rolling out our distinctive and highly successful business model across a wider geographic area. The potential number of purchasers of Gleeson Homes in this wider area is three times the comparable figure within our current market.

"Similarly, Gleeson Strategic Land continues to see strong demand for consented land in prime locations from a wide range of housebuilders. The division has a strong pipeline of sites, predominantly in the South of England, covering 3,843 acres (2015 3,936 acres), and expects to continue to enjoy a high level of success in promoting commercially attractive sites through the planning system.

"The Board has every confidence in the Group's outlook in both the short and longer term."

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Chairman's Statement

I am pleased to report another year of strong growth in margins, profits, and cash.

Gleeson Homes increased unit sales by 20.4% to 904 units (2015: 751 units). Gross margins continued to improve as a result of a modest increase in selling prices and stringent cost controls. The division increased its land pipeline by 20 sites, comprising 1,788 plots, taking advantage of the relatively low land prices in our target areas in the North of England.

Gleeson Strategic Land increased operating profit by 25.9% to £10.2m. The division continued to secure attractive residential planning consents and to satisfy demand for development sites from both medium sized and volume housebuilders.

Financial Performance

Group revenues increased by 20.8% to £142.1m (2015: £117.6m). The Group recorded an operating profit from continuing operations of £28.2m, an increase compared to the previous year of 28.2% (2015: £22.0m). The post-tax loss from discontinued operations was £0.3m (2015: £0.2m).

Profit before tax increased by 63.0% to £28.2m (2015: £17.3m). Profit for the year attributable to equity holders of the parent company was £23.0m (2015: £12.2m).

Gross margin on unit sales increased to 31.1% (2015: 29.6%) which helped to improve operating margin on unit sales to 17.1% (2015: 15.8%).

Net assets increased by 12.0% to £152.9m (2015: £136.5m), representing net assets per share of 283p (2015: 254p). Cash and cash equivalents at 30 June 2016 totalled £23.2m (2015: £15.8m).

Normalised basic earnings per share, excluding the impact of exceptional costs (2016: £nil, 2015: £6.1m) grew by 24.6% to 42.6p (2015: 34.2p).

Market Context

Demand for low cost homes in the North of England remains strong.

Hard working, low income families remain committed to home ownership and the cost of owning a Gleeson home is, in many cases, cheaper than an equivalent council house rent. The Government's support through the Help to Buy Scheme, which has been extended to 2021, and rigorous control of costs in Gleeson Homes means that our selling prices remain exceptionally affordable.

Gleeson Homes has not seen any change in customer enquiries or sales due to the "Brexit" vote. Our mortgage advisors and other organisations with whom we work very closely, including on-line property websites, also report that there has been no drop in enquiries or demand for new homes. Gleeson Strategic Land has seen two of the major housebuilders try to renegotiate the terms of purchase, but mid-range housebuilders, who need replacement sites and are more interested in completing deals promptly, continue to bid competitively on all our land sales.

Overall the "Brexit" vote has not had a material effect on the Group's expectations. It is very much "business as usual".

Land

For Gleeson Homes, land continues to be available at relatively low cost. The division's land pipeline grew to a record high of 117 sites (2015: 97), comprising 9,284 plots owned or conditionally purchased (2015: 7,496). Gleeson Homes intends to commence building low cost homes on every site as soon as planning permission is obtained.

The division's strategic objective of 1,000 unit completions per annum is within sight and, as set out in the Strategic Report, we are taking advantage of the opportunity for substantial growth beyond this figure by rolling out the division's distinctive and highly successful business model across a wider geographical area.

Gleeson Strategic Land has a record number of sites in the South of England with planning consent or resolution to grant. Demand for prime sites in the South of England from a wide range of housebuilders remains strong.

Employees

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

The average number of employees during the year increased to 314 (2015: 266). The actual number of employees at the year-end was 333 (2015: 290).

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 10.0 pence per share (2015: 7.3 pence per share). Combined with the interim dividend, this will give a total dividend for the year of 14.5 pence per share (2015: 10.0 pence per share), an increase compared to the previous year of 45.0%. Subject to shareholder approval at the Annual General Meeting ("AGM"), the final dividend will be paid on 15 December 2016 to shareholders on the register at close of business on 18 November 2016. The Board aims to maintain dividend cover between two and three times for the foreseeable future.

Summary and Outlook

We are in a strong position to deliver further growth. Market demand remains strong and Gleeson Homes' growing land pipeline provides the opportunity to open new sites in both existing and new regions in the North of England and the Midlands. Demand for consented green field sites in our Strategic Land division also remains strong across a wide range of housebuilders. Against this background, the Board is confident that the Group has significant scope to grow both revenue and profits in the current year and beyond.

Dermot Gleeson
Chairman
23 September 2016

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 Homes continues to build significant value for shareholders as well as delivering a unique social benefit in helping people on lower incomes move from housing poverty caused by the 'rent trap' into home ownership and wealth creation. Our homes are affordable enough to be sold to a couple on the current national living 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 Homes has played a key role in regenerating challenging communities. Through establishing strong relationships with local authorities, Gleeson Homes has created a 'virtuous circle' in which it acquires and redevelops legacy sites where there is an obvious need for social and economic regeneration and builds homes at affordable prices, thus enabling 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 two, three and four bedroom detached and semi-detached homes. We ensure that our good quality homes are built to the specification that our customers desire.
- **Low overheads**. We ensure that overhead costs are kept low by having small and similarly structured management teams in each operating region and by continuously measuring their relative performance.
- **Enabling the customer**. We offer our customers a range of bespoke financial packages, including a deposit saving scheme, 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 business' team of land surveyors and town planners, along with legal and technical experts, steer the land through the planning process towards 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.

Gleeson Homes has a proven and successful business model. Working alongside local authorities, Gleeson Homes has played a key role in regenerating whole communities, allowing people to continue living in, or return to, their home neighbourhoods.

We have been growing our regional footprint for some years and we continue to do so. Two new regional offices were opened during the year in Wakefield and St Helens, taking the number of regional offices to six (including established offices in Sheffield, Bury, Wynyard and Chester-le-Street). Gleeson Homes believes its model of providing affordable homes for people on low incomes in areas that are in need of regeneration can also be rolled-out in other areas in the North and Midlands.

Gleeson Homes is now comfortably in sight of its target of 1,000 unit completions per annum. We expect to reach this target, on an annualised run rate basis, during the financial year ending 30 June 2017. Once this milestone is reached, we will outline new medium term growth targets.

Based on our estimate of the addressable customer base within the expanded catchment area in which we intend to grow, we believe that this business has the potential to achieve a sales rate of 3,000 units per annum.

Our strategic priorities are set out below:

Increased housebuilding footprint: We will increase the number of developments throughout our existing and new operating areas and particularly in communities that are in need of regeneration. Our business enables people on lower incomes to become homeowners and regenerates local communities in areas of social deprivation. This strategic benefit is recognised by local authorities and results in more opportunities for us to acquire brownfield land at sensibly 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 desire. We will ensure that our homes are energy efficient and have low running costs. We will use appropriate construction methods to build efficiently.

Increased land pipeline: We will continue to acquire land, at appropriate cost, in socially and economically deprived areas, which would benefit from community regeneration and we will start building as soon as we have an implementable planning approval.

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 division is now limited to the resolution of contractual claims.

BUSINESS PERFORMANCE

Gleeson Homes

Gleeson Homes' results for the year were as follows:

	2016	2015	% change
Units sold	904	751	+20.4%
Operating profit – units sold	£19.5m	£14.7m*	+32.7%
Land pipeline (units)	9,284	7,496	+23.9%

*2015 excludes £2.7m profit on land sales (2016: nil)

904 homes were sold during the year, an increase of 20.4% on the prior year's total of 751. During the year Gleeson Homes opened 18 new sites and had on average 43 selling outlets open compared to 39 during the prior year. The outlets were located in Cleveland, County Durham, Derbyshire, Lancashire, Greater Manchester, Merseyside, Northumberland, North Yorkshire, Nottinghamshire, Tyne and Wear, South Yorkshire and West Yorkshire. The number of outlets at the end of the year increased to 48 compared to 43 at the prior year end and is expected to increase to over 50 during the course of the current financial year.

The ASP for the homes sold in the year was £125,700 (2015: £123,750). The increase was influenced by the mix of outlets and unit-types. 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 reduced to 87% reflecting the acceleration of sales on our last remaining legacy site.

Gross profit margin on units sold increased to 31.1% (2015: 29.6%) due to increased average selling prices, lower land costs and the maintenance of a very stringent approach to cost control.

Gleeson Homes margin on unit sales	2012	2013	2014	2015	2016
Gross Profit	20.4%	27.8%	29.8%	29.6%	31.1%
Operating Profit exc. Land	0.9%	8.4%	13.3%	15.8%	17.1%

The increase in the volume of homes sold along with the improved gross profit margin on units sold has resulted in gross profit on units sold increasing by 28.7% to £35.4m (2015: £27.5m). There were no land sales within the Homes division during the year (2015: £2.7m gross profit on one land sale).

Operating profit on unit sales increased 32.7% to £19.5m (2015: £14.7m). Operating profit on land sales was nil (2015: £2.7m). Gleeson Homes reported total operating profit of £19.5m (2015: £17.4m).

Gleeson Homes has a large range of bespoke packages to assist customers to become homeowners, including "Save and Build", "First Rung", "Advance to Buy", and "Aspire to Own". The Government's Help to Buy Scheme remains popular amongst many of our customers, with 61% of the homes sold in the year utilising this scheme.

Competition amongst mortgage lenders has helped to both reduce borrowing costs and to increase availability. A range of mortgage lenders provide finance to Gleeson home buyers and the number of providers is increasing. The recent reduction in bank base rates has further reduced borrowing costs and increased mortgage affordability.

Gleeson Homes was able to continue to acquire land in the North of England and the Midlands at relatively low cost. This was a busy year of land acquisition which saw the land pipeline grow by 20 sites to a total of 117 at year end; 35 new sites were added to the pipeline, while 15 sites were either completed or we did not proceed to purchase. In terms of units, the pipeline grew by 1,788 units to stand at 9,284 units at June 2016. Of these units 4,357 are owned (2015: 3,680) and 4,927 units are conditionally purchased (2015: 3,816). In addition to owned and conditionally purchased units, there are a further 997 units which are being actively considered for acquisition but will only proceed to purchase if they meet our strict returns criteria.

Gleeson Strategic Land

	2016	2015	% change
Revenue	£28.4m	£21.5m	+32.1%
Operating profit	£10.2m	£8.1m	+25.9%
Land sales (no. of sites)	7	5	+40.0%

Revenue from Gleeson Strategic Land grew by 32.1% to £28.4m (2015: £21.5m) which reflects an increase in the number of successful land transactions to 7 (2015: 5). Operating profit shows the value added by the Gleeson Strategic Land business on land transactions during the year. Operating profit increased by 25.9% to £10.2m (2015: £8.1m). As with revenue, the profit growth was driven by the increase in transactions during the year.

We continued to see healthy demand from a wide range of housebuilders looking to acquire well located land with planning consent and received particularly strong interest from mid-sized house builders.

The sites in Gleeson Strategic Land's portfolio are forecast to realise maximum value over a mix of short, medium and long term periods. Currently 10 sites have planning permission, 4 have a resolution to grant, 15 have a planning application submitted or are being appealed / judicially challenged, and 12 have applications being worked up prior to submission. The balance of the portfolio consists of sites which are being promoted through local plans, local development frameworks and / or emerging neighbourhood plans.

This strong position provides confidence in the division's ability to deliver reasonably consistent annual returns.

At the year end, our Strategic Land business had a portfolio totalling 68 sites (2015: 68 sites). We acquired 5 new sites and sold 7 sites in the year. Two of the sites sold were split prior to sale and one part of each was retained. The portfolio comprises 3,843 acres (2015: 3,936 acres), of which 178 acres (2015: 159 acres) were wholly or part owned by the Group; 2,115 acres (2015: 2,073 acres) were held under option; and 1,550 acres (2015: 1,704 acres) were the subject of promotion agreements. The portfolio of sites continues to have a geographic bias 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 21,111 plots (2015: 21,150 plots).

Financial Review

Highlights

- Revenue increased by 20.8% to £142.1m
- Gross margin on unit sales increased to 31.1% from 29.6%
- Operating margin on unit sales increased to 17.1% from 15.8%
- Profit before tax increased by 63.0% to £28.2m
- Normalised earnings per share* increased by 24.6% to 42.6 pence
- Cash balances increased by 46.8% to £23.2m
- Net assets per share increased by 11.4% to 283 pence per share
- Dividend for the year increased by 45.0% to 14.5 pence per share

** Normalised earnings per share exclude the impact of exceptional costs (2016: £nil, 2015: £6.1m).*

	2013	**2014**	**2015**	**2016**
Profit before tax (£m)	£5.8m	£12.2m	£17.3m	£28.2m

Consolidated Statement of Comprehensive Income

Revenue increased by 20.8% in the year to £142.1m (2015: £117.6m). The revenue of Gleeson Homes increased by 18.2% to £113.6m (2015: £96.1m) due to a combination of the 20.4% increase in homes sold to 904 (2015: 751) and a 1.6% increase in the average selling price to £125,700 (2015: £123,750). Revenue for Gleeson Strategic Land increased by £6.9m to £28.4m, due to both the increased sales activity during the year and the mix of sales.

Gross profit increased by 18.1% to £47.6m (2015: £40.3m). The gross profit of Gleeson Homes increased by 16.8% to £35.4m (2015: £30.3m) due to the increase in volume, lower land costs and higher selling prices. The gross profit of Gleeson Strategic Land increased by 22.0% to £12.2m (2015: £10.0m) primarily due to the increase in sites 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 £1.1m (6.0%). Prior year administrative costs included £1.2m exceptional restructuring cost. Underlying administrative costs increased by £2.4m (14.1%) as a result of further investment for growth.

Operating profit from continuing operations was £28.2m (2015: £22.0m) an increase of 28.2% over the previous year.

Growth in operating profit has been driven by strong trading results in both Gleeson Homes and Gleeson Strategic Land and the lower administrative costs of the Group head office function.

Operating profit by division

Operating Profit excluding group overheads	**2013**	**2014**	**2015**	**2016**
Gleeson Homes	£4.0m	£9.4m	£17.4m	£19.5m
Gleeson Strategic Land	£3.5m	£4.8m	£8.1m	£10.2m

Note: Gleeson Homes operating profit in 2015 includes £2.7m from the sale of surplus land. There were no land sales in 2016.

Discontinued operations incurred a loss of £0.3m during the year (2015: loss £0.2m). This related to the costs of Gleeson Construction Services Limited, whose only activity is limited to resolving contractual claims from the businesses that were sold in 2005 and 2006.

Provision for diminution in value of investment
There were no provisions made during the year. During 2015 the Group fully provided for the £4.9m carrying value of its investment in GB Group Holdings Ltd.

Financing

Financial income of £0.5m (2015: £0.5m) consists primarily of the unwinding of discounts on deferred receipts on land sales. Interest earned on unwinding of deferred receipts was marginally higher than the prior year as a result of a higher level of deferred receipts outstanding.

Financial expenses of £0.4m (2015: £0.4m) consist of interest payable on bank loans and overdrafts, bank charges and interest and unwinding of discounts relating to deferred payments on land purchases.

Profit for the year
The profit for the year attributable to equity holders was £23.0m (2015: £12.2m).

Tax
A tax charge for continuing operations of £4.9m (2015: £4.8m) has been recorded for the year reflecting the increase in taxable profits for the year.

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 £28.3m (2015: £31.0m) of tax losses, of which £20.1m (2015: £25.8m) is recognised as a deferred asset, which can be carried forward indefinitely.

The tax charge attributable to discontinued operations was £0.0m (2015: £nil).

The net deferred tax asset recorded within the Statement of Financial Position totals £4.6m (2015: £5.7m).

Earnings per share
Reported basic earnings per share increased by 86.8% to 42.6p (2015: 22.8p). The normalised basic earnings per share improved by 24.6% to 42.6p (2015: 34.2p).

Dividend
Reflecting the financial strength of the Company as well as our confidence in the short term outlook, the Board has proposed a final dividend of 10.0 pence per share (2015: 7.3 pence per share). Combined with the interim dividend, the dividend for the full year totals 14.5 pence per share being an increase of 45.0% on the prior year (2015: 10.0 pence per share). The Board aims to maintain dividend cover between two and three times for the foreseeable future.

	2013	**2014**	**2015**	**2016**
Total dividend (pence)	2.5p	6.0p	10.0p	14.5p

Statement of Financial Position
During the year to 30 June 2016, shareholders' funds increased by £16.4m to £152.9m (2015: £136.5m). Net assets per share increased to 283 pence, an increase of 11.4% year on year (2015: 254 pence).

In the year, non-current assets decreased by £7.1m to £19.9m (2015: £27.0m). The main reasons for the change are the decrease in trade and other receivables of £6.1m and the £1.1m decrease in the deferred tax asset.

Current assets increased by £19.2m to £160.8m (2015: £141.6m), with inventories increasing by £6.0m to £114.2m, trade and other receivables increasing by £5.8m to £23.3m and cash balances increasing by £7.4m to £23.2m.

Total liabilities decreased by £4.4m to £27.7m (2015: £32.1m). This was mainly due to trade and other payables of £26.9m (2015: £31.8m) being £4.9m lower.

Cash Flow
The Group generated £7.4m (2015: £2.1m) of cash in the year, resulting in a net cash balance at 30 June 2016 of £23.2m (2015: £15.8m).

Operating cash flows before working capital movements, generated £29.1m (2015: £17.9m). Investment in working capital of £11.6m (2015: £14.3m excluding impairment of investment) resulted in cash generated from operating activities of £17.5m (2015: £8.4m). Tax and interest payments amounted to £3.7m (2015: £0.5m). Cash generated from investing activities totalled £0.0m (2015: £0.1m). Net cash out-flows from financing activities totalled £6.4m (2015: £6.0m), including £6.4m (2015: £4.1m) on dividend payments.

	2013	2014	2015	2016
Cash balance (£m)	£9.9m	£13.7m	£15.8m	£23.2m

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 extended its £20.0m committed working capital facility with Lloyds Bank plc for a further three years to March 2019 on significantly improved terms. The extended facility includes an un-committed accordion option that could increase the facility size to £40.0m. The facility provides the Group with additional flexibility and capacity for growth. The facility was undrawn at the balance sheet date.

Pension
The Group contributes to a defined contribution pension scheme. A charge of £0.5m (2015: £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
23 September 2016

Stefan Allanson
Chief Financial Officer
23 September 2016

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2016

	2016	2015
	£000	£000
Continuing operations		
Revenue	**142,065**	117,588
Cost of sales	**(94,509)**	(77,287)
Gross profit	**47,556**	40,301
Administrative expenses before restructuring costs	**(19,390)**	(17,019)
Exceptional restructuring costs	**-**	(1,236)
Administrative expenses	**(19,390)**	(18,255)
Operating profit	**28,166**	22,046
Exceptional provision for diminution in value of investments	**-**	(4,896)
Financial income	**512**	496
Financial expenses	**(440)**	(383)
Profit before tax	**28,238**	17,263
Tax	**(4,934)**	(4,848)
Profit for the year from continuing operations	**23,304**	12,415
Discontinued operations		
Loss for the year from discontinued operations (net of tax)	**(345)**	(207)
Profit for the year	**22,959**	**12,208**
Earnings per share attributable to equity holders of parent company		
Basic	**42.59 p**	22.77 p
Diluted	**42.51 p**	22.61 p
Earnings per share from continuing operations		
Basic	**43.23 p**	23.16 p
Diluted	**43.15 p**	22.99 p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2016

	2016	2015
	£000	£000
Profit for the year	**22,959**	12,208
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Change in value of available for sale financial assets	**(584)**	-
Other comprehensive income for the year, net of tax	**(584)**	-
Total comprehensive income for the year attributable to equity holders of parent company	**22,375**	12,208

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2016

	2016	2015
	£000	£000
Non-current assets		
Plant and equipment	**1,274**	1,236
Investment properties	**506**	506
Investments in joint ventures	**-**	15
Trade and other receivables	**13,527**	19,606
Deferred tax assets	**4,567**	5,668
	19,874	27,031
Current assets		
Inventories	**114,238**	108,222
Trade and other receivables	**23,284**	17,530
Cash and cash equivalents	**23,244**	15,809
	160,766	141,561
Total assets	**180,640**	168,592
Non-current liabilities		
Provisions	**(100)**	(59)
Current liabilities		
Trade and other payables	**(26,904)**	(31,790)
Provisions	**(111)**	(214)
UK corporation tax	**(620)**	-
	(27,635)	(32,004)
Total liabilities	**(27,735)**	(32,063)
Net assets	**152,905**	136,529
Equity		
Share capital	**1,082**	1,074
Share premium account	**23**	23
Capital redemption reserve	**-**	-
Available for sale reserve	**(584)**	-
Retained earnings	**152,384**	135,432
Total equity	**152,905**	136,529

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2016

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Available for sale reserve £000	Retained earnings £000	**Total £000**
At 1 July 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**
Redemption of preference shares	(50)	-	-	-	-	**(50)**
Scheme of arrangement with shareholders	77,324	(6,468)	(120)	-	(70,736)	**-**
Share reduction	(77,324)	-	-	-	77,324	**-**
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**
Total comprehensive income for the period						
Profit for the period	-	-	-	-	22,959	**22,959**
Other comprehensive income	-	-	-	(584)	-	**(584)**
Total comprehensive income for the period	-	-	-	(584)	22,959	**22,375**
Transactions with owners, recorded directly in equity						
Contributions and distributions to owners						
Share issue	8	-	-	-	-	**8**
Purchase of own shares	-	-	-	-	(46)	**(46)**
Share-based payments	-	-	-	-	420	**420**
Dividends	-	-	-	-	(6,381)	**(6,381)**
Transactions with owners, recorded directly in equity	8	-	-	-	(6,007)	**(5,999)**

At 30 June 2015	1,082	23	-	(584)	152,38 4	**152,905**

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 30 June 2016

	2016	2015
	£000	£000
Operating activities		
Profit before tax from continuing operations	**28,238**	17,263
Loss before tax from discontinued operations	**(336)**	(207)
	27,902	17,056
Depreciation of plant and equipment	**763**	798
Share-based payments	**420**	266
Profit on sale of available for sale assets	**(73)**	(171)
Loss on sale of other property, plant and equipment	**129**	104
Profit on sale of assets held for sale	**-**	(50)
Impairment of investments in joint ventures	**15**	-
Capitalisation of available for sale assets	**-**	(22)
Financial income	**(512)**	(496)
Financial expenses	**440**	383
Operating cash flows before movements in working capital	**29,084**	17,868
Impairment of investment	**-**	4,896
Increase in inventories	**(6,016)**	(7,506)
Increase in receivables	**(604)**	(16,420)
Increase/(decrease) in payables	**(4,940)**	9,602
Cash generated in operating activities	**17,524**	8,440
Tax paid	**(3,224)**	(79)
Interest paid	**(440)**	(383)
Net cash flows from operating activities	**13,860**	7,978
Investing activities		
Proceeds from disposal of available for sale assets	**926**	735
Proceeds from disposal of investment properties	**-**	236
Proceeds from disposal of plant and equipment	**8**	15
Interest (paid)/received	**-**	(3)
Purchase of plant and equipment	**(940)**	(870)
Net cash flows from investing activities	**(6)**	113
Financing activities		
Repayment of borrowings	**-**	(1,933)
Proceeds from issue of shares	**8**	66
Purchase of own shares	**(46)**	(25)
Dividends paid	**(6,381)**	(4,077)
Net cash flows from financing activities	**(6,419)**	(5,969)
Net increase in cash and cash equivalents	**7,435**	2,122
Cash and cash equivalents at beginning of year	**15,809**	13,687
Cash and cash equivalents at end of year	**23,244**	15,809

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 2016 or 2015, but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Registrar of Companies, and those for 2016 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 2015. Of the new standards, amendments and interpretations that are in issue and mandatory for the financial year ended 30 June 2016, 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:

	2016	2015
	£000	£000
Revenue		
Continuing activities:		
Gleeson Homes	**113,633**	96,078
Gleeson Strategic Land	**28,432**	21,510
	142,065	117,588
Discontinued activities	**-**	237
Total revenue	**142,065**	117,825
Profit on activities		
Gleeson Homes	**19,465**	17,384
Gleeson Strategic Land	**10,163**	8,147
	29,628	25,531
Administrative expenses	**(1,462)**	(2,249)
Exceptional restructuring costs	**-**	(1,236)
Exceptional provision for diminution in value of investments	**-**	(4,896)
Financial income	**512**	496
Financial expenses	**(440)**	(383)
Profit before tax	**28,238**	17,263
Tax	**(4,934)**	(4,848)
Profit for the year from continuing operations	**23,304**	12,415
Loss for the year from discontinued operations (net of tax)	**(345)**	(207)
Profit for the year attributable to equity holders of the parent company	**22,959**	12,208

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.

	Gleeson Construction Services	**Total**	Gleeson Construction Services	Total
	2016	**2016**	2015	2015
	£000	**£000**	£000	£000
Revenue	**-**	**-**	237	237
Cost of sales	**(6)**	**(6)**	(275)	(275)
Gross loss	**(6)**	**(6)**	(38)	(38)
Administrative expenses	**(330)**	**(330)**	(169)	(169)
Operating loss	**(336)**	**(336)**	(207)	(207)
Loss before tax	**(336)**	**(336)**	(207)	(207)
Tax	**(9)**	**(9)**	-	-
Loss for the year from discontinued operations	**(345)**	**(345)**	(207)	(207)

Loss per share - impact of discontinued operations

	2016	2015
	p	p
Basic	**(0.64)**	(0.39)

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

	2016	2015
	£000	£000
Operating activities	**(47)**	(73)

4. Exceptional items

	2016	2015
	£000	£000
Restructuring costs	**-**	(1,236)
Provision for diminution in value of investments	**-**	(4,896)
	-	(6,132)

No exceptional costs were incurred in the current year.

Restructuring costs
In the prior year 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
In the prior year the Group made a provision against its investment in GB Building Solutions Limited and GB Group Holdings Limited ("GBGH") which went into administration on 9 March 2015.

5. Financial income and expenses

	2015	2015
	£000	£000
Financial income		
Interest on bank deposits	**4**	4
Other interest	**-**	1
Unwinding of discount	**508**	491
	512	496
Financial expenses		
Bank charges	**(440)**	(383)
	(440)	(383)
Net financial income	**72**	113

6. Tax

	Continuing operations		Discontinued operations		Total	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Current tax:						
Current year charge	**3,797**	-	**-**	-	**3,797**	-
Adjustment in respect of prior years	**45**	3	**-**	-	**45**	3
	3,842	3	**-**	-	**3,842**	3
Deferred tax:						
Current year expense	**1,335**	4,959	**7**	-	**1,342**	4,959
Adjustment in respect of prior years	**(519)**	(54)	**-**	-	**(519)**	(54)
Impact of rate change	**276**	(60)	**2**	-	**278**	(60)
Deferred tax expense for the year	**1,092**	4,845	**9**	-	**1,101**	4,845
Total tax charge	**4,934**	4,848	**9**	-	**4,943**	4,848

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Corporation tax has been calculated at 17.7% of assessable profit for the year (2015: 28.4%).

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

	2016	2015
	£000	£000
Profit before tax on continuing operations	**28,238**	17,263
Loss before tax from discontinued operations	**(336)**	(207)
Profit before tax	**27,902**	17,056
Profit before taxation multiplied by the standard rate of UK corporation tax 20.0% (2015: 20.8%)	**5,580**	3,539
Tax effect of:		
Expenses not deductible for tax purposes	**99**	1,313
Deduction in respect of share options exercised	**(417)**	-
Land remediation relief	**(60)**	-
Utilisation of tax losses not previously recognised	**-**	110
Deferred tax not recognised	**(74)**	-
Impact of rate changes on deferred tax assets	**289**	(60)
Adjustments in respect of prior years – current tax	**45**	-
Adjustments in respect of prior years – deferred tax	**(519)**	(54)
Tax charge	**4,943**	4,848

7. Dividends

	2016	2015
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 30 June 2016 of 4.5p (2015: 2.7p) per share	**2,433**	1,448
Final dividend for the year ended 30 June 2015 of 7.3p (2014: 4.9p) per share	**3,948**	2,629
	6,381	4,077

The proposed final dividend for the year ended 30 June 2016 of 10.0p per share (2015: 7.3p) makes a total dividend for the year of 14.5p (2015: 10.0p).

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 £5,412,000.

8. Earnings per share

Continuing and discontinued operations

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

	2016	2015
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	**23,304**	12,415
Loss from discontinued operations	**(345)**	(207)
Profit for the purposes of basic and diluted earnings per share	**22,959**	12,208

	2016	2015
	No. 000	No. 000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**53,907**	53,614
Effect of dilutive potential ordinary shares:		
- share options	**103**	383
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**54,010**	53,997

	2016	2015
From continuing operations		
Basic earnings per share	**43.23p**	23.16p
Diluted earnings per share	**43.15p**	22.99p
From discontinued operations		
Basic earnings per share	**(0.64)p**	(0.39)p
Diluted earnings per share	**(0.64)p**	(0.39)p
From continuing and discontinued operations		
Basic earnings per share	**42.59p**	22.77p
Diluted earnings per share	**42.51p**	22.61p

	2016	2015
	£000	£000
Normalised earnings per share from continuing and discontinued operations		
Profit for the purposes of basic and diluted earnings per share	**22,959**	12,208
Adjust for the impact of exceptional costs/credits	**-**	6,132
Normalised earnings	**22,959**	18,340

	2016	2015
Normalised basic earnings per share	**42.59p**	34.21p
Normalised diluted earnings per share	**42.51p**	33.96p