gleeson

22 February 2011

MJ GLEESON GROUP PLC

INTERIM ANNOUNCEMENT

Gleeson (GLE.L), the urban regeneration and strategic land specialist, announces its results for the six months to 31 December 2010.

Key Points – Financial

- Revenue from Gleeson Regeneration & Homes increased by 48% to £20.6m (2009: £13.9m) due to an increase in the number of units sold.
- Revenue from Gleeson Strategic Land decreased to £3.4m (2009: £9.8m). There was one land sale in the period (2009: two).
- Revenue from continuing operations decreased by 12% to £24.0m (2009: £27.4m).
- A pre-tax profit on continuing operations of £0.1m (2009: 0.1m) was made.
- Net cash increased in the period by £0.5m to £19.0m.

Key Points – Commercial

- Gleeson Regeneration & Homes sold 171 (2009: 99) units in the period, an increase of 73%.
- Average selling prices decreased to £122,000 (2009: £134,000) due to a change in the mix of product sold. Like-for-like sales showed a modest increase in average selling price.
- Gleeson Regeneration & Homes made an operating loss of £0.8m (2009: £1.5m), inclusive of exceptional credits of £0.8m (2009: £Nil) relating to the partial reversal of provisions.
- Gleeson Strategic Land made an operating profit of £1.6m (2009: £2.4m) on the completion of one land sale (2009: two) and secured four new options adding 63 acres to the portfolio, with the acreage now totalling 3,833 acres (2009: 3,858).
- Group overheads further reduced to £0.8m (2009: £1.1m)

Current Trading and Prospects

Dermot Gleeson, Chairman, stated: “Although conditions in the housing market remain difficult, not least as a result of a continuing dearth of mortgage finance, Gleeson Regeneration & Homes has achieved an encouraging increase in both site visitors and completions. This reflects the business unit’s enhanced ability to provide first time buyers in regeneration areas with homes that represent exceptional value for money. Meanwhile, the demand from volume housebuilders for residential land in the South of England remained at the improved levels seen in the previous financial year and Gleeson Strategic Land completed one land sale and agreed terms for a second.

The extremely cautious approach of mortgage lenders and the widespread uncertainty regarding employment prospects makes it likely that the housing market overall will remain subdued for some time. However, the action taken over the last year to reduce costs substantially without compromising quality means that the Group is now able to offer buyers at the lower end of the market homes that are very competitively priced. As a result, the Board believes it should be possible to continue to achieve steady sales growth."

Enquiries:

M J Gleeson Group plc		01252-360 300
Dermot Gleeson	Chairman	
Alan Martin	Chief Operating Officer & Group Finance Director	

Notes to Editors

1. The MJ Gleeson Group plc now operates solely in the house building sector following the sale of Powerminster Gleeson Services in 2010, which completed the Group's withdrawal from building, civil engineering and FM contracting. The Group's business units comprise: Gleeson Regeneration and Homes, which focuses on estate regeneration and housing development on brownfield land in the North of England; 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; and Gleeson Capital Solutions which manages the Group's PFI investments in social housing and takes the lead in securing new PFI opportunities.

2. In order to signal this change of commercial focus - and also its continuing commitment to sustainable and ecologically responsible development - the Group has changed the colour of its logo from red to green. For the historically minded, green may also act as a reminder of the Group's Irish roots.

CHAIRMAN'S STATEMENT

Market and Business Overview

Although conditions in the housing market remain difficult, not least as a result of a continuing dearth of mortgage finance, Gleeson Regeneration & Homes has achieved an encouraging increase in both site visitors and completions. This reflects the business unit's enhanced ability to provide first time buyers in regeneration areas with homes that represent quite exceptional value for money.

During the period, the demand from volume housebuilders for residential land in the South of England remained at the improved levels seen in the previous financial year and Gleeson Strategic Land completed one land sale and agreed terms for a second.

Results

Revenue from continuing operations decreased by 12% to £24.0m (2009: £27.4m). This reflected a fall in revenue from Gleeson Strategic Land and Gleeson Commercial Property Developments, mitigated by increased revenues from Gleeson Regeneration & Homes.

Revenue from Gleeson Regeneration & Homes increased by 48% to £20.6m (2009: £13.9m) due to an increase in the number of units sold.

Gleeson Strategic Land recorded revenue of £3.4m (2009: £9.8m) resulting from one land sale in the period (2009: two).

There was no revenue from Gleeson Commercial Property Developments during the period as the disposal programme was completed in the previous financial year.

A profit before tax from continuing operations of £0.1m (2009: £0.1m) was recorded, which included exceptional credits of £0.8m (2009: £Nil) relating to the partial reversal of provisions for asset valuation write-downs and restructuring costs.

Profit for the period attributable to equity holders of the parent company totalled £0.1m (2009: £0.3m).

Discontinued operations recorded a post-tax loss of £37k (2009: profit £0.2m).

Operational Review

Gleeson Regeneration & Homes

An operating loss of £0.8m (2009: £1.5m) was recorded for the period, which included exceptional credits of £0.8m (2009: £Nil) relating to the partial reversal of provisions for asset valuation write-downs and restructuring costs.

Gleeson Regeneration & Homes completed the sale of 171 units (2009: 99) at an average selling price of £122,000 (2009: £134,000). The decrease in average selling price was primarily a result of a change in the mix of product sold, with like-for-like sales showing a modest increase in price. Of the units sold, 86 (2009: 29) were sales to Registered Social

Landlords ("RSLs"). Sales to private purchasers increased by 21% to 85 units (2009: 70), with all continuing sites recording increased volume.

Construction on sites continues to increase but remains strictly tied to sales rates. Taking advantage of low land prices in the North of England, the Group conditionally purchased five sites in the period and expects to be selling from all of these by the end of the financial year. These acquisitions will add a further 286 plots to our land bank. Further land acquisitions are anticipated during the remainder of the year.

Gleeson Strategic Land

An operating profit of £1.6m (2009: £2.4m) was recorded for the period as a result of Gleeson Strategic Land achieving planning permission for, and then selling, a 93 plot site at Crawley Down, West Sussex. In the prior period two sites were sold.

During the period, detailed planning approval was achieved on a 152 unit scheme, making it ready for disposal and new agreements were entered into on four sites, which added 63 acres to the portfolio.

At 31 December 2010, the Group had 3,833 (2009: 3,858) acres held under 65 (2009: 68) option / development agreements or freeholds.

Gleeson Capital Solutions

An operating loss of £0.1m (2009: profit £0.3m) was recorded for the period.

The business unit remains shortlisted as one of two bidders for a social housing PFI project in the North of England.

At 31 December 2010, the business unit retained investments in four PFI projects.

Group Overheads

Group overheads totalled £0.8m (2009: £1.1m) for the period. Costs continue to be tightly controlled and the current forecast for overhead costs for the year to June 2011 is approximately £1.6m (2010: £1.9m).

Gleeson Construction Services

The Group sold certain contracts, assets and liabilities of Gleeson Building Contracting Division to Gleeson Building Limited (now re-named GB Building Solutions Limited) in 2005. Any financial results arising from contracts, assets and liabilities retained by the Group are recorded within operating profit. A pre-tax loss of £27k was recorded for the period (2009: £46k).

The Group sold certain contracts, assets and liabilities of Gleeson Engineering Division to Black & Veatch Ltd in 2006. Any financial results arising from contracts, assets and liabilities retained by the Group are treated as a Discontinued Operation. A post–tax loss of £37k was recorded for the period (2009: £47k).

Balance Sheet and Cash Flow

Total shareholders' equity stood at £97.9m at 31 December 2010 compared to £97.8m at 30 June 2010. This equates to net assets per share of 185.9p (30 June 2010: 185.9p).

The Group's net cash balance at 31 December 2010 was £19.0m, reflecting a net cash inflow of £0.5m in the period.

Dividend

The Board does not propose an interim dividend for the year ending 30 June 2011.

Board

As announced in the 2010 Report and Accounts, on 30 September 2010 Chris Holt retired as Group Chief Executive and Alan Martin combined his role as Group Finance Director with that of Chief Operating Officer with additional responsibilities for Human Resources, Company Secretariat, Internal Audit and IT.

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

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:

Housing Demand

Security of employment, interest rates and mortgage availability are the key determinants of house buyers' confidence. Currently employment prospects remain uncertain and although interest rates remain low, mortgage finance remains scarce, particularly for high loan-to-value mortgages. To minimise cash outflows in this difficult environment, the Group continues to build to demand in a strictly controlled manner.

Planning consents

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

Prospects

The extremely cautious approach of mortgage lenders and the widespread uncertainty regarding employment prospects makes it likely that the housing market overall will remain subdued for some time. However, the action taken over the last year to reduce costs substantially without compromising quality means that the Group is now able to offer buyers at the lower end of the market homes that are very competitively priced. As a result, the Board believes it should be possible to continue to achieve steady sales growth.

Dermot Gleeson
Chairman

Condensed Consolidated Statement of Comprehensive Income
for the six months to 31 December 2010

	Unaudited Six months to 31 December 2010			Unaudited Six months to 31 December 2009	Audited Year to 30 June 2010		
	Before exceptional items £000	**Exceptional items Note 7 £000**	**£000**	Note 7 £000 Restated Note 11	Before exceptional items £000	Exceptional items Note 7 £000	£000
Continuing operations							
Revenue	**24,018**	**-**	**24,018**	27,391	46,534	-	46,534
Cost of sales	**(21,345)**	**576**	**(20,769)**	(24,098)	(43,507)	2,803	(40,704)
Gross profit	**2,673**	**576**	**3,249**	3,293	3,027	2,803	5,830
Administrative expenses	**(3,742)**	**248**	**(3,494)**	(3,702)	(7,281)	710	(6,571)
Profit on sale of investment and owner-occupied properties	**-**	**-**	**-**	15	57	-	57
Share of profit of joint ventures (net of tax)	**67**	**-**	**67**	312	361	-	361
Operating (loss)/profit	**(1,002)**	**824**	**(178)**	(82)	(3,836)	3,513	(323)
Financial income	**378**	**-**	**378**	338	1,086	-	1,086
Financial expenses	**(77)**	**-**	**(77)**	(128)	(316)	-	(316)
Profit/(loss) before tax	**(701)**	**824**	**123**	128	(3,066)	3,513	447
Tax	**-**	**-**	**-**	-	235	-	235
Profit/(loss) for the period from continuing operations	**(701)**	**824**	**123**	128	(2,831)	3,513	682
Discontinued operations							
(Loss)/profit for the period from discontinued operations (net of tax) and gain from sale of discontinued operation			**(37)**	182			2,455
Profit for the period attributable to equity holders of the parent company			**86**	310			3,137
Other comprehensive income							
Cash flow hedges			**(12)**	(17)			(75)
Total comprehensive income for the period			**74**	293			3,062

	Note			
Earnings per share attributable to equity holders of parent company				
Basic and diluted	*10*	**0.16**	0.59	6.00
Earnings per share from continuing operations	*10*			
Basic and diluted		**0.23**	0.24	1.30

Condensed Consolidated Statement of Financial Position
as at 31 December 2010

	Unaudited 31 December 2010 £000	Unaudited 31 December 2009 £000 Restated Note 11	Audited 30 June 2010 £000
Non-current assets			
Property, plant and equipment	**217**	1,684	150
Investment properties	**859**	1,033	873
Investments in joint ventures	**2,179**	2,184	2,124
Loans and other investments	**9,341**	13,428	9,380
Trade and other receivables	**3,439**	7,376	3,012
Deferred tax assets	**1,047**	852	1,053
	17,082	26,557	16,592
Current assets			
Inventories	**67,733**	64,471	76,077
Trade and other receivables	**14,924**	29,588	20,266
UK corporation tax	**3**	-	22
Cash and cash equivalents	**18,967**	20,400	18,423
	101,627	114,459	114,788
Total assets	**118,709**	141,016	131,380
Non-current liabilities			
Provisions	**(2,496)**	(3,347)	(3,063)
Deferred tax liabilities	**-**	(291)	-
	(2,496)	(3,638)	(3,063)
Current liabilities			
Trade and other payables	**(17,225)**	(33,151)	(28,898)
Provisions	**(1,040)**	(1,313)	(1,571)
UK corporation tax	**-**	(6)	(5)
	(18,265)	(34,470)	(30,474)
Total liabilities	**(20,761)**	(38,108)	(33,537)
Net assets	**97,948**	102,908	97,843
Equity			
Share capital	**1,054**	1,053	1,053
Share premium account	**6,037**	5,943	5,969
Capital redemption reserve	**120**	120	120
Retained earnings	**90,737**	95,792	90,701
Total equity	**97,948**	102,908	97,843

Condensed Consolidated Statement of Changes in Equity
for the six months to 31 December 2010

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000 Restated Note 11	Total £000 Restated Note 11
At 1 July 2009	1,052	5,861	120	95,399	**102,432**
Total comprehensive income for the period					
Profit for the period	-	-	-	310	**310**
Other comprehensive income					
Cash flow hedges	-	-	-	(17)	**(17)**
Total comprehensive income for the period	-	-	-	293	**293**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	1	82	-	-	**83**
Purchase of own shares	-	-	-	(52)	**(52)**
Share-based payments	-	-	-	152	**152**
Transactions with owners, recorded directly in equity	1	82	-	100	**183**
At 31 December 2009	1,053	5,943	120	95,792	102,908
Total comprehensive income for the period					
Profit for the period	-	-	-	2,827	**2,827**
Other comprehensive income					
Cash flow hedges	-	-	-	(58)	**(58)**
Total comprehensive income for the period	**-**	**-**	**-**	2,769	**2,769**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	-	26	-	-	**26**
Purchase of own shares	-	-	-	(56)	**(56)**
Share-based payments	-	-	-	68	**68**
Dividends	-	-	-	(7,872)	**(7,872)**
Transactions with owners, recorded directly in equity	-	26	-	(7,860)	**(7,834)**
At 30 June 2010	1,053	5,969	120	90,701	97,843
Total comprehensive income for the period					
Profit for the period	-	-	-	86	**86**
Other comprehensive income					
Cash flow hedges	-	-	-	(12)	**(12)**
Total comprehensive income for the period	**-**	**-**	**-**	74	**74**
Transactions with owners, recorded directly in equity					
Contributions and distributions to owners					
Share issue	1	68	-	-	**69**
Purchase of own shares	-	-	-	(75)	**(75)**
Share-based payments	-	-	-	37	**37**
Transactions with owners, recorded directly in equity	1	68	-	(38)	**31**
At 31 December 2010	1,054	6,037	120	90,737	97,948

Condensed Consolidated Statement of Cash flow
for the six months to 31 December 2010

	Unaudited Six months to 31 December 2010 £000	Unaudited Six months to 31 December 2009 £000 Restated Note 11	Audited Year to 30 June 2010 £000
Operating activities			
Profit before tax from continuing operations	**123**	128	447
(Loss)/profit before tax from discontinued operations	**(37)**	182	2,455
	86	310	2,902
Depreciation of property, plant and equipment	**43**	125	251
Goodwill on acquisition of subsidiaries	**-**	-	(50)
Restatement of loans to joint ventures	**-**	-	(710)
Share-based payments	**37**	152	220
Profit on sale of investment and owner occupied properties	**-**	(15)	(57)
Profit on disposal of investment in subsidiary	**-**	-	(1,936)
Share of profit of joint ventures (net of tax)	**(67)**	(312)	(361)
Financial income	**(393)**	(338)	(1,086)
Financial expenses	**77**	128	316
Operating cash flows before movements in working capital	**(217)**	50	(511)
Decrease in inventories	**8,345**	9,231	7,026
Decrease/(increase) in receivables	**4,977**	(1,643)	9,233
(Decrease)/increase in payables	**(12,801)**	472	(1,569)
Cash generated by operating activities	**304**	8,110	14,179
Tax received	**21**	-	-
Tax paid	**-**	-	(2)
Interest paid	**(45)**	(118)	(237)
Net cash flows from operating activities	**280**	7,992	13,940
Investing activities			
Proceeds from disposal of subsidiary undertakings, net of cash disposed	**-**	-	3,816
Proceeds from disposal of investment and other owner-occupied properties	**14**	121	324
Proceeds from disposal of other property, plant and equipment	**-**	-	1
Interest received	**244**	252	291
Purchase of property, plant and equipment	**(111)**	(160)	(195)
Net increase in loans to joint ventures and other investments	**123**	1,239	(2,809)
Net cash flows from investing activities	**270**	1,452	1,428
Financing activities			
Proceeds from issue of shares	**69**	82	109
Purchase of own shares	**(75)**	(52)	(108)
Dividends paid	**-**	-	(7,872)
Net cash flows from financing activities	**(6)**	30	(7,871)
Net increase in cash and cash equivalents	**544**	9,474	7,497
Cash and cash equivalents at beginning of period	**18,423**	10,926	10,926
Cash and cash equivalents at end of period	**18,967**	20,400	18,423

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The Interim Report of the Group for the six months ended 31 December 2010 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 Services 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 2010, which is available either on request from the Group's registered office, Integration House, Rye Close, Ancells Business Park, Fleet, Hampshire, GU51 2QG or can be downloaded from the corporate website www.mjgleeson.com.

The comparative figures for the financial year ended 30 June 2010 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters which the auditors 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.

Change in accounting policy

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

Following the change in policy, revenue from the Grove Village project is now recognised when contracts to sell the property are completed and title has passed. Previously, revenue was based upon costs incurred plus sales margin. The change in policy has been implemented in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", with comparative figures for the 6 months to 31 December 2009 being restated. The 30 June 2010 figures were reported in line with the current policy and are not restated. The detail of the changes in accounting policy are set out in note 11.

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.

The Group meets its day-to-day working capital requirements through its cash resources. The current economic conditions create uncertainty, particularly over the level of demand for the Group's goods and services and the availability of bank finance.

The Group's forecasts and projections show that the Group is able to operate without the need for debt finance for the foreseeable future.

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

This Interim Report was approved for issue by the Board of Directors on 21 February 2011.

2. Accounting policies

The accounting policies adopted are consistent with those of the Report and Accounts for the year ended 30 June 2010, 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 Group PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this 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 five operating divisions:

- Gleeson Regeneration & Homes focuses on estate regeneration and housing development on brownfield land in the North of England.
- Gleeson Strategic Land focuses on the purchase of options over land in the South of England.
- Gleeson Capital Solutions manages the Group's Private Financing Initiative investments in social housing.
- Gleeson Commercial Property Developments was engaged in commercial property development in the UK. The disposal programme for this division was completed in the year to 30 June 2010.
- Gleeson Construction Services includes constructions services in the UK.

Powerminster Gleeson Services was considered to be an operating division up until it was sold on 30 June 2010. This division is now reported as a discontinued activity.

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

	Note	**Unaudited Six months to 31 December 2010 £000**	Unaudited Six months to 31 December 2009 £000 Restated Note 11	Audited Year to 30 June 2010 £000
Revenue				
Continuing activities:				
Gleeson Regeneration & Homes		**20,641**	13,919	22,741
Gleeson Strategic Land		**3,395**	9,832	10,490
Gleeson Capital Solutions		**-**	-	-
Gleeson Commercial Property Developments		**-**	3,573	13,231
Gleeson Construction Services		**(18)**	67	72
		24,018	27,391	46,534
Discontinued activities:				
Gleeson Construction Services	8	**120**	196	666
Powerminster Gleeson Services	8	**-**	8,925	17,419
		120	9,121	18,085
Total revenue		**24,138**	36,512	64,619
Profit/(loss) on activities				
Gleeson Regeneration & Homes		**(812)**	(1,461)	(1,307)
Gleeson Strategic Land		**1,593**	2,379	2,191
Gleeson Capital Solutions		**(95)**	298	282
Gleeson Commercial Property Developments		**(30)**	(105)	480
Gleeson Construction Services		**(27)**	(46)	(68)
		629	1,065	1,578
Group Activities		**(807)**	(1,147)	(1,901)
Financial income		**378**	338	1,086
Financial expenses		**(77)**	(128)	(316)
Profit before tax		**123**	128	447
Tax		**-**	-	235
Profit for the period from continuing operations		**123**	128	682
(Loss)/profit for the period from discontinued operations (net of tax) and gain from sale of discontinued operation	8	**(37)**	182	2,455
Profit for the period attributable to equity holders of the parent company		**86**	310	3,137

7. Exceptional items

Impairment of inventories and contract provisions

At 31 December 2010, the Group conducted a review of the net realisable value of the land and work in progress carrying values of its sites in light of the condition of the UK housing market. In prior periods, where the estimated net present realisable value was less than its carrying value within the balance sheet, the Group impaired the carrying value. In the period to 31 December 2010, where the estimated net present realisable value is greater than the carrying value within the balance sheet, the Group has partially reversed the impairment previously made.

Impairment of loans to joint ventures

At 31 December 2010, the Group conducted a review of the net realisable value of loans to joint ventures in light of the condition of the UK commercial property market. In prior periods, where the estimated net present realisable value of a previously impaired loan was more than its carrying value within the balance sheet, the Group has reversed the impairment previously made.

Restructuring costs

During prior periods, the Group incurred significant costs in relation to reorganising and restructuring the business. In the period to 31 December 2010, the Group has reviewed the level of provision and has released excess provisions.

Exceptional income may be summarised as follows:

	Unaudited Six months to 31 December 2010 £000	Unaudited Six months to 31 December 2009 £000	Audited Year to 30 June 2010 £000
Impairment of inventories and contract provisions	**576**	-	2,803
Impairment of loans to joint ventures	**-**	-	710
Restructuring costs	**248**	-	-
	824	-	3,513

Gleeson Regeneration & Homes	824	-	2,803
Gleeson Commercial Property Developments	-	-	710
	824	-	**3,513**

8. Discontinued operations

The Group disposed of certain assets and liabilities of the Gleeson Engineering Division of Gleeson Construction Services to Black and Veatch Limited ('B&V') in a prior period and treated this as a Discontinued Operation. A small number of contracts were legally retained but the operations were taken over by B&V on the Group's behalf on a cost plus basis. Consequently, the Group has no involvement in the day to day running of these contracts and acts as an intermediary. At the time of the sale, the remaining costs to complete the contracts were considered insignificant in relation to the separately identifiable division as a whole.

On 30 June 2010, the Group disposed of the Powerminster Gleeson Services division to Morgan Sindall Group Plc. The results for the 6 months to 31 December 2009 have been restated to reflect the discontinued nature of this division.

	Unaudited Six months to 31 December 2010 £000	Unaudited Six months to 31 December 2009 £000 Restated Note 11	Audited Year to 30 June 2010 £000
Revenue	**120**	9,121	18,085
Cost of sales	**(128)**	(7,732)	(15,514)
Gross (loss)/profit	**(8)**	1,389	2,571
Administrative expenses	**(44)**	(1,207)	(2,052)
Operating (loss)/profit	**(52)**	182	519
Gain on disposal of discontinued operations	**-**	-	1,936
Financial income	**15**	-	-
(Loss)/profit before tax	**(37)**	182	2,455
Tax	-	-	-
(Loss)/profit for the period from discontinued operations	**(37)**	182	2,455

9. Tax

The accounts for the 6 months to 31 December 2010 include a tax charge of 0.0% of profit before tax (31 December 2009 0.0%; 30 June 2010 credit 3.0%). The Group's effective tax rate continues at a lower level than the underlying UK tax rate of 28.0% (31 December 2009 28.0%; 30 June 2010 28.0%) as the Group benefits from the utilisation of tax losses.

10. 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 2010 £000**	Unaudited Six months to 31 December 2009 £000 Restated Note 11	Audited Year to 30 June 2010 £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	**123**	128	682
(Loss)/profit from discontinued operations	**(37)**	182	2,455
Earnings for the purposes of basic and diluted earnings per share	**86**	310	3,137

Number of shares	**31 December 2010 No. 000**	31 December 2009 No. 000	30 June 2010 No. 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**52,394**	52,248	52,260
Effect of dilutive potential ordinary shares:			
Share options	**-**	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**52,394**	52,248	52,260

From continuing operations	**31 December 2010 p**	31 December 2009 p	30 June 2010 p
Basic and diluted	**0.23**	0.24	1.30

From discontinued operations	**31 December 2010 p**	31 December 2009 p	30 June 2010 p
Basic and diluted	**(0.07)**	0.35	4.70

From continuing and discontinued operations	**31 December 2010 p**	31 December 2009 p	30 June 2010 p
Basic and diluted	**0.16**	0.59	6.00

11. Restatement of comparatives

IFRIC 15 'Agreements for the construction of real estate'

IFRIC 15 'Agreements for the construction of real estate' was issued on 3 July 2008 and is mandatory for periods beginning on or after 1 January 2010. The Group has taken up the option for the early adoption of IFRIC 15 in the accounts to 30 June 2010. Following the clarification contained within IFRIC 15, the Group has revised the revenue recognition on the Grove Village regeneration project from that of a long term contract to that of unit sales.

The Group has reported both the current period results and the prior period comparatives in line with IFRIC 15 and restated the comparatives for the 6 months ended 31 December 2009. The prior year comparatives were reported in line with the new policy, details of which were reported in the Group's audited Report and Accounts for the year ended 30 June 2010.

Disposal of Powerminster Gleeson Services and subsidiaries

On 30 June 2010, the Group disposed of Powerminster Gleeson Services Ltd. The Group has reclassified results in the prior periods as discontinued, resulting in the restatement of the consolidated statement of comprehensive income. The comparatives for the year ended 30 June 2010 were restated in the Group's audited Report and Accounts for the year ended 30 June 2010.

Restatement of consolidated statement of comprehensive income for the 6 months ended 31 December 2009

	Previously reported £000	IFRIC 15 restatement £000	Powerminster disposal £000	**Restated £000**
Continuing operations				
Revenue	35,971	345	(8,925)	**27,391**
Cost of sales	(31,321)	(313)	7,536	**(24,098)**
Gross profit/(loss)	4,650	32	(1,389)	**3,293**
Administrative expenses	(4,862)	-	1,160	**(3,702)**
Profit on sale of investment and owner-occupied properties	15	-	-	**15**
Share of profit of joint ventures (net of tax)	312	-	-	**312**
Operating profit/(loss)	115	32	(229)	**(82)**
Financial income	338	-	-	**338**
Financial expenses	(128)	-	-	**(128)**
Profit/(loss) before tax	325	32	(229)	**128**
Tax	-	-	-	**-**
Profit/(loss) for the year from continuing operations	325	32	(229)	**128**
Discontinued operations				
Profit for the year from discontinued operations (net of tax) and gain from sale of discontinued operation	(47)	-	229	**182**
Profit/(loss) for the year attributable to equity holders of the parent company	278	32	-	**310**
Earnings per share attributable to equity holders of parent company				
Basic and diluted	0.53	0.06	-	**0.59**
Earnings per share from continuing operations				
Basic and diluted	0.62	0.06	(0.44)	**0.24**

Restatement of consolidated statement of financial position as at 31 December 2009

	Previously reported £000	IFRIC 15 restatement £000	Restated £000
Non-current assets	26,557	-	26,557
Current assets			
Inventories	40,556	23,915	64,471
Trade and other receivables	54,405	(24,817)	29,588
Cash and cash equivalents	20,400	-	20,400
	115,361	(902)	114,459
Total assets	141,918	(902)	141,016
Total liabilities	(38,108)	-	(38,108)
Net assets	103,810	(902)	102,908
Equity			
Share capital	1,053	-	1,053
Share premium account	5,943	-	5,943
Capital redemption reserve	120	-	120
Retained earnings	96,694	(902)	95,792
Total equity	103,810	(902)	102,908

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

At 31 December 2010, the Group owed £1,000 (31 December 2009 £Nil; 30 June 2010 £1,000) in relation to contract retentions to JD Plastics & Rooflines Ltd, a company in which Jolyon Harrison is a director. The Group has made no purchases from the company in the period (31 December 2009 £Nil; 30 June 2010 £17,000). The comparative figure is for the supply and fitting of cladding materials.

Provision of goods and services to joint ventures

	Unaudited Six months to 31 December 2010 £000	Unaudited Six months to 31 December 2009 £000	Audited Year to 30 June 2010 £000
Gleeson Capital Solutions	**387**	262	800
	387	262	800

Sales to related parties were made at market rates.

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

The amounts owed by joint ventures are shown below:

	Unaudited Six months to 31 December 2010 £000	Unaudited Six months to 31 December 2009 £000 Restated Note 11	Audited Year to 30 June 2010 £000
Loans and other investments	**4,445**	8,532	4,484
Prepayments and accrued income	**83**	49	61
	4,528	8,581	4,545

The comparatives for 31 December 2009 have been restated due to the change in treatment of the Grove Village regeneration project from long term contract to sale of goods as a result of a review of the contract in light of IFRIC 15.

The amounts owed to joint ventures at 31 December 2010 totalled £Nil (31 December 2009 £Nil; 30 June 2010 £13,000). These are shown as trade payables.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. In the prior periods, £5,950,000 was provided for doubtful debts in respect of amounts owed by related parties. In the current year £Nil (31 December 2009 £Nil; 30 June 2010 £710,000) of this provision has been released.

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 6 months to 31 December 2010 of £150,000 (6 months to 31 December 2009: £206,000; year to 30 June 2009: £559,000) represents contributions payable to the defined contribution pension plan by the Group at rates specified in the plan rules. At 31 December 2010, contributions of £36,000 (31 December 2009: £53,000; 30 June 2010 £57,000) due in respect of the current reporting period had not been paid over to the pension plan. Since the year end, this amount has been paid.