gleeson
builders for generations

MJ Gleeson plc
Report and Accounts
2015

MJ Gleeson plc

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

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

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

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Financial Highlights

Group revenue
+44%
2015: £117.6m, 2014: £81.4m

Profit before tax
+42%
2015: £17.3m, 2014: £12.2m

Net cashflow [1]
+44%
2015: £8.1m, 2014: 5.7m

Normalised earnings per share [2]
+99%
2015: 34.2 pence, 2014: 17.2 pence

Operating profit before exceptional costs
+107%
2015: £23.3m, 2014: £11.3m

Dividend for the year
+67%
2015: 10.0 pence, 2014: 6.0 pence

1 From operating and investing activities.
2 Normalised earnings per share exclude the impact of exceptional restructuring costs (£1.2m) and the provision against investment (£4.9m) (2014: recognising previously unrecognised tax losses of £8.3m).

Ferndale Court, County Durham

Chairman's Statement

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

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

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

Financial performance

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

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

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

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

Market context

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

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

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

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

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

Board and people

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

Employees

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

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

Dividends

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

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

Summary and outlook

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

Dermot Gleeson
Chairman
25 September 2015

Creating safe, sustainable and vibrant communities

THE GLEESON APPRENTICESHIP SCHEME
At the start of the 2015/2016 academic year, Gleeson Homes will employ 30 young apprentices across the three operating regions and in 2015 we introduced a new office based apprenticeship scheme. Find out more on page 22

THE GLEESON COMMUNITY CHALLENGE
In March 2015 Gleeson launched the Gleeson Community Challenge which gave South Yorkshire based non-profit organisations the opportunity to apply for a makeover of their facilities worth £10,000 with all the work to be completed by Gleeson's construction team. Find out more on pages 24 and 25

YOUR WATCH

YOURWATCH
This year our commitment to safer communities was enhanced with the launch of our very own version of neighbourhood watch called YourWatch. Find out more on page 21

ENGAGEMENT WITH LOCAL SCHOOLS
We continue to work with local schools, educating primary level children on the dangers of playing on building sites, working with them on specific 'building' related projects and running competitions for pupils. Find out more on page 22

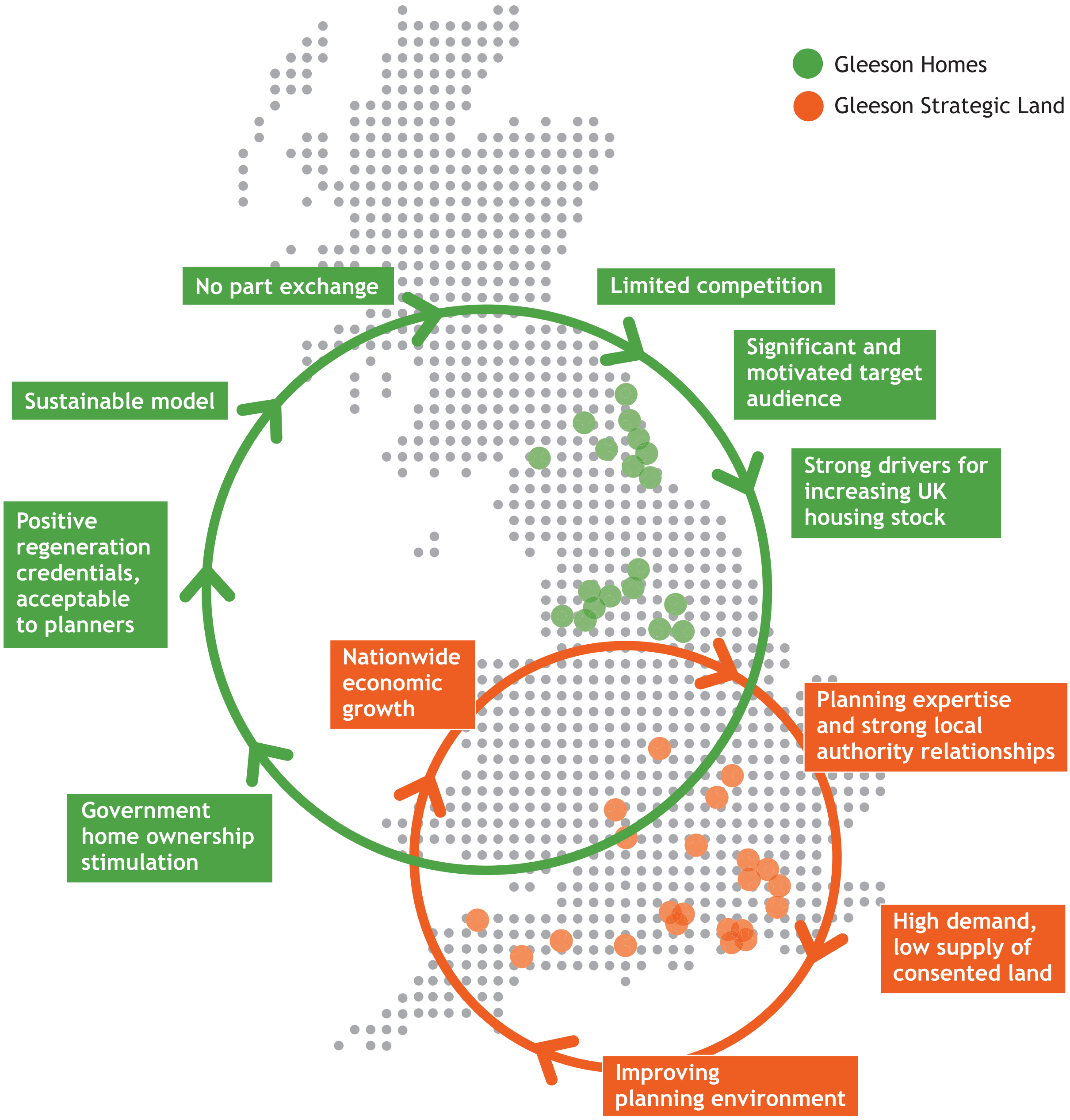
Strategic Report

Before development began in 2010

Burnham Walk, Bradford, 2015

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

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

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

Key features of the Gleeson Homes business model

- **COMMUNITY REGENERATION:** Over the years, Gleeson has played a key role in regenerating challenging communities. Through establishing strong relationships with local authorities, Gleeson has created a 'virtuous circle' where it acquires and redevelops legacy sites, where there is an obvious need for social and economic regeneration and builds homes at affordable prices and enables home ownership. This 'virtuous circle' will continue to underpin the business and allows for future geographic expansion.
- **SUCCESSFUL LAND PURCHASE:** We partner with local authorities and private land owners to acquire land in socially and economically deprived areas which will benefit from community regeneration. We have a very carefully targeted land buying strategy that has clearly defined and challenging hurdle rates.
- **DRIVING DOWN BUILDING COSTS:** We build traditional 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 require.
- **LOW OVERHEADS:** We ensure that overhead costs are kept low by having small and similarly structured management teams in each operating region and continuously measure their relative performance.
- **ENABLING THE CUSTOMER:** We offer our customers a range of bespoke financial packages to enable them to become homeowners.

Gleeson Homes builds low cost homes for people on low incomes in areas of industrial decline and social and economic deprivation.

Gleeson Strategic Land

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.

Key features of the Gleeson Strategic Land business model

- **ACHIEVING MUTUALLY BENEFICIAL AGREEMENTS WITH LANDOWNERS:** We enter into agreements with landowners to promote their land through the planning process.
- **PROMOTION THROUGH THE PLANNING PROCESS:** The division's team of land surveyors and town planners, along with legal and technical experts, steer the land through the planning process with a view to achieving a commercially attractive residential planning consent.
- **REALISING VALUE:** We strive to ensure that the best value is achieved for all stakeholders by managing the sale of the consented site to a developer.

Strategic Land specialises in identifying opportunities and successfully manages them through the planning system.

Strategic Development and Priorities

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

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

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

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

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

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

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

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

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

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

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

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

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

ROBUST HEALTH & SAFETY: We will continue to improve our safety culture and will maintain a high level of compliance with health and safety standards

Discontinued operations

BUILDING AND ENGINEERING CONTRACTING

The Group sold certain contracts, assets and liabilities of the Building Contracting Division and Engineering Division in 2005 and 2006. The activity of this business unit is now limited to the resolution of occasional contractual claims. During the year a restructuring was completed, the purpose of which was to segregate the continuing businesses of the Group from the Group's legacy building contracting and engineering businesses. This reorganisation was in the form of a Scheme of Arrangement which is more fully explained on page 13.

Members of Burnley Borough Council joined Gleeson's management team to launch the new show homes on the Barden Clough development. The new homes are being built on land cleared as part of the Housing Market Renewal Programme and are an affordable alternative to the smaller terrace properties which dominate the area.

Business Performance

Gleeson Homes

Units sold
+34%
2015: 751 plots, 2014: 561 plots

Revenue
+36%
2015: £96.1m, 2014: £70.6m

Operating profit
+85%
2015: £17.4m, 2014: £9.4m

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

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

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

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

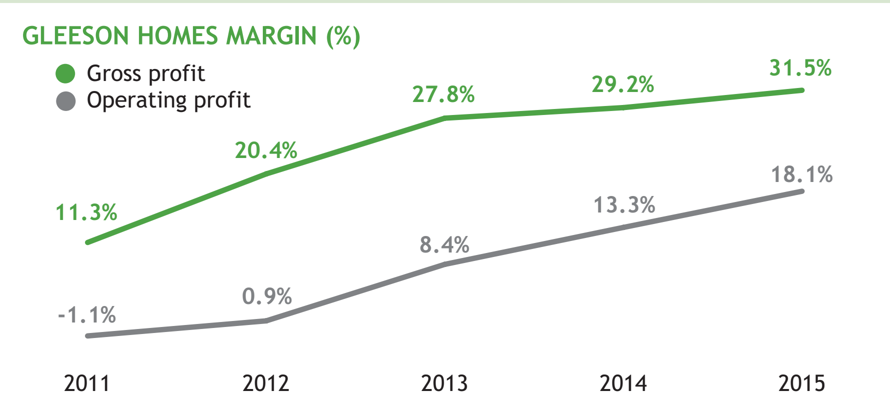
The increase in the volume of homes sold along with the improved gross profit margin has resulted in gross profit increasing by 46.6% to £30.3m (2014: £20.6m).

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

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

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

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



Business Performance

Gleeson Strategic Land

Revenue
+99%
2015: £21.5m, 2014: £10.8m

Operating profit
+68%
2015: £8.1m, 2014: £4.8m

Gross acres
+3.5%
2015: 3,936 acres, 2014: 3,802 acres

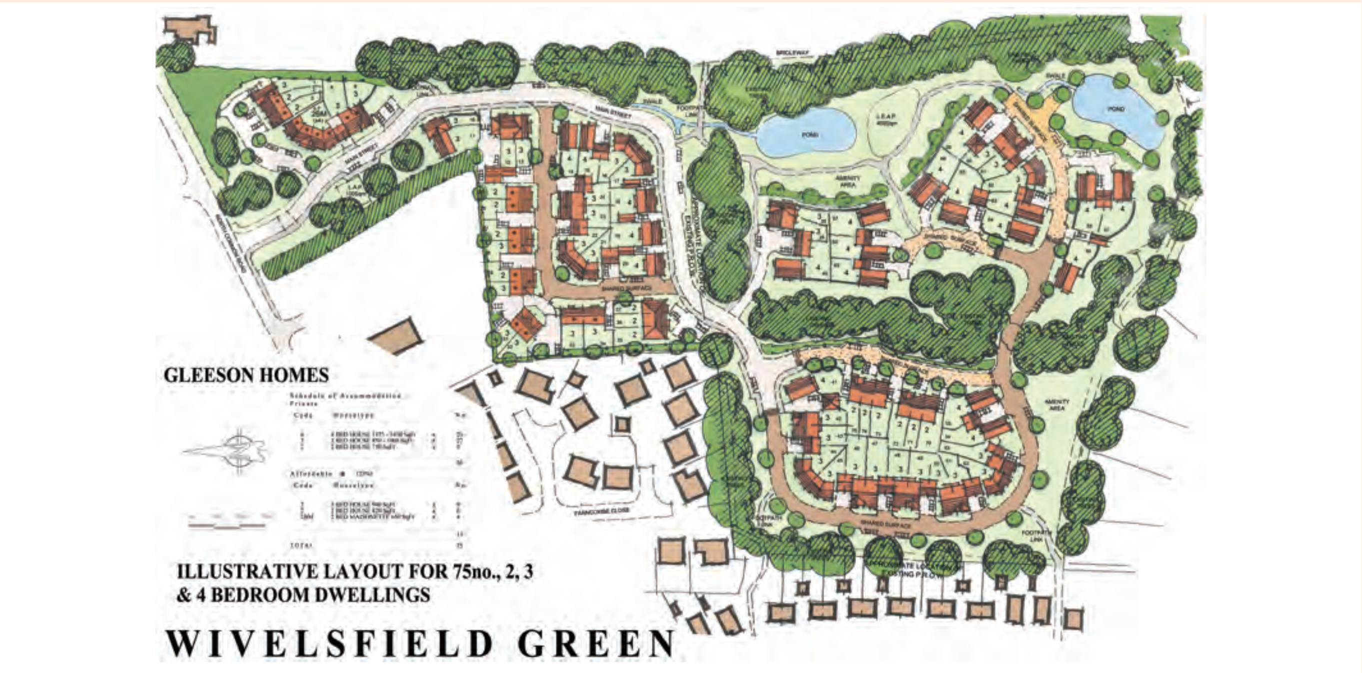
The increase in the revenue of Strategic Land reflected the fact that more transactions than in the previous 12 months involved the sale of sites owned by the Group. The turnover generated by the sale of such sites is recorded at full land value, whereas the turnover recorded for the sale of sites that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

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

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

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

At the year end, Gleeson Strategic Land's portfolio totalled 68 sites comprising 3,936 acres (2014: 3,802 acres), of which 159 acres (2014: 155 acres) were wholly or part owned by the Group, 2,073 acres (2014: 2,037 acres) were held under option and 1,704 acres (2014: 1,610 acres) were the subject of promotion agreements. The geographic bias of the portfolio is towards the South of England, predominantly in Buckinghamshire, Devon, Dorset, Essex, Hampshire, Hertfordshire, Kent, Oxfordshire, Somerset, Surrey, Sussex and Wiltshire. The 68 sites have the potential to deliver circa 21,150 plots.



Key Performance Indicators (KPIs)

REVENUE MEASURES

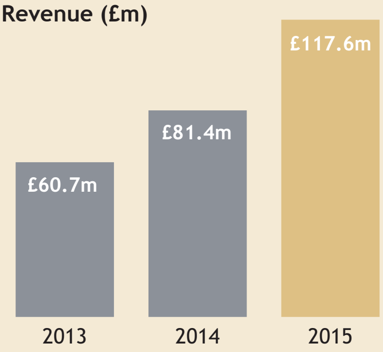
The strength of revenue is an important measure of the success of the business plan. The Group's revenue has nearly doubled over the past three years.

Revenue

+44%

2015: £117.6m, 2014: £81.4m

Revenue (£m)

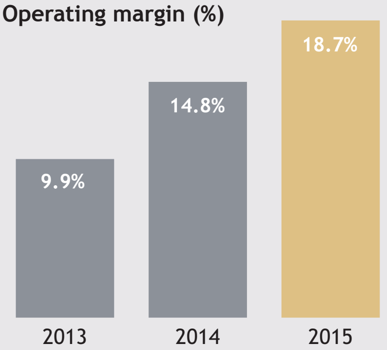


PROFIT MEASURES

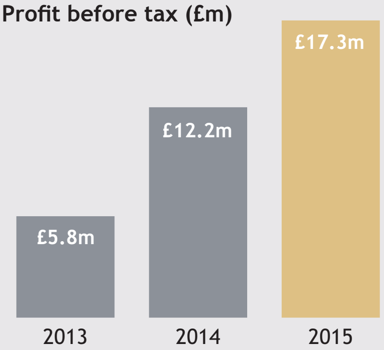
The Group's operating margin is an important measure of the implementation of the business plan. The Group's operating profit margin has nearly doubled in each of the last three years.

Profit before tax increased by 42% in the year.

Operating margin (%)



Profit before tax (£m)



CASH MEASURE

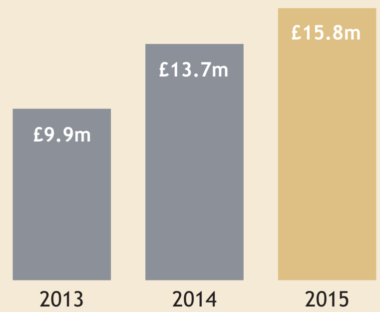
The cash balance is used as a measure of the strength of the balance sheet and to confirm that the Group has the funds necessary to fulfil its growth strategy.

Cash and cash equivalents

+15.5%

2015: £15.8m, 2014: £13.7m

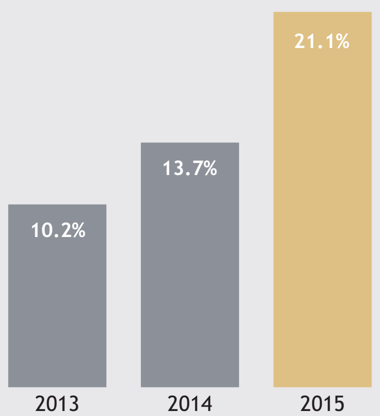
Cash and cash equivalents (£m)



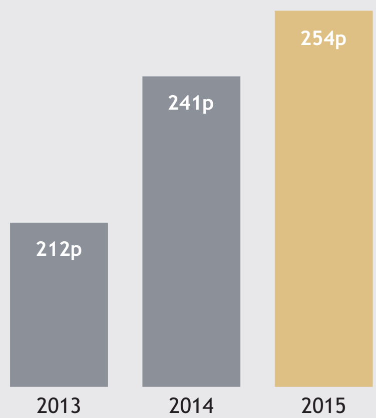
RETURN MEASURES

The return measures illustrate how the business plan is improving shareholders' returns over time. It is based on EBIT[1] before exceptional items expressed as a percentage of average net assets after deducting deferred tax balances and cash. A combination of revenue and margin improvements is delivering growth in the return on capital employed which has more than doubled in the last two years.

Return on capital employed (%)



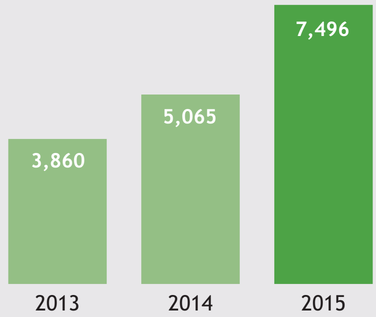
Net assets per share (pence)



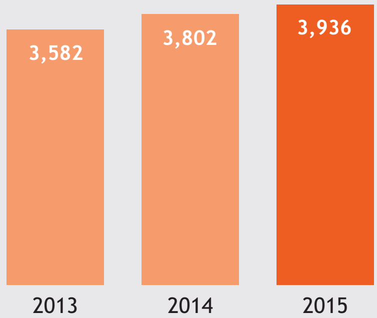
1 EBIT: earnings before interest and tax

NON-FINANCIAL KPIs
Land is a key raw material for the Group's businesses

Gleeson Homes land pipeline (plots)



Gleeson Strategic Land (gross acres)



FORWARD SALES
Gleeson Homes has forward sales at 30 June 2015 of £42.6m (2014: £44.2m; 2013 £25.9m) being the value of homes that have been reserved or exchanged. Whilst forward sales are lower than last year this reflects a change in our reservation policy which does not now permit reservations to be accepted on established sites until a unit has achieved a certain level of construction. This has the advantage of reducing the cancellation rate, being more accurate with completion dates, being able to monitor costs more accurately and taking advantage of any house price rises.

Investments

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

Restructuring

On 19 December 2014 the new holding company of the Group, MJ Gleeson plc, had its shares admitted to the premium listing segment of the official list of the London Stock Exchange as part of the Group's restructuring. On 23 December 2014 the old Group holding company, MJ Gleeson Group plc (which is now MJ Gleeson Group Limited) declared and paid a dividend in specie, the effect of which was to make each of Gleeson Developments Limited, Gleeson Regeneration Limited and Gleeson Developments (North East) Limited a wholly-owned subsidiary of MJ Gleeson plc.

The old Group holding company, MJ Gleeson Group Limited (which itself wholly-owns Gleeson Construction Services Ltd) is now also a wholly-owned subsidiary of MJ Gleeson plc. The purpose of the restructuring was to segregate the continuing businesses of the Group from the Group's legacy building contracting and engineering businesses.

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

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

Financial Review

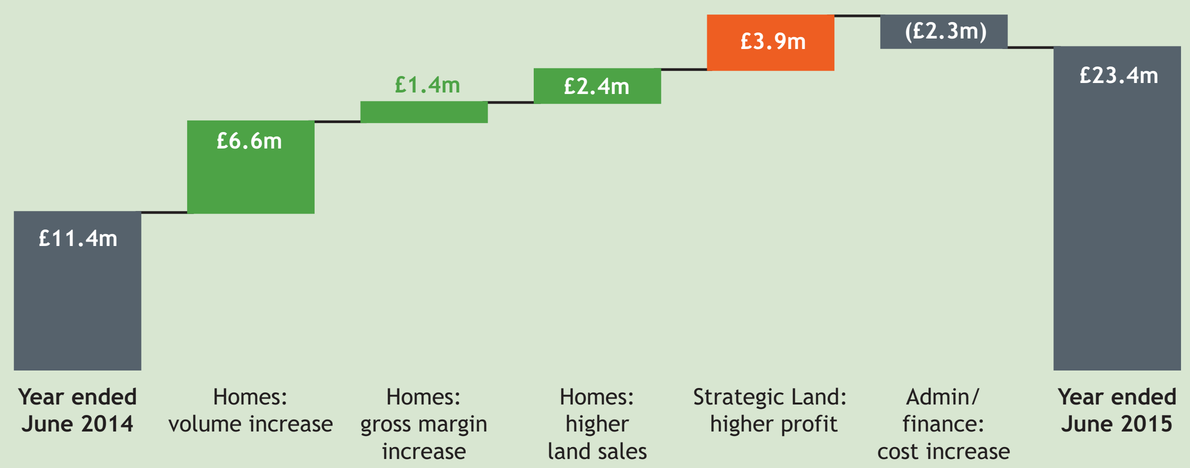
Highlights

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

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

GROUP PROFIT BEFORE TAX (BEFORE EXCEPTIONAL ITEMS) - BRIDGE

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



Consolidated Statement of Comprehensive Income

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

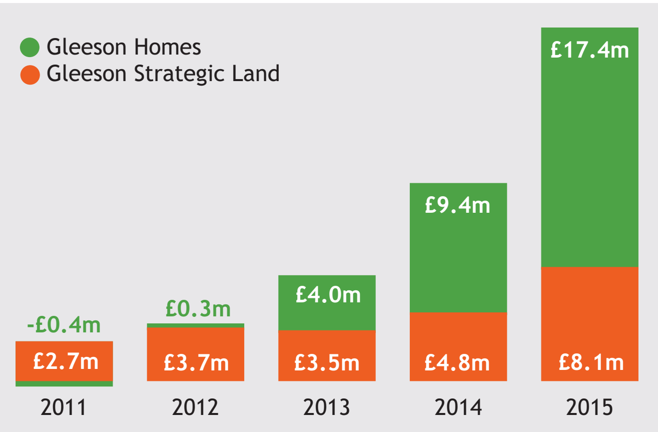
Gross profit increased by 50.7% to £40.3m (2014: £26.7m). The gross profit of Gleeson Homes increased by 46.6% to £30.3m (2014: £20.6m) due to the increase in volume, the continuing reduction of units sold from older lower margin sites and improved margin being recorded due to our stringent approach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

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

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

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

OPERATING PROFITS (EXCLUDING GROUP OVERHEADS)



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

Provision for diminution in value of investment

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

Financing

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

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

Profit for the year

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

Tax

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

Deferred tax assets relating to unused tax losses have been recognised to the extent that it is probable that taxable profits will be available against which the asset can be utilised. The Group now has £31.0m (2014: £57.6m) of tax losses, of which £25.9m is recognised as a deferred asset, which can be carried forward indefinitely.

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

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

Earnings per share

Reported basic earnings per share reduced by 30.8% to 22.8p (2014: 32.9p). The normalised basic earnings per share, which excludes the impact of exceptional

Financial Review (continued)

restructuring costs of £1.2m and a provision for the diminution in value of investment of £4.9m improved by 99.0% to 34.2p (2014: 17.2p).

Dividend

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

Statement of financial position

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

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

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

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

Cash flow

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

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

Treasury risk management

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

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

Bank facilities

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

Pension

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

Jolyon Harrison
Chief Executive Officer
25 September 2015

Stefan Allanson
Chief Financial Officer
25 September 2015

At the start of the 2015/2016 academic year, Gleeson Homes will employ 30 young apprentices across the three operating regions. Find out more on page 22

Operating Risk Statement

In common with other organisations, the Group faces risks that may affect its performance. The Group has established and operates a system of internal control and risk management procedures, in order to identify, control and monitor the risks at various levels within the organisation. These risks include but are not limited to the following:

Risk	Description of risk	Mitigation
Economic environment The impact of economic fragility and government austerity measures.	Any uncertainty in the wider economy, including government austerity measures, will affect buyer confidence and the demand for new houses. This could have a negative impact on revenues, profits, cash generation and the carrying value of the Group's assets.	• Sites are selected to meet the needs of the local community; • Prices and incentives are regularly reviewed; • Lead indicators of the housing market, such as visitors to sites and reservation rates, are closely monitored; and • A cautious approach to debt funding is maintained.
Mortgage availability The limited availability of mortgages for first time buyers.	The availability of mortgage finance, particularly the deposit requirements for first time buyers, is crucial to customer demand. Restrictions on mortgages granted could reduce demand for new homes and impact on the Group's revenues and profits.	• Gleeson Homes provides a range of customer assistance packages; • We continually innovate to find additional ways to assist customers to buy a home; and • We work with key lenders to ensure products are appropriate.
Land An inability to source sufficient land at an acceptable cost to meet the Group's business needs.	Gleeson Homes needs to acquire consented land at appropriate prices and in appropriate areas in the North of England in order to construct and sell homes to deliver profit. Gleeson Strategic Land needs to acquire control of land in the South of England so that it can promote it through the planning system and subsequently sell it in order to deliver profit.	• We have a clearly defined strategy and geographic focus; and • There is a formal appraisal process and rigorous adherence to rates of return.
Planning policy and regulations The potentially damaging uncertainties in the planning regime may affect the Group's ability to secure planning consents on a timely basis.	Increased complexity in some aspects of the planning process may slow down, or increase the cost of, the delivery of consented land for development or sale and so impact on the Group's revenues and profits.	• We have a very high level of in-house expertise devoted to monitoring and complying with planning regulations and to achieving implementable planning consents; and • We consult with central government, parliament and local authorities, both directly and via industry bodies, in order to understand proposed changes to regulations and to highlight potential issues.
People An inability to attract, develop or retain good people.	The loss of key staff or the failure to attract, develop and retain people with the right skills may have a detrimental impact on the business.	• We have programmes that appropriately reward the achievement of performance targets; • The Group encourages employee share ownership; • Our apprenticeship schemes enable us to identify and secure the loyalty of talented individuals at an early age; • We perform regular performance and development reviews; • We monitor staff turnover and benchmark remuneration against competitors.

Risk	Description of risk	Mitigation
Availability of raw materials and subcontractors An inability to secure materials and skilled labour on a timely basis at suitable prices.	Shortages or increased cost of materials or skilled labour, the failure of key suppliers, or the inability to secure supplies upon appropriate credit terms could increase costs and delay construction.	• The Group has multiple suppliers for both labour contracts and material supplies; and • The Group seeks to partner with the supply chain.
Health & safety A failure to prevent unsafe practices within our construction activities, causing injury or death.	Health and safety breaches can result in injuries to employees, subcontractors and site visitors, delays in construction, additional cost, reputational damage, criminal prosecution and civil litigation.	• Our documented policies and procedures are regularly reviewed and modified in order to ensure continuous improvement; • Dedicated Health & Safety personnel ensure implementation and adherence to these policies and procedures; and • Performance is reviewed both by local management and the main Board.
Latent defects Financial losses may arise from latent defects that may arise on completed projects during the liability period.	The Group may be exposed to latent defects which occur during the liability period on completed construction contracts that have not been transferred to the purchaser of the relevant construction business. Although subcontractors will normally resolve such defects, the Group will become liable if the subcontractor is no longer trading, potentially resulting in additional cost.	• We have experienced personnel, dedicated to dealing with such claims; • Insurance policies are in place to minimise Group liabilities, wherever possible; • The provisions relating to completed contracts are reviewed on a regular basis; and • The company has segregated the continuing businesses of the Group from the Group's legacy building contracting and engineering businesses.
Corporate liquidity The Group needs appropriate banking facilities for its short term liquidity and long term funding needs.	The Group may be unable to meet short term liabilities as a result of failure to manage liquidity. Lack of liquidity may also limit the Group's ability to take advantage of business opportunities as they become available and consequently a possible impediment to future growth.	• The Group maintains strong financial disciplines; • Cash generation is controlled by robust budgeting, forecasting and cash management disciplines; and • Regular contact with investors and lenders to ensure adequate bank facilities are in place with appropriate covenants and headroom.
Financial irregularity The Group could suffer loss from significant fraud or the misrepresentation of financial results.	Negative publicity could have an adverse effect on the Group's reputation and the Group could experience lower confidence levels from customers and suppliers.	• The Group has financial and management controls designed to segregate duties and minimise opportunities for fraud. Financial reporting processes are the subject of rigorous and timely management reviews.
Credit risk The Group could suffer loss as a result of default from customers.	The Group has exposure to receivables on deferred payment terms particularly on certain land sales.	• The Group maintains security over land sold on deferred terms.

Corporate Social Responsibility Report

Community Matters

Over the past twelve months Gleeson has enhanced its commitment to the local communities in which we build new homes with the introduction of two new elements to the Community Matters Programme, The Gleeson Community Challenge and the unique YourWatch neighbourhood watch scheme.

The Gleeson Community Sports Foundation

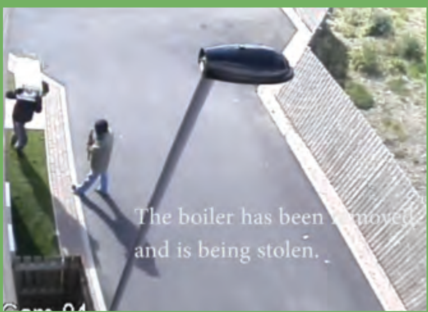
Gleeson's Community Sports Foundation goes from strength to strength and in the last five years we have sponsored 38 junior sports teams across our three operating regions with four teams gaining continued sponsorship in following years. The Foundation pays for sports kit for teams located near our developments. For our teams this funding is pivotal in allowing the organisers to provide activities and supervision to young people who may otherwise turn to anti-social behaviour.

Dudley Hill U14s Rugby Team in Bradford were able to provide kit for their whole team thanks to the Gleeson Community Sports Foundation.

Junior football team MAGS AC celebrate another successful year and on-going sponsorship from the Gleeson Community Sports Foundation. The team is located in Huyton, one of the North West's most deprived areas, where high unemployment and low aspirations are common-place. The area is now undergoing a large scale regeneration with Gleeson currently transforming three sites into homes for private sale to local people.

Your Watch

This year our commitment to safer communities was enhanced with the launch of our very own version of neighbourhood watch called YourWatch.



The YourWatch scheme has brought the traditional Neighbourhood Watch scheme into the 21st century by making it an online, quick response system which encourages local residents on Gleeson developments to send us notifications when they witness unusual or anti-social behaviour or if they are the victim of crime. Once a notification is received we create an alert which is sent out to all residents on the particular development asking them to be vigilant and report any further incidents to us. The system ensures complete anonymity for those sending notifications.

All our residents are automatically enrolled in the scheme when they complete on their new home, although they can opt out if they wish. Over 1000 households currently subscribe to the scheme and it has proven extremely popular amongst our communities. Within 10 minutes of the scheme's launch we received our first notification from a resident of one of our Manchester developments. We subsequently issued email notifications to all residents on the development requesting them to contact us with any information relating to the incident and asking them to be vigilant.

We recommend that our customers report crime to the Police's 101 number and we also work closely with the Police's Community Support Officers on our developments to ensure the information we collect is communicated across the wider community.

Our updated modern and user-friendly version of neighbourhood watch is a dramatic improvement on the old version and has been rolled out on all of our sites.

The images to the left were taken from a surveillance camera at Burnham Walk in Bradford and show someone stealing a boiler from one of our homes. YourWatch was used to communicate with residents which led to the burglar being identified and to a prosecution being pursued.

Secure by design

Continuing with the fight against crime, Gleeson was chosen by the Association of Chief Police Officers to help them produce a Secured by Design National Housetype Approval Scheme and we were the first national housebuilder to sign up to the scheme which provides superior levels of security on all Gleeson's new homes at no extra cost to the buyer.

Corporate Social Responsibility Report (continued)

Engagement with local schools

We continue to work with local schools, educating primary level children on the dangers of playing on building sites, working with them on specific 'building' related projects and running competitions for pupils to design their 'dream' bedroom which we then recreate in our show home.

Plans are now underway to expand our school partnerships to secondary level education, working with children aged 11 to 18 on projects which will see them assist in the design of environmentally sustainable gardens for our show homes on selected developments.

The Gleeson Apprenticeship Scheme

At the start of the 2015/2016 academic year, Gleeson Homes will employ 30 young apprentices across the three operating regions.

In 2015 we introduced a new office based apprenticeship scheme, Construction Contracting Operations, which allows young people the opportunity to gain a broad knowledge of construction operations whilst studying for an NVQ at a local college.

CHRISTOPHER RICHARDS, NORTH EAST

Christopher Richards joined the apprenticeship scheme two years ago and impressed us from the outset. He has just completed his NVQ in joinery and is now a Trainee Assistant Site Manager for Gleeson Homes working across our North East developments.

Geoff Pykett, Construction Director said, *"Christopher showed real determination throughout his apprenticeship. As well working really hard at college he always went that 'extra mile' on site to get the job done and proved himself indispensable to Site Managers."*

TOM DUGGAN. YORKSHIRE & THE MIDLANDS

Tom Duggan, age 17, is the first apprentice to join Gleeson Homes in an office based role. Tom is working from our Yorkshire regional office and spends time in key departments such as Land & Planning, Commercial and Technical whilst studying for a NVQ at Doncaster College one day per week.

"The scheme is giving me the opportunity to get a real understanding of how all the different departments work together. The ability to put into practice what I learn at college is priceless and it's great to go on site and look at the end result."

Local homes for local people

"When our children flew the nest we wanted to start afresh in a new home. We initially thought we would need to move to another area of the city and could probably only afford an apartment. Then we found out Gleeson was building new homes in our community. We have worked hard all our lives & it's nice to think we have a brand new home to show for it."

Jean & Steve Buddin

"When our daughter Amelia was born we were desperate to move out of our draughty rental house & move closer to family. We never through we could afford to buy so we were amazed to find out we could purchase a Gleeson home with Help to Buy and the mortgage repayments were £150 less than our previous rent."

Anne & Richard Saunders

"We were desperate to move out of our parents' homes but wanted to stay in the area. We looked at other developments close by but they were too expensive. The prices of Gleeson's homes are so affordable and they gave us 5% towards our deposit which was a big help."

Kim Bennion & Dave Stogden

"Picking the right house and right location was essential as Sarah will be living here whilst I complete my career in the RAF. Getting on the property ladder after leaving the armed forces is a well known problem. However we can't believe how much space you get for your money in a Gleeson home."

James & Sarah Dempsey

Corporate Social Responsibility Report (continued)

The Gleeson Community Challenge

In March 2015 Gleeson launched the Gleeson Community Challenge which gave South Yorkshire based non-profit organisations the opportunity to apply for a makeover of their facilities worth £10,000 with all the work to be completed by Gleeson's construction team.

The competition was run in conjunction with South Yorkshire's local radio station, Hallam FM, with regular adverts and live DJ announcements publicising the competition. Gleeson was also the main sponsor of the radio station's Superhero Day which raised money for the Cash for Kids charity.

24 local organisations applied for the makeover with applications ranging from replacement floors in a scout hut to a new garden in a woman's refuge.

The winning project was submitted by Croft House Settlement & Community Centre in the heart of Sheffield which offers facilities to local community groups, many of which are from inner city locations and help disadvantaged people. The Centre is used by over 400 people each week including a children's marching band, martial arts groups and Gamblers Anonymous meetings.

The works were undertaken by Gleeson's own apprentices along with subcontractors and volunteers from Gleeson's Yorkshire office with the works completed in just one month.

The scope of the project

The Croft House Settlement & Community Centre, which is housed in an old church building, struggles to raise money for maintenance and was in desperate need of a new kitchen and hot water system.

Gleeson's construction team appealed to our subcontractors for help and in addition to providing the centre with a brand new kitchen we were also able to renovate the whole entrance area of the building including new floors and furnishings, painting and new toilet facilities.

Before the renovation

After the renovation

Benefitting the community

The Belong Day Care Centre is a registered charity offering people with learning difficulties a meeting place, organised activities and the opportunity to gain new skills as well as respite for their carers.

After struggling to find affordable premises for the group in Sheffield city centre they approached Croft House Settlement who were happy to offer them a room at a price they could afford.

Support Worker, Sharon Briarley, explains how the Community Challenge will benefit Belong. *"Without Croft House we would have struggled to continue running our group in Sheffield. Thanks to Gleeson's Community Challenge the centre has been transformed into a welcoming 'home from home' for our members. We have already used the new kitchen for cookery activities and we are considering opening a community café in the new entrance area. The transformation is amazing"*

Corporate Social Responsibility Report (continued)

The Group recognises the importance that its activities have on all its stakeholders, including shareholders, employees, customers, the supply chain and the communities in which it operates.

Health and safety

Health and Safety is of paramount importance to the Group and is considered to be a key risk.

There have been no prohibition or improvement notices issued to the Group during the year. There was one reportable injury in the year and one dangerous occurrence under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ("RIDDOR"). In the previous three years the Group reported two, zero, and one injuries per year respectively under RIDDOR.

The overall Accident Incidence Rate ("AIR") was 121 in spite of a further sizable increase in construction activity and is below the housebuilding industry average of 361 injuries per 100,000 employees, as published by the HBF (Home Builders Federation) and the Health & Safety Executive. The AIR is an industry-wide indicator of health & safety performance.

Environment management systems

The Group's business units each have an environmental management system which controls how environmental performance is managed. At the operational level, the environmental management system is contained within our construction planning.

The Group's environmental strategy is focused on:

- minimisation of environmental risk and maximisation of environmental opportunity; and
- ensuring knowledge and understanding is at a level where all employees are aware of the environmental responsibilities involved in their job.

Waste management: minimisation and recycling

Site waste management plans are put in place at the start of each project. Suitable recovery or disposal arrangements are made for all waste. Arrangements are identified for dealing with all waste in line with environmental agency recommendations.

Timber policy

The Group has a timber purchasing policy which requires that all timber provided or used in the manufacture of its products must be obtained from a certified sustainable source. The Group complied with this policy throughout the year.

Greenhouse gas reporting

Our greenhouse gas emissions for the year ended 30 June 2015 were calculated in accordance with the financial control approach under the UK Government's GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors for Company Reporting 2014. The calculation incorporates the six Kyoto gasses including carbon dioxide, methane, nitrous oxide and hydro fluorocarbons and reports them in terms of carbon dioxide equivalents (CO^2e).

CO^2 emissions	Tonnes CO^2e 2015
Scope 1: Emissions from combustion of fuel	1,362
Scope 2: Electricity, heat, steam and cooling purchased for own use	336
Total emissions	1,698
Emissions per £m revenue	14.46

Our people

It is the Group's policy to ensure that it provides a safe, professional and stable working environment, that all employees are afforded equal opportunities and free from unlawful discrimination regardless of their age, sex, sexual orientation, colour, race, religion or ethnic origin and that disabled persons are not disadvantaged.

At 30 June 2015, we employed 290 people, comprising 206 males and 84 females. Our senior management team comprises 13 employees of which two (23%) are female.

The Group believes its employees are fundamental to its success and has continued to invest in them through training and development programmes. The Group actively encourages all of its employees to be fully engaged in the identification of their own training needs in order to achieve their full potential and to meet the requirements of the business.

Individual employee performance is regularly reviewed using the Group's Performance Development Review process and objectives and targets are set for personal development.

We have continued to increase the number of apprentices within the Group to support the Group's growth strategy. By the end of the financial year there were 25 apprentices employed by the Group (2014: 21). In September 2015 10 apprentices will be commencing their 1st year of the apprenticeship programme, 11 commencing in their 2nd year and nine commencing in their third year.

We anticipate that further development of the apprenticeship programme will continue over future years.

All of the Group's site-based employees are accredited under the Construction Skills Certification Scheme.

Charitable donations

Charitable donations in 2015 totalled £20,550 (2014: £10,700).

STRATEGIC REPORT APPROVAL STATEMENT

The Strategic Report, contained in pages 4 to 27 has been approved by the Board of Directors and is signed on its behalf by

Jolyon Harrison
Chief Executive Officer
25 September 2015

Corporate Governance

Before development began in 2013

Tanfield Gardens, Hartlepool, 2015

Chairman's Introduction

I am pleased to have the opportunity to introduce this report which describes our corporate governance arrangements during the year ended 30 June 2015 and explains how these arrangements have worked for the benefit of the Company and its shareholders.

As a premium listed company on the London Stock Exchange, the Group is subject to the UK Corporate Governance Code. The Board believes that compliance with this Code assists it to provide the Group with ethical and effective leadership.

As Chairman, I am responsible for the leadership of the Board and for ensuring that it fulfils its responsibilities to all of the Group's stakeholders.

The three main requirements of the Board's successful operation are:

- the maintenance of an appropriate balance among Board members of relevant skills and experience;
- the timely and regular provision to all Board members of the information that they need to monitor the performance of the Group's business units and to understand the conditions in which they are operating; and
- the presence of non-executive directors with sufficient expertise and independence to challenge the executive directors constructively on operational issues and to contribute to the development of corporate strategy.

Appointments to the Board are always made on merit against objective criteria and the Board strongly supports the principle of boardroom diversity. The Board, its Committees and individual Directors are subject to annual performance evaluation and, although this is not a requirement of the Code, all Directors are subject to annual re-election by shareholders.

The Board considers that this Annual Report is fair, balanced and understandable.

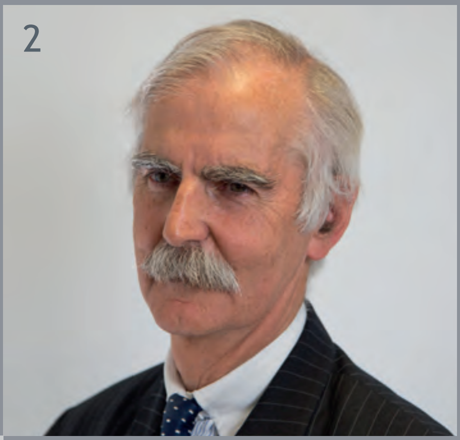
The remainder of this report contains the narrative reporting variously required by the Code, the Listing Rules and the Disclosure Rules and Transparency Rules.

Dermot Gleeson
Chairman
25 September 2015

Board of Directors

1

Dermot Gleeson
Chairman



2

Jolyon Harrison
Chief Executive Officer
and Managing Director,
Gleeson Homes

3

Stefan Allanson
Chief Financial Officer and
Company Secretary

4

Ross Ancell
Non Executive Director

5

Colin Dearlove
Non-Executive Director

6

Christopher Mills
Non-Executive Director

1 Dermot Gleeson

MA (Cantab)
Chairman

Joined the Board in 1975. Appointed Chief Executive in 1988 and Chairman in 1994. Relinquished the post of Chief Executive in 1998. Previously employed in the Conservative Party Research Department, the European Commission and Midland Bank International Limited. Formerly, a Trustee of the British Broadcasting Corporation, Chairman of the Major Contractors Group, a Board Member of the Housing Corporation, a Director of the Construction Industry Training Board and a Trustee of the Institute of Cancer Research. He is Chairman of the Nomination Committee.

2 Jolyon Harrison

FCIOB, FIoD, FCMI
Chief Executive Officer and Managing Director, Gleeson Homes

Appointed to the Board in July 2010 and appointed Chief Executive on 1 July 2012. Jolyon joined the Group in November 2009 as Managing Director of Gleeson Homes. He has nearly 50 years of housebuilding experience, most recently as founder and Chairman of Pelham Construction/North Country Homes Group and prior to that as Managing Director of Shepherd Homes and Chairman of York Housing Association. Currently Chairman of JDP Rooflines Limited, MSP Technologies Limited and the Yorkshire region of the Home Builders Federation. Formerly a member of the North East Housing Board and a Council member of the National House Building Council. He is the Board member responsible for health and safety matters.

3 Stefan Allanson

ACMA, MCT
Chief Financial Officer and Company Secretary (from July 2015)

Appointed to the Board in July 2015. Stefan joined the Group in June 2015 as Chief Financial Officer designate from Keepmoat Limited where he held the Deputy Chief Financial Officer role. Stefan qualified as an accountant in 1994, following which he held senior finance roles at Honda Motor Co Limited, BTP plc, TheSkillsMarket Limited and the Vita Group Limited.

4 Ross Ancell

ACA, (NZ)
Non-Executive Director

Appointed to the Board in October 2006. Ross is Chairman of Churngold Construction Holdings Limited and Independent Non-Executive Director of Galaxy Entertainment Group Limited (listed in Hong Kong). He is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

5 Colin Dearlove

BA, FCMA, CGMA
Non-Executive Director

Appointed to the Board in December 2007. Colin was at Barratt Developments PLC from 1981 to 2006 where he held a number of senior finance positions with the most recent being Group Finance Director, from 1992 until his retirement in 2006. He is the Senior Independent Director, Chairman of the Audit Committee and member of the Remuneration and Nomination Committees.

6 Christopher Mills

Non-Executive Director

Appointed to the Board in January 2009. Founder of Harwood Capital Management Group and formerly Chief Investment Officer of J O Hambro Capital Management Limited from 1993 to 2011. He is also Chief Executive and Investment Manager of North Atlantic Smaller Companies Investment Trust PLC, a UK listed investment trust. Christopher is a director of several publicly quoted companies, including Catalyst Media Group plc, Bioquell and Cyprotex.

Corporate Governance Statement

The Board remains committed to achieving and maintaining a high standard of corporate governance.

During the period under review, the Company, as a premium listed company, was subject to the September 2012 edition of the UK Corporate Governance Code issued by the Financial Reporting Council (FRC). The Code recognises that not all of its provisions are necessarily relevant to smaller listed companies and the Code states that departures from its provisions should not be automatically treated as breaches of the Code. The Directors believe that the Code is correctly applied as and where relevant to the Company and are satisfied that in areas of departure from the Code the departure is for good reason.

Further explanations of how the main principles and the supporting principles have been applied are set out on page 36.

Board of Directors

The Board is responsible to shareholders for the success of the Group. Its role is to set the strategic and financial framework within which the Group operates, to monitor and review the performance of each of the business units and to ensure that the risks faced by the Group are effectively managed. To facilitate this, the Board and its committees are provided with relevant and timely information in advance of all meetings and when otherwise required. Due to the size and structure of the Group, all significant decisions are taken at Board level. There is a formal schedule of matters that are reserved for a decision of the Board or its committees; these include the approval of:

- strategy and financial policy;
- banking arrangements and any changes to them;
- interim and annual financial statements;
- risk management and internal control policy;
- major capital expenditure;
- acquisition of land;
- acquisitions and disposals;
- Board structure and composition; and
- terms of reference of the Board's sub-committees.

All these matters were reviewed by the Board during the year.

At the date of this report, the Board comprises six Directors, four of whom are Non-Executive. All directors served throughout the year to 30 June 2015 including Mr Alan Martin who resigned as Chief Financial Officer and Company Secretary in July 2015. Mr Stefan Allanson was appointed Chief Financial Officer and Company Secretary in July 2015. The Directors' biographies are set out on page 31.

All of the Directors have access to the advice and services of the Company Secretary and may, in furtherance of their duties, take independent advice, at the Company's expense. Training is arranged, as required.

On joining the Board, arrangements are made for all new Directors to meet their colleagues and other senior management, to ensure an adequate induction to the Group.

On resignation, any concerns raised by an outgoing Director are circulated by the Chairman to the remaining members of the Board.

Directors' and Officers' Insurance is procured through the Company's Insurance Brokers, Arthur J Gallagher International. The terms and conditions are reviewed annually.

The Board continues to support the Malpractice Reporting Policy. The Policy has been communicated internally and is available for review on the website.

Conflicts of interest

Following the introduction of s.175 of the Companies Act 2006 on 1 October 2008 and the authority given by shareholders at the 2008 AGM to the Directors to authorise conflicts of interest, the Board has procedures in place to deal with conflicts of interest. Under s.175, all Directors are under a duty to consider their positions fully at all times. They must advise the Chairman immediately or, if the Chairman is conflicted, he must advise the Senior Independent Director. If a conflict is identified, permission or refusal to authorise a conflict is given by the non-conflicted Directors subject to the appropriate quorum requirement being met without counting the conflicted Director. The Board may vary or terminate the authorisation should the facts change or should the Board feel it is no longer appropriate for such authorisation to be in place. A register of authorisations is maintained by the Company Secretary which includes date of authorisation, expiry and comments on any special circumstances which might include the requirement of a conflicted Director to absent himself from Board discussions or be precluded from receiving Board papers.

Board effectiveness

The roles of the Chairman, Dermot Gleeson, and the Chief Executive Officer, Jolyon Harrison, are clearly defined and they act in accordance with the main and supporting principles of the Code.

The Chairman is responsible for leadership of the Board and ensuring its effectiveness. This role includes ensuring that the Directors receive accurate, timely and clear information; facilitating the contribution of the Non-Executive Directors; and ensuring constructive relations between the Executive and Non-Executive Directors.

The Chairman is in regular contact with the Chief Executive Officer to discuss current matters and has visited Group operations outside the Board meeting calendar to meet divisional directors and managers.

Board balance and independence

During the year, Ross Ancell and Colin Dearlove were the Board's independent Non-Executive Directors and fulfilled the requirement that a "smaller company", as defined by the Code, should have two such directors. Colin Dearlove is the Senior Independent Non-Executive Director.

Ross Ancell will have completed nine years' service on the Board at the date of the 2015 AGM in December 2015. Mr Ancell has provided assurances to the Board of his continued independence and that there are no circumstances which are likely to affect, or could appear to affect, his judgement. The Board greatly values Ross Ancell's expertise and understanding of the Group's operations and strategy and is wholly confident that he will continue to behave independently in character and judgement in the interests of all our shareholders. We have consulted our two largest shareholders and both are supportive of the Board's assessment that Ross should continue to be regarded as an independent director.

Neither Dermot Gleeson, Chairman, who has previously been Executive Chairman and, prior to that, has held the post of Chairman and Managing Director, nor Christopher Mills, who represents a major shareholder, North Atlantic Value LLP, are considered to be "independent" within the definition of that term contained in the Code.

A primary duty within the Nomination Committee's Terms of Reference is that candidates for appointment to the Board will be based upon merit. The Board recognises the benefits of diversity and we consider that diversity includes, but is not limited to, personal attributes, gender, ethnicity, age, disability and religious beliefs. Our aim is to promote equality, respect and understanding and to avoid discrimination. Whilst we value the recommendation of the Davies Report, we do

L-R: Colin Dearlove, Ross Ancell, Stefan Allanson, Jolyon Harrison, Dermot Gleeson and Christopher Mills at a Board Meeting in 2015

Corporate Governance Statement (continued)

not have a specific objective for the number of female Directors. We do not currently have any female main Board Directors and we are committed to ensuring that appointments made to the Board, and at senior management level, are made on merit.

The Nomination Committee will ensure that it only uses executive search firms which have signed up to the voluntary Code of Conduct addressing gender diversity and best practice, that females are given the same consideration and opportunity as male applicants and that gender diversity is considered specifically when drawing up a list of potential candidates.

Board and Committee meetings

During the year, the Board met on five occasions. Normally six Board meetings are held each year. However a further scheduled Board meeting that would normally have taken place in the last week of June was moved, for reasons of practical convenience to 1 July 2015. Board packs, which include a formal agenda, are circulated in advance of such meetings. Attendance by individual Directors at scheduled Board meetings (including the 1 July meeting referred to above) and by members at Committee meetings is shown in Figure 1 below.

The main purpose of these meetings is to permit the Board to receive regular reports on the performance of the Group and address a wide range of key issues, including health & safety, operational performance, risk management and corporate strategy. Additional Board meetings may be convened from time to time in response to specific circumstances.

During the course of the year, the Non-Executive Directors met without the Executive Directors present, both with and without the Chairman being present.

The minutes of all meetings of the Board and of each of its Committees are recorded by the Company Secretary. As well as recording the decisions taken, the minutes reflect any queries raised by the Directors and record any unresolved concerns.

Board evaluation

During the year, under the leadership of the Chairman, the Board undertook an evaluation of its own performance. This was based on completion of a detailed questionnaire and individual discussions between the Chairman and the Directors. Being a smaller listed company, it was not considered necessary to have this year's Board evaluation externally facilitated. Similarly, the Chairman of each of the Audit, Remuneration and Nomination Committees conducted a performance review of each Board Committee. Ross Ancell, as the Senior Independent Director, conducted an evaluation of the Chairman's performance in conjunction with his Non-Executive Director colleagues and with input from the other Executive Directors. The outcome and conclusions reached from the conduct of these evaluations were discussed by the Board at its September Board Meeting. It was concluded that the Board, its Committees and the Chairman continued to perform effectively.

Risk management and internal control

The Directors acknowledge their responsibility for the Group's risk management procedures and systems of

FIGURE 1: ATTENDANCE BY INDIVIDUAL DIRECTORS AT SCHEDULED BOARD MEETINGS

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of scheduled meetings	6	3	5	2
Attendance				
Dermot Gleeson	6	*	*	2
Ross Ancell	6	3	5	2
Colin Dearlove	6	3	5	2
Christopher Mills	5	*	*	*
Jolyon Harrison	6	3**	5**	1***
Alan Martin	6	3**	5**	1**

* Not a member of this Committee.
** Whilst not a member of this Committee, the Director was in attendance at all meetings
*** Whilst not a member of this Committee, the Director was in attendance for the meetings to which he was invited.

internal controls and for reviewing their effectiveness. It should be recognised that all such systems and procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, rather than absolute, assurance against material misstatement or loss. Risk management and internal control within the Group's operating units is delegated to the management responsible for the operating unit, with the Board retaining ultimate responsibility.

The Board is of the view that there is an adequate ongoing process for identifying, evaluating and managing the Group's significant risks, which satisfies the internal control guidance for Directors detailed in provision C.2.1 of the Code. This process takes the form of a formal Risk Management Policy supported by financial and management controls that are operated Group-wide and which are subject to both internal review by the Chief Financial Officer and external review as part of the statutory audit carried out by the Auditors.

The Group's system of internal control includes the following processes:

- The Board and management committees meet regularly to monitor performance against key performance indicators which include cash management and financial and operational measures. A variety of financial and non-financial reports is produced to facilitate this review process;
- The Board has established defined lines of authority to ensure that significant decisions are taken at an appropriate level;
- The Group employs individuals of appropriate calibre and provides any training that is necessary to enable them to perform their role effectively. Key objectives and opportunities for improvement are identified through annual performance and development reviews;
- Each business function has defined procedures and controls to identify and minimise business, operational and financial risks. These procedures include segregation of duties, provision of regular performance information and exception reports, approval procedures for key transactions and the maintenance of proper records. Compliance with these procedures and controls is certified annually by management;
- The Group's programme of insurance covers the major risks to the Group's assets and business and is reviewed annually;
- The Chief Financial Officer has responsibility for the internal audit process and reports to the Audit Committee on such matters; and
- Procedures are in place that require operating unit management to refer all investment and divestment decisions that exceed prescribed limits in the first instance to the Group Capital Committee and then thereafter to the Board, for approval.

Regular reviews are undertaken in order to identify any changes in procedure that may be required in the light of changing circumstances.

The overall Risk Management and Internal Control process is reviewed by both the Audit Committee and the Board. The Board also confirms that the formal risk management process was reviewed during the year and continued to operate up to the date of approval of these Accounts.

Whistleblowing arrangements

The Company has operated a 'whistleblowing' arrangement throughout the year whereby all employees of the Group are able, via an independent external third party, to confidentially report any malpractice or matters of concern they have regarding the actions of employees, management and Directors and any breaches of the Company's Anti-Bribery and Corruption Policy.

Jolyon Harrison CEO
and Stefan Allanson CFO

Corporate Governance Statement (continued)

Colin Dearlove and Ross Ancell

Anti-bribery and corruption policy

The Company values its long-standing reputation for ethical behaviour and integrity. Conducting its business with a zero tolerance approach to all forms of corruption is central to these values, the Group's image and reputation. The Company policy sets out the standards expected of all Group employees in relation to anti-bribery and corruption and the Board has overall responsibility for ensuring this policy complies with the Group's legal and ethical obligations and that everyone in our organisation complies with it.

This policy is also relevant for third parties who perform services for or on behalf of the Group. The Group expects those persons to adhere to this policy or have in place equivalent policies and procedures to combat bribery and corruption.

Shareholder relations

There is dialogue with institutional shareholders, including presentations following the publication of the Interim and Final Results and, as appropriate, at other times during the year. Feedback from these meetings is provided to the Board.

The Board also welcomes the interest of private investors and believes that, in addition to the Annual Report and the Company's website, the AGM is an ideal forum at which to communicate with investors and encourage their participation. At the AGM, the Chairman, together with the Chairmen of the Audit, Remuneration and Nomination Committees, will be available to answer any relevant questions.

The Company uses the Investor Relations section of its website, www.mjgleeson.com, to publish statutory documents and communications to shareholders, such as the Annual Report and Financial Statements, the Half-yearly Report, as its default method of publication. The website is designed to be a communication tool for present and potential investors and includes all London Stock Exchange announcements and press releases over the past twelve months and also links to the websites of the Group's business units.

Compliance statement

The Company has complied with the vast majority of the provisions of the September 2012 edition of the UK Corporate Governance Code applicable to all premium listed companies. The following provisions are those where the Company is not strictly in compliance with the Code. For the reasons stated the Directors believe that the Company's stance is justified in this respect.

A.3.1, B.1.1: Dermot Gleeson, Chairman, has previously been Executive Chairman and, prior to that, has held the post of Chairman and Managing Director. The Board has considered the guidance set out in the Code and believes that it is in the Company's best interests that Dermot Gleeson be retained as Chairman.

B.1.1: Ross Ancell will have completed nine years' service on the Board at the date of the 2015 AGM in December 2015. Mr Ancell has provided assurances to the Board of his continued independence and that there are no circumstances which are likely to affect, or could appear to affect, his judgement. The Board greatly values Ross Ancell's expertise and understanding of the Group's operations and strategy and is wholly confident that he will continue to behave independently in character and judgement in the interests of our shareholders. We have consulted our two largest shareholders and both are supportive of the Board's assessment that Ross should continue to be regarded as an independent director.

A.4.2, B.6.3: The performance of the Chairman is appraised by both the Non-Executive and Executive Directors. As MJ Gleeson plc is a smaller listed company, it is felt that this is the most appropriate approach.

Nomination Committee

The Nomination Committee ("the Committee") is a Board Committee consisting entirely of Non-Executive Directors. The members of the Committee are Dermot Gleeson (Chairman), Ross Ancell and Colin Dearlove.

The Committee met twice during the year. Attendance at this meeting by the Committee members is shown in the table on page 34.

The principal responsibility of the Committee is to consider succession planning and appropriate appointments to the Board and to senior management, so as to maintain an appropriate balance of skills, knowledge and experience within the Company. The Committee's formal terms of reference, which are reviewed annually, are available on the website and require it to:

- regularly review the structure, size and composition of the Board and to make recommendations regarding any adjustments that are considered to be necessary;
- identify and nominate for consideration candidates for any Board vacancies that may arise;
- put in place plans for succession, in particular to the Chairman and Chief Executive; and
- make recommendations regarding the continued service (or not) of the Executive and Non-Executive Directors.

All Board appointments and re-appointments are considered by the Nomination Committee. In considering any new appointments to the Board, the balance of skills, knowledge and experience on the Board are evaluated, together with the role to be filled and the capabilities required to do so. All appointments are made on merit.

Remuneration Committee

The Remuneration Committee ("the Committee") is responsible for setting the remuneration of the Chairman and the Executive Directors. The members of the Remuneration Committee are Ross Ancell (Chairman) and Colin Dearlove. The Committee met five times during the year to 30 June 2015 to discuss, consider and approve the policy and remuneration of the Chairman and the Executive Directors. The Committee's key action during the course of the year was the review and implementation of the Company's remuneration policy. In addition, the Committee considered in detail the Executive Directors' remuneration, annual bonus plan and long term incentive plan.

Further details of the remuneration policy and the package for each Director serving during the year to 30 June 2015 are set out in the Remuneration Report on pages 46 to 57.

Audit Committee

The Audit Committee ("the Committee") is a Board Committee consisting entirely of Non-Executive Directors. The members of the Committee are Colin Dearlove (Chairman) and Ross Ancell. Colin Dearlove, as Chairman of the Committee, has recent relevant financial experience as Group Finance Director of Barratt Developments plc. Ross Ancell also has recent relevant financial experience as Chairman of Churngold Construction Holdings Limited.

The Chairman invites the Chief Executive Officer and the Chief Financial Officer and other senior management to attend, along with the Group's Auditors, when required. The Committee met on three occasions during the year, with both members being in attendance for all meetings. The Committee regularly meets with the auditors and the internal auditor without the presence of the Company's management.

Priorities

The Committee's key priorities are the effective governance over the Group's financial reporting, the adequacy of related disclosures, the performance of the Group Risk management function and the management of the Group's systems of internal control, business risks and related compliance activities. The Committee also reviews and monitors the performance and independence of the Group's external auditor, the provision of additional services to the Group by the auditor and oversees the Group's relationship with them.

The significant issues considered by the Committee during the year have been assessed by determining the key risks of misstatement of the Group's financial statements relating to:

- the carrying value of the Group's inventories and profit recognition; and
- the continued recognition of deferred tax assets.

The Committee monitors the effectiveness of the internal controls exercised over the key processes employed by the Group in site development activities and the forecasting of future costs. The Committee receives regular reporting as to management's adherence to the Group's policies and procedures in both of these critically important areas of the business. Similarly the Committee ensures the approach adopted by management in recovering the cost of both land and work in progress remains in line with established Group policies and procedures through regular risk monitoring reports.

The Committee receives regular reports regarding sales of homes and the costs and possible future costs relating to individual sites. The Committee has reviewed the

Corporate Governance Statement (continued)

assumptions adopted by management supporting the profit margin to be recognised on sale of individual homes and concluded that they are appropriate.

The Committee has reviewed the assumptions adopted by management supporting the quantum of tax losses that will probably be used to offset future taxable profits. The Committee has concluded that these assumptions are appropriate resulting in the recognition of deferred tax assets.

The other key actions of the Committee during the year were:

- whether the Group can continue to adopt the going concern basis in preparing the accounts;
- review of half year and annual results
- receives reports from the Chief Financial Officer on internal audit matters;
- review of the Group's Risk Register; and
- review of legacy contracts of the discontinued operations.

Committee meetings generally take place prior to Board meetings and the Committee Chairman provides the Board with a report on the activity of the Committee and the matters of particular relevance to the Board in the conduct of their work.

External audit

KPMG LLP is the Group's external auditor and they produce a detailed audit plan identifying their assessment of key risks each year. For the 2015 financial year the primary risks identified were in relation to the margin to be recognised on the sale of homes and the carrying value of the Group's land and work in progress.

The Committee formulates and oversees the Company's policy on monitoring external auditor objectivity and independence in relation to non-audit services. The auditor is excluded from undertaking a range of work on behalf of the Group to ensure that the nature of non-audit services performed or fee income earned relative to the audit fees does not compromise and is not seen to compromise the auditor's independence, objectivity or integrity. The auditor is therefore not allowed to carry out appraisal or valuation services, management functions and litigation support, actuarial services, legal, accounting or remuneration services on behalf of the


Dermot Gleeson and Christopher Mills

Group. From time to time non-audit services are put out to tender to a number of suitable firms. The ratio of audit fees to non-audit fees paid to the auditor in 2015 financial year was 1 to 1.2.

The Committee has reviewed and is satisfied with the performance of KPMG LLP. Details of the audit fee and fees paid to KPMG LLP for non-audit services are disclosed on page 76.

The Committee assesses the effectiveness of the external audit process annually with the auditor and the Company's management. The Committee holds private meetings with the auditor on an annual basis. Matters discussed include the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with management and confirmation that there has been no restriction in scope placed on them by management. The Committee ensure that the auditor has exercised its professional scepticism.

The auditor is required to rotate the audit partner responsible for the Group audit every five years. The current audit partner was changed during the year as the previous partner had served a term of five years.

At the request of the Board, the Audit Committee considered whether the 2015 Annual Report taken as a whole was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Company's performance, business model and strategy. The Audit Committee was satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable.

Directors' Report

The Directors have pleasure in presenting the Annual Report and the audited Financial Statements for the year ended 30 June 2015.

Strategic Report

In accordance with the requirements of the Companies Act 2006, we present a fair review of the business during the year to 30 June 2015 and of the position of the Group at the end of the financial year together with a description of the principal risks and uncertainties faced by the Group in the Strategic Report on pages 4 to 27.

Corporate Governance Statement

The Disclosure and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in Governance on pages 28 to 38.

Results and dividends

The results are set out in the Consolidated Statement of Comprehensive Income on page 62. The subsidiary companies affecting the profit or net assets of the Group in the year are listed in note 15 to the Financial Statements.

An interim dividend of 2.7 pence per share was paid to shareholders on 2 April 2015 (2014: 1.1 pence). The Board proposes to pay, subject to shareholder approval at the 2015 AGM, a final dividend of 7.3 pence per share (2014: 4.9 pence) in respect of the 2015 financial year on 17 December 2015 to shareholders on the register at the close of business on 20 November 2015. On this basis, the total dividend for the year will be 10.0 pence per share (2014: 6.0 pence).

Business review

The review of the development and performance of the business of the Group during the year and the future outlook of the Group is set out in the Chairman's Statement on pages 2 and 3 and the Strategic Report (Business Performance) on pages 10 to 11. Details of the principal risks and uncertainties faced by the Group are set out in the Strategic Report on pages 18 to 19. The key performance indicators are set out in the Strategic Report on pages 12 to 13. The Group's policy in respect of financial instruments is set out within the Accounting Policies on pages 68 to 72 and details of credit risk, capital risk management, liquidity risk and interest rate risk are given in note 19 to the Financial Statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report (Business Performance) on pages 10 to 11. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report (Financial Review) on pages 14 to 16.

The Group meets its day-to-day working capital requirements through its cash resources and the secured loan facility, which was entered into in December 2013 and re-stated in December 2014 with an expiry date of December 2016. As part of their regular going concern review the Directors specifically address all the risk areas that they consider material to the assessment of going concern. The report arising from these discussions is made available to the auditors and the conclusion is that the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Political donations

The Company made no political donations in the year or in the previous year.

Directors and Directors' interests

The current Directors of the Company and their biographical details are shown on page 30 to 31. None of the Directors have any contracts of significance with the Company.

The beneficial and non-beneficial interests of the Directors and their connected persons in the shares of the Company at 30 June 2015 and as at the date of this report are disclosed in the Remuneration Report on page 55. Details of the interests of the Executive Directors in share options and awards of shares can be found on page 55 within the same report.

Appointment and replacement of Directors

In accordance with Code provision B.7.1 the Board has determined that all Directors will be subject to annual re-election by shareholders. The Company's Articles of Association ("Articles") provide that at each AGM at least

Director's Report (continued)

one-third of the Directors shall retire from office and shall be eligible for reappointment. In any event, at the next AGM of the Company, to be held on 11 December 2015, all of the Directors will, voluntarily, offer themselves for re-election. Of the Directors standing for re-election, Jolyon Harrison and Stefan Allanson hold service contracts that may be terminated by the Company with a notice period of one year.

Scheme of Arrangement

On 19 December 2014 the Group completed a Scheme of Arrangement ("Scheme") to change its corporate structure by introducing a new holding company. The purpose of the restructure was to protect the continuing businesses of the Gleeson Group from potential liabilities of the legacy building contracting and engineering businesses and contracts, the majority of which were disposed of in 2005 and 2006. The old Group holding company, MJ Gleeson Group plc and its subsidiary Gleeson Construction Services Limited are now held indirectly by the new holding company MJ Gleeson plc.

The Court approved Scheme of Arrangement also approved a capital reduction of the old holding company, since renamed MJ Gleeson Group Limited, to reduce its net asset position to an amount which would cover any potential future liabilities. The capital reduction became effective on 22 January 2015.

Share capital

Under the Scheme of Arrangement ("Scheme") the share capital of MJ Gleeson Group plc was cancelled and the shareholders of that company received one share of MJ Gleeson plc for each share it previously held in MJ Gleeson Group plc. With effect from 18 December 2014 the rights attaching to the new MJ Gleeson plc shares were the same as those attaching to the MJ Gleeson Group plc shares immediately prior to 18 December 2014. Upon the implementation of the Scheme, the new MJ Gleeson plc shareholders will have the same voting rights and the same proportionate interest in the profits, net assets and dividends of MJ Gleeson plc as they previously had as a MJ Gleeson Group plc shareholder. In order to reflect the book value of MJ Gleeson Group plc, the new MJ Gleeson plc shares issued under the Scheme had a nominal value of 146 pence each, while the old MJ Gleeson Group plc shares had a nominal value of 2 pence each. However, following the confirmation of the capital reduction of MJ Gleeson plc on 21 January 2015, the nominal value of the new MJ Gleeson plc shares reduced to 2p each.

During the period prior to the Scheme, 543,397 shares were issued by the old holding company MJ Gleeson Group plc to satisfy shares vesting under the Performance Share Plan. On 18 December 2014, the new holding company, MJ Gleeson Group plc ("Company") issued 53,697,480 shares to the former shareholders of the old holding company MJ Gleeson Group plc. On the same day the 53,697,480 shares of MJ Gleeson Group plc were cancelled.

The Company has one class of share in issue, being ordinary shares with a nominal value of 2 pence each, with no right to fixed income.

As at 25 September 2015 the Company has issued share capital of 53,697,481 ordinary shares, with a nominal value of £1.1m. Further details are given in note 28.

Substantial shareholdings

On 25 September 2015, the shareholdings noted below, representing 3% or more of the issued share capital, had been notified to the Company. In addition, as at 25 September 2015, Capita IRG Trustees Limited held 238,125 ordinary shares as trustees of the Employee Share Purchase Plan.

Name of Shareholder	Number of shares	Proportion of total
North Atlantic Value LLP	12,055,000	22.45%
Schroder Investment Management Limited	7,467,689	13.91%
Mrs J C Cooper & spouse*	2,815,367	5.24%
BlackRock Investment management (UK)	1,710,584	3.19%

* of which 542,800 shares are held in discretionary trusts of which Mrs J C Cooper is a Trustee.

Directors' Indemnity

Directors risk personal liability under civil and criminal law for many aspects of the Company's main business decisions. As a consequence the Directors could face a range of penalties including fines and/or imprisonment. In keeping with normal market practice, the Company believes that it is prudent and in the best interests of the Company and their best interests to protect the individuals concerned from the consequences of innocent error or omission.

As a result, the Company operates a Directors and Officers' liability insurance policy in order to indemnify Directors and other senior officers of the Company and its subsidiaries, as recommended by the Corporate Governance Code. This insurance policy does not provide cover where the Director or officer has acted fraudulently or dishonestly.

In addition, subject to the provisions of and to the extent permitted by relevant statutes, under the Articles, the Directors and other officers throughout the year, and at the date of approval of these financial statements, were indemnified out of the assets of the Company against liabilities incurred by them in the course of carrying out their duties or the exercise of their powers.

Employees

We are committed to ensuring that all employees, potential recruits and other stakeholders are treated fairly and equitably. The principles of equality and diversity are important to us and advancement is based upon individual skills and aptitude irrespective of sex, sexual orientation, race, colour, age, disability, nationality or marital/civil partnership status. Full consideration is given to the diverse needs of our employees and potential recruits and we are fully compliant with all current legislation. Our culture is aimed at ensuring that employees can grow to their full potential. We seek to improve employee retention by providing benefits that employees want including the Group stakeholder pension (including life assurance arrangements), private medical insurance, childcare vouchers and income replacement (PHI) arrangements. Employee share ownership continues to be encouraged through participation in the Group Share Purchase Plan.

We are committed to developing our employees in order that they can maximise their career potential and achieve their aspirations and our aim is to provide rewarding career opportunities in an environment where equality of opportunity is paramount. Our policy for selection and promotion is based on an assessment of an individual's ability and experiences; we take full consideration of all applicants on their merits and have processes and procedures in place to ensure that individuals with disabilities are given fair consideration.

Every possible effort is made by the Group to retain and support employees who become disabled whilst in the employment of the Group.

Employee involvement

The Group regularly provides its employees with information on matters of concern to them. We consult with our employees in order to ensure that their views can be taken into account when making decisions. We utilise our intranet site to disseminate information and engage with our employees via manager briefings.

Health and safety

The health and safety of our employees and others is paramount. Further information on our approach to health and safety is provided in the Corporate Responsibility Report on page 26.

Greenhouse gas emissions

All disclosures concerning the Group's greenhouse gas emissions, as required to be disclosed under regulations introduced by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 are contained in the Corporate Responsibility Report forming part of the Strategic Report on page 26.

Disclosure of information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Auditor is aware of that information.

Shareholder additional information

Following the implementation of the EU Takeover Directive in the UK, the Company is required to disclose certain additional information where not covered elsewhere in this Annual Report.

Rights and obligations attaching to shares

Subject to the Companies Act 2006 and other shareholders' rights, any share may be issued with such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board of Directors ("Board") for the time being of the Company may decide. Subject to the Companies Act 2006, the Articles and any resolution of the Company, the Board may deal with any unissued shares as it may decide.

Amendment to the Articles of Association

Any amendments to the Articles of Association ("Articles") may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution.

Voting

Under and subject to the provisions of the Articles and subject to any special rights or restrictions as to voting

Director's Report (continued)

attached to any shares, on a show of hands, every shareholder present in person shall have one vote and on a poll every shareholder who was present in person or by proxy shall have one vote for every share of which he is the holder. Under the Companies Act 2006, shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting.

Restrictions on voting

A shareholder shall not be entitled to vote at any general meeting or class meeting in respect of any shares held by him unless all calls and other sums presently payable by him in respect of that share have been paid.

Deadlines for voting rights

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM to be held on 11 December 2015 are set out in the Notice of the AGM.

Dividends and distributions

The Company may, by ordinary resolution, declare a dividend to be paid to the shareholders but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends and also any fixed rate dividend whenever the financial position of the Company justifies its payment in the opinion of the Board.

Winding up

Under the Articles, if the Company is in liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other authority required by law:

- divide among the shareholders in specie the whole or any part of the assets of the Company and, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders; or
- vest the whole or any part of the assets in trustees upon such trusts for the benefit of shareholders as the liquidator with the like sanction shall think fit.

Variation of rights

The Articles specify that the special rights attached to any class of shares may, either with the consent in writing of holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise), be modified or abrogated.

Transfer of shares

Under and subject to the restrictions in the Articles, any shareholder may transfer all or any of his shares in certificated form by transfer in writing in any usual form or in any other form which the Board may approve. The Board may, save in certain circumstances, refuse to register any transfer of a certificated share not fully paid up. The Board may also refuse to register any transfer of certificated shares unless it is:

- in respect of only one class of shares;
- in favour of no more than four transferees;
- duly stamped or exempt from stamp duty;
- delivered to the office or at such other place as the Board may decide for registration; and
- accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to show the right of the intending transferor to transfer the shares.

Repurchase of shares

Subject to the provisions of the Companies Acts and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares.

Appointment and replacement of Directors

The Directors shall not, unless otherwise determined by an ordinary resolution of the Company, be less than three nor more than 15 in number. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board shall retire from office at the next AGM of the Company but shall then be eligible for re-appointment. The Board may appoint one or more Directors to hold any office or employment under the Company for such period (subject to the Companies Acts) and on such terms as it may decide and may revoke or terminate any such appointment. At each AGM any Director who has been appointed by the Board since the previous AGM and any Director selected to retire by rotation shall retire from office. At each AGM, one-third of the Directors who are subject to retirement by rotation or, if the number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office. In addition, there shall also be required to retire by rotation any Director who at any AGM of the Company shall have been a Director at each of the preceding two AGMs of the Company, provided that he was not appointed or re-appointed at either such AGM and he has not otherwise ceased to be a Director and been re-appointed by general meeting of the Company at or since either such AGM.

The Company may, by ordinary resolution of which special notice has been given in accordance with the Companies Acts, remove any Director before his period of office has expired notwithstanding anything in the Articles or in any agreement between him and the Company. A Director may also be removed from office by the service on him of a notice to that effect signed by or on behalf of all the other Directors, being not less than three in number. The office of a Director shall be vacated if:

i. he is prohibited by law from being a Director;

ii. he becomes bankrupt or makes any arrangement or composition with his creditors generally;

iii. he is or may be suffering from a mental disorder as referred to in the Articles;

iv. for more than six months he is absent, without special leave of absence from the Board, from meetings of the Board held during that period and the Board resolves that his office be vacated; or

v. he serves on the Company notice of his wish to resign.

Powers of the Directors

The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the provisions of the Articles and any ordinary resolution of the Company. The Articles specify that the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets and uncalled capital and to issue debentures and other securities, subject to the provisions of the Articles.

Takeovers and significant agreements

The Company is a party to the following significant agreements that take effect, alter or terminate on a change of control of the Company following a takeover bid:

- the Company's share schemes and plans; and
- the £20m revolving credit facility whereby upon a 'change of control' all amounts become due and payable.

Information rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to enjoy information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, rather than to the Company's registrars Capita Asset Services, or to the Company directly.

Auditor

KPMG LLP has signified its willingness to remain in office and resolutions re-appointing KPMG LLP as auditor and authorising the Directors to fix the remuneration will be put to the forthcoming AGM.

Annual General Meeting

The Notice of the AGM to be held on 11 December 2015, together with details of the Resolutions to be considered, will be set out in a separate circular.

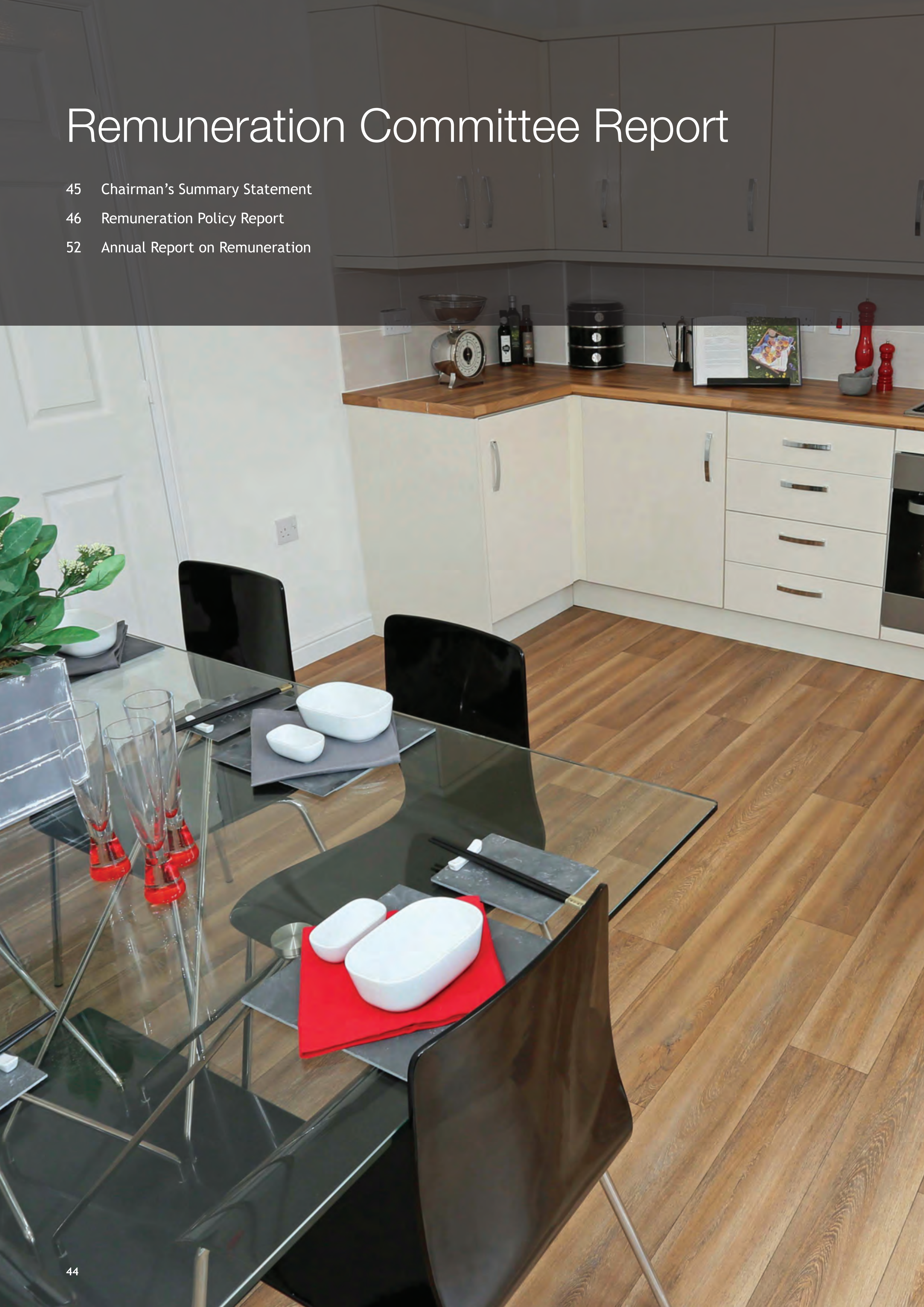
Deadlines for voting rights

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM will be set out in the Notice of the AGM.

By order of the Board

Stefan Allanson
Company Secretary
25 September 2015

Remuneration Committee Report



Chairman's Summary Statement

Introduction

I am pleased to take this opportunity to set out the Group's remuneration strategy and the way it has been implemented during the past year. Our remuneration report is split into two parts as follows:

- our Policy on Directors' remuneration, which sets out our approved future remuneration policy; and
- the Annual Report on Remuneration, which describes how the policy was implemented in the year to June 2015 and the plans for the year to June 2016.

Last year, the Remuneration Committee ("the Committee") reviewed the remuneration policy for Executive Directors and the Chairman and the policy was approved by shareholders at last years AGM. The Board reviewed the policy for the other Non-Executive Directors.

During the financial year the Committee undertook its regular annual review of the Executive Directors' base salaries and agreed the performance targets for the annual bonus for 2015.

The Committee also approved a proposal to implement a new long term incentive plan for Executive Directors and senior executives which will vest in whole or in part on or after the third anniversary of the date of grant if performance conditions have been met. The performance condition is based on total shareholder return for the three financial years from 1 July 2014 to 30 June 2017. The proposal was subsequently approved by the Board and the award was made on 30 September 2014.

Outcome of 2015 remuneration issues

The Group continued to perform well during the year to 30 June 2015. The performance condition for Executive Directors' 2015 annual bonuses was achievement of Group profit before tax (before exceptional items) of between £12.9m and £17.9m. The Group achieved profit before tax (before exceptional items and the accrual of Executive Director bonus payments) of £24.0m, which is an increase of 90.5% against the previous year pre-exceptional profit before tax. Accordingly, annual bonus payments for 2015 will be made at 100% of base salary, to be paid in cash.

Vesting of the December 2010 long term incentive plan awards, which matured in December 2013, was based upon a three year performance condition which ended on 30 June 2013. The performance condition was based on total shareholder return achieving £2.10 by the end of the performance period. The share price was £2.92 on 30 June 2013 and so the performance condition was met in full and 100% of the award and vested to the participants. In the year to 30 June 2014, 277,597 of the share awards were exercised out of a total award of 895,708 shares. Of this total, 74,714 awards lapsed leaving a balance of 543,397 awards remaining to be exercised during the year ended 30 June 2015. These remaining 543,397 share awards were duly exercised during the year thereby completing the 2010 plan.

No other long term incentive plan awards vested in the year ended 30 June 2015. However, the November 2012 long term incentive award for the Chief Executive achieved the three year performance condition which ended on 30 June 2015. The performance condition was based on total shareholder return achieving £3.33 by the end of the performance period on 30 June 2015. The share price was £4.36 on 30 June 2015 and so the performance condition was met in full. Accordingly the 423,015 share award will vest to the Chief Executive on the third anniversary of the plan on 5 November 2015.

2016 Executive Directors' remuneration

The focus of the remuneration policy for the Executive Directors continues to have a significant proportion of remuneration performance-related and linked closely to the Group's long term strategy.

The maximum amount payable under the annual bonus scheme will again be 100% of base salary. The performance conditions for the year to 30 June 2016 remain linked to profit targets. The base salary of the Chief Executive Officer for the year to 30 June 2016 has been increased by 5%, which is comparable to the increases received by other employees with similar levels of performance within the Group.

The Chief Financial Officer, Mr Alan Martin, resigned from his position and from the Board with effect of 31 July 2015. Mr Stefan Allanson was appointed as Chief Financial Officer and Company Secretary designate on 29 June 2015 and was confirmed as Chief Financial Officer and appointed to the Board on 31 July 2015. The base salary of Mr Martin for the year to 30 June 2015 was £231,000. The base salary of Mr Allanson with effect from his date of appointment on 29 June 2015 is £180,000.

The Committee would like to thank shareholders for their past support and look forward to your endorsement of remuneration issues at the forthcoming AGM.

Ross Ancell
Chairman
Remuneration Committee
25 September 2015

Remuneration Policy Report

This part of the report sets out the remuneration policy for the Group and has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The policy has been developed taking into account the principles of the UK Corporate Governance Code 2012, the UK Corporate Governance code for 2014 and the views of our major shareholders and describes the policy to be applied from 2015 onwards. The policy report was approved by shareholders at the Annual General Meeting held on 12 December 2014 and this policy will apply for the three years from the date of that approval.

Policy overview

In setting the remuneration policy for the Executive Directors, the Committee takes into account the following general principles which are:

- to attract, retain and motivate the best possible person for each position, while aligning remuneration with shareholder interests;
- to ensure that the remuneration packages are simple and fair in design so that they are valued by participants;
- to ensure that the fixed element of remuneration (salary, pension and other benefits) is determined in line with market rates, taking account of individual performance and experience, and that a significant proportion of the total remuneration package is determined by performance;
- to recognise the importance of rewarding exceptional performance (but not under-performance) in both the short and long term;
- to set carefully all financial and Total Shareholder Return (TSR) performance targets and associated sliding scale ranges to ensure that performance is incrementally rewarded and that executives are not inadvertently motivated to take inappropriate business risks (including environmental, social and governance risks); and
- to provide a significant proportion of performance linked pay in shares allowing executives to build significant shareholdings in the business, therefore, aligning the executive's interests with those of the Company's shareholders.

Components of Directors' remuneration

The key elements of the remuneration package for each Director are set out in the table below:

Element	**BASE SALARY**
Purpose and link to strategy	Set to attract, retain and motivate talented individuals.
Operation	Salaries are normally reviewed annually. Salary levels are set with reference to: • personal performance; • company performance; • inflation and earnings forecasts; • state of the market place generally; • increases elsewhere in the Group; and • similar roles in the workforce generally The Committee may on occasion recognise a change in circumstances such as assumed additional responsibility or an increase in the scale or scope of the role.
Maximum opportunity	There is no prescribed maximum annual increase, though increases for executive directors will not normally exceed the average salary increases across the Group. Current salary levels are set out in the Annual Report on Remuneration.
Performance targets	N/A

Element	**BENEFITS**
Purpose and link to strategy	To provide market competitive benefits to aid retention
Operation	The Company provide cash benefits and benefits in kind to Executive Directors. These include but are not limited to: • company car or cash equivalent; • private fuel; • private medical insurance – family cover; • life insurance; • permanent health insurance; • annual health check; • holiday and sick pay; • professional subscriptions; and • reimbursement of expenses incurred on Group matters. Other benefits may be provided where appropriate.
Maximum opportunity	The value of benefits is based on the underlying cost to the Group and individual circumstances. There is no prescribed maximum but benefits are in line with market practice
Performance targets	N/A

Element	**PENSION**
Purpose and link to strategy	To offer market competitive retirement benefits to aid retention
Operation	The Company will contribute to the Group's defined contribution pension scheme, or to personal pension arrangements at the request of the individual. The Company contributes at an agreed percentage of salary. The Company may also consider a cash alternative (e.g. where a director has reached the HMRC's lifetime or annual allowance limit).
Maximum opportunity	The maximum Company contribution or pension allowance is 25% of salary. Directors who are members of the pension scheme may elect to exchange part of their salary in return for pension contributions, which will reduce their National Insurance Contributions.
Performance targets	N/A

Remuneration Policy Report (continued)

Element	**ANNUAL BONUS**
Purpose and link to strategy	To incentivise the achievement of key financial and strategic targets for the forthcoming year without encouraging excessive risk taking.
Operation	Normally payable in cash, but CEO may elect to have his bonus payable in shares. Performance targets are reviewed annually by the Committee. The Committee has the discretion to override the formulaic outturn of the bonus to determine the appropriate level of bonus payable where it believes the outcome is not truly reflective of performance and to ensure fairness to both shareholders and participants. Clawback provisions apply for overpayments due to material misstatement or error.
Maximum opportunity	Maximum opportunity of 150% of base salary.
Performance targets	At least 100% of the bonus will be based on financial objectives (for example profit before tax), set relative to the Group's budget. No more than 50% of the bonus may be based on non-financial, strategic and/or personal objectives to provide a rounded assessment of Group and management's performance. The financial targets incorporate an appropriate sliding scale range around a challenging target.

Element	**LONG-TERM INCENTIVE PLAN ("LTIP")**
Purpose and link to strategy	To focus motivation on the long-term performance of the Group and reward shareholder value creation.
Operation	Awards of performance shares, structured as nil cost options with vesting dependant on the achievement of performance conditions over periods of up to 3 years. Performance targets are reviewed by the Committee for each new award. Amounts equivalent to any dividends or shareholder distributions may be made in respect of awards at vesting, if the Committee so determines. Clawback provisions apply for overpayments due to material misstatement or error.
Maximum opportunity	Awards of up to 300% of base salary for the Chief Executive and 200% for other Directors.
Performance targets	The awards are subject to performance conditions based on an absolute TSR target and a fairness test, which would consider the underlying financial performance of the company, including, but not limited to, the profitability of the company and shareholder value creation including the ability of shareholders to access this value creation through the liquidity of the shares.

Element	**HMRC APPROVED ALL-EMPLOYEE SCHEME**
Purpose and link to strategy	HMRC approved all-employee schemes are to encourage employees to take a stake in the business, which aligns their interest with that of shareholders.
Operation	Executive Directors are eligible to participate in all-employee schemes.
Maximum opportunity	Maximum is subject to HMRC approved limits.
Performance targets	N/A

Element	FEES FOR NON-EXECUTIVE DIRECTORS
Purpose and link to strategy	To reflect the time commitment and responsibilities of the role.
Operation	Fees are determined by the Board as a whole. They are set at levels with reference to sector, FTSE SmallCap and general Non-Executive Director benchmarking data as appropriate. Fees are paid in cash and are not performance related. Additional fees are paid to the Chairmen of the Audit and Remuneration Committees to reflect the additional responsibilities. There are no benefits or incentive schemes for Non-Executive Directors.
Maximum opportunity	As with the Executive Directors, there is no prescribed maximum annual increase. Current fee levels are set out in the Annual Report on Remuneration.
Performance targets	N/A

Selection of performance measures and target setting

In the selection of performance measures the Committee takes into account the Group's strategic objectives and short and long-term business priorities. The performance measures selected rewards the delivery of stretching financial performance and the creation of shareholder value.

The performance targets chosen are set in accordance with the Group's operating plan and are reviewed annually to ensure they are sufficiently stretching. In selecting the targets the Committee also takes into account analysts' forecasts, economic conditions and the Committee's expectation of performance over the relevant period.

Remuneration Policy for the broader employee population

The executive remuneration framework set out in this report follows similar principles as that applied to the Group's senior leadership team to ensure our senior management team is rewarded on a consistent basis. Any differences that exist arise either because of the Remuneration Committee's assessment of business need and commercial necessity. The principles that underpin our executive remuneration philosophy also cascade throughout the organisation, although quantum will vary by level and the provision of certain components of remuneration (such as benefits, allowances and long-term incentives) will vary by seniority.

How the Committee will use its discretion

Incentive plans including annual bonus and LTIP will be operated in line with the rules of each scheme or plan together with any relevant laws and regulations. However, it is important that the Committee retains appropriate discretion (as is customary) over the administration and operation of the incentive plans.

Discretion will include, but is not limited to, the following in relation to incentive schemes:

- Who is invited to participate or receive grants of awards;
- The size and timing of award grants or payments;
- Discretion required when changes or adjustments are required in special circumstances (e.g. change of control, rights issues, special corporate or dividend events, or change in business strategy);
- The annual review of performance measures and targets for the annual bonus and incentive schemes (including LTIP) from year to year;
- The determination of vesting (or payment), and the treatment of leavers and vesting for leavers;
- The annual review of performance measures and weighting, and targets for incentive plans over time; and
- As permitted by HMRC and other regulations, in respect of Sharesave and any Share Incentive Plans.

In relation to incentive schemes including annual bonus and LTIP, the Committee may adjust performance measures and/or targets if these have ceased to be appropriate provided that such adjusted measures or targets will not be materially less difficult to satisfy. Any use of the above discretions would, where relevant, be explained in future Directors Remuneration Reports and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Remuneration Policy Report (continued)

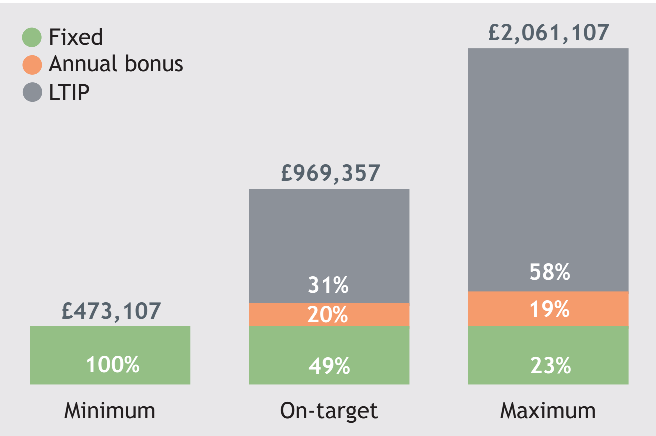
Legacy arrangements

For the avoidance of doubt, in approving the Policy report, authority is given to the Company to honour any commitments entered into with current and former Directors that have been disclosed previously to shareholders. It is also part of this policy that we will honour payments or awards crystallising after the effective date of this policy but arising from commitments entered into prior to the effective date of the new policy, or at a time when the relevant individual was not a Director of the Company. The Company will also have the authority to meet any claims against the Company arising as a result of a Director's termination.

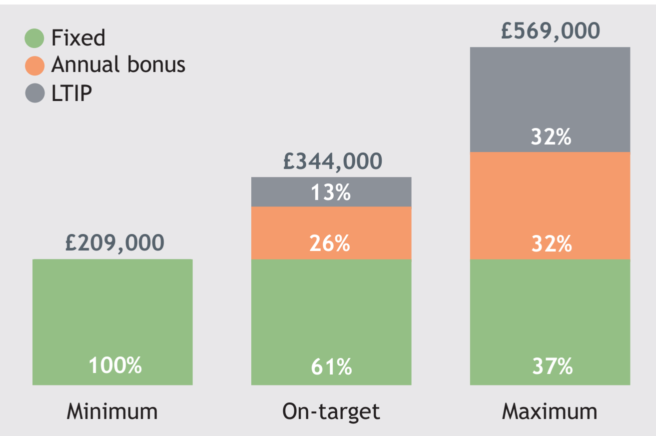
Illustration of the application of Remuneration Policy

The following charts illustrate the future remuneration packages of the CEO and CFO under the policy set for 2014 onwards for three indicative levels of performance - minimum, on-target and maximum:

CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



For the purpose of this analysis, the following assumptions have been made:

- Fixed elements comprise base salary, pension and other benefits. As an example, for the CEO fixed elements comprise salary of £397,000, pension of £56,700 and benefits of £19,107;
- Base salary levels applying on 1 July 2015;
- Benefit levels are assumed to be the same as the year ended 30 June 2015;
- Minimum performance assumes no award under the annual bonus and no vesting is achieved under the performance share plan;
- On target performance assumes 50% of annual bonus is earned and threshold vesting for the performance share plan;
- Maximum performance assumes full bonus pay out and full vesting under the performance share plan; and
- Share price movement has been excluded from the above analysis.

Service agreements and policy in respect of loss of office

All Executive Directors' service agreements are terminable on 12 months' notice. In circumstances of termination on notice, the Committee will determine an equitable compensation package, having regard to the particular circumstances of the case. The Committee has discretion to require notice to be worked or to make payment in lieu of notice or to place the director on garden leave for the notice period.

In case of payment in lieu of notice or garden leave, base salary, employer pension contributions and employee benefits will be paid for the period of notice served on garden leave or paid in lieu of notice.

No payments will be made for annual bonus to Executives under notice.

Awards under the Long Term Incentive Plan will be determined by the Plan rules which contain discretionary good leaver provisions for designated reasons (i.e. participants who leave early on account of injury, disability, death, a sale of their employer or business in which they were employed, statutory redundancy, retirement or any other reason at the discretion of the committee). In these circumstances a participant's awards will not be forfeited on cessation of employment and instead will vest on the normal vesting date.

In exceptional circumstances, the committee may decide that the participant's awards will vest early on the date of cessation of employment. In either case, the extent to which the awards will vest depends on the extent to which the performance conditions have been satisfied and a pro rata reduction of the awards will be applied by reference to the time of cessation (although the committee has discretion to disapply time pro rating if the circumstances warrant it).

The service agreements do not contain specific provisions for enhanced payments in the event of a change of control of the Company.

The dates of the Executive Directors' service agreements who served during the year are:

Executive Director	Date of service agreement
Jolyon Harrison	1 July 2012
Alan Martin*	11 December 2008

* Resigned effective on 31st July 2015

Chairman and other Non-Executive Directors' terms of engagement

The Chairman and the Non-Executive Directors are not employees; they have letters of appointment which set out their duties and responsibilities. The dates of each Non-Executive Directors' original appointment are as follows:

Non-Executive Director	Date of original appointment	Expiry of current term
Dermot Gleeson	27/11/1975	30/09/2015
Ross Ancell	01/10/2006	30/09/2015
Colin Dearlove	03/12/2007	02/12/2015
Christopher Mills	01/01/2009	31/12/2015

All Non-Executive directors have specific terms of engagement being an initial period of three years which thereafter may be extended on an annual basis, subject to re-election at each AGM. The appointment of the Chairman may be terminated on six months' notice and the appointment of the other Non-Executive Directors may be terminated on one month's notice.

Recruitment policy

Salaries for new hires will be set to reflect their skills and experience and the market rate for the role. The remuneration of a new Executive Director will include salary, benefits, pension, participation in the annual bonus and LTIP schemes normally in accordance with the policy for Executive Directors' remuneration. The maximum opportunity levels in relation to the annual bonus and LTIP will apply. If it is considered appropriate to appoint a new Director on a below market salary (for example, to allow them to gain experience in the role) their salary may be increased to a market level by way of a series of above inflation increases over two to three years. In addition, the Committee may offer additional cash and/or share-based elements (on a one-time basis or ongoing) when it considers these to be in the best interests of the Group (and therefore shareholders). Any such payments would be based solely on remuneration lost when leaving the former employer and would reflect the delivery mechanism, time horizons and performance requirement attaching to that remuneration.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms on grant, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the first AGM following their appointment.

The Committee may also agree that the Company will compensate executives, both internal and external, for certain relocation expenses as appropriate.

Statement of consideration of employment conditions elsewhere in the group

The Committee does not consult with employees on Directors' remuneration but regularly reviews the remuneration of staff throughout the Group to ensure that it is attuned to general pay and conditions when considering the remuneration of executive pay. For example, in determining salary increases for the Executive Directors, the Committee looks at salary increases across the Group.

Statement of consideration of shareholder views

The Committee consults with major shareholders and their representative bodies on remuneration matters, particularly if any material changes are proposed to the remuneration policy. In these instances the Committee seeks feedback from investors and develops and considers its proposals in light of this feedback.

Annual Report on Remuneration

The Remuneration Committee

During the year under review the Committee was chaired by Ross Ancell. The other committee member is Colin Dearlove. Both of the directors are independent Non-Executive Directors and they have no personal financial interest in matters to be decided, no potential conflicts of interest arising from cross directorships and no day-to-day involvement in running the business. Biographical details of the members of the Committee are show on page 31, and details of their attendance at the meetings of the Committee during the year ended 30 June 2015 are shown on page 34.

Role and responsibilities of the Remuneration Committee

The Committee's primary purpose is to make recommendations to the Board on the Group's framework for executive remuneration. The Board has also delegated responsibility to the Committee for determining the remuneration, benefits and contractual arrangements of the Chairman and the Executive Directors. No individual is involved in deciding their own remuneration.

The Committee has written terms of reference, which are available at www.mjgleeson.com, and its responsibilities include:

- Recommending to, and agreeing with, the Board the policy for executive and senior management remuneration;
- Agreeing the terms and conditions of employment for Executive Directors, including their annual remuneration and pension arrangements, and reviewing such provisions for senior management;
- Agreeing the measures and targets for any performance related bonus and share schemes;
- Agreeing the remuneration of the Chairman of the Board;
- Ensuring that, on termination, contractual terms and payments made are fair both to the Company and the individual so that failure is not rewarded; and
- Agreeing the terms of reference of any remuneration consultants it appoints.

Remuneration Committee: support and advice

The Committee is supported by the Head of Human Resources (Caroline Lee until July 2015 and then Beth Broughton from July 2015) and the Company Secretary (Alan Martin until July 2015 and then Stefan Allanson from August 2015).

The Remuneration Committee's Annual Report on Remuneration for the year ended 30 June 2015 is set out below, including remuneration for the year ended 30 June 2015 and the proposed implementation of the approved Remuneration Policy for 2016.

The auditor is required to report on the following information up to and including the note on loss of office payments or payments to past Directors.

SINGLE TOTAL FIGURE OF REMUNERATION FOR EACH DIRECTOR FOR THE YEAR ENDED 30 JUNE 2015

	Salary & fees £000 2015	Benefits £000 2015	Annual bonus £000 2015	Value of LTIP award vesting £000 2015	Pension £000 2015	Total £000 2015	Salary & fees £000 2014	Benefits £000 2014	Annual bonus £000 2014	Value of LTIP award vesting £000 2014	Pension £000 2014	Total £000 2014
Chairman												
Dermot Gleeson	90	-	-	-	-	90	80	-	-	-	-	80
Executive Directors												
Jolyon Harrison	378	19	378	964	57	1,796	360	19	360	-	54	793
Alan Martin	231	19	231	551	58	1,090	220	19	220	-	55	514
Non-Executive Directors												
Ross Ancell	40	-	-	-	-	40	30	-	-	-	-	30
Colin Dearlove	40	-	-	-	-	40	30	-	-	-	-	30
Christopher Mills	30	-	-	-	-	30	25	-	-	-	-	25
	809	38	609	1,515	115	3,086	745	38	580	-	109	1,472

During the year no Director waived his entitlement to any emoluments.

Notes to the single total figure of remuneration

Taxable benefits provided to Executive Directors

The main benefits available to the Executive Directors during the year to 30 June 2015 (and their associated values) were car allowance for both executives of £13,000, car fuel of £5,167 for Jolyon Harrison and £5,066 for Alan Martin and private medical insurance of £940 for Jolyon Harrison and £1,156 for Alan Martin. This package of benefits is unchanged from 2014.

Determination of annual bonus

The annual performance-related bonus for the year to 30 June 2015 was based upon achievement against the financial measure of Profit before Tax, for both continuing and discontinued operations, before accruing for Executive Directors bonuses (the "Profit Measure"), with the following target figures and straight line vesting between the relevant target figures.

Target	Profit measure	Bonus achievable as percentage of salary
Threshold	12.9	0%
Target	17.9	100%

The Profit Measure achieved for the year to 30 June 2015 was £24.0m, as per the basis of calculation above, and exceeded that of the prior year by 90.1%. As a result, the annual bonus payments for 2015 will be made, in cash, at 100% of base salary.

Annual Report on Remuneration (continued)

Long Term Incentive Plan – Performance Share Plan

The LTIP columns refer to the Company's Performance Share Plan, which delivers shares to the Executive Directors subject to performance targets being reached.

In the year to 30 June 2015 the 2010 Performance Share Plan vested on 15 July 2014. The performance Share awards were valued at £3.968 being the mid-market price on the day the shares vested, plus £0.86 which is the value of the dividend equivalent payable on the awards that vested. The dividend equivalent is based on the dividends to shareholders with record dates occurring between 17 December 2010, being the date of grant and 15 July 2014, being the vesting date.

In the year to 30 June 2015 share awards were made to a number of senior employees including Jolyon Harrison and Alan Martin.

2014 PSP awards	Number of shares awarded	Number of shares vesting	Threshold award, £4.80, 20% of award	Target award, £6.00, 100% of award
Jolyon Harrison	290,769	290,769	279,138	1,744,615
Alan Martin	59,231*	-	-	-

* This award has now lapsed following the resignation of Mr Martin effective on 31 July 2015

In the year to 30 June 2014 no shares under the Performance Share Scheme were due to vest. However the November 2012 long term incentive award for the Chief Executive Officer, Mr Jolyon Harrison, achieved the three year performance condition which ended on 30 June 2015. The performance condition was based on total shareholder return achieving £3.33 by the end of the performance period on 30 June 2015. The share price was £4.36 on 30 June 2015 and so the performance condition was met in full. Accordingly the 423,015 share award will vest to the Chief Executive Officer on the third anniversary of the plan on 5 November 2015. The award will be valued at the mid-market share price on the day that the shares vest plus the value of the dividend equivalent payable on the awards that vest. The dividend equivalent is based on dividends to shareholders with record dates occurring between 5 November 2012, being the date of the grant and 5 November 2015, being the vesting date.

In the year to 30 June 2013 share awards made to Jolyon Harrison and Alan Martin in December 2010 achieved their performance targets. The target for the shares was that of the share price over the three year period of 1 July 2010 to 30 June 2013, would achieve £2.10, on a Total Shareholder Return basis, with the final three months of the performance period being averaged to avoid fluctuations.

2010 PSP awards	Number of shares awarded	Number of shares vesting	Value of shares vesting
Jolyon Harrison	242,857	242,857	£963,646
Alan Martin	138,888	138,888	£551,102

Pension

The Executive Directors are eligible to participate in the MJ Gleeson Group Pension Plan, a defined contribution arrangement and both Executive Directors are members of the Plan. The CEO receives pension contributions of 15% of salary (2015: £56,700) and the CFO received pension contributions of 25% of salary (2015: £57,750).

Loss of office payments or payments to past Directors

No loss of office payments or payments to past Directors was made in the year under review. However £631,000 was accrued in the year in respect of the loss of office payment due to Alan Martin consequent to his resignation from the Board effective 31 July 2015.

Directors' shareholdings and share interests

The share interests of the Directors serving during the year and of their connected persons in the ordinary share capital of the Company are as shown below:

Director	30 June 2015	30 June 2014
Dermot Gleeson	1,066,846	1,053,086
Jolyon Harrison	1,472,218	1,302,386
Alan Martin (resigned effective 31 July 2015)	55,412	11,404
Ross Ancell	-	-
Colin Dearlove	-	-
Christopher Mills	12,055,000[1]	13,655,000[1]

1 Shares are held in name of Harwood Capital LLP, of which Christopher Mills is a Member

There are no share ownership requirements for the Directors.

Directors' interest in shares under the Long Term Incentive Scheme

Director	Scheme	30 June 2013	Granted during year	Exercised during year	Lapsed in year	Share price at date of award	Total interests outstanding at 30 June 2014	Shares vested but not exercised	Date from which share may be exercised
J Harrison	PSP	423,015	-	-	-	£1.52	423,015	-	5/11/2015
	PSP	-	290,769	-	-	£3.94	290,769	-	30/09/2017
A Martin	PSP	-	59,231*	-	-	£3.94	59,231*	-	30/09/2017

*Following the resignation of Alan Martin, this award has now lapsed

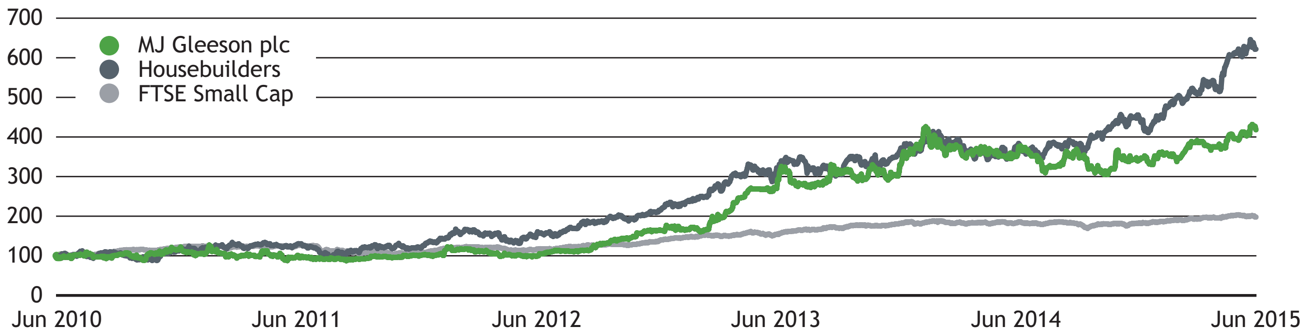
The middle market price on 30 June 2015 was £4.36 and the range during the year to 30 June 2015 was from £3.25 to £4.50 pence.

Total shareholder return performance

We have chosen to compare the Company's total shareholder return performance over the last five years with the total shareholder return for the FTSE Small Cap Index, of which the Company is a member, and a comparator index of listed housebuilders. The Comparator Group consists of a group of listed housebuilders comprising Barratt Developments, Bellway, Bovis Homes, Crest Nicholson, Persimmon, Redrow, Taylor Wimpey and Telford Homes.

Total shareholder return is the sum of share price appreciation and dividends paid during the year.

MJ GLEESON PLC AND INDEX COMPARISON: JUNE 2009 TO JUNE 2015



Annual Report on Remuneration (continued)

Chief Executive Officer's remuneration 2011 to 2015

Year	Chief Executive	Single figure of total remuneration £	Annual bonus paid against maximum opportunity %	LTIP awards vesting against maximum opportunity %
2015	Jolyon Harrison	1,795,453	100	100
2014	Jolyon Harrison	793,107	100	-[1]
2013	Jolyon Harrison[2]	1,614,646	81	100
2012	N/A[3]	-	-	-
2011	Chris Holt[4]	416,608	0	-[1]

Footnotes:
1 No LTIP vested during that year
2 Jolyon Harrison appointed Chief Executive from 1 July 2012
3 No Chief Executive was appointed during 2012.
4 Total remuneration for Chris Holt who retired from the Board on 30 September 2010. The Board did not appoint a replacement Chief Executive until 1 July 2012.

Chief Executive Officer's change in remuneration

Set out below is a comparison of the change in remuneration of the Chief Executive Officer from 1 July 2014 to 30 June 2015, compared to the change in remuneration of the Group's salaried employees. We have selected the salaried workforce as this includes 120 junior to senior employees with the most relevant pay structure. Certain employees have been excluded from this number due to differences in pay structures including those working part time and those who are weekly paid.

	Percentage change from 2014 to 2015		
	Annual salary %	Bonus %	Value of taxable benefits %
Chief Executive	5	5	(15.4)
Average of salaried employees	5.6	8	5.8

Relative importance of spend on pay

Set out below is the amount spent on remuneration for all employees of the Group (including Executive Directors) and the total amounts paid in distributions to shareholders over the year.

	2015 £m	2014 £m	Difference in spend £m	Difference %
Remuneration for all employees	13.8	10.0	3.8	38
Total distributions paid	4.1	1.6	2.4	150

Implementation of the policy for the year to 30 June 2016

EXECUTIVE DIRECTORS

BASE SALARIES

After taking into consideration the increases to Group employees' salaries on 1 July 2015 (monthly paid employees generally received a 5.03% base salary increase), the Committee has awarded salary increases of 5% to the Executive Directors from 1 July 2015.

	Base salary from 1 July 2015 £	Base salary for the year to 30 June 2015 £
Jolyon Harrison	396,900	378,000
Alan Martin (resigned 31 July 2015)	231,000	231,000
Stefan Allanson[1] (appointed 31 July 2015)	180,000	-

1 New CFO – no salary review to be held in July 2015

Annual Bonus

The maximum bonus that can be earned in the year will be 100% of base salary.

In line with the Group's strategy to increase profitability, the Committee has decided that the most appropriate performance condition for the 2016 annual bonus will be based on profit before tax. The targets are based on figures which are commercially sensitive, but which will be disclosed in the next Annual Report on Remuneration. The Committee considers that the target it has set is stretching. The bonus continues to be subject to robust claw back provisions.

Long Term Incentive Plan awards

In the year to 30 June 2016 the 5 November 2013 share award of 423,015 shares to the Chief Executive Officer will vest on 5 November 2015 as the performance conditions have been met in full (see page 54 above). The award will be valued at the mid-market share price on the day that the shares vest plus the value of the dividend equivalent payable on the awards that vest. The dividend equivalent is based on dividends to shareholders with record dates occurring between 5 November 2012, being the date of the grant and 5 November 2015, being the vesting date.

The Committee proposes to make awards to the Executive Directors in the year to 30 June 2016, in line with the disclosure policy on page 48. These awards are expected to be at 300% and 100% of salary for Jolyon Harrison and Stefan Allanson respectively. The performance measures are expected to include an absolute TSR target share price and a fairness test, which would consider the underlying financial performance of the company, including, but not limited to, the profitability of the company and shareholder value creation including the ability of shareholders to access this value creation through the liquidity of the shares.

Pension

There are no changes to pension benefits for 2016; current arrangements are set out on page 54.

Chairman and Non-Executive Directors fees

The Committee has agreed that the Chairman's fee for 2016 should increase by £15,000, to £105,000 with effect from 1 July 2015 which includes the additional fee of £10,500 for chairing the Nominations Committee. The Board as a whole determine the fees for the Non-Executive Directors. The Board has agreed that the fees should increase by £9,500 to £39,500 with effect from 1 July 2015. It was also agreed that the additional fee in relation to the extra responsibilities in chairing a Board Committee will increase by £5,500 to £10,500 with effect from 1 July 2015.

Financial Statements

Barnburgh View, Goldthorpe

Statement of Directors' Responsibilities

Statement of Directors' responsibilties in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

J Harrison
Director
25 September 2015

S Allanson
Director
25 September 2015

Independent Auditor’s Report

Independent Auditor’s Report to the Members of MJ Gleeson plc only

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified
We have audited the financial statements of MJ Gleeson plc for the year ended 30 June 2015 set out on pages 62 to 95. In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 30 June 2015 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement
In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Carrying amount of Inventories (£108.2m)
Refer to page 37 and 38 (Audit Committee), page 70 (accounting policy) and page 83 (notes).

The risk: Inventories, relating to work-in-progress of sites under development, represent 64% of total assets. As work-in-progress is held at the lower of cost and net realisable value, the carrying amount is dependent on estimates of total build costs (including future costs to completion) and future selling prices. Additionally, as the gross profit recognised on individual sales depends on the carrying value of work in progress relating to that site, these estimates also impact the timing of profit recognition. Actual build costs may differ from those forecast due to both changing market conditions, and unforeseen events during construction. Sales prices have inherent uncertainty due to changes in market conditions. Incorrect estimates of selling prices and future costs may result in the group failing to identify when net realisable value is below cost and therefore a failure to record the necessary reduction in carrying value. The risk in this area is greater where there is significant work in progress and/or low margins.

Our response: In this area our audit procedures included tests of the group’s controls over site valuations, sales prices, and the authorisation and recording of costs. We focused our detailed testing on the higher risk sites (high inventory values at year-end, low margin or slow rates of sale). For a sample of such sites with a deemed higher risk, we assessed the historical accuracy of forecast costs against actual amounts incurred and assessed the reasonableness of forecast selling prices against those currently being achieved.

We assessed the level of gross margin achieved on individual sites against that recorded previously and against future forecasts. We also tested whether appropriate amounts of work in progress were transferred to the Income Statement on plot sales in order to consider inclusion of these transactions in the appropriate period. Further, we compared the carrying amount of inventory on individual sites against sales reservations and agreed contracts to assess realisable value.

We have also considered the adequacy of the Group’s disclosures about the degree of estimation involved in arriving at the carrying value of work in progress.

Recognition of deferred tax asset
In our audit report for the year ended 30 June 2014 we included the recognition of a deferred tax asset as one of the risks of material misstatement that had the greatest effect on our audit, as it was the first year that a deferred tax asset had been recognised. We consider this risk to be less significant in the current year, as no new trading losses were incurred during the year and the existing deferred tax asset has been significantly reduced through the offset of trading profits. The remaining deferred tax asset is expected to be utilised within the next two financial years.

3 Our application of materiality and an overview of the scope of our audit
The materiality for the group financial statements as a whole was set at £1.1 million determined with reference to a benchmark of group profit before tax, normalised to exclude this year’s exceptional items as

disclosed in note 4, of £6.1m, of which it represents 4.7% (prior year 7.5% of profit before tax).

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £55,000, in addition to other identified misstatements that warrant reporting on qualitative grounds.

Audits for group reporting purposes were performed over all the Group's components covering 100% of Group revenue, profit before taxation and total assets. These audits were performed to component materiality levels, which were set individually for each component and ranged from £0.3 million to £0.7 million, having regard to the mix of size and risk profile of the Group across the components. These audits were all completed by the Group audit team.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 39, in relation to going concern; and
- the part of the Corporate Governance Statement on page 36 relating to the company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 59, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Johnathan Pass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment, Neville Street, Leeds, LS1 4DW
25 September 2015

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2015

	Note	2015 £000	2014 £000
Continuing operations			
Revenue		117,588	81,442
Cost of sales before reinstatement of inventories and contract provisions		(77,287)	(55,497)
Reinstatement of inventories and contract provisions	4	-	800
Cost of sales		(77,287)	(54,697)
Gross profit		40,301	26,745
Administrative expenses before restructuring costs		(17,019)	(14,681)
Exceptional restructuring costs	4	(1,236)	-
Administrative expenses		(18,255)	(14,681)
Operating profit		22,046	12,064
Exceptional provision for diminution in value of investments	4	(4,896)	-
Financial income	7	496	485
Financial expenses	7	(383)	(389)
Profit before tax		17,263	12,160
Tax for the period before recognition of additional deferred tax asset on losses brought forward		(4,848)	(2,827)
Exceptional deferred tax recognition of additional tax asset on losses brought forward	4	-	8,326
Tax	8	(4,848)	5,499
Profit for the year from continuing operations		12,415	17,659
Discontinued operations			
Loss for the year from discontinued operations (net of tax)	3	(207)	(231)
Total comprehensive income for the year attributable to equity holders of parent company		12,208	17,428
Earnings per share attributable to equity holders of parent company			
Basic	10	22.77 p	32.92 p
Diluted	10	22.61 p	32.36 p
Earnings per share from continuing operations			
Basic	10	23.16 p	33.36 p
Diluted	10	22.99 p	32.79 p

The notes on pages 68 to 95 form part of these financial statements.

Consolidated Statement of Financial Position
at 30 June 2015

	Note	Group 2015 £000	Group 2014 £000	Company 2015 £000
Non-current assets				
Plant and equipment	11	1,236	1,268	10
Investment property	12	506	571	-
Investments in joint ventures	13	15	15	-
Other investments	14	-	4,896	-
Investments in subsidiaries	15	-	-	20,800
Trade and other receivables	17	19,606	8,116	-
Deferred tax assets	24	5,668	10,513	-
		27,031	25,379	20,810
Current assets				
Inventories	16	108,222	100,717	-
Trade and other receivables	17	17,530	12,794	56,108
Cash and cash equivalents	26	15,809	13,687	848
		141,561	127,198	56,956
Total assets		168,592	152,577	77,766
Non-current liabilities				
Provisions	22	(59)	(75)	-
Current liabilities				
Loans and borrowings	20	-	(1,933)	-
Trade and other payables	21	(31,790)	(22,182)	(1,916)
Provisions	22	(214)	(214)	-
UK corporation tax	8	-	(82)	-
		(32,004)	(24,411)	(1,916)
Total liabilities		(32,063)	(24,486)	(1,916)
Net assets		136,529	128,091	75,850
Equity				
Share capital	28	1,074	1,063	1,074
Share premium account		23	6,436	23
Capital redemption reserve		-	120	-
Retained earnings		135,432	120,472	74,753
Total equity		136,529	128,091	75,850

The financial statements were approved by the Board of Directors on 24 September 2015 and were signed on its behalf by:

J Harrison
Director

S Allanson
Director

Reg. No. 9268016

The notes on pages 68 to 95 form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2015

	Note	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total £000
GROUP						
At 1 July 2013		1,058	6,343	120	104,568	112,089
Total comprehensive income for the period						
Profit for the period		-	-	-	17,428	17,428
Total comprehensive income for the period		-	-	-	17,428	17,428
Transactions with owners, recorded directly in equity						
Contributions and distributions to owners						
Share issue		5	93	-	-	98
Purchase of own shares		-	-	-	(28)	(28)
Share-based payments		-	-	-	144	144
Dividends	9	-	-	-	(1,640)	(1,640)
Transactions with owners, recorded directly in equity		5	93	-	(1,524)	(1,426)
At 30 June 2014		1,063	6,436	120	120,472	128,091
Total comprehensive income for the period						
Profit for the period		-	-	-	12,208	12,208
Total comprehensive income for the period		-	-	-	12,208	12,208
Transactions with owners, recorded directly in equity						
Contributions and distributions to owners						
Share issue		11	55	-	-	66
Issue of preference shares		50	-	-	-	50
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	9	-	-	-	(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

	Note	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total £000
COMPANY						
Total comprehensive income for the period						
Loss for the period		-	-	-	(1,220)	(1,220)
Total comprehensive income for the period		-	-	-	(1,220)	(1,220)
Transactions with owners, recorded directly in equity						
Contributions and distributions to owners						
Share issue		1,074	23	-	-	1,097
Issue of preference shares		50	-	-	-	50
Redemption of preference shares		(50)	-	-	-	(50)
Scheme of arrangement with shareholders		77,324	-	-	-	77,324
Share reduction		(77,324)	-	-	77,324	-
Purchase of own shares		-	-	-	(64)	(64)
Share-based payments		-	-	-	161	161
Dividends	9	-	-	-	(1,448)	(1,448)
Transactions with owners, recorded directly in equity		1,074	23	-	75,973	77,070
At 30 June 2015		1,074	23	-	74,753	75,850

Consolidated Statement of Cashflow

for the year ended 30 June 2015

	Note	Group 2015 £000	Group 2014 £000	Company 2015 £000
Operating activities				
Profit before tax from continuing operations		17,263	12,160	(1,220)
Loss before tax from discontinued operations	3	(207)	(131)	-
		17,056	12,029	(1,220)
Depreciation of plant and equipment	11	798	828	4
Share-based payments		266	144	161
Profit on sale of investment properties		(171)	(313)	-
Loss on sale of other property, plant and equipment		104	-	-
Profit on sale of assets held for sale		(50)	(21)	-
Capitalisation of available for sale assets		(22)	(426)	-
Financial income		(496)	(485)	(539)
Financial expenses		383	389	207
Dividends received		-	-	(5,000)
Operating cash flows before movements in working capital		17,868	12,145	(6,387)
Impairment of investment		4,896	-	-
Increase in inventories		(7,506)	(3,897)	-
(Increase)/decrease in receivables		(16,420)	995	(251)
Increase/(decrease) in payables		9,602	(3,484)	1,748
Increase in amounts due from subsidiary undertakings		-	-	(55,609)
Cash generated/(utilised) in operating activities		8,440	5,759	(60,499)
Tax paid		(79)	-	(79)
Interest paid		(383)	(477)	(207)
Net cash flow surplus/(deficit) from operating activities		7,978	5,282	(60,785)
Investing activities				
Proceeds from disposal of available for sale assets		735	244	-
Proceeds from disposal of investment properties		236	490	-
Proceeds from disposal of plant and equipment		15	-	-
Dividends received		-	-	5,000
Interest (paid)/received		(3)	194	538
Purchase of plant and equipment	11	(870)	(629)	(14)
Investments in subsidiaries		-	-	(20,800)
Net cash flow surplus/(deficit) from investing activities		113	299	(15,276)

	Note	Group 2015 £000	Group 2014 £000	Company 2015 £000
Financing activities				
Repayment of borrowings		(1,933)	(260)	-
Proceeds from issue of shares		66	98	78,421
Purchase of own shares		(25)	(28)	(64)
Dividends paid	9	(4,077)	(1,640)	(1,448)
Net cash flow (deficit)/surplus from financing activities		(5,969)	(1,830)	76,909
Net increase in cash and cash equivalents		2,122	3,751	848
Cash and cash equivalents at beginning of year		13,687	9,936	-
Cash and cash equivalents at end of year	26	15,809	13,687	848

Notes to the Financial Statements

for the year ended 30 June 2015

1 Accounting policies

MJ Gleeson plc ("the Company") is a company incorporated in the United Kingdom.
The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in joint ventures.

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 European Union ("IFRSs").

Basis of preparation

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

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

The Company has taken advantage of section 408 of the Companies Act 2006 and consequently the Statement of Comprehensive Income of the parent company is not presented as part of these accounts. The loss of the parent company in the financial year amounted to £1,220,000.

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

Basis of consolidation

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

Subsidiaries

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

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

Revenue recognition

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

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

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

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

Segment reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire plant and equipment.

Impairment: Financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Impairment: Non-financial assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

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

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

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

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

Notes to the Financial Statements (continued)

Plant and equipment

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Plant and machinery	between 3 and 6 years

Depreciation of these assets is charged to the Statement of Comprehensive Income.

Investment properties

Investment properties, which are largely ground rent properties held to earn rentals and/or for capital appreciation, are stated at their fair values at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Comprehensive Income in the period in which they arise.

The Group's freehold investment properties are carried at Directors' valuation. The following assumptions have been used to determine the fair value:

i) a review of the current prices of similar properties in the same location and condition;
ii) a review of the current and future rental income for current and future leases and the cash outflows that are expected in respect of these properties; and
iii) a review of submitted offers where the properties are being marketed for sale.

Joint ventures

A joint venture is an entity over which the Group is in a position to exercise joint control through participation in the financial and operating policy decisions of the venture. The joint venture entity operates in the same way as other enterprises, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity. Joint ventures are accounted for using the equity method of accounting. The Group's share of the results of joint ventures is reported in the Statement of Comprehensive Income as part of the operating profit and the net investment disclosed in the Balance Sheet. Revaluation gains and losses which arise on investment properties are recognised in the Statement of Comprehensive Income in the share of joint venture results, net of any related deferred tax.

Other investments

Other investments are stated at fair value, with any resultant gains or losses taken to equity.

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Deferred land purchases are included in inventories at their net present values at original purchase date. Land options are included in inventories at the lower of cost or net realisable value.

Amounts due from construction contract customers

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

Available for sale financial assets

Available for sale financial assets due after more than one year, which represent receivables in respect of shared equity properties, are recorded at fair value, being the amount receivable by the Group discounted to present day values. Gains and losses arising from changes in fair value with respect to impairment losses, cashflows and interest are recognised in profit in the year. The difference between the amount receivable by the Group and the initial fair value is credited over the deferred term to finance income, with the financial asset increasing to its full cash settlement value on the anticipated receipt date. Credit risk is accounted for in determining fair values and appropriate discount factors are applied. The Group holds a second charge over property sold under shared equity schemes.

Trade receivables

Trade receivables are initially measured at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, demand deposits, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group had no bank overdrafts at the year end.

Discontinued operations
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of or has been abandoned.

Discontinued operations are presented in the Statement of Comprehensive Income (including the comparative period) as a single line entry recording the gain or loss of the discontinued operation and the gain or loss recognised on the remeasurement to fair value less costs to sell. If the discontinued operations are sold, the net gain or loss from the sale is also recognised in the single line entry.

Loans and borrowings
Loans and borrowings are initially measured at cost and are subsequently reviewed to ascertain whether a fair value adjustment is required.

Trade and other payables
Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Tax
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the values used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the Group can control the timing of the reversal. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Employee benefits
Obligations for contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income in the period to which the contributions relate.

Share options
The share option schemes allow employees to acquire shares in the ultimate parent company; these awards are granted by the ultimate parent company. The fair value of options granted is recognised as an employee expense, with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Monte Carlo valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is due only to share prices not achieving the threshold for vesting. The cost of the share-based award relating to each subsidiary is calculated, based on an appropriate apportionment, at the date of grant and recharged through intercompany accounts.

Notes to the Financial Statements (continued)

Own shares held by Employee Benefit Trusts

The Group has elected to treat the Employee Benefit Trusts ("EBT") as separate legal entities and as subsidiaries of the parent. Any loan made to the EBT is accounted for as an intercompany loan with the parent. These shares are not treasury shares as defined by the London Stock Exchange.

Dividends

Dividends are recorded in the Group's financial statements when paid. Final dividends are recorded in the Group's financial statements in the period in which they receive shareholder approval.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Land and work in progress

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

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

Investments and investments in subsidiaries

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

Available for sale financial assets (shared equity)

Management has reviewed the valuation of the available for sale financial assets in the light of current market conditions, expected house price inflation, cost of money and the expected time to realisation of the assets and is therefore subject to a degree of inherent uncertainty.

Deferred tax

Management has reviewed the recognition of tax losses within the Group. The management has assessed that it is now probable that all tax losses within the Gleeson Homes and Gleeson Strategic Land divisions will be utilised in full in future years and these have been fully recognised at 30 June 2015. The judgement to recognise the deferred tax asset is dependent upon taxable profits arising in the same company as the losses originally arose and the Group's expectations regarding future profitability including site revenue and cost forecasts for future years which contain a degree of inherent uncertainty.

Adoption of new and revised standards

For the year ended 30 June 2015, the Group has adopted the following standards:

IFRS 10	'Consolidated Financial Statements' which clarifies consolidation principles.
IFRS 11	'Joint Arrangements' which clarifies the accounting requirements for joint arrangements.
IFRS 12	'Disclosure of Interests in Other Entities' (issued October 2012) which clarifies disclosure requirements.
IFRS 13	'Fair Value Measurement' which defines fair value and requires disclosure about fair value measurement.
IAS 28	'Investments in Associates and Joint Ventures' which specifies the accounting treatment of investments.
IAS 32	'Financial Instruments: Presentation' which clarifies the treatment of the tax effect of a distribution to holders of equity instruments

Standards not yet applied

There are a number of standards and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. The following have not been adopted by the Group in preparing the accounts for the year ended 30 June 2015:

IFRS 14 ‘Regulatory Deferral Accounts’ (issued 30 January 2014)[1]
IFRS 15 ‘Revenue from Contracts with Customers’ (issues 28 May 2014)[1]
IAS 38 ‘Intangible Assets’ (issued May 2014)[1]
IAS 39 ‘Financial Instruments: Recognition and Measurement’ (issued June 2013)

The application of these standards and interpretations is not expected to have a material impact on the Group’s reported financial performance or position. However, they may give rise to additional disclosures being made in the financial statements.

1 Not yet endorsed by the EU.

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:

	Note	2015 £000	2014 £000
Revenue			
Continuing activities:			
Gleeson Homes		96,078	70,646
Gleeson Strategic Land		21,510	10,796
		117,588	81,442
Discontinued activities	3	237	100
Total revenue		117,825	81,542
Profit on activities:			
Gleeson Homes		17,384	9,408
Gleeson Strategic Land		8,147	4,844
		25,531	14,252
Administrative expenses		(2,249)	(2,188)
Exceptional restructuring costs		(1,236)	-
Exceptional provision for diminution in value of investments		(4,896)	-
Financial income		496	485
Financial expenses		(383)	(389)
Profit before tax		17,263	12,160
Tax		(4,848)	5,499
Profit for the year from continuing operations		12,415	17,659
Loss for the year from discontinued operations (net of tax)	3	(207)	(231)
Profit for the year attributable to equity holders of the parent company		12,208	17,428

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

Notes to the Financial Statements (continued)

Balance sheet analysis of business segments:

	2015 Assets £000	2015 Liabilities £000	2015 Net assets £000	2014 Assets £000	2014 Liabilities £000	2014 Net assets £000
Gleeson Homes	94,960	(5,788)	89,172	99,614	(16,436)	83,178
Gleeson Strategic Land	51,756	(13,213)	38,543	33,336	(4,022)	29,314
Group Activities/Discontinued Operations	6,067	(13,062)	(6,995)	5,940	(4,028)	1,912
Net cash	15,809	-	15,809	13,687	-	13,687
	168,592	(32,063)	136,529	152,577	(24,486)	128,091

Other information:

	2015 Capital additions £000	2015 Depre-ciation £000	2014 Capital additions £000	2014 Depre-ciation £000
Continuing operations:				
Gleeson Homes	868	786	622	794
Gleeson Strategic Land	-	2	-	6
Group Activities	2	10	7	28
	870	798	629	828

All the Group’s operations are carried out in the United Kingdom.

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 Limited, in a prior period and is treated as a discontinued operation.

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

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

	Note	Gleeson Capital Solutions 2015 £000	Gleeson Commercial Property Develop-ments 2015 £000	Gleeson Const-ruction Services 2015 £000	Total 2015 £000	Gleeson Capital Solutions 2014 £000	Gleeson Commercial Property Develop-ments 2014 £000	Gleeson Const-ruction Services 2014 £000	Total 2014 £000
Revenue		-	-	237	237	-	-	100	100
Cost of sales		-	-	(275)	(275)	-	-	(46)	(46)
Gross (loss)/profit		-	-	(38)	(38)	-	-	54	54
Administrative expenses		-	-	(169)	(169)	-	-	(185)	(185)
Profit on sale of assets held for sale		-	-	-	-	-	-	-	-
Share of loss of joint ventures (net of tax)		-	-	-	-	-	-	-	-
Operating loss		-	-	(207)	(207)	-	-	(131)	(131)
Financial income	7		-	-	-	-	-	-	-
Loss before tax		-	-	(207)	(207)	-	-	(131)	(131)
Tax		-	-	-	-	(77)	-	(23)	(100)
Loss for the year from discontinued operations		-	-	(207)	(207)	(77)	-	(154)	(231)

Loss per share: impact of discontinued operations

	Note	2015 p	2014 p
Basic	10	(0.39)	(0.44)

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

	2015 p	2014 p
Operating activities	(73)	(83)

Notes to the Financial Statements (continued)

4 Exceptional items

	2015 £000	2014 £000
Reinstatement of inventories and contract provisions	-	800
Tax	-	8,326
Exceptional restructuring costs	(1,236)	-
Exceptional provision for diminution in value of investments	(4,896)	-
	(6,132)	9,126

Restructuring costs

Reorganisation costs of £1,236,000 were incurred on consultancy and legal costs relating to the Scheme of Arrangement as detailed in Note 29.

Provision for diminution in value of investments

The Group made a provision against it's investment in GB Building Solutions Limited and GB Group Holdings Limited ("GBGH") which went into administration on 9 March 2015.

Impairment of inventories and contract provisions

At 30 June 2015, the Group conducted a review of the net realisable value of the land and work-in-progress carrying values of its sites in the light of the condition of the UK housing market. Where the estimated net present realisable value is greater than the carrying value (FY15: £nil; FY14: £800,000) within the Balance Sheet, the Group has partially reversed the impairment previously made.

Deferred tax on tax losses

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

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

5 Expenses and Auditor's remuneration

Profit for the year is stated after charging/(crediting):

	Note	2015 £000	2014 £000
Staff costs	6	13,772	9,961
Depreciation of plant and equipment (continuing operations)		798	828
Profit on sale of investment properties		(221)	(334)
Auditor's remuneration for:			
• Audit of these financial statements		11	10
• Audit of financial statements of subsidiaries pursuant to legislation		63	60
• Taxation services		32	44
• Other services relating to taxation		25	46
• Other services		33	39

6 Staff costs

	Note	Group 2015 £000	Group 2014 £000	Company 2015 £000
Wages and salaries		10,930	8,302	181
Redundancy		89	14	89
Compensation for loss of office		632	-	632
Share-based payments		266	147	15
Social security costs		1,312	1,047	37
Other pension costs	23	543	451	49
		13,772	9,961	1,003

The average monthly number of employees (including Directors) during the year was:

	Group 2015 No.	Group 2014 No.
Gleeson Homes	249	197
Gleeson Strategic Land	10	10
Group Activities	7	10
	266	217

The average number of people employed by the Company (including Directors) during the year was seven.

Directors' remuneration

Full details of the Directors' remuneration is provided in the audited part of the Directors' Remuneration Report on pages 44 to 57.

7 Financial income and expenses

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

Note 19 discloses any further exposure for the Group to interest rate risk.

Notes to the Financial Statements (continued)

8 Tax

	Note	Group continuing operations 2015 £000	Group continuing operations 2014 £000	Group discontinued operations 2015 £000	Group discontinued operations 2014 £000	Group total 2015 £000	Group total 2014 £000
Current tax:							
Adjustment in respect of prior years		3	(6)	-	88	3	82
		3	(6)	-	88	3	82
Deferred tax:							
Current year expense/(credit)	24	4,959	(5,876)	-	6	4,959	(5,870)
Adjustment in respect of prior years	24	(54)	-	-	-	(54)	-
Impact of rate change	24	(60)	383	-	6	(60)	389
Deferred tax expense/(credit) for the year		4,845	(5,493)	-	12	4,845	(5,481)
Total tax		4,848	(5,499)	-	100	4,848	(5,399)

Reductions in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) and to 21% (effective 1 April 2014) were substantively enacted on 3 July 2012 and 2 July 2013 respectively. A further reduction to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. The weighted average rate of corporation tax was 20.75% (2014: 22.5%) of the estimated assessable profit for the year.

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

	Note	2015 £000	2015 %	2014 £000	2014 %
Profit before tax on continuing operations		17,263		12,160	
Loss before tax from discontinued operations	3	(207)		(131)	
Profit before tax		17,056		12,029	
Tax charge at standard rate		3,539	20.7	2,707	22.5
Tax effect of:					
Expenses that are not deductible in determining taxable profits		1,313	7.7	287	2.4
Tax reliefs not recognised in the Statement of Comprehensive Income		-	-	(538)	(4.5)
Utilisation of tax losses not previously recognised		110	0.6	-	-
Recognition of tax losses not previously recognised		-	-	(8,326)	(69.2)
Changes in tax rates		(60)	(0.4)	389	3.2
Adjustments in respect of prior years		(54)	(0.3)	82	0.7
Tax charges/(credit) and effective tax rate for the year		4,848	28.4	(5,399)	(44.9)

9 Dividends

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

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

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

10 Earnings per share

Continuing and discontinued operations

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

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

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

Continuing operations	2015 p	2014 p
Basic earnings per share	23.16	33.36
Diluted earnings per share	22.99	32.79

Discontinued operations	2015 p	2014 p
Basic loss per share	(0.39)	(0.44)
Diluted loss per share	(0.39)	(0.44)

Continuing and discontinued operations	2015 p	2014 p
Basic earnings per share	22.77	32.92
Diluted earnings per share	22.61	32.36

Notes to the Financial Statements (continued)

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

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

11 Plant and equipment

	Group Plant and machinery £000	Company Plant and machinery £000
Cost or valuation		
At 1 July 2013	3,670	-
Additions	629	-
Disposals	(29)	-
At 30 June 2014	4,270	-
Additions	870	14
Disposals	(1,106)	-
At 30 June 2015	4,034	14
Accumulated depreciation		
At 1 July 2013	2,203	-
Charge for the year	828	-
Disposals	(29)	-
At 30 June 2014	3,002	-
Charge for the year	798	4
Disposals	(1,002)	-
At 30 June 2015	2,798	4
Net book value		
At 30 June 2015	1,236	10
At 30 June 2014	1,268	-
At 1 July 2013	1,467	-

The Group has recorded a depreciation charge of £798,000 (2014: £828,000), of which £100,000 (2014: £183,000) has been charged in cost of sales and £698,000 (2014: £645,000) in administrative expenses.

The Company has recorded a depreciation charge of £4,000, all of which has been charged in administrative expenses.

12 Investment property

Group	Freehold investment property £000
Cost or valuation	
At 1 July 2013	748
Disposals	(177)
At 30 June 2014	571
Disposals	(65)
At 30 June 2015	506

Investment properties are included at Directors' valuation.

13 Interest in joint ventures

Share of results and investment in joint ventures

	2015 £000	2014 £000
At 1 July 2014 and 30 June 2015	15	15

Share of profit in joint ventures is included within the Gleeson Capital Solutions division.

The following table shows the aggregate amounts in respect of Group share of joint ventures:

	2015 £000	2014 £000
Current assets	15	15
At 30 June	15	15

There was no profit and loss activity during the year.
There are no significant contingent liabilities in the joint ventures.

Joint ventures

	Principal activity	Percentage of equity held	Class of shares	Country of incorporation	Year end date[1]
Genesis Estates (Manchester) Ltd	Residential property development	50%	Ordinary shares	England	26 March

1 Where the year end date of the joint venture is not coterminous with that of the Group, management accounts are used to incorporate the joint venture's share of results in line with the Group's year end date.

Notes to the Financial Statements (continued)

14 Other investments

Group other investments

	Other investments	
	2015 £000	2014 £000
At 1 July 2014	4,896	4,896
Provision for diminuation in value	(4,896)	
At 30 June 2015	-	4,896

The Directors consider that the carrying amount of other investments is nil.

Other investments represent equity investment of £4,896,000 in GB Building Solutions Limited and GB Group Holdings Limited ("GBGH"). The investment in voting and non-voting ordinary shares that in total provide voting rights for over 20% of the equity with the remainder of the voting rights owned equally by the three Executive Directors. The operating and financial policies of GBGH are set by the three Executive Directors. Dermot Gleeson represents the Group on the Board of GBGH, in an oversight role as non-Executive Director, to monitor the performance of GBGH in the light of the Group's investment. The shareholding structure means all significant operational decisions are taken by the Executive Directors and consequently the Group, and Dermot Gleeson, are not able to exert significant influence. The Group are able to prevent GBGH from departing from the original business plan, which was to engage in contracting in the construction sector. There are no transactions of significance between the parties. The asset is treated as an investment because the Group has no significant control or influence over the company.

On 9 March 2015, the Group was advised that GBGH had entered administration and as a consequence full provision has been made against the value of the investment

15 Investments in subsidiaries

	Company £000
Cost	
Additions	20,800
At 30 June 2015	20,800

Investments in subsidiary undertakings are included in the balance sheet at cost less any provision for diminution in value.

Principal subsidiary undertakings

All subsidiaries are registered in England and Wales and operate in the United Kingdom. MJ Gleeson plc owns 100% of the ordinary share capital of the subsidiaries unless otherwise stated:

The following are the principal subsidiary undertakings of MJ Gleeson plc:

	Principal activity
MJ Gleeson plc	Holding company
Gleeson Developments Limited	House building, housing regeneration and strategic land trading
Gleeson Regeneration Limited	House building and housing regeneration
Gleeson Strategic Land Limited[1]	Strategic land trading
Gleeson Developments (North East) Limited	House building and housing regeneration

The following are the other subsidiary companies of MJ Gleeson plc:

	Principal activity
Colroy Limited[3]	Dormant
Haredon Developments Limited[3]	Ceased trading - Collection of ground rents on leasehold developments
Gleeson Capital Solutions Ltd	Provision of bid management, accounting and operations management services to joint venture companies in the PFI industry
Gleeson Classic Homes Limited[1]	Dormant
Gleeson Construction Services Limited[2]	Construction services
Gleeson Homes (Holdings) Limited	Dormant
Gleeson Homes (Southern) Limited[2]	Dormant
Gleeson Housing Developments Limited[2]	Dormant
Gleeson PFI Investments Limited	Investment in equity shares and loan stock of project companies delivering services under the UK Government's Private Finance Initiative
Gleeson Properties Limited	In run off - Commercial property development
Gleeson Properties (Kingley) Limited[3]	Dormant
Gleeson Properties (Petersfield) Limited[3]	Dormant
Gleeson Services Limited	Intermediate holding company
KW Cannock Properties Limited[4]	Dormant
MJ Gleeson (International) Limited	Non-trading
MJ Gleeson Group Limited	Intermediate holding company
MJG (Management) Limited	Non-trading
Oakmill Properties Limited[3]	Non-trading
Oakmill Residential Limited[3]	Dormant
Sindale Properties Limited[2]	Dormant

1 shares held by Gleeson Developments Limited
2 shares held by MJ Gleeson Group plc
3 shares held by Gleeson Properties Limited
4 shares held by Gleeson Homes (Holdings) Limited

16 Inventories

	2015 £000	2014 £000
Land held for development	47,767	46,401
Work in progress	60,455	54,316
	108,222	100,717

Notes to the Financial Statements (continued)

17 Trade and other receivables

	Note	Group 2015 £000	Group 2014 £000	Company 2015 £000
Current assets				
Trade receivables		28,142	11,971	162
Amounts due from construction contract customers	18	18	15	-
VAT recoverable		484	61	-
Prepayments and accrued income		554	747	168
Available for sale financial assets		7,938	8,116	-
Amount due from subsidiary undertakings		-	-	55,778
		37,136	20,910	56,108
Non-current		19,606	8,116	-
Current		17,530	12,794	56,108
		37,136	20,910	56,108

Included within trade and other receivables is £19,606,000 (2014: £8,116,000) for the Group and £nil (2014: £nil) for the Company expected to be recovered in more than 12 months.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value and includes an allowance for doubtful debts estimated by the Group's management based on prior experience and their assessment of specific circumstances.

Available for sale financial assets due after more than one year, represent receivables in respect of shared equity properties. These are recorded at fair value, being the amount receivable by the Group discounted to present day values. The difference between the nominal and the initial fair value is credited over the deferred term to finance income, with the financial asset increasing to its full cash settlement value on the anticipated receipt date. Credit risk is accounted for in determining fair values and appropriate discount factors are applied. The Group holds a second charge over property sold under shared equity schemes.

See note 19 for reference to credit risk associated with trade receivables.

The Company recharges subsidiaries for all staff-related costs, insurance and interest on intercompany loans. The total costs recharged for the year totalled £2,939,000.

The Company charges interest at Bank of England base rate plus 1% on £68,307,000 of the unimpaired intercompany loan adjusted for bank balances held within the company. At 30 June 2015, the adjusted figure was £57,853,000.

18 Construction contracts

	Note	Group 2015 £000	Group 2014 %
Contracts in progress at the balance sheet date:			
Amounts due from contract customers included in trade and other receivables	17	18	15
		18	15
Contract costs incurred plus recognised profits less recognised losses to date		33,137	43,338
Less: progress billings		(33,137)	(43,323)
		-	15

At 30 June 2015, retentions held by customers for contract work amounted to £nil (2014: £142,000).

19 Financial instruments

Risk exposure

MJ Gleeson plc operates a central treasury function providing services to the Group. The treasury function arranges loans and funding, invests any surplus liquidity and manages financial risk. The treasury function is not a profit centre and no speculative trades are permitted or executed. It operates within specific policies, agreed by the Board, to control and monitor financial risk within the Group. Prudent and controlled use of financial instruments is permitted where appropriate, principally to reduce fluctuation in interest costs.

Cash and cash equivalents

Cash and cash equivalents comprises cash and short-term deposits with a maturity of three days or less held by the Group and the Company. The carrying amount of these assets equals their fair value.

Credit risk

The Group's principal financial assets are trade and other receivables and investments.

The Group's and Company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowance for doubtful debts, estimated by the Group's management based on prior experience and their assessment of specific circumstances.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

At 30 June 2015, the Group's most significant credit risk was a local authority and amounted to £2,419,000 (2014: £3,057,000, a deferred receipt from a property investor) of the trade and other receivables carrying amount. The Group's turnover with this customer in the year is £nil (2014: £nil). The Group's remaining credit risk is spread over a large number of counterparties and customers.

Trade receivables ageing

The ageing of gross trade receivables at the reporting date was:

	Group 2015	Group 2014	Company 2015
Not past due	27,907	11,248	162
Past due 0-30 days	-	16	-
Past due 31-120 days	36	68	-
Past due 121-365 days	9	78	-
Past due more than one year	190	561	-
	28,142	11,971	162

All trade receivables are from UK customers.

Trade receivables past due more than one year are largely retentions within the Gleeson Homes division. The amounts payable are being finalised and are included at expected realisable value.

In addition to the above, the Company has intercompany receivables which are repayable on demand.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group 2015	Group 2014	Company 2015
Balance at 1 July	74	74	-
Impairment loss recognised	(74)	-	-
Balance at 30 June	-	74	-

Notes to the Financial Statements (continued)

Market risk

The Group has no significant exposure to currency risk or equity risk.

Interest rate risk

The Group closely monitors its exposure to variations in interest rates and, if this is significant as a result of the quantum of debt and level of interest rates, will hedge the exposure using approved financial instruments such as interest rate swaps. At the year end, the Group had no debt or related interest rate swaps.

A 1% increase in interest rates would improve the annual income of the Group and Company by £158,000 (2014: £136,000) based on the cash balance at the year end. A 1% decrease would cause income to fall by the same amount.

Liquidity risk

The Group entered into a £20,000,000 three year credit facility with Lloyds Bank plc on 5 December 2013 and all banking is conducted by Lloyds Bank plc. As at 30 June 2015 the Group had not drawn on the facility.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice:

	2015 Effective interest rate %	2015 Due within one year £000	2014 Effective interest rate %	2014 Due within one year £000
Bank balances	0.00	15,809	0.00	9,686
Short term deposits	0.20	-	0.20	4,001
Net cash		15,809		13,687

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Non-derivative financial liabilities

	Carrying amount £000	Contractual cash flows £000	6 mths or less £000	6-12 mths £000	1-2 years £000	2-5 years £000	More than 5 years £000
As at 30 June 2015	30,431	(30,431)	(19,913)	(10,436)	(82)	-	-
Trade and other payables [1]	30,431	(30,431)	(19,913)	(10,436)	(82)	-	-
As at 30 June 2014	21,743	(21,837)	(14,223)	(3,099)	(4,178)	(337)	-
Trade and other payables [1]	21,743	(21,837)	(14,223)	(3,099)	(4,178)	(337)	-

(1) Includes loans and borrowings; excludes amounts due to construction contract customers.

The non-derivative financial liabilities of the Company in the current and prior year are predominantly intercompany balances which are payable on demand. The external balances are payable within 6 months.

Exposure to currency risk

The Group has no exposure to foreign currency risk.

Fair values

The fair value of the Group's financial assets and liabilities are not materially different from the carrying values. The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Available for sale financial assets due after more than one year, which represent receivables in respect of shared equity properties, are recorded at fair value, being the amount receivable by the Group discounted to present day values. Gains and losses arising from changes in fair value with respect to impairment losses, cashflows and interest are recognised in profit in the year. The difference between the amount receivable by the Group and the initial fair value is credited over the deferred term to finance income, with the financial asset increasing to its full cash settlement value on the anticipated receipt date. Credit risk is accounted for in determining fair values and appropriate discount factors are applied. The Group holds a second charge over property sold under shared equity schemes.

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

Level 3: inputs for assets or liability that are not based on observable market data.

	Note	2015 Level 3 £000	2015 Total £000	2014 Level 3 £000	2014 Total £000
Available for sale financial assets	17	7,938	7,938	8,116	8,116

Interest bearing loans and borrowings

Fair value is based on discounted expected future principal and interest cash flows.

Capital risk management

In line with the disclosure requirements of IAS 1, Presentation of Financial Statements, the Group regards its capital as being the equity as shown in the Statement of Changes in Equity.

Note 28 to the Financial Statements provides details regarding the Company's share capital movements in the period and there were no breaches of any requirements with regard to any relevant conditions imposed by either the UKLA or the Company's Articles of Association during the period under review.

The primary objective of the Group's capital management is to ensure that it maintains investor, creditor and market confidence and to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and issue or return capital to shareholders.

Neither the Company nor any of the subsidiaries are subject to externally imposed capital requirements.

20 Loans and borrowings

The Group had secured borrowings under the Government's Get Britain Building scheme. The loan was repaid in full during the year.

	Group 2015 £000	Group 2014 £000
Get Britain Building loan		
Current liabilities	-	1,933
	-	1,933

At 30 June 2015 the Company did not have any loans or borrowings.

Notes to the Financial Statements (continued)

21 Trade and other payables

	Group 2015 £000	Group 2014 £000	Company 2015 £000
Current liabilities			
Trade payables	28,021	18,115	404
Other taxation and social security	566	461	267
VAT payable	225	107	208
Accruals and deferred income	2,978	3,499	869
Amount due to subsidiary undertakings	-	-	168
	31,790	22,182	1,916

The Directors consider that the carrying amount of trade payables approximates their fair value. There is no interest charge to the Company for amounts due to subsidiaries.

22 Provisions

	Group Onerous leases £000	Group Total £000
At 1 July 2014	289	289
Provisions used during the year	(16)	(16)
At 30 June 2015	273	273
Non-current	59	59
Current	214	214
	273	273

Onerous leases

Onerous leases relate to sublet and vacant properties. Where the rent receivable on the properties is less than the rent payable, a provision based on present value of the net cost is made to cover the expected shortfall. The lease commitments range from one to three years. Market conditions have a significant impact on the assumptions for future cash flows.

At 30 June 2015, the Company did not have any provisions.

23 Employee benefits

Defined contribution pension plan

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.

Group

The total pension cost charged to the Statement of Comprehensive Income of £543,000 (2014: £451,000) represents contributions payable to the defined contribution pension plan by the Group at rates specified in the plan rules. At 30 June 2015, contributions of £64,000 (2014: £53,000) 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.

Company

The total pension cost charged to the Statement of Comprehensive Income of £49,000 represents contributions payable to the defined contribution pension plan by the Company at rates specified in the plan rules.

24 Deferred tax

Group

The deferred tax assets recognised by the Group and movements thereon during the current and prior year are as follows:

	Plant and machinery £000	Losses £000	Short-term timing differences £000	Total £000
At 1 July 2013	725	4,238	69	5,032
(Charge)/credit to income	(111)	5,991	(10)	5,870
Impact of rate change	(97)	(283)	(9)	(389)
At 30 June 2014	517	9,946	50	10,513
Restatement	35	39	(20)	54
Charge to income	(31)	(4,928)	-	(4,959)
Impact of rate change	-	60	-	60
At 30 June 2015	**521**	**5,117**	**30**	**5,668**

An analysis of the deferred tax balances for financial reporting purposes are as follows:

	Group 2015 £000	Group 2014 £000
Deferred tax assets	5,668	10,513

Reductions in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) and to 21% (effective 1 April 2014) were substantively enacted on 3 July 2012 and 2 July 2013 respectively. A further reduction to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. The deferred tax asset is recognised at the year end substantively enacted rates of 20% and 21% based on anticipated date of usage (2014: 23%).

In the year, the Group has recognised £nil (2014: £5,991,000) of previously unrecognised deferred tax asset in relation to tax losses available to offset against future profits. These losses are recognised to the extent that it is probable that future taxable profits will be available against which they can be used and the prevailing tax rate at that time. In the prior year, the deferred tax asset was only partially recognised in respect of these losses due to the uncertain conditions in the housing market at that time.

At the balance sheet date, the Group has gross tax losses of £30,976,000 (2014:£57,612,000) of which £25,821,000 (2014: £49,159,000) have been recognised as deferred tax asset. The Group has unrecognised tax losses of £8,868,000 (2014: £8,456,000) available for offset against future profits. Losses may be carried forward indefinitely against future taxable profits.

Company

The deferred tax assets recognised by the Company and movements thereon during the current year are as follows:

The Company had no recognised deferred assets or liabilities at the balance sheet date.

At the balance sheet date, the Company had unused tax losses of £893,000 available for offset against future profits. No deferred tax asset has been recognised in respect of these losses. Losses may be carried forward indefinitely.

Notes to the Financial Statements (continued)

25 Operating lease arrangements

Operating leases: lessee

	Group 2015 £000	Group 2014 £000
Minimum lease payments under non-cancellable operating leases recognised as an expense for the year		
Minimum lease payments	392	389
	392	389

At the balance sheet date, the Group had outstanding commitments for minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group Land and buildings 2015 £000	Group Land and buildings 2014 £000
Within one year	387	389
Within two to five years	558	726
After five years	226	182
	1,171	1,297

The Company had no minimum lease payments under non-cancellable operating leases.

Plant and equipment leases are entered into for a three year term. Land and building lease terms vary between one to ten years, depending on market conditions.

In the current year, onerous lease provisions of £16,000 were released (2014: £19,000). See note 22 for details.

Where possible, the Group always endeavours to sub-lease any vacant space on short-term lets. An onerous lease provision is recognised where the rents receivable over the lease term are less than the obligation to the head lessor. The Group's investment properties are also leased to a number of tenants for varying terms.

Operating leases: lessor

The Group's total future minimum sub-lease receipts expected under non-cancellable sub-leases as at 30 June 2015 is £384,000 (2014: £576,000). These receipts are included within the minimum rent receivables table below.

The Company has no future minimum sub-lease receipts.

	Group 2015 £000	Group 2014 £000
Minimum rental income under operating leases recognised as revenue for the year	196	196

Included in the figures above is £192,000 (2014: £164,000) which relates to properties which the Group had previously occupied as operating lease lessees and are now sublet. The balance of £nil (2014: £32,000) relates to investment properties.

At the balance sheet date, the minimum rent receivables under non-cancellable operating leases are as follows:

	Group Land and buildings 2015 £000	Group Land and buildings 2014 £000
Within one year	192	192
Within two to five years	192	384
	384	576

26 Analysis of cash and cash equivalents

	Group £000	Company £000
At 1 July 2013	9,936	-
Cashflow	3,751	-
At 30 June 2014	13,687	-
Cashflow	2,122	848
At 30 June 2015	15,809	848

27 Bonds and sureties

Group and Company

As at 30 June 2015, the Group had bonds and sureties of £7,283,000 (2014: £6,825,000) provided by financial institutions in support of ongoing contracts.

The Directors have determined that the Group and Company require no specific provision for bonds, sureties or guarantees for subsidiary companies.

Notes to the Financial Statements (continued)

28 Share capital

	2015 No. 000	2015 £000	2014 No. 000	2014 £000
Issued and fully paid ordinary shares:				
At the beginning of the year	-	-	-	-
Shares issued during year	53,697	1,074	-	-
At the end of the year	53,697	1,074	-	-

Ordinary shares

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

On 19 December 2014 the parent company of the Group became MJ Gleeson plc replacing MJ Gleeson Group plc. Under a Scheme of Arrangement ("Scheme") entered into by the former parent company (see Note 29), the share capital of MJ Gleeson Group plc was cancelled and the shareholders of that company received one share of MJ Gleeson plc for each share it previously held in MJ Gleeson Group plc.

With effect from 19 December 2014 the rights attaching to the new MJ Gleeson plc shares were the same as those attaching to the MJ Gleeson Group plc shares immediately prior to 19 December 2014. Upon the implementation of the Scheme, the new MJ Gleeson plc shareholders will have the same voting rights and the same proportionate interest in the profits, net assets and dividends of MJ Gleeson plc as they previously held as a MJ Gleeson Group plc shareholder.

In order to reflect the book value of MJ Gleeson Group plc, the new MJ Gleeson plc shares issued under the Scheme had a nominal value of 146 pence each, while the old MJ Gleeson Group plc shares had a nominal value of 2 pence each. However, following the confirmation of the capital reduction of MJ Gleeson plc on 22 January 2015, the nominal value of the new MJ Gleeson plc shares was reduced to 2p each.

The number of Ordinary shares of 2p in issue as at 30 June 2015 was 53,697,480 (2014: Nil).

At 30 June 2015, the Employee Benefit Trusts ("EBT") held 70,000 (2014: 92,000) shares at a cost of £306,000 (2014: £344,000). The shares are held in the EBT for the purpose of satisfying options that have been granted under the employee share ownership plans. Of these ordinary shares, the right to dividend has been waived on none of these shares (2014: Nil).

Details of share options are given in note 30.

29 Scheme of Arrangement

On 19 December 2014 the Group completed a Scheme of Arrangement to change its corporate structure by introducing a new holding company. The purpose of the restructure was to protect the continuing businesses of the Gleeson Group from potential liabilities of the legacy building contracting and engineering businesses and contracts, the majority of which were disposed of in 2005 and 2006. The old Group holding company, MJ Gleeson Group plc and its subsidiary Gleeson Construction Services Ltd, are now held indirectly by the new holding company, MJ Gleeson plc.

The Court approved Scheme of Arrangement also approved a capital reduction of the old holding company, since renamed MJ Gleeson Group Limited, to reduce its net asset position to an amount which would cover any potential future liabilities.

The capital reduction became effective on 22 January 2015.

30 Share-based payments

During the year to 30 June 2015, the Group had two share-based payment arrangements. The recognition and measurement principles in IFRS 2 have not been applied to those options granted before 7 November 2002 in accordance with the transitional provisions in IFRS 1 and IFRS 2.

Following the implementation of the Scheme of Arrangement (See Note 29) (“Scheme”) on 18 December 2014, all share based payment arrangements in place at that time in respect of the shares of MJ Gleeson Group PLC were replaced on a one for one basis with shares in MJ Gleeson PLC. It is the intention of the Directors that awards under the MJ Gleeson Group PLC employee share plans will not vest early as a result of the Scheme but will continue on the same basis under the MJ Gleeson PLC employee share plans, other than they will ultimately deliver MJ Gleeson PLC shares rather than MJ Gleeson Group PLC shares.

A summary of the share-based payment arrangements now reflecting shares in MJ Gleeson PLC are shown below:

Share options granted after 7 November 2002

Arrangement	Contractual life	Vesting conditions	Settlement basis
Share purchase plan	10 years	From 1st March 2009 the Group matches shares purchased by employees on a 1 for 3 basis. Prior to this date the Group matched shares purchased by employees on a 4 for 3 basis. The shares purchased by the employees are immediately exercisable. The Group matching shares are only exercisable after 3 years.	Equity
Performance share plan (PSP)	3 years	For Executive Directors and senior executives the award vested in whole on the third anniversary of the date of grant on 17 December 2013 as all the performance conditions were met. The performance condition was based on the total shareholder return for the three financial years from 1 July 2010 to 30 June 2013.	Equity
Performance share plan (PSP)	3 years	For the Chief Executive Officer the award will vest in whole on the third anniversary of the date of grant on 5 November 2015 as the performance conditions have been met. The performance condition was based on the total shareholder return for the three financial years from 1 July 2012 to 30 June 2015.	Equity
Performance share plan (PSP)	3 years	For Executive Directors and senior executives the award will vest in whole or in part on or after the third anniversary of the date of grant if performance conditions have been met. The performance condition is based on the total shareholder return for the three financial years from 1 July 2014 to 30 June 2017. None of the shares are currently exercisable.	Equity

Fair value is used to measure the value of the outstanding options.

Share purchase plan
The fair value of each share granted in the share purchase plan is equal to the share price at the date of the grant. Shares are granted on a monthly basis.

Performance share plan
The fair value per option for the performance share plan scheme has been calculated using a modified Monte Carlo model. The inputs into the model at each grant date and the estimated fair value were as follows: The input for expected dividends has been set at 0% as the award vests according to the increase in share price after adding back any dividends paid.

Date of grant	PSP 17/12/10	PSP 05/11/12	PSP 30/09/14
The model inputs were:			
• Share price at grant date	£1.26	£1.52	£3.90
• Total shareholders return target	£2.10	£3.50	£4.80
• Expected volatility	45%	36%	32%
• Expected dividends	1.56%	1.50%	2.00%
• Expected life	3 years	3 years	3 years
• Risk-free interest rate	1.69%	0.27%	1.27%
• Fair value of one option	£0.50	£0.23	£1.44

Notes to the Financial Statements (continued)

Expected volatility was determined by calculating the historical volatility of the Company's share price. For the 17/12/10 scheme the volatility was measured over the previous three years.

Further details of the option plans are as follows:

	Share purchase plan				
	MJ Gleeson Group plan	MJ Gleeson Group 2014 plan	PSP	PSP	PSP
Date of grant	Monthly No. of shares	Monthly No. of shares	17/12/10 No. of shares	05/11/12 No. of shares	30/09/14 No. of shares
Outstanding at 1 July 2013	69,567	-	839,049	423,015	-
Granted in the year	7,871	-	-	-	-
Forfeited	(184)	-	(18,055)	-	-
Exercised	(2,667)	-	(277,597)	-	-
Outstanding at 30 June 2014	74,587	-	543,397	423,015	-
Granted in the year	4,414	3,827	-	-	573,888
Forfeited	(261)	-	-	-	(27,591)
Exercised	(20,628)	-	(543,397)	-	-
Outstanding at 30 June 2015	58,112	3,827	-	423,015	546,297
Remaining contractual life	Rolling scheme	Rolling scheme	nil	0.3 years	3 years
Weighted average exercise price	-	-	-	-	-
Weighted average share price at date of exercise - current year	£1.17	n/a	n/a	n/a	n/a
Weighted average share price at date of exercise - prior year	£3.68	n/a	£3.32	n/a	n/a

Share options granted prior to 7 November 2002

		Share purchase plan	
		MJ Gleeson Group plan	MJ Gleeson Group 2014 plan
Date of grant		Monthly No. of shares	Monthly No. of shares
Outstanding at 1 July 2013		547	-
Lapsed		(7)	-
Outstanding at 30 June 2014		540	-
Lapsed		-	-
Outstanding at 30 June 2015		540	-
Remaining contractual life		Rolling scheme	Rolling scheme
Weighted average exercise price		n/a	n/a
Weighted average share price at date of exercise - current year		n/a	n/a
Weighted average share price at date of exercise - prior year		n/a	n/a
Outstanding at 30 June 2015	62,479	58,652	3,827

31 Capital commitments

At 30 June 2015, the Group had no capital commitments (2014: £nil).

32 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.

Transactions with key management personnel

The Group's key management personnel are the Executive and Non-Executive Directors, as identified in the Directors' Remuneration Report on pages 52 to 57.

In the year, the Group purchased cladding materials from a company, JDP Contracting Services Ltd, in which Jolyon Harrison is a director. During the current year the Group purchased £20,000 (2014: £19,000) of goods from the company. The terms were at normal market rates and payment terms. There were no guarantees provided.

Other than disclosed above and in the Directors' Remuneration Report, there were no other transactions with key management personnel in either the current or preceding year.

Provision of goods and services to joint ventures

There has been no provision of goods and services to joint ventures

Purchase of goods and services from joint ventures

There have been no purchases of goods from joint ventures.

Amounts owed by and owed to joint ventures

The amounts owed by joint ventures are shown below:

	2015 £000	2014 £000
Prepayments and accrued income	-	31
	-	31

The amounts owed to joint ventures at 30 June 2015 totalled £Nil (2014: £Nil).

Identity of related parties with which the Company has transacted

The Company receives charges from various suppliers in respect of services for the whole Group. The Company allocates and consequently invoices these charges to subsidiaries.

Related party transactions	Administrative expenses 2015 £000	Administrative expenses 2014 £000
Subsidiaries	2,939	-
	2,939	-

Related party transactions	Receivables outstanding 2015 £000	Receivables outstanding 2014 £000	Payables outstanding 2015 £000	Payables outstanding 2014 £000
Subsidiaries	55,776	-	168	-
	55,776	-	168	-

Further Information

Five Year Review

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Revenue	117,588	81,442	60,656	40,807	41,210
Operating profit	22,046	12,064	6,009	2,724	899
Provision for diminution in value of investments	(4,896)	-	-	-	-
Net finance income/(cost)	113	96	(230)	302	207
Profit before tax	17,263	12,160	5,779	3,026	1,106
Tax (charge)/credit	(4,848)	5,499	4,320	(130)	(123)
Profit after tax	12,415	17,659	10,099	2,896	983
Discontinued operations	(207)	(231)	1,344	710	528
Profit for year attributable to equity holders of the parent company	12,208	17,428	11,443	3,606	1,511
Total assets	168,592	152,577	140,112	116,220	120,517
Total liabilities	(32,063)	(24,486)	(28,023)	(15,826)	(21,364)
Net assets	136,529	128,091	112,089	100,394	99,153

	pence	pence	pence	pence	pence
Total dividend per share paid in the year	7.60	3.10	0.50	5.00	-
Earnings/(loss) per share from continuing operations	23.16	33.36	19.14	5.51	1.87
Earnings/(loss) per share - normalised	34.21	17.19	13.66	0.01	(3.59)
Net assets per share	254	241	212	190	188

Further Information

Corporate directory

REGISTERED OFFICE
MJ Gleeson plc
6 Europa Court, Sheffield Business Park, Sheffield, S9 1XE

REGISTERED NUMBER
9268016
Incorporated in England and Wales

COMPANY SECRETARY
Stefan Allanson

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BANKERS
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REGISTRARS AND TRANSFER OFFICE
Capita Asset Services
The Registry, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Shareholder information

SHAREHOLDER ENQUIRIES
Any shareholder with enquiries should, in the first instance, contact our registrars using the address provided in the Corporate Directory.

SHARE PRICE INFORMATION
London Stock Exchange
Symbol: GLE

INVESTOR RELATIONS
MJ Gleeson plc
6 Europa Court, Sheffield Business Park, Sheffield, S9 1XE
Email: enquiries@mjgleeson.com
Tel: 0114 261 2900
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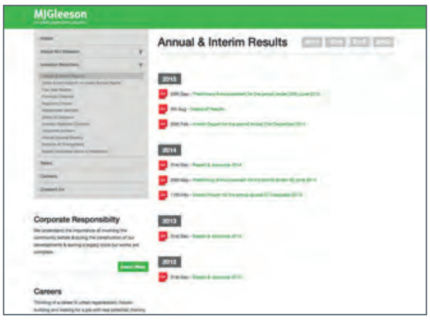
Financial calendar

Financial year end	30 June 2015
Full year results announced	28 September 2015
Ex-dividend date for final dividend	19 November 2015
Record date for final dividend	20 November 2015
Annual General Meeting	11 December 2015
Final dividend payment	17 December 2015

Information regarding our websites

For more information on our homes, investor relations and career opportunities please visit www.mjgleeson.com.



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We would like to thank our employees who are essential to our recent success.

Their skill and dedication has been invaluable in making Gleeson what it is today.

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