Half-Yearly Financial Report
for the six months ended 31 December 2012

Making the right moves

Creative thinking in brownfield development

Stock code: INL

Corporate statement

Inland Homes plc is a leading brownfield regeneration specialist. We specialise in buying brownfield sites and enhancing their value through obtaining planning permissions for residential and mixed use developments.

- Inland's highly experienced land team has extensive knowledge of the complexities of the planning system which in turn enables it to unlock added value in property that others cannot.
- We recognise the significant impact our activities can have on the environment and the communities in which we work.
- We believe that managing these activities responsibly brings long term benefits to our shareholders as well as our stakeholders.

At the heart of our business is the principle of sustainability – the need to conserve scarce resources for the benefit of future generations.

Creative thinking in brownfield development

Our strategy

The Group's principal objective is to achieve long term value for its shareholders; this will be achieved by maximising the value of the land bank with a number of alternative strategies including the following:

- Sales of sites to other householders
- Development of selected sites by Inland Homes
- Securing large scale projects
- Joint ventures with third parties

Woodland Chase, Croxley Green, Hertfordshire

Set in 12 acres of woodland and adjacent to the Grand Union Canal, this stunning site in Hertfordshire is a great example of a successful joint venture. The excellent design and high quality workmanship have created a truly special place to live.

4.6 acres
Former industrial site

51 homes
The recent launch of the final phase has been very successful, with only one house still available. Forward sales on 7 houses amount to £5.7m.

Highlights

Key financials

- Trading profit for the period increased to £4.3m (2011: £2.3m)
- Profit before tax increased to £3.1m (2011: £1.1m)
- Net assets (excluding Drayton Garden Village) increased to £51.7m (2011: £49.4m)
- Inland continues to have very low gearing and a strong balance sheet

Key commercial highlights

- Profitable land sales achieved of 355 building plots with revenue of £15.4m
- Excellent progress and expansion of our housebuilding programme
  - Generated revenue of £3.1m in first half
  - Inland currently building 146 homes on four developments
- Planning permission awarded at Carters Quay in Poole, Dorset for 268 homes
- Inland expected to realise investment in Howarth Homes plc by the end of the financial year

Trading profit
£4.3m
(2011: £2.3m)

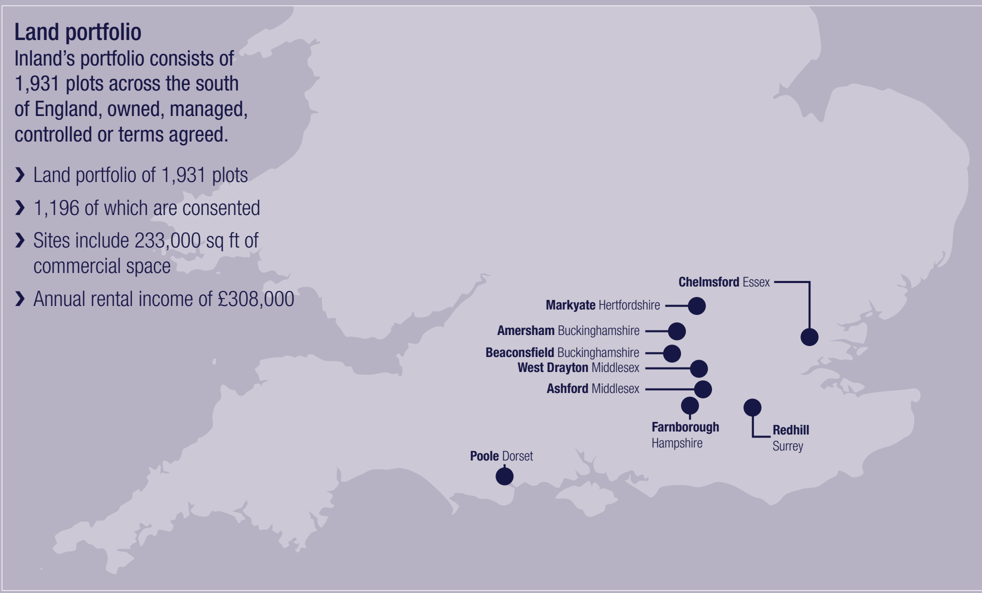
Pre tax profit
£3.1m
(2011: £1.1m)

Net assets
£51.7m
(2011: £49.4m)

Land portfolio

Inland's portfolio consists of 1,931 plots across the south of England, owned, managed, controlled or terms agreed.

- Land portfolio of 1,931 plots
- 1,196 of which are consented
- Sites include 233,000 sq ft of commercial space
- Annual rental income of £308,000



Value creation through responsible development

FIND
Identify land with development potential

APPRAISE
Undertake intensive legal, site and financial due diligence

SECURE
Acquire sites through well structured contracts

ADD VALUE
Take the land through the complex planning process to maximise added value by obtaining a planning permission

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For more information scan the QR code with your smartphone to take you straight to our website.

www.inlandplc.com

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Chairman's statement

> Our aim is to increase the residual core land bank each year whilst increasing the number of plots sold and built out.

Terry Roydon
Chairman

Since the announcement of our 2012 annual results in October last year, Inland has made considerable progress and this is clearly demonstrated in these results for the six months ended 31 December 2012.

During the first half of the current financial year, Inland has delivered an outstanding performance in terms of profitable land sales achieved. I am also pleased to report that we have made excellent progress on Inland's expanding housebuilding programme.

Half year results

Revenue in the six month period to 31 December 2012 was £19.31 million (2011: £3.66 million) comprising land sales totalling £15.35 million with the balance arising from the sale of residential homes, development services, rental and sundry income. Gross profit for the half year was £4.29 million (2011: £2.29 million) and operating profit for the half year was £3.16 million (2011: £0.73 million). After net interest costs of £0.59 million and the share of profits from associate and joint venture of £0.47 million (2011: £0.34 million), it is pleasing to report a near threefold rise in profit before tax to £3.05 million (2011: £1.08 million).

The stated net assets of the Group have increased by 4.7% to £51.69 million (2011: £49.36 million) equating to net assets per share of 28.24p (2011: 26.97p). Shareholders will be aware that this figure excludes the future value of Drayton Garden Village (DGV) where Inland has the potential of earning up to 90% of the profits from this development as a result of the development services that Inland provides to Drayton Garden Village Limited (DGVL). The Directors believe that the future profit share from DGV will be worth in excess of 5p per share (net of tax).

Dividend

A maiden dividend of 0.067p was paid to shareholders on 17 December 2012. The Board expects that, in the absence of unforeseen circumstances, it will recommend a substantially increased dividend for the financial year ending 30 June 2013, to be paid in December 2013.

Funding

As at 31 December 2012, Inland had cash balances of £12.76 million (2011: £1.48 million) with gearing of only 10.3% (2011: 2.9%), a very low level of borrowing compared to its peers. We are continuing to grow our relationships with funding partners, including our bankers Barclays Bank and Close Brothers. In December 2012 our financial capacity was further increased via the successful Placing of Zero Dividend Preference shares (ZDPs) raising £8.1 million (net). This was followed by a further Placing of ZDPs in January 2013 which raised an additional £0.84 million (net). These securities are separately listed on the Main Market of the London Stock Exchange (Epic code: INLZ) as a standard listing. The ZDP fundraisings have particularly flexible characteristics that will enable Inland to direct increased capital into its core business of land acquisition for future development.

Review of operations

During the first half of the current financial year we sold 355 building plots across six sites for a total consideration of £15.35 million; completed the sale of 15 new homes generating revenue of £3.12 million; and six units through our joint venture with Howarth Homes which produced revenue to the joint venture of £3.32 million.

Inland is currently building on four developments totalling 146 homes (including 32 units being managed on behalf of DGVL). At Inland's site in Ashford, Middlesex, where we have planning consent for 152 units, the Group was originally planning to develop the site in conjunction with one of the UK's leading housebuilders. However, Inland has recently received an attractive offer from a third party wishing to acquire the site, and this is currently being evaluated. Housebuilding is expected to play an increasing part in Inland's profitability and cash flow in the short to medium term as the number of sales outlets are increased.

Land and Planning

Our prime focus in the first half of the current financial year was to secure planned land transactions which resulted in the sale of the 355 plots referred to above.

Another notable milestone was the long awaited grant of planning permission at Carters Quay in Poole, Dorset where in December 2012 a planning consent for 268 homes (without affordable housing), together with 108,000 sq ft of commercial space was successfully attained. Demolition and site clearance works are underway, and the construction of the first phase of homes is anticipated to commence before the end of the current financial year.

A planning permission for the development of 101 homes on the southern section of St John's Hospital, Essex is awaited. Demolition and site clearance is now underway on this project, with the Group anticipating the development of most of the plots.

During the half year the Group acquired two small sites, comprising 23 plots, and a long term strategic option was secured over a four acre site with good potential for residential development, all located in the Home Counties.

In October 2012 Inland announced that it is to work with the Defence Infrastructure Organisation (DIO), which is part of the Ministry of Defence, South Bucks District Council and Buckinghamshire County Council to formulate a detailed Development Brief for the future of the 90 acre site currently occupied by the Defence School of Languages at Wilton Park in Beaconsfield, Buckinghamshire. Inland has already invested a significant amount of time and resources in the Public Consultation process. Inland owns 20 acres identified as fundamental to the access to this potential development site which has an allocation for 300 homes. We are working with the intention that the Development Brief will be "adopted" by the end of the calendar year. We hope to enter into a transaction with the DIO shortly and that a planning permission could be in place by late 2014.

Inland also recently announced that a further deferred consideration payment had been made by DGVL in respect of DGV. As a result of this payment, Inland's profit share on this development has increased to 69.77%. Inland has the potential to earn up to 90% of the profits realised from this site.

Land Bank

The number of residential plots in the Group's current land bank as at 19 March 2013 is as follows:

Owned with consent	647
Drayton Garden Village	516
Owned/contracted without consent	115
Plots controlled or terms agreed	653
Total plots	**1,931**

Chairman's statement (continued)

Investments

Our associate Company, Howarth Homes plc (Howarth), has continued to see its trading improve and reported a profit before tax of £1.06 million for its year ended 31 July 2012 (2011: £0.64 million).

The original intention behind our investment in Howarth was to assist in its growth in order achieve a possible flotation of that company. The conditions on the AIM Market of the London Stock Exchange have not been conducive to flotations in recent years. As a result, your Board has conditionally agreed terms for Howarth to purchase Inland's holding in that company for cash consideration of £1.4 million which, on completion, will result in a profit of £0.39 million over the carrying value of £1.01 million as at the half year end. It is anticipated that this transaction will be completed by Inland's current financial year end. Inland has a residual secured loan of £1.0 million to Howarth, which attracts an interest rate of 8.0% over base rate, that is due to be fully repaid by 31 December 2015.

Outlook

Our aim is to increase the residual core land bank each year whilst increasing the number of plots sold and built out.

Housebuilders and housing associations have a keen desire to acquire more consented land from us and this should enable us to achieve further profitable land sales. The demand for development land in the South East remains strong, as demonstrated by our recent sales of 355 plots.

Our growing activity of the construction and sale of new homes is bearing fruit and is underpinned by forward sales on contracted or reserved homes currently in excess of £4.7 million. This expanding housebuilding programme will enable us to secure additional development contribution and improve cash flow.

The Group also has a healthy pipeline of new opportunities that are being worked on and we will continue to update shareholders.

Terry Roydon
Chairman
19 March 2013

Group income statement
for the six months ended 31 December 2012

	Note	**Six months ended 31 December 2012 (unaudited) £000**	Six months ended 31 December 2011 (unaudited) £000	Year ended 30 June 2012 (audited) £000
Revenue		**19,308**	3,663	6,110
Cost of sales		**(15,014)**	(1,374)	(2,224)
Gross profit		**4,294**	2,289	3,886
Administrative expenses:		**(1,199)**	(1,472)	(2,679)
— profit/(loss) on investments		**69**	(84)	(145)
Operating profit		**3,164**	733	1,062
Interest expense		**(619)**	(286)	(698)
Notional interest expense		**(116)**	—	(115)
Notional interest income	4	**108**	119	237
Interest and similar income		**41**	102	87
		2,578	668	573
Share of profit of associate		**249**	138	307
Reverse impairment of investment in associate		**—**	200	500
Share of profit of joint venture		**225**	71	217
Profit before tax		**3,052**	1,077	1,597
Income tax	5	**(681)**	(282)	(838)
Profit for the period		**2,371**	795	759
Earnings per share				
— basic earnings per share in pence	6	**1.30p**	0.43p	0.41p
— diluted earnings per share in pence		**1.30p**	0.43p	0.41p

Group statement of comprehensive income
for the six months ended 31 December 2012

	Six months ended 31 December 2012 (unaudited) £000	Six months ended 31 December 2011 (unaudited) £000	Year ended 30 June 2012 (audited) £000
Profit for the period	**2,371**	795	759
Other comprehensive income for the period, net of tax	**—**	—	—
Total comprehensive income for the period	**2,371**	795	759

Group statement of financial position
as at 31 December 2012

	Note	**As at 31 December 2012 (unaudited) £000**	As at 31 December 2011 (unaudited) £000	As at 30 June 2012 (audited) £000
ASSETS				
Non-current assets				
Investment property	7	**8,801**	8,801	8,801
Property, plant and equipment	7	**98**	71	68
Investments	8	**1,183**	925	1,114
Joint ventures	8	**1,390**	2,453	2,563
Investment in associate	8	**1,011**	394	822
Receivables due in more than one year	10	**55**	70	55
Deferred tax	9	**3,778**	4,753	4,275
Total non-current assets		**16,316**	17,467	17,698
Current assets				
Inventories		**36,013**	26,573	43,776
Trade and other receivables	10	**8,089**	7,421	2,632
Loan to associate		**1,000**	700	1,000
Listed investments held for trading (carried at fair value through profit and loss)		**1**	1	1
Cash and cash equivalents		**12,764**	1,478	575
Total current assets		**57,867**	36,173	47,984
Total assets		**74,183**	53,640	65,682
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	11	**18,301**	18,301	18,301
Share premium account		**30,794**	30,794	30,794
Treasury shares		**(366)**	(366)	(366)
Special reserve		**6,059**	6,059	6,059
Retained earnings		**(3,103)**	(5,429)	(5,382)
Total equity		**51,685**	49,359	49,406
LIABILITIES				
Current liabilities				
Bank loans and overdrafts		**2,315**	905	1,111
Other loans		**1,280**	2,000	5,875
Trade and other payables		**4,431**	1,376	2,522
Other financial liabilities	12	**5,953**	—	6,768
Total current liabilities		**13,979**	4,281	16,276
Non-current liabilities				
Zero dividend preference shares	12	**8,519**	—	—
Total non-current liabilities		**8,519**	—	—
Total equity and liabilities		**74,183**	53,640	65,682

Group statement of changes in equity
for the six months ended 31 December 2012

	Share capital £000	Share premium £000	Treasury shares £000	Special reserve £000	Retained earnings £000	Total £000
At 30 June 2011 (audited)	18,301	45,794	(366)	—	(15,248)	48,481
Share-based payment	—	—	—	—	83	83
Capital reduction	—	(15,000)	—	6,059	8,941	—
Transactions with owners	—	(15,000)	—	6,059	9,024	83
Total comprehensive income	—	—	—	—	795	795
Total changes in equity	—	(15,000)	—	6,059	9,819	878
At 31 December 2011 (unaudited)	18,301	30,794	(366)	6,059	(5,429)	49,359
Share-based payment	—	—	—	—	83	83
Total comprehensive income	—	—	—	—	(36)	(36)
Total changes in equity	—	—	—	—	47	47
At 30 June 2012 (audited)	18,301	30,794	(366)	6,059	(5,382)	49,406
Share-based payment	—	—	—	—	30	30
Dividend payment	—	—	—	—	(122)	(122)
Transactions with owners	—	—	—	—	(92)	(92)
Total comprehensive income	—	—	—	—	2,371	2,371
Total changes in equity	—	—	—	—	2,279	2,279
At 31 December 2012 (unaudited)	**18,301**	**30,794**	**(366)**	**6,059**	**(3,103)**	**51,685**

Group statement of cash flows
for the six months ended 31 December 2012

	Note	**Six months ended 31 December 2012 (unaudited) £000**	Six months ended 31 December 2011 (unaudited) £000	Year ended 30 June 2012 (audited) £000
Cash flows from operating activities				
Profit for the half year before tax		**3,052**	1,077	1,597
Adjustments for:				
— depreciation		**21**	20	38
— profit on the sale of property, plant and equipment		**(9)**	—	—
— share-based compensation		**30**	83	166
— fair value adjustment for investments		**(69)**	84	145
— interest and similar income		**(149)**	(221)	(324)
— interest expense		**735**	286	813
— share of profit of associate		**(249)**	(138)	(307)
— reverse impairment of investment in associate		**—**	(200)	(500)
— share of profit of joint ventures		**(225)**	(71)	(217)
Changes in working capital:				
— increase in investments		**—**	—	(250)
— decrease/(increase) in inventories		**7,764**	(2,469)	(19,672)
— (increase)/decrease in trade and other receivables		**(5,349)**	2,996	7,904
— decrease in receivables due in more than one year		**—**	—	15
— increase/(decrease) in trade and other payables		**885**	(3,452)	4,330
Net cash inflow/(outflow) from operating activities		**6,437**	(2,005)	(6,262)
Cash flow from investing activities				
Interest received		**41**	103	87
Purchases of property, plant and equipment	7	**(53)**	(15)	(30)
Return of investment in joint venture		**1,339**	—	—
Sale of property, plant and equipment		**11**	—	—
Net cash inflow from investing activities		**1,338**	88	57
Cash flow from financing activities				
Interest paid		**(573)**	(282)	(677)
Repayment of borrowings		**(5,425)**	—	—
Receipt of loan repayment from associate		**—**	1,195	895
New loans		**2,445**	243	4,323
Issue of cash dividends		**(122)**	—	—
Issue of zero dividend preference shares		**8,500**	—	—
Costs on issue of zero dividend preference shares		**(411)**	—	—
Net cash inflow from financing activities		**4,414**	1,156	4,541
Net increase/(decrease) in cash and cash equivalents		**12,189**	(761)	(1,664)
Net cash and cash equivalents at beginning of period		**575**	2,239	2,239
Net cash and cash equivalents at the end of period		**12,764**	1,478	575
Cash and cash equivalents		**12,764**	1,478	575

Notes to the half-yearly financial report
for the six months ended 31 December 2012

1. Nature of operations and general information
The principal activity of the Company and its subsidiaries (together called the Group) is to acquire residential and mixed use sites and seek planning consent for development. The Group also develops a number of plots for private sale.

Inland Homes plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Inland Homes plc's registered office, which is also its principal place of business, is 2 Anglo Office Park, 67 White Lion Road, Amersham, Buckinghamshire HP7 9FB.

Inland Homes plc's shares are quoted on AIM, a market operated by the London Stock Exchange. This consolidated half-yearly financial report has been approved for issue by the Board of Directors on 19 March 2013.

The financial information set out in this half-yearly financial report does not constitute statutory accounts as defined in Sections 434(3) and 435(3) of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 June 2012 have been filed with the Registrar of Companies and are available at www.inlandplc.com. The Auditor's report on those financial statements was unqualified and did not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

2. Basis of preparation
This consolidated half-yearly financial report has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The consolidated half-yearly financial report should be read in conjunction with the annual financial statements for the year ended 30 June 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

3. Accounting policies
The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2012.

4. Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Valuation of inventories
In applying the Group's accounting policy for the valuation of inventories the Directors are required to assess the expected selling price and costs to sell each of the plots or units that constitute the Group's land bank and work in progress. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of land.

Whilst the Directors exercise due care and attention to make reasonable estimates taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant. The critical judgement in respect of planning consent (see below) further increases the level of estimation uncertainty in this area.

(b) Income taxes
The Group recognises tax/deferred tax assets and liabilities for anticipated tax based on estimates of when the tax/deferred tax will be paid or recovered. When the final outcome of these matters is different from the amounts initially recorded, such differences impact the period in which the determination is made.

(c) Fair value of derivatives and other financial instruments
The fair value of instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing.

(d) Investment properties
Properties are classified as investment properties if there are significant rentals and the intention is to hold those properties for a significantly longer time than inventory property, i.e. not for sale in the ordinary course of business.

(e) Discounting on deferred consideration of inventories
The Group discounts deferred consideration of inventories by discounted cash flow method, using the cost of debt capital as the discount rate.

Notes to the half-yearly financial report (continued)

for the six months ended 31 December 2012

4. Critical accounting estimates and judgements (continued)

Critical judgements in applying the entity's accounting policies

Inventories

The Group values inventories at the lower of cost and net realisable value. The net realisable value is based on the judgement of the probability that planning consent will be given for each site. The Group believes that, based on the Directors' experience, planning consent will be given. If planning consent was not achieved then a provision may be required against inventories.

Investments

The Group has entered into a Development Services Agreement with DGVL. The Directors have considered the requirements of IAS 27 'Consolidated and separate financial statements' (revised 2008) and 'SIC 12 Consolidation – special purpose entities' and do not believe that the Group has the power to control DGVL. DGVL makes its own decisions regarding the development of the site even though the director of DGVL receives property advice to consider and property services from the Group. The Directors also consider that the Group does not have the decision making powers to obtain the majority of the benefits and the risks of the activities of DGVL as the shareholder of DGVL maintains control as to whether he finances the deferred land consideration payments. The key requirement in influencing Inland's profit share is the basis on which deferred consideration is satisfied. This is at the discretion of the DGVL director and hence he can improve his profit share, or allow Inland to arrange the funding. Therefore the Directors do not believe that DGVL should be consolidated within the Group's financial statements. The Group is entitled to receive a fee for the provision of planning application services, assistance in obtaining statutory and third party consents, assistance in entering into development and construction agreements, assistance in achieving sales, assistance in engaging professional advisors, seeking opportunities to generate interim revenues and the potential provision of finance to DGVL in respect of the site known as Drayton Garden Village. Under the agreement the Group has the potential to earn up to 90% of the profits realised from the sale of the property over the life of the project.

The Group's relationship with DGVL is further explained in note 8 and balances in note 10.

Because the final decision on the financial and operational activities of DGVL resides with the director of DGVL, the Directors of Inland Homes plc do not consider that they have significant influence over DGVL and therefore DGVL is not considered to be an associate or a subsidiary undertaking.

At 31 December 2012 the funding arrangements in place for the satisfaction of deferred consideration entitled Inland to 60.51% of the profits expected to be realised from the sale of the property over the life of the project. In accordance with the Option and Development Services Agreement with DGVL (The Agreement), 53.55% of the total profits would be due to the Group for the provision of planning application and property management services completed at the balance sheet date and this has to be accounted for under IAS 18. 6.96% of the profits would be due to the Group for the provision of finance to DGVL and would be accounted for under IAS 39 as notional interest income.

In calculating the fee for the provision of planning application and property services to DGVL recognised in the year, under IAS 18 the Group has estimated the following:

- total profits (total expected sales less total estimated development costs to completion) to be realised from the sale of the property;
- profits would be realised over six years from 1 July 2010;
- percentage, where the stage of completion is an appropriate basis for evaluating fair value, of planning application and property services provided to DGVL as at the period end with the balance to be provided over the remaining life of the project (i.e. in future accounting periods); and
- the fair value of completed service components at the year end.

During the six months ended 31 December 2012 the Group has recognised £0.65 million (2011: £2.48 million) in revenue within the Group Income Statement for such services to DGVL.

In calculating the fee for the provision of finance to DGVL, under IAS 39 the Group has estimated the following:

- total profits (total expected sales less total estimated development costs to completion) to be realised from the sale of the property; and
- profits would be realised over six years from 1 July 2010.

Under IAS 39 the Group has a choice as to how to account for the asset. The Directors consider the most appropriate classification for the asset to be 'loans and receivables' due to the underlying asset being a 'non derivative' financial asset with fixed or determinable payments. The effective interest rate method has been applied in calculating the income in the period. See note 10.

During the six months ended 31 December 2012 the Group has recognised £0.11 million (2011: £0.12 million) within notional interest income in the Group Income Statement in respect of such fees.

5. Income tax

	Six months ended 31 December 2012 (unaudited) £000	Six months ended 31 December 2011 (unaudited) £000	Year ended 30 June 2012 (audited) £000
Tax charge on associate and joint venture profit	**118**	59	137
Corporation tax charge	**66**	—	—
Deferred tax charge due to change of corporation tax rate	**—**	—	382
Deferred tax charge	**497**	223	319
	681	282	838

6. Earnings and net asset value per share

Basic and diluted EPS

Basic and diluted earnings per share has been calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 31 December 2012 (unaudited)	Six months ended 31 December 2011 (unaudited)	Year ended 30 June 2012 (audited)
Profit attributable to equity holders of the Company (£000)	**2,371**	795	759
Net assets attributable to equity holders of the Company (£000)	**51,691**	49,359	49,406
Weighted average number of ordinary shares in issue (000s)	**182,999**	182,999	182,999
Dilutive effect of options treated as exercisable at the period end (000s)	**198**	25	51
	183,197	183,024	183,050
Basic earnings per share in pence	**1.30p**	0.43p	0.41p
Diluted earnings per share in pence	**1.30p**	0.43p	0.41p
Net asset value per share in pence	**28.24p**	26.97p	27.00p

Notes to the half-yearly financial report (continued)

for the six months ended 31 December 2012

7. Property, plant and equipment

	Investment property £000	Leasehold property £000	Motor vehicles £000	Office equipment £000	Fixtures and fittings £000	Total £000
Cost						
At 31 December 2011	8,801	5	49	89	81	224
Additions		—	—	7	8	15
At 30 June 2012	8,801	5	49	96	89	239
Additions	—	—	47	6	—	53
Disposals	—	—	(32)	—	—	(32)
At 31 December 2012	**8,801**	**5**	**64**	**102**	**89**	**260**
Depreciation						
At 31 December 2011	—	3	44	47	59	153
Depreciation charge	—	—	3	8	7	18
At 30 June 2012	—	3	47	55	66	171
Depreciation charge	—	1	6	8	6	21
Depreciation on disposals	—	—	(30)	—	—	(30)
At 31 December 2012	**—**	**4**	**23**	**63**	**72**	**162**
Net book value at 31 December 2012	**8,801**	**1**	**41**	**39**	**17**	**98**
At 30 June 2012	8,801	2	2	41	23	68

8. Investments

	Investment in associate £000	Option £000	Investment in joint venture £000	Total £000
Cost or fair value at 31 December 2011	394	925	2,453	3,772
Fair value adjustment	—	(61)	—	(61)
Share of profit after tax	128	—	110	238
Reversal of impairment	300	—	—	300
Additions	—	250	—	250
At 30 June 2012	822	1,114	2,563	4,499
Fair value adjustment	—	69	—	69
Return of investment	—	—	(1,339)	(1,339)
Share of profit after tax	189	—	166	355
At 31 December 2012	**1,011**	**1,183**	**1,390**	**3,584**

As detailed in the Chairman's Statement, we have agreed terms for Howarth to purchase Inland's holding in that company for a consideration of £1.4 million. During the six months ended 31 December 2012 £189,000 (2011: £98,000) was recognised in the Group Income Statement, being the Group's 33% share of profits after tax reported by Howarth.

8. Investments (continued)

On 18 December 2008, Inland entered into an Option and Development Services Agreement with Drayton Garden Village Limited which granted Inland Limited an option for a consideration of £250,000 to purchase the share capital of DGVL at an exercise price of £1. The initial period of the option was for one year from the date of the agreement and this can be extended on up to four occasions to a maximum period of ten years by making further payments. During the years ended 30 June 2010, 2011 and 2012, the option period was extended by a further period of three years in consideration of £750,000. In accordance with the Group's accounting policy for financial assets, the option has been measured at fair value at 31 December 2012, which resulted in a fair value gain of £69,000 (2011: loss of £84,000) that has been recognised in the Group Income Statement, resulting in the option being valued at £183,000 over and above the actual consideration paid for the option. The option is not currently exercisable and only becomes exercisable when the development owned by DGVL is completed.

During the year ended 30 June 2010, the Group entered into a joint venture with Howarth for the development of 51 units at a site in Croxley Green, Hertfordshire in a company called Harvey Road (Rickmansworth) Limited. The Group has invested £1,390,000 (2011: £2,453,000). Although Howarth owns 100% of the issued share capital of Harvey Road (Rickmansworth) Limited, Inland Directors constitute 50% of the Board of Directors and therefore control 50% of the entity and Inland is entitled to 50% of the profits made by the entity. The Group's 50% share of the profits after tax for the period to 31 December 2012 amounts to £166,000 (2011: £52,000) that has been recognised in the Group Income Statement. To date the Group has recognised £427,000 profit in relation to this joint venture.

9. Deferred Tax

The net movement on the deferred tax account is as follows:

	£000
At 31 December 2011	4,753
Income statement charge	(96)
Deferred tax charge due to change of corporation tax rate	(382)
At 30 June 2012	4,275
Income statement charge	(497)
At 31 December 2012	**3,778**

The movement in deferred tax assets is as follows:

	Accelerated tax depreciation £000	Losses £000	Other £000	Total £000
At 31 December 2011	(2)	3,872	883	4,753
Charged to income statement	(1)	(465)	(12)	(478)
At 30 June 2012	(3)	3,407	871	4,275
Charged to income statement	—	(497)	—	(497)
At 31 December 2012	**(3)**	**2,910**	**871**	**3,778**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has capital losses amounting to £20,449,000 (2011: £20,449,000) that have not been recognised as the Directors consider the realisation of the losses is not expected to crystallise in the foreseeable future.

Notes to the half-yearly financial report (continued)

for the six months ended 31 December 2012

10. Trade and other receivables

	Six months ended 31 December 2012 (unaudited) £000	Six months ended 31 December 2011 (unaudited) £000	Year ended 30 June 2012 (audited) £000
Prepayments and accrued income	**846**	1,034	891
Other receivables falling due within one year	**7,243**	6,387	1,741
Other receivables falling due after more than one year	**55**	70	55
	8,144	7,491	2,687

Other receivables includes an amount of £4.3 million (2011: £2.6 million) accrued in respect of costs and sales invoices charged to DGVL. The carrying value is considered a reasonable approximation of fair value.

Other receivables also includes an amount of £nil (2011: £3.0 million) loaned to DGVL in respect of financing arrangements referred to in note 4 'Critical judgements in applying the entities accounting policies'.

11. Share capital

	Six months ended 31 December 2012 (unaudited) Number	Six months ended 31 December 2011 (unaudited) Number	Year ended 30 June 2012 (audited) Number
Shares in issue			
Shares in issue at start of period	**182,999,484**	182,999,484	182,999,484
Shares issued	**—**	—	—
Shares in issue at end of period	**182,999,484**	182,999,484	182,999,484

12. Other financial liabilities

	Six months ended 31 December 2012 (unaudited) £000	Six months ended 31 December 2011 (unaudited) £000	Year ended 30 June 2012 (audited) £000
Deferred purchase consideration falling due within one year	**5,953**	—	6,768
Zero dividend preference shares falling due after more than one year	**8,519**	—	—
	14,472	—	6,768

13. Copies of our half-yearly financial report can be viewed and downloaded from our website at www.inlandplc.com. Copies are also available on request by writing to the Company Secretary at the Registered Office of Inland Homes plc.

Independent review report to Inland Homes plc

Introduction
We have reviewed the condensed set of financial statements in the half-yearly financial report of Inland Homes plc for the six months ended 31 December 2012 which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Changes in Equity, Group Statement of Cash Flows and notes 1 to 12. We have read the other information contained in the half-yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements. This report is made solely to the Company's members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility
Our responsibility is to express a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Grant Thornton UK LLP
Chartered accountants & statutory auditors
Reading
19 March 2013

Notes

For more information scan the QR code with your smartphone to take you straight to our website.

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