



Inlandplc

Interim Report for the six months ended 31 December 2006



creative thinking in brownfield regeneration

Inlandplc

“Inland is a dynamic residential and mixed use development company specialising in navigating our complex planning system to maximise the value of land, creating substantial environmental improvements and excellent returns for our shareholders”

Highlights

- 🎯 First two land sales achieved
- 🎯 Substantial further equity raised
- 🎯 Over 700 potential building plots now secured
- 🎯 Strong growth at Howarth Homes plc
- 🎯 Inland team strengthened



Queensgate, Farnborough

Minet Drive, Hayes, Middlesex

Chief Executive's Interim Statement

Inland plc is pleased to announce its interim results for the six months ended 31st December 2006.

From a standing start in July 2005 the Group has made outstanding progress as we believe these results demonstrate with over 700 potential building plots owned or controlled.

The Group has raised £11.2m from private and institutional investors ahead of our planned flotation on the AIM market to provide additional working capital primarily for land acquisition.

We are now preparing a major planning application for our Queensgate, Farnborough project which comprises 24.5 acres of brownfield land purchased from Defence Estates. Whilst there are still a number of hurdles to be overcome the site which is allocated for a mixed use development should in due course provide up to 500 homes as well as some commercial development. Short term rental income from the site currently provides £220,000 per annum.

Apart from Farnborough we have 8 other projects on which we are seeking planning consents.

During the period 25 building plots on two sites were sold with planning permissions secured by Inland. The sale of these sites produced an average return on equity of 125% and an average return on capital employed of 97% which we believe is highly satisfactory.

We believe our investment in Howarth Homes plc has excellent prospects. We have invested £1m in equity and convertible loan stock which would allow Inland to own up to 30% of Howarth on full conversion.

We have provided Howarth with a mezzanine facility of £2m which together with improved banking facilities from Royal Bank of Scotland has enabled significant growth to take place over the last 12 months. Howarth currently have 9 sites under construction comprising over 200 homes with over 40% having been pre-sold.

The planning system is unfortunately continuing to deteriorate and despite our tenacious approach and the skills of the land team and the professionals we work with, each consent is a hard fought battle. It is therefore to our credit that the first few consents have been obtained and sales generated within such a short space of time. We expect some further consents and sales in the second half of the year but timing is difficult to predict.

Against a backdrop of a stable housing market and an acute shortage of sites with planning permission in popular areas, we believe the prospects for Inland to become a major force in the residential development market look extremely attractive.

Stephen Wicks
Chief Executive

Consolidated Income Statement

Notes	6 months to 31 December 2006 (Unaudited) £000	Period to 30 June 2006 (Unaudited) £000
Revenue	3,867	-
Cost of sales	(1,810)	(5)
Gross profit/(loss)	2,057	(5)
Administrative expenses	(640)	(733)
Operating profit/(loss)	1,417	(738)
Interest expense	(586)	(53)
Interest income	198	49
	1,029	(742)
Share of (loss)/profit of associate	(19)	62
Profit/(loss) before taxation	1,010	(680)
Income tax	(306)	214
Profit/(loss) for the period	704	(466)
Earnings/(loss) per share		
Basic and diluted earnings/(loss) per share (pence)	1.49p	(3.28)p
3		

Consolidated Balance Sheet

	Note	At 31 December 2006 (Unaudited) £000	At 30 June 2006 (Unaudited) £000
ASSETS			
Non-current assets			
Property, plant and equipment	4	59	36
Investments	5	1,006	808
Investments in associates	5	243	262
Deferred tax		159	214
		1,467	1,320
Current assets			
Inventories		27,119	3,533
Trade and other receivables		492	82
Loan to Associate		2,270	380
Cash and cash equivalents		4,568	815
		34,449	4,810
Total assets		35,916	6,130
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	6	6,212	3,279
Share premium account		7,635	699
Retained earnings		238	(466)
Other reserves		6	-
Total equity		14,091	3,512
LIABILITIES			
Current liabilities			
Trade and other payables		321	596
Current tax liabilities		251	-
Deferred purchase consideration		4,957	1,497
Borrowings		1,700	525
Total current liabilities		7,229	2,618
Non-current liabilities			
Deferred purchase consideration		14,596	-
Total non-current liabilities		14,596	-
Total liabilities		21,825	2,618
Total equity and liabilities		35,916	6,130

The interim statement was approved by the Board of Directors on 6 March 2007.

Stephen Wicks,
Director

Nish Malde
Director

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Total £000
Loss attributable to shareholders	-	-	(466)	-	(466)
Total recognised income and expense	-	-	(466)	-	(466)
Issue of equity	3,279	699	-	-	3,978
At 30 June 2006	3,279	699	(466)	-	3,512
Fair value adjustment in respect of available for sale financial assets	-	-	-	6	6
Net income recognised directly in equity	-	-	-	6	6
Profit attributable to shareholders	-	-	704	-	704
Total recognised income and expense	-	-	704	6	710
Issue of shares	2,933	6,936	-	-	9,869
At 31 December 2006	6,212	7,635	238	6	14,091

Consolidated Cash Flow Statement

	6 months to 31 December 2006 (Unaudited) £000	Period to 30 June 2006 (Unaudited) £000
Cash flows from operating activities		
Profit/(loss) for the period before tax	1,010	(680)
Adjustments for:		
- depreciation	6	6
- interest income	(198)	(49)
- interest expense	586	53
- Share of profit of Associate	19	(62)
Changes in working capital (excluding the effects of acquisition):		
- increase in inventories	(26,772)	(3,582)
- increase in trade and other receivables	(2,300)	(462)
- increase in trade and other payables	20,444	2,106
Net cash outflow from operating activities	(7,205)	(2,670)
Investing activities		
Interest received	193	41
Purchases of property, plant and equipment	(29)	(43)
Purchase of listed investments	(186)	-
Equity investment in Associate	-	(200)
Convertible Loan Stock in Associate	-	(800)
Net cash used in investing activities	(22)	(1,002)
Financing activities		
Interest paid	(64)	(16)
Repayments of bank borrowings	(525)	-
New bank loans raised	1,700	525
Issue of shares	9,869	3,978
Net cash from financing activities	10,980	4,487
Net increase in cash and cash equivalents	3,753	815
Cash and cash equivalents at beginning of period	815	-
Cash and cash equivalents at the end of the period	4,568	815

Notes to the Consolidated Interim Statement

The financial information contained in this report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The full accounts for the period ended 30 June 2006, which were prepared under UK GAAP and which received an unqualified report from the auditors, and did not contain a statement under s237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies. The unaudited financial information contained in this report has been prepared on the basis of the accounting policies set out in note 1. Comparative figures for the period ended 30 June 2006 contained within this report are detailed together with reconciliations explaining the transition to IFRS are in the notes to the consolidated interim statement.

1. Accounting Policies

The financial statements have been prepared using the accounting policies adopted by the Group for the period ended 30 June 2006 except in so far as they have been amended as result of adopting International Financial Reporting Standards. All of the new or revised accounting policies are detailed below. The comparative figures for 30 June 2006 have been derived from the audited financial statements for that period, adjusted where necessary for the inclusion of changes resulting from the adoption of International Financial Accounting Standards.

Basis of preparation

The consolidated interim statement has been prepared in accordance with recognition and measurement requirements of International Financial Reporting Standards ("IFRS") IAS 34 Interim Financial reporting. This statement does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the period ended 30 June 2006.

The financial statements have been prepared under the historical cost convention except that they have been modified to include the revaluation of certain non-current assets. The measurement bases and principal accounting policies of the Group are set out below.

The policies have changed from the previous period, its first accounting period, when the financial statements were prepared under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP). The comparative information has been restated in accordance with IFRS. The changes to accounting policies are explained in the notes, together with the reconciliation of the result for the period and the closing balance sheet.

The Group has taken advantage of certain exemptions available under IFRS 1 First-time adoption of International Financial Reporting Standards. The exemptions are explained under respective accounting policies.

Standards in issue but not yet effective

IFRS 7 Financial Instruments requires new disclosures relating to financial instruments. This standard will not have an impact on the classification or valuation of the Groups financial instruments.

IFRS 8 Operating Segments requires the Group to adopt a management approach to reporting on their operating segments. This standard will not have an impact on the Group reporting segments.

Basis of consolidation

The Group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 December 2006. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Notes to the Consolidated Interim Statement

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Associates

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. Acquired investments in associates are also subject to purchase method accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated income statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's equity are recognised in the consolidated equity of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied, excluding VAT and trade discounts. Revenue is recognised upon the transfer of risk to the customer.

Sale of land

Revenue from the sale of land is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when contracts have been completed

Notes to the Consolidated Interim Statement

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold which is generally when the contract has been completed
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rental income is recognised on a straight line basis over the lease term.

Dividends

Dividends are recognised when the shareholders right to receive payment is established.

Property, plant and equipment

Property, plant and equipment is stated at cost or valuation, net of depreciation and any provision for impairment.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale or revaluation of held for sale assets is included in "other income" or "other expense" in the income statement. Any revaluation surplus remaining in equity on disposal of the asset is transferred to the profit and loss reserve.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by the straight line method where it reflects the basis of consumption of the asset. The rates generally applicable are:

Fixtures & fittings - 25%

Office and computer equipment - 25%

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Notes to the Consolidated Interim Statement

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Cost includes cost of land and associated costs in relation to acquisition and process of application for planning permission less discount for deferred payment terms. Net realisable value is the anticipated sale value less costs to obtain planning permission.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures unless reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land not included in inventories) in which case the related deferred tax is also charged or credited directly to equity.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are split into land and buildings elements according to the relative fair values of the leasehold interests at the date of entering into the lease agreement.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Notes to the Consolidated Interim Statement

Employee benefits

Defined Contribution Pension Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Financial assets

Financial assets, are divided into the following categories: loans and receivables and financial assets at fair value through profit or loss. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit and loss are recognised at fair value plus finance costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the income statement.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity as at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement. Financial assets originally designated as financial assets at fair value through profit or loss may not be re-classified subsequently.

Financial assets are designated as at fair value through profit or loss where they eliminate or significantly reduce a measurement (or recognition) mismatch.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and loans to Associate are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Regular way purchases and sales are accounted for on trade date.

Interest and other cash flows resulting from holding financial assets are recognised in the income statement when receivable, regardless of how the related carrying amount of financial assets is measured.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire, or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Notes to the Consolidated Interim Statement

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are classified as held-for-trading or designated as at fair value through profit or loss on initial recognition. Financial liabilities are designated as at fair value through profit or loss where they eliminate or significantly reduce a measurement (or recognition) mismatch.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in general meeting prior to the balance sheet date.

Equity

An equity instrument is a contract which evidences a residual interest in the assets after deducting all liabilities. Equity comprises the following:

"Share capital" represents the nominal value of equity shares.

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

"Profit and loss reserve" represents retained profits.

2. Segment Reporting

At 30 June 2006 and 31 December 2006, the Group is organised into one business segments consequently there is no segmental information presented in these preliminary International Financial Reporting Standard financial statements.

Notes to the Consolidated Interim Statement

3. Earnings/[Loss] Per Share

Basic and diluted

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

	6 months to 31 December 2006 (Unaudited) £000	Period to 30 June 2006 (Unaudited) £000
Profit/(loss) attributable to equity holders of the Company	704	(466)
Weighted average number of ordinary shares in issue (thousands)	47,258	14,195
Basic and diluted profit/(loss) per share in pence	1.49p	(3.28)p

There are no potentially dilutive shares in issue.

4. Property , Plant & Equipment

	Motor vehicles £000	Fixtures & fittings £000	Office equipment £000	Total £000
Cost				
At 1 July 2006	-	14	28	42
Additions	23	6	-	29
At 31 December 2006	23	20	28	71
Depreciation				
At 1 July 2006	-	1	5	6
Charge for period	-	2	4	6
At 31 December 2006	-	3	9	12
Net book value				
At 31 December 2006	23	17	19	59
At 1 July 2006	-	13	23	36

Notes to the Consolidated Interim Statement

5. Investments

	Associate £000	Available for sale assets £000	Equity in Convertible Loans £000	Loans £000	Total £000
Cost					
At 1 July 2006	262	-	39	769	808
Additions	-	186	-	-	186
Fair value adjustment	-	6	-	-	6
Notional interest adjustment	-	-	-	6	6
Share of profit of associates	(19)	-	-	-	-
At 31 December 2006	243	192	39	775	1,006
Net book value					
At 31 December 2006	243	192	39	775	1,006

6. Share Capital

Shares in issue

	6 months to 31 December 2006 (Unaudited)	period to 30 June 2006 (Unaudited)
Shares in issue at start of period	32,792,866	-
Shares issued	29,329,193	32,792,866
Net shares in issue	62,122,059	32,792,866

7. UK GAAP Reconciliations

Introduction

Inland plc has previously produced and filed financial statements under UK Generally Accepted Accounting Practice (UK GAAP). For the purpose of the Admission Document it has produced this consolidated interim financial statement in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Reconciliations between IFRS and UK GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS, with notes to the reconciliations:

- net income at 30 June 2006
- equity at 30 June 2006

Equity at 16 June 2005 under IFRS is the same as under UK GAAP. The cash flow statement for the period ended 30 June 2006 under IFRS is also the same as under UK GAAP apart from presentational differences.

Notes to the Consolidated Interim Statement

Reconciliation of net income for period ended 30 June 2006

	UK GAAP £000	Associate's profit £000	Notional interest £000	Convertible loan stock £000	IFRS £000
Revenue	-	-	-	-	-
Cost of sales	(5)	-	-	-	(5)
Gross loss	(5)	-	-	-	(5)
Administrative expenses	(733)	-	-	-	(733)
Operating loss	(738)	-	-	-	(738)
Finance costs - net	17	-	(29)	8	(4)
	(721)	-	(29)	8	(742)
Share of profit of associate	-	62	-	-	62
Loss before tax	(721)	62	(29)	8	(680)
Taxation	214	-	-	-	214
Loss for the period	(507)	62	(29)	8	(466)

Notes to the Consolidated Interim Statement

Reconciliation of equity at 30 June 2006

	UK GAAP £000	Associate's profit £000	Notional interest £000	Convertible loan stock £000	IFRS £000
ASSETS					
Non-current assets					
Property, plant & equipment	36	-	-	-	36
Investments	1,000	62	-	8	1,070
Deferred tax	214	-	-	-	214
	1,250	62	-	8	1,320
Current assets					
Inventories	3,582	-	(49)	-	3,533
Trade and other receivables	82	-	-	-	82
Loan to associate	380	-	-	-	380
Cash and cash equivalents	815	-	-	-	815
	4,859	-	(49)	-	4,810
Total assets	6,109	62	(49)	8	6,130
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	3,279	-	-	-	3,279
Share premium account	699	-	-	-	699
Retained earnings	(507)	62	(29)	8	(466)
Total equity	3,471	62	(29)	8	3,512
LIABILITIES					
Current liabilities					
Trade and other payables	596	-	-	-	596
Deferred purchase consideration	1,517	-	(20)	-	1497
Borrowings	525	-	-	-	525
Total current liabilities	2,638	-	(20)	-	2,618
Total liabilities	2,638	-	(20)	-	2,618
Total equity and liabilities	6,109	62	(49)	8	6,130

Notes to the reconciliations

- The Group has applied IAS 28: Investments in Associates to its investment in Howarth Homes plc at 30 June 2006. The effect of equity accounting for Howarth Homes plc as an Associate is to take the Group's share of profit after tax of the Associate which amounts to £62,000.
- In accordance with IAS 39, deferred payments arising from land creditors are to be held at discounted present value, hence recognising a financing element over the period of the deferred settlement terms. The land creditor is then increased to the settlement value over the period of financing, with the financing element charged as interest expense through the income statement.

Notes to the Consolidated Interim Statement

The value of land held on the balance sheet and the corresponding land creditor is reduced by the financing element. The reduction in land value in inventories will result in an eventual reduction in cost of sales as the land is traded out. For the period ended 30 June 2006, this has resulted in an inclusion of notional interest of £29,000, a reduction of inventories by £49,000 and a net reduction in land creditors of £20,000.

- c) The Group has applied IAS 39: Financial instruments: Recognition and Measurement to the Convertible Loan Stock in Howarth Homes plc. The effect of this is to separate the equity element of the convertible loan stock from the loan by discounting the asset to its net present value. The loan is then increased to the settlement value over the period of the loan stock with the net interest credited to the income statement with a corresponding increase in the loan stock. The effect of applying this Standard is to increase interest received by £8,000 and account for the equity element of the convertible loan stock at £39,000 and reducing the loan stock by a net amount of £31,000.

Independent Review Report to Inland PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 December 2006 which comprises the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and the related notes 1 to 7. We have read the other information contained in the interim statement which comprises only the chief executives review and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

This report is made solely to the company in accordance with guidance contained in APB Bulletin 1999/4 "Review of Interim Financial Information". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a 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, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The interim statement including the financial information contained therein is the responsibility of, and has been approved by, the directors. They are responsible for preparing the interim report and ensuring that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

As disclosed in note 7, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union. This interim report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports except for the 31 December 2005 interim results are not included.

The accounting policies are consistent with those that the directors intend to use in the next annual financial statements.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 "Review of Interim Financial Information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2006.

Grant Thornton UK LLP
Chartered Accountants
London Thames Valley Office
Slough
6 March 2007

Company Information

Directors	Terry Roydon Stephen Wicks Nish Malde FCA	Non Executive Chairman Chief Executive Finance Director
Secretary	Nish Malde	
Auditor	Grant Thornton UK LLP Churchill House Chalvey Road East Slough Berkshire SL1 2LS	
Bankers	Royal Bank of Scotland Corporate Banking, St Albans 3rd Floor, Building 1 Centrium, Griffiths Way St Albans Herts AL1 2RD	
Solicitors (Property)	GCL Connaught House Alexandra Terrace Guildford Surrey GU1 3DA	
Solicitors (Corporate)	Dorsey & Whitney LLP 21 Wilson Street London EC2M 2TD	
Stockbrokers	KBC Peel Hunt 111 Old Broad Street London EC2N 1PH	
Financial PR	Buchanan Communications 45 Moorfields London EC2Y 9AE	

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