29 September 2014

Inland Homes plc

brownfield regeneration specialists and home builders

('Inland' or the 'Company' or the 'Group')
Preliminary results for the year ended 30 June 2014
Record results driven by strategic expansion of housebuilding activity

Inland Homes, the specialist housebuilder and brownfield land developer, today announces its preliminary results for the year ended 30 June 2014.

	2014	2013	Change
Revenue	**£39.8m**	£31.1m	+28.0%
Profit before tax	**£8.6m**	£5.2m	+65.7%
Period-end cash balance	**£11.2m**	£12.2m	-8.2%
Net asset value per share[1]	**31.6p**	28.7p	+10.1%
Basic earnings per share	**2.87p**	1.98p	+45.0%
Dividend per share	**0.60p**	0.27p	+122.2%

[1] Excludes the Group's interest in Drayton Garden Village Limited ('DGVL') from which Inland expects to derive a further 2.8p per share net of tax, and unrealised added value accumulated within the land bank due to planning permissions achieved on some sites.

Group Highlights

- Record performance, ahead of market expectations;
- Strategic expansion of housebuilding activity proceeding according to plan and delivering results; 114 units (2013: 55) completions in the year (including units managed on behalf of DGVL);
- Continued growth in land bank, which currently stands at a record 3,734 plots (3 October 2013: 2,306) with 1,318 plots consented (3 October 2013: 1,057);
- Dividend increased 122 per cent to 0.60p (2013: 0.27p), reflecting the Group's strong financial position and confidence in the short- and medium-term outlook.

Outlook

- Market conditions remain buoyant: demand for private housing in south and south-east of England increasing; continuing strong demand for consented land from housebuilders;
- Very strong forward sales position of £54.6 million with 436 units under construction; targeting approximately 270 unit completions in the current financial year;
- Actively targeting opportunities within the private rented sector; recently signed heads of terms with an institutional investor for a development of over 200 homes at Drayton Garden Village
- Heads of terms agreed with Group's financial partners for development of Wilton Park, Beaconsfield; Inland to receive up to 80 per cent of the net profit of the project;
- Core strategic goal of growing land bank remains; continue to see a healthy pipeline of opportunities and confident of achieving further land bank growth throughout the course of the current financial year and beyond.

Stephen Wicks, Chief Executive of Inland commented:

"This is an excellent set of results, ahead of market expectations, and provides further evidence that the strategic expansion of our housebuilding activity was well timed and effective.

"More importantly, we have been able to significantly increase our land bank, which stands at a record level, alongside the increase in housebuilding activity, providing a rich platform for future growth.

"We have entered the current financial year in robust financial shape and with excellent momentum. Market conditions remain in our favour and I am confident that the Group will continue to deliver on its strategic goals and make further, exciting progress."

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Notes to Editors:
Inland Homes acquires brownfield land in the South and South-East of England principally for residentially led development schemes. The business then enhances the land value by obtaining planning permission, before building open market and affordable homes or selling surplus consented land to other developers to generate cash to reinvest in new brownfield opportunities.

Chairman's statement

"I am very pleased to be reporting on another excellent year for Inland Homes plc during which the Group has increased pre-tax profits by more than 65%"

The performance of the business has been outstanding with all of our strategic objectives having been achieved. These include increasing our housebuilding completions, substantially growing our land bank and achieving industry leading margins.

Private unit completions (including those managed on behalf of Drayton Garden Village Limited (DGVL)) more than doubled to 114 (2013: 55) with 436 units under construction across nine development sites. The unmet demand for homes in the UK continues to grow, a situation that is exacerbated by the continuing shortage of supply. The demand in the south and south east of England, where the Group operates, is particularly strong and is demonstrated by the forward sales position, for both Inland and DGVL, of £54.6m in respect of units which have been reserved or where contracts have been exchanged. This places us in a strong position and we would expect that our net borrowings, which at the year end amounted to £28.8m (2013: £3.9m), to reduce significantly over the next 6 months as a result of these forward sales, along with a number of planned land disposals.

The number of building plots sold in the year, including plots sold by DGVL, was 169 (2013: 451) reflecting our strategy to grow our housebuilding activities. Despite the land disposals and unit completions, I am pleased to report that the land bank has also increased by 61.9% since 3 October 2013 to 3,734 plots (including those managed on behalf of DGVL) of which 1,318 plots have planning permission. This pipeline of residential plots is anticipated to result in future gross development value of approximately £1.1bn. In addition to these plots the the land bank contains commercial space which currently generates annual rental income of £605,000.

The Group's operating expenses increased as we continued to invest in personnel in line with our growing turnover and profitability.

Given the Group's strong earnings, growth and forward sales position the Board is proposing to increase the dividend by 122.2% to 0.6p (2013: 0.27p) per share subject to shareholders' approval at the AGM which is to be held on 1 December 2014. The final dividend will be paid to shareholders on 9 January 2015.

I would like to take this opportunity to thank our small, entrepreneurial and highly motivated team for all their hard work which has been reflected by these highly commendable and record results. They continue to create inspiring development opportunities that I have no doubt will stand the Group in good stead over future years.

Terry Roydon
Chairman

Chief Executive's Review

"Our performance this year demonstrates that we have the right strategy going forward. The Group is in an excellent shape with tremendous momentum behind us as we move into the new financial year"

This was another outstanding year of progress for Inland Homes.

We are benefiting from better market conditions with improved mortgage availability, together with the boost for home buyers provided by the Government's Help to Buy initiative. Of the 114 private legal completions, 62 purchasers used the funding provided under this scheme.The core activity of our business remains the acquisition of predominantly brownfield land acquired without planning permission. We have also made a decision to supplement our brownfield activities with a number of longer term strategic sites where land is secured under a long term option at a discount to market value. The land portfolio includes six such sites with the potential for 620 plots.

Since last year's report a number of substantial milestones were achieved in our site acquisition programme, namely:

RAF Stanbridge, Leighton Buzzard, Bedfordshire
- Former MoD site with consent now achieved for 175 plots plus commercial space

Reading Road, Henley, Oxfordshire
- Former commercial site with scope for 55 plots

Lily's Walk, High Wycombe, Buckinghamshire
- Former gas works with scope for 200 plots plus commercial space

Queens Road, High Wycombe, Buckinghamshire
- Consent secured for 14 units

The Vale, Acton, West London
- Builders merchants with scope for 100 plots plus commercial space

Rainsford Road, Chelmsford, Essex
- Former public house where we have secured consent for 14 units

Tiptree, Essex
- Former sports ground with scope for 40 plots

Meridian, Southampton, Hampshire
- Former TV studios on seven acres with scope for 350 plots

Aylesbury, Buckinghamshire
- Joint venture with another developer. A 50 acre site to be acquired jointly with scope for in excess of 300 plots plus commercial space

Loudwater, Buckinghamshire
- A five acre investment property site producing income and having development potential and is of strategic importance for the development of a wider area

Wilton Park, Beaconsfield, Buckinghamshire
- Financial partners of Inland have now completed the purchase of this 100 acre site from the Ministry of Defence, who are being challenged by a third party by way of a Judicial Review in respect of the sale. Shareholders may recall that Inland own the preferred access to this site which has been allocated in the Local Plan for in excess of 300 new homes. An agreement will be concluded with our financial partners shortly after the Judicial Review process is concluded.

The number of residential plots in the land bank of the Group and those separately held by DGVL is currently as follows:

Owned or contracted with planning consent	1,070
Drayton Garden Village with planning consent	248
Owned or contracted without planning consent	605
Plots controlled or term agreed	1,811
Total plots	**3,734**

Whilst commercial investment and development is not a core activity, current annual rental income generated by the land bank now exceeds £600,000. This has been bolstered by the lease to Sainsbury's at Drayton Garden Village that was let on a 15 year term with a starting rent of £64,000 per annum.

Of particular note in the year was our development at West Plaza, Ashford in Middlesex of 152 apartments. This project is nearing completion with total anticipated revenue of approximately £33.0m. 90% of the apartments are either contracted for sale or legally completed.

Planning permission was received for our development of 152 apartments and commercial space at Callis Yard, Woolwich in London. This is a brownfield site which is opposite a new Crossrail station and close to the town centre. The planning consent has resulted in a very significant increase in the value of the site over its carrying value.

The strategy of acquiring sites in the outer boroughs of London is gathering momentum and we were particularly pleased with the unconditional purchase of a builder's yard in Acton, West London which should yield over 100 residential plots along with some commercial space.

Significant planning approvals or resolutions to grant planning permission gained in the in the year are as follows:

Site	**Plots**
Europa Way, Ipswich	94
Callis Yard, Woolwich	152
Vale Road, Bushey	41
Station Road, Gerrards Cross, Bucks	30
Queensgate, Farnborough	26
Other smaller sites	35
Total	**378**

One of our intentions is to make forward sales of the units we construct to organisations that specialise in building up private rental portfolios. Heads of terms have recently been signed for a substantial development at Drayton Garden Village of over 200 homes with an institution seeking to build a private rental portfolio in the UK. The construction is intended to be financed via the Government's "Build to Rent" scheme.

We believe that with home ownership now being out of the reach for an increasingly large group of the younger population, private rental homes which are properly managed by long term landlords will become very popular with home occupiers as well as forming an exciting new asset class for institutional investors. Inland expects to have substantial involvement in this sector using sites from its well located land bank.

As mentioned in the Chairman's Statement, these are excellent results but the key factor is that we have created a sound platform for growth. In addition, our performance this year demonstrates that we have the right strategy going forward.

The Group is in an excellent shape with tremendous momentum behind it as we move into the new financial year.

The considerable progress which is being made at Inland is entirely due to our small, highly motivated team. I would like to thank them for their continued hard work, commitment and support in ensuring we deliver our strategy of growth and value for our shareholders.

Stephen Wicks
Chief Executive

Finance Director's Review

The Group has produced a record set of results for the year ended 30 June 2014 with increasing revenues and profitability from housebuilding. Inland's strategic decision to increase its housebuilding activity was well timed to catch both the recovery in the housebuilding sector as well as the wider economy. Although debt funding for the acquisition of land with or without planning consent has been almost non-existent, there are signs of some entrants into this market. Finance for housebuilding has become far more readily available and this has assisted the expansion of our housebuilding activities.

The key highlights of our financial performance are:

- Revenue has increased by 28.0% to £39.8m (2013: £31.1m);
- Profit before tax has increased by 65.7% to £8.6m (2013: £5.2m);
- Basic earnings per share has increased by 45.0% to 2.87p (2013: 1.98p);
- Dividend per share increased by 122.2% to 0.6p (2013: 0.27p)
- Net assets per share increased by 10.1% to 31.6p (2013: 28.7p), which excludes the Group's share of future profit from DGVL, currently estimated at 2.8p per share net of tax, and any unrealised gains within our land bank;
- Year end cash balance of £11.2m (2013: £12.2m);
- Net gearing (including the accrued ZDP liability) has increased to 45.0% (2013: 6.7%) due to a planned increase in housebuilding;

Trading performance

Group revenue was up by 28.0% to £39.8m (2013: £31.1m). This included land sales of £6.7m (2013: £16.4m), open market unit completions of £18.8m (2013: £11.4m), affordable home sales of £2.5m (2013: £nil) and fee income from DGVL of £6.6m (2013: £3.0m). The gross margin increased to 39.4% (2013: 24.7%) and the open market unit completions generated a gross margin of 27.5% (2013: 21.1%). The average selling price of the private units (including those sold on behalf of DGVL) was £256,000 (2013: £208,000). The Group uses main contractors to construct all the units we build and after administrative overheads of £4.4m (2013: £2.7m) it has achieved an operating margin of 26.4% (2013: 16.3%). Administrative overheads have increased primarily due to an increase in staff costs.

Finance expense

As expected, the Group's net debt has increased to £28.8m in comparison to £3.9m in the previous year primarily due to the expansion in housebuilding, and this resulted in net finance expense to increase to £2.5m (2013: £1.4m). The net finance expense is covered 3.5 times (2013: 3.7 times).

Taxation

The total tax charge represents 32.8% of profit before tax. This is significantly higher than the UK corporation tax rate because the Group wrote off £469,000 of the deferred tax asset due to the reduction in the future rate of corporation tax. £225,000 was also written off the deferred tax asset due to a stock and work in progress credit that has been released to cost of sales as it was originally subject to a notional interest adjustment in respect of deferred land payment terms. The tax charge on current year profits of 25.3% is also high due to the impairment of the fair value of the option over the shares in DGVL and the interest accrued to ZDP shareholders being disallowed for tax purposes.

Earnings per share and dividends

Earnings per share has increased by 45.0% over the previous year to 2.87p (2013: 1.98p). The increase is disproportionate to the increase in profit before tax due to the higher tax charge in the current year as explained above as well as a higher level of brought forward tax losses available for relief in the previous year.

The Board has proposed a final dividend of 0.6p per share for the year ended 30 June 2014, subject to approval by the shareholders. This is an increase of 122.2% in comparison to the previous year, in line with the progressive dividend strategy adopted by the Board and reflecting both the strong set of results as well as the confidence in the Group's financial position. The dividend will be paid on 9 January 2015 to shareholders on the register at the close of business on 12 December 2014. The ex-dividend date is 11 December 2014.

Cash flows

During the year the Group increased operating cash flows before movements in working capital by 125% to £11.6m (2013: £5.1m). The increase in investment in land and the expansion of the housebuilding activity led to £24.5m of cash outflow from operating activities which has predominantly been financed by a planned increase in debt. During the year, lenders have continued to remain very cautious in providing funding for land irrespective of whether it has planning permission or not. The Group had to therefore rely on its own resources as well as vendor financing to fund these purchases. In addition to bank debt, the Group raised £1.1m by way of issuing 934,900 Zero Dividend Preference shares with a gross redemption yield of 5.57% pa.

The net cash inflow from financing activities was £22.6m (2013: £12.3m) and this included proceeds from the sale of 1,325,000 treasury shares of £580,000. It also included the repayment of a loan of £1.0m from our former associate company, Howarth Homes PLC, new loans of £26.3m and dividends paid of £0.5m.

Financial position

The Group's inventories increased by 101.8% over the previous year to £90.3m (2013: £44.7m) due to the purchase of eight new sites during the year as well as an increase in investment due to the number of units under construction. The amount due from DGVL has decreased to £10.5m (2013: £13.7m) resulting in a lower amount of trade and other receivables. Current liabilities increased from £18.5m to £51.0m as land creditors, trade creditors and loan balances have increased. Net gearing at the year end (including the accrued ZDP liability) was 45.0% (2013: 6.7%) and net assets increased to £64.0m (2013: £57.7m) equating to 31.6p per share. It should be noted that this figure excludes the Group's share of future profit from DGVL, currently estimated at approximately 2.8p per share net of tax. It also excludes the unrealised added value accumulated within the land bank due to planning permissions achieved on some of the sites.

Nishith Malde
Group Finance Director

Group Income Statement
for the year ended 30 June 2014

Continuing operations	Note	**2014 Unaudited £000**	2013 Audited £000
Revenue	2	**39,824**	31,116
Cost of sales	2	**(24,126)**	(23,431)
Gross profit		**15,698**	7,685
Administrative expenses		**(4,353)**	(2,652)
(Loss)/profit on investments		**(822)**	48
Operating profit		**10,523**	5,081
Finance cost – interest expense		**(2,751)**	(1,419)
Finance cost – notional interest		**(57)**	(270)
Finance income – notional interest		**263**	226
Finance income – interest receivable and similar income		**45**	83
		8,023	3,701
Share of profit from Howarth (former associate)		**—**	330
Profit on disposal of investment in Howarth (former associate)		**—**	292
Share of profit of joint venture		**613**	889
Profit before tax		**8,636**	5,212
Income tax	3	**(2,830)**	(1,559)
Profit for the year		**5,806**	3,653
Attributable to:			
Equity holders of the Company		**5,806**	3,653
Earnings per share for profit attributable to the equity holders			
of the Company during the year			
– basic	4	**2.87p**	1.98p
– diluted	4	**2.70p**	1.97p

Group Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	**2014 Unaudited £000**	2013 Audited £000
Profit for the year		**5,806**	3,653
Other comprehensive income		**—**	—
Total comprehensive income for the year		**5,806**	3,653

Group Statement of Financial Position

at 30 June 2014

	Note	**2014 Unaudited £000**	2013 Audited £000
ASSETS			
Non-current assets			
Investment property		**7,681**	7,681
Property, plant and equipment		**153**	173
Investments		**541**	1,363
Joint ventures		**—**	243
Receivables due in more than one year		**55**	55
Deferred tax	5	**2,767**	3,414
Total non-current assets		**11,197**	12,929
Current assets			
Inventories		**90,275**	44,736
Trade and other receivables		**13,983**	15,085
Loan to Howarth (former associate)		**—**	1,000
Listed investments held for trading (carried at fair value through profit and loss)		**1**	1
Cash and cash equivalents		**11,169**	12,154
Total current assets		**115,428**	72,976
Total assets		**126,625**	85,905
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**20,280**	20,131
Share premium account		**34,033**	33,695
Treasury shares		**—**	(366)
Special reserve		**6,059**	6,059
Retained earnings		**3,649**	(1,789)
Total equity		**64,021**	57,730
LIABILITIES			
Current liabilities			
Bank loans and overdrafts		**19,192**	1,613
Other loans		**9,231**	4,710
Trade and other payables		**10,497**	3,559
Corporation tax		**2,808**	625
Other financial liabilities	6	**9,324**	7,947
Total current liabilities		**51,052**	18,454
Non-current liabilities			
Zero dividend preference shares		**11,552**	9,721
Total non-current liabilities		**11,552**	9,721
Total equity and liabilities		**126,625**	85,905

Group Statement of Changes in Equity
for the year ended 30 June 2014

	Share capital £000	Share premium £000	Treasury shares £000	Special reserve £000	Retained earnings £000	Total £000
At 30 June 2012 (audited)	18,301	30,794	(366)	6,059	(5,382)	49,406
Share-based payment	—	—	—	—	62	62
Dividend payment	—	—	—	—	(122)	(122)
Issue of equity	1,830	2,901	—	—	—	4,731
Transactions with owners	1,830	2,901	—	—	(60)	4,671
Total comprehensive income for the year	—	—	—	—	3,653	3,653
Total changes in equity	1,830	2,901	—	—	3,593	8,324
At 30 June 2013 (audited)	20,131	33,695	(366)	6,059	(1,789)	57,730
Share-based payment	—	—	—	—	171	171
Dividend payment	—	—	—	—	(540)	(540)
Cancellation of deferred shares	(1)	—	—	—	1	—
Sale of treasury shares	—	214	366	—	—	580
Issue of equity	150	124	—	—	—	274
Transactions with owners	149	338	366	—	(368)	485
Total comprehensive income for the year	—	—	—	—	5,806	5,806
Total changes in equity	149	338	366	—	5,438	6,291
At 30 June 2014 (unaudited)	**20,280**	**34,033**	**—**	**6,059**	**3,649**	**64,021**

Group Statement of Cash Flows
for the year ended 30 June 2014

	2014 Unaudited £000	2013 Audited £000
Cash flow from operating activities		
Profit for the year before tax	**8,636**	5,212
Adjustments for:		
– depreciation	**71**	49
– profit on disposal of property, plant and equipment	**(3)**	(9)
– share-based compensation	**171**	62
– fair value adjustment for the value of the DGVL option	**822**	(48)
– interest expense	**2,808**	1,689
– interest and similar income	**(308)**	(308)
– share of profit of Howarth (former associate)	**—**	(330)
– profit on disposal of investment in Howarth (former associate)	**—**	(292)
– share of profit in joint venture	**(613)**	(889)
Changes in working capital:		
– increase in investments	**—**	219
– (increase)/decrease in inventories	**(45,540)**	161
– decrease/(increase) in trade and other receivables	**1,365**	(12,228)
– increase in trade and other payables	**8,133**	1,744
Net cash outflow from operating activities	**(24,458)**	(4,968)
Cash flow from investing activities		
Interest received	**45**	83
Purchases of property, plant and equipment	**(51)**	(156)
Sale of property, plant and equipment	**3**	11
Distribution from joint venture	**856**	2,995
Net proceeds on sale of investment in Howarth (former associate)	**—**	1,364
Net cash inflow from investing activities	**853**	4,297
Cash flow from financing activities		
Interest paid	**(1,902)**	(1,072)
Repayment of borrowings	**(3,039)**	(6,531)
New loans	**26,247**	15,244
Equity dividends paid to ordinary shareholders	**(540)**	(122)
Net proceeds on sale of treasury shares	**580**	—
Net proceeds on issue of ordinary shares	**274**	4,731
Receipt of loan repayment from Howarth (former associate)	**1,000**	—
Net cash inflow from financing activities	**22,620**	12,250
Net (decrease)/increase in cash and cash equivalents	**(985)**	11,579
Net cash and cash equivalents at beginning of year	**12,154**	575
Net cash and cash equivalents at end of year	**11,169**	12,154

1. DGVL Arrangement

The Group has entered into an Option and Development Services Agreement (The Agreement) with DGVL. Consistent with prior years the Board has determined that DGVL should not be consolidated in the financial statements of the Group because the group does not have control.

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 advisers, seeking opportunities to generate interim revenues and the potential provision of finance to DGVL in respect of the site known as Drayton Garden Village.

At 30 June 2014 the arrangements in place entitled Inland to 90% of the profits expected to be realised from the sale of the property over the life of the project. 83.04% for the provision of planning application and property management services completed at the balance sheet date 6.96% of the profits due for the provision of finance to DGVL.

The table below shows the revenue and notional interest recognised by Inland in comparison to the results recognised by DGVL on its sales under UK GAAP:

	2014 Unaudited £000	2013 Audited £000	Cumulative Unaudited £000
Total revenue and notional interest recognised by Inland under IAS18 and 39	**6,855**	3,252	18,010
Results in DGVL (unaudited)			
Residential and commercial plots & completed homes sold	**84**	76	426
Revenue (£000)	**18,423**	5,300	47,369
Gross profit (£000) as per DGVL's unaudited management accounts	**5,723**	1,668	15,820
90% of gross profit (£000) (2013: 74.4%)	**5,151**	1,241	14,238

The accounting policy for revenue recognition by DGVL is as follows:

Turnover comprises the sale of land acquired for resale, the sale of completed properties, the sale of equipment and materials and amounts receivable by the company in respect of other services rendered during the period excluding value added tax. Turnover in respect of the sale of land and properties is recognised at the point of completion, when the title passes. Turnover from other services is recognised as the service is delivered. Turnover on the sale of equipment is recognised on the completion of the sale.

2. Income and segmental analysis

The Group generates income by way of land sales. It also generates income from housebuilding, fees from planning and property management services and other related services. These operating segments are monitored and strategic decisions are made on the basis of segment operating results. The segmental analysis of operations is as follows:

Segmental analysis by activity

2013 (audited)	**Revenue £000**	**Cost of sales £000**	**Gross profit £000**	**Admin costs £000**	**Other £000**	**Operating profit £000**	**Finance (cost)/income £000**	**Other £000**	**Profit before tax £000**
Segment									
Land sales	16,353	(14,400)	1,953	—	—	1,953	(1,054)	—	899
Housebuilding	11,426	(9,020)	2,406	—	—	2,406	(288)	—	2,118
Fee income	3,027	—	3,027	—	—	3,027	254	—	3,281
Rental income	300	(11)	289	—	—	289	—	—	289
Other property sale	10	—	10	—	—	10	—	—	10
Other									
– Profit on investments	—	—	—	—	48	48	—	—	48
– Share of profit from Howarth (former associate)	—	—	—	—	—	—	—	330	330
– Profit on sale of investment in Howarth (former associate)	—	—	—	—	—	—	—	292	292
– Share of profit of joint venture	—	—	—	—	—	—	—	889	889
– Unallocated	—	—	—	(2,652)	—	(2,652)	(292)	—	(2,944)
	31,116	(23,431)	7,685	(2,652)	48	5,081	(1,380)	1,511	5,212

2014 (unaudited)	**Revenue £000**	**Cost of sales £000**	**Gross profit £000**	**Admin costs £000**	**Other £000**	**Operating profit £000**	**Finance (cost)/income £000**	**Other £000**	**Profit Before tax £000**
Segment									
Land sales	**6,734**	**(3,443)**	**3,291**	—	—	**3,291**	**(947)**	—	**2,344**
Housebuilding	**18,843**	**(13,664)**	**5,179**	—	—	**5,179**	**(1,751)**	—	**3,428**
S106 affordable homes	**2,460**	**(2,214)**	**246**	—	—	**246**	—	—	**246**
Contracting on behalf of DGVL	**4,805**	**(4,805)**	—	—	—	—	—	—	—
Fee income	**6,596**	—	**6,596**	—	—	**6,596**	**263**	—	**6,859**
Rental income	**365**	—	**365**	—	—	**365**	—	—	**365**
Other	**21**	—	**21**	—	—	**21**	—	—	**21**
– Loss on investments	—	—	—	—	**(822)**	**(822)**	—	—	**(822)**
– Share of profit of joint venture	—	—	—	—	—	—	—	**613**	**613**
– Unallocated	—	—	—	**(4,353)**	—	**(4,353)**	**(65)**	—	**(4,418)**
	39,824	**(24,126)**	**15,698**	**(4,353)**	**(822)**	**10,523**	**(2,500)**	**613**	**8,636**

All activities arose solely in the United Kingdom.

Transactions with customers making up 10% or more of revenue	**2014 Unaudited £000**	2013 Audited £000
Fee income customer 1	**6,593**	—
Land sales customer 2	**5,347**	3,135
Contracting customer 3	**4,805**	—
Land sales customer 4	—	7,410
Land sales customer 5	—	3,330
	16,745	13,875

	2014 Unaudited £000	2013 Audited £000
Segment assets		
Land:		
Non-current assets — investment property	**7,681**	7,681
Non-current assets — deferred tax	**2,487**	3,159
Current assets – inventories	**55,854**	37,221
Current assets – other	**2,525**	341
	68,547	48,402
Housebuilding:		
Non-current assets — deposit match debtor	**55**	55
Current assets — inventories	**34,421**	7,515
Current assets — other	**159**	498
	34,635	8,068
Fees:		
Non-current assets — investment	**541**	1,363
Current assets — debtor	**10,502**	12,870
Current assets — other	**674**	808
	11,717	15,041
Other:		
Non-current assets — joint venture	**—**	243
Non-current assets — other	**153**	173
Non-current assets — deferred tax	**280**	255
Current assets — loan to Howarth (former associate)	**—**	1,000
Current assets — other	**124**	569
Cash	**11,169**	12,154
	11,726	14,394
Total segmental and entity assets	**126,625**	85,905

	2014 Unaudited £000	2013 Audited £000
Segment liabilities		
Land:		
Current liabilities — trade creditors	**2,203**	851
Current liabilities — loans	**2,000**	832
Current liabilities — other	**1,416**	1,056
Current liabilities — purchase consideration	**9,324**	7,947
	14,943	10,686
Housebuilding:		
Current liabilities — trade creditors	**3,607**	1,216
Current liabilities — other loans	**7,231**	3,878
Current liabilities — bank loans	**19,192**	1,613
Current liabilities — other creditors	**2,013**	363
	32,043	7,070
Fees:		
Current liabilities — other creditors	**—**	200
	—	200
Other:		
Current liabilities — trade creditors	**159**	65
Current liabilities — other creditors	**3,907**	433
Non-current liabilities — zero dividend preference shares	**11,552**	9,721
	15,618	10,219
Total segmental and entity liabilities	**62,604**	28,175

3. Income tax

	2014 Unaudited £000	2013 Audited £000
Tax charge on associate and joint venture profits	**—**	73
Current tax charge	**2,183**	625
Deferred tax asset released due to change of corporation tax rate	**469**	—
Deferred tax charge	**178**	861
	2,830	1,559

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the consolidated companies as follows:

	2014 Unaudited £000	2013 Audited £000
Profit before tax	8,636	5,212
Profit on ordinary activities multiplied by the standard rate		
of corporation tax in the UK of 22.5% (2013: 24%)	1,943	1,251
Expenses not deductible for tax purposes	49	122
Profit on disposal of associate	—	(207)
DGVL option impairment not deductible for tax purposes	148	—
ZDP interest not deductible for tax purposes	163	—
Other temporary differences	—	9
Utilisation of tax losses	(120)	(554)
Difference between capital allowances and depreciation	—	4
Tax charge	2,183	625

4. Earnings and net asset value per share

Basic and diluted EPS

Basic and diluted earnings per share is 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.

	2014 Unaudited	2013 Audited
Profit attributable to equity holders of the Company (£000)	**5,806**	3,653
Net assets attributable to equity holders of the Company (£000)	**64,021**	57,730
Weighted average number of ordinary shares in issue (000)	**202,093**	184,860
Dilutive effect of options (000)	**12,755**	872
Weighted average number of ordinary shares used in determining diluted EPS (000)	**214,848**	185,732
Basic earnings per share in pence	**2.87p**	1.98p
Diluted earnings per share in pence	**2.70p**	1.97p
Shares in issue (000)	**202,799**	201,299
Net asset value per share in pence	**31.57p**	28.68p

5. Deferred tax

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

	£000
At 1 July 2013 (audited)	3,414
Income statement charge	(647)
At 30 June 2014 (unaudited)	**2,767**

The movement in deferred tax assets is as follows:

	Losses £000	Other £000	Total £000
At 1 July 2013 (audited)	2,636	778	3,414
Charged to income statement	(419)	(228)	(647)
At 30 June 2014 (unaudited)	**2,217**	**550**	**2,767**

The deferred tax asset is recoverable as follows:

	2014 Unaudited £000	2013 Audited £000
Deferred tax asset to be recovered after twelve months	**2,093**	2,512

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 £17,162,000 (2013: £17,162,000) that have not been recognised as the Directors consider the realisation of the losses is not expected to crystallise in the future.

6. Other financial liabilities

	2014 Unaudited £000	2013 Audited £000
Purchase consideration on inventories falling due within one year	**9,324**	7,947
Zero dividend preference shares	**11,552**	9,721
	20,876	17,668

During the year the Group's subsidiary, Inland ZDP PLC issued 934,900 zero dividend preference (ZDP) shares of 10p each for a total cash consideration of £1.1m. The ZDP shares will be repaid on or before 10 April 2019.

7. Contingencies

The Group has the following contingent liability as at 30 June 2014:

A subsidiary undertaking, Poole Investments plc, ceased to participate in its operating subsidiary's pension scheme when it disposed of former subsidiaries in May 2004. The Scheme's principal employer, Pilkington's Tiles Limited went into administration on 14 June 2010 and as a result Poole may be liable for a share of the cost of securing the liabilities of the Scheme pertaining to its two former employees should there be a deficit on the Scheme's fund. The Directors consider that, as at the balance sheet date, material uncertainty exists over the basis and calculation of any obligation that may fall due to Poole. Advice has been sort to clarify the Company's position and as a result no provision has been made in the financial statements as the basis of any provision cannot be reliably established.

8. Publication of non-statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Financial Position at 30 June 2014, the Group Statement of Changes in Equity and the Group Statement of Cash Flows and associated notes for the year then ended have been extracted from the Group's financial statements. Those financial statements have not yet been delivered to the Registrar, nor have the auditors reported on them.

This statement is not being posted to shareholders. The Annual Report and Financial Statements will be posted to shareholders shortly. A copy will also be available on the Company's website, www.inlandplc.com in due course. Further copies are available on request to the Company Secretary at Inland Homes plc.