Half-yearly Financial Report

Unaudited half-yearly financial results for the six months ended 31 December 2013

Stock code: INL

Housebuilders and brownfield regeneration specialists

Who we are

Inland Homes is an established land regeneration business, focused on developing sites in southern England for residential and mixed use projects. Our foundations have been built on a proactive and decisive approach to identifying the right land opportunities, and our ability to navigate the complex planning system and maximise the potential of the final development.

Our versatile structure, relatively small team, local insight and opportunistic approach give us a competitive advantage, ensuring we can react fast to secure the sites we want at a price that works. Once secured, our knowledge of and relationships with local authorities, and the wealth of experience in our land team, is reflected in our 100% record of securing planning consent for our sites.

Our ambitious developments, combining style, comfort and sustainability for a wide social demographic, deliver for our business, our stakeholders, our shareholders and the local community.

Increasingly, we are utilising our own land bank to grow as a housebuilder and this growth will continue to change our revenue profile.

Sustainability is at the heart of everything we do.

Our Business Model

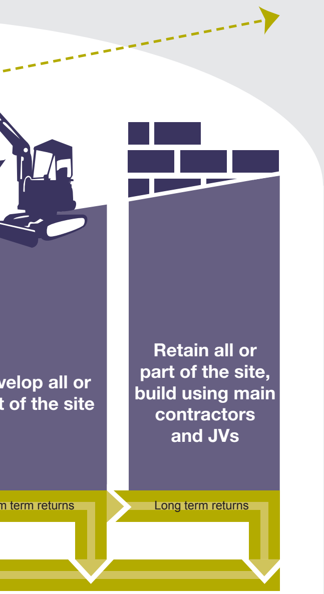
Creating short, medium and long term value

Inland Homes has a defined business model for delivering value in the short, medium and long term. In the recent past, the model has changed to accommodate our growing housebuilding programme, which will deliver greater margins and more regular returns in the medium and long term.

Our Strategy

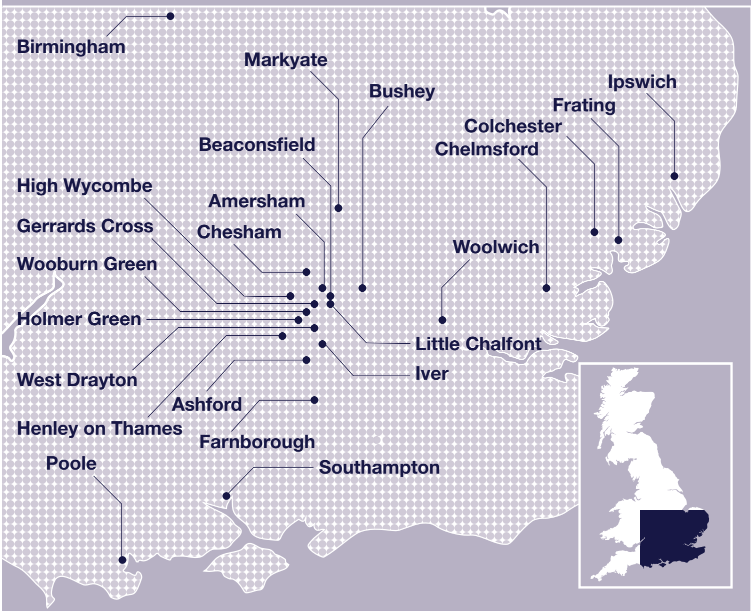
Our strategy focuses on four key goals:

1	**To increase the size of our land bank year on year**
2	**Continue the core activity of plot sales to other developers to generate cash to fund our operations**



Land Portfolio

The land portfolio consists of 3,114 plots across the south of England, owned, controlled or managed by Inland Homes.



Read about Inland Homes'
Developments 02

Read more online
www.inlandplc.com

3 **Maximise the value from our land bank by expanding our housebuilding programme**

4 **Maintain borrowings at a relatively low level through a strong focus on cash management and vendor financing**

Highlights

Group Highlights

- Group delivered a strong performance;
- Expansion of housebuilding activity proving to be well timed and is delivering results; including sales from Drayton Garden Village ('DGV'), 47 homes sold in the period (2012: 15);
- Current land bank increased to 3,114 plots, a record level;
- Group in strong financial shape with gearing maintained at low levels.

Outlook

- Continuing strong demand for 'oven ready' consented land from housebuilders;
- Market conditions remain favourable, with 'Help to Buy' a key selling tool; extension of scheme to 2020 provides clarity and visibility;
- 486 homes under construction (including units managed on behalf of Drayton Garden Village Limited ('DGVL') with a forward order book of either reserved or contracted sales totaling £47.1m; expect to complete the sale of approximately 140 homes between Inland and DGV in the current financial year;
- Healthy pipeline of opportunities, with sufficient resources to increase land bank and continue to accelerate housebuilding activity.

Contents

Our West Plaza development, adjacent to Ashford Hospital in Middlesex, is the flagship of our rapidly expanding house building programme.

Located only 3.5 miles from Heathrow Airport and within easy distance of the M3 and M25 motorways, West Plaza has been designed to provide everything for a perfectly balanced lifestyle. With clean lines and crisp edges, the sleek detailing of the two buildings is enhanced by the interlinked courtyards which have been designed to encourage green living.

Intelligent planning has been applied to each of the 152 private tenure apartments to create light and bright spaces, some with views over the two reservoirs opposite the development. In addition to the convenient transport links, the scheme offers secure underground parking for every apartment.

Key Statistic

4.75

UK sales per week

Key Statistic

Expected GDV of

£31m

West Plaza, Middlesex

Construction started in June 2013 and has progressed rapidly. The concrete frame construction method and the professional and well controlled building techniques of the main contractor have resulted in an undeniably impressive site. The attention to detail is apparent everywhere you look and the efficiencies are such that the build programme has been reduced significantly since the original estimates.

The success of the planning and construction elements of this project are now being translated into an excellent sales position. We achieved a great head start by bulk selling 59 apartments for private rental, followed by a further 14 sales in Hong Kong. Since the UK launch we have sold 38 apartments which is an incredible 4.75 per week, all at prices in excess of budget.

Our first completions are due in June 2014 with the rest of the development following by Spring 2015.


WEST PLAZA


WEST PLAZA
inland homes

Chairman's statement

"Inland's financial performance in the period has largely been driven by the ongoing successful execution of the Group's strategy to become a significant regional housebuilder."

Terry Roydon
Non-executive Chairman

Introduction

The Group performed strongly during the six months to 31 December 2013, delivering a material increase in profitability.

Inland's financial performance in the period has largely been driven by the ongoing successful execution of the Group's strategy to become a significant regional housebuilder. In this regard the Group completed the sale of 33 homes and managed the construction and sale of a further 14 homes at DGV.

To put the housebuilding operations into context, we now have 486 homes under construction (including units managed on behalf of DGVL) with a forward order book of either reserved or contracted sales totalling £47.1 million. For the full year we are expecting to complete the sale of approximately 140 homes between the Inland Group and DGVL, with the intention of increasing this to approximately 270 units in the next financial year.

Results

Revenue in the six month period to 31 December 2013 was £12.8 million (2012: £19.3 million), with a much improved gross margin of 47.8% (2012: 22.2%), as a result of the change in the sales mix.

A breakdown of the revenue is as follows:

	Six months ended 31 December 2013 (unaudited) £000	Six months ended 31 December 2012 (unaudited) £000
Private house sales	7,926	3,121
Affordable housing sales	1,353	—
Land sales	—	15,351
Rental income	151	155
Fee income	3,342	681
Other income	24	—
Total	**12,796**	**19,308**

Gross profit for the half year was £6.1 million (2012: £4.3 million) and operating profit was £4.0 million (2012: £3.2 million). It is therefore very pleasing to report an increase of 19.4% in profit before tax to £3.6 million (2012: £3.1 million).

Stated net assets of the Group have increased by 17.6% to £60.8 million (2012: £51.7 million) equating to net asset value per share of 29.97p (2012: 28.24p). Shareholders will be aware that this figure excludes the future value of DGV where Inland's fee for the provision of development services to DGVL has increased to the maximum limit of 90% as a result of the remaining deferred consideration for DGV having been paid subsequent to the period end. The Director's believe that the future profit from DGV will be worth approximately £5.4 million, or 2.66p per share (net of tax).

Shareholders should be aware that Inland's assets are held at the lower of cost and net realisable value and are not subject to any re-valuation. Integral to the business model is the purchase of brownfield land without planning permission, which will generally have a significant uplift in value once planning permission is obtained.

The Directors therefore believe that the underlying value of the Group's assets are significantly greater than that stated.

Dividend

With the accelerating delivery of the Group's growth strategy and a strong improvement in our performance and future prospects, the Board expects that in the absence of unforeseen circumstances, it will recommend a substantially increased dividend for the financial year ending 30 June 2014 to be paid in January 2015. The dividend for the last financial year was 0.27p per share.

Funding

The Group had cash balances of £8.9 million at 31 December 2013 with net debt at £14.7 million, representing net gearing of 24.1%. Net gearing has increased since the last year end predominantly due to the increase in housebuilding. The Group has recently placed a further 934,500 new zero dividend preference shares raising gross proceeds of £1.1 million with a gross redemption yield of 5.57%.

Review of operations

During the first half of the current financial year, we contracted the sale of 107 units for £21.0 million under a turnkey package and sold 14 completed homes on behalf of DGVL.

Inland completed and sold 33 private homes during the period generating £7.9 million of revenue with a gross margin of 31.2%. Inland is now currently building on eight sites totalling 486 homes (including the units it is constructing on behalf of DGVL). Our forward order book, including DGV, stands at £47.1 million.

Of particular note in the half year has been the development at Ashford Hospital (now known as West Plaza). The scheme of 152 apartments has received tremendous interest from investors and homebuyers resulting in 107 units being contracted or reserved prior to any homes being completed. Projected revenue from this project is likely to be in excess of £31 million.

Housebuilding will play an increasing part in Inland's profitability and cash flow in the short to medium term as the number of unit completions increase.

Land and planning

Our task at Inland is to increase the size of the net land bank each year whilst maintaining our core business of the sale of undeveloped plots, which of course contributes to the cash required to invest in the ongoing acquisition of brownfield sites.

This is against a backdrop of the Group also consuming an increasing number of plots for its own housebuilding programme.

Despite the challenges that this presents, I am pleased to say that the land bank now stands at a record 3,114 plots. This comprises land which is owned, under option/conditional contract or where terms are agreed and in solicitors' hands.

Chairman's statement (continued)

The breakdown of the current land bank is as follows:

Owned with consent	702
Drayton Garden Village	295
Owned/contracted without consent	497
Plots controlled or terms agreed without consent	1,620
Total plots	**3,114**

Wilton Park, Beaconsfield

We continue to work closely with the planning authority on finalising the development brief for this important project, Subject to any unforeseen circumstances, we expect the brief to be adopted in late summer 2014, paving the way for a planning application to be submitted thereafter. Shareholders will recall that this site is allocated for circa 300 homes and further commercial/community space.

Investments

As previously reported, we have now disposed of our interest in Howarth Homes profitably and all loans to that company have been repaid in full. As further income is being received from DGVL, the fair value of the option to acquire its share capital is now being amortised and accordingly we have written down its value to £1.0 million and we will continue to write down its value over the remaining life of the project.

Outlook

A strong forward sales position on housebuilding with a substantial number of units under construction on prime sites in the South gives us great confidence for Inland's future prospects.

Demand for consented housing land is high, with major housebuilders interested in buying from Inland.

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

Terry Roydon
Chairman

Group income statement

for the six months ended 31 December 2013

	Notes	**Six months ended 31 December 2013 (unaudited) £000**	Six months ended 31 December 2012 (unaudited) £000	Year ended 30 June 2013 (audited) £000
Revenue		**12,796**	19,308	31,116
Cost of sales		**(6,676)**	(15,014)	(23,431)
Gross profit	6	**6,120**	4,294	7,685
Administrative expenses		**(1,803)**	(1,199)	(2,652)
– profit/(loss) on investments		**(321)**	69	48
Operating profit		**3,996**	3,164	5,081
Interest expense		**(1,121)**	(619)	(1,419)
Notional interest expense		**(28)**	(116)	(270)
Notional interest income	5	**155**	108	226
Interest and similar income		**28**	41	83
		3,030	2,578	3,701
Share of profit from Howarth (former associate)		**–**	249	330
Profit on disposal of investment in Howarth (former associate)		**–**	–	292
Share of profit of joint venture		**613**	225	889
Profit before tax		**3,643**	3,052	5,212
Income tax	7	**(895)**	(681)	(1,559)
Profit for the period		**2,748**	2,371	3,653
Earnings per share				
– basic earnings per share in pence	8	**1.36p**	1.30p	1.98p
– diluted earnings per share in pence		**1.35p**	1.30p	1.97p

Group statement of comprehensive income

for the six months ended 31 December 2013

	Six months ended 31 December 2013 (unaudited) £000	Six months ended 31 December 2012 (unaudited) £000	Year ended 30 June 2013 (audited) £000
Profit for the period	**2,748**	2,371	3,653
Other comprehensive income for the period, net of tax	**–**	–	–
Total comprehensive income for the period	**2,748**	2,371	3,653

Group statement of financial position
at 31 December 2013

	Note	**As at 31 December 2013 (unaudited) £000**	As at 31 December 2012 (unaudited) £000	As at 30 June 2013 (audited) £000
ASSETS				
Non-current assets				
Investment property	9	**7,681**	8,801	7,681
Property, plant and equipment	9	**174**	98	173
Investments	10	**1,042**	1,183	1,363
Joint ventures	10	**—**	1,390	243
Investment in Howarth (former associate)	10	**—**	1,011	—
Receivables due in more than one year	12	**55**	55	55
Deferred tax	11	**3,389**	3,778	3,414
Total non-current assets		**12,341**	16,316	12,929
Current assets				
Inventories		**66,937**	36,013	44,736
Trade and other receivables	12	**18,631**	8,089	15,085
Loan to Howarth (former associate)		**—**	1,000	1,000
Listed investments held for trading (carried at fair value through profit and loss)		**1**	1	1
Cash and cash equivalents		**8,945**	12,764	12,154
Total current assets		**94,514**	57,867	72,976
Total assets		**106,855**	74,183	85,905
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	13	**20,281**	18,301	20,131
Share premium account		**33,819**	30,794	33,695
Treasury shares		**(366)**	(366)	(366)
Special reserve		**6,059**	6,059	6,059
Retained earnings		**978**	(3,103)	(1,789)
Total equity		**60,771**	51,685	57,730
LIABILITIES				
Current liabilities				
Bank loans and overdrafts		**6,126**	2,315	1,613
Other loans		**7,448**	1,280	4,710
Trade and other payables		**17,516**	4,431	3,559
Corporation tax		**1,503**	—	625
Other financial liabilities	14	**3,447**	5,953	7,947
Total current liabilities		**36,040**	13,979	18,454
Non-current liabilities				
Zero dividend preference shares	14	**10,044**	8,519	9,721
Total non-current liabilities		**10,044**	8,519	9,721
Total equity and liabilities		**106,855**	74,183	85,905

Group statement of changes in equity
for the six months ended 31 December 2013

	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	—	—	—	—	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**
Share-based payment	—	—	—	—	32	32
Issue of equity	1,830	2,901	—	—	—	4,731
Transactions with owners	1,830	2,901	—	—	32	4,763
Total comprehensive income	—	—	—	—	1,282	1,282
Total changes in equity	1,830	2,901	—	—	1,314	6,045
At 30 June 2013 (audited)	**20,131**	**33,695**	**(366)**	**6,059**	**(1,789)**	**57,730**
Share based payment	—	—	—	—	19	19
Issue of equity	150	124	—	—	—	274
Transactions with owners	150	124	—	—	19	293
Total comprehensive income	—	—	—	—	2,748	2,748
Total changes in equity	150	124	—	—	2,767	3,041
At 31 December 2013 (unaudited)	**20,281**	**33,819**	**(366)**	**6,059**	**978**	**60,771**

Group statement of cash flows

for the six months ended 31 December 2013

	Note	**Six months ended 31 December 2013 (unaudited) £000**	Six months ended 31 December 2012 (unaudited) £000	Year ended 30 June 2013 (audited) £000
Cash flows from operating activities				
Profit for the half year before tax		**3,643**	3,052	5,212
Adjustments for:				
– depreciation		**35**	21	49
– profit on the sale of property, plant and equipment		**—**	(9)	(9)
– share-based compensation		**19**	30	62
– fair value adjustment for investments		**321**	(69)	(48)
– interest and similar income		**(183)**	(149)	(308)
– interest expense		**1,149**	735	1,689
– share of profit of Howarth (former associate)		**—**	(249)	(330)
– profit on disposal of investment in Howarth (former associate)		**—**	—	(292)
– share of profit of joint ventures		**(613)**	(225)	(889)
Changes in working capital:				
– increase in investments		**—**	—	219
– (increase)/decrease in inventories		**(22,201)**	7,764	161
– increase in trade and other receivables		**(3,540)**	(5,349)	(12,228)
– increase in trade and other payables		**9,429**	885	1,744
Net cash (outflow)/inflow from operating activities		**(11,941)**	6,437	(4,968)
Cash flow from investing activities				
Interest received		**183**	41	83
Purchases of property, plant and equipment	9	**(36)**	(53)	(156)
Distribution from joint venture		**856**	1,339	2,995
Net proceeds on sale of investment in Howarth (former associate)		**—**	—	1,364
Sale of property, plant and equipment		**4**	11	11
Net cash inflow from investing activities		**1,007**	1,338	4,297
Cash flow from financing activities				
Interest paid		**(800)**	(573)	(1,072)
Repayment of borrowings		**—**	(5,425)	(6,531)
New loans		**7,251**	10,534	15,244
Issue of cash dividends		**—**	(122)	(122)
Receipt of loan repayment from Howarth (former associate)		**1,000**	—	—
Net proceeds on issue of ordinary shares		**274**		4,731
Net cash inflow from financing activities		**7,725**	4,414	12,250
Net (decrease)/increase in cash and cash equivalents		**(3,209)**	12,189	11,579
Net cash and cash equivalents at beginning of period		**12,154**	575	575
Net cash and cash equivalents at the end of period		**8,945**	12,764	12,154

Notes to the half-yearly financial report

for the six months ended 31 December 2013

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 28 March 2014.

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 2013 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 2013, 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 2013.

4. Going concern

The Board has reviewed the performance for the current period and forecasts for the future period. It has also considered the risks and uncertainties, including credit risk and liquidity. The Directors have considered the present economic climate, the state of the housing market and the current demand for land with planning consent. The Group has continued to see an increase in demand for consented land in the areas in which it operates. The Group has significant forward sales of residential units and is in discussions for the sale of some of the land within its projects and expects to make sufficient disposals in the foreseeable future to ensure it has adequate working capital for its requirements. The Group is also in discussions with a number of funders to raise debt finance in order to both supplement its working capital and expand its land portfolio. The Directors are satisfied that the Group will generate sufficient cash to meet its liabilities as and when they fall due for a period of twelve months from signing these financial statements. The Directors therefore can consider it appropriate to prepare the financial statements on the going concern basis.

Notes to the half-yearly financial report (continued)

for the six months ended 31 December 2013

5. Critical accounting estimates and judgments

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.

5. Critical accounting estimates and judgments (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.

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 2013 the funding arrangements in place for the satisfaction of deferred consideration entitled Inland to 79.05% 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), 72.09% 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;

Notes to the half-yearly financial report (continued)

for the six months ended 31 December 2013

5. Critical accounting estimates and judgments (continued)

- 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 2013 the Group has recognised £3.34 million (2012: £0.65 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 2013 the Group has recognised £0.15 million (2012: £0.11 million) within notional interest income in the Group Income Statement in respect of such fees.

6. 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:

6. Income and segmental analysis (continued)

Segmental analysis by activity

	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
Six months ended 31 December 2012 (unaudited)									
Segment									
Land sales	15,351	(12,464)	**2,887**	—	—	**2,887**	(116)	—	**2,771**
Housebuilding	3,121	(2,542)	**579**	—	—	**579**	—	—	**579**
Fee income	681	—	**681**	—	—	**681**	127	—	**808**
Rental income	155	(8)	**147**	—	—	**147**	—	—	**147**
Other									
– Profit on investments	—	—	**—**	—	69	**69**	—	—	**69**
– Share of profit of associate	—	—	**—**	—	—	**—**	—	249	**249**
– Share of profit of joint venture	—	—	**—**	—	—	**—**	—	225	**225**
– Unallocated	—	—	**—**	(1,199)	—	**(1,199)**	(597)	—	**(1,796)**
Total for 6 months	19,308	(15,014)	**4,294**	(1,199)	69	**3,164**	(586)	474	**3,052**
Year ended 30 June 2013 (audited)									
Segment									
Land sales	1,002	(1,936)	**(934)**	—	—	**(934)**	(938)	—	**(1,872)**
Housebuilding	8,305	(6,478)	**1,827**	—	—	**1,827**	(288)	—	**1,539**
Fee income	2,346	—	**2,346**	—	—	**2,346**	127	—	**2,473**
Rental income	145	(3)	**142**	—	—	**142**	—	—	**142**
Other property sale	10	—	**10**	—	—	**10**	—	—	**10**
Other									
– Profit/(loss) on investments	—	—	**—**	—	(21)	**(21)**	—	—	**(21)**
– Share of profit from Howarth (former associate)	—	—	**—**	—	—	**—**	—	81	**81**
– Profit on sale of investment in Howarth (former associate)	—	—	**—**	—	—	**—**	—	292	**292**
– Share of profit of joint venture	—	—	**—**	—	—	**—**	—	664	**664**
– Unallocated	—	—	**—**	(1,453)	—	**(1,453)**	305	—	**(1,148)**
Total for 6 months	11,808	(8,417)	**3,391**	(1,453)	(21)	**1,917**	(794)	1,037	**2,160**
Total for year ended 30 June 2013 (audited)	31,116	(23,431)	**7,685**	(2,652)	48	**5,081**	(1,380)	1,511	**5,212**

Notes to the half-yearly financial report (continued)

for the six months ended 31 December 2013

6. Income and segmental analysis (continued)

	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
Six months ended 31 December 2013 (unaudited)									
Segment									
Housebuilding	9,279	(6,668)	**2,611**	–	–	**2,611**	(487)	–	**2,124**
Fee income	3,342	–	**3,342**	–	–	**3,342**	155	–	**3,497**
Rental income	151	–	**151**	–	–	**151**	–	–	**151**
Other	24	(8)	**16**			**16**			**16**
– Profit/(loss) on investments	–	–	**–**	–	(321)	**(321)**	–	–	**(321)**
– Share of profit of joint venture	–	–	**–**	–	–	**–**	–	613	**613**
– Unallocated	–	–	**–**	(1,803)	–	**(1,803)**	(634)	–	**(2,437)**
Total for 6 months	12,796	(6,676)	**6,120**	(1,803)	(321)	**3,996**	(966)	613	**3,643**

7. Income tax

	Six months ended 31 December 2013 (unaudited) £000	Six months ended 31 December 2012 (unaudited) £000	Year ended 30 June 2013 (audited) £000
Tax charge on associate and joint venture profit	**–**	118	73
Current tax charge	**870**	66	625
Deferred tax charge	**25**	497	861
	895	681	1,559

8. 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 2013 (unaudited) £000	Six months ended 31 December 2012 (unaudited) £000	Year ended 30 June 2013 (audited) £000
Profit attributable to equity holders of the Company (£000)	**2,748**	2,371	3,653
Net assets attributable to equity holders of the company (£000)	**60,771**	51,685	57,730
Weighted average number of ordinary shares in issue (000s)	**201,398**	182,999	184,860
Dilutive effect of options treated as exercisable at the period end (000s)	**1,497**	198	872
	202,895	183,197	185,732
Basic earnings per share in pence	**1.36p**	1.30p	1.98p
Diluted earnings per share in pence	**1.35p**	1.30p	1.97p
Net asset value per share in pence	**29.97p**	28.24p	28.68p

9. 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 2012	8,801	5	64	102	89	260
Transfer to inventories	(1,120)	—	—	—	—	—
Additions	—	—	59	42	2	103
At 30 June 2013	7,681	5	123	144	91	363
Additions	—	—	10	24	2	36
Disposals	—	—	(17)	—	—	(17)
At 31 December 2013	**7,681**	**5**	**116**	**168**	**93**	**382**
Depreciation						
At 31 December 2012	—	4	23	63	72	162
Depreciation charge	—	—	10	12	6	28
At 30 June 2013	—	4	33	75	78	190
Depreciation charge	—	1	14	16	4	35
Depreciation on disposals	—	—	(17)	—	—	(17)
At 31 December 2013	**—**	**5**	**30**	**91**	**82**	**208**
Net book value at 31 December 2013	**7,681**	**—**	**86**	**77**	**11**	**174**
At 30 June 2013	7,681	1	90	69	13	173

Notes to the half-yearly financial report (continued)

for the six months ended 31 December 2013

10. Investments

	Investment in Howarth (former associate) £000	Option £000	Investment in joint venture £000	Total £000
Cost or fair value at 31 December 2012	1,011	1,183	1,390	3,584
Fair value adjustment	—	(20)	—	(20)
Addition	—	200	—	200
Share of profit after tax	61	—	510	571
Distribution from joint ventures	—	—	(1,657)	(1,657)
Net proceeds on disposal of investment in Howarth (former associate)	(1,364)	—	—	(1,364)
Realised gain on sale of investment in Howarth (former associate)	292	—	—	292
At 30 June 2013	—	1,363	243	1,606
Fair value adjustment	—	(321)	—	(321)
Distribution from joint ventures	—	—	(856)	(856)
Share of profit after tax	—	—	613	613
At 31 December 2013	**—**	**1,042**	**—**	**1,042**

On 18 December 2008, Inland entered into an Option and Development Services Agreement with DGVL 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, 2012 and 2013, the option period was extended to expire on 15 January 2019 in consideration of £1,200,000. In accordance with the Group's accounting policy for financial assets, the option has been measured at fair value at 31 December 2013, which resulted in a fair value loss of £321,000 (2012: gain of £69,000) that has been recognised in the Group Income Statement, resulting in the option being valued at £158,000 less than 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 Homes plc for the development of 51 units at a site in Croxley Green, Hertfordshire in a company called Harvey Road (Rickmansworth) Limited. The joint venture has now come to an end and the Group has £nil invested (2012: £1,390,000). The Group's 50% share of the profits after tax for the period to 31 December 2013 amounts to £613,000 (2012: £166,000) that has been recognised in the Group Income Statement. To date the Group has recognised £1,716,000 profit in relation to this joint venture.

11. Deferred tax

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

	£000
At 31 December 2012	3,778
Income statement charge	(364)
At 30 June 2013	3,414
Income statement charge	(25)
At 31 December 2013	**3,389**

The movement in deferred tax assets is as follows:

	Accelerated tax depreciation £000	Losses £000	Other £000	Total £000
At 31 December 2012	(3)	2,910	871	3,778
Charged to income statement	3	(274)	(93)	(364)
At 30 June 2013	—	2,636	778	3,414
Charged to income statement	—	—	(25)	(25)
At 31 December 2013	**—**	**2,636**	**753**	**3,389**

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 (2012: £17,162,000) that have not been recognised as the Directors consider the realisation of the losses is not expected to crystallise in the foreseeable future.

12. Trade and other receivables

	Six months ended 31 December 2013 (unaudited) £000	Six months ended 31 December 2012 (unaudited) £000	Year ended 30 June 2013 (audited) £000
Prepayments and accrued income	**712**	846	870
Other receivables falling due within one year	**17,919**	7,243	14,215
Other receivables falling due after more than one year	**55**	55	55
	18,686	8,144	15,140

Other receivables includes an amount of £16.3 million (2012: £4.3 million) accrued in respect of costs and sales invoices charged to DGVL. The carrying value is considered a reasonable approximation of fair value.

Notes to the half-yearly financial report (continued)

for the six months ended 31 December 2013

13. Share capital

	Six months ended 31 December 2013 (unaudited) £000	Six months ended 31 December 2012 (unaudited) £000	Year ended 30 June 2013 (audited) £000
Shares in issue			
Shares in issue at start of period	**201,299,432**	182,999,484	182,999,484
Shares issued	**1,500,000**	—	18,299,948
Shares in issue at end of period	**202,799,432**	182,999,484	201,299,432

On 19 December 2013, Stephen Wicks exercised 1,500,000 share options over ordinary shares of 10 pence under the Group's Employee Share Option Scheme at a price of 18.25 pence per Ordinary Share. On admission to AIM Mr Wicks sold the shares at a price of 42 pence per ordinary Share.

14. Other financial liabilities

	Six months ended 31 December 2013 (unaudited) £000	Six months ended 31 December 2012 (unaudited) £000	Year ended 30 June 2013 (audited) £000
Deferred purchase consideration falling due within one year	**3,447**	5,953	7,947
Zero dividend preference shares falling due after more than one year	**10,044**	8,519	9,721
	13,491	14,472	17,668

15. Contingencies

The Group has the following contingent liability as at 31 December 2013:

A subsidiary undertaking, Poole Investments Ltd (formerly 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 is being sort to clarify the Company's position. A provision has therefore not been made in the financial statements as the basis of any provision cannot be reliably established.

No provisions have been made in this half yearly financial report in respect of this contingent liability.

16. Events after the balance sheet date

On 14 March 2014, after a General Meeting of a subsidiary undertaking, Inland ZDP plc, 934,900 new zero dividend preference shares of 10 pence each were issued. The zero dividend preference shares were admitted to listing on the Official List and to trading on London Stock Exchange plc's main market on 19 March 2014.

The gross proceeds of the issue, £1,107,857, were lent by Inland ZDP plc to its ultimate holding company Inland Homes plc under the same terms as the loan note entered into by the two companies on 20 December 2012. The costs of the issue are estimated at £49,930 and were paid by Inland Homes plc. The proceeds of the issue will be used to invest in inventories or settle liabilities to vendors of development sites.

17. 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 2013 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 17. 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 2013 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
Reading
28 March 2014

Shareholder Notes

Shareholder Notes

Inland Homes plc
2 Anglo Office Park
67 White Lion Road
Amersham
Buckinghamshire
HP7 9FB

Tel: 01494 762450
Fax: 01494 765897
Email: info@inlandplc.com
www.inlandplc.com