28 March 2018

Inland Homes Plc
(the 'Company' or the 'Group')
Interim results for the six months ended 31 December 2017

Continued scaling of housebuilding business and demand for consented plots driving strong financial performance

Inland Homes Plc (AIM: INL), the leading brownfield regeneration specialist and housebuilder with a focus on the South and South East of England, today announces its interim results for the six months to 31 December 2017.

Highlights

- 13.6% increase in Net Asset Value to £134.7 million (2016 restated: £118.6 million)
- EPRA NAV up 5.2% to 92.78p (2016 restated: 88.16p)
- Adjusted EPRA NAV up 5.7% to 97.63p (2016 restated: 92.34p)
- Profit before tax of £5.37 million (2016 restated: £4.95 million)
- 30% increase in interim dividend to 0.65p (2016: 0.5p) per share.

Investment in in-house construction operations delivering diversified revenue streams and record output

- Sale of 338 residential plots and completion of the sale of 96 private homes, at an average sales price of £322,000 (FY 2016: £306,000), generating profits of £7.4 million (2016: £5.7 million) and an 87.9% increase in revenues to £61.2 million (2016: £32.6 million)
- Current forward order book of £38.9 million (2016: £31.8 million)
- A record 560 private homes under construction with an anticipated gross development value of £144.4 million
- Construction contracts in place to deliver 220 homes across three sites for the increasingly important partnership housing business, Inland Partnerships, with a total contract value of over £43 million
- Construction underway at major schemes:
    - 239 private homes at Lily's Walk and 40 private homes at Castle House, both in High Wycombe, achieving forward sales of £5.5 million and £5.0 million respectively
    - Development of the first phase of 72 homes at Chapel Riverside
- Expansion of the land bank to 7,372 plots (2016: 7,151), with an anticipated gross development value in excess of £2.2 billion, including 2,218 plots with planning consent (2016: 2,440), demonstrating Inland's ongoing market-leading planning and remediation expertise:
    - Outline planning application submitted for 350 homes at flagship 100 acre site at Wilton Park in Beaconsfield
    - Post-period end (March 28) planning application submitted for 1,853 homes and in excess of 18,000 sqm of commercial space at Cheshunt Lakeside, a major South East UK regeneration scheme.

Supportive government measures, strong buyer demand and favorable macro-factors underpinning market buoyancy

- Government initiatives, notably Help to Buy, maintaining demand from buyers for our homes in South and South East England, with sales rates being sustained at good levels given our price point
- Housing associations and other residential landlords such as PRS funds or Local Authorities increasingly targeting residential investment and development through strategic partnerships.

Stephen Wicks, Chief Executive at Inland Homes, commented:

“This is an encouraging set of results, delivering NAV, profit and revenue growth, and ultimately validating the significant investment we have made in our housebuilding operations over the past twelve plus months. We expect further benefits to be seen as we improve the gross margin on our new developments and continue to bring in sector specialists to support our ambitious growth targets. Furthermore, our ability to deliver a high quality, turnkey offering is allowing us to identify and partner with a range of different stakeholders via our increasingly important Inland Partnerships business, as well as through Joint Ventures.

“Despite some near term headwinds, the overall outlook for the sector remains favorable, especially at the price point at which we operate, and as a business we believe we are in a strong position to continue delivering long term value for our shareholders.”

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Notes to Editors:

Incorporated in the UK in 2005, Inland Homes plc is an AIM listed specialist housebuilder and brownfield developer, dedicated to achieving excellence in sustainability and design.

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.

The Company is committed to extensive public and community consultation in order to ensure that, where possible, local community needs and objectives are met.

Inland’s aim is to create sustainable communities and homes which set a benchmark for all future developments in the South of England. The Company is always looking for brownfield sites without planning permission for future development.

For further information, please visit the Inland Homes website at www.inlandhomes.co.uk.

Chairman's statement

This has been an encouraging first half, as we continue to scale up our housebuilding operations and expand our partnership housing division, where we deliver homes for housing associations and other residential landlords such as PRS funds or Local Authorities. As the number of homes we build in-house continues to grow, there will be a rebalancing of our income streams with less reliance on land sales to other housebuilders and a growing focus on disposals to buyers from whom we can then secure the build package.

REULTS AND PERFORMANCE

Revenue for the period increased by 87.9% to £61.2 million (2016: £32.6 million) derived predominantly from the sale of 338 building plots (2016: 177 plots) generating revenues of £20.3 million and completion of the sale of 96 private homes (2016: 87 private homes) resulting in revenues of £31.0 million (2016: £27.5 million). The average sales price of our residential units was £322,000 (2016: £319,000), remaining firmly in a part of the market that continues to see strong demand driven by the government initiatives to help first time buyers get onto the housing ladder- 61% of our private sales used the Help to Buy scheme.

Our current forward order book for the sale of private homes stands at £38.9million (2016: £31.8 million) with 70 homes reserved since 1 January 2018.

We have invested heavily in our construction division and believe we have recruited some of the best people in the sector. This expertise is now enabling us to build the majority of our homes utilising the resource of our "in house" team and the benefits of this are starting to come through. Whilst our housebuilding margins are still lower than the sector average, primarily as a legacy of our former reliance on main contractors to build our homes, we expect to see material improvements in gross margin on new developments. It also provides the platform for our partnership housing business where we are currently on three sites delivering 220 homes with total contract values of over £43 million. Contract income for the period was £5.2 million (2016: £1.8 million) and we are in advanced discussions with a view to securing further partnership contracts during the remainder of this financial year.

During the period we commenced the construction of 239 private homes at Lily's Walk and 40 private homes at Castle House, both in High Wycombe, achieving forward sales of £5.5 million and £5.0 million respectively. We also commenced development of the first phase of 72 homes at Chapel Riverside, where we have a Development Agreement with Southampton City Council to build 457 new homes and 60,000 sq ft of commercial space. We have secured a development facility of £11.5 million from the Homes and Communities Agency for this project.

At the half year end we had 560 private homes under construction with an anticipated gross development value of £144.4 million and a further 220 homes for partnership housing with future contract income of £37.6 million.

Construction of 43 homes at our joint venture project in Gardiners Lane, Basildon is well advanced with 22 of the 30 private homes sold as at 31 December 2017 realising a sum of £8.4 million. We have two more joint venture developments at Europa Way, Ipswich and Bucknalls Lane, Garston with anticipated revenues of £45.0 million with work beginning on these sites imminently.

The Group achieved a profit before tax and before revaluation of investment properties of £5.37 million (2016 restated: £4.95 million.

The EPRA net asset value and the adjusted EPRA net asset value of the Group at 31 December 2017 were 92.78p (2016 restated: 88.16p) and 97.63p (2016 restated: 92.34p) per ordinary share respectively and have been determined as follows:

	As at 31 December 2017				As at 31 December 2016 (restated)			
	EPRA		**Adjusted EPRA***		EPRA		Adjusted EPRA*	
Shares in issue (000)		**201,026**		**201,026**		**201,972**		**201,972**
Dilutive effect of options (000)		**1,870**		**-**		**1,926**		**-**
Dilutive effect of deferred bonus shares (000)		**1,627**		**-**		**1,627**		**-**
Dilutive effect of treasury shares (000)		**1,000**		**-**		**-**		**-**
Dilutive effect of Growth Shares (000)		**6,000**		**-**		**6,000**		**-**
		211,565		**201,026**		**211,525**		**201,972**
	£000	**Pence per share**	**£000**	**Pence per share**	**£000**	**Pence per share**	**£000**	**Pence per share**
Net asset value	**134,727**	**63.69p**	**134,727**	**67.02p**	**118,609**	**56.07p**	**118,609**	**58.73p**
Unrealised value within projects	**58,193**	**27.51p**	**58,193**	**28.95p**	**67,091**	**31.72p**	**67,091**	**33.22p**
Reverse deferred tax liability on investment property	**3,345**	**1.58p**	**3,345**	**1.66p**	**787**	**0.37p**	**787**	**0.39p**
EPRA net asset value	**196,265**	**92.78p**	**196,265**	**97.63p**	**186,487**	**88.16p**	**186,487**	**92.34p**
Deferred tax on uplift at 19%		**(5.23)p**		**(5.50)p**		**(6.03)p**		**(6.31)p**
EPRA net asset value after deferred tax		**87.54p**		**92.13p**		**82.13p**		**86.03p**

*EPRA NAV adjusted to exclude the dilutive effect of the options, deferred bonus shares and Growth Shares.

LAND PORTFOLIO AND PLANNING

We continue to expand our high-quality land portfolio that now has a development pipeline of 7,372 homes with an anticipated gross development value in excess of £2.2 billion.

The outline planning application for 350 homes at our flagship 100 acre site at Wilton Park in Beaconsfield was submitted in September 2017. We are continuing our negotiations with the local authority which are progressing very well. The site is producing gross annual rental income of £1.6 million via residential and commercial lettings.

The Group has also exchanged contracts to acquire additional land at Cheshunt Lakeside, Hertfordshire where our joint venture either owns or controls 1,317 plots. Representing Inland's largest development to date, the outline masterplan planning application for 1,853 plots and 18,000 sq m of commercial and retail space has been submitted and we are excited about the huge potential of this regeneration scheme.

The current land bank comprises as follows:

	Plots without planning consent	Plots with planning consent or resolutions to grant planning consent	Total plots
Owned under development	—	576	576
Owned or contracted	553	1,103	1,656
Managed or held within joint ventures under development	—	21	21
Managed or held within joint ventures	976	551	1,527
Managed or held within joint ventures terms agreed	341	—	341
Land controlled	423	77	500
Strategic land owned or controlled	2,221	—	2,221
Strategic land terms agreed	530	—	530
Total	**5,044**	**2,328**	**7,372**

We currently have planning applications submitted on 2,312 plots across five sites and are in pre-application talks with planning authorities on six strategic sites for 451 plots and planning applications are expected to be submitted shortly on all these sites. The Group continues to focus on strategic land and has successfully secured options over 29 sites for approximately 2,750 plots.

DIVIDEND

Reflecting the Group's progress, the Board is pleased to have increased the interim dividend by 30% to 0.65p (2016: 0.5p) per share. The dividend will be paid on 29 June 2018 to shareholders on the register at the close of business on 8 June 2018. The ex-dividend date is 7 June 2018.

OUR PEOPLE

The Inland team is a vital cog in the delivery of our ambitious growth plans. I should like to thank all members of staff for their efforts in integrating within their respective teams and across the various disciplines during the expansion of our construction division. I should also like to take this opportunity to thank Paul Brett, our Land Director who has decided to leave the Group with effect from 16 April 2018, for his part in the growth of the Company since its incorporation. I am pleased that Paul will continue to work for the Group as a consultant, particularly in relation to the ongoing planning application processes at our key sites at Wilton Park and Cheshunt Lakeside.

OUTLOOK

With the Government committed to building 300,000 new homes per annum in the UK, there are several measures in place supporting the housebuilding sector in the drive to deliver more homes, particularly at the price point at which we operate. Whilst the sector continues to be hindered by local planning difficulties and higher construction costs, we are optimistic that overall conditions for housebuilders to meet the demand for new homes will continue to be largely favourable.

With our lower priced high-quality homes and strengthening construction capability, together with a significant land bank, Inland is in a strong position to capitalise on the current favourable market conditions. We have identified and are delivering on clear operational priorities for 2018 that will transform the business and have made positive progress towards achieving this.

Terry Roydon
Chairman

Group income statement
for the six months ended 31 December 2017

	Note	**Six months ended 31 December 2017 (unaudited) £000**	Six months ended 31 December 2016 (unaudited/restated) £000	Year ended 30 June 2017 (audited) £000
Revenue		**61,211**	32,569	90,727
Cost of sales		**(49,833)**	(25,707)	(71,226)
Gross profit	6	**11,378**	6,862	19,501
Administrative expenses		**(4,961)**	(4,045)	(7,565)
Gain on sale of subsidiary		**33**	6,021	5,988
Gain on sale of joint venture		**8**	—	6,965
Loss on Investments		—	—	(1)
Revaluation of investment properties		—	(33)	1,466
Operating profit		**6,458**	8,805	26,354
Finance cost - interest expense		**(1,976)**	(3,762)	(6,998)
Finance income – interest receivable and similar income		**354**	143	458
Profit before tax and share of profits from associates and joint ventures		**4,836**	5,186	19,814
Share of profit/(loss) of associates	10	**80**	(113)	(238)
Share of profit/(loss) of joint ventures	10	**455**	(121)	13
Profit before tax		**5,371**	4,952	19,589
Income tax	7	**(954)**	(1,197)	(3,810)
Total profit and comprehensive income for the period		**4,417**	3,755	15,779
Attributable to:				
– Shareholders of the Company		**4,417**	3,755	15,779
– Non-controlling interests		—	—	—
Earnings per share				
– basic earnings per share in pence	8	**2.19p**	1.86p	7.82p
– diluted earnings per share in pence	8	**2.08p**	1.78p	7.46p

Group statement of financial position
at 31 December 2017

	Note	As at 31 December 2017 (unaudited) £000	As at 31 December 2016 (unaudited/restated) £000	As at 30 June 2017 (audited) £000
ASSETS				
Non-current assets				
Investment properties	9	**53,570**	52,076	53,558
Property, plant and equipment		**957**	563	688
Investment in associate	10	**1,330**	—	1,125
Loans to associate due in more than one year	12	**5,981**	2,027	5,763
Investment in joint ventures	10	**627**	1,156	164
Receivables due in more than one year	12	**5,931**	55	5,830
Total non-current assets		**68,396**	55,877	67,128
Current assets				
Inventories		**137,113**	148,147	139,898
Trade and other receivables	12	**20,617**	14,695	22,491
Amounts due from associate	12	**—**	2,600	—
Amounts due from joint ventures	12	**19,830**	18,880	18,267
Listed investments carried at fair value through profit and loss		**—**	1	—
Cash and cash equivalents		**24,787**	17,576	26,459
Total current assets		**202,347**	201,899	207,115
Total assets		**270,743**	257,776	274,243
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	13	**20,366**	20,360	20,366
Share premium account		**34,336**	34,328	34,336
Employee Benefit Trust		**(1,078)**	(1,067)	(1,078)
Treasury reserve		**(609)**	—	—
Special reserve		**6,059**	6,059	6,059
Retained earnings		**75,653**	58,929	70,867
Total equity attributable to shareholders of the Company		**134,727**	118,609	130,550
Non-controlling interests		**—**	—	—
Total equity		**134,727**	118,609	130,550
LIABILITIES				
Current liabilities				
Bank loans and overdrafts		**16,085**	1,793	—
Trade and other payables	14	**12,000**	15,151	20,537
Corporation tax	14	**3,539**	5,004	6,532
Other financial liabilities	15	**23,775**	22,115	20,130
Total current liabilities		**55,399**	44,063	47,199
Non-current liabilities				
Zero dividend preference shares	15	**17,864**	16,745	17,291
Bank loans due in more than one year		**49,133**	60,172	63,227
Other loans due in more than one year		**11,558**	17,227	13,950
Deferred Tax	14	**2,062**	960	2,026
Total non-current liabilities		**80,617**	95,104	96,494
Total equity and liabilities		**270,743**	257,776	274,243

Group statement of changes in equity
for the six months ended 31 December 2017

	Share capital £000	Share premium £000	Employee benefit trust reserve £000	Special reserve £000	Retained earnings £000	Treasury Shares £000	Total Equity £000
At 30 June 2016 (audited)	20,281	34,033	(713)	6,059	56,687	—	116,347
Share based payment	—	—	—	—	319	—	319
Issue of ordinary shares	79	295	—	—	—	—	374
Dividend payment	—	—	—	—	(1,832)	—	(1,832)
Purchase of own shares for deferred bonus plan	—	—	(354)	—	—	—	(354)
Transactions with owners	79	295	(354)	—	(1,513)	—	(1,493)
Total comprehensive income	—	—	—	—	3,755	—	3,755
Total changes in equity	79	295	(354)	—	2,242	—	2,262
At 31 December 2016 (unaudited/restated)	**20,360**	**34,328**	**(1,067)**	**6,059**	**58,929**	**—**	**118,609**
Share-based payment	—	—	—	—	932	—	932
Issue of ordinary shares	6	8	—	—	—	—	14
Dividend Payment	—	—	—	—	(1,018)	—	(1,018)
Purchase of own shares for deferred bonus plan	—	—	(11)	—	—	—	(11)
Transactions with owners	6	8	(11)	—	(86)	—	(83)
Total comprehensive income	—	—	—	—	12,024	—	12,024
Total changes in equity	6	8	(11)	—	11,938	—	11,941
At 30 June 2017 (audited)	**20,366**	**34,336**	**(1,078)**	**6,059**	**70,867**	**—**	**130,550**
Share based payment	—	—	—	—	231	—	231
Reversal of over accrual	—	—	—	—	138	—	138
Purchase of own shares	—	—	—	—	—	(609)	(609)
Transactions with owners	—	—	—	—	369	(609)	(240)
Total comprehensive income	—	—	—	—	4,417	—	4,417
Total changes in equity	—	—	—	—	4,786	(609)	4,177
At 31 December 2017 (unaudited)	**20,366**	**34,336**	**(1,078)**	**6,059**	**75,653**	**(609)**	**134,727**

Group statement of cash flows

for the six months ended 31 December 2017

	Note	**Six months ended 31 December 2017 (unaudited) £000**	Six months ended 31 December 2016 (unaudited/restated) £000	Year ended 30 June 2017 (audited) £000
Cash flows from operating activities				
Profit for the period before tax		**5,371**	4,952	19,589
Adjustments for:				
– depreciation		**135**	112	242
– share-based compensation		**231**	319	1,251
– revaluation of investment properties		**—**	33	(1,466)
– gain on disposal of subsidiary		**(33)**	(6,020)	(5,988)
– gain on disposal of joint venture		**(8)**	—	(6,965)
– interest expense		**1,976**	3,762	6,998
– interest and similar income		**(354)**	(143)	(458)
– share of (profit)/loss of joint ventures		**(455)**	121	(13)
– share of (profit)/loss of associate		**(80)**	113	238
– corporation tax payments		**(918)**	(3,869)	(3,576)
Changes in working capital:				
– increase in inventories		**(4,686)**	(17,881)	(6,926)
–(increase)/ decrease in trade and other receivables		**(2,505)**	9,547	6,120
– decrease in trade and other payables		**(8,471)**	(8,107)	(7,438)
Net cash (outflow)/inflow from operating activities		**(9,797)**	(17,061)	1,608
Cash flow from investing activities				
Interest received		**263**	—	344
Purchases of property, plant and equipment		**(88)**	(168)	(450)
Sale of property, plant and equipment		**—**	—	—
Purchases of investment property	9	**(12)**	(432)	(387)
Acquisition of subsidiaries		**—**	—	—
Loans provided to associate		**(126)**	(1,087)	(2,478)
Investment in associate	10	**—**	—	(125)
Amounts repaid by associate		**—**	772	1,072
Proceeds from sale of investment		**—**	—	1
Proceeds from disposal of subsidiary		**12,177**	5,750	5,750
Loans provided to joint ventures		**(1,534)**	(8,680)	(10,854)
Investment in joint ventures	10	**(8)**	(61)	(46)
Net cash inflow/(outflow) from investing activities		**10,672**	(3,906)	(7,173)
Cash flow from financing activities				
Interest paid		**(1,421)**	**(2,267)**	(4,450)
Repayment of borrowings		**(4,145)**	**(8,713)**	(48,714)
New loans		**3,628**	**32,780**	71,291
Net proceeds on issue of ordinary shares		**—**	**374**	389
Equity dividends paid to ordinary shareholders		**—**	**—**	(2,850)
Purchase of own shares		**(609)**	(354)	(365)
Net cash (outflow)/inflow from financing activities		**(2,547)**	21,820	15,301
Net (decrease)/increase in cash and cash equivalents		**(1,672)**	853	9,736
Net cash and cash equivalents at beginning of period		**26,459**	16,723	16,723
Net cash and cash equivalents at the end of period		**24,787**	17,576	26,459

NOTES TO THE HALF-YEARLY FINANCIAL REPORT

for the six months ended 31 December 2017

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 Decimal Place, Chiltern Avenue, Amersham, Buckinghamshire HP6 5FG.

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 27 March 2018.

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 2017 have been filed with the Registrar of Companies and are available at www.inlandhomes.co.uk. 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 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as issued by the International Accounting Standards Board.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2017.

4. Going concern

The Board has reviewed the performance for the current period and forecasts for the future period together with the available financial resources. 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 Directors are satisfied that the Group will generate sufficient cash to meet its liabilities as and when they fall due for a period of 12 months from signing this half-yearly financial report. The Directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

5. Critical accounting estimates and judgements

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

Critical accounting estimates

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

(a) Valuation of inventories

In applying the Group's policy for inventories the Directors are required to determine the net realisable value of inventories by assessing 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. Cost includes the cost of acquisition of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. 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 receipt of planning consent (see below) further increases the level of estimation uncertainty in this area.

(b) Income taxes (note 7)

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. Critical accounting estimates relate to the profit forecasts used to determine the extent to which deferred tax assets are recognised from available losses and the period over which they are estimated.

(c) Fair value of investment properties (note 9)

The fair value of materially completed investment property is determined by independent valuation experts using the open market value of existing use method, subject to current leases and restrictions, as this has been assessed currently as the best use of these assets. Investment properties awaiting construction are valued by the Directors using an appraisal system; critical accounting estimates relate to the forecasts prepared in order to assess the carrying value.

(d) Discounting on deferred consideration of inventories and acquisition of shares

The Group discounts deferred consideration using the discounted cash flow method; the Group considers that the cost of debt capital is the most appropriate discount rate and this is a significant estimate.

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 granted 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.

Capitalisation of borrowing costs

The Group capitalises borrowing costs where there is a qualifying asset. The Directors must assess each site held within inventories each year in order to judge whether or not the site is a qualifying asset. In prior years all borrowing costs were expensed to the Group Income Statement however this year the Wilton Park Development and the Cheshunt joint venture were, in the opinion of the Directors, judged to be qualifying assets in line with the requirements of IAS 23 Borrowing Costs. This is due to the long term, complex nature of these developments which will take several years before parts of these site can be sold or developed. For other sites the Group expenses borrowing costs due to the quantity and repetitive nature of the process adopted. In many cases such developments may take longer than 12 months.The Directors are therefore required to exercise judgement as to whether or not a site represents a qualifying asset.

Investment in joint ventures

The Group's joint venture investment in Project Helix Holdco Limited (Project Helix) is not in equal share (the Group owns 20% of the share capital of Project Helix) however the Group has joint control over the activities of the company with the other parties due to its entitlement to veto any decisions. In addition, the Group and the other parties to the agreement only have rights to the net assets of the company through the terms of the contractual arrangements. Within Project Helix there is a ratchet mechanism which depends on the amount of profit each development contributes to the joint venture. Therefore, this entity is classified as a joint venture and is accounted for using the equity method.

The Group's joint venture investments in Bucknalls Developments Limited (Bucknalls), Gardiners Park LLP (Gardiners Park), Europa Park LLP and Cheshunt Lakeside Developments Limited (Cheshunt) are 50/50 joint ventures and the Group has joint control over the activities of the companies with the other parties and has an entitlement to veto any decisions. The Group and the other parties to the agreements only have rights to the net assets of these companies through the terms of the contractual arrangements. Within these joint ventures the Group is entitled to 50% of the net assets. Therefore, these entities are classified as joint ventures and are accounted for using the equity method.

Investment in associates

The Group has a 25% investment in Troy Homes Limited. It has significant influence over that entity but does not have joint control. Therefore the investment is classified as an associate and is accounted for using the equity method.

6. Income and segmental analysis

The Group generates income by way of land sales. It also generates income from housebuilding, contracting, rental income, hotel income, investments, investment properties and management fees. 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

Six months ended 31 December 2016 (unaudited/restated)	Land sales £000	House building £000	Contract income £000	Rental income £000	Hotel income £000	Investments £000	Investment properties £000	Other £000	Total
Revenue	479	27,484	1,829	669	1,509	—	541	58	32,569
Cost of sales	(239)	(21,983)	(2,063)	(60)	(1,280)	—	(76)	(6)	(25,707)
Gross profit	**240**	**5,501**	**(234)**	**609**	**229**	**—**	**465**	**52**	**6,862**
Administrative expenses	—	—	—	—	—	—	—	(4,045)	(4,045)
Gain on sale of subsidiary	6,021	—	—	—	—	—	—	—	6,021
Revaluation of investment properties	—	—	—	—	—	—	(33)	—	(33)
Operating profit/(loss)	**6,261**	**5,501**	**(234)**	**609**	**229**	—	**432**	**(3,993)**	**8,805**
Finance (cost)/income	(2,034)	(527)	—	—	—	143	(513)	(688)	(3,619)
Profit/(loss) before tax and share of profits from associate and joint ventures	**4,227**	**4,974**	**(234)**	**609**	**229**	**143**	**(81)**	**(4,681)**	**5,186**
Share of loss of associate	—	—	—			(113)	—	—	(113)
Share of loss of joint venture	—	—	—			(121)	—	—	(121)
Profit/(loss) before tax	**4,227**	**4,974**	**(234)**	**609**	**229**	**(91)**	**(81)**	**(4,681)**	**4,952**
Income tax	(845)	(995)	47	(122)	(46)	18	16	730	(1,197)
Total profit/(loss) for the 6 months	**3,382**	**3,979**	**(187)**	**487**	**183**	**(73)**	**(65)**	**(3,951)**	**3,755**

Six months ended 30 June 2017 (unaudited)	Land sales £000	House building £000	Contract income £000	Rental income £000	Hotel income £000	Investments £000	Investment properties £000	Other £000	Total
Revenue	21,905	30,287	1,283	29	1,114	—	1,177	2,363	58,158
Cost of sales	(15,990)	(27,056)	(1,298)	—	(1,131)	—	(143)	99	(45,519)
Gross profit	**5,915**	**3,231**	**(15)**	**29**	**(17)**	—	1,034	**2,462**	**12,639**
Administrative expenses	—	—	—	—	—	—	—	(3,520)	(3,520)
Gain on sale of subsidiary	(33)	—	—	—	—	—	—	—	(33)
Gain on sale of joint venture	—	—	—	—	—	6,965	—	—	6,965
Provision for doubtful debt	—	—	—	—	—	—	—	—	—
Revaluation of investment properties	—	—	—	—	—	—	1,499	—	1,499
Operating profit/(loss)	**5,882**	**3,231**	**(15)**	**29**	**(17)**	6,965	**2,533**	**(1,058)**	**17,550**
Finance (cost)/income	(1,476)	(249)	—	—	—	292	(212)	(690)	(2,335)
Profit/(loss) before tax and share of profits from associate and joint ventures	**4,406**	**2,982**	**(15)**	**29**	**(17)**	**7,257**	**2,321**	**(1,748)**	**15,215**
Share of loss of associate	—	—	—	—	—	(125)	—	—	(125)
Share of loss of joint ventures	—	—	—	—	—	134	—	—	134
Profit/(loss) before tax	**4,406**	**2,982**	**(15)**	**29**	**(17)**	**7,266**	**2,321**	**(1,748)**	**15,224**
Income tax	(800)	(517)	—	(6)	6	22	(1,581)	(324)	(3,200)
Total profit/(loss) for the 6 months	**3,606**	**2,465**	**(15)**	**23**	**(11)**	**7,288**	**740**	**(2,072)**	**12,024**
Total profit/(loss) for year ended 30 June 2017 (audited)	**6,988**	**6,444**	**(202)**	**510**	**172**	**7,215**	**675**	**(6,023)**	**15,779**

Six months ended 31 December 2017 (unaudited)	Land sales £000	House building £000	Contract income £000	Rental income £000	Hotel income £000	Investments £000	Investment properties £000	Other £000	Total
Revenue	20,285	31,025	5,245	366	1,389	—	655	2,246	61,211
Cost of sales	(16,407)	(27,486)	(4,508)	—	(1,257)	—	(175)	—	(49,833)
Gross profit	**3,878**	**3,539**	**737**	**366**	**132**	—	480	**2,246**	**11,378**
Administrative expenses	—	—	—	—	—	—	—	(4,961)	(4,961)
Gain on sale of subsidiary	—	—	—	—	—	—	—	33	33
Gain in sale of joint venture	—	—	—	—	—	8	—	—	8
Revaluation of investment properties	—	—	—	—	—	—	—	—	—
Operating profit/(loss)	**3,878**	**3,539**	**737**	**366**	**132**	**8**	480	**(2,682)**	**6,458**
Finance (cost)/income	(926)	(281)	—	—	—	—	(12)	(403)	(1,622)
Profit/(loss) before tax and share of profits from associate and joint ventures	**2,952**	**3,258**	**737**	**366**	**132**	**8**	**468**	**(3,085)**	**4,836**
Share of income of associate	—	—	—	—	—	**80**	—	—	80
Share of income of joint ventures	—	—	—	—	—	**455**	—	—	455
Profit/(loss) before tax	**2,952**	**3,258**	**737**	**366**	**132**	**543**	**468**	**(3,085)**	**5,371**
Income tax	(553)	(619)	(140)	(70)	(25)	(103)	(89)	645	(954)
Total profit/(loss) for the 6 months	**2,399**	**2,639**	**597**	**296**	**107**	**440**	**379**	**(2,440)**	**4,417**

31 December 2016 (unaudited/restated)	Land £000	House building £000	Contracting & Partnership Housing £000	Hotel £000	Investments £000	Investment properties £000	Other £000	Total
ASSETS								
Non-current assets								
Investment properties	—	—	—	—	—	52,076	—	52,076
Property, plant and equipment	—	—	—	—	—	—	563	563
Investment in associate	—	—	—	—	—	—	—	—
Loans to associate due in more than one year	—	—	—	—	2,027	—	—	2,027
Investment in joint ventures	—	—	—	—	1,156	—	—	1,156
Loans to joint ventures due in more than one year	—	—	—	—	—	—	—	—
Receivables due in more than one year	—	55	—	—	—	—	—	55
Total non-current assets	—	**55**	**—**	**—**	**3,183**	**52,076**	**563**	**55,877**
Current assets								
Inventories	104,752	43,395	—	—	—	—	—	148,147
Trade and other receivables	10,625	156	364	185	—	82	3,283	14,695
Amount due from associate	—	—	—	—	2,600	—	—	2,600
Amount due from joint venture	—	—	—	—	18,880	—	—	18,880
Listed investments carried at fair value through profit and loss	—	—	—	—	1	—	—	1
Cash and cash equivalents	—	—	—	—	—	—	17,576	17,576
Total current assets	**115,377**	**43,551**	**364**	**185**	**21,481**	**82**	**20,859**	**201,899**
Total assets	**115,377**	**43,606**	**364**	**185**	**24,664**	**52,158**	**21,422**	**257,776**
EQUITY								
Capital and reserves attributable to the Company's equity holders								
Share capital	—	—	—	—	—	—	20,360	20,360
Share premium account	—	—	—	—	—	—	34,328	34,328
Employee benefit trust	—	—	—	—	—	—	(1,067)	(1,067)
Special reserve	—	—	—	—	—	—	6,059	6,059
Retained earnings	—	—	—	—	—	—	58,929	58,929
Total equity attributable to shareholders of the Company	—	—	—	—	—	—	**118,609**	**118,609**
Non-controlling interests	—	—	—	—	—	—	—	—
Total equity	—	—	—	—	—	—	**118,609**	**118,609**
LIABILITIES								
Current liabilities								
Bank loans and overdrafts	105	1,688	—	—	—	—	—	1,793
Other loans	—	—	—	—	—	—	—	
Trade and other payables	6,463	3,584	—	—	132	314	4,658	15,151
Corporation tax	—	—	—	—	—	—	5,004	5,004
Other financial liabilities	22,115	—	—		—	—	—	22,115
Total current liabilities	**28,683**	**5,272**	—	**—**	**132**	**314**	**9,662**	**44,063**
Non-current liabilities								
Zero Dividend Preference shares	—	—	—	—	—	—	16,745	16,745
Bank loans due in more than one year	16,816	17,179				26,177		60,172
Other loans due in more than one year	17,227	—	—	—	—	—	—	17,227
Deferred Tax	—	—	—	—	—	960	—	960
Total non-current liabilities	**34,043**	**17,179**	**—**	**—**	**—**	**27,137**	**16,745**	**95,104**
Total equity and liabilities	**62,726**	**22,451**	—	**—**	**132**	**27,451**	**145,016**	**257,776**

30 June 2017 (audited)	Land £000	House building £000	Contracting & Partnership Housing £000	Hotel £000	Investments £000	Investment properties £000	Other £000	Total
ASSETS								
Non-current assets								
Investment properties	—	—	—		—	53,558	—	53,558
Property, plant and equipment	—	—	—	—	—	—	688	688
Investment in associate	—	—	—	—	1,125	—	—	1,125
Loans to associate due in more than one year	—	—	—	—	5,763	—	—	5,763
Investment in joint ventures	—	—	—	—	164	—	—	164
Receivables due in more than one year	—	31	—	—	5,799	—	—	5,830
Total non-current assets	—	**31**	**—**		**12,851**	**53,558**	**688**	**67,128**
Current assets								
Inventories	85,131	51,873	2,894	—	—	—	—	139,898
Trade and other receivables	13,931	1,297	1,499	262	5,000	36	466	22,491
Amounts due from associate	—	—	—	—	—	—	—	—
Amounts due from joint ventures	—	—	—	—	18,267	—	—	18,267
Listed investments carried at fair value through profit and loss	—	—	—	—	—	—	—	—
Cash and cash equivalents	—	—	—	—	—	—	26,459	26,459
Total current assets	**99,062**	**53,170**	**4,393**	**262**	**23,267**	**36**	**26,925**	**207,115**
Total assets	**99,062**	**53,170**	**4,393**	**262**	**36,118**	**53,594**	**27,613**	**274,243**
EQUITY								
Capital and reserves attributable to the Company's equity holders								
Share capital	—	—	—	—	—	—	20,366	20,366
Share premium account	—	—	—	—	—	—	34,336	34,336
Employee benefit trust	—	—	—	—	—	—	(1,078)	(1,078)
Special reserve	—	—	—	—	—	—	6,059	6,059
Retained earnings	—	—	—	—	—	—	70,867	70,867
Total equity attributable to shareholders of the Company	—	—	—	—	—	—	**130,550**	**130,550**
LIABILITIES								
Current liabilities								
Bank loans and overdrafts	—	—	—	—	—	—	—	—
Other loans	—	—	—	—	—	—	—	—
Trade and other payables	6,682	7,458	1,556	512	1,201	333	2,795	20,537
Corporation tax	—	—	—	—	—	—	6,532	6,532
Other financial liabilities	20,130	—	—	—	—	—	—	20,130
Total current liabilities	**26,812**	**7,458**	**1,556**	**512**	**1,201**	**333**	**9,327**	**47,199**
Non-current liabilities								
Zero Dividend Preference shares	—	—	—	—	—	—	17,291	17,291
Bank loans due in more than one year	17,068	19,863	—	—	—	26,296	—	63,227
Payables due in more than one year	13,950	—	—	—	—	—	—	13,950
Deferred tax due in more than one year	—	(607)	—	—	(85)	3,344	(626)	2,026
Total non-current liabilities	**31,018**	**19,256**	—	—	**(85)**	**26,640**	**16,665**	**96,494**
Total equity and liabilities	**57,830**	**26,714**	**1,556**	**512**	**1,116**	**29,973**	**156,542**	**274,243**

31 December 2017 (unaudited)	Land £000	House building £000	Contracting & Partnership Housing £000	Hotel £000	Investments £000	Investment properties £000	Other £000	Total
ASSETS								
Non-current assets								
Investment properties	—	—	—	—	—	53,570	—	53,570
Property, plant and equipment	—	—	—	—	—	—	957	957
Loans to associate due in more than one year	—	—	—	—	5,981	—	—	5,981
Investment in associate	—	—	—	—	1,330	—	—	1,330
Investment in joint ventures	—	—	—	—	627	—	—	627
Receivables due in more than one year	—	5,931	—	—	—	—	—	5,931
Total non-current assets	**—**	**5,931**	—	—	**7,938**	**53,570**	**957**	**68,396**
Current assets								
Inventories	92,929	44,054	130	—	—	—	—	137,113
Trade and other receivables	4,780	123	—	268	—	14	15,432	20,617
Amounts due from associate	—	—	—	—	—	—	—	—
Amounts due from joint ventures	—	—	—	—	19,830	—	—	19,830
Listed investments carried at fair value through profit and loss	—	—	—	—	—	—	—	—
Cash and cash equivalents	—	—	—	—	—	—	24,787	24,787
Total current assets	**97,709**	**44,177**	**130**	**268**	**19,830**	**14**	**40,219**	**202,347**
Total assets	**97,709**	**50,108**	**130**	**268**	**27,768**	**53,584**	**41,176**	**270,743**
EQUITY								
Capital and reserves attributable to the Company's equity holders								
Share capital	—	—	—	—	—	—	20,366	20,366
Share premium account	—	—	—	—	—	—	34,336	34,336
Employee benefit trust	—	—	—	—	—	—	(1,078)	(1,078)
Treasury Reserve	—	—	—	—	—	—	(609)	(609)
Special reserve	—	—	—	—	—	—	6,059	6,059
Retained earnings	—	—	—	—	—	—	75,653	75,653
Total equity attributable to shareholders of the Company	—	—	—	—	—	—	**134,727**	**134,727**
LIABILITIES								
Current liabilities								
Bank loans and overdrafts	—	85	—	—	—	16,000	—	16,085
Trade and other payables	3,217	5,584	465	—	1	451	2,282	12,000
Corporation tax	—	—	—	—	—	—	3,539	3,539
Other financial liabilities	23,775	—	—	—	—	—	—	23,775
Total current liabilities	**26,992**	**5,669**	**465**	**—**	**1**	**16,451**	**5,821**	**55,399**
Non-current liabilities								
Zero Dividend Preference shares	—	—	—	—	—	—	17,864	17,864
Bank loans due in more than one year	2,283	18,110	—	—	—	28,740	—	49,133
Other loans due in more than one year	—	11,558	—	—	—	—	—	11,558
Deferred tax due in more than one year	—	—	—	—	—	2,062	—	2,062
Total non-current liabilities	**2,283**	**29,668**	—	—	—	**30,802**	**17,864**	**80,617**
Total equity and liabilities	**29,275**	**35,337**	465	—	**1**	**47,253**	**158,412**	**270,743**

7. Income tax

	Six months ended 31 December 2017 (unaudited) £000	Six months ended 31 December 2016 (unaudited) £000	Year ended 30 June 2017 (audited) £000
Current tax charge	**906**	1,197	2,744
Deferred tax charge	**48**	—	1,066
	954	1,197	3,810

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 2017 (unaudited) £000	Six months ended 31 December 2016 (unaudited/restated) £000	Year ended 30 June 2017 (audited) £000
Profit attributable to equity holders of the Company (£000)	**4,417**	3,755	15,779
Net assets attributable to equity holders of the company (£000)	**134,727**	118,609	130,550
Weighted average number of ordinary shares in issue (000s)	**201,875**	201,785	201,875
Dilutive effect of options (000s)	**1,870**	1,926	1,882
Dilutive effect shares held in EBT (000s)	**1,627**	1,627	1,627
Dilutive effect shares held in Treasury (000s)	**1,000**	—	—
Dilutive effect of growth shares (000s)	**6,000**	6,000	6,000
	212,372	211,338	211,384
Basic earnings per share in pence	**2.19p**	1.86p	7.82p
Diluted earnings per share in pence	**2.08p**	1.78p	7.46p
Shares in issue (000s)	**202,027**	201,972	202,027
Net asset value per share in pence	**66.69p**	58.73p	64.62p
Diluted net asset value per share in pence	**63.39p**	56.07p	61.72p

On 16 December 2016 the Group's Employee Benefit Trust (EBT) purchased 600,000 shares in Inland Homes plc and a further 1,020,340 under the terms of the Long Term Incentive Plan. These shares, along with the 1,027,066 shares purchased by the EBT in prior years and 1,000,000 treasury shares purchased in the period have been deducted from the weighted average number of ordinary shares in issue and also from the shares in issue at the period end.

9. Investment properties

	Residential properties Level 3 £000	Commercial Property Level 3 £000	Development land Level 3 £000	Total £000
Cost or fair value				
At 31 December 2016	45,458	1,268	5,350	52,076
Additions	16	—	—	16
Fair value adjustment	1,466	—	—	1,466
At 30 June 2017	46,940	1,268	5,350	53,558
Additions	12	—	—	12
At 31 December 2017	**46,952**	**1,268**	**5,350**	**53,570**

10. Investments

	Joint ventures £000	Associate £000	Total £000
Cost or fair value at 31 December 2016 (unaudited)	1,156	—	1,156
Additions	105	1,250	1,355
Transfer to loans to joint ventures	—	—	—
Disposal of interest in joint venture	(1,110)	—	(1,110)
Share of loss after tax	13	(125)	(112)
At 30 June 2017 (audited)	164	1,125	1,289
Additions	—	125	125
Gain on sale of joint venture	8	—	8
Share of gain after tax	455	80	535
At 31 December 2017 (unaudited)	**627**	**1,330**	**1,957**

In November 2014, the Group acquired a 10% interest in Aston Clinton S.A.R.L (Lux) whose purpose is to acquire a site near Aylesbury, Buckinghamshire and obtain planning permission. During the year ended 30 June 2017 planning consent for 400 residential units and commercial space was achieved. As at 30 June 2017, the Group sold its interest in Aston Clint S.A.R.L. for £8.3 million, generating a gain of £7.0 million. During the period to 31 December 2017 an additional gain on the sale of the joint venture was recognised which related to costs associated with the disposal.

In December 2014, the Group entered into a joint venture with CPC Group Ltd (CPC) to purchase land, obtain planning permission and ultimately sell the land. Under the terms of the joint venture, the Group owns 20% of the share capital and is obliged to fund 20% of the costs of the sites acquired by the joint venture. A 'waterfall' calculation determines the amount of profit to be received by the Group, using performance hurdles. During the period the Group acquired 2 of the sites from the joint venture by way of share purchase and these companies are now consolidated into the results of the Group. Along with the Group's capital investment of £nil, £3.1 million of loans have been provided, which is accounted for as Amounts due from Joint Ventures within Current Assets in the Group Statement of Financial Position. This investment is accounted for using the equity method and further details of this can be found in Critical Judgements in note 5. Project Helix Holdco Ltd is based at the Company's registered office.

In December 2015, the Group entered into a joint venture with two individuals to purchase land, obtain planning permission and develop approximately 100 homes in Garston, Hertfordshire. Under the terms of the joint venture, the Group owns 50% of the share capital, is obliged to fund 50% of the costs of the site and is entitled to receive a management fee and 50% of the returns. Along with the Group's capital investment of £nil, loans of £4.6 million have been provided which are accounted for as Amounts due from Joint Ventures within Current Assets in the Group Statement of Financial Position. This investment is accounted for using the equity method and further details of this can be found in Critical Judgements in note 5. Bucknalls Developments Ltd is based at the Company's registered office.

In June 2016, the Group entered into a joint venture whose purpose is to acquire a site in Cheshunt, Hertfordshire, obtain planning permission and ultimately sell the land. The site has the potential for 1,900 residential plots across 25 acres, of which the joint venture currently owns 13. Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns. The Group has made a capital investment of £33,000 as at 31 December 2017, which is accounted for as an Investment in Joint Ventures. Funds of £10.5 million have also been advanced and are accounted for as Amounts due from Joint Ventures on the Group Statement of Financial Position. This investment is accounted for using the equity method and further details of this can be found in Critical Judgements in note 5. Cheshunt Lakeside Developments Ltd is based at the Company's registered office.

In November 2016, the Group entered a joint venture with the Anderson Group to develop a site in Basildon, Essex with 30 private and 13 Housing Association units. Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns. The Group has made a capital investment of £nil (after recognising the Group's share of losses) as at 31 December 2017, which is accounted for as an Investment in Joint Ventures. Funds of £0.9 million have also been forwarded and are accounted for as Amounts due from Joint Ventures on the Group Statement of Financial Position. This investment is accounted for using the equity method and further details of this can be found in Critical Judgements in note 5. Gardiners Park LLP is based at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW.

In December 2017, the Group entered a joint venture with the Anderson Group to develop the site known as Europa Way, Ipswich with 94 residential plots Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns. Funds of £0.7 million have been forwarded and are accounted for as Amounts due from Joint Ventures on the Group Statement of Financial Position. This investment is accounted for using the equity method and further details of this can be found in Critical Judgements in note 5. Europa Park LLP is based at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW.

In October 2015, the Group acquired 25% of Troy Homes Ltd (Troy), a new premium housebuilder, and is entitled to 25% of the net returns. At 31 December 2017, the Group had made a capital investment of £1.25 million and had provided loans of £3.2 million which are accounted for as Loans to Associate within Non-Current Assets in the Group Statement of Financial Position. There is a debtor of £2.7 million (including VAT) in relation to land sold on deferred terms in Amounts due from Associate within Non - Current Assets, as disclosed in the accounts for the year ended 30 June 2017. This is secured by way of legal charge over the sites. This investment is accounted for using the equity method, further details of which can be found in Critical Judgements in note 5. Troy is based at 10-14 Accommodation Road, London, NW11 8ED.

Disposal of Subsidiaries

During the period to 31 December 2017 an additional gain on the sale of the subsidiary was recognised in the Group Income Statement which related to costs associated with the disposal of Inland New Homes Limited which was disposed in December 2016.

During the period to 31 December 2017 the Group disposed of one of its subsidiaries Uxbridge Homes Developments Limited. There was no gain or loss on the sale of the company.

11. Deferred tax

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

	£000
At 31 December 2016 (restated)	(960)
Income statement credit	(1,066)
At 30 June 2017	(2,026)
Income statement credit	(36)
At 31 December 2017	**(2,062)**

The movement in deferred tax assets is as follows:

	Capital losses recognised on revaluation gain £000	Revaluation gain £000	Other £000	Share based compensation £000	Notional interest on deferred consideration £000	Total £000
At 31 December 2016 (restated)	4,606	(6,691)	102	539	484	(960)
(Charged)/credited to income statement	(1,410)	152	(78)	87	183	(1,066)
At 30 June 2017	3,196	(6,539)	24	626	667	(2,026)
Charged/(credited) to income statement	—	—	(80)	44	—	(36)
At 31 December 2017	**3,196**	**(6,539)**	**(56)**	**670**	**667**	**(2,062)**

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.

12. Trade and other receivables, joint ventures and associates

	Six months ended 31 December 2017 (unaudited) £000	Six months ended 31 December 2016 (unaudited) £000	Year ended 30 June 2017 (audited) £000
Trade receivables	**5,530**	62	3,444
Prepayments and accrued income	**1,376**	851	1,262
Amounts due from associate	**—**	2,600	—
Amounts due from joint ventures	**19,830**	18,880	18,267
Other receivables falling due within one year	**13,711**	13,782	17,785
Loans to associate due in more than one year	**5,981**	2,027	5,763
Other receivables falling due after more than one year	**5,931**	55	5,830
	52,359	38,257	52,351

At 31 December 2017 the Group had provided loans of £3.1 million to Project Helix, as shown in note 10.

At 31 December 2017 the Group had provided loans of £4.6 million to Bucknalls Developments Limited, as shown in note 10.

At 31 December 2017 the Group had provided loans of £10.5 million to Cheshunt Lakeside Developments Limited, as shown in note 10.

At 31 December 2017 the Group had provided loans of £0.9 million to Gardiners Park LLP, as shown in note 10.

At 31 December 2017 the Group had provided loans of £0.7 million to Europa Park LLP, as shown in note 10.

At 31 December 2016 the Group had provided loans of £3.2 million and a debtor relating to transactions of £2.7 million to Troy Homes Limited, a company in which it holds a 25% equity interest, as shown in note 10.

All of the Group’s trade and other receivables have been reviewed for indicators of impairment.

13. Share capital

	Six months ended 31 December 2017 (unaudited) No.	Six months ended 31 December 2016 (unaudited/restated) No.	Year ended 30 June 2017 (audited) No.
Shares in issue – total voting shares			
At start of period	**202,026,932**	201,771,932	201,771,932
New shares issued	—	800,000	855,000
Shares purchased by EBT	—	(600,000)	(600,000)
Shares purchased by Treasury	**(1,000,000)**	—	—
At end of period	**201,026,932**	201,971,932	202,026,932

The Group's Employee Benefit Trust purchased 643,216 shares on 29 October 2014, 383,850 shares on 20 December 2015 and a further 600,000 on 16 December 2016 in Inland Homes plc under the terms of the Long Term Incentive Plan. These have been deducted from shares in issue at the start and end of the period. The total ordinary shares in issue at the 31 December 2017 was 203,654,432 (31 December 16: 203,609,432)

14. Trade and other payables and corporation tax

	Six months ended 31 December 2017 (unaudited) £000	Six months ended 31 December 2016 (unaudited/restated) £000	Year ended 30 June 2017 (audited) £000
Trade payables	**5,219**	5,199	7,255
Other creditors	**2,747**	6,714	6,296
Social security, other taxes and VAT	**1,289**	566	1,767
Corporation tax	**3,539**	5,004	6,532
Accruals and deferred income	**2,745**	2,672	5,519
Deferred tax due in more than one year	**2,062**	960	2,026
	17,601	21,115	29,095

The carrying value of trade and other payables is considered a reasonable approximation of fair value.

15. Other financial liabilities and zero dividend preference shares

	Six months ended 31 December 2017 (unaudited) £000	Six months ended 31 December 2016 (unaudited) £000	Year ended 30 June 2017 (audited) £000
Purchase consideration on inventories falling due within one year	**23,775**	22,115	20,130
Zero dividend preference shares falling due after more than one year	**17,864**	16,745	17,291
	41,639	38,860	37,421

16. Contingencies

During the year ended 30 June 2016, one of the Group's principal contractors ("the contractor") experienced significant financial difficulties and was put into Administration. The Group has made a claim to the contractor's Administrators for £7.2m in relation to amounts it believes it is owed by the contractor. A counter proposal for £11.6m has been received from the Administrators for various unexplained reasons, based on discussions with the contractor. The Administrators have not provided any evidence to support the contractor's claims and the Group will be vigorously defending any claims from the contractor as it believes that contractually they have no merit. This position remains unchanged since the accounts for the year ended 30 June 2017 were published.

No provisions have been made in these financial statements in respect of this contingent liability.

17. Prior Period Adjustments

During the year ended 30 June 2017 the Directors reviewed properties held within inventories and are now of the opinion that given the complexity and the nature of the developments at Wilton Park and Cheshunt it is more appropriate to capitalize interest in accordance with IAS 23 Borrowing Costs in relation to the properties at Wilton Park and in the Cheshunt joint venture. A prior period adjustment of £0.6 million has also been made to recognise an additional deferred tax liability relating to the revaluation gains on investment properties following a review of the Groups capital losses available for set off against future capital gains that were erroneously calculated in the prior year. The financial impact of these adjustments is shown below:-

	As previously stated	Adjustments		Restated
	2016		2016	2016
	(unaudited)	Tax	Capitalisation of interest	
	£000.	£000	£000.	£000.
Group Income Statement				
- net Interest	(4,349)	—	587	(3,762)
- profit before tax	4,365	—	587	4,952
- income Tax	(915)	(282)	—	(1,197)
- profit after tax	3,450	(282)	587	3,755
Earnings per share				
- basic earnings per share in pence	1.71	(0.14)	0.29	1.86
- diluted earnings per share in pence	1.62	(0.12)	0.28	1.78
Group Statement of Financial Position				
- deferred tax asset due in more than one year	620	(620)	—	—
- total non current assets	56,497	(620)	—	55,877
- inventories	145,946	—	2,201	148,147
- total current assets	199,698	—	2,201	201,899
- retained earnings	58,308	(1,580)	2,201	58,929
- total equity attributable to shareholders	58,308	(1,580)	2,201	58,929
- deferred tax liability due in more than one year	—	960	—	960
- total non current liabilities	94,144	960	—	95,104
- total equity and liabilities	256,195	(620)	2,201	257,776
Group Statement of Cash Flows				
- profit for the year before tax	4,365	—	587	4,952
- interest expense	4,349	—	(587)	3,762

18. Copies of our half-yearly financial report can be viewed and downloaded from our website at www.inlandhomes.co.uk. 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 been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2017 which comprises the Group Income Statement, 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 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

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

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

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'', issued by the Financial Reporting Council for use in the United Kingdom. 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 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 2017 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO LLP
Chartered Accountants
London
27 March 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).