Press Release **27 May 2015**

Telford Homes Plc

("Telford Homes" or the "Group")

Preliminary Results

Telford Homes Plc (AIM:TEF), the London focused residential property developer, today announces its preliminary results for the year ended 31 March 2015.

Highlights

- Focused on relatively affordable locations in London where demand from tenants, investors and owner-occupiers exceeds the supply of new homes
- Strong performance at every sales launch with 661 open market properties sold in the year (2014: 515) and another 105 since 1 April 2015
- 95 per cent forward sold for the year to 31 March 2016
- Total forward sales now over £550 million (31 March 2014: £341 million), more than three times current annual revenue
- Development pipeline of £1.07 billion of future revenue, an increase of more than 70 per cent in two years
- Profit before tax ahead of market expectations at £25.1 million (2014: £19.2 million), a tenfold increase in four years
- Continued improvement in gross profit margin and operating margin before interest up to 17.5 per cent (2014: 17.1 per cent)
- Proposed final dividend of 6.0 pence making a total of 11.1 pence for the year (2014: 8.8 pence)
- New four year £180 million revolving credit facility providing greater working capital flexibility and a lower cost of capital
- Drawn debt at 31 March 2015 of £95 million leaving headroom in the facility of £85 million for future investment
- The outcome of the General Election has provided certainty and stability to the political environment and the housing market
- Board expects significant growth in output and profits over the next few years and remains very confident in the long term prospects for Telford Homes

Commenting on the Preliminary Results, Jon Di-Stefano, Chief Executive of Telford Homes, said: "I am delighted to report that Telford Homes has experienced another excellent year of trading resulting in pre-tax profits of over £25 million, a tenfold increase in just four years. We continue to be successful at every sales launch and the total value of all forward sales is now over £550 million, more than three times current annual revenue.

"The outcome of the 2015 General Election has provided certainty and stability to the political environment and to the housing market. The Group is focused on relatively affordable locations in London that are experiencing high demand from tenants, investors and owner-occupiers due to a chronic shortage in the supply of new homes. The Board expects significant growth in output and profits over the next few years and remains very confident in the long term prospects for Telford Homes."

- Ends -

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Copies of this announcement are available from the Group at Telford House, Queensgate, Britannia Road, Waltham Cross, Hertfordshire EN8 7TF and on our website www.telfordhomes.london.

CHAIRMAN'S STATEMENT

The year to 31 March 2015 has seen an important milestone in the growth of Telford Homes. Once again the Group has exceeded expectations for numbers of sales and reported profits but in addition we now have a development pipeline of over £1 billion of future revenue and the strongest forward sold position we have ever had. In addition the Group has signed an extended £180 million banking facility that gives enhanced flexibility in funding new and existing developments.

Over the last 12 months the Board has invested in some substantial new development sites and this has only been possible due to our strategy of selling homes well in advance of build completion to control the Group's exposure to risk.

Telford Homes is developing in areas of inner London where the housing market is strong and the ongoing imbalance between the demand for somewhere to live and the supply of new homes is assisting our success at every sales launch. The result of the General Election earlier this month has added greater certainty and stability to the market which enhances our desire to build more homes where people want to live.

Profits for the year to 31 March 2015 have beaten market expectations and as a result I am pleased to report that the dividend paid to shareholders is also ahead of expectations with a final dividend of 6.0 pence making a total of 11.1 pence for the year (2014: 8.8 pence). This reflects our policy of paying one third of earnings in dividends and the Board believes this policy ensures an appropriate balance between investing in controlled and achievable growth and returning a proportion of the Group's profits to shareholders.

The employees of Telford Homes are what makes the Group successful and I would like to thank every one of them for their hard work and dedication over the last year. I would also like to thank Robert Clarke for his valuable contribution to the Board over many years. Robert retires from his position as a Non-Executive Director on 16 July 2015.

The Group is going from strength to strength and is developing in the right parts of London to ensure that continues. More than half of the development pipeline has been forward sold and this gives security over future cash flows and exceptional visibility over future profits. The fundamental attractions of the Group's market are set to be with us for the foreseeable future and the long term outlook for Telford Homes remains very positive.

Andrew Wiseman
Chairman
26 May 2015

CHIEF EXECUTIVE'S REVIEW

Telford Homes has experienced another excellent year of trading resulting in pre-tax profits of £25.1 million, a tenfold increase in just four years. The Group has achieved success after success at its sales launches and is already 95 per cent forward sold for the year to 31 March 2016. The total value of all forward sales secured is now over £550 million, a significant improvement on £341 million as at 31 March 2014 and more than three times current annual revenue.

Sales performance

The Group exchanged contracts for the sale of 661 open market properties in the year to 31 March 2015 (2014: 515) and has sold a further 105 properties to date in the new financial year. This has driven the substantial increase in the forward sold position and, alongside securing future cash flows, brings immediate benefits in terms of deposits received in advance of build completion. The Group takes a minimum 10 per cent deposit on exchange of contracts and, where sales are more than two years ahead of completion, typically takes another 10 per cent 12 months after exchange. As at 31 March 2015 a total of £63.7 million of deposits had been taken in advance of future completions (2014: £45.3 million), which has boosted the Group's ability to invest in new developments and reduced the need to drawdown debt finance.

Recent sales launches have continued a trend that has been evident for the last three years with the latest being Manhattan Plaza, E14 located close to Canary Wharf and minutes from the new Crossrail station due to open in 2018. The launch took place over three weekends in April 2015 and 71 of the 120 open market apartments were sold to investors at prices around £800 per square foot. UK based investors purchased a quarter of these and the remainder were sold overseas, predominantly in China and Hong Kong.

This followed smaller launches earlier in 2015 including The Junction, E1 where half of the 26 open market homes have been sold and the Town Apartments in Kentish Town, where all 15 open market homes sold out in a single weekend. Last year the Group also had phenomenal success in Stratford with the launch of Stratosphere in October 2014 resulting in over £110 million of sales in less than a month and nearly 90 per cent of the 307 open market homes being sold.

Alongside these launches the Group has continued to sell very well from its on-site sales centres and, following the sale of the penthouse at Avant-garde, E1, the Group is once more in a position where it has no unsold completed homes. In total, Telford Homes has less than 50 properties currently released for sale and the Group is still selling homes quicker than it can build them. The next significant sales launch will be Bermondsey Works, SE16 in June 2015 where the average price of the 148 open market homes is under £600 per square foot.

Our customers

The sales achieved in the year to 31 March 2015 were split 38 per cent to UK investors, 49 per cent to overseas investors and 13 per cent to owner-occupiers. The same percentages last year were 33, 32 and 35 respectively. This change represents the Group's incredible success at forward selling its homes, principally to investors, who typically purchase much earlier in the development process than owner-occupiers. The Group designs its homes to appeal to all markets and demand from both investors, based on a thriving rental market, and owner-occupiers has remained very strong in the last year such that the Group is not reliant on any one set of customers.

Telford Homes continues to market its developments to investors both in the UK and overseas because the sales achieved are ensuring homes are being built for the many people who want, or need, to rent properties in London. The Group's investor customers are achieving strong rental yields of between 4 and 6 per cent and they do not leave their properties empty. Notwithstanding this, Telford Homes has always marketed each of its developments to UK based buyers before going overseas, and the Group remains committed to this for all future launches.

The Group has developed a strong brand and reputation for exceptional quality amongst its investor customers across the world and this has resulted in a significant proportion of sales being made to repeat purchasers. Many customers wait for the next Telford Homes development to be brought to the market rather than investing elsewhere. The Group's commitment to customer service throughout the period from purchase to completion and beyond was recognised with the 'Telford Homes Customer Experience' winning the 'Best Customer Satisfaction Initiative Award' at the prestigious 2014 Housebuilder Awards.

The Board is monitoring the increasing emergence of institutional investment in the private rented sector and will always look for opportunities to explore new markets, secure forward sales and deliver earlier cash receipts to enable greater investment in the development pipeline. To date the Group has sold a few smaller developments to its affordable housing partners as private rental investments where strong yields have driven good capital values.

As economic sentiment has improved the availability of mortgage finance to both investors and owner-occupiers has increased and the cost of that finance has decreased. Mortgage providers are carefully controlling applications ensuring affordability is not stretched but nevertheless, due to long term stability in the base rate, the Group's customers are able to access finance on increasingly favourable terms. Typical loan to values remain below 80 per cent although the Group has made its first five sales under the Government's 'Help to Buy' scheme in the last few months. The Board expects to make no more than a small number of sales utilising this scheme over the next few years.

London market

The Group's business revolves around the fundamental strengths of London including its international reputation, economic performance and a constantly improving transport network. This network will include Crossrail from 2018 which directly benefits a number of the Group's typical locations. There is no doubt that there is a significant gap between the demand for somewhere to live in London and the supply of new homes and this will widen with predicted population growth in the next decade. This imbalance remains the key reason behind the Board's plans to increase the number of homes the Group is building over the next few years.

Telford Homes operates in relatively affordable areas of inner London that are benefitting from ongoing regeneration. Whilst property prices in London's prime markets have seen some cooling off in recent months, demand for the Group's homes remains strong and prices have seen controlled and steady growth. This is exactly as the Board predicted given that affordability constraints on both rents and mortgage payments have tempered excessive price inflation.

The average price of the open market homes sold in the year to 31 March 2015 was £459,000 (2014: £400,000) and each of the Group's developments average price is less than £1,000 per square foot with only a small number of properties priced above £1 million. The Board has a deliberate strategy to avoid prime markets and will continue to concentrate on more affordable locations, where real long term demand is evident from both tenants and owner-occupiers.

Profits and margins

Our continued success in a strong market has seen profit before tax multiply tenfold since 2011 and increase to £25.1 million in the year to 31 March 2015 (2014: £19.2 million). Margins are ahead of last year and in excess of the Board's expectations due to some commercial property sales at higher than anticipated prices and build cost inflation being slightly less than initial prudent estimates. The operating margin before any interest charges was 17.5 per cent, the highest the Group has ever reported (2014: 17.1 per cent).

The Group expects margins to return to normal levels in the future due to a combination of factors. Property prices in the Group's locations have stabilised and are now increasing at a more modest and sustainable rate. Going forward this will be balanced by inflationary pressures in labour and material costs and margins on developments completing in the next two years, but sold in a period of more significant price growth, will be tempered by increased costs and overage arrangements with land vendors where they share in the uplift in values. The Group has a target gross margin before selling expenses, overheads and interest of 24 per cent compared to the 32.4 per cent achieved in the year to 31 March 2015 and the Board expects the reported gross margin to fall back towards this target level.

Inflationary pressures on labour costs and material prices have been evident across the industry over the last 12 months but these are being anticipated in forecasts and remain under control. The Group has not experienced any significant shortages in supply in any of its subcontracted trades or materials but will continue to monitor trends and react accordingly. The Group has strong relationships with its supply chain and places orders with subcontractors as far in advance as it can. At Stratosphere, a 36 storey development in Stratford, construction is at an early stage with final completions more than three years away and yet the Group has already secured orders for more than 60 per cent of the total build cost.

The Board has previously reported that Telford Homes can achieve further significant growth over the next few years with profit before tax increasing to circa £40 million by 2018 and this remains the case. Given the nature of the Group's business it is likely that profits will not always follow a smooth path increasing every year. The Board believes that maximising profits is more important than the timing of recognition and, should profits fluctuate around an upward trend, will ensure dividend payments remain progressive to reflect the underlying growth path.

Development pipeline

In 2014 Telford Homes announced that its development pipeline had exceeded £1 billion in expected future revenue for the first time in the Group's history. This followed a number of significant land acquisitions including Poplar Business Park, E14, which has already been successfully marketed as Manhattan Plaza, and the £44 million purchase of a 5.5 acre site in Stratford in a joint venture with Notting Hill Housing Group.

Since that date the Group has continued to acquire new opportunities including a site on Redclyffe Road, Upton Park where a planning application for more than 170 homes will be submitted later this year. In addition the Group has recently agreed terms with one of its affordable housing partners on a regeneration scheme with planning permission for over 100 homes.

There is no shortage of development sites in the Group's area of operation but unlocking these sites is part of the challenge of increasing the supply of new homes in London. The Group has excellent relationships with a number of key landowners, including its affordable housing partners, and has a reputation for delivering on its promises and maximising value for all parties. This has been critical to the success of recent acquisitions and, as a result, the development pipeline at 31 March 2015 stood at £1.07 billion of future revenue an increase of more than 70 per cent in just two years (2014: £878 million, 2013: £627 million) and more than six times current annual revenue.

The planning process

The Group acquires a number of sites subject to receipt of a planning consent or unconditionally without planning when the Board is confident of achieving a satisfactory consent. The Group's knowledge of the planning process in each London borough and ability to work in partnership with local authorities, the Greater London Authority and other interested parties removes the majority of the risk associated with the land purchase. In addition, affordable housing is an important component of any new development and the Group has strong relationships with a number of affordable housing providers who make competitive offers and assist in delivering policy compliant affordable housing in planning proposals.

Despite all of this the planning process is challenging and the time taken to achieve consents restricts the supply of new homes and can delay the Group's planned development programmes. In December 2014, the Group finally secured a resolution to grant planning consent for a development on Caledonian Road, N1, after a significant delay and yet more than five months later the formal consent is still to be issued. Whilst this should be a formality it exemplifies the nature of the problems faced by all developers. Nevertheless the development consists of 156 homes very close to the impressive regeneration of Kings Cross and the Group expects to start on site later this year.

Fortunately the Government and the Greater London Authority both recognise the need to increase the supply of new homes and, having done much to support the demand side of the market, it is hoped that they will give more help to the supply side. The system needs reform but in reality small adjustments will make a big difference and these could include additional planning resources in local councils and setting defined time limits for various stages of the process. The right climate exists to make positive changes.

Operations

Telford Homes is growing and by the end of 2015 will have over 2,200 homes under construction across 16 developments compared to just under 1,700 across 22 developments two years ago. As the Group increases in size, economies of scale become more evident and the average development size has also increased.

In order to ensure the management team is set up to accommodate further growth the Group has recently undertaken a restructuring of its operational teams and sadly this has resulted in a very small number of redundancies at a senior level. I would like to thank those leaving the Group for everything they have done for Telford Homes and wish them all the best in the future. In particular I would like to thank Joint Group Managing Director, Mark Parker, for his contribution to the Board since his appointment in 2007. Mark left the Group and stepped down from the Board on 26 May 2015. As a result John Fitzgerald, also previously Joint Group Managing Director, is now responsible for production across the entire Group with an extended management structure supporting him in this role. The Board is confident that this restructure is necessary to ensure Telford Homes can step up to the next level.

Outlook

The outcome of the 2015 General Election has provided certainty and stability to the political environment. The new Government has a clear understanding of the need to build more homes and any concerns over the impact of housing policies proposed by other political parties have now been removed.

London is one of the world's greatest cities with a strong economy and an excellent transport network. The Group is focused on relatively affordable locations in London that are experiencing high demand from tenants, investors and owner-occupiers due to a chronic shortage in the supply of new homes. The Group's development pipeline represents over £1 billion of future revenue of which more than £550 million has already been secured by forward sales. The Board expects significant growth in output and profits over the next few years and remains very confident in the long term prospects for Telford Homes.

Jon Di-Stefano
Chief Executive
26 May 2015

FINANCIAL REVIEW

Telford Homes has had another outstanding year reporting a record level of revenue with profit margin growth at both the gross and operating level. Profit before tax has increased by over 30 per cent to £25.1 million (2014: £19.2 million) with further profit growth expected, supported by the high level of forward sales secured to date. The Group signed a new £180 million revolving credit facility in March 2015 which, together with its equity, provides the necessary funding to deliver on its stated growth plans over the next few years.

Change in presentation of joint ventures

The Group has been required to adopt IFRS 11 'Joint Arrangements' for the year to 31 March 2015. IFRS 11 states that joint ventures should be accounted for as equity investments rather than by proportional consolidation. This is a change in presentation only and does not change net profits or net assets in any way. The Group's joint ventures are however an integral part of the business and as such the Board believes that the financial results are most appropriately presented using proportional consolidation which means including the relevant share of the results of joint ventures in each line of the income statement and balance sheet. This therefore remains the method of presentation within the Group's internal management accounts.

The Board has prepared an income statement and a balance sheet using proportional consolidation along with Generally Accepted Accounting Principles (GAAP) compliant versions presenting joint ventures as equity investments. The key performance indicators and other figures within this report include the Group's share of joint venture results. The Board suggests investors follow its lead in assessing the business on the results that include a proportional share of joint ventures. Further detail is included in note 6.

Operating results

Revenue, including the Group's share of joint ventures, has increased to a record high of £173.5 million (2014: £140.8 million). Revenue in accordance with GAAP and therefore excluding joint ventures was £140.4 million (2014: £94.0 million). The vast majority of the joint venture results in the year were from Bishopsgate Apartments LLP, a joint venture with the William Pears Group, with 77 open market residential completions in the period (2014: 180) at a very strong margin.

The overall increase in revenue was achieved despite a reduction in the total number of open market residential completions in the year from 492 to 374. The reduction in completions was expected and is purely down to the timing of developments and the handover of finished properties. However, the average selling price of the properties completing increased to £439,000 (2014: £329,000), due partly to the mix of developments but also strong underlying price growth. Commercial revenue was relatively high in the year to March 2015 at £16.0 million (2014: £7.7 million) due to a significant commercial sale in Bishopsgate Apartments LLP of £19.3 million; £9.65 million being the Group's 50 per cent share. The Group also continues to recognise revenue from the sale of affordable housing on a percentage of completion basis throughout construction and this usually contributes around 20 to 25 per cent of the revenue from each development.

Gross profit in the year increased from £42.1 million to £53.9 million including the Group's share of joint ventures. Gross profit is stated after expensing loan interest that has been capitalised within inventories of £2.4 million (2014: £2.9 million) and, before charging this interest, the gross margin increased to 32.4 per cent compared to 31.9 per cent last year and 24.3 per cent the year before. The improvement in gross profit margin is mainly due to commercial sales at higher than anticipated prices and cost inflation being less than the Board's prudent estimates on developments completing in this financial year. Gross profit on a GAAP basis excluding joint ventures was £38.2 million (2014: £24.3 million).

Administrative expenses have increased to £16.7 million (2014: £14.1 million) predominantly due to higher employee costs together with professional fees in relation to the recent refinancing. Both of these are necessary to enable the Group to deliver on its planned growth strategy over the next few years.

Selling expenses including joint ventures have increased in the year to £9.1 million from £6.7 million. Selling expenses excluding joint ventures were £8.6 million (2014: £5.8 million). The majority of this movement is explained by three significant sales launches taking place in the year to 31 March 2015 compared to only two similar launches in the previous financial year. These three launches, in total costing £5.1 million including agent's commission payable at exchange, were all incredibly successful and resulted in over 500 forward sales which are scheduled to complete and therefore deliver profit in future financial years. However, due to the accounting treatment for selling expenses which means they are expensed as incurred, the cost of the launches have been expensed in this financial year. This compares to costs of £2.5 million from the two significant launches in the year to 31 March 2014.

Agent's commission on smaller launches forms a further element of selling costs with half of the commission payable on exchange and half on completion. The Group has also been very successful in securing sales from on-site marketing suites and had two of these open for the majority of the year to 31 March 2015.

Despite higher administrative expenses and selling expenses, the Group's operating margin, calculated before interest and including the Group's share of joint ventures, increased further to 17.5 per cent. This compares to 17.1 per cent in the year to March 2014 and 9.7 per cent in 2013. Profit before tax has risen from £19.2 million to £25.1 million with further profit growth expected in the year to 31 March 2016 supported by forward sales already secured on 95 per cent of the open market homes expected to complete in that period.

Finance costs

Finance costs actually incurred in the year have increased to £5.4 million from £4.5 million. This is comprised of £2.4 million (2014: £2.1 million) of interest capitalised into work in progress and £3.0 million (2014: £2.4 million) of finance costs charged directly to the income statement. Average borrowings in the year have increased from £45.2 million to £56.0 million with the vast majority of the interest charged on these borrowings being capitalised into work in progress.

Finance costs charged directly to the income statement are predominantly non-utilisation fees and arrangement fees. Non-utilisation fees are lower at £1.4 million (2014: £1.6 million) reflecting the increase in average borrowings but arrangement fees are significantly higher at £1.5 million (2014: £0.6 million). The Group signed a new loan facility in March 2015 which accelerated amortisation of arrangement fees on the previous facility which would have been amortised over the life of the former loan to September 2016. This resulted in additional arrangement fees this year of £0.9 million. The arrangement fee paid on the new loan facility is to be amortised over the life of the loan to March 2019.

Dividend

The Board remains committed to its stated dividend policy of paying a third of earnings in dividends each year and have proposed a final dividend of 6.0 pence. Together with the 5.1 pence interim dividend paid on 9 January 2015, this makes a total dividend for the year of 11.1 pence (2014: 8.8 pence), in line with the 25 per cent increase in earnings per share from 26.5 pence to 33.2 pence. The final dividend is expected to be paid on 17 July 2015 to those shareholders on the register at the close of business on 19 June 2015.

Balance sheet and cash

Net assets at 31 March 2015 were £120.4 million, increased from £105.4 million last year mainly due to retained profit in the year. This is equivalent to net assets per share of 199.8 pence (31 March 2014: 177.4 pence).

There has been a significant amount of investment in land and work in progress in the year and, including joint ventures, the Group had inventories of £277.2 million at 31 March 2015 (31 March 2014: £173.1 million). Inventories excluding joint ventures were £254.7 million (31 March 2014: £156.2 million). Inventories are funded by a combination of debt and equity and as a result, net debt at 31 March 2015 was £55.3 million (31 March 2014: net cash of £3.4 million). Despite this investment in inventories, cash balances including joint ventures remained high at £39.7 million at 31 March 2015 (31 March 2014: £33.0 million), albeit a significant proportion of this has been committed to future land and development costs.

The Group has exchanged contracts or entered into option agreements to purchase a number of sites subject to planning. These are recorded as contingent liabilities rather than land creditors due to the existence of outstanding conditions. However, Telford Homes has entered into a joint venture in the period with Notting Hill Housing Group, Chobham Farm North LLP, and that joint venture has exchanged contracts to purchase a significant site with outline planning permission in Stratford, E15 for £44 million payable by January 2016. This is recorded as a land creditor in Chobham Farm North LLP and funding will be sought for the land and development finance later in 2015.

The Group continues to benefit from deposits received due to the strong level of forward sales achieved. At 31 March 2015, deposits received in advance of completion and recognised as a liability on the balance sheet totalled £63.7 million (2014: £41.6 million). These deposits are an important source of equity and are released into free cash flow for investment into future developments.

Borrowings

The Company signed a new £180 million corporate loan facility on 4 March 2015. This revolving credit facility, which extends to March 2019, is being provided by The Royal Bank of Scotland, HSBC, Santander and Allied Irish Bank. The enlarged facility replaces the previous £120 million loan facility and is secured against the Group's development sites. It provides greater working capital flexibility and the ability to act more quickly on site acquisitions with drawdowns governed by standard corporate covenants together with site covenants monitored on a portfolio basis. The interest rate payable varies depending on the Group's gearing level and the margin ranges from 2.8 per cent to 4 per cent compared to a minimum margin of 4 per cent under the previous facility.

As at 31 March 2015, drawn debt was £95 million (31 March 2014: £29.6 million) leaving an unutilised balance of £85 million. Gearing has increased to 43.9 per cent (2014: zero) but remains well beneath the covenant of 150%. The Board expects both borrowings and gearing to increase further as the Group continues to invest in site acquisitions and development costs.

The Board monitors and considers the appropriate level of debt and therefore gearing for the business taking into account forward sales achieved. The Board is comfortable with higher levels of gearing forecast over the next few years given over £550 million of forward sales have been secured to date to underpin the debt.

Signing the new revolving credit facility was an important step in delivering on the Group's stated growth plans and the headroom within this facility, together with the Group's equity, is sufficient to enable Telford Homes to deliver this growth over the next few years.

Katie Rogers
Financial Director
26 May 2015

GROUP INCOME STATEMENT INCLUDING PROPORTIONAL SHARE OF JOINT VENTURE RESULTS FOR THE YEAR ENDED 31 MARCH 2015

	Non-GAAP Year ended 31 March 2015 £000	Non-GAAP Year ended 31 March 2014 £000
Revenue	173,452	140,771
Cost of sales	(119,592)	(98,701)
Gross profit	**53,860**	**42,070**
Administrative expenses	(16,693)	(14,143)
Selling expenses	(9,147)	(6,748)
Operating profit	**28,020**	**21,179**
Finance income	146	409
Finance costs	(3,038)	(2,358)
Profit before income tax	**25,128**	**19,230**
Income tax expense	(5,464)	(4,346)
Profit after income tax	**19,664**	**14,884**

GROUP BALANCE SHEET INCLUDING PROPORTIONAL SHARE OF JOINT VENTURE RESULTS
AT 31 MARCH 2015

	Non-GAAP 31 March 2015 £000	Non-GAAP 31 March 2014 £000
Non current assets		
Property, plant and equipment	1,028	1,153
Financial assets	-	227
Deferred income tax assets	866	852
	1,894	2,232
Current assets		
Inventories	277,161	173,110
Trade and other receivables	11,451	6,590
Cash and cash equivalents	39,701	32,970
	328,313	212,670
Total assets	**330,207**	**214,902**
Non current liabilities		
Trade and other payables	(679)	(275)
Financial liabilities	(389)	-
	(1,068)	(275)
Current liabilities		
Trade and other payables	(113,732)	(79,373)
Borrowings	(92,559)	(28,135)
Current income tax liabilities	(2,460)	(1,727)
	(208,751)	(109,235)
Total liabilities	**(209,819)**	**(109,510)**
Net assets	**120,388**	**105,392**
Capital and reserves		
Issued share capital	6,025	5,940
Share premium	58,551	57,529
Retained earnings	55,812	41,923
Total equity	**120,388**	**105,392**

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Note	Year ended 31 March 2015 £000	Year ended 31 March 2014 restated* £000
Total revenue		**173,452**	**140,771**
Less share of revenue from joint ventures		(33,007)	(46,747)
Group revenue		**140,445**	**94,024**
Cost of sales		(102,215)	(69,748)
Gross profit		**38,230**	**24,276**
Administrative expenses		(16,675)	(14,071)
Selling expenses		(8,569)	(5,797)
Share of results of joint ventures		15,047	16,714
Operating profit		**28,033**	**21,122**
Finance income		142	406
Finance costs		(3,038)	(2,297)
Profit before income tax		**25,137**	**19,231**
Income tax expense	3	(5,473)	(4,347)
Profit after income tax		**19,664**	**14,884**
Earnings per share:			
Basic	5	33.2p	26.4p
Diluted	5	32.6p	25.8p

*Prior year results are restated for the adoption of IFRS 11 ‘Joint arrangements’, further information is included in note 2.

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Movement in derivative financial instruments hedged	(616)	227
Movement in deferred tax on derivative financial instruments hedged	125	(48)
Other comprehensive (expense) income net of tax (items that may be subsequently reclassified into profit or loss)	**(491)**	**179**
Profit for the year	19,664	14,884
Total comprehensive income for the year	**19,173**	**15,063**

GROUP BALANCE SHEET
AT 31 MARCH 2015

	31 March 2015 £000	31 March 2014 restated* £000
Non current assets		
Investment in joint ventures	2,686	12,104
Property, plant and equipment	1,028	1,153
Financial assets	-	227
Deferred income tax assets	866	852
	4,580	14,336
Current assets		
Inventories	254,704	156,159
Trade and other receivables	11,694	7,462
Cash and cash equivalents	39,659	32,762
	306,057	196,383
Total assets	**310,637**	**210,719**
Non current liabilities		
Trade and other payables	(679)	(275)
Financial liabilities	(389)	-
	(1,068)	(275)
Current liabilities		
Trade and other payables	(94,162)	(75,190)
Borrowings	(92,559)	(28,135)
Current income tax liabilities	(2,460)	(1,727)
	(189,181)	(105,052)
Total liabilities	**(190,249)**	**(105,327)**
Net assets	**120,388**	**105,392**
Capital and reserves		
Issued share capital	6,025	5,940
Share premium	58,551	57,529
Retained earnings	55,812	41,923
Total equity	**120,388**	**105,392**

*Prior year results are restated for the adoption of IFRS 11 ‘Joint arrangements’, further information is included in note 2.

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 April 2013	**5,028**	**38,032**	**29,669**	**72,729**
Profit for the year	-	-	14,884	14,884
Total other comprehensive income	-	-	179	179
Movement in excess tax on share options	-	-	662	662
Dividend on equity shares			(3,591)	(3,591)
Proceeds of equity share issue	912	19,497	-	20,409
Share-based payments	-	-	212	212
Purchase of own shares	-	-	(547)	(547)
Sale of own shares	-	-	455	455
Balance at 31 March 2014	**5,940**	**57,529**	**41,923**	**105,392**
Profit for the year	-	-	19,664	19,664
Total other comprehensive expense	-	-	(491)	(491)
Movement in excess tax on share options	-	-	305	305
Dividend on equity shares	-	-	(6,061)	(6,061)
Proceeds of equity share issues	85	1,022	-	1,107
Share-based payments	-	-	218	218
Purchase of own shares	-	-	(670)	(670)
Sale of own shares	-	-	924	924
Balance at 31 March 2015	**6,025**	**58,551**	**55,812**	**120,388**

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Year ended 31 March 2015 £000	Year ended 31 March 2014 Restated* £000
Cash flow from operating activities		
Operating profit	28,033	21,122
Depreciation	603	495
Write down in value of own shares	218	212
Loss (profit) on sale of tangible assets	15	(17)
Increase in inventories	(96,134)	(59,079)
(Increase) decrease in receivables	(4,250)	14,371
Increase in payables	19,530	39,787
Share of results from joint ventures	(15,047)	(16,714)
	(67,032)	177
Interest paid and debt issue costs	(6,603)	(4,825)
Income taxes paid	(4,324)	(3,271)
Distribution from joint ventures	24,465	13,164
Cash flow from operating activities	**(53,494)**	**5,245**
Cash flow from investing activities		
Purchase of tangible assets	(492)	(1,250)
Proceeds from sale of tangible assets	-	25
Interest received	142	406
Cash flow from investing activities	**(350)**	**(819)**
Cash flow from financing activities		
Proceeds from issuance of ordinary share capital	1,107	20,409
Purchase of own shares	(670)	(547)
Sale of own shares	924	455
Increase in bank loans	95,000	17,598
Repayment of bank loans	(29,559)	(28,483)
Dividend paid	(6,061)	(3,591)
Capital element of hire purchase payments	-	(3)
Cash flow from financing activities	**60,741**	**5,838**
Net increase in cash and cash equivalents	**6,897**	**10,264**
Cash and cash equivalents brought forward	32,762	22,498
Cash and cash equivalents carried forward	**39,659**	**32,762**

*Prior year results are restated for the adoption of IFRS 11 'Joint arrangements', further information is included in note 2.

NOTES

1 Basis of preparation

The financial information set out above does not constitute statutory accounts for the year ended 31 March 2015 or 2014 but is derived from those accounts. Statutory accounts for the year ended 31 March 2014 have been delivered to the Registrar of Companies and the statutory accounts for the year ended 31 March 2015 will be delivered to the Registrar of Companies and sent to all shareholders shortly. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006 or equivalent preceding legislation.

The statutory accounts for the year ended 31 March 2015, including the comparative information for the year ended 31 March 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The directors have assessed the Group’s projected business activities and available financial resources together with detailed forecasts for cash flow and relevant sensitivity analysis. The directors believe that the Group remains well placed to manage its business risks successfully. After making appropriate enquiries the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the statutory accounts for the year ended 31 March 2015.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty were principally the same as those applied to the Group's financial statements as at 31 March 2015.

2 Accounting policies

Accounting convention

The statutory accounts for the year ended 31 March 2015 have been prepared under historical cost convention as modified for reassessment of derivatives at fair value and on a basis consistent with the accounting policies in the financial statements for the year ended 31 March 2014 with the exception of the new accounting standards and accounting policies noted below. The accounting policies will be disclosed in full within the Group's forthcoming financial statements.

Adoption of new accounting standards

The Group has adopted IFRS 10, IFRS 11, IFRS 12 and IAS 28 (revised) from 1 April 2014 and as a result, proportional consolidation of joint venture results is no longer allowed. Under the new accounting standards, key line items such as statutory revenue, cost of sales, inventory and debt no longer include the Group's portion of joint venture balances. Instead, the Group's share of the statutory results from joint ventures is accounted for under the equity method. Therefore the Group's share of results in joint ventures is presented in one line in the income statement and the statutory balance sheet includes one line representing the Group's investment in joint ventures. The impact of adopting these standards is purely presentational and there is no impact on overall net profits or net assets of the Group.

The results for the year ended 31 March 2014 have been restated to reflect the revised presentation of joint venture results with no change in net profit or net assets, the restatement is purely to reclassify joint venture results and balances as required by the new accounting standards set out above. Further details are included in note 6.

The adoption of these standards has resulted in the following accounting policies:

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and the Group's share of results of joint ventures. The results of subsidiaries acquired or disposed of during the year are included in the financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Joint ventures

A joint venture is an entity in which the Group holds an interest with one or more other parties where a contractual arrangement has established joint control over the entity. Joint ventures are accounted for using the equity method of accounting. Under this method, the Group's share of post-tax results of joint ventures is included in the Group's operating profit in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet.

As joint ventures are an integral part of the business, total revenue, including the Group's share of joint venture revenue, is presented on the face of the income statement and reconciled to the Group revenue which is the Generally Accepted Accounting Principles (GAAP) compliant revenue amount.

3 Taxation

Taxation has been calculated on the profit for the year ended 31 March 2015 at the estimated effective tax rate of 21.8% (2014: 22.6%).

4 Dividend paid	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Final dividend paid in July 2014 of 5.1p (July 2013: 2.8p)	3,029	1,412
Interim dividend paid in January 2015 of 5.1p (January 2014: 3.7p)	3,032	2,179
	6,061	**3,591**

The final dividend proposed for the year ended 31 March 2015 is 6.0 pence per ordinary share. This dividend was declared after 31 March 2015 and as such the liability of £3,615,000 has not been recognised at that date.

5 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held in the Share Incentive Plan. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

Earnings per share have been calculated using the following figures:

	Year ended 31 March 2015	Year ended 31 March 2014
Weighted average number of shares in issue	59,246,624	56,273,560
Dilution - effect of share schemes	1,067,436	1,500,486
Diluted weighted average number of shares in issue	60,314,060	57,774,046
Profit on ordinary activities after taxation	£19,664,000	£14,884,000
Earnings per share:		
Basic	33.2p	26.4p
Diluted	32.6p	25.8p

6 Segmental reporting

The Group has only one reportable segment being housebuilding in the United Kingdom. Financial analysis is presented on this basis to the chief operating decision makers for the Group, these being the board of directors.

Management information is presented to the board of directors with the Group's share of joint venture results proportionally consolidated to reflect the true underlying performance of the Group and the importance of joint ventures to the business. The results disclosed within the Group's financial statements do not proportionally consolidate joint venture results and instead they are accounted for on an equity basis. A reconciliation between management information and the Generally Accepted Accounting Principles (GAAP) compliant information in the financial statements is as follows:

Year ended 31 March 2015	**Management Information £000**	**Remove share of joint ventures £000**	**GAAP £000**
Revenue	173,452	(33,007)	140,445
Cost of sales	(119,592)	17,377	(102,215)
Gross profit	53,860	(15,630)	38,230
Administrative expenses	(16,693)	18	(16,675)
Selling expenses	(9,147)	578	(8,569)
Share of results of joint ventures	-	15,047	15,047
Operating profit	28,020	13	28,033
Net finance costs	(2,892)	(4)	(2,896)
Profit before income tax	25,128	9	25,137
Income tax expense	(5,464)	(9)	(5,473)
Profit after income tax	**19,664**	**-**	**19,664**
Inventories	277,161	(22,457)	254,704
Other assets	53,046	2,887	55,933
Total liabilities	(209,819)	19,570	(190,249)
Net assets	**120,388**	**-**	**120,388**

Year ended 31 March 2014	Management Information £000	Remove share of joint ventures £000	GAAP £000
Revenue	140,771	(46,747)	94,024
Cost of sales	(98,701)	28,953	(69,748)
Gross profit	42,070	(17,794)	24,276
Administrative expenses	(14,143)	72	(14,071)
Selling expenses	(6,748)	951	(5,797)
Share of results of joint ventures	-	16,714	16,714
Operating profit	21,179	(57)	21,122
Net finance costs	(1,949)	58	(1,891)
Profit before income tax	19,230	1	19,231
Income tax expense	(4,346)	(1)	(4,347)
Profit after income tax	**14,884**	**-**	**14,884**
Inventories	173,110	(16,951)	156,159
Other assets	41,792	12,768	54,560
Total liabilities	(109,510)	4,183	(105,327)
Net assets	**105,392**	**-**	**105,392**

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