25 February 2020

Springfield Properties plc
("Springfield", the "Company" or the "Group")

Interim Results

Springfield Properties (AIM: SPR), a leading housebuilder in Scotland delivering private and affordable housing, announces its interim results for the six months ended 30 November 2019.

Financial Highlights

	H1 2019/20 £m	H1 2018/19 £m	Change
Revenue	79.8	75.7	+5.4%
Gross margin	19.9%	17.2%	+270bps
Operating profit	7.3	6.4	+14.9%
Profit before tax	6.3	6.1	+3.4%
Basic EPS (p)	5.28p	5.12p	+3.1%
Interim dividend per share (p)	1.4p	1.2p	+16.7%

Operational Highlights

- Increased sales, profit and margin – on track to achieve growth for FY 2019/20 in line with market expectations
- Declared increase in interim dividend of 16.7% to 1.4p (H1 2018/19: 1.2p)
- Completion of new homes increased by 15.6% to 438 (H1 2018/19: 379)
- Successful acquisitions driving strong margin improvement
- Expanded geographical presence with strategic land acquisitions in Inverness
- Increased proportion of land bank with planning permission to 30.1% (31 May 2019: 28.4%)
- Total land bank of 15,862 plots (31 May 2019: 15,938) with Gross Development Value ("GDV") of £3.2bn (31 May 2019: £3.2bn)
- Entered private rented sector with signing of a Collaboration Agreement with Sigma PRS Management Ltd ("Sigma")

Private Housing Delivery

- Revenue increased by 7.3% to £57.1m (H1 2018/19: £53.2m)
- Completions grew by 10.3% to 258 homes (H1 2018/19: 234)
- Excellent progress on Village developments, with key highlights including:
  - Advanced planning on Springfield's largest development, Durieshill, Stirling – with consent (subject to completing a Section 75 agreement) granted post period for 3,042 homes
  - Launched sales at third Village development, Linkwood, Elgin, with strong demand
  - Opening of Bertha Park Secondary School at Bertha Park, Perth: the first entirely new secondary school to be established in Scotland for more than 15 years

Affordable Housing Delivery

- Revenue increased by 15.8% to £22.2m (H1 2018/19: £19.1m)
- Completions grew by 24.1% to 180 homes (H1 2018/19: 145)
- Completed handovers at first development under local authority framework agreement for 10 affordable home-only developments, and commenced construction on two new developments
- Commenced handovers, which completed post period, to local housing association of 54 affordable homes at Bertha Park, Perth – the first affordable housing at a Village development
- Planning consent received for 237 affordable homes at Dalmarnock, Glasgow, and 139 affordable homes at The Wisp, Edinburgh

Innes Smith, Chief Executive Officer of Springfield Properties, commented: "We are pleased to have achieved another period of growth resulting from progress across our business and, in particular, delivering strong improvement in gross margin. Our acquisitions are performing well and we are realising benefits group-wide. We continued to expand geographically with strategic land purchases in Inverness and we made good progress in advancing our developments through the planning system, including receiving consent, post period, for over 3,000 homes at Durieshill, Stirling – the largest detailed planning consent to ever be granted in Scotland.

"Looking ahead, we entered the second half with a strong order book and we are experiencing good growth across the business. Alongside our customers, we are benefitting from the UK having entered a period promising greater market certainty – with an increase in the reservation rate since December. We are also pleased to now be selling homes at three of our Villages and are excited about the opportunities in the private rented sector offered by our partnership with Sigma. Consequently, we remain confident of achieving growth for the full year in line with management expectations and are pleased to have declared an interim dividend 17% above last year."

Enquiries

Springfield Properties	
Sandy Adam, Executive Chairman Innes Smith, Chief Executive Officer	+44 1343 552550
N+1 Singer	
Shaun Dobson, James Moat (Corporate Finance) Rachel Hayes (Corporate Broking)	+44 20 7496 3000
Luther Pendragon	
Harry Chathli, Claire Norbury, Alexis Gore, Joe Quinlan	+44 20 7618 9100

Analyst Presentation

Innes Smith, Chief Executive Officer, and Michelle Motion, Chief Financial Officer, will be hosting a presentation for analysts at 9.30am GMT today at the office of Luther Pendragon, 48 Gracechurch Street, London, EC3V 0EJ.

Operational Review

Springfield delivered another period of good growth with sales increasing in both private and affordable housing, including total completions 15.6% higher at 438 new homes (H1 2018/19: 379), as well as establishing a strong contracted revenue order book for the second half. The Group achieved its target of strong improvement in gross margin, which primarily reflects the benefits of its successful acquisitions of Walker Group, which Springfield acquired in the second half of 2018/19, and Dawn Homes.

The Group continued to execute on its strategy to expand its geographic presence with strategic land acquisitions in Inverness and progressed the development of its land bank, including increasing the proportion of plots with planning to 30.1% as of 30 November 2019 (31 May 2019: 28.4%). In addition, post period, the Group received planning permission for 3,042 homes at Durieshill, Stirling – Springfield's fourth Village – which is Springfield's largest development to receive planning to date and the largest detailed planning consent to have been granted in Scotland.

The Group's Village developments progressed well, with further amenities being added for residents, the first affordable housing being delivered and sales being launched at a third Village, Linkwood, Elgin.

A further milestone was achieved with the signing of a Collaboration Agreement with Sigma for the development of housing for the private rented sector ("PRS"), with a number of Springfield developments having been identified for this purpose. This represents Springfield's first partnership for PRS and the Board expects it to provide an additional revenue stream, alongside its existing private and affordable housing activity, with good visibility over cash flows.

Land Bank

Springfield expanded the geographic reach of its land bank, securing 428 plots in seven locations, in particular growing its footprint in the Highlands region. At period end, the Group was active on 41 developments (31 May 2019: 43 active developments) and during the six months:

- Four new active developments were added to the land bank;
- the proportion of the land bank with planning consent increased to 30.1% (31 May 2019: 28.4%); and
- as of 30 November 2019, the land bank consisted of 15,862 plots (31 May 2019: 15,938) with 726 consented plots over seven developments added during the period.

Having built up a large, high quality land bank, the Group is now in a strong position to release profit from the land bank by having even greater focus on pursuing planning consents and developing the land.

Private Housing

During the period, the Group completed 258 private homes, representing an increase of 10.3% over the first six months of the previous year (H1 2018/19: 234). The average selling price was £221k compared with £227k for H1 2018/19. The reduction in average selling price was primarily due to housing mix, including an increase in the proportion of cost-plus contract sales. Excluding cost-plus contract sales, private average selling price was £234k compared with £235k for H1 2018/19.

As at 30 November 2019, the Group was active on 26 private housing developments (31 May 2019: 29), with two active developments added during the period while five developments were completed. The private housing land bank comprised 11,277 plots on 60 developments at period end (31 May 2019: 11,511 plots on 62 developments).

During the period, the Group gained planning consent for 198 plots for private housing. As at 30 November 2019, 28.7% of private plots had planning consent (31 May 2019: 29.6%), with 50.1% (5,653 plots) going through the planning process and 21.2% at the pre-planning stage.

Village developments

Springfield's Village developments progressed well, with a number of milestones being achieved during and post period. The appeal of the Villages continues to strengthen as they become increasingly established, with the addition of further amenities for residents, including the opening of other businesses by third parties.

The Group launched sales at Linkwood, Elgin, to strong demand. This is the Group's third Village to have reached the sales phase and expands Springfield's Village offering to the North of Scotland. The first phase of 870 homes, out of a planned total of 2,500, comprises a mix of two-, three- and four-bedroom detached and semi-detached houses as well as two-bedroom apartments. Also during the period, a sports centre was opened by a third party and construction of a primary school progressed at Linkwood.

At Dykes of Gray near Dundee, where 200 homes were occupied at 30 November 2019, the Group continued to progress the development of community infrastructure, including extensive planting throughout the Village. An application for the next phase comprising 218 homes with community infrastructure continued to progress through the planning system. Post period, the Group completed the sale of the first commercial unit at Dykes of Gray, which will be a convenience store and is due to open in the coming months.

At Bertha Park near Perth, where 59 homes were occupied at 30 November 2019, Bertha Park Secondary School was opened to its first pupils. It is the first entirely new secondary school to be established in Scotland for more than 15 years and is the first Microsoft Flagship School in the UK. Development of the central landscape features progressed and construction of the first six commercial units was completed. As described further below, the first affordable housing was also delivered at Bertha Park during the period.

Other Village development highlights include:

- At Durieshill, Stirling, planning was advanced with consent being received post period, subject to completing a Section 75 agreement with Stirling Council, for a 3,042-home development – Springfield's largest development to receive planning permission to date.
- At Gavieside, Livingston, which is in the Edinburgh commuter belt, the Group submitted a detailed planning application for the first phase of 502 homes, play areas and up to eight business units.

Other private housing highlights

The Group progressed sales, with a total of 200 completions, on 26 private housing developments during the period (excluding Villages). Private housing excluding the contribution from Villages made up 82.2% of total private housing revenue (H1 2018/19: 80.8%).

Springfield strengthened its geographic reach in the Highlands with strategic land acquisitions in Inverness, at Easterfield for 90 homes, with first sales expected in 2020/21, and a further development for 100 homes at Milton of Culloden. Both developments will include a proportion of affordable housing. Other highlights included the launch of sales at Banff; receiving consent at Ardersier, near Inverness, for a 116-home development (including 29 affordable homes); and, post period, receiving consent for a 237-home development at Ferrylea, Forres. In Central Scotland, key highlights during the period include receiving planning approval for 240 homes at Dalhousie South and planning permission in principle for 561 homes at Tranent, both near Edinburgh.

Affordable Housing

During the first half of 2019/20, Springfield's affordable home completions grew to 180 (H1 2018/19: 145). The average selling price was £123k (H1 2018/19: £132k), with the reduction due to changes in sales mix, including an increase in the proportion of cost-plus contract sales. Excluding cost-plus contract sales, affordable average selling price was £136k compared with £133k for H1 2018/19.

The number of active affordable housing developments grew to 16 (31 May 2019: 14), of which seven were affordable-only developments (31 May 2019: 6). As at 30 November 2019, the total affordable housing land bank comprised 4,585 plots on 48 developments (31 May 2019: 4,427 plots on 41 developments).

Springfield secured planning consent for 528 affordable housing plots during the period. At 30 November 2019, 33.7% of affordable housing plots had planning consent (31 May 2019: 25.3%), with 45.1% (2,069 plots) going through the planning process and 21.2% at the pre-planning stage.

The Group continued to make good progress under its local authority framework agreement for 10 affordable-only developments, with the completion of handovers at one development, construction continuing on two developments and construction commencing on two others during the period. Post period, within the framework, a contract was secured for two developments totalling 66 homes and planning consent was received for 105 homes on a further two developments.

Planning consent was received for 237 affordable homes in Dalmarnock, in Glasgow. The development is part of the Clyde Gateway regeneration project and will include retail space and urban apartments. The Group is in advanced negotiations with a local housing association to sign a contract for the first phase (144 homes and two commercial units) of the development.

At The Wisp, a large development area for over 200 homes in South East Edinburgh, the Group received planning consent for 139 affordable apartment homes (initially submitted as a mix of affordable and private). The Group is in advanced negotiations to sign a development contract for the first 104 apartments, with construction expected to begin by the end of the current financial year.

During the period, Springfield completed the construction of 54 affordable homes and six adjoining commercial units at Bertha Park, Perth and commenced handover of these homes. This is the first affordable housing to be delivered at any of the Group's Village developments and is the initial phase of an expected 750 affordable homes to be built at Bertha Park over the next 30 years. Post period, the Group completed handovers of the 54 affordable homes and commenced construction on a further 58 affordable homes at the Village.

As noted above, the Group strengthened its affordable land bank in the Highlands with the acquisition of two developments in Inverness which, combined, will include approximately 55 affordable homes as well as receiving planning consent at Ardersier for 29 affordable homes. Post period, the Group received planning consent for 79 affordable homes at Ferrylea, Forres (in addition to the 237 private homes mentioned above).

Private Rented Sector

The Group achieved a key milestone during the period, as announced on 25 September 2019, with the entry into a Collaboration Agreement to acquire and develop sites in Scotland for the private rented sector ("PRS") with Sigma PRS Management Ltd, a wholly-owned subsidiary of the private rented sector, residential development and urban regeneration specialist, Sigma Capital Group plc (AIM: SGM). This represents Springfield's first partnership for PRS and the Board expects it to provide a further revenue stream.

A number of Springfield sites, primarily Village developments, have been identified as potential sites for PRS development. Subject to meeting certain criteria, Sigma will purchase part of these developments from Springfield and will award Springfield a fixed-cost design and build contract to deliver housing on the acquired land. Following handover, the homes will be let and managed by Sigma under its 'Simple Life' brand. Post period, Springfield submitted a planning application to develop 82 homes for PRS at Bertha Park, Perth, which would include two-, three- and four-bedroom homes.

Financial Review

This was another period of growth for Springfield, with increases in completions, sales and profit.

Revenue for the six months to 30 November 2019 was 5.4% higher than the first half of the previous year at £79.8m (H1 2018/19: £75.7m), which was driven by growth in both private and affordable housing of 7.3% and 15.8% respectively. Private housing continued to be the largest contributor to Group revenue, accounting for 71.5% of total sales (H1 2018/19: 70.2%). The growth in private and affordable housing was partly offset by a reduction in other income, which reflects the recognition of revenue in the prior period from the sale of land under a land swap agreement.

Revenue	**H1 2019/20 £'000**	**H1 2018/19 £'000**	**Change**
Private housing	57,058	53,160	+7.3%
Affordable housing	22,154	19,138	+15.8%
Other*	634	3,442	-81.6%
TOTAL	**79,846**	**75,740**	**+5.4%**

* Generally construction-only projects, typically on land not owned or controlled by Springfield where the Group receives fees for design and construction work. In H1 2018/19, other income principally comprised the recognition of revenue under the land swap.

Gross profit for the first half of 2019/20 increased by 21.8% to £15.9m (H1 2018/20: £13.1m), with a consolidated gross margin improvement of 270 basis points to 19.9% (H1 2018/19: 17.2%). The increase in gross margin primarily reflects the positive impact in H1 2019/20 of the Walker Group properties, which generate a slightly higher margin, as well as the Group benefitting from the ongoing integration of the Dawn Homes and Walker Group acquisitions.

Total administrative expenses for the period were £9.1m compared with £7.0m for the first half of the prior year. The increase reflects the larger scale of the business, primarily the addition of Walker Group (which was acquired in the second half of 2018/19). As a result, operating profit increased to £7.3m (H1 2018/19: £6.4m), with operating margin improving to 9.2% (H1 2018/19: 8.4%).

Profit before tax increased by 3.4% to £6.3m (H1 2018/19: £6.1m).

Basic EPS increased by 3.1% to 5.28p for the first half of 2019/20 compared with 5.12p for the same period of 2018/19.

Net debt at 30 November 2019 was £53.7m compared with £25.3m at 30 November 2018. This increase is primarily due to £20.9m as consideration for the acquisition of Walker Group and additional land payments of £5.0m. For further details, see Note 11 to the Group financial statements.

Dividend

The Board is pleased to declare an interim dividend of 1.4p per share – an increase of 16.7% over the interim dividend 2018/19 of 1.2p – with an ex-dividend date of 5 March 2020, a record date of 6 March 2020 and a payment date of 26 March 2020.

Outlook

Springfield entered the second half of the 2019/20 financial year with a strong order book of contracted revenue for the period for both private and affordable housing, and the Group continues to experience good growth across the business. In particular, the Group's reservation rate has increased since December following the UK entering a period of greater market certainty post the UK general election. Springfield is also continuing to increasingly realise benefits across the Group from its acquisitions of Dawn Homes and Walker Group.

The Group's land bank provides activity for at least the next 16 years at current sales rates and it is making good progress in advancing its developments, with notable achievements in both private and affordable housing – including the receipt of planning consent (subject to completing a Section 75 agreement) for the Group's 3,042-home development at Durieshill, Stirling.

The delivery of both private and affordable housing is supported by strong market drivers. The demand for housing in Scotland continues to outstrip supply and house price growth in Scotland is ahead of that in the rest of the UK. The Scottish Government continues to focus on bolstering levels of affordable housing, including the 2020-21 budget, announced earlier this month, committing additional funding to support the delivery of affordable homes in this parliament and in 2021-22.

The Board is also excited about the new opportunities offered by its partnership with Sigma for PRS housing, which offers an additional and diversified revenue stream for the Group.

As a result, the Board of Directors remains confident of achieving growth for full year 2019/20 in line with market expectations and of continuing to deliver shareholder value.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED 30 NOVEMBER 2019

	Notes	Unaudited Period to 30 November 2019 £000	Unaudited Period to 30 November 2018 £000	Audited Year to 31 May 2019 £000
Revenue	4	79,846	75,740	190,804
Cost of sales		(63,950)	(62,684)	(156,470)
Gross profit	4	**15,896**	**13,056**	**34,334**
Administrative expenses		(9,125)	(7,008)	(17,673)
Share of pre-tax profits from joint venture		408	205	584
Other operating income		162	134	384
Operating profit		**7,341**	**6,387**	**17,629**
Interest receivable and similar income		154	187	416
Finance costs		(1,194)	(480)	(1,511)
Profit before exceptional item		**6,301**	**6,094**	**16,534**
Exceptional item		-	-	(565)
Profit before taxation		**6,301**	**6,094**	**15,969**
Taxation	5	(1,211)	(1,159)	(3,111)
Profit for the period and total comprehensive income	4	**5,090**	**4,935**	**12,858**
Profit for the period and total comprehensive income is attributable to:				
- Owners of the parent company		5,084	4,928	12,848
- Non-controlling interest		6	7	10
		5,090	**4,935**	**12,858**
Earnings per share				
Basic earnings per share (pence per share)	6	5.28p	5.12p	13.34p
Diluted earnings per share (pence per share)	6	5.23p	5.06p	13.21p

The group has no items of other comprehensive income.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 30 NOVEMBER 2019

		Unaudited Period to 30 November 2019	Unaudited Period to 30 November 2018	Audited Year to 31 May 2019
Non-current assets	**Notes**	**£000**	**£000**	**£000**
Property, plant and equipment		6,930	4,732	4,977
Intangible assets		1,649	600	1,649
Investments		949	1,212	1,481
Accounts receivable		682	5,360	903
		10,210	**11,904**	**9,010**
Current assets				
Inventories and work in progress		170,951	112,367	148,649
Accounts receivable		18,877	14,983	20,144
Cash and cash equivalents		772	553	3,062
		190,600	**127,903**	**171,855**
Total assets		**200,810**	**139,807**	**180,865**
Current liabilities				
Accounts payable		38,436	28,853	43,697
Short-term borrowings		-	1,035	-
Short-term obligations under finance lease		1,250	935	1,012
Corporation tax		513	1,142	2,018
		40,199	**31,965**	**46,727**
Non-current liabilities				
Long-term borrowings		53,000	23,000	31,000
Long-term obligations under finance lease		2,541	881	624
Provisions		14,259	2,380	13,954
		69,800	**26,261**	**45,578**
Total liabilities		**109,999**	**58,226**	**92,305**
Net assets		**90,811**	**81,581**	**88,560**
Equity				
Share capital	**8**	120	120	120
Share premium	**8**	50,118	50,105	50,118
Retained earnings		40,537	31,329	38,292
Equity attributable to owners of the parent company		**90,775**	**81,554**	**88,530**
Non-controlling interest		36	27	30
Non-controlling interest				
Total equity		**90,811**	**81,581**	**88,560**

These financial statements were approved by the Board of Directors on 24 February 2020.

Signed on behalf of the Board by:

Mr Sandy Adam, Chairman **Company Number: SC031286**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 NOVEMBER 2019

	Notes	Share Capital £000	Share Premium £000	Retained earnings £000	Non Control Interest £000	Total £000
1 June 2018		**120**	**50,105**	**28,767**	**20**	**79,012**
Total comprehensive income for the period		-	-	4,928	7	4,935
Dividends	**7**	-	-	(2,601)	-	(2,601)
Share Options – Reserves		-	-	235	-	235
30 November 2018		**120**	**50,105**	**31,329**	**27**	**81,581**
Share issue		-	13	-	-	13
Total comprehensive income for the period		-	-	7,920	3	7,923
Dividends	**7**	-	-	(1,156)	-	(1,156)
Share Options – Reserves		-	-	199	-	199
31 May 2019		**120**	**50,118**	**38,292**	**30**	**88,560**
Total comprehensive income for the period		-	-	5,084	6	5,090
Dividends	**7**	-	-	(3,083)	-	(3,083)
Share Options – Reserves		-	-	244	-	244
30 November 2019	**8**	**120**	**50,118**	**40,537**	**36**	**90,811**

The share capital accounts records the nominal value of shares issued.

The share premium account records the amount above the nominal value for shares issued, less transaction costs.

Retained earnings represents accumulated profits less losses and distributions. Retained earnings also includes share options reserves.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
PERIOD TO 30 NOVEMBER 2019

	Unaudited Period to 30 November 2019	Unaudited Period to 30 November 2018	Audited Year to 31 May 2019
	£000	£000	£000
Operating activities			
Profit for the period after taxation (excluding exceptional items)	5,090	4,935	13,423
Taxation charged	1,211	1,159	3,111
Finance costs	1,194	480	1,511
Interest receivable and similar income	(154)	(187)	(416)
Exceptional items	-	-	(565)
Gain on disposal of tangible fixed assets	(46)	(184)	(270)
Share option employment costs	244	235	434
Cost of sales non-cash movement	200	123	310
Share of joint venture profit	(340)	(165)	(420)
Depreciation of tangible fixed assets	1,153	727	1,591
Operating cash flows before movements in working capital	**8,552**	**7,123**	**18,709**
(Increase)/ decrease in inventory	(21,843)	(7,252)	638
Decrease / (increase) in accounts and other receivables	735	(429)	653
Decrease in accounts and other payables	(5,389)	(4,476)	(3,978)
Net cash generated from operations	**(17,945)**	**(5,034)**	**16,022**
Taxes paid	(2,417)	(1,175)	(2,868)
Net cash (outflow)/inflow from operating activities	**(20,362)**	**(6,209)**	**13,154**
Investing activities			
Purchase of property, plant and equipment	(245)	(1,000)	(1,549)
Proceeds on disposal of property, plant and equipment	77	283	368
Net Purchase of subsidiary undertakings	-	-	(20,891)
Proceeds from joint venture loan	828	-	-
Interest received and similar income	14	18	98
Net cash used in investing activities	**674**	**(699)**	**(21,974)**
Financing activities			
Proceeds from issue of shares	-	-	13
Proceeds from bank loans	22,000	-	68,000
Repayment of bank loans	-	(2,000)	(62,000)
Payment of finance leases obligations (including IFRS 16 leases)	(825)	(523)	(1,065)
Dividends paid	(3,083)	(2,601)	(3,757)
Interest paid	(694)	(465)	(1,324)
Net cash from financing activities	**17,398**	**(5,589)**	**(133)**
Net decrease in cash and cash equivalents	(2,290)	(12,497)	(8,953)
Cash and cash equivalents at beginning of period	3,062	12,015	12,015
Cash and cash equivalents at end of period	**772**	**(482)**	**3,062**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 NOVEMBER 2019

1. Organisation and trading activities

Springfield Properties PLC ("the group") is incorporated and domiciled in Scotland as a public limited company and operates from its registered office in Alexander Fleming House, 8 Southfield Drive, Elgin, IV30 6GR.

The consolidated interim financial statements for the Group for the six month period ended 30 November 2019 comprises the Company and its subsidiaries. The basis of preparation of the consolidated interim financial statements is set out in note 2 below.

The Group consists of Springfield Properties PLC and its subsidiaries Glassgreen Hire Limited, DHomes 2014 Holdings Limited, Walker Holdings (Scotland) Limited and SP Sub 2018 Limited.

The Group also indirectly includes Dawn Homes Limited, Dawn (Robroyston) Limited, DHPL Limited and Dawn Homes (Johnstone) Limited who are subsidiaries of DHomes 2014 Limited and its jointly owned entity DHHG 1 Limited.

The Group also indirectly includes Walker Group (Scotland) Limited, Perten Limited, Walker Residential (Scotland) Limited, Walker Group (Land & Projects) Limited, Walker Contracts (Scotland) Limited and Craig Developments Limited who are subsidiaries of Walker Holdings (Scotland) Limited.

The financial information for six month period ended 30 November 2019 is unaudited. It does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2016. The consolidated interim financial statements should be read in conjunction with the financial information for the year ended 31 May 2019, which has been prepared in accordance with IFRSs as adopted by the European Union. The report of the auditors on those financial statement was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 434 of the Companies Act 2006.

2. Basis of preparation

The interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the EU.

The interim financial statements have been prepared on a going concern basis and under the historical cost convention.

The interim financial statements have been presented in pounds and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The preparation of financials information in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual events may ultimately differ from those estimates.

The interim financial statements do not include all financial risk information and disclosures required in the annual financial statements and they should be read in conjunction with the financial information that is presented in the group's audited financial statements for the year ended 31 May 2019. There has been no significant change in any risk management polices since the date of the last audited financial statements.

3. Accounting Policies

The accounting policies used in preparing these interim financial statements are the same as those set out and used in preparing the group's audited financial statements for the year ended 31 May 2019 other than the adoption of IFRS 16 which is detailed below.

IFRS 16 – Leases - The group has adopted IFRS 16 for its accounting period beginning on 1 June 2019 using the modified retrospective approach. The effect of this is to replace previously recognised operating lease payments under IAS17 with a right-of-use asset and liability under IFRS 16. IFRS 16 captures agreements covering the group's rental of its existing premises in Elgin, Larbert, Livingston and Glasgow along with the rent of certain office equipment and motor vehicles. The financial effect is that from 1 June 2019, the Group has recognised right of use assets totalling £2,545k with a corresponding lease liability for the same amount. Depreciation is charged through the profit and loss account on a straight-line basis over the term of the lease. Interest is calculated on the outstanding liability, using a market rate, and is charged through the profit and loss account. Rent payments, which previously would have been charged to profit and loss account (under the treatment of operating leases) are now treated as deductions of the applicable outstanding lease liabilities on the balance sheet. In the six-month period to 30 November 2019, the group has charged depreciation of £231k and interest expense of £87k through the profit and loss account and made lease payments totalling £279k. The effect of adopting IFRS 16 is that the profit before tax has decreased by £39k.

Principal risks and uncertainties

As with any business, Springfield Properties PLC faces a number of risks and uncertainties in the course of its day to day operations.

The principal risks and uncertainties facing the Group are outlined within our latest annual financial statements for the year ended 31 May 2019. We have reviewed these risks and uncertainties which remain relevant for both the 6 months to 30 November 2019 and the full financial year to 31 May 2020. We continue to manage and mitigate these where relevant.

4. Segmental Analysis

A segment is a distinguishable component of the Group's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operational decision makers to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

In identifying its operating segments, management generally follows the Group's service line which represent the main products and services provided by the Group. The Directors believe that the Group operates in one segment:

- Housing building activity

4. Segmental Analysis (continued)

As the Group operates solely in the United Kingdom segment reporting by geographical region is not required.

	Unaudited Period to 30 November 2019	Unaudited Period to 30 November 2018	Audited Year to 31 May 2019
Revenue	**£000**	**£000**	**£000**
Private residential properties	57,058	53,160	143,260
Affordable housing	22,154	19,138	42,906
Other	634	3,442	4,638
Total Revenue	**79,846**	**75,740**	**190,804**
Gross Profit	**15,896**	**13,056**	**34,334**
Administrative expenses	(9,125)	(7,008)	(17,673)
Profit before tax from joint venture	408	205	584
Operating Income	162	134	384
Finance income	154	187	416
Finance expenses	(1,194)	(480)	(1,511)
Exceptional item	-	-	(565)
Profit before tax	**6,301**	**6,094**	**15,969**
Taxation	(1,211)	(1,159)	(3,111)
Profit for the period	**5,090**	**4,935**	**12,858**

5. Taxation

The results for the six month period to 30 November 2019 include a tax charge of 19% of profit before tax and exceptional items (30 November 2018: 19%; 31 May 2019: 19%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

6. Earnings per share

The calculation of the basic (and diluted) earnings per share is based on the following data:

	Unaudited Period to 30 November 2019	Unaudited Period to 30 November 2018	Audited Year to 31 May 2019
Earnings	**£000**	**£000**	**£000**
Profit for the year attributable to owners of the Company	5,084	4,928	12,848
Adjusted for the impact of exceptional costs in the year	-	-	565
Normalised earnings	**5,084**	**4,928**	**13,413**

Number of Shares	Unaudited Period to 30 November 2019	Unaudited Period to 30 November 2018	Audited Year to 31 May 2019
Weighted average number of ordinary shares for the purpose of basic earnings per share	96,349,561	96,333,642	96,336,885
Effect of dilutive potential ordinary shares: share options	955,513	991,848	953,235
Weighted average number of ordinary shares for the purpose of diluted earnings per share	97,305,074	97,325,490	97,290,120

	Unaudited Period to 30 November 2019	Unaudited Period to 30 November 2018	Audited Year to 31 May 2019
	Pence	**Pence**	**Pence**
Earnings per ordinary share			
Basic earnings per share (price per share)	5.28	5.12	13.34
Diluted earnings per share (price per share)	5.23	5.06	13.21
Underlying per ordinary share			
Basic earnings per share (price per share)	5.28	5.12	13.92
Diluted earnings per share (price per share)	5.23	5.06	13.79

7. Dividends

	Unaudited Period to 30 November 2019	Unaudited Period to 30 November 2018	Audited Year to 31 May 2019
	£000	**£000**	**£000**
Final dividend – y/e 31May 2018	-	2,601	2,601
Interim dividend – y/e 31May 2019	-	-	1,156
Final dividend – y/e 31May 2019	3,083	-	-
	3,083	**2,601**	**3,757**

The final dividend declared for the year ended 31 May 2019 is 3.2p per share amounting to £3,083,186.

The interim dividend declared for the year ended 31 May 2020 is 1.4p per share amounting to £1,369,839.

The interim dividend for the year ended 31 May 2020 was declared after 30 November 2019 and as such the liability of £1,369,839 has not been recognised at this date.

8. Share Capital

The company has one class of ordinary share which carry full voting rights but no right to fixed income or repayment of capital. Distributions are at the discretion of the company.

The share capital account records the nominal value of shares issued. The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

Ordinary shares of £1 - allotted, called up and fully paid	Number of shares	Share capital £000	Share Premium £000
At 1 December 2018	**96,333,642**	**120**	**50,105**
Share issue	15,919	-	13
At 31 May 2019	**96,349,561**	**120**	**50,118**
Share Issue	-	-	-
At 30 November 2019	**96,349,561**	**120**	**50,118**

9. Contingent Liabilities

As part of the purchase agreement of DHomes 2014 Limited there is a further £2,500,000 payable for an area of land if (i) we make a planning application when we reasonably believe the council will recommend approval; or (ii) it is zoned by the council. The directors have assessed the likelihood of the land being zoned and have included deferred consideration of £2,000,000 based on 80% probability. The remaining £500,000 has been treated as a contingent liability due to the uncertainty over the future payment.

As part of the purchase agreement of Walker Holdings (Scotland) Limited, there is a further £10,375,000 payable. This can be broken down into: (i) £2,187,500 payable on the first anniversary of the acquisition date (31 January 2020); (ii) £2,187,500 payable on the second anniversary of the acquisition date (31 January 2021), (iii) £4,000,000 payable when outline planning is granted at Carlaverock and (iv) £2,000,000 payable when detailed planning is granted at Carlaverock. (iii) and (iv) probability has been assessed at 98% and 95% respectively. This has been discounted at a market value of interest. £9,878,722 has been recognised as a provision at 30 November 2019.

10. Transactions with related parties

Other related parties include transactions with a retirement scheme in which the directors are beneficiaries, and close family members of key management personnel. During the period dividends totalling £1,444k (p/e November 2018 - £767k; y/e May 2019 - £1,759k) were paid to key management personnel.

The remuneration of Key Management Personnel was £1,225k (p/e November 2018 - £1,125k; y/e May 2019 – £1,825k).

During the period the group entered into the following transactions with related parties:

Sale of goods	**Unaudited Period to 30 November 2019 £000**	**Unaudited Period to 30 November 2018 £000**	**Audited Year to 31 May 2019 £000**
Bertha Park Limited (1)	10,498	3,748	15,821
AW&JG Adam Limited (2)	-	-	7
DHHG 1 Limited (3)	1,930	3,321	5,756
Whiterow Properties Ltd (4)	932	-	-
Other entities which key management personnel have control, significant influence or hold a material interest in	69	108	184
Key management personnel	8	17	19
Other related parties	73	8	806
	13,510	**7,202**	**22,593**

Sales to related parties represent those undertaken in the ordinary course of business.

Purchase of goods	**Unaudited Period to 30 November 2019 £000**	**Unaudited Period to 30 November 2018 £000**	**Audited Year to 31 May 2019 £000**
Entities which key management personnel have control, significant influence or hold a material interest in	38	136	11
Key management personnel	5	5	-
Other related parties	4	-	287
	47	**141**	**298**

10. Transactions with related parties (continued)

Rent paid to	Unaudited Period to 30 November 2019 £000	Unaudited Period to 30 November 2018 £000	Audited Year to 31 May 2019 £000
Entities which key management personnel have control, significant influence or hold a material interest in	93	92	184
Key management personnel	-	-	5
Other related parties	57	61	132
	150	**153**	**321**

The following amounts were outstanding at the reporting end date:

Amounts receivable	Unaudited Period to 30 November 2019 £000	Unaudited Period to 30 November 2018 £000	Audited Year to 31 May 2019 £000
Bertha Park Limited (1)	8,323	11,604	9,152
AW&JG Adam Limited (2)	-	-	-
DHHG 1 Limited (3)	220	1,370	564
Whiterow Properties Ltd (4)	2	-	-
Entities which key management personnel have control, significant influence or hold a material interest in	24	27	97
Key management personnel	3	10	-
Other related parties	84	-	37
	8,656	**13,011**	**9,850**

Amounts payable	Unaudited Period to 30 November 2019 £000	Unaudited Period to 30 November 2018 £000	Audited Year to 31 May 2019 £000
Entities which key management personnel have control, significant influence or hold a material interest in	56	55	-
Key management personnel	1	-	-
Other related parties	11	1,037	816
	68	**1,092**	**816**

Amounts owed to/from related parties are included within creditors and debtors respectively at the year-end. No security has been provided on any balances.

Transactions between the company and its subsidiary, which is a related party, have been eliminated on consolidation and are not disclosed in this note.

(1) Bertha Park Limited, a company in which Sandy Adam and Innes Smith are directors.

(2) AW & JG Adam Limited, a company in which Sandy Adam is a director.

(3) DHHG 1 Limited is a jointly owned entity and Michelle Motion is a director.

(4) Whiterow Properties Ltd, a company in which Sandy Adam is a director.

11. Analysis of net debt

	Unaudited Period to 30 November 2019 £000	Unaudited Period to 30 November 2018 £000	Audited Year to 31 May 2019 £000
Cash in hand and bank	772	553	3,062
Bank overdraft	-	(1,035)	-
Finance lease	(1,438)	(1,816)	(1,636)
Bank borrowings	(53,000)	(23,000)	(31,000)
	(53,666)	**(25,298)**	**(29,574)**
Right of use liability	(2,353)	**-**	**-**
Net debt	**(56,019)**	**(25,298)**	**(29,574)**

12. Seasonality

Reservations in Springfield Properties are largely unaffected by seasonal variations and tend to be driven more by the timing of site openings than seasonality. However, completions in the second half of the financial year tend to be higher than the first half.