26 February 2019

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

Interim Results
Further period of strong growth with increased revenue in Private Housing and Affordable divisions, expanded land bank and strategic acquisition, post period, of Walker Group

Springfield Properties (AIM: SPR), a leading housebuilder in Scotland delivering private and affordable housing, announces its interim results for the six-month period ended 30 November 2018.

Financial Highlights

	H1 2018/19 £m	H1 2017/18 £m	Change
Revenue	75.7	54.8	+38%
Gross profit margin	17.2%	15.4%	+180bps
Operating profit	6.4	3.6	+75%
Adjusted profit before tax*	6.1	3.1	+97%
Net debt	25.3	13.7	+85%

** Profit before tax for H1 2017/18 adjusted to exclude IPO-related expenses of £0.3m*

The Directors of Springfield are pleased to propose an interim dividend of 1.2p per share, an increase of 20% compared with the interim dividend for 2017/18 (H1 2017/18: 1.0p).

Operational Highlights
- Strong revenue and gross margin growth across the Private Housing and Affordable divisions
- Completion of new homes increased by 35.4% to 379 (H1 2017/18: 280 completions)
- Expanded 18-year land bank during the period to 15,096 plots (31 May 2018: 12,476), 31.9% of which have planning permission
- Gross Development Value ("GDV") of land bank at 30 November 2018 was £2.9bn (31 May 2018: £2.4bn)
- Dawn Homes, which was acquired at the end of the previous financial year, performed strongly, in line with management's expectations
- Significantly strengthened land bank by securing land for a new Village at Gavieside and, post period, acquiring Walker Group, a Livingston-based housebuilder focussed on private housing in the central belt of Scotland with a GDV of £413m

Private Housing Division
- Revenue increased by 23.7% to £53.2m (H1 2017/18: £43.0m)
- Completion of 234 homes (H1 2017/18: 184)
- Average selling price was £227k (H1 2017/18: £234k), reflecting changes in the sales mix
- Planning consent secured during the period for 211 private plots
- Land bank grew to 10,805 plots (31 May 2018: 8,757)
- Significant progress on Village sites:
    - 136 homes occupied at Dykes of Gray, with 28 completions during the period. Advanced community infrastructure, including third party application post period for day care nursery
    - First owners moved in at Bertha Park in December 2018 and six homes now occupied
    - Commenced on-site construction at Linkwood (Elgin South)
    - Advanced planning for 3,042-home Village at Durieshill; consent expected in the first half of the next financial year
    - Secured land and, post period, submitted application for Planning Permission in Principle for 2,500-home site at Gavieside

Affordable Housing Division

- Sales increased by 63.0% to £19.1m (H1 2017/18: £11.7m)
- Completion of 145 homes (H1 2017/18: 96)
- Average selling price increased to £132k (H1 2017/18: £122k), reflecting changes in the sales mix
- Planning consent secured during the period for 153 affordable plots
- Land bank grew to 4,291 plots (31 May 2018: 3,719)
- Planning consent in final stage for 237 affordable homes at Dalmarnock and contract negotiations underway with housing association
- Post period, added to pipeline with acquisition of Walker Group land bank that will require 346 affordable homes to be built

Sandy Adam, Executive Chairman of Springfield Properties, said: "In announcing this set of interim results, I am pleased to be reporting a further period of strong growth for Springfield. We have increased revenue from both private and affordable existing sites, and have done this at a faster rate than for the same period last year. Looking forward, we have entered the second half of the year with a strong order book of contracted revenues and a greater geographic reach across Scotland. With the sustained market drivers showing no sign of abating, Springfield is in a stronger position than ever to deliver many of the new private and affordable homes needed in Scotland."

Innes Smith, Chief Executive Officer of Springfield Properties, commented: "Springfield made great progress during the first half of the year, with sales increasing in both of our divisions and total completions up 35% at 379 new homes. Our investment last year in the acquisition of Dawn Homes and our four high calibre Managing Directors has greatly strengthened our business. We are benefiting from their complementary skillsets and experience, and we're very pleased that all of the great people at Dawn have chosen to remain with the Group. This also gives us confidence that our recent acquisition of Walker Group, another established company with a strong product and reputation, will be an equal success. This bulk addition to our land bank also gives us very good visibility in our three-year projections. We look forward to delivering on our targets and continuing to grow our business."

Enquiries

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Innes Smith, Chief Executive Officer, and Michelle Motion, Chief Financial Officer, will be hosting a presentation for analysts at 11.00am GMT at the office of Luther Pendragon, 48 Gracechurch Street, London, EC3V 0EJ

Operational Review

Springfield made solid progress during the period with sales increasing in both the Private Housing and Affordable Housing divisions, with total completions 35.4% higher at 379 new homes (H1 2017/18: 280). In particular, the Affordable Housing division achieved significant growth, with sales increasing 63.0%, and Dawn Homes, which the Group acquired at the end of the prior financial year, performed strongly, in line with management's expectations. The Group continued to progress its Village sites, including securing land for a fifth Village for 2,500 homes at Gavieside, Livingston. Post period, the Group's land bank was significantly strengthened with the acquisition of Walker Group, which added 10 new sites and strengthened the Group's presence in the east of Central Scotland, within the Edinburgh commuter belt.

Land Bank

During the period, 11 new sites were added to the pipeline while six sites were completed, and the land bank was increased by 21.0% to 15,096 plots (31 May 2018: 12,476 plots). The Group secured 3,051 plots in five locations and received planning approval on 364 plots over four different developments. As of 30 November 2018, 31.9% of Springfield's land bank had planning consent (31 May 2018: 39.5%) and the Group was active on 40 sites (31 May 2018: 41 active sites).

Springfield significantly expanded its land bank post period with the acquisition of Walker Group. On acquisition, Walker Group's land bank consisted of 1,358 plots (39% of which had planning) across five active and five future sites, with a total GDV of £413m, located in the east of Central Scotland, concentrating on the popular Edinburgh commuter belt.

Private Housing

The Group's Private Housing division offers homes, on sites of various size, across Central, West and North of Scotland under its Springfield, Dawn Homes and, following its acquisition post period, Walker Group brands. This includes the development of standalone Village sites, each with 1,000 to 3,000 plots and the requisite infrastructure, including local amenities. Springfield homes are differentiated by their high-quality specification and a wide variety of personalised finishes.

During the first half of 2018/19, Springfield's Private Housing division completed 234 homes, representing an increase of 27.2% over the same period last year (H1 2017/18: 184). The average selling price of Springfield's Private Housing was £227k compared with £234k for H1 2017/18, with the reduction due to changes in the sales mix. Springfield grew its active Private Housing sites to 26 (31 May 2018: 23) with five future sites added to the pipeline during the period while two sites were completed. In total, the Private Housing land bank was expanded to 10,805 plots on 56 sites (31 May 2018: 8,757 plots on 50 sites).

Springfield secured planning consent for 211 private plots and planning permission in principle for 139 plots, and submitted planning applications for 4,168 plots. As at 30 November 2018, 32.7% of the Group's private plots had planning (31 May 2018: 41.7%), with 38.6% of plots going through the planning process and 28.7% at the pre-planning stage. The change in proportion of plots with planning primarily reflects the expansion in the size of the total land bank with the addition of new plots at an earlier stage of development.

Village sites

Springfield continued to progress its Villages. At its most advanced site, Dykes of Gray near Dundee, 136 homes were occupied as at 30 November 2018, including 28 completions during the period. The Group continued to progress the development of community infrastructure, including the opening of a grass sports pitch. Post period, an application was submitted by a third party for a day care nursery, which reflects that Dykes of Gray is becoming sufficiently established to support new businesses.

A planning application was submitted, with approval received post period, to remix an area to provide 100 larger houses to broaden the offer at Dykes of Gray. In addition, a planning application was submitted post period for the next phase of Dykes of Gray comprising 218 homes with community infrastructure, including a primary school.

At Bertha Park, a new Village for approximately 3,000 homes near Perth, sales were launched towards the end of last year and 28 homes were reserved or missived as at 30 November 2018. In December, the first owners moved in and six homes are now occupied. Two show homes have been opened and work is progressing on the central landscape features that will create extensive public spaces. Bertha Park Secondary School, which will be the first entirely new secondary school to be established in Scotland for more than two decades, is due to open in August 2019.

The Group commenced on-site construction at Linkwood, Elgin, where the first phase will include 870 homes, a primary school and a sports centre. At Durieshill, Stirling, which is a 3,042-home Village site, proposals are at an advanced stage with planning consent expected in the first half of the next financial year.

The Group also secured approximately 400 acres of zoned land for a fifth Village at Gavieside, Livingston, which is located in the Edinburgh commuter belt, where there is very high demand for residential property and which has witnessed the strongest house price growth in Scotland. Springfield commenced work on designing the masterplan, which generated an increase in the anticipated number of plots to 2,500. An application for planning permission in principle was submitted post period.

Other Private Housing highlights

Springfield commenced sales at its site in Kinross, which was acquired last year through a land swap with a major housebuilder for plots at Dykes of Gray. The Group has achieved the receipt of eight reservations during the period and the first handover is expected imminently.

At The Wisp, a large development area for 200 homes in South East Edinburgh, 20 homes were reserved or missived during the first half of 2018/19, with 33 completions to date. Springfield received a planning permission in principle for the next phase of 139 apartments at this site, comprising 104 private and 35 affordable homes, and submitted the planning application post period.

In the North of Scotland, highlights included receiving planning consent for a further 113 houses at Meadow Lea, Nairn, a development where sales rates have consistently demonstrated the popularity of this area, and the submission of a planning application to build an additional 316 homes in nearby Forres.

Springfield increased its presence in quality locations in the Highlands by securing a site in Beauly. This adds to the Group's sites at Dornoch, Drumnadrochit and Ardersier, expanding its geographic reach in the north west of Scotland.

Good progress was made on the Dawn Homes sites, which the Group acquired at the end of the prior year, including the submission of a detailed planning application for 147 homes at Neilston, which is located on the outskirts of Glasgow. The acquisition of Dawn has provided Springfield with a presence in a new region – west of Central Scotland – including an established supply chain. The Group has benefited from the addition of further strong sales and land planning teams, with all Dawn employees remaining with the Group, and both Springfield and Dawn are leveraging the significant experience and enhanced capabilities from the combination of the two businesses.

Affordable Housing

Springfield's Affordable division's operations focus primarily on the development of land into standalone sites that consist entirely of affordable homes, and which are built in partnership with local authorities, housing associations or other public bodies. The Affordable division also develops affordable housing on the Company's private developments under Section 75 agreements with local authorities (whereby private developers agree to make a contribution of housing, money or infrastructure as a condition of planning permission).

The Affordable division made considerable progress during H1 2018/19, with the number of completions increasing by over 50% to 145 homes (H1 2017/18: 96). The average selling price of Springfield's Affordable Housing increased to £132k (H1 2017/18: £122k) due to changes in sales mix.

As of 30 November 2018, Springfield was operating on 14 active Affordable Housing sites (31 May 2018: 18), of which nine were Affordable-only sites (31 May 2018: 13 sites), and the total Affordable Housing land bank increased to 4,291 plots on 42 sites (31 May 2018: 3,719 plots on 43 sites). The change in number of active sites reflects the completion of four sites during the period and the normal seasonality of the Affordable division's activity whereby it generally has more active sites starting during the second half of the Group's financial year.

Springfield secured planning consent for 153 Affordable Housing plots and submitted applications for 1,927 plots. As at 30 November 2018, 29.7% of the Group's Affordable Housing plots had planning (31 May 2018: 34.4%), with 44.9% of plots going through the planning process and 25.4% at the pre-planning stage.

Key developments during the period include advancing the planning process for 237 homes at Dalmarnock, near Glasgow, which is now in the final stage. The Group is also negotiating with a housing association to secure the contract to build this development, which forms part of The Clyde Valley Regeneration Project.

The Group commenced on-site development on one of the sites under its local authority framework agreement for 10 sites with an estimated total value of £45m. The remaining sites either have full planning consent or are at an advanced stage in the planning process. Construction is expected to begin on the remaining sites at intervals over the next three years, with the next site expected to go into production in March 2019.

In addition, planning consent was granted, post period, for 117 homes at Ardersier on the Inverness-shire coast in the Highlands.

The Affordable division pipeline was also expanded post period with the acquisition of Walker Group, which does not currently build affordable housing whereas development of its current land bank will require 346 affordable homes to be built.

Acquisition of Walker Group

As announced on 1 February 2019, post period, Springfield acquired Walker Holdings (Scotland) Limited (trading as Walker Group), a Livingston-based housebuilder focussed on private housing in the central belt of Scotland, for a net consideration of up to £31m. Walker Group is a high-quality family housebuilder primarily targeting the two- to five-bedroom private home market, on developments of generally 50 to 200 homes. Its sites are in desirable locations within the Edinburgh commuter belt, therefore expanding the Group's land bank and sales presence in this popular, high-growth area. On acquisition, Walker Group's land bank consisted of 1,358 plots (39% of which had planning) across five active and five future sites with a total GDV of £413m.

The acquisition supports and enhances the Group's existing forecasts and is expected to enhance earnings per share in the current financial year. It utilised and exceeded the Group's budget for its current financial year for land purchases and the bulk addition of land – adding 10 sites in a single transaction – significantly strengthens the Group's visibility over projections for the next three years.

In addition, the Walker Group business, brand and culture are an excellent fit with Springfield. Both companies strongly promote an ethos of looking after customers and building quality homes. Walker Group follows a similar strategy to Springfield where it uses its respected position in the local land market to secure sites and utilises its extensive in-house skills and experience to bring future development schemes through the planning system efficiently.

Financial Review

Revenue for the six months ended 30 November 2018 was 38.3% higher than for the first half of the previous year at £75.7m (H1 2017/18: £54.8m), with the increase due to growth in both the Private Housing and Affordable divisions. The Private Housing division remained the largest contributor to revenue, but with the Affordable division accounting for an increased proportion of total revenue due to the particularly strong growth in that area of the business. There was also an increase in other income, largely relating to the recognition of revenue from the sale of land under the land swap that the Group completed in the prior year with a major housebuilder to exchange 62 plots at Dykes of Gray for land in Kinross.

Revenue	**H1 2018/19 £'000**	**H1 2017/18 £'000**	**Change**
Private Housing	53,160	42,966	+23.7%
Affordable Housing	19,138	11,739	+63.0%
Other*	3,442	70	+4,817.1%
TOTAL	**75,740**	**54,775**	**+38.3%**

*Principally the recognition of revenue under the land swap as well as construction-only projects, typically on land not owned or controlled by Springfield where the Group receives fees for its design and construction work.

Gross profit for H1 2018/19 increased by 54.6% to £13.1m (H1 2017/18: £8.4m), with a consolidated gross margin improvement of 180 basis points to 17.2% (H1 2017/18: 15.4%), which reflects margin improvement in both the Private Housing and Affordable divisions.

The improvement in margin in the Private Housing division was primarily due to it having completed in the prior year all but one of the legacy sites that had a lower margin than other Springfield sites, as well as the positive impact of the Dawn Homes properties, which generate a slightly higher margin. The increase in gross margin in the Affordable Housing division was due to the start of new sites with higher margins, reflecting the progress of this division in focusing on targeting higher margin projects.

Total administrative expenses for H1 2018/19 were £7.0m compared with £4.9m for the same period of the prior year. The increase reflects the larger scale of the business, including appointing new Managing Directors to enhance the Group's operating structure and the addition of Dawn Homes with an office in Glasgow.

Profit before tax increased by 119.7% to £6.1m (H1 2017/18: £2.8m), which was primarily due to the higher revenue and improvement in gross margin, the additional income generated from the Dawn Homes acquisition, as well as the first half of the prior year incurring exceptional costs of £0.3m in IPO-related expenses. Excluding the exceptional item from the prior period, profit before tax increased by 98.8% (H1 2017/18 adjusted PBT: £3.1m).

The basic EPS for the year increased by 30.6% to 5.12p compared with 3.92p (excluding exceptional items) for the first half of the prior year.

Net debt at 30 November 2018 was £25.3m compared with £15.3m at 31 May 2018. The increase was primarily due to an expansion in working capital to support the growth of the business.

As announced on 1 February 2019 and noted above, post period, the Group acquired the issued share capital of Walker Group for a net consideration of up to £31m, including an initial cash payment of £21m.

Dividend

The Directors of Springfield are pleased to declare an interim dividend of 1.2p per share (interim dividend 2017/18: 1p per share), with an ex-dividend date of 7 March 2019, a record date of 8 March 2019 and a payment date of 14 March 2019.

Outlook

Following the acquisition of Walker Group during the second half of the current financial year, Springfield is in a stronger position than ever before, with a presence in almost all of the key geographies within Scotland. The expanded land bank has secured activity for at least the next 18 years. The Group's primary focus is now on progressing its active sites and developing the future sites in its pipeline, and, in particular, embedding the acquisitions of Walker Group and Dawn Homes.

Springfield continues to see good growth across its Private Housing and Affordable Housing divisions. In particular, its Village sites are progressing well and their appeal is expected to strengthen as they become increasingly established and offer further amenities with the opening of other businesses.

Both of the Group's divisions are supported by strong market drivers. The demand for housing in Scotland continues to outstrip supply at a time when interest rates are low and mortgage availability is good. 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 as it seeks to hit its target of building 50,000 new affordable homes by 2021.

As a result, the Board of Directors remains confident of continuing to deliver sustained growth and of achieving full year results in line with market expectations.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED 30 NOVEMBER 2018

	Notes	Unaudited Period to 30 November 2018	Unaudited Period to 30 November 2017	Audited Year to 31 May 2018
			£000	£000
Revenue	4	75,740	54,775	140,723
Cost of sales		(62,684)	(46,328)	(118,580)
Gross profit	4	**13,056**	**8,447**	**22,143**
Administrative expenses		(7,008)	(4,857)	(11,625)
Share of pre-tax profits from joint venture		205	-	21
Other operating income		134	50	126
Operating profit		**6,387**	**3,640**	**10,665**
Interest receivable and similar income		187	25	147
Finance costs		(480)	(599)	(1,039)
Profit before exceptional item		**6,094**	**3,066**	**9,773**
Exceptional item		-	(292)	(558)
Profit before taxation		**6,094**	**2,774**	**9,215**
Taxation	5	(1,159)	(613)	(1,854)
Profit for the period and total comprehensive income	4	**4,935**	**2,161**	**7,361**
Profit for the period and total comprehensive income is attributable to:				
- Owners of the parent company		4,928	2,152	7,353
- Non-controlling interest		7	9	8
		4,935	**2,161**	**7,361**
Earnings per share				
Basic earnings per share (pence per share)	6	5.12p	3.45p	10.02p
Diluted earnings per share (pence per share)	6	5.06p	3.45p	9.99p

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 2018

Non-current assets	Note	Unaudited Period to 30 November 2018 £000	Unaudited Period to 30 November 2017 £000	Audited Year to 31 May 2018 £000
Property, plant and equipment		4,732	3,373	4,492
Intangible assets		600	600	600
Investments		1,212	-	1,018
Accounts receivable		5,360	1,656	870
		11,904	**5,629**	**6,980**
Current assets				
Inventories and work in progress		112,367	84,825	105,630
Accounts receivable		14,983	6,066	19,104
Cash and cash equivalents		553	5,423	12,015
		127,903	**96,314**	**136,749**
Total assets		**139,807**	**101,943**	**143,729**
Current liabilities				
Accounts payable		28,853	24,226	33,910
Short-term borrowings		1,035	-	-
Short-term obligations under finance lease		935	710	1,020
Corporation tax		1,142	717	1,139
		31,965	**25,653**	**36,069**
Non-current liabilities				
Long-term borrowings		23,000	17,500	25,000
Long-term obligations under finance lease		881	935	1,254
Provisions		2,380	45	2,394
		26,261	**18,480**	**28,648**
Total liabilities		**58,226**	**44,133**	**64,717**
Net assets		**81,581**	**57,810**	**79,012**
Equity				
Share capital	**8**	120	103	120
Share premium	**8**	50,105	33,517	50,105
Retained earnings		31,329	24,169	28,767
Equity attributable to owners of the parent company		**81,554**	**57,789**	**78,992**
Non-controlling interest		27	21	20
Non-controlling interest				
Total equity		**81,581**	**57,810**	**79,012**

These financial statements were approved by the Board of Directors on 25 February 2019.

Signed on behalf of the Board by:

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 NOVEMBER 2018

	Notes	Share Capital £000	Share Premium £000	Retained earnings £000	Non Control Interest £000	Total £000
1 June 2017		73	10,285	22,017	12	32,387
Share Issue – Pre IPO		-	80	-	-	80
Share Issue – IPO		30	24,970	-	-	25,000
IPO Costs		-	(1,818)	-	-	(1,818)
Total comprehensive income for the period		-	-	2,152	9	2,161
30 November 2017		**103**	**33,517**	**24,169**	**21**	**57,810**
Share issue – Additional placing		15	14,984	-	-	14,999
Additional Placing costs		-	(494)	-	-	(494)
Share Issue – Post IPO		2	2,098	-	-	2,100
Total comprehensive income for the period		-	-	5,201	(1)	5,200
Dividends	**7**	-	-	(821)	-	(821)
Share Option – Reserves		-	-	218	-	218
31 May 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	**8**	**120**	**50,105**	**31,329**	**27**	**81,581**

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
PERIOD TO 30 NOVEMBER 2018

	Unaudited Period to 30 November 2018 £000	**Unaudited Period to 30 November 2017 £000**	**Audited Year to 31 May 2018 £000**
Operating activities			
Profit for the period after taxation	4,935	2,453	7,919
Taxation charged	1,159	613	1,854
Finance costs	480	599	1,039
Interest receivable and similar income	(187)	(25)	(147)
Exceptional items	-	(292)	(558)
Gain on disposal of tangible fixed assets	(184)	(21)	(45)
Share option employment costs	235	-	218
Share of joint venture profit (net)	(165)	-	(21)
Depreciation and impairment of tangible fixed assets	727	510	1,088
Operating cash flows before movements in working capital	**7,000**	**3,837**	**11,347**
(Increase)/ decrease in inventory	(7,129)	(3,026)	6,230
(Increase) / decrease in accounts and other receivables	(429)	376	(7,313)
(Decrease) / Increase in accounts and other payables	(4,476)	(736)	4,166
Net cash generated from operations	**(5,034)**	**451**	**14,430**
Taxes paid	(1,175)	(770)	(1,714)
Net cash (outflow)/inflow from operating activities	**(6,209)**	**(319)**	**12,716**
Investing activities			
Purchase of property, plant and equipment	(1,000)	(197)	(752)
Payments to acquire intangible fixed assets	-	(600)	(600)
Proceeds on disposal of property, plant and equipment	283	21	62
Net Purchase of subsidiary company	-	-	(14,719)
Interest received and similar income	18	25	19
Net cash used in investing activities	**(699)**	**(751)**	**(15,990)**
Financing activities			
Proceeds from issue of shares	-	25,080	42,180
Costs from issue of shares	-	(1,818)	(2,312)
Repayment of other borrowings (related parties)	-	(4,097)	(4,647)
Repayment of bank borrowings	(2,000)	(20,000)	(22,500)
Repayment of other borrowings (other)	-	-	(2,929)
Payment of finance leases obligations	(523)	(363)	(849)
Dividends paid	(2,601)	-	(821)
Interest paid	(465)	(644)	(1,168)
Net cash from financing activities	**(5,589)**	**(1,842)**	**6,954**
Net (decrease)/increase in cash and cash equivalents	(12,497)	(2,912)	3,680
Cash and cash equivalents at beginning of period	12,015	8,335	8,335
Cash and cash equivalents at end of period	**(482)**	**5,423**	**12,015**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 NOVEMBER 2018

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 at 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 2018 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 and DHomes 2014 Holdings Limited. The Group also 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 financial information for the six month period ended 30 November 2018 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 2018, 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 based on IFRS that are expected to exist at the date on which the Group prepares its financial statements for the 31 May 2019. To the extent that IFRS at 31 May 2019 do not reflect the assumptions made in preparing the interim financial statements, those financials statements may be subject to change.

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 2018. 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 statement for the year ended 31 May 2018.

IFRS 15, 'Revenue from contracts with customers' is a converged standard of IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations from the IASB and FASB on revenue recognition. The standard is more prescriptive in terms of what should be included within revenue, and is effective for the year ending 31 May 2019.

The Group currently recognises revenue in respect of the sale of residential housing, residential land and of commercial land and developments on legal completion.

The Group does not currently recognise revenue on the proceeds from the disposal of properties taken in part exchange against a new home. The net profit or loss on disposal is shown within gross profit. The gross proceeds and net profit/loss are immaterial. This treatment will be unchanged under IFRS 15 as the Group considers properties taken in part exchange to be incidental to its main activity and therefore outside the scope of IFRS 15.

IFRS 9 'Financial instruments' replaces the guidance in IAS 39 and is effective for the year ending 31 May 2019. It affects the classification, measurement, impairment and de-recognition of financial instruments. The Group has reviewed its existing classification and confirmed that most financial assets will continue to be recognised at amortised cost, with other financial assets being classified at fair value through the profit or loss. The Group reviews the future recoverability of debtors, most of which is from housing associations which are government funded, in assessing exposure to expected credit loss. Given the nature of the receivables and lack of significant exposure to expected credit loss, the impact on Group profits of adopting IFRS 9 is immaterial.

There were no other key judgements or estimates made in assessing the impact of IFRS 15 and 9 on the Group.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may subsequently differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 May 2018.

After making due enquiries and in accordance with the FRC's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the Directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the interim financial statements.

The main operation of the Group is focused on housebuilding. As it operates entirely within the United Kingdom, the Group has only one reportable business and geographic segment. After considering the requirements of IFRS 15 to present disaggregated revenue, the Group does not believe there is any disaggregation criteria applicable to its one reportable business and geographic segment. There is no material difference between any assets or liabilities held at cost and their fair value.

Standards and interpretations in issue but not yet effective.

IFRS 16 'Leases'. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Published January 2016, effective Annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. The Group has a number of operating leases, mainly in relation to cars and some office properties, which the Group currently anticipates will be required to be brought onto the balance sheet together with corresponding assets. The Group does not expect the net impact on profit to be significant.

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 half-yearly report 2019. We have reviewed the risks pertinent to our business in the six months to 30 November 2018 and which we believe to be relevant for the remaining six months to 30 June 2019. The only material changes to those outlined in our Annual Report 2018 are that economic uncertainty has increased with the possibility of a 'no-deal Brexit' and the risk of the withdrawal of the Help to Buy Scheme has receded with the extension of the scheme having been announced by the Government.

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 2 segments:

- Private
- Affordable

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

	Unaudited Period to 30 November 2018	**Unaudited Period to 30 November 2017**	**Audited Year to 31 May 2018**
Revenue	**£000**	**£000**	**£000**
Private residential properties	53,160	42,966	101,867
Affordable housing	19,138	11,739	37,272
Other	3,442	70	1,584
Total Revenue	**75,740**	**54,775**	**140,723**
Gross Profit	**13,056**	**8,447**	**22,143**
Administrative expenses	(7,008)	(4,857)	(11,625)
Profit before tax from joint venture	205	-	21
Operating Income	134	50	126
Finance income	187	25	147
Finance expenses	(480)	(599)	(1,039)
Exceptional item	-	(292)	(558)
Profit before tax	**6,094**	**2,774**	**9,215**
Taxation	(1,159)	(613)	(1,854)
Profit for the period	**4,935**	**2,161**	**7,361**

5. Taxation

The results for the six month to 30 November 2018 include a tax charge of 19% of profit before tax and exceptional items (30 November 2017: 20%; 31 May 2018: 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:

Earnings	Unaudited Period to 30 November 2018 £000	Unaudited Period to 30 November 2017 £000	Audited Year to 31 May 2018 £000
Profit for the year attributable to owners of the Company	4,928	2,152	7,353
Adjusted for the impact of exceptional costs in the year	-	292	558
Normalised earnings	**4,928**	**2,444**	**7,911**

Number of Shares	Unaudited Period to 30 November 2018	Unaudited Period to 30 November 2017	Audited Year to 31 May 2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	96,333,642	62,366,660	73,412,651
Effect of dilutive potential ordinary shares: share options	991,848	13,897	201,061
Weighted average number of ordinary shares for the purpose of diluted earnings per share.	97,325,490	62,380,557	73,613,712

Earnings per ordinary share	Unaudited Period to 30 November 2018 Pence	Unaudited Period to 30 November 2017 Pence	Audited Year to 31 May 2018 Pence
Basic earnings per share (price per share)	5.12	3.45	10.02
Diluted earnings per share (price per share)	5.06	3.45	9.99
Underlying per ordinary share			
Basic earnings per share (price per share)	5.12	3.92	10.78
Diluted earnings per share (price per share)	5.06	3.92	10.75

7. Dividends

	Unaudited Period to 30 November 2018	Unaudited Period to 30 November 2017	Audited Year to 31 May 2018
	£000	£000	£000
Interim dividend – y/e 31 May 2018	-	-	821
Final dividend – y/e 31 May 2018	2,601	-	-
	2,601	**-**	**821**

The interim dividend declared for the year ended 31 May 2018 is 1p per share amounting to £820,836.

The final dividend declared for the year ended 31 May 2018 is 2.7p per share amounting to £2,601,008.

The interim dividend for the year ended 31 May 2019 was declared after 30 November 2018 and as such the liability of £1,156k 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 2017	**82,083,642**	**103**	**33,517**
Share issue – additional placing	12,500,000	15	14,984
Additional placing costs	-	-	(494)
Share issue – Post IPO	1,750,000	2	2,098
At 31 May 2018	**96,333,642**	**120**	**50,105**
Share Issue	-	-	-
At 30 November 2018	**96,333,642**	**120**	**50,105**

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 landed being zoned and have included a 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.

10. Transactions with related parties

Other related parties include transactions with retirement scheme in which the directors are beneficiaries, and close family members of key management personnel. During the period dividends totalling £767k (p/e November 2017 - £nil; y/e May 2018 - £384k) were paid to key management personnel.

The remuneration of Key Management Personnel was £1,125k (p/e November 2017 - £371k; y/e May 2018 – £1,538k).

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

Sale of goods	**Unaudited Period to 30 November 2018 £000**	**Unaudited Period to 30 November 2017 £000**	**Audited Year to 31 May 2018 £000**
Bertha Park Limited (1)	3,748	792	5,471
AW&JG Adam Limited (2)	-	2,728	2,741
DHHG 1 Limited (3)	3,321	-	577
Other entities which key management personnel have control, significant influence or hold a material interest in	108	39	266
Key management personnel	17	23	44
Other related parties	8	21	35
	7,202	**3,603**	**9,134**

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

Purchase of goods	**Unaudited Period to 30 November 2018 £000**	**Unaudited Period to 30 November 2017 £000**	**Audited Year to 31 May 2018 £000**
Entities which key management personnel have control, significant influence or hold a material interest in	136	110	363
Key management personnel	5	644	650
Other related parties	-	-	200
	141	**754**	**1,213**

Interest paid to	**Unaudited Period to 30 November 2018 £000**	**Unaudited Period to 30 November 2017 £000**	**Audited Year to 31 May 2018 £000**
Entities which key management personnel have control, significant influence or hold a material interest in	-	-	-
Key management personnel	-	34	12
Other related parties	-	-	15
	-	**34**	**27**

10. Transactions with related parties (continued)

Rent paid to	Unaudited Period to 30 November 2018 £000	Unaudited Period to 30 November 2017 £000	Audited Year to 31 May 2018 £000
Entities which key management personnel have control, significant influence or hold a material interest in	92	87	162
Key management personnel	-	-	-
Other related parties	61	65	134
	153	**152**	**296**

The following amounts were outstanding at the reporting end date:

Amounts receivable	Unaudited Period to 30 November 2018 £000	Unaudited Period to 30 November 2017 £000	Audited Year to 31 May 2018 £000
Bertha Park Limited (1)	11,604	1,704	8,948
AW&JG Adam Limited (2)	-	712	-
DHHG 1 Limited (3)	1,370	-	930
Entities which key management personnel have control, significant influence or hold a material interest in	27	284	86
Key management personnel	10	135	2
Other related parties	-	21	-
	13,011	**2,856**	**9,966**

Amounts payable	Unaudited Period to 30 November 2018 £000	Unaudited Period to 30 November 2017 £000	Audited Year to 31 May 2018 £000
Entities which key management personnel have control, significant influence or hold a material interest in	55	86	57
Key management personnel	-	120	-
Other related parties	1,037	23	1,419
	1,092	**229**	**1,476**

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.

11. Analysis of net cash

	Unaudited Period to 30 November 2018	Unaudited Period to 30 November 2017	Audited Year to 31 May 2018
	£000	**£000**	**£000**
Cash in hand and bank	553	5,423	12,015
Bank overdraft	(1,035)	-	-
Finance lease	(1,816)	(1,645)	(2,274)
Bank borrowings	(23,000)	(17,500)	(25,000)
Net Cash	**(25,298)**	**(13,722)**	**(15,259)**

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.