

DIRECTORS' REPORT

The Directors present their report and the financial statements of the Group and the Company for the year ended 30 June 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company and its subsidiaries, together called the Group, is to acquire residential and mixed use sites and seek planning consent for development. The Group develops a number of the plots for private sale and sells consented plots to housebuilders.

RESULTS AND DIVIDENDS

The trading results for the year are set out in the Group Income Statement on page 71 and the Group's financial position at the end of the year is set out in the Group Statement of Financial Position on page 72. Further details of the performance during the financial year and expected future developments are contained in the Chairman's Statement, Chief Executive's Review and the Finance Director's Review which form part of the Strategic Report.

The Directors have proposed a final dividend of 0.60p per share (2013: 0.27p).

BUSINESS REVIEW

A review of the development and performance of the business during the year and the future outlook of the Group is set out in the Chairman's Statement on page 6 and the Chief Executive's Review on pages 20 to 22. The Group's key performance indicators are monitored closely by the Board and the details of performance against these are on pages 38 and 39.

PRINCIPAL RISKS AND UNCERTAINTIES

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

All potential areas of financial risk are regularly monitored and reviewed by the Directors and management. Any preventative or corrective measures are taken as necessary.

The Group uses various financial instruments. These include loans, cash and trade receivables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also provides finance to DGVL as part of its arrangement with that company. The main purpose of this financial instrument is to enhance the Group's return from this project.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and capital risk. The Directors review and agree policies for managing each of these risks and they are summarised below.



Read our Group Income Statement on **page 71**



Read about Principal Risks on **pages 40 and 41**



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Above: Showhome at Portland House, Gerrards Cross in Buckinghamshire

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Flexibility is achieved by loans and overdraft facilities.

Cash flow fair value interest rate risk

The Group's cash flow interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Some of the Group's borrowings are at variable rates but the Group does not consider the risk to be significant.

Interest rate risk

The Group finances its operations through a mixture of equity and bank and other borrowings. The Group controls the exposure to interest rate fluctuations by ensuring that the level of gearing is maintained at a reasonable level.

Credit risk

The Group's principal financial assets are trade and other receivables, cash and cash equivalents. The Group trades and deals with counterparties after having considered their credit rating. In certain circumstances the Group may seek additional security.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital in relation to overall financing. Further information can be found in Note 26 to the Group financial statements.

DIRECTORS'

REPORT CONTINUED

DIRECTORS AND THEIR INTERESTS

Each of the Directors listed on pages 50 and 51 held office as at 30 June 2014. The Directors of the Company and their respective beneficial interests in the shares of the Company as at 30 June 2014 were as follows:

	As at 30 June 2014			As at 30 June 2013		
	Number of ordinary shares	Number of 'Growth' shares	Number of share options	Number of ordinary shares	Number of redeemable shares	Number of share options
Ordinary Shares						
S D Wicks	16,237,332	470	—	16,237,332	490	1,500,000
N Malde	11,270,029	380	1,500,000	11,072,400	392	1,500,000
P Brett	3,504,214	150	1,100,000	3,444,214	98	1,100,000
T Roydon	325,000	—	—	325,000	—	—
S Bennett	110,000	—	—	110,000	—	—

P Brett is retiring by rotation in accordance with the Company's Articles of Association and has offered himself for re-election.

During the year, Stephen Wicks exercised 1,500,000 share options over ordinary shares of 10 pence under the Group's Employee Share Option Scheme at a price of 18.25 pence per ordinary share. On admission to AIM, Mr Wicks sold all 1,500,000 ordinary shares at a price of 42 pence per share. Further information on share options can be found in Note 20 to the Group financial statements.

During the year, the Group's 2007 Long Term Incentive Plan was terminated and the 980 redeemable shares were redesignated as 9,800 valueless deferred shares of 10 pence each and replaced with the 'Growth' shares under the 2013 LTIP. Further information on the 2013 LTIP can be found in the Directors' Remuneration Report on pages 56 to 61.



Read our Director's
Remuneration Report on
pages 56 to 61



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Above: Artist's impression of our development on the former St. John's Hospital site in Chelmsford, Essex

DIRECTORS' EMOLUMENTS

Details of Directors' remuneration can be found in the Directors' Remuneration Report on pages 56 to 61.

QUALIFYING THIRD PARTY INDEMNITY PROVISION

During the financial year, a qualifying third party indemnity provision for the benefit of all the Directors was in force.

SUBSTANTIAL SHAREHOLDING

As at 15 October 2014, the Company was aware of the following holdings, in addition to those of the Directors discussed above, of 3% or more of the nominal value of the Company's shares:

Name	Shareholding	%
M H Dixon	21,000,000	10.36
Karoo Investment Fund SCA SICAV SIF	11,564,971	5.70
A K Brett	7,000,000	3.45
Downing LLP	6,935,512	3.42

GOING CONCERN

The Board has reviewed the performance for the current year and forecasts for the future period. It has also considered the risks and uncertainties, including credit risk and liquidity risk. The Directors have considered the present economic climate, the state of the housing market and the current demand for land with planning consent. The Group has continued to see an increase in demand for consented land in the areas in which it operates. The Group has significant forward sales of residential units and is in discussions for the sale of some of the land within its projects and expects to make sufficient disposals in the foreseeable future to ensure it has adequate working capital for its requirements. The Directors are satisfied that the Group will generate sufficient cash to meet its liabilities as and when they fall due for a period of 12 months from signing these financial statements. The Directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

DIRECTORS' REPORT CONTINUED

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed in relation to the Group accounts and applicable UK Accounting Standards have been followed in relation to the Parent Company accounts, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



POST BALANCE SHEET EVENTS

There are no events subsequent to the balance sheet date that need to be disclosed.

ANNUAL GENERAL MEETING

The Notice covering the AGM together with the proposed resolutions is contained in the document accompanying this report. The AGM will be held on 1 December 2014.

AUDITOR

A resolution to reappoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the AGM in accordance with Section 489 of the Companies Act 2006.

By order of the Board

Nishith Malde

Company Secretary
15 October 2014

Completed nursing home, shops
and site management area at DGV

