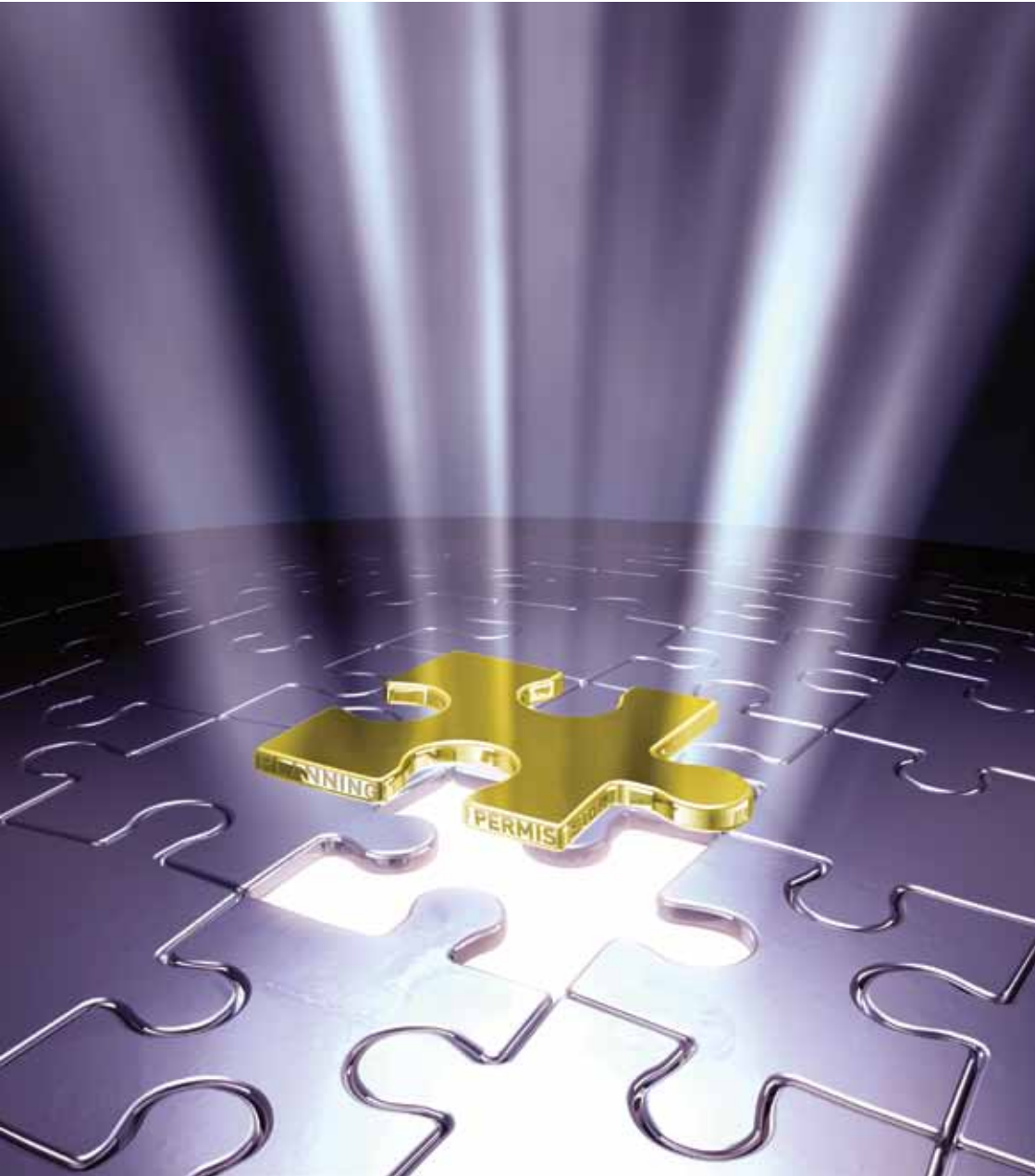




Inlandplc

INTERIM REPORT 2010



Corporate statement

Inland plc is a leading brownfield regeneration specialist. We specialise in buying brownfield sites and enhancing their value through obtaining planning permissions for residential and mixed-use developments.

Inland's highly experienced land team has extensive knowledge of the complexities of the planning system which in turn enables it to unlock added value in property that others cannot.

We recognise the significant impact our activities can have on the environment and the communities in which we work.

We believe that managing these activities responsibly brings long term benefits to our shareholders as well as our other stakeholders.

At the heart of our business is the principle of sustainability – the need to conserve scarce resources for the benefit of future generations.

Creative thinking in brownfield development

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- PERFORMANCE
- INVESTOR PRESENTATIONS
- CORPORATE RESPONSIBILITY

Our strategy

The Group's principal objective is to achieve long term value for its shareholders, this will be achieved by **maximising the value of the land bank** with a number of alternative strategies including the following:

- Sale of sites to other housebuilders
 - Development of selected sites by Inland Homes
 - Securing large scale projects
 - Joint ventures with third parties
-

Lower Hamworthy, Poole, Dorset



↑ Holes Bay Basin Regeneration Area

9.5 acres

9.5 acre brownfield site

2,000 homes

It is anticipated over 2,000 homes together with employment and leisure opportunities will be developed in the Holes Bay Basin Regeneration Area.

Inland owns 9.5 acres of the 40 acre Holes Bay Basin Regeneration area. It is anticipated that over 2,000 homes together with employment and leisure opportunities will be developed in this area.



← Twin Sails Bridge now under construction

A major step forward for the development is the start of the construction of the 'Twin Sails Bridge' which is scheduled to open in early 2012. This iconic structure costing over £37m will form the 'gateway' to the development.

It is our aim to commence building the scheme very soon after the Twin Sails Bridge is open so as to kick start the regeneration of the area.

We are looking to create a new neighbourhood in Hamworthy which increases the amount of family housing and opens up access to the waterside with apartments and businesses.

The new neighbourhood will include accommodation for all ages and will include space for a wide range of businesses and employers.

Highlights

Operational highlights

- Sale of 102 building plots during the period
- A further 89 building plots and 10 completed homes sold since December 2010
- Sales agreed of a further 156 units and 40,000 sq ft of commercial space for approximately £14.95m
- Current land bank controlled comprises 975 residential plots and 243,000 sq ft of commercial space of which:
 - 570 are consented residential plots
 - 103,000 sq ft is consented commercial space
- Inland also has an interest in 625 residential plots and 53,000 sq ft of commercial space at Drayton Garden Village
- Planning consent obtained for 773 residential units and 53,000 sq ft of commercial space since the last year end
- Winner of the 'Land Sustain Award 2011' for Drayton Garden Village
- RBS facility repaid in full in December 2010
- Inland committed to undertaking large scale mixed use projects

Financial highlights

Revenue

£10.06m

(2009: £5.29m)

Operating profit

£1.14m

(2009: £0.39m)

Pre-tax profit

£0.90m

(2009: loss £0.11m)

Net borrowings

£3.74m

(2009: £8.79m)

Net gearing

£8.2%

Stocks and investment property

£39.08m

(2009: £50.73m)

Net assets

£45.47m

(2009: £41.87m)

Chairman's statement

INTRODUCTION

This strong set of results represents an excellent performance by Inland demonstrated by a substantial increase in the number of plots sold. This has resulted in a considerable increase in revenue and profitability over the previous period and a much lower level of debt.

RESULTS

Revenue for the six months ended 31 December 2010 increased by 90% to £10.06m (2009: £5.29m) with operating profit increasing by 192% to £1.14m (2009: £0.39m) and profit before tax of £0.90m (2009: £0.11m). The stated net assets of the Group have increased to £45.47m (2009: £41.89m) equating to net asset value per share of 24.85p (2009: 23.95p). This figure excludes any future value from Drayton Garden Village; the Directors believe that as at 31 December 2010, Inland's 42% share of future profits from this important project is worth at least 4p per share net of tax, based on sales achieved and agreed to date and on reasonable assumptions for future disposals and costs. Under the agreement with Drayton Garden Village Limited (DGVL) the Group has the potential to earn up to 90% of the profits realised from the sale of Drayton Garden Village and this would add at least 8.6p per share to the Group's net asset value. These results include £1.05m in the Group Income Statement in respect of this project as explained in Note 4. Our investment in DGVL and amounts due from DGVL are explained in Notes 8 and 9 respectively.

REVIEW OF OPERATIONS

Inland achieved the sale of 102 plots during the period, a 155% increase in the number sold in the corresponding period last year.

89 plots were sold at Drayton Garden Village in January 2011 for a total consideration of £9.5m plus a contribution of £630,000 towards Section 106 payments. A further land sale at this site of an area with consent for 88 apartments has been agreed with a major housebuilder for £5.85m.

The Drayton Garden Village development has now become a 'blueprint' for future development projects for Inland. As a large scale brownfield developer our ability to manage and resolve complex planning issues, driven by a small in-house team supported by skilled professional consultants has meant that we are well placed to maximise future returns. This success is testament to our enthusiasm and professionalism that would rival any of the major players in our sector. We believe further large scale opportunities exist in the south east of England and Inland is well placed to both secure and capitalise on these.

At Drayton Garden Village infrastructure, land remediation and material recycling are now well under way to provide serviced land for the current and future development of this site. A combined heat and power installation is commencing in partnership with EON which will create low carbon heat and power from a central energy centre to create one of the 'greenest' developments in London. To try to reinforce the message that Inland is now a substantial urban regenerator with the ability to tackle large scale complex projects, we are creating a visitor centre at West Drayton to encourage a better understanding of the site's potential and our ability to successfully execute the project.

Another milestone in the period was the repayment in full of the loan facilities due to Royal Bank of Scotland; this left the Group with net debt of just £3.74m and a net gearing level of 8.2% at 31 December 2010.

We completed the sale of 21 homes at our Byfleet and Queensgate, Farnborough developments achieving revenue of £4.5m with a gross profit of £0.88m equating to a margin of 19.6%. Sales of a further 10 homes have been completed, exchanged or reserved since the period end with a total value of £2.0m. We are pleased with this outcome given that mortgage finance constraints continue to create a challenging sales environment.

We achieved planning consent on two sites during the six months to 31 December 2010 and the current land bank under our control comprises 570 consented residential plots and 103,000 sq ft of consented commercial space including 40,000 sq ft for a care home. We have a further 405 plots and 140,000 sq ft of commercial space being processed through the planning system. In addition to this, Inland also has an interest in 625 consented residential plots and 53,000 sq ft of consented commercial space including 40,000 sq ft for a care home held by DGVL. A resolution to grant planning consent was also received on 30 March 2011 for the land at Minet Drive, Hayes for 65 units. A sale of this site has also been agreed with a major housing association with a gross land value of approximately £5.0m and a building contract for Howarth Homes in excess of £7.0m. Negotiations are progressing with the local authority at Poole and we expect a planning application to be submitted later this year.

INVESTMENTS

Our associate company, Howarth Homes PLC, a small regional house builder operating in the south east of England, continues to see its trading improve during its current financial year and is currently developing five sites with a total of 103 units. This includes the site at Croxley Green for 51 units in a 50/50 joint venture with Inland where the 15 affordable homes have been completed and seven private houses have been either reserved or exchanged at prices above management's expectation. Howarth also has construction contracts in hand valued at £12.7m.

OUTLOOK

Inland has made a very strong start to the current financial year with the number of plots sold at a record level. Despite the generally subdued economy in the housing market in London and the south east of England, there is still strong demand for land due to the imbalance in supply. Inland's sites are in areas where this imbalance is acute and the continuing problems in the planning system, where it is hard to achieve consents that are commercially viable, means that good consented sites will remain in short supply.

Inland has an outstanding track record in securing viable planning permissions and has every expectation of acquiring further substantial opportunities in the near future. Inland's position is further enhanced by its very low gearing and strong balance sheet.

Overall this strong performance coupled with sales agreed to date in the second half provides the Board with confidence that Inland can outperform management's original expectations of profitability for the current year.

TERRY ROYDON
CHAIRMAN

Group income statement

for the six months ended 31 December 2010

	Notes	Six months ended 31 December 2010 (unaudited) £000	Six months ended 31 December 2009 (unaudited) £000	Year ended 30 June 2010 (audited) £000
Revenue		10,058	5,291	16,542
Cost of sales		(7,924)	(4,018)	(12,875)
Gross profit		2,134	1,273	3,667
Administrative expenses:		(1,130)	(984)	(1,945)
– profit on investments		131	104	321
Operating profit		1,135	393	2,043
Interest expense		(360)	(218)	(807)
Notional interest expense		(18)	(162)	(324)
Notional interest income	4	103	—	—
Interest and similar income		36	94	139
Profit before taxation		896	107	1,051
Income tax	5	31	30	141
Profit for the period		927	137	1,192
Earnings per share				
– basic earnings per share in pence	6	0.51p	0.08p	0.68p
– diluted earnings per share in pence		0.50p	0.08p	0.68p

Group statement of comprehensive income

for the six months ended 31 December 2010

	Notes	Six months ended 31 December 2010 (unaudited) £000	Six months ended 31 December 2009 (unaudited) £000	Year ended 30 June 2010 (audited) £000
Profit for the period		927	137	1,192
Other comprehensive income:				
– profit on available-for-sale financial assets		—	—	—
Other comprehensive income for the period, net of tax		—	—	—
Total comprehensive income for the period		927	137	1,192

Group statement of financial position

as at 31 December 2010

	Notes	As at 31 December 2010 (unaudited) £000	As at 31 December 2009 (unaudited) £000	As at 30 June 2010 (audited) £000
ASSETS				
Non-current assets				
Investment property		8,801	8,801	8,801
Property, plant and equipment	7	80	70	58
Investments	8	3,145	2,250	2,998
Investment in associate	8	—	—	—
Trade and other receivables	9	103	—	—
Deferred tax		4,629	4,486	4,597
Total non-current assets		16,758	15,607	16,454
Current assets				
Inventories		30,077	41,930	35,151
Trade and other receivables	9	5,143	1,676	5,691
Loan to associate		1,146	1,908	1,895
Listed investments held for trading (carried at fair value through profit and loss)		—	238	131
Cash and cash equivalents		536	233	2,519
Total current assets		36,902	45,985	45,387
Total assets		53,660	61,592	61,841
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	10	18,301	17,483	18,301
Share premium account		45,794	45,177	45,806
Treasury shares		(366)	(366)	(366)
Retained earnings		(18,260)	(15,620)	(19,280)
Other reserves		—	(4,806)	—
Total equity		45,469	41,868	44,461
LIABILITIES				
Current liabilities				
Bank loans and overdrafts		4,276	9,019	9,242
Trade and other payables		1,933	1,902	2,173
Other financial liabilities	11	1,982	8,803	5,965
Total liabilities		8,191	19,724	17,380
Total equity and liabilities		53,660	61,592	61,841

Group statement of changes in equity

for the six months ended 31 December 2010

	Share capital £000	Share premium £000	Treasury shares £000	Retained earnings £000	Other reserves £000	Total £000
At 30 June 2009	16,216	45,184	(366)	(15,848)	(4,806)	40,380
Profit attributable to shareholders	—	—	—	137	—	137
Issue of equity	1,267	(7)	—	—	—	1,260
Total recognised income and expense	1,267	(7)	—	137	—	1,397
Share based compensation	—	—	—	91	—	91
At 30 December 2009	17,483	45,177	(366)	(15,620)	(4,806)	41,868
Share based payment	—	—	—	91	—	91
Issue of equity	818	629	—	—	—	1,447
Transactions with owners	818	629	—	91	—	1,538
Profit attributable to shareholders	—	—	—	1,055	—	1,055
Available-for-sale financial assets: – reclassification to profit or loss	—	—	—	(4,806)	4,806	—
At 30 June 2010	18,301	45,806	(366)	(19,280)	—	44,461
Profit attributable to shareholders	—	—	—	927	—	927
Issue of equity	—	(12)	—	—	—	(12)
Total recognised income and expense	—	(12)	—	927	—	915
Share based compensation	—	—	—	93	—	93
At 30 December 2010	18,301	45,794	(366)	(18,260)	—	45,469

Group statement of cash flows

for the six months ended 31 December 2010

	Six months ended 31 December 2010 (unaudited) £000	Six months ended 31 December 2009 (unaudited) £000	Year ended 30 June 2010 (audited) £000
Note			
Cash flows from operating activities			
Profit for the year before tax	896	107	1,051
Adjustments for:			
– depreciation	18	18	34
– share based compensation	93	91	182
– fair value adjustment for investments	(115)	(51)	(31)
– (profit)/loss on disposal of listed investments	(16)	(52)	60
– interest and similar income	(139)	(94)	(139)
– interest expense	378	380	1,131
Changes in working capital (excluding the effects of acquisition):			
– decrease/(increase) in inventories	5,074	(273)	6,505
– decrease/(increase) in trade and other receivables	1,333	2,158	(2,094)
– decrease in trade and other payables	(4,268)	(4,018)	(6,788)
Net cash inflow/(outflow) from operating activities	3,254	(1,734)	(209)
Cash flow from investing activities			
Interest received	—	49	120
Purchases of property, plant and equipment	(40)	(7)	(11)
Purchase of investments	(32)	(2,197)	(2,717)
Sale of investments	147	533	628
Net cash inflow/(outflow) from investing activities	75	(1,622)	(1,980)
Cash flow from financing activities			
Interest paid	(333)	(196)	(748)
Issue of shares (net of expenses)	(12)	1,260	2,707
Net cash (outflow)/inflow from financing activities	(345)	1,064	1,959
Net increase/(decrease) in cash and cash equivalents	2,984	(2,292)	(230)
Net cash and cash equivalents at beginning of period	(6,724)	(6,494)	(6,494)
Net cash and cash equivalents at end of period	(3,740)	(8,786)	(6,724)
Cash and cash equivalents	536	233	2,519
Bank loans and overdraft	(4,276)	(9,019)	(9,243)
	(3,740)	(8,786)	(6,724)

Notes to the interim report

for the six months ended 31 December 2010

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

The principal activity of the Company and its subsidiaries (together called the Group) is to acquire residential and mixed use sites and seek planning consent for development.

Inland plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Inland plc's registered office, which is also its principal place of business, is 2 Anglo Office Park, 67 White Lion Road, Amersham, Buckinghamshire HP7 9FB.

Inland plc's shares are quoted on AIM, a market operated by the London Stock Exchange. This consolidated interim statement has been approved for issue by the Board of Directors on 30 March 2011.

The financial information set out in this interim statement does not constitute statutory accounts as defined in Sections 434(3) and 435(3) of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 June 2010 have been filed with the Registrar of Companies and are available at www.inlandplc.com. The auditor's report on those financial statements was unqualified and did not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

2. BASIS OF PREPARATION

This consolidated interim statement has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The consolidated interim statement should be read in conjunction with the annual financial statements for the year ended 30 June 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2010.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

CRITICAL ACCOUNTING ESTIMATES

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

(A) VALUATION OF INVENTORIES

In applying the Group's accounting policy for the valuation of inventories the Directors are required to assess the expected selling price and costs to sell each of the plots or units that constitute the Group's land bank and work in progress. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in land market values.

Whilst the Directors exercise due care and attention to make reasonable estimates taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant. The critical judgement in respect of planning consent (see below) further increases the level of estimation uncertainty in this area.

(B) INCOME TAXES

The Group recognises tax/deferred tax assets and liabilities for anticipated tax based on estimates of when the tax/deferred tax will be paid or recovered. When the final outcome of these matters is different from the amounts initially recorded, such differences impact the period in which the determination is made.

(C) FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The fair value of instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on existing market conditions.

(D) INVESTMENT PROPERTIES

Properties are classified as investment properties if there are significant rentals and the intention is to hold those properties for a significantly longer time than inventory property.

(E) DISCOUNTING ON DEFERRED CONSIDERATION OF INVENTORIES

The Group discounts deferred consideration of inventories by discounted cash flow method.

Notes to the interim report continued

for the six months ended 31 December 2010

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS CONTINUED CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES INVESTMENTS

The Group has entered into a Development Services Agreement with Drayton Garden Village Limited (DGVL). The Group is entitled to receive a fee for the provision of planning application services, property services and the potential provision of finance to DGVL in respect of the site known as Drayton Garden Village. Under the agreement the Group has the potential to earn up to 90% of the profits realised from the sale of the property over the life of the project.

The Directors have considered the requirements of IAS 27 Consolidated and separate financial statements (revised 2008) and SIC 12 Consolidation – special purpose entities and do not believe that the Group has the power to control DGVL. DGVL makes its own decisions albeit the director of DGVL receives property advice and property services from the Group. The Directors also consider that the Group does not have the decision making powers to obtain the majority of the benefits of the activities of DGVL as the shareholder of DGVL can increase his exposure in the company to receive these. Therefore the Directors do not believe that DGVL should be consolidated within the Group's financial statements.

At 31 December 2010 this fee amounted to 41.96% of the profits realised from the sale of the property over the life of the project. In accordance with the Option and Development Services Agreement with DGVL, 35% of the profits would be due to the Group for the provision of planning application and property services and this has to be accounted for under IAS 18. 6.96% of the profits would be due to the Group for the provision of finance to DGVL and would be accounted for under IAS 39 as notional interest income.

In calculating the fee for the provision of planning application and property services to DGVL, under IAS 18 the Group has estimated the following:

- total profits (total expected sales less total estimated development costs to completion) to be realised from the sale of the property;
- profits would be realised over six years; and
- percentage of planning application and property services provided to DGVL as at the period end with the balance to be provided over the remaining life of the project.

During the six months ended 31 December 2010 the Group has recognised £0.95m in revenue within the Group Income Statement for such services to DGVL.

In calculating the fee for the provision of finance to DGVL, under IAS 39 the Group has estimated the following:

- total profits (total expected sales less total estimated development costs to completion) to be realised from the sale of the property; and
- profits would be realised over six years.

During the six months ended 31 December 2010 the Group has recognised £0.10m within notional interest income in the Group Income Statement in respect of such fees.

INVENTORIES

The Group values inventories at the lower of cost and net realisable value. The net realisable value is based on the judgement of the probability that planning consent will be given for each site. The Group believes that, based on the Directors' experience, planning consent will be given. If planning consent was not achieved then a provision would be required against inventories.

5. INCOME TAX

	Six months ended 31 December 2010 (unaudited) £000	Six months ended 31 December 2009 (unaudited) £000	Year ended 30 June 2010 (audited) £000
Deferred tax credit	(31)	(30)	(141)
	(31)	(30)	(141)

**6. EARNINGS PER SHARE
BASIC AND DILUTED**

Basic and diluted earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 31 December 2010 (unaudited) £000	Six months ended 31 December 2009 (unaudited) £000	Year ended 30 June 2010 (audited) £000
Profit attributable to equity holders of the Company (£000)	927	137	1,192
Weighted average number of ordinary shares in issue (000s)	182,999	173,414	174,965
Dilutive effect of options treated as exercisable at the period end (000s)	2,290	—	—
	185,289	173,414	174,965
Basic earnings per share in pence	0.51p	0.08p	0.68p
Diluted earnings per share in pence	0.50p	0.08p	0.68p

7. PROPERTY, PLANT AND EQUIPMENT

	Investment property £000	Leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost						
At 31 December 2009	8,801	5	49	37	58	149
Disposals	—	—	—	—	(2)	(2)
Additions	—	—	—	1	5	6
At 30 June 2010	8,801	5	49	38	61	153
Additions	—	—	—	21	19	40
At 31 December 2010	8,801	5	49	59	80	193
Depreciation						
At 31 December 2009	—	1	19	31	28	79
Depreciation	—	—	6	1	9	16
Disposals	—	—	—	—	—	—
At 30 June 2010	—	1	25	32	37	95
Depreciation charge	—	1	6	7	4	18
Disposals	—	—	—	—	—	—
At 31 December 2010	—	2	31	39	41	113
Net book value at 31 December 2010	8,801	3	18	20	39	80
At 30 June 2010	8,801	4	24	6	24	58

Notes to the interim report continued

for the six months ended 31 December 2010

8. INVESTMENTS

	Investment in associate £000	Option £000	Investment in joint venture £000	Total £000
At 31 December 2009	—	250	2,000	2,250
Fair value adjustment	—	229	—	229
Additions	—	250	269	519
At 1 July 2010	—	729	2,269	2,998
Fair value adjustments	—	115	—	115
Additions	—	—	32	32
At 31 December 2010	—	844	2,301	3,145

On 18 December 2008, Inland entered into an Option and Development Services Agreement with Drayton Garden Village Limited (DGVL) which granted Inland Homes Limited an option for a consideration of £250,000 to purchase the share capital of DGVL at an exercise price of £1. The initial period of the option was for one year from the date of the agreement and this can be extended on up to four occasions to a maximum period of ten years by making further payments. During the year ended 30 June 2010, the option period was extended by a further period of one year in consideration of a payment of £250,000. In accordance with the Group's accounting policy for financial assets, the option has been measured at fair value at the balance sheet date which resulted in a fair value adjustment of £115,000 that has been recognised in the Group Income Statement.

During the year ended 30 June 2010, the Group entered into a joint venture with Howarth Homes PLC for the development of 51 units at a site in Croxley Green, Hertfordshire. The Group's profit share is broadly expected to be 50% of the development profit.

9. TRADE AND OTHER RECEIVABLES

	Six months ended 31 December 2010 (unaudited) Number	Six months ended 31 December 2009 (unaudited) Number	Year ended 30 June 2010 (audited) Number
Prepayments and accrued income	87	481	976
Other receivables falling due within one year	5,056	1,195	4,715
Other receivables falling due after more than one year	103	—	—
	5,246	1,676	5,691

Other receivables falling due within one year includes an amount of £2.6m of costs and £1.8m of income accrued in respect of property services provided to DGVL as explained in Note 4 expected to be recovered within twelve months.

Other receivables falling due after more than one year includes an amount of £0.1m of notional interest accrued in respect of the provision of finance to DGVL, as explained in Note 4.

10. SHARE CAPITAL

	Six months ended 31 December 2010 (unaudited) Number	Six months ended 31 December 2009 (unaudited) Number	Year ended 30 June 2010 (audited) Number
Shares in issue			
Shares in issue at start of period	182,999,484	162,150,079	162,150,079
Shares issued	—	12,665,000	20,849,405
Shares in issue at end of period	182,999,484	174,815,079	182,999,484

11. OTHER FINANCIAL LIABILITIES

	Six months ended 31 December 2010 (unaudited) £000	Six months ended 31 December 2009 (unaudited) £000	Year ended 30 June 2010 (audited) £000
Deferred purchase consideration falling due within one year	1,982	8,803	5,965
	1,982	8,803	5,965

12. Copies of our interim report can be found on our website at www.inlandplc.com.

INDEPENDENT REVIEW REPORT TO INLAND PLC

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Changes in Equity, Group Statement of Cash Flows and Notes 1 to 12 to the interim statement. We have read the other information contained in the half-yearly financial report which comprises only the chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusion we have formed.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union.

OUR RESPONSIBILITY

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

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. A review of half-yearly financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

GRANT THORNTON UK LLP CHARTERED ACCOUNTANTS

London Thames Valley Office
Slough
30 March 2011



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