Press release

13th June 2017

Crest Nicholson Holdings plc

Half Year Results 2017

Crest Nicholson Holdings plc ("Crest Nicholson" or the "Company"), a leading residential developer operating in the Southern half of England, today announces its half-year results for the six months ended 30 April 2017.

Positioned for Growth

	HY 2017 £m	HY 2016 £m	Change £m	
Revenue	**419.7**	**408.1**	11.6	**3%**
Cost of sales	**(309.3)**	**(297.7)**	(11.6)	
Gross profit	**110.4**	**110.4**	-	
Administrative expenses	**(30.1)**	**(32.6)**	2.5	
Operating profit	**80.3**	**77.8**	2.5	**3%**
Operating profit %	***19.1%***	***19.1%***	-	
Profit before tax	**76.2**	**72.6**	3.6	**5%**
Profit after tax	**62.1**	**58.9**	3.2	**5%**
Earnings per share (pence)				
- Basic	**24.4p**	**23.3p**	1.1p	**5%**
- Diluted	**24.0p**	**22.9p**	1.1p	**5%**
Dividend per share (Pence)	**11.2p**	**9.1p**	2.1p	**23%**

Operational and financial performance

- Trading for the half year is in line with Management expectations and on track to deliver growth in revenue for the full year to 31 October 2017.
- Open market average selling prices (excluding PRS) up 12% at £418k (2016: £372k).
- Sales per outlet week (excluding PRS) averaged 0.81 (2016: 0.87), in line with the average sales rate of 0.81 for the full year 2016. Outlet numbers increased, averaging 49 in the first half of 2017, up 11% (2016: 44).
- Revenue increased 3% to £419.7m. Unit completions (excluding PRS) broadly in line with the same period last year at 1,021 (2016: 1,033). Overall unit completions, as expected, were lower at 1,064 (2016: 1,206) primarily due to PRS delivery timing.
- Forward sales at mid-June 2017 of £540.4m (2016: £520.8m), 4% ahead of prior year. Forward sales for the full year 2017 including year to date completions at mid-June 2017 were 6% ahead of the same period last year.

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- Strong operating profit margin maintained at 19.1% (2016: 19.1%).
- Basic earnings per share 24.4p (2016: 23.3p) up 5%.
- Interim dividend proposed of 11.2p per share (2016: 9.1p), up 23% in line with our target to reduce dividend cover to 2x.
- Gross development value of land pipeline up 5% to £11,112m (2016: £10,582m) to supply the growth ambitions of the business, while retaining commercial discipline.
- On target to deliver 4,000 homes and £1.4bn sales by 2019.

Commenting on today's statement, Stephen Stone, Chief Executive, said:

"Crest Nicholson has delivered solid foundations for another year of growth in the first half of 2017. We have taken the first steps to establish a new division in the Midlands, increased outlets, built momentum in 2017 forward sales and pursued disciplined expansion of the land pipeline.

The outcome of the UK General Election may introduce some uncertainty in the short term but we expect the new build housing market to remain robust. Strong levels of employment, low interest rates and good mortgage access – including through the Help to Buy Scheme – should all contribute to a sustainable new build housing market.

We are on track to deliver growth in revenue this year and are planning for the medium term as we progress towards our 2019 targets of £1.4bn sales and 4,000 homes."

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There will be a presentation to analysts today at 9.00am at Finsbury, 9th Floor, Tenter House, 45 Moorfields, London, EC2Y 9AE hosted by Stephen Stone, Chief Executive, Patrick Bergin, Chief Operating Officer and Robert Allen, Group Finance Director.

A full calendar of financial announcements for the forthcoming period is available via the Company's Investor Relations website at http://www.crestnicholson.com/investor-relations

Forward-looking statements

This release may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, targets, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this release and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates may differ materially from those described in, or suggested by, any forward-looking statements contained in this release. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this release, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in law or regulation, changes in its business strategy, political and economic uncertainty. Save as required by the Listing and Disclosure Guidance and Transparency Rules, the Company is under no obligation to update the information contained in this release. Past performance cannot be relied on as a guide to future performance.

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Chief Executive's statement

Financial Review

Crest Nicholson, a leading residential developer operating in the Southern half of England is pleased to report its results for the first half of the year. Trading continues to be in line with Management expectations and the Group remains on track to deliver growth in revenue for the full year to 31 October 2017.

Average Selling Prices (ASPs) have risen as the Group has delivered on its strategy of investing in higher quality locations. Open market completion ASPs in the first six months, excluding PRS, were 12% higher at £418k (2016: £372k).

Overall Group revenue in the first six months of the year increased by 3%, to £419.7m (2016: £408.1m). As expected, unit completions for the first half of the 2017 financial year at 1,064 (2016: 1,206) are lower than the comparative period in 2016, primarily due to a reduced first half weighting from the timing of PRS completions. Unit completions excluding the impact of PRS were 1,021 (2016: 1,033), broadly in line with last year.

Headline gross margins at 26.3% are down on the 27.1% achieved last half year, however, excluding the contribution from higher margin fair-valued projects, underlying gross margins are 80 bps ahead of the same period last year at 25.2% (2016: 24.4%). Operating margins were maintained at a healthy 19.1% for the first half of the year.

Operating profits of £80.3m are 3% ahead of the £77.8m achieved in the first half of 2016.

Profit before tax benefited from lower financing costs and improved joint venture performance to move 5% ahead of the prior year at £76.2m (2016: £72.6m). Profit after tax at £62.1m is also 5% ahead (2016: £58.9m).

Basic earnings per share (EPS) for the period at 24.4 pence (2016: 23.3 pence) is 5% higher than the equivalent period in 2016 and is 5% higher than the same period last year on a diluted basis.

Net cash outflows from operating activities in the first half of the year were £65.7m (2016: £33.5m inflow), reflecting continued investment in our land pipeline combined with an element of carry-over from the second half of the 2016 financial year where land expenditure was deferred for a period following the EU referendum.

The Board has resolved to pay an interim dividend of 11.2 pence per share, payable on 6 October 2017 to shareholders on the register on 22 September 2017. The dividend represents approximately one third of the dividend expected to be paid in respect of the financial year ending 31 October 2017. Dividends in respect of the financial year to 31 October 2017 are expected to be covered 2 times by earnings.

Financing

At 30 April 2017, the Group had undrawn revolving credit facilities of £65.0m and cash and cash equivalents of £144.3m (2016: £70.0m and £148.8m).

At 30 April 2017, the business had net debt of £34.5m and a net debt/equity ratio of 4.7% (2016: £26.1m and 4.0%). A modest net debt position at year end is expected, dependent on the timing of land payments.

Chief Executive's statement (continued)

Sales

The change in product and location mix towards higher ASPs results in the business operating at a lower sales rate per outlet. Sales per outlet week, excluding PRS, at 0.81 is 7% behind the rate of 0.87 for the first half of 2016, but is in line with the average rate of 0.81 achieved through the whole of 2016.

At mid-June, forward sales for the 2017 year of £540.4m (2016: £520.8m), were 4% ahead of prior year. Forward sales for the full year 2017 including year to date completions at mid-June 2017 were 6% ahead of the same period last year.

Forward sales have been supported by an increase in outlet numbers which averaged 49 for the first half of 2017 (2016: 44) an increase of 11%. The second half of 2017 will see the new Division in the Midlands established and additional outlets opened across the existing Divisions. The business remains focused on expanding overall outlet numbers and growing unit volumes across the Divisions.

Cancellation rates remain stable at 10.4% (2016: 10.5%). With purchaser demand continuing to be strong, moderate house price inflation and the continued availability of mortgage lending the overall market remains robust.

Land and planning

The Group has continued its disciplined approach to land acquisitions, in what is still a benign market. In the first half of 2017, the business has replaced housing revenues purchasing 1,092 plots across 11 sites with a gross development value of £418m, maintaining a broad land pipeline for the future.

A further 1,196 plots across 2 sites were converted from the Strategic land pipeline in the period, after relevant resolutions to grant planning consent were secured. The Strategic pipeline has in turn been replenished with an additional 1,101 plots.

Leasehold sales

There has been some public comment on leasehold sales in recent months and for this reason the Company believes it is prudent to reassure the market about its leasehold sales. It is the Group's general approach to sell houses on a freehold basis and, as a result, very few leasehold houses have been sold. We continually review the terms of ground rents for the sale of leasehold properties and we do not believe that they constitute a material exposure for the Group.

Principal risks and uncertainties

The Group is subject to a number of risks and uncertainties as part of its day to day operations. The principal risks and uncertainties facing the Group are the same as those set out in detail on pages 44 to 47 of the 2016 Annual Integrated Report, which is available from www.crestnicholson.com, with the exception of the risk in relation to the Government's draft Starter Homes policy as it is no longer relevant. The Board regularly considers these and seeks to ensure that appropriate processes are in place to manage, monitor and mitigate these risks.

Chief Executive's statement (continued)

In summary, our principal risks are:

- Adverse macro-economic climate, caused by: uncertainty following the UK vote to leave the EU; Global economic slow-down with wider global growth issues (especially China and the Eurozone)
- Loss of income at housing associations due to budget changes to rents;
- Pressure on cash headroom and generation due to: potential for delayed receipts in the short term due to uncertainty over the UK leaving the EU; commitments to land and build obligations made ahead of certainty in revenue; high work-in-progress costs for new sites;
- Build cost inflation;
- Rapid and extensive changes to planning system and changes in political priorities combined with under resourcing in planning departments produce uncertainty, delays and potential challenges to viable development;
- Costs not adequately controlled and managed; unforeseen cost increases;
- Cyber security breach;
- Help to Buy incentive scheme;
- Rising complexity of projects;
- Customer service falls significantly below targeted Crest Nicholson standard;
- Employee retention and succession management; Experience gaps lead to poor outcomes;
- Reputational damage from a major product failure or significant environmental, health or safety issue; and,
- Supply and quality of materials and/or labour fails to match desired production levels, affecting lead times, efficiency and cost.

Outlook

We expect the housing market to continue to be robust across the Group's principal operating areas, although the outcome of the UK General Election may introduce some uncertainty in the short term. The market is underpinned by strong demand with good mortgage access and support from the Help to Buy Scheme. Moderate sales inflation should help to maintain affordability in the near term and, while we expect some additional build cost inflation, actions we are taking in the business should help to underpin margins.

Addressing production capacity, clearance of planning conditions and the shortage of skilled labour continue to be the key areas of focus for the sector in terms of securing volume delivery and growth.

Against this market backdrop the Board remains confident that the business is well positioned to continue to deliver a strong operational and financial performance in the medium term to meet the 2019 targets of £1.4bn sales and 4,000 homes.

Statement of Director’s responsibilities

The Directors confirm that these condensed consolidated half year financial statements have been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Crest Nicholson Holdings plc are listed in the Annual Integrated Report for the year ended 31 October 2016, with the exceptions of the following changes in the period: Chris Tinker was appointed to the board on 10 January 2017, Robert Allen was appointed to the Board on 13 February 2017, and Octavia Morley was appointed to the board on 1 May 2017. A list of current directors is maintained on the Crest Nicholson website: www.crestnicholson.com.

By order of the Board

Stephen Stone
Chief Executive
13 June 2017

Registered number 6800600

Condensed Consolidated Income Statement

	Note	**Half year ended 30 April 2017 (unaudited) £m**	**Half year ended 30 April 2016 (unaudited) £m**	**Full year ended 31 October 2016 (audited) £m**
Revenue		419.7	408.1	997.0
Cost of sales		(309.3)	(297.7)	(731.2)
Gross profit		110.4	110.4	265.8
Administrative expenses		(30.1)	(32.6)	(62.0)
Operating profit		80.3	77.8	203.8
Finance income		1.9	2.7	5.8
Finance expense		(6.0)	(7.3)	(13.9)
Net financing expense		(4.1)	(4.6)	(8.1)
Share of post-tax results of joint ventures using the equity method		-	(0.6)	(0.7)
Profit before tax		76.2	72.6	195.0
Income tax expense	6	(14.1)	(13.7)	(38.2)
Profit for the period attributable to equity shareholders		62.1	58.9	156.8
Earnings per ordinary share				
Basic	7	24.4p	23.3p	62.0p
Diluted	7	24.0p	22.9p	60.9p

Condensed Consolidated Statement of Comprehensive Income

	Half year ended 30 April 2017 (unaudited) £m	**Half year ended 30 April 2016 (unaudited) £m**	**Full year ended 31 October 2016 (audited) £m**
Profit for the period attributable to equity shareholders	62.1	58.9	156.8
Other comprehensive (expense)/income:			
Items that will never be recycled to the Income Statement:			
Actuarial losses on defined benefit schemes	(0.7)	(3.5)	(17.6)
Change in deferred tax on actuarial losses on defined benefit schemes	(0.7)	(0.2)	1.7
Other comprehensive expense for the period net of income tax	(1.4)	(3.7)	(15.9)
Total comprehensive income for the period attributable to equity shareholders	60.7	55.2	140.9

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Condensed Consolidated Statement of Changes in Equity

	Note	Share capital	Share premium account	Retained earnings	Total
		£m	£m	£m	£m
Half year ended 30 April 2017 (unaudited)					
Balance at 1 November 2016		12.7	73.0	633.5	719.2
Profit for the period attributable to equity shareholders		-	-	62.1	62.1
Actuarial losses on defined benefit schemes		-	-	(0.7)	(0.7)
Change in deferred tax on actuarial losses on defined benefit schemes		-	-	(0.7)	(0.7)
Total comprehensive income for the period		-	-	60.7	60.7
Transactions with shareholders:					
Equity-settled share-based payments		-	-	2.1	2.1
Deferred tax on equity-settled share-based payments		-	-	0.5	0.5
Share capital issued		0.1	0.1	-	0.2
Dividends paid	5	-	-	(47.2)	(47.2)
Balance at 30 April 2017		12.8	73.1	649.6	735.5
Half year ended 30 April 2016 (unaudited)					
Balance at 1 November 2015		12.6	71.6	546.5	630.7
Profit for the period attributable to equity shareholders		-	-	58.9	58.9
Actuarial losses on defined benefit schemes		-	-	(3.5)	(3.5)
Change in deferred tax on actuarial losses on defined benefit schemes		-	-	(0.2)	(0.2)
Total comprehensive income for the period		-	-	55.2	55.2
Transactions with shareholders:					
Equity-settled share-based payments		-	-	2.9	2.9
Deferred tax on equity-settled share-based payments		-	-	(0.9)	(0.9)
Share capital issued		0.1	-	(0.1)	-
Dividends paid	5	-	-	(33.5)	(33.5)
Balance at 30 April 2016		12.7	71.6	570.1	654.4
Year ended 31 October 2016 (audited)					
Balance at 1 November 2015		12.6	71.6	546.5	630.7
Profit for the period attributable to equity shareholders		-	-	156.8	156.8
Actuarial losses on defined benefit schemes		-	-	(17.6)	(17.6)
Change in deferred tax on actuarial losses on defined benefit schemes		-	-	1.7	1.7
Total comprehensive income for the year		-	-	140.9	140.9
Transactions with shareholders:					
Equity-settled share-based payments		-	-	4.4	4.4
Deferred tax on equity-settled share-based payments		-	-	(1.6)	(1.6)
Share capital issued		0.1	1.4	(0.1)	1.4
Dividends paid	5	-	-	(56.6)	(56.6)
Balance at 31 October 2016		12.7	73.0	633.5	719.2

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Condensed Consolidated Statement of Financial Position

	Note	**As at 30 April 2017 (unaudited) £m**	**As at 30 April 2016 (unaudited) £m**	**As at 31 October 2016 (audited) £m**
ASSETS				
Non-current assets				
Intangible assets		29.0	29.0	29.0
Property, plant and equipment		3.6	2.7	3.2
Investments		1.3	0.3	0.7
Other financial assets	10	12.9	19.9	16.3
Deferred tax assets		13.9	15.6	15.2
Trade and other receivables		65.1	48.4	54.3
		125.8	115.9	118.7
Current assets				
Inventories		1,107.3	940.5	935.8
Other financial assets	10	3.9	0.8	2.2
Trade and other receivables		81.3	60.8	74.4
Cash and cash equivalents		144.3	148.8	282.3
		1,336.8	1,150.9	1,294.7
Total assets		1,462.6	1,266.8	1,413.4
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	8	(176.9)	(173.0)	(203.4)
Trade and other payables		(123.4)	(141.7)	(111.3)
Retirement benefit obligations		(13.3)	(6.7)	(16.7)
Provisions		(2.6)	(4.1)	(3.6)
		(316.2)	(325.5)	(335.0)
Current liabilities				
Interest-bearing loans and borrowings	8	(1.9)	(1.9)	(1.9)
Trade and other payables		(394.4)	(273.5)	(337.6)
Current income tax liabilities		(13.3)	(10.2)	(18.9)
Provisions		(1.3)	(1.3)	(0.8)
		(410.9)	(286.9)	(359.2)
Total liabilities		(727.1)	(612.4)	(694.2)
Net assets		735.5	654.4	719.2
SHAREHOLDERS' EQUITY				
Share capital	9	12.8	12.7	12.7
Share premium account	9	73.1	71.6	73.0
Retained earnings		649.6	570.1	633.5
Total equity		735.5	654.4	719.2

Crest Nicholson Holdings plc Registered number 6800600

These condensed consolidated half year financial statements were approved by the Board of Directors on 13 June 2017.

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Condensed Consolidated Cash Flow Statement

	Half year ended 30 April 2017 (unaudited) £m	**Half year ended 30 April 2016 (unaudited) £m**	**Full year ended 31 October 2016 (audited) £m**
Cash flows from operating activities			
Profit for the period	62.1	58.9	156.8
Adjustments for:			
Depreciation	0.7	0.6	1.2
Net finance expense	4.1	4.6	8.1
Share-based payment expense	2.1	2.9	4.4
Share of post-tax result of joint ventures using the equity method	-	0.6	0.7
Income tax expense	14.1	13.7	38.2
Operating profit before changes in working capital and provisions	83.1	81.3	209.4
Increase in trade and other receivables	(17.6)	(25.1)	(46.4)
Increase in inventories	(171.5)	(36.0)	(31.3)
Increase in trade and other payables	67.0	28.1	60.0
Contribution to retirement benefit obligations	(4.5)	(4.5)	(9.0)
Cash (used by)/generated from operations	(43.5)	43.8	182.7
Interest paid	(3.7)	(5.3)	(9.3)
Taxation paid	(18.5)	(5.0)	(19.6)
Net cash (outflow)/inflow from operating activities	(65.7)	33.5	153.8
Cash flows from investing activities			
Purchases of property, plant and equipment	(1.1)	(0.7)	(1.8)
Decrease in other financial assets	2.3	5.1	9.2
Dividends received	-	-	0.1
Interest received	0.3	0.4	2.2
Net cash inflow from investing activities	1.5	4.8	9.7
Cash flows from financing activities			
Repayment of bank and other borrowings	(26.8)	(43.4)	(13.4)
Dividends paid	(47.2)	(33.5)	(56.6)
Net proceeds from the issue of shares	0.2	-	1.4
Net cash outflow from financing activities	(73.8)	(76.9)	(68.6)
Net (decrease)/increase in cash and cash equivalents	(138.0)	(38.6)	94.9
Cash and cash equivalents at the beginning of the period	282.3	187.4	187.4
Cash and cash equivalents at end of the period	144.3	148.8	282.3

Notes to the condensed consolidated half year financial statements (unaudited)

1 Basis of preparation

Crest Nicholson Holdings plc is a public limited company incorporated and domiciled in the UK and has its primary listing on the London Stock Exchange. The registered office address is Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN.

These condensed consolidated half year financial statements for the six months ended 30 April 2017 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed consolidated half year financial statements should be read in conjunction with the Annual Integrated Report for the year ended 31 October 2016, and have been prepared in accordance with IFRSs as adopted by the European Union.

These condensed consolidated half year financial statements have been prepared and approved by the Directors in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee as adopted by the European Union (together 'EU IFRS'), and with those parts of the Companies Act 2006 applicable to companies reporting under EU IFRS, and have been prepared on the historical cost basis except for other financial assets, which are stated at their fair value.

These condensed consolidated half year financial statements do not comprise statutory financial statements within the meaning of Section 434 of the Companies Act 2006. Statutory financial statements for the year ended 31 October 2016 were approved by the Board of Directors on 24 January 2017 and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These condensed half year financial statements have been reviewed, not audited. The auditor's review report for the period to 30 April 2017 is set out on pages 16 and 17.

After making due enquiries and re-assessing the principal risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of the Condensed Consolidated Statement of Financial Position. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated half year financial statements.

Segmental reporting

The Executive Management Team (comprising Stephen Stone (Chief Executive), Patrick Bergin (Chief Operating Officer), Robert Allen (Group Finance Director), Chris Tinker (Chairman of Major Projects & Strategic Partnerships), Robin Hoyles (Group Land and Planning Director), Darren Dancey (Group Design and Technical Director) and Kevin Maguire (Group Company Secretary)), which is accountable to the Board, has been identified as the chief operating decision-maker for the purposes of determining the Group's operating segments. The Executive Management Team approves investment decisions, allocates Group resources and performs divisional performance reviews. The Group operating segments are considered to be its divisions (including the regional divisions, as well as the Major Projects and Strategic Land divisions), each of which has its own management board. All divisions are engaged in residential-led, mixed use developments in the United Kingdom and therefore, having regard to the aggregation criteria in IFRS 8, the Group has one reportable operating segment.

Notes to the condensed consolidated half year financial statements (unaudited)

2 Accounting policies

The accounting policies applied in the condensed consolidated half year financial statements are consistent with those applied by the Group in its Annual Integrated Report for the year ended 31 October 2016, other than as set out below.

- Taxes on income in the half year periods are accrued using the tax rate that would be applicable to expected annual earnings.

The following new standards, amendments to standards and interpretations are applicable to the Group and are mandatory for the first time for the financial year beginning 1 November 2016: IFRS 14 Regulatory deferral accounts, IFRS 10 (amendment) Consolidated financial statements, IFRS 10 (amendment) Joint arrangements, IAS 1 (amendment) Presentation of financial statements, IAS 16 (amendment) Property, plant and equipment, IAS 27 (amendment) Separate financial statements, IAS 28 (amendment) Investments in associates and joint ventures, IAS 38 (amendment) Intangible assets. These new standards and amendments have not had a significant effect on the Group's financial statements.

In these condensed consolidated half year financial statements the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 15: Revenue from Contracts with Customers, effective for the period beginning on 1 November 2018;
- IFRS 9: Financial Instruments, effective for the period beginning on 1 November 2018; and
- IFRS 16: Leases, effective for the period beginning on 1 November 2019.

The Group is in the process of evaluating the impact of each of these new standards, focusing on IFRS 15 and IFRS 16. IFRS 9 may have an impact on the measurement and disclosure of financial instruments and IFRS 15 may have an impact on revenue recognition. IFRS 16 will impact the treatment of the Group's operating leases. It is not practicable to provide an impact of these new standards until this evaluation has been completed. The Directors will provide details of the full impact on the financial statements in the Annual Integrated Report for the year ending 31 October 2017.

3 Accounting estimates and judgements

The preparation of the condensed consolidated half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. In preparing these condensed consolidated half 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 Integrated Report for the year ended 31 October 2016, with the exception of changes in estimates that are required in determining the provision for income taxes.

4 Seasonality

In common with the rest of the UK housebuilding industry, activity occurs throughout the year, with peaks in sales completions in spring and autumn. This creates seasonality in the Group's trading results and working capital.

Notes to the condensed consolidated half year financial statements (unaudited)

5 Dividends

	Half year ended 30 April 2017 £m	Half year ended 30 April 2016 £m	Full year ended 31 October 2016 £m
Dividends recognised as distributions to equity shareholders in the period:			
Final dividend for the year ended 31 October 2016 of 18.5 pence per share (2015: 13.3 pence per share)	47.2	33.5	33.5
Interim dividend for the year ended 31 October 2016: 9.1 pence per share	-	-	23.1
	47.2	33.5	56.6
Dividends declared as distributions to equity shareholders in the period:			
Proposed final dividend for the year ended 31 October 2016: 18.5 pence per share	-	-	47.2
Proposed interim dividend for the year ending 31 October 2017 of 11.2 pence per share (2016: 9.1 pence per share)	28.6	23.1	-

The proposed interim dividend was approved by the Board on 13 June 2017 and, in accordance with IAS 10 "Events after the Reporting Period", has not been included as a liability in this condensed consolidated half year financial information.

6 Taxation

The taxation expense on profit for the half year ended 30 April 2017 is 18.5% (30 April 2016: 18.9%) and reflects the best estimate of the weighted average annual effective tax rate for the full financial year.

7 Earnings per share

The basic EPS for the six months ended 30 April 2017 is based on the weighted average number of shares in issue during the period of 254.9m (April 2016: 252.7m, October 2016: 252.8m). Diluted EPS has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

	Earnings £m	Weighted average number of shares millions	Per share amount pence
Half year ended 30 April 2017			
Basic earnings per share	62.1	254.9	24.4
Effect of share options	-	4.1	
Diluted earnings per share	62.1	259.0	24.0
Half year ended 30 April 2016			
Basic earnings per share	58.9	252.7	23.3
Effect of share options	-	4.9	
Diluted earnings per share	58.9	257.6	22.9
Full year ended 31 October 2016			
Basic earnings per share	156.8	252.8	62.0
Effect of share options	-	4.8	
Diluted earnings per share	156.8	257.6	60.9

Notes to the condensed consolidated half year financial statements (unaudited)

8 Interest-bearing loans and borrowings

	As at 30 April 2017 £m	As at 30 April 2016 £m	As at 31 October 2016 £m
Non-current			
Revolving credit facility	175.0	170.0	200.0
Revolving credit facility issue costs	(1.9)	(2.6)	(2.2)
Other loans	3.8	5.6	5.6
	176.9	173.0	203.4
Current			
Other loans	1.9	1.9	1.9
	1.9	1.9	1.9

At 30 April 2017, the Group had undrawn revolving credit facilities of £65.0m (April 2016: £70.0m, October 2016: £40.0m) and cash and cash equivalents of £144.3m (April 2016: £148.8m, October 2016: £282.3m).

9 Share Capital

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
Half year ended 30 April 2017				
As at 31 October 2016	254,363,573	5	12,718,179	73,010,342
Issue of share capital	1,016,440	5	50,822	89,301
As at 30 April 2017	255,380,013	5	12,769,001	73,099,643

During the period the Company issued 36,600 new ordinary shares of 5 pence each to satisfy share options under the SAYE scheme which became exercisable at a price range of 247 to 451 pence per share, 46,498 new ordinary shares of 5 pence each to satisfy share options under the deferred bonus plan which became exercisable at nil pence per share, and 933,342 new ordinary shares of 5 pence each to satisfy share options under the 2014 LTIP which became exercisable at nil pence per share.

10 Other financial assets

	As at 30 April 2017 £m	As at 30 April 2016 £m	As at 31 October 2016 £m
At beginning of the period	18.5	24.2	24.2
Disposals	(2.3)	(5.1)	(9.2)
Imputed interest	0.6	1.6	3.5
At end of the period	16.8	20.7	18.5
Of which:			
Non-current assets	12.9	19.9	16.3
Current assets	3.9	0.8	2.2
	16.8	20.7	18.5

Notes to the condensed consolidated half year financial statements (unaudited)

Other financial assets carried at fair value are categorised as level 3 (inputs not based on observable market data) within the hierarchical classification of IFRS 13 Revised.

Other financial assets comprise shared equity loans secured by way of a second charge on the property. The loans can be repaid at any time within the loan agreement, the amount of which is dependent on the market value of the asset at the date of repayment. The assets are recorded at fair value, being the estimated amount receivable by the Group, discounted to present day values.

The fair value of future anticipated cash receipts takes into account Directors' views of an appropriate discount rate (incorporating purchaser default rate), future house price movements and the expected timing of receipts. These assumptions are given below and are reviewed at each period end.

Assumptions	**As at 30 April 2017**	**As at 30 April 2016**	**As at 31 October 2016**
Discount rate, incorporating default rate	10.5%	10.5%	10.5%
House price inflation for the next three years	3.0%	3.0%	3.0%
Timing of receipt	8 to 15 years	10 to 16 years	8 to 15 years

Sensitivity – effect on value of other financial assets (less)/more

	30 April 2017 Increase assumptions by 1% / year £m	**30 April 2017 Decrease assumptions by 1% / year £m**
Discount rate, incorporating default rate	(0.5)	0.5
House price inflation for the next three years	0.3	(0.3)
Timing of receipt	(0.8)	0.6

The difference between the anticipated future receipt and the initial fair value is charged over the estimated deferred term to financing, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. The imputed interest credited to financing for the half year ended 30 April 2017 was £0.6m (2016: £1.6m, full year to 31 October 2016 £3.5m).

At initial recognition, the fair values of the assets are calculated using a discount rate, appropriate to the class of assets, which reflects market conditions at the date of entering into the transaction. The Directors consider at the end of each reporting period whether the initial market discount rate still reflects up to date market conditions. If a revision is required, the fair values of the assets are remeasured at the present value of the revised future cash flows using this revised discount rate. The difference between these values and the carrying values of the assets is recorded against the carrying value of the assets and recognised directly in the statement of comprehensive income.

11 Related party transactions

With the exception of below, related parties are consistent with those disclosed in the Group's Annual Integrated report for the year ended 31 October 2016.

There were movements in joint venture loans of £3.8m during the period mainly relating to the provision of working capital funding to Kitewood (Cossall) Limited, an entity which the Group holds a 50% interest.

The Group earned £1.0m (2016: £0.7m) interest on joint venture funding and £0.2m (2016: £0.1m) in joint venture project management fees.

In the period a close family member of one of the Board of Directors purchased a property from Kitewood (Cossall) Limited, an entity in which the Group holds a 50% interest, at market value of £452,000.

Independent review report to Crest Nicholson Holdings plc

Report on the condensed consolidated half year financial statements

Our conclusion

We have reviewed Crest Nicholson Holdings plc's condensed consolidated half year financial statements (the "half year financial statements") in the half year results of Crest Nicholson Holdings plc for the 6 month period ended 30 April 2017. Based on our review, nothing has come to our attention that causes us to believe that the half year financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The half year financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 April 2017;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the half year financial statements.

The half year financial statements included in the half year results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1 to the half year financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the half year financial statements and the review

Our responsibilities and those of the Directors

The half year results, including the half year financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half year results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the half year financial statements in the half year results based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of half year financial statements involves

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 interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

Independent review report to Crest Nicholson Holdings plc (continued)

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.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the half year financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
13 June 2017

a) The maintenance and integrity of the Crest Nicholson Holdings plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the half year financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.