Press release

12th June 2018

Crest Nicholson Holdings plc
Half Year Results 2018

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 2018.

Highlights

	HY 2018 £m	HY 2017 £m	Change £m	
Revenue	**473.8**	**419.7**	54.1	**13%**
Cost of sales	**(362.0)**	**(309.3)**	(52.7)	
Gross profit	**111.8**	**110.4**	1.4	
Administrative expenses	**(30.4)**	**(30.1)**	(0.3)	
Operating profit	**81.4**	**80.3**	1.1	**1%**
Operating profit margin %	***17.2%***	***19.1%***		
Profit before tax	**74.8**	**76.2**	(1.4)	**-2%**
Profit after tax	**60.9**	**62.1**	(1.2)	**-2%**
Earnings per share (pence)				
- Basic	**23.8p**	**24.4p**	(0.6)p	**-2%**
- Diluted	**23.5p**	**24.0p**	(0.5)p	**-2%**
Dividend per share (Pence)	**11.2p**	**11.2p**	-	**-**

Operational and financial performance

- Housing units at 1,251 up 18% on prior year (2017: 1,064).
- Revenues from open market housing sales up 16%; strong PRS (Private Rented Sector) growth offsetting lower land sale and affordable housing revenues.
- Open market average selling prices (excluding PRS) up 5% at £439k (2017: £418k).
- Sales per outlet week (excluding PRS & a bulk sale) averaged 0.72 (2017: 0.81), reflecting the change in product and location mix.
- Outlet numbers increased, averaging 52 in the first half of 2018, up 6% (2017: 49).
- Forward sales at mid-June 2018 of £568.2m (2017: £540.4m), 5% ahead of prior year. Forward sales for the full year 2018 including year to date completions at mid-June 2018 were 12% ahead of the same period last year (2017: 6% ahead).
- Operating profit margin lower at 17.2% (2017: 19.1%). Full year margins expected to be around 18% (2017: 20.3%), given generally flat pricing environment.
- Growth in reported revenues for the full year anticipated to be over 15%.

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- Basic earnings per share 23.8p (2017: 24.4p) down 2%, with proposed interim dividend maintained in line with last year at 11.2p per share (2017: 11.2p).
- Gross development value of land pipeline up 6% to £11,832m (2017: £11,112m) supporting the growth of the business, whilst maintaining commercial discipline.

Commenting on today's statement, Patrick Bergin, Chief Executive, said:

"The Group has delivered a good sales performance in the first half of the year. The business continues to increase the number of homes built and carries positive momentum into the second half of 2018, with steady outlet growth and higher forward sales.

Our experience of generally flat pricing against a back-drop of continuing build cost inflation has, however, had an adverse impact on our margins and we have taken a number of actions to seek to offset build cost pressures and invest in areas of greater housing affordability.

Our robust business model, focused on delivering well-designed product across the Southern half of the UK, ensures the business is well positioned to thrive against a backdrop of continuing strong demand for housing."

Analyst presentation

There will be a presentation to analysts today at 09.00 BST at etc Venues, Bishopsgate Court, 4-12 Norton Folgate, London E1 6DQ hosted by Patrick Bergin, Chief Executive and Robert Allen, Group Finance Director.

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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, 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.

Overall Group revenue in the first six months of the year increased by 13%, to £473.8m (2017: £419.7m). The Group has delivered strong growth in housing revenues and housing unit numbers, with open-market revenues up 16% and the number of private homes delivered up 11%. Revenues from PRS are strongly weighted to the first half and broadly offset lower first half revenues from affordable housing and land sales.

Open-market average selling prices (ASP) excluding PRS have increased by 5.0% to £439k (2017: £418k), primarily due to changes in product and location mix. Current land investments across the business are in locations with a lower prevailing ASP, in line with our continued strategy to reduce the proportion of our land pipeline represented by higher-priced properties.

On May 21st, the business announced to staff its intention to re-shape our divisional structure, by closing our Central London office and re-opening a South-East Division, based in Kent. Each of the four regional businesses around London will have the remit to address outer-London opportunities as they arise, whilst also having a portfolio of sites across their wider geography as a core underpin for their business. This approach will enable Crest Nicholson to continue to serve the London market where suitable opportunities arise, but provide the flexibility to reduce reliance on London volumes where conditions or returns are not attractive.

Headline gross margins at 23.6% are down on the 26.3% achieved last half year impacted by our experience of generally flat pricing against a backdrop of continuing build cost inflation at 3-4%, albeit this is showing some signs of moderation. This has also impacted on operating margins down from 19.1% last half year to 17.2%. Operating margins for the full year are expected to be around 18%, at the bottom end of our 18-20% guided range.

In addition to the action taken in London to improve the efficiency of our business operations, the business is focused on the scope for commercial benefits to be driven from our new core housing range, the introduction of elements of off-site manufacturing and from a broader focus on cost and procurement.

Operating profits of £81.4m are 1% ahead of the £80.3m achieved in the first half of 2017.

Profit before tax of £74.8m is 2% behind the £76.2m achieved in the first half of 2017, impacted by higher financing costs due to investment in new sites and the timing of joint venture performance. Profit after tax at £60.9m is also 2% behind (2017: £62.1m).

Basic earnings per share (EPS) for the period at 23.8 pence (2017: 24.4 pence) is 2% lower than the equivalent period in 2017 and is 2% lower than the same period last year on a diluted basis.

Net cash outflows from operating activities in the first half of the year were £58.2m (2017: £65.7m), reflecting continued investment in our growing divisions in Chiltern and the Midlands.

The Board has resolved to pay an interim dividend of 11.2 pence per share, payable on 5 October 2018 to shareholders on the register on 21 September 2018. The dividend represents approximately one third of the dividend expected to be paid in respect of the financial year ending

Chief Executive's statement (continued)

31 October 2018. Dividends in respect of the financial year to 31 October 2018 are expected to be covered 2 times by earnings.

Financing

At 30 April 2018, the Group had undrawn revolving credit facilities of £170.0m and cash and cash equivalents of £101.9m (2017: £65.0m and £144.3m). Credit facilities were extended by £100m in the second half of 2017, to provide the liquidity and flexibility for business growth.

At 30 April 2018, the business had net debt of £78.5m and a net debt/equity ratio of 9.5% (2017: £34.5m and 4.7%). A modest net debt position at year end is expected, dependent on the timing of land payments.

Sales

Sales rates, as measured by Sales per Outlet Week (SPOW), reflect the change in product and location mix, with higher ASP product selling at a slower rate. For the first six months of the year, the SPOW (excluding PRS and a bulk sale) has averaged 0.72, compared with 0.81 for the first half of 2017 and 0.77 for the whole of 2017. Securing a bulk sale of 69 units at one of our outer-London sites enabled the business to maintain an actual reservation rate of 0.78, slightly below the 0.81 achieved in the first half of the prior year.

Whilst most of our sales outlets have been performing well, sales at higher price points have proved to be more difficult to achieve. This in part reflects the greater interdependency of higher-value sales with transactions in the second-hand market, where activity has been more subdued and property chains have been taking longer to complete.

Sales outlets continue to grow steadily and for the first half of 2018, averaged 52, a 6% increase on the 49 average outlets in operation for the first half of 2017. This growth, along with further outlet openings in the second half of the year, will support the delivery of our forecast full-year revenues.

Forward sales at mid-June 2018 of £568.2m (2017: £540.4m), 5% ahead of prior year. Forward sales for the full year 2018 including year to date completions at mid-June 2018 were 12% ahead of the same period last year (2017: 6% ahead).

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 2018, the business has replaced housing revenues purchasing 1,567 plots across 12 sites with a gross development value of £516m, maintaining a broad land pipeline for the future. Site acquisitions have focused on our growing divisions in the Midlands and Chiltern areas.

A further 366 plots across 3 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 270 plots.

Chief Executive's statement (continued)

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 45 to 50 of the 2017 Annual Integrated Report, which is available from www.crestnicholson.com. The Board regularly considers these and seeks to ensure that appropriate processes are in place to manage, monitor and mitigate these risks.

In summary, our principal risks are:

- Macro-economic downturn caused by uncertainty following the UK's vote to leave the European Union, or political uncertainties over policy and overall stability could adversely impact price and demand reducing the scope for earnings growth;
- Adverse changes to the planning system and changes in political priorities leading to policy and regulations that could result in delayed planning consents and operational commencements and land may become unviable due to increased costs;
- Supply of materials and/or labour fails to match desired production levels, affecting lead times, efficiency and costs;
- Build cost inflation absorbs or exceeds benefits from sales price uplifts and affects our partners, as margins are squeezed.
- Costs not adequately controlled and managed;
- Rising complexity of projects increases risks to delivery and costs;
- Joint venture risk;
- Inability to acquire land at a price that maintains margins and is located in areas where customers want to live;
- Customer service and quality falls significantly below our targeted standard leading to; additional (and potentially escalating) costs of remediation in time and money; reputational damage dissatisfied customers and a loss in staff morale as pride in the job suffers;
- Impact of the Help to Buy scheme on the business;
- Staff retention and succession is critical to sustain our growth and minimise disruptions to productivity;
- Health and safety events that lead to actual injury or a serious near miss results in adverse publicity and/or reputational damage, compensation, closure of sites, risk of prosecution, fines and imprisonment;
- Reputational damage arising from a major product failure or poor employment and labour practices result in adverse publicity and poorer supply chain and partner relationships;
- Information security risks leading to major business disruption, due to cyber-attack, critical data loss, internet service outages and inadequate identification and protection of critical data; and;
- Bribery, corruption and fraud arising from fraudulent activity or employees not having a clear understanding of their legal requirements and company policies and procedure.

Outlook

Housing market sales volumes continue to be generally robust across the Group's principal operating areas. Strong levels of employment and low interest rates, combined with good mortgage access, continue to help many purchasers into new homes.

Chief Executive’s statement (continued)

Sales at higher price points will continue to be impacted by a slow second-hand market and this is likely to restrain volume growth in this segment of the market in the near term, as well as impacting on overall pricing gains. As a result, operating margins for next year are expected to be at a similar level to this year, at around 18%.

The business is taking actions to address its cost base and the overall efficiency of its operations, to protect margins and address areas of production constraint in the medium term.

Crest Nicholson has a strong balance sheet, is securing land at good margins and operates a disciplined business model, generating good returns whilst also contributing to the much-needed supply of housing in the UK.

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.

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 2017, with the exceptions of the following changes in the period: William Rucker and Pam Alexander did not stand for re-election at the AGM in March 2018, Stephen Stone became Executive Chairman on the 22 March 2018, Patrick Bergin became Chief Executive on the 22 March 2018, Jim Pettigrew left the Board on the 31 December 2017, Leslie Van de Walle joined the Board as Deputy Chairman and Senior Independent Director on 24 January 2018, Louise Hardy joined the Board as Independent Non-Executive Director on 24 January 2018 and Lucinda Bell joined the Board as Independent Non-Executive Director on 25 May 2018. A list of current directors is maintained on the Crest Nicholson website: www.crestnicholson.com.

By order of the Board

Patrick Bergin
Chief Executive Officer
12 June 2018

Registered number 6800600

Crest Nicholson Holdings plc
Half Year Results for the six months ended 30 April 2018

Condensed Consolidated Income Statement

	Note	**Half year ended 30 April 2018 (unaudited) £m**	**Half year ended 30 April 2017 (unaudited) £m**	**Full year ended 31 October 2017 (audited) £m**
Revenue		473.8	419.7	1,043.2
Cost of sales		(362.0)	(309.3)	(768.3)
Gross profit		111.8	110.4	274.9
Administrative expenses		(30.4)	(30.1)	(63.3)
Operating profit		81.4	80.3	211.6
Finance income		1.3	1.9	4.3
Finance expense		(7.1)	(6.0)	(12.6)
Net financing expense		(5.8)	(4.1)	(8.3)
Share of post-tax results of joint ventures using the equity method		(0.8)	-	3.7
Profit before tax		74.8	76.2	207.0
Income tax expense	5	(13.9)	(14.1)	(38.4)
Profit for the period attributable to equity shareholders		60.9	62.1	168.6
Earnings per ordinary share				
Basic	6	23.8p	24.4p	66.1p
Diluted	6	23.5p	24.0p	65.1p

Condensed Consolidated Statement of Comprehensive Income

	Half year ended 30 April 2018 (unaudited) £m	**Half year ended 30 April 2017 (unaudited) £m**	**Full year ended 31 October 2017 (audited) £m**
Profit for the period attributable to equity shareholders	60.9	62.1	168.6
Other comprehensive income/(expense):			
Items that will never be recycled to the Income Statement:			
Actuarial gains/(losses) on defined benefit schemes	0.9	(0.7)	1.4
Change in deferred tax on actuarial losses on defined benefit schemes	(1.0)	(0.7)	(1.8)
Other comprehensive expense for the period net of income tax	(0.1)	(1.4)	(0.4)
Total comprehensive income for the period attributable to equity shareholders	60.8	60.7	168.2

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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 2018 (unaudited)					
Balance at 1 November 2017		12.8	74.1	730.9	817.8
Profit for the period attributable to equity shareholders		-	-	60.9	60.9
Actuarial gains on defined benefit schemes		-	-	0.9	0.9
Change in deferred tax on actuarial gains on defined benefit schemes		-	-	(1.0)	(1.0)
Total comprehensive income for the period		-	-	60.8	60.8
Transactions with shareholders:					
Equity-settled share-based payments		-	-	1.5	1.5
Deferred tax on equity-settled share-based payments		-	-	(0.7)	(0.7)
Share capital issued		-	0.1	-	0.1
Dividends paid	4	-	-	(56.0)	(56.0)
Balance at 30 April 2018		12.8	74.2	736.5	823.5
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	4	-	-	(47.2)	(47.2)
Balance at 30 April 2017		12.8	73.1	649.6	735.5
Year ended 31 October 2017 (audited)					
Balance at 1 November 2016		12.7	73.0	633.5	719.2
Profit for the period attributable to equity shareholders		-	-	168.6	168.6
Actuarial gains on defined benefit schemes		-	-	1.4	1.4
Change in deferred tax on actuarial gains on defined benefit schemes		-	-	(1.8)	(1.8)
Total comprehensive income for the year		-	-	168.2	168.2
Transactions with shareholders:					
Equity-settled share-based payments		-	-	4.6	4.6
Deferred tax on equity-settled share-based payments		-	-	0.5	0.5
Share capital issued		0.1	1.1	-	1.2
Dividends paid	4	-	-	(75.9)	(75.9)
Balance at 31 October 2017		12.8	74.1	730.9	817.8

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Condensed Consolidated Statement of Financial Position

	Note	**As at 30 April 2018 (unaudited) £m**	**As at 30 April 2017 (unaudited) £m**	**As at 31 October 2017 (audited) £m**
ASSETS				
Non-current assets				
Intangible assets		29.0	29.0	29.0
Property, plant and equipment		4.3	3.6	4.2
Investments		1.0	1.3	1.8
Other financial assets		8.2	12.9	11.4
Deferred tax assets		7.6	13.9	11.1
Trade and other receivables		50.4	65.1	52.5
		100.5	125.8	110.0
Current assets				
Inventories		1,206.1	1,107.3	1,086.5
Other financial assets		4.2	3.9	3.5
Trade and other receivables		102.6	81.3	102.7
Cash and cash equivalents		101.9	144.3	175.2
		1,414.8	1,336.8	1,367.9
Total assets		1,515.3	1,462.6	1,477.9
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	7	(178.5)	(176.9)	(140.1)
Trade and other payables		(130.4)	(123.4)	(101.5)
Retirement benefit obligations		(2.1)	(13.3)	(7.2)
Provisions		(1.9)	(2.6)	(2.1)
		(312.9)	(316.2)	(250.9)
Current liabilities				
Interest-bearing loans and borrowings	7	(1.9)	(1.9)	(1.9)
Trade and other payables		(363.6)	(394.4)	(387.9)
Current income tax liabilities		(12.2)	(13.3)	(18.0)
Provisions		(1.2)	(1.3)	(1.4)
		(378.9)	(410.9)	(409.2)
Total liabilities		(691.8)	(727.1)	(660.1)
Net assets		823.5	735.5	817.8
SHAREHOLDERS' EQUITY				
Share capital	8	12.8	12.8	12.8
Share premium account	8	74.2	73.1	74.1
Retained earnings		736.5	649.6	730.9
Total equity		823.5	735.5	817.8

Crest Nicholson Holdings plc Registered number 6800600

These condensed consolidated half year financial statements were approved by the Board of Directors on 12 June 2018.

Crest Nicholson Holdings plc
Half Year Results for the six months ended 30 April 2018

Condensed Consolidated Cash Flow Statement

	Half year ended 30 April 2018 (unaudited) £m	**Half year ended 30 April 2017 (unaudited) £m**	**Full year ended 31 October 2017 (audited) £m**
Cash flows from operating activities			
Profit for the period	60.9	62.1	168.6
Adjustments for:			
Depreciation	0.8	0.7	1.5
Net finance expense	5.8	4.1	8.3
Share-based payment expense	1.5	2.1	4.6
Share of post-tax result of joint ventures using the equity method	0.8	-	(3.7)
Income tax expense	13.9	14.1	38.4
Operating profit before changes in working capital and provisions	83.7	83.1	217.7
Decrease/(increase) in trade and other receivables	2.3	(17.6)	(26.8)
Increase in inventories	(119.6)	(171.5)	(150.7)
Increase in trade and other payables	2.8	67.0	36.4
Contribution to retirement benefit obligations	(4.5)	(4.5)	(9.0)
Cash (used by)/generated from operations	(35.3)	(43.5)	67.6
Interest paid	(5.0)	(3.7)	(7.8)
Taxation paid	(17.9)	(18.5)	(36.5)
Net cash (outflow)/inflow from operating activities	(58.2)	(65.7)	23.3
Cash flows from investing activities			
Purchases of property, plant and equipment	(0.9)	(1.1)	(2.5)
Decrease in other financial assets	2.7	2.3	5.1
Dividends received	0.7	-	5.0
Interest received	0.3	0.3	0.7
Net cash inflow from investing activities	2.8	1.5	8.3
Cash flows from financing activities			
Repayment of bank and other borrowings	(1.9)	(26.8)	(161.8)
Proceeds from new loans	40.0	-	100.0
Debt arrangement and facility fees	(0.1)	-	(2.2)
Dividends paid	(56.0)	(47.2)	(75.9)
Net proceeds from the issue of shares	0.1	0.2	1.2
Net cash outflow from financing activities	(17.9)	(73.8)	(138.7)
Net decrease in cash and cash equivalents	(73.3)	(138.0)	(107.1)
Cash and cash equivalents at the beginning of the period	175.2	282.3	282.3
Cash and cash equivalents at end of the period	101.9	144.3	175.2

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

1 Basis of preparation

Crest Nicholson Holdings plc (the 'Company') is a public limited company incorporated, listed and domiciled in England and Wales. The address of the registered office is Crest Nicholson Holdings plc, Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN. The condensed consolidated half year financial statements consolidated those of the Company and its subsidiaries (together referred to as the 'Group') and include the Group's interest in jointly controlled entities.

These condensed consolidated half year financial statements for the six months ended 30 April 2018 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 2017, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') 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 2017 were approved by the Board of Directors on 24 January 2018 and delivered to the Registrar of Companies. The report of the auditor on those accounts 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 consolidated half year financial statements have been reviewed, not audited. The auditor's review report for the period to 30 April 2018 is set out on pages 15 and 16.

The principal accounting policies adopted 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 2017 except in respect of taxation which is based on the expected effective tax rate that would be applicable to expected annual earnings.

The preparation of the condensed consolidated half year financial statements in conformity with IFRS requires management to make assumptions and judgements that affect the application of policies and reported amounts within the condensed consolidated half year financial statements. Assumptions and judgements are based on experience and other factors that management consider reasonable under the circumstances. Actual results may differ from these estimates. In preparing these condensed consolidated half year financial statements the Board considers the significant judgements made by management and the key sources of estimation uncertainty that has a risk of causing a material adjustment to the carrying value of assets and liabilities were the same as those that applied to the Annual Integrated Report for the year ended 31 October 2017.

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.

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

1 Basis of Preparation (continued)

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 2017: IAS 7 Statement of Cash Flows (amendment), IAS 12 Income Taxes (amendment) and Annual Improvements to IFRS 2015. These amendments and improvements have not had a significant effect on the condensed consolidated half year 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. IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The new standard is effective for the Group for the 2019 financial year commencing on 1 November 2018. The Group is finalising its assessment of the standard, which is not expected to have a material impact on private open market housing sales which make up the majority of the Group's revenue and profit. Revenue recognition with customers such as commercial investors under PRS and Registered Providers of social housing will change where there is a separate land sale and construction contract. The Group is in the process of reviewing existing contractual arrangements with commercial investors and Registered Providers of social housing to determine the impact in the coming months and will provide further details in the Annual Integrated Report for the year ending 31 October 2018.

• IFRS 9: Financial Instruments, effective for the period beginning on 1 November 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The assessment of the full effect of IFRS 9 is in progress and expected to be completed in the coming months. Further details will be provided in the Annual Integrated Report for the year ending 31 October 2018.

• IFRS 16: Leases, effective for the period beginning on 1 November 2019. IFRS 16 replaces IAS 17 Leases, and related interpretations, and requires lessees to recognise a lease liability and asset for virtually all right of use lease assets; certain short-term leases and leases of low-value assets can apply an optional exemption. The Group has not yet completed its assessment of the impact of the standard on the Group's consolidated income statement and consolidated statement of financial position. The Group expects that most of the Group's lease commitments will be brought onto the consolidated statement of financial position along with an associated asset. This change will affect the timing and presentation of lease costs within the consolidated income statement. An assessment of the full effect of IFRS 16 is in progress and expected to be completed during the year ending 31 October 2019.

2 Segmental reporting

The Executive Management Team (comprising Stephen Stone (Executive Chairman), Patrick Bergin (Chief Executive Officer), Robert Allen (Group Finance Director), Chris Tinker (Chairman of Major Projects and Strategic Partnerships), Robin Hoyles (Group Land and Planning 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.

3 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)

4 Dividends

	Half year ended 30 April 2018 £m	Half year ended 30 April 2017 £m	Full year ended 31 October 2017 £m
Dividends recognised as distributions to equity shareholders in the period:			
Final dividend for the year ended 31 October 2017 of 21.8 pence per share (2016: 18.5 pence per share)	56.0	47.2	47.2
Interim dividend for the year ended 31 October 2017: 11.2 pence per share	-	-	28.7
	56.0	47.2	75.9
Dividends declared as distributions to equity shareholders in the period:			
Proposed final dividend for the year ended 31 October 2017: 21.8 pence per share	-	-	56.0
Proposed interim dividend for the year ending 31 October 2018 of 11.2 pence per share (2017: 11.2 pence per share)	28.8	28.7	-

The proposed interim dividend was approved by the Board on 12 June 2018 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.

5 Taxation

The taxation expense on profit for the half year ended 30 April 2018 is 18.6% (30 April 2017: 18.5%) and reflects the best estimate of the weighted average annual effective tax rate for the full financial year.

6 Earnings per share

The basic EPS for the six months ended 30 April 2018 is based on the weighted average number of shares in issue during the period of 256.3m (April 2017: 254.9m, October 2017: 255.0m). 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 2018			
Basic earnings per share	60.9	256.3	23.8
Effect of share options	-	3.4	
Diluted earnings per share	60.9	259.7	23.5
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
Full year ended 31 October 2017			
Basic earnings per share	168.6	255.0	66.1
Effect of share options	-	4.1	
Diluted earnings per share	168.6	259.1	65.1

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

7 Interest-bearing loans and borrowings

	As at 30 April 2018 £m	As at 30 April 2017 £m	As at 31 October 2017 £m
Non-current			
Revolving credit facility	80.0	175.0	40.0
Senior loan notes	100.0	-	100.0
Revolving credit facility and senior loan notes issue costs	(3.4)	(1.9)	(3.7)
Other loans	1.9	3.8	3.8
	178.5	176.9	140.1
Current			
Other loans	1.9	1.9	1.9
	1.9	1.9	1.9

At 30 April 2018, the Group had undrawn revolving credit facilities of £170.0m (April 2017: £65.0m, October 2017: £210.0m) and cash and cash equivalents of £101.9m (April 2017: £144.3m, October 2017: £175.2m).

8 Share Capital

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
Half year ended 30 April 2018				
As at 31 October 2017	255,759,637	5	12,787,981	74,129,478
Issue of share capital	1,152,512	5	57,626	74,162
As at 30 April 2018	256,912,149	5	12,845,607	74,203,640

During the period the Company issued 27,366 new ordinary shares of 5 pence each to satisfy share options under the SAYE scheme which became exercisable at a price of 276 pence per share, 184,560 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 940,586 new ordinary shares of 5 pence each to satisfy share options under the 2015 LTIP which became exercisable at nil pence per share. The share premium movement arose on the issue of shares to satisfy share options under the SAYE scheme in the period.

9 Related party transactions

Related parties are consistent with those disclosed in the Group's Annual Integrated Report for the year ended 31 October 2017.

The Group had the following transactions with its joint ventures in the period: (i) the Group received £0.5m (2017: £1.0m) interest on joint venture funding and the Group had a credit of £0.2m (2017: £nil) interest on the fair value unwind on a joint venture interest free loan, (ii) the Group received £0.7m (2017: £0.2m) in project management fees, (iii) the amount of outstanding loans due to the Group from joint ventures was £43.2m (2017: £58.6m), and, (iv) the Group received a £0.7m dividend (2016: £nil).

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 2018. 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 2018;
- 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, 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 year results 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
12 June 2018

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.