Press release

11th June 2019

Crest Nicholson Holdings plc

Half Year Results 2019

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 2019.

Highlights

• **Revenue £501.9m (HY18: £467.6m*)**	**+7%**
• **Sales per outlet week 0.78 (HY18: 0.78)**	**Maintained**
• **Current revenue and forward sales for FY19 at £870.1m (HY18: £848.8m**)**	**+3%**
• **Total forward sales £625.2m (HY18: £544.4m*)**	**+15%**
• **Operating profit margin of 14.1% (HY18: 16.8%*)**	**-270bps**
• **Profit before tax of £64.4m (HY18: £72.0m*)**	**-11%**
• **Net debt and land creditors lower by £41.3m*****	**-**
• **Dividend per share 11.2p (HY18: 11.2p)**	**Maintained**

* Results for the six months ended 30 April 2018 have been restated to reflect the adoption of IFRS 15. ** As calculated at 30 April 2018 on pre-IFRS 15 data. IFRS 15 forecasts were not available at this time. *** compared to HY18

Commenting on today's statement, Chris Tinker, Interim Chief Executive, said:

"The Group has made good progress on delivering its revised strategy during this period of heightened political uncertainty. Having paused growth and de-risked our open market sales programme through increased pre-sales and partnership working, it is pleasing to report our first half revenues up 7% from this time last year.

Our strategy to reduce forward sales risk through an increased proportion of pre-funded, presold homes has also realised a 15% increase in our total forward sales position. This increased certainty has traded an element of operating margin, which together with generally flat pricing and continuing build cost inflation, has contributed to a reduction in the operating margin.

Interim Chief Executive's comment (continued)

We enter the second half of the year with encouraging forward sales, a growing outlet base and an increased proportion of homes for sale at more affordable price points. We have also strengthened our operational experience and capacity with a new Chief Operating Officer in post.

Whilst we continue to work our short-term land bank harder, we are pleased that our excellent place-making track record has enabled us to secure four more sites into our strategic and partnership land portfolio, further increasing the medium and long term store of embedded value in our land portfolio."

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 Chris Tinker, Interim Chief Executive and Rod Holdsworth, Interim Group Finance Director.

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Crest Nicholson Holdings plc
Half Year Results for the six months ended 30 April 2019

	HY 2019	HY 2018 (Restated*)	Change	
	£m	£m	£m	
Revenue	**501.9**	**467.6**	34.3	**7%**
Cost of sales	**(401.6)**	**(358.6)**	(43.0)	
Gross profit	**100.3**	**109.0**	(8.7)	
Administrative expenses	**(29.5)**	**(30.4)**	0.9	
Operating profit	**70.8**	**78.6**	(7.8)	**-10%**
Operating profit margin %	***14.1%***	***16.8%***		
Profit before tax	**64.4**	**72.0**	(7.6)	**-11%**
Profit after tax	**51.9**	**58.7**	(6.8)	**-12%**
Earnings per ordinary share (pence)				
- Basic	**20.2p**	**22.9p**	(2.7)p	**-12%**
- Diluted	**20.2p**	**22.6p**	(2.4)p	**-11%**
Dividend per share (pence)	**11.2p**	**11.2p**	-	**-**

* Results for the six months ended 30 April 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 November 2018.

Interim Chief Executive's statement

<u>Financial Review</u>
Overall Group revenue in the first six months of the year increased by 7% to £501.9m (2018: £467.6m), an encouraging result given the uncertain political and Brexit backdrop.

Open-market average selling prices (ASP) including PRS and partnership intermediate housing sales, have increased by 8% to £413k (2018: £384k), largely due to changes in product and location mix. This will represent the top of our ASP progression which is now forecast to reduce as the proportion of higher value homes in higher price locations falls and new outlets with lower ASP sites open.

We have successfully transitioned to a new sales profile where circa 45% of our homes, including affordable housing, are pre-sold and pre-funded leading to an increase in current and forward sales for FY19 to £870.1m (2018: £848.8m).

We have also increased our partnerships working on selected Joint Ventures including the £230m GDV joint venture with the Sovereign Housing Group at Harry Stoke, Bristol. This increased partnership working together with our increased pre-sale strategy, has increased our total forward sales for all years by 15% to £625.2m and helped to lower net debt and deferred land creditors by £41.3m compared with the previous half year.

Operating margins at 14.1% are lower than the 16.8% achieved last half year. This is due to the new strategy to de-risk the business plan through increased forward sales to PRS investors and Registered Providers against a backdrop of continuing build cost inflation at 3-4%.

Operating profits of £70.8m are 10% lower than the £78.6m achieved in the first half of 2018 due to the lower margin partially offset by the higher revenues. Correspondingly, profit before tax of £64.4m is 11% behind the £72.0m achieved in the HY18.

Interim Chief Executive's statement (continued)

Basic earnings per ordinary share (EPS) for the period at 20.2 pence (2018: 22.9 pence) is 12% lower than the equivalent period in 2018 and is 11% lower than the same period last year on a diluted basis.

Net cash used by operating activities in the first half of the year were £25.6m (2018: £58.2m), reflecting continued investment in our growing divisions in Chiltern and the Midlands, albeit at a lower rate as they mature and we slow down growth.

The Board has resolved to pay an interim dividend of 11.2 pence per share, payable on 4 October 2019 to shareholders on the register on 20 September 2019. The dividend represents approximately one third of the dividend expected to be paid in respect of the financial year ending 31 October 2019.

Financing

At 30 April 2019, the Group had undrawn revolving credit facilities of £95.0m (2018: £170.0m) and cash equivalents of £185.4m (2018: £101.9m).

At 30 April 2019, the business had net debt of £68.3m and an improved net debt/equity ratio of 7.9% (2018: £78.5m and 9.6%). Average net debt during the period was 20% lower at £136.8m (2018: £170.5m). Net debt and land creditors were £260.4m (2018: £301.7m).

In line with our prudent cash strategy, we expect to be net cash positive at the year-end after paying the 2019 dividend.

Sales

Sales rates, as measured by Sales Per Outlet Week (SPOW), reflect the product and location mix, with higher ASP product normally selling at a slower rate. Despite 8% higher ASP's during the first six months of the year the SPOW has achieved an average 0.78 compared with 0.78 for HY18 and 0.82 for the whole of 2018.

Sales outlets continue to grow steadily, driven by previous investments in Chiltern and the Midlands. In HY19, sales outlets averaged 58, a 12% increase on the 52 average outlets in operation for the HY18. This growth, along with further outlet openings at lower ASP's in the second half of the year, will help to support the delivery of our forecast full-year revenues.

Forward sales at 31 May 2019 of £625.2m (2018: £544.4m) are 15% ahead of prior year demonstrating our progress in establishing new partnerships and broadening our channels to market.

Land and planning

Given the strength of our land bank and our strategy to pause growth, the Group has continued its disciplined approach to short term land acquisitions, in what is still a benign market. Site acquisitions have largely focused on our growing divisions in the Midlands and Chiltern areas. Overall, the short-term land bank now includes 18,060 units with an assessed GDV of £5.9bn, a level which underpins our divisional delivery plans and serves our multi-tenure route to market.

Interim Chief Executive's statement (continued)

In line with our ongoing strategy to promote our place-making skills to landowners and partners, and to embed value into our medium and longer term portfolios, our Strategic and Partnership land pipeline has increased by 15.9% to 19,515 units with an assessed GDV of £6.5bn, through the addition of 2,752 plots across 4 sites.

Outlook

Trading performance has been encouraging in the first half set against the uncertain and politically turbulent backdrop. Business operations are proving resilient and operational efficiency initiatives are making planned progress. We have also recently strengthened the operational leadership team to further support these programmes. We have implemented large parts of the revised strategy and are on track to continue during the second half year.

Given the current market, the Board remains confident in the prospects for the rest of the year and in achieving earnings in line with consensus.

Principal risks and uncertainties

The Group is subject to a number of risks and uncertainties as part of its day to day operations. The Board set out the principal risks and uncertainties facing the Group in detail on pages 64 to 67 of the 2018 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. During the first half of the year the Board has categorised the Group's efficiency to manage build costs as now a principal risk with build cost inflation continuing to negatively impact operating margin. The Board is also of the view that risks related to solvency and liquidity and the impact of law, policies and regulations are increasing as the macro-economic and political uncertainty continues and the government's approach to fire safety and related risks becomes clearer.

In summary, our principal risks are:

- The macro-economic environment: The ongoing challenging macro-economic environment including risks from: uncertainty following UK vote to leave EU, general economic slowdown, reduced prominence for elements of Financial Services, wider global growth issues;
- Health, safety and the environment: A significant health and safety event resulting in a fatality, serious injury or a dangerous situation. Significant environmental damage could be caused by operations on site or in our offices (for example, water contamination from pollution);
- Access to site labour and materials: Rising production levels across the industry put pressure on our materials supply chain, while the impact of potential changes to EU labour in the UK remains high. Increased use of more modern methods of construction could result in a labour market unable to meet the skills and knowledge required and a material supply chain lacking the scope and capacity;
- Demand for housing: Heavily influenced by macro-economic factors as outlined in the first risk. Changes to regulations and taxes, for example, stamp duty on Buy to Let purchases and the impact of government schemes like Help to Buy;
- Customer service, quality and product safety: Customer service and/or build quality falls below our required standards. Unforeseen product safety or quality issues, or latent defects emerge as a result of new construction methods;

Interim Chief Executive's statement (continued)

- Build cost management: Build cost inflation and unforeseen cost increases driven by demands in the supply chain and failure to implement core cost control systems. Lack of awareness and understanding of external factors that may impact build costs including complex planning permissions;
- Information security and business continuity: Cyber Security risks, such as data breaches and hacking leading to the loss of operational systems, market-sensitive, competitive information or other critical data. Risk of non-compliance with new GDPR requirements. Component failure of our IT systems;
- Attracting and retaining employees: Increasing skills gap in the industry at all levels. Difficulty to recruit the right people for vacant positions. Staff turnover, inducting and embedding new staff (including new Board members) and the cost of wages increase as a result of inflated offers in the market. Longer-term succession affected;
- Solvency and Liquidity: Cash generation for the Group is central to our new business strategy, and our cash headroom could be affected by: Economic pressures that result in delayed receipts in the near term and potentially lower sales rate in the medium term. Commitments to significant land and build obligations that are made ahead of revenue certainty;
- Laws, policies and regulations: Future potential regulatory changes due to Brexit and fire safety increase uncertainty within the business and impact our ability to make medium- and longer-term decisions. Potential for inappropriate business practices, fraudulent activity relating to existing laws, for example modern slavery. New National Planning Policy Framework continues to embed with lack of clarity in an environment where local authorities and public sector resources are constrained;
- Supply of permissions and viable land: An inadequate supply of suitable land. Inability to convert conditional land purchases and strategic land into timely viable planning permissions. Slower conversions of planning permissions due to Local Planning Authority capacity.

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 2018, with the exception of the following changes in the period: Patrick Bergin left the Board on the 26 March 2019, Chris Tinker became Interim Chief Executive on 26 March 2019 and Stephen Stone moved to Non-executive Chairman on the 1 April 2019. A list of current directors is maintained on the Crest Nicholson website: www.crestnicholson.com.

By order of the Board

Chris Tinker
Interim Chief Executive Officer
11 June 2019
Registered number 6800600

Crest Nicholson Holdings plc
Half Year Results for the six months ended 30 April 2019

Condensed Consolidated Income Statement

	Note	Half year ended 30 April 2019 (unaudited) £m	Half year ended 30 April 2018 (unaudited) (Restated*) £m	Full year ended 31 October 2018 (unaudited) (Restated*) £m
Revenue		501.9	467.6	1,121.0
Cost of sales		(401.6)	(358.6)	(874.1)
Gross profit		100.3	109.0	246.9
Administrative expenses		(29.5)	(30.4)	(64.9)
Operating profit		70.8	78.6	182.0
Finance income		1.8	1.3	3.0
Finance expense		(7.1)	(7.1)	(15.0)
Net finance expense		(5.3)	(5.8)	(12.0)
Share of post-tax results of joint ventures using the equity method		(1.1)	(0.8)	(1.3)
Profit before tax		64.4	72.0	168.7
Income tax expense	5	(12.5)	(13.3)	(32.1)
Profit for the period attributable to equity shareholders		51.9	58.7	136.6
Earnings per ordinary share				
Basic	6	20.2p	22.9p	53.3p
Diluted	6	20.2p	22.6p	53.0p

* Results for the six months ended 30 April 2018 and the year ended 31 October 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 November 2018. See note 13.

Condensed Consolidated Statement of Comprehensive Income

	Half year ended 30 April 2019 (unaudited) £m	Half year ended 30 April 2018 (unaudited) (Restated*) £m	Full year ended 31 October 2018 (unaudited) (Restated*) £m
Profit for the period attributable to equity shareholders	51.9	58.7	136.6
Other comprehensive income/(expense):			
Items that will not be reclassified to the consolidated income statement:			
Actuarial (losses)/gains of defined benefit schemes	(7.9)	0.9	1.3
Change in deferred tax on actuarial (losses)/gains of defined benefit schemes	1.5	(1.0)	(0.2)
Other comprehensive (expense)/income for the period net of income tax	(6.4)	(0.1)	1.1
Total comprehensive income for the period attributable to equity shareholders	45.5	58.6	137.7

* Results for the six months ended 30 April 2018 and the year ended 31 October 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 November 2018. See note 13.

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 2019 (unaudited)					
Balance at 1 November 2018		12.8	74.2	785.7	872.7
Profit for the period attributable to equity shareholders		-	-	51.9	51.9
Actuarial losses of defined benefit schemes		-	-	(7.9)	(7.9)
Change in deferred tax on actuarial losses of defined benefit schemes		-	-	1.5	1.5
Total comprehensive income for the period		-	-	45.5	45.5
Transactions with shareholders:					
Equity-settled share-based payments		-	-	(0.7)	(0.7)
Deferred tax on equity-settled share-based payments		-	-	0.3	0.3
Purchase of own shares		-	-	(1.0)	(1.0)
Dividends paid	7	-	-	(56.0)	(56.0)
Balance at 30 April 2019		12.8	74.2	773.8	860.8
Half year ended 30 April 2018 (unaudited) (Restated*)					
Balance at 1 November 2017		12.8	74.1	731.2	818.1
Profit for the period attributable to equity shareholders		-	-	58.7	58.7
Actuarial gains of defined benefit schemes		-	-	0.9	0.9
Change in deferred tax on actuarial gains of defined benefit schemes		-	-	(1.0)	(1.0)
Total comprehensive income for the period		-	-	58.6	58.6
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	7	-	-	(56.0)	(56.0)
Balance at 30 April 2018		12.8	74.2	734.6	821.6
Year ended 31 October 2018 (unaudited) (Restated*)					
Balance at 1 November 2017		12.8	74.1	731.2	818.1
Profit for the period attributable to equity shareholders		-	-	136.6	136.6
Actuarial gains of defined benefit schemes		-	-	1.3	1.3
Change in deferred tax on actuarial gains of defined benefit schemes		-	-	(0.2)	(0.2)
Total comprehensive income for the year		-	-	137.7	137.7
Transactions with shareholders:					
Equity-settled share-based payments		-	-	2.5	2.5
Deferred tax on equity-settled share-based payments		-	-	(1.0)	(1.0)
Share capital issued		-	0.1	-	0.1
Dividends paid	7	-	-	(84.7)	(84.7)
Balance at 31 October 2018		12.8	74.2	785.7	872.7

* Results for the six months ended 30 April 2018 and the year ended 31 October 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 November 2018. See note 13.

Crest Nicholson Holdings plc
Half Year Results for the six months ended 30 April 2019
Condensed Consolidated Statement of Financial Position

	Note	As at 30 April 2019 (unaudited)	As at 30 April 2018 (unaudited) (Restated*)	As at 31 October 2018 (unaudited) (Restated*)
ASSETS		**£m**	**£m**	**£m**
Non-current assets				
Intangible assets		29.0	29.0	29.0
Property, plant and equipment		5.4	4.3	4.8
Investments in joint ventures		0.9	1.0	1.3
Other financial assets**		-	8.2	7.2
Financial assets at Fair Value Through Profit and Loss		6.1	-	-
Deferred tax assets		8.0	7.6	6.0
Retirement benefit surplus		-	-	2.5
Trade and other receivables		67.2	50.4	59.0
		116.6	100.5	109.8
Current assets				
Inventories		1,183.9	1,215.8	1,213.2
Other financial assets**		-	4.2	3.3
Financial assets at Fair Value Through Profit and Loss		2.5	-	-
Trade and other receivables		129.0	117.3	109.9
Cash and cash equivalents		185.4	101.9	184.3
		1,500.8	1,439.2	1,510.7
Total assets		1,617.4	1,539.7	1,620.5
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	8	(251.8)	(178.5)	(168.3)
Trade and other payables		(142.6)	(130.4)	(143.3)
Deferred tax liabilities		-	-	(0.5)
Retirement benefit obligations		(1.2)	(2.1)	-
Provisions		(0.4)	(1.9)	(0.9)
		(396.0)	(312.9)	(313.0)
Current liabilities				
Interest-bearing loans and borrowings	8	(1.9)	(1.9)	(1.9)
Trade and other payables		(344.8)	(390.5)	(421.4)
Current income tax liabilities		(11.8)	(11.6)	(9.8)
Provisions		(2.1)	(1.2)	(1.7)
		(360.6)	(405.2)	(434.8)
Total liabilities		(756.6)	(718.1)	(747.8)
Net assets		860.8	821.6	872.7
EQUITY				
Share capital	11	12.8	12.8	12.8
Share premium account	11	74.2	74.2	74.2
Retained earnings		773.8	734.6	785.7
Total equity		860.8	821.6	872.7

* Results for the six months ended 30 April 2018 and the year ended 31 October 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 November 2018. See note 13. ** IFRS 9 changed other financial assets to financial assets at fair value through profit and loss.

Crest Nicholson Holdings plc Registered number 6800600. These condensed consolidated half year financial statements were approved by the Board of Directors on 11 June 2019.

Crest Nicholson Holdings plc
Half Year Results for the six months ended 30 April 2019

Condensed Consolidated Cash Flow Statement

	Half year ended 30 April 2019 (unaudited) £m	Half year ended 30 April 2018 (unaudited) (Restated*) £m	Full year ended 31 October 2018 (unaudited) (Restated*) £m
Cash flows from operating activities			
Profit for the period attributable to equity shareholders	51.9	58.7	136.6
Adjustments for:			
Depreciation	1.1	0.8	1.9
Net finance expense	5.3	5.8	12.0
Share-based payment expense	(0.7)	1.5	2.5
Share of post-tax result of joint ventures using the equity method	1.1	0.8	1.3
Income tax expense	12.5	13.3	32.1
Operating profit before changes in working capital and provisions	71.2	80.9	186.4
(Increase)/decrease in trade and other receivables	(26.6)	1.2	-
Decrease/(increase) in inventories	29.3	(128.8)	(125.9)
(Decrease)/increase in trade and other payables	(78.8)	15.9	57.1
Contribution to retirement benefit obligations	(4.5)	(4.5)	(9.0)
Cash (used by) / generated from operations	(9.4)	(35.3)	108.6
Interest paid	(5.0)	(5.0)	(10.3)
Taxation paid	(11.2)	(17.9)	(36.0)
Net cash (used by) / generated from operating activities	(25.6)	(58.2)	62.3
Cash flows from investing activities			
Purchases of property, plant and equipment	(1.7)	(0.9)	(2.5)
Decrease in other financial assets	2.0	2.7	5.2
Dividends received from joint ventures	-	0.7	0.8
Interest received	0.3	0.3	0.4
Net cash inflow from investing activities	0.6	2.8	3.9
Cash flows from financing activities			
Repayment of bank and other borrowings	(1.9)	(1.9)	(1.9)
Proceeds from new loans	85.0	40.0	30.0
Debt arrangement and facility fees	-	(0.1)	(0.6)
Dividends paid	(56.0)	(56.0)	(84.7)
Net proceeds from the issue of shares	-	0.1	0.1
Purchase of own shares net of costs	(1.0)	-	-
Net cash inflow / (outflow) from financing activities	26.1	(17.9)	(57.1)
Net increase / (decrease) in cash and cash equivalents	1.1	(73.3)	9.1
Cash and cash equivalents at the beginning of the period	184.3	175.2	175.2
Cash and cash equivalents at end of the period	185.4	101.9	184.3

* Results for the six months ended 30 April 2018 and the year ended 31 October 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 November 2018. See note 13.

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 consolidate the results 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 2019 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. These condensed consolidated half year financial statements should be read in conjunction with the Annual Integrated Report for the year ended 31 October 2018, 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 2018 were approved by the Board of Directors on 29 January 2019 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 2019 is set out on pages 25 and 26.

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 2018 except in respect of taxation which is based on the expected effective tax rate that would be applicable to expected annual earnings, and the impact of IFRS 9 and 15 which are discussed below.

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 2018.

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.

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 2018:

• IFRS 15: Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The standard sets out requirements for revenue recognition from contracts with customers, using a five-step model to apportion revenue to individual performance obligations within a contract. The Group has applied IFRS 15 from 1 November 2018 with comparative results being restated using the full retrospective transition method. See note 13 for details of the restatement.

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

1 Basis of Preparation (continued)

• IFRS 9: Financial Instruments, replaces the guidance in IAS 39 and addresses the classification, measurement, impairment and recognition of financial assets and financial liabilities. IFRS 9 is applicable to the Group from 1 November 2018. The Group has reviewed its existing classification and confirmed that financial assets (except financial assets at fair value through profit and loss) will continue to be recognised at amortised cost.

Financial assets at fair value through profit and loss (which comprise shared equity receivables) were previously initially recognised at fair value with any changes in fair value arising from a change in discount factor being recognised in other comprehensive income. Under IFRS 9 other financial assets were reclassified as Fair Value through Profit and Loss resulting in all future changes in fair value being posted to the Income Statement rather than other comprehensive income. This change did not require any prior year restatement.

The new provision approach introduced by IFRS 9 has required the Group to consider the expected credit losses on all financial assets. The Group reviews the recoverability of trade receivables, most of which are due from Registered Social Providers which are government funded, in assessing the exposure to expected credit loss. Given the nature of the receivables and lack of significant exposure to expected credit loss, the impact on Group profits of adopting IFRS 9 is immaterial with no prior year restatement made in respect of this change. IFRS 9 is being applied prospectively.

• Amendment to IAS 28 Long-term interests in associates and joint ventures, Amendment to IAS 40 Investment Property, Amendment to IFRS 2 Share-based Payments, Amendment to IFRS 4 Insurance Contracts, and, Annual improvements 2016 have not had a significant impact 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 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 right of use 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 is currently assessing 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 will be completed during the year ending 31 October 2019. The Group will adopt the modified retrospective transition approach and take advantage of practical expedients permitted by the standard per IFRS16 C8 (b)(i), and C10 (c)(l).

• IFRIC 23 Uncertainty over income tax treatments. Effective for the period beginning 1 November 2019.
• Annual improvements 2017. Effective for the period beginning 1 November 2019.

2 Segmental reporting

The Executive Management Team (comprising Stephen Stone (up to 1 April 2019, when he became Non-Executive Chairman), Chris Tinker (Interim Chief Executive Officer and Chairman of Major Projects and Strategic Partnerships), Tom Nicholson (Chief Operating Officer), Rod Holdsworth (Interim Group Finance Director), Robin Hoyles (Group Land and Planning Director), David Marchant (Director of Group Operations) 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)

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.

4 Disaggregation of revenue

	Half year ended 30 April 2019 £m	Half year ended 30 April 2018 (Restated*) £m	Full year ended 31 October 2018 (Restated*) £m
Open market housing revenue	366.3	416.7	947.7
Affordable housing revenue	69.6	36.6	111.6
Total housing revenue	435.9	453.3	1,059.3
Land and commercial revenue	63.0	13.4	55.7
Other revenue	3.0	0.9	6.0
	501.9	467.6	1,121.0

* Restated to reflect the adoption of IFRS 15 with effect from 1 November 2018. See note 13.

Proceeds received on the disposal of part exchange properties, which is not included in revenue, are £29.5m (Half year ended 30 April 2018: £19.9m, Full year ended 31 October 2018: £46.6m).

5 Taxation

The taxation expense on profit for the half year ended 30 April 2019 is 19.4% (30 April 2018: 18.5%) and reflects the best estimate of the weighted average annual effective tax rate for the full financial year.

6 Earnings per ordinary share

The basic EPS for the six months ended 30 April 2019 is based on the weighted average number of shares in issue during the period of 256.6m (April 2018: 256.3m, October 2018: 256.2m). 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 2019			
Basic earnings per share	51.9	256.6	20.2
Effect of share options	-	0.6	
Diluted earnings per share	51.9	257.2	20.2
Half year ended 30 April 2018 (Restated*)			
Basic earnings per share	58.7	256.3	22.9
Effect of share options	-	3.4	
Diluted earnings per share	58.7	259.7	22.6
Full year ended 31 October 2018 (Restated*)			
Basic earnings per share	136.6	256.2	53.3
Effect of share options	-	1.5	
Diluted earnings per share	136.6	257.7	53.0

* Restated to reflect the adoption of IFRS 15 with effect from 1 November 2018. See note 13.

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

7 Dividends

	Half year ended 30 April 2019 £m	Half year ended 30 April 2018 £m	Full year ended 31 October 2018 £m
Dividends recognised as distributions to equity shareholders in the period:			
Final dividend for the year ended 31 October 2018 of 21.8 pence per share (2017: 21.8 pence per share)	56.0	56.0	56.0
Interim dividend for the year ended 31 October 2018: 11.2 pence per share	-	-	28.7
	56.0	56.0	84.7
Dividends declared as distributions to equity shareholders in the period:			
Proposed final dividend for the year ended 31 October 2018: 21.8 pence per share	-	-	56.0
Proposed interim dividend for the year ending 31 October 2019 of 11.2 pence per share (2018: 11.2 pence per share)	28.8	28.8	-

The proposed interim dividend was approved by the Board on 11 June 2019 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.

8 Interest-bearing loans and borrowings

	As at 30 April 2019 £m	As at 30 April 2018 £m	As at 31 October 2018 £m
Non-current			
Revolving credit facility	155.0	80.0	70.0
Senior loan notes	100.0	100.0	100.0
Revolving credit facility and senior loan notes issue costs	(3.2)	(3.4)	(3.6)
Other loans	-	1.9	1.9
	251.8	178.5	168.3
Current			
Other loans	1.9	1.9	1.9
	1.9	1.9	1.9

At 30 April 2019, the Group had undrawn revolving credit facilities of £95.0m (April 2018: £170.0m, October 2018: £180.0m) and cash and cash equivalents of £185.4m (April 2018: £101.9m, October 2018: £184.3m).

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

9 Financial assets and liabilities

Financial assets	As at 30 April 2019 £m	As at 30 April 2018 (Restated*) £m	As at 31 October 2018 (Restated*) £m
Sterling cash deposits	185.4	101.9	184.3
Trade receivables	73.9	80.1	73.2
Amounts due from joint ventures	68.5	43.2	44.5
Current contract assets	36.1	24.9	38.1
Other receivables	13.4	8.7	8.9
Total cash equivalents and trade and other receivables	377.3	258.8	349.0
Financial assets at fair value through profit and loss	8.6	12.4	10.5
Total financial assets	385.9	271.2	359.5

* Restated to reflect the adoption of IFRS 15 with effect from 1 November 2018. See note 13.

Financial liabilities	As at 30 April 2019 £m	As at 30 April 2018 (Restated*) £m	As at 31 October 2018 (Restated*) £m
Revolving credit facility	155.0	80.0	70.0
Senior loan notes	100.0	100.0	100.0
Other loans	1.9	3.8	3.8
Land payments on contractual terms carrying interest	63.8	71.2	65.6
Land payments on contractual terms carrying no interest	128.3	152.0	144.1
Other trade payables	38.9	36.7	38.0
Other payables	16.0	18.7	17.5
Accruals	184.7	184.0	226.9
Financial liabilities at amortised cost	688.6	646.4	665.9

* Restated to reflect the adoption of IFRS 15 with effect from 1 November 2018. See note 13.

10 Net debt and land creditors

	As at 30 April 2019 £m	As at 30 April 2018 £m	As at 31 October 2018 £m
Cash and cash equivalents	185.4	101.9	184.3
Non-current interest-bearing loans and borrowings	(251.8)	(178.5)	(168.3)
Current interest-bearing loans and borrowings	(1.9)	(1.9)	(1.9)
Land payments on contractual terms carrying interest	(63.8)	(71.2)	(65.6)
Land payments on contractual terms carrying no interest	(128.3)	(152.0)	(144.1)
	(260.4)	(301.7)	(195.6)

11 Share Capital

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
As at 31 October 2018 and 30 April 2019	256,920,539	5	12,846,027	74,227,216

12 Related party transactions

Related parties are consistent with those disclosed in the Group's Annual Integrated Report for the year ended 31 October 2018.

During the period the Group completed on a £230m joint venture with the Sovereign Housing Group to deliver 910 homes at Harry Stoke, Bristol. The Group sold its interest in the land into the joint venture.

The Group had the following transactions with its joint ventures in the period: (i) the Group received £0.6m (2018: £0.5m) interest on joint venture funding and the Group had a credit of £0.5m (2018: £0.2m) interest on the fair value unwind on a joint venture interest free loan, (ii) the Group received £0.2m (2018: £0.7m) in project management fees, (iii) the amount of outstanding loans due to the Group from joint ventures was £68.5m (2018: £43.2m), and, (iv) the Group received a dividend in the prior period of £0.7m.

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

13 Impact of changes in accounting policies

IFRS 15: Revenue from Contracts with Customers

IFRS 15: Revenue from Contracts with Customers sets out requirements for revenue recognition from contracts with customers, using a five-step model to apportion revenue to individual performance obligations within a contract. The Group has applied IFRS 15 from 1 November 2018 with comparative results being restated using the full retrospective transition method.

Adjustments in respect of purchasers' extras and freehold reversions
The Group previously did not recognise revenue on the disposal of freehold reversions, being treated as a reduction in land cost. Under IFRS 15 freehold reversion disposals are treated as part of revenue when the purchaser is unilaterally entitled to the ground rent revenue stream associated with the units purchased. The Group previously did not recognise revenue on specification upgrades paid for by the purchaser or on the cost of specification upgrades offered to the purchaser as part of the purchase price. Under IFRS 15 specification upgrades are treated as part of revenue.

Adjustments in respect of Land sales
The Group previously recognised revenue on land sales at unconditional exchange of contracts. Under IFRS 15 revenue is recognised when title passes to the buyer. The adjustments below relate to land transactions that were unconditionally exchanged at period end, but title had not been passed to the buyer, thus the sale would not be recognised as revenue in the reporting period under IFRS 15.

Adjustments in respect of revenue recognition on affordable and other sales in bulk
The Group previously recognised revenue on affordable and other sales in bulk on practical completion and when substantially all risks and rewards of ownership are transferred to the buyer for housing units and on unconditional exchange of contracts where there is a separate associated land sale contract. Under IFRS 15 revenue recognition on affordable and other sales in bulk is dependent on freehold legal title being passed to the investor as it is considered that upon transfer of freehold title that the investor controls the work in progress. Where freehold legal title and control is passed to the investor, revenue is recognised on the upfront sale of land and then on the housing units as the build of the related units progresses. Where freehold legal title is not passed to the investor, revenue is not recognised on any upfront sale of land and the revenue on the housing units and sale of land is recognised at handover of completed units to the investor.

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

13 Impact of changes in accounting policies (continued)

Half Year ended 30 April 2018

Impact on Consolidated Income Statement	Half year ended 30 April 2018 as previously reported	Adjustments in respect of purchasers' extras and freehold reversions	Adjustments in respect of Land sales	Adjustments in respect of revenue recognition on affordable and other sales in bulk	Half year ended 30 April 2018 as reported
	£m	£m	£m	£m	£m
Revenue	473.8	5.2	(2.3)	(9.1)	467.6
Cost of sales	(362.0)	(5.2)	1.5	7.1	(358.6)
Gross profit	111.8	-	(0.8)	(2.0)	109.0
Administrative expenses	(30.4)	-	-	-	(30.4)
Operating profit	81.4	-	(0.8)	(2.0)	78.6
Finance income	1.3	-	-	-	1.3
Finance expense	(7.1)	-	-	-	(7.1)
Net finance expense	(5.8)	-	-	-	(5.8)
Share of post-tax results of joint ventures	(0.8)	-	-	-	(0.8)
Profit before tax	74.8	-	(0.8)	(2.0)	72.0
Income tax expense	(13.9)	-	0.2	0.4	(13.3)
Profit for the period	60.9	-	(0.6)	(1.6)	58.7
Earnings per ordinary share					
Basic	23.8p	-	(0.2)	(0.7)	22.9
Diluted	23.5p	-	(0.2)	(0.7)	22.6

Impact on Consolidated Statement of Changes in Equity	Half year ended 30 April 2018 as previously reported	Adjustments in respect of purchasers' extras and freehold reversions	Adjustments in respect of Land sales	Adjustments in respect of revenue recognition on affordable and other sales in bulk	Half year ended 30 April 2018 as reported
	£m	£m	£m	£m	£m
Balance at 1 November 2017	817.8	-	(0.3)	0.6	818.1
Profit for the period	60.9	-	(0.6)	(1.6)	58.7
Actuarial gains on defined benefit schemes	0.9	-	-	-	0.9
Change in deferred tax on actuarial losses of defined benefit schemes	(1.0)	-	-	-	(1.0)
Total comprehensive income for the period	60.8	-	(0.6)	(1.6)	58.6
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	(56.0)	-	-	-	(56.0)
Balance at 30 April 2018	823.5	-	(0.9)	(1.0)	821.6

Notes to the condensed consolidated half year financial statements (unaudited)
13 Impact of changes in accounting policies (continued)

Impact on Consolidated Statement of Financial Position	Half year ended 30 April 2018 as previously reported	Adjustments in respect of Land sales	Adjustments in respect of revenue recognition on affordable and other sales in bulk	Half year ended 30 April 2018 as reported
	£m	£m	£m	£m
ASSETS				
Non-current assets				
Intangible assets	29.0	-	-	29.0
Property, plant and equipment	4.3	-	-	4.3
Investments in joint ventures	1.0	-	-	1.0
Other financial assets	8.2	-	-	8.2
Deferred tax assets	7.6	-	-	7.6
Retirement benefit surplus	-	-	-	-
Trade and other receivables	50.4	-	-	50.4
	100.5	-	-	100.5
Current assets				
Inventories	1,206.1	2.0	7.7	1,215.8
Other financial assets	4.2	-	-	4.2
Trade and other receivables	102.6	0.1	14.6	117.3
Cash and cash equivalents	101.9	-	-	101.9
	1,414.8	2.1	22.3	1,439.2
Total assets	1,515.3	2.1	22.3	1,539.7
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	(178.5)	-	-	(178.5)
Trade and other payables	(130.4)	-	-	(130.4)
Deferred tax liabilities	-	-	-	-
Retirement benefit obligations	(2.1)	-	-	(2.1)
Provisions	(1.9)	-	-	(1.9)
	(312.9)	-	-	(312.9)
Current liabilities				
Interest-bearing loans and borrowings	(1.9)	-	-	(1.9)
Trade and other payables	(363.6)	(3.2)	(23.7)	(390.5)
Current income tax liabilities	(12.2)	0.2	0.4	(11.6)
Provisions	(1.2)	-	-	(1.2)
	(378.9)	(3.0)	(23.3)	(405.2)
Total liabilities	(691.8)	(3.0)	(23.3)	(718.1)
Net assets	823.5	(0.9)	(1.0)	821.6
EQUITY				
Share capital	12.8	-	-	12.8
Share premium account	74.2	-	-	74.2
Retained earnings	736.5	(0.9)	(1.0)	734.6
Total equity	823.5	(0.9)	(1.0)	821.6
Included within trade and other receivables:				
Current contract assets	10.2	0.1	14.6	24.9
Included within trade and other payables:				
Current contract liabilities	(28.7)	(3.2)	(23.7)	(55.6)

Notes to the condensed consolidated half year financial statements (unaudited)
13 Impact of changes in accounting policies (continued)

Impact on Consolidated Cash Flow Statement	Half year ended 30 April 2018 as previously reported	Adjustments in respect of Land sales	Adjustments in respect of revenue recognition on affordable and other sales in bulk	Half year ended 30 April 2018 as reported
	£m	£m	£m	£m
Cash flows from operating activities				
Profit for the period attributable to equity shareholders	60.9	(0.6)	(1.6)	58.7
Adjustments for:				
Depreciation	0.8	-	-	0.8
Net finance expense	5.8	-	-	5.8
Share-based payment expense	1.5	-	-	1.5
Share of post-tax result of joint ventures using the equity method	0.8	-	-	0.8
Income tax expense	13.9	(0.2)	(0.4)	13.3
Operating profit before changes in working capital and provisions	83.7	(0.8)	(2.0)	80.9
Decrease/(increase) in trade and other receivables	2.3	-	(1.1)	1.2
Increase in inventories	(119.6)	(1.5)	(7.7)	(128.8)
Increase in trade and other payables	2.8	2.3	10.8	15.9
Contribution to retirement benefit obligations	(4.5)	-	-	(4.5)
Cash used by operations	(35.3)	-	-	(35.3)
Interest paid	(5.0)	-	-	(5.0)
Taxation paid	(17.9)	-	-	(17.9)
Net cash used by operating activities	(58.2)	-	-	(58.2)
Cash flows from investing activities				
Purchases of property, plant and equipment	(0.9)	-	-	(0.9)
Decrease in other financial assets	2.7	-	-	2.7
Dividends received from joint ventures	0.7	-	-	0.7
Interest received	0.3	-	-	0.3
Net cash inflow from investing activities	2.8	-	-	2.8
Cash flows from financing activities				
Repayment of bank and other borrowings	(1.9)	-	-	(1.9)
Proceeds from new loans	40.0	-	-	40.0
Debt arrangement and facility fees	(0.1)	-	-	(0.1)
Dividends paid	(56.0)	-	-	(56.0)
Net proceeds from the issue of shares	0.1	-	-	0.1
Net cash outflow from financing activities	(17.9)	-	-	(17.9)
Net decrease in cash and cash equivalents	(73.3)	-	-	(73.3)
Cash and cash equivalents at the beginning of the period	175.2	-	-	175.2
Cash and cash equivalents at end of the period	101.9	-	-	101.9

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

13 Impact of changes in accounting policies (continued)

Year ended 31 October 2018

Impact on Consolidated Income Statement	Year ended 31 October 2018 as previously reported	Adjustments in respect of purchasers' extras and freehold reversions	Adjustments in respect of Land sales	Adjustments in respect of revenue recognition on affordable and other sales in bulk	Year ended 31 October 2018 as reported
	£m	£m	£m	£m	£m
Revenue	1,136.1	15.4	(25.6)	(4.9)	1,121.0
Cost of sales	(881.4)	(15.4)	18.8	3.9	(874.1)
Gross profit	254.7	-	(6.8)	(1.0)	246.9
Administrative expenses	(64.9)	-	-	-	(64.9)
Operating profit	189.8	-	(6.8)	(1.0)	182.0
Finance income	3.0	-	-	-	3.0
Finance expense	(15.0)	-	-	-	(15.0)
Net finance expense	(12.0)	-	-	-	(12.0)
Share of post-tax results of joint ventures	(1.4)	-	-	0.1	(1.3)
Profit before tax	176.4	-	(6.8)	(0.9)	168.7
Income tax expense	(33.6)	-	1.3	0.2	(32.1)
Profit for the period	142.8	-	(5.5)	(0.7)	136.6
Earnings per ordinary share					
Basic	55.7p	-	(2.1)	(0.3)	53.3
Diluted	55.4p	-	(2.1)	(0.3)	53.0

Impact on Consolidated Statement of Changes in Equity	Year ended 31 October 2018 as previously reported	Adjustments in respect of purchasers' extras and freehold reversions	Adjustments in respect of Land sales	Adjustments in respect of revenue recognition on affordable and other sales in bulk	Year ended 31 October 2018 as reported
	£m	£m	£m	£m	£m
Balance at 1 November 2017	817.8	-	(0.3)	0.6	818.1
Profit for the year	142.8	-	(5.5)	(0.7)	136.6
Actuarial gains of defined benefit schemes	1.3	-	-	-	1.3
Change in deferred tax on actuarial gains of defined benefit schemes	(0.2)	-	-	-	(0.2)
Total comprehensive income for the year	143.9	-	(5.5)	(0.7)	137.7
Transactions with shareholders:					
Equity-settled share-based payments	2.5	-	-	-	2.5
Deferred tax on equity-settled share-based payments	(1.0)	-	-	-	(1.0)
Share capital issued	0.1	-	-	-	0.1
Dividends paid	(84.7)	-	-	-	(84.7)
Balance at 31 October 2018	878.6	-	(5.8)	(0.1)	872.7

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

13 Impact of changes in accounting policies (continued)

Impact on Consolidated Statement of Financial Position	Year ended 31 October 2018 as previously reported	Adjustments in respect of Land sales	Adjustments in respect of revenue recognition on affordable and other sales in bulk	Year ended 31 October 2018 as reported
	£m	£m	£m	£m
ASSETS				
Non-current assets				
Intangible assets	29.0	-	-	29.0
Property, plant and equipment	4.8	-	-	4.8
Investments in joint ventures	1.2	-	0.1	1.3
Other financial assets	7.2	-	-	7.2
Deferred tax assets	6.0	-	-	6.0
Retirement benefit surplus	2.5	-	-	2.5
Trade and other receivables	59.0	-	-	59.0
	109.7	-	0.1	109.8
Current assets				
Inventories	1,186.2	19.3	7.7	1,213.2
Other financial assets	3.3	-	-	3.3
Trade and other receivables	93.9	(0.4)	16.4	109.9
Cash and cash equivalents	184.3	-	-	184.3
	1,467.7	18.9	24.1	1,510.7
Total assets	1,577.4	18.9	24.2	1,620.5
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	(168.3)	-	-	(168.3)
Trade and other payables	(143.3)	-	-	(143.3)
Deferred tax liabilities	(0.5)	-	-	(0.5)
Retirement benefit obligations	-	-	-	-
Provisions	(0.9)	-	-	(0.9)
	(313.0)	-	-	(313.0)
Current liabilities				
Interest-bearing loans and borrowings	(1.9)	-	-	(1.9)
Trade and other payables	(371.0)	(26.0)	(24.4)	(421.4)
Current income tax liabilities	(11.2)	1.3	0.1	(9.8)
Provisions	(1.7)	-	-	(1.7)
	(385.8)	(24.7)	(24.3)	(434.8)
Total liabilities	(698.8)	(24.7)	(24.3)	(747.8)
Net assets	878.6	(5.8)	(0.1)	872.7
EQUITY				
Share capital	12.8	-	-	12.8
Share premium account	74.2	-	-	74.2
Retained earnings	791.6	(5.8)	(0.1)	785.7
Total equity	878.6	(5.8)	(0.1)	872.7
Included within trade and other receivables:				
Current contract assets	22.1	(0.4)	16.4	38.1
Included within trade and other payables:				
Current contract liabilities	(19.3)	(26.0)	(24.4)	(69.7)

Notes to the condensed consolidated half year financial statements (unaudited)
13 Impact of changes in accounting policies (continued)

Impact on Consolidated Cash Flow Statement	Year ended 31 October 2018 as previously reported	Adjustments in respect of Land sales	Adjustments in respect of revenue recognition on affordable and other sales in bulk	Year ended 31 October 2018 as reported
	£m	£m	£m	£m
Cash flows from operating activities				
Profit for the period attributable to equity shareholders	142.8	(5.5)	(0.7)	136.6
Adjustments for:				
Depreciation	1.9	-	-	1.9
Net finance expense	12.0	-	-	12.0
Share-based payment expense	2.5	-	-	2.5
Share of post-tax loss of joint ventures	1.4	-	(0.1)	1.3
Income tax expense	33.6	(1.3)	(0.2)	32.1
Operating profit before changes in working capital and provisions	194.2	(6.8)	(1.0)	186.4
Decrease/(increase) in trade and other receivables	2.5	0.4	(2.9)	-
Increase in inventories	(99.7)	(18.8)	(7.4)	(125.9)
Increase in trade and other payables	20.6	25.2	11.3	57.1
Contribution to retirement benefit obligations	(9.0)	-	-	(9.0)
Cash generated from operations	108.6	-	-	108.6
Interest paid	(10.3)	-	-	(10.3)
Taxation paid	(36.0)	-	-	(36.0)
Net cash generated from operating activities	62.3	-	-	62.3
Cash flows from investing activities				
Purchases of property, plant and equipment	(2.5)	-	-	(2.5)
Decrease in other financial assets	5.2	-	-	5.2
Dividends received from joint ventures	0.8	-	-	0.8
Interest received	0.4	-	-	0.4
Net cash inflow from investing activities	3.9	-	-	3.9
Cash flows from financing activities				
Repayment of bank and other borrowings	(1.9)	-	-	(1.9)
Proceeds from new loans	30.0	-	-	30.0
Debt arrangement and facility fees	(0.6)	-	-	(0.6)
Dividends paid	(84.7)	-	-	(84.7)
Net proceeds from the issue of shares	0.1	-	-	0.1
Net cash outflow from financing activities	(57.1)	-	-	(57.1)
Net increase in cash and cash equivalents	9.1	-	-	9.1
Cash and cash equivalents at the beginning of the period	175.2	-	-	175.2
Cash and cash equivalents at end of the period	184.3	-	-	184.3

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 "interim financial statements") in the Half Year Results of Crest Nicholson Holdings plc for the six month period ended 30 April 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim 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 interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 April 2019;
- 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 interim financial statements.

The interim 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 interim 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 interim financial statements and the review

Our responsibilities and those of the Directors

The Half Year Results, including the interim 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 interim 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 interim 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 interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
11 June 2019

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 interim 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.