This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Crest Nicholson Holdings plc

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2021

STRONG HY21 TRADING PERFORMANCE

STRATEGY ON TRACK TO ACCELERATE GROWTH

FY21 EARNINGS GUIDANCE UPGRADED

Crest Nicholson Holdings plc ('Crest Nicholson', the 'Company' or the 'Group') today announces its unaudited interim results for the six months ended 30 April 2021:

Financial highlights

- Revenue in the period increased to £324.5m (HY20: £240.0m), with home completions increasing to 1,017[1] (HY20: 775)
- Strong HY21 trading performance with sales per outlet week (SPOW) rate at 0.69 (HY20: 0.46)
- Forward sales of 2,771 units and Gross Development Value (GDV) of £691.8m as at 18 June 2021 (19 June 2020: 2,715 units and £575.1m GDV):
    - Robust forward order book with approximately 93% of FY21 revenue covered
- Adjusted profit before tax[2] (APBT) for HY21 of £36.1m (HY20: £4.5m)
- Profit before tax for HY21 of £36.3m (HY20: £51.2m loss before tax)
- Exceptional inventory impairment provision release of £7.6m (HY20: £43.2m exceptional charge), reflecting confidence in market conditions
- Net exceptional charge for combustible materials provision of £7.9m (HY20: £nil) with HY21 provision now at £23.2m (HY20: £12.5m)
- Transformational progress in strengthening the balance sheet:
    - Net cash[3] at £130.4m (HY20: net debt £93.3m) – operated with net cash position throughout HY21. FY21 closing net cash expected to be around £170.0m
    - Land creditors at £178.5m (HY20: £223.9m)
- Interim dividend declared of 4.1 pence per share, in line with dividend policy and reflecting confidence in outlook
- FY21 APBT now expected to be at least £100.0m, including the Longcross Film Studio profit contribution

[1] HY21 includes joint venture units at full unit count (HY20: Group's share of joint venture units). HY21 is also on an equivalent unit basis which allocates a proportion of the unit count for a deal to the land sale element where the deal contains a land sale (HY20: no equivalent unit allocation to land sale element). This approach reflects the Group's actual production output and also removes the distortive impact on average selling prices (ASP) of land sales.
[2] Adjusted items represent the HY21 and HY20 statutory figures adjusted for exceptional items as disclosed in note 5 to the condensed consolidated financial statements. Adjusted performance metrics are as disclosed in note 20. These alternative (non-statutory) performance measures have been disclosed as the Directors believe this assists in better understanding the performance of the Group.
[3] Net cash is defined as cash and cash equivalents less bank loans, senior loan notes and other loans. See note 16 to the condensed consolidated financial statements for a reconciliation.

Strategic highlights

The Group continued to make good progress against all its strategic priorities in the half:

- Retained Home Builders Federation (HBF) five-star rating for customer satisfaction for a further year
- Investment in land for growth with 2,682 plots approved for purchase at an average gross margin of 26.5%, after sales and marketing costs
- New house type range rollout on track, with over 6,700 future units in our short-term land portfolio now replanned with the new range:
    - 425 new house type completions expected in FY21
    - 80% of our private open market houses will be delivered using this range in 2022
- Several PRS deals exchanged or completed in HY21:
    - Growing PRS interest in single family homes
- New initiatives implemented to support delivery of sustainability targets:
    - Enhanced suite of reporting to monitor site processes and activities
    - Biodiesel trial underway

Further, the sale in May 2021 of 50% equitable interest in Longcross Film Studio is expected to deliver £45.0m cash consideration in the second half of FY21 and the profit contribution is expected to be in excess of £10.0m.

Key financial metrics

£m (unless otherwise stated)	HY21	HY20	% Change
Home completions[1]	**1,017**	**775**	**31.2**
Revenue	**324.5**	**240.0**	**35.2**
Adjusted gross profit[2]	**63.3**	**35.9**	**76.3**
Adjusted gross profit margin[2]	*19.5%*	*15.0%*	*450bps*
Adjusted administrative expenses[2]	(23.1)	(24.8)	(6.9)
Net impairment losses on financial assets	(0.2)	-	
Adjusted operating profit[2]	**40.0**	**11.1**	**260.4**
Adjusted operating profit margin[2]	*12.3%*	*4.6%*	*770bps*
Adjusted net finance expense[2]	(4.8)	(5.5)	(12.7)
Share of joint venture results	0.9	(1.1)	(181.8)
Adjusted profit before tax[2]	**36.1**	**4.5**	**702.2**
Adjusted income tax[2]	(7.3)	(0.9)	711.1
Adjusted profit after tax[2]	**28.8**	**3.6**	**700.0**
Exceptional items net of income tax	0.2	(44.1)	(100.5)
Gross profit/(loss)	**63.0**	**(7.3)**	**(963.0)**
Gross profit/(loss) margin	*19.4%*	*(3.0)%*	*2240bps*
Operating profit/(loss)	**39.7**	**(44.0)**	**(190.2)**
Operating profit/(loss) margin	*12.2%*	*(18.3)%*	*3050bps*
Profit/(loss) before tax	**36.3**	**(51.2)**	**(170.9)**
Profit/(loss) after tax	**29.0**	**(40.5)**	**(171.6)**
Adjusted basic earnings per share (p)[2]	**11.2**	**1.4**	**700.0**
Basic earnings/(loss) per share (p)	**11.2**	**(15.8)**	**(170.9)**
Dividend per share (p)	**4.1**	**-**	

[1] HY21 includes joint venture units at full unit count (HY20: Group's share of joint venture units). HY21 is also on an equivalent unit basis which allocates a proportion of the unit count for a deal to the land sale element where the deal contains a land sale (HY20: no equivalent unit allocation to land sale element). This approach reflects the Group's actual production output and also removes the distortive impact on ASPs of land sales.

[2] Adjusted items represent the HY21 and HY20 statutory figures adjusted for exceptional items as disclosed in note 5 to the condensed consolidated financial statements. Adjusted performance metrics are as disclosed in note 20. These alternative (non-statutory) performance measures have been disclosed as the Directors believe this assists in better understanding the performance of the Group.

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Current trading and outlook

Our trading performance in the first half has been strong, reflected in our HY21 SPOW rate of 0.69 and our forward order book being approximately 93% covered as at 18 June 2021. Based on demand for homes which will complete after the 30 September 2021 stamp duty deadline, we are confident that the housing market will remain robust, and this transition can be managed smoothly. We are also continuing to make good progress in all five of our strategic priorities and are increasingly confident about our future growth prospects.

Given our strong trading performance and confidence in outlook, including the Longcross Film Studio contribution, we now expect FY21 APBT to be at least £100.0m.

The Group intends to hold a Capital Markets Day in October 2021 to outline its future growth plans and long-term financial targets.

Peter Truscott, Chief Executive, said:

"I am very pleased with the strong trading performance the Group has delivered in the first half. This has been achieved against the backdrop of the ongoing pandemic and I would like to thank all Crest Nicholson employees and our partners for their dedication and commitment during this time.

We are making good progress in all five of our strategic priorities. Our balance sheet has been transformed and positions us strongly to grow in the future. Having completed the first part of our turnaround strategy, and implemented our operational efficiency programme, our focus now moves to rebuilding operating margins and delivering sustainable growth. We are evaluating options to enter new geographical markets and look forward to outlining these future growth plans and our long-term financial targets later this year."

Analyst and investor conference call and webcast

There will be an analyst and investor presentation via webcast, hosted by Peter Truscott, Chief Executive and Duncan Cooper, Group Finance Director, at 9.00 a.m. today. To join the presentation, please use the following link:

https://www.investis-live.com/crest-nicholson/60af6ae98b32171000bc8d75/fghj

There is also a facility to join the presentation and Q&A session via a conference call. Participants should dial **+44 (0) 20 3936 2999** and use confirmation code **408563.** A playback facility will be available shortly after the presentation has finished. For further information, please contact:

Crest Nicholson

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The person responsible for arranging the release of this announcement on behalf of the Company is Kevin Maguire, General Counsel and Company Secretary.

Cautionary statement regarding 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.

Chief Executive's Review

Business overview

We are delighted to report a strong set of results for HY21. Our strategy continues to deliver positive results across all areas of the business which is reflected in our performance. We have exceeded our own first half profit expectations and continue to make excellent progress in strengthening the balance sheet, closing the period with £130.4m of net cash versus £93.3m of net debt this time last year. Our land creditors have also reduced compared to the prior period and we operated throughout the first half with a net cash position. Finally, we have been active in the land market in the half, securing new opportunities that will help deliver our future growth ambitions.

Market conditions have been favourable and consistent, supported by the Government's decision to suspend stamp duty and to allow the sector to remain open during periods of COVID-19 restrictions. Consumer confidence in the stability of the housing market, coupled with changing working patterns and lifestyle choices, have underpinned demand, and meant both sales rates and prices have exceeded the pre-pandemic level. Since January 2021 demand has steadily increased with sales rates at their strongest in March and April. Reassuringly, we are seeing strong demand for homes scheduled to complete beyond the 30 September 2021 stamp duty deadline which gives us confidence that the transition from this Government support can be managed smoothly. Finally, our SPOW rate has improved compared to the prior period, and we have continued to sell homes in bulk where we have concluded that the characteristics and risk profile of the scheme are worth trading some profit for certainty of outcome and cash.

During the first half, there have been some labour and material shortages that have impacted build times. However, our operational efficiency programme has largely minimised any disruption. The additional costs attached to sourcing some materials have generally been offset by savings brought about by the standardisation of our product and specifications across the business.

As previously announced, and in line with our strategy, we continue to seek opportunities to maximise the value of our land portfolio and reinvest the proceeds into future developments. This is particularly relevant where the asset is not deemed core to our ongoing business operations. Therefore, we were delighted to announce on 14 May 2021 that we had disposed of our 50% equitable interest in Longcross Film Studio to our joint venture partner on that development, Aviva. This transaction is expected to complete in late summer 2021 and will result in a profit contribution in excess of £10.0m in FY21, and approximately a £45.0m cash inflow.

The transformational progress we have made strengthening our balance sheet, coupled with line of sight to the Longcross Film Studio disposal, has enabled us to act decisively in the land market. We have approved 2,682 plots for purchase, more than we utilised in the period, and at better gross margins than the new land purchased in FY20. This will be a key driver to our ongoing margin recovery ambition, which alongside volume growth will be our focus over the next few years.

Delivering outstanding customer service is one of our five strategic priorities. Everyone at Crest Nicholson has worked hard over the past year to make improvements to the customer journey. Accordingly, we were delighted to have retained our five-star customer satisfaction rating by the HBF for a further year.

Finally, I would like to acknowledge and thank the incredible efforts of all our colleagues throughout the first half. We recognise that the sector has been fortunate compared to many in its continued ability to trade and operate throughout the pandemic. However, this disruption has undoubtedly been felt in the personal lives of our people and I continue to be impressed by their commitment to build and deliver great homes for our customers and communities.

Excellent progress in operational efficiency

During the first half, the Group has continued to deliver efficiency improvements in all aspects of our operations. Overheads have remained tightly controlled and at sustainable levels, as we have increased build rates in response to the strong market demand. The new house type range has been central to these improvements. Rollout and adoption of the range is on track, and we expect 425 houses will be completed in FY21 using the range. Approximately 6,700 units have now been replanned and we expect 80% of our private open market houses will be delivered using this range in 2022.

The new house type range is the platform for consistent execution of many processes across our business. It enables us to deliver a high quality specification from a trusted selection of strategic suppliers. Build times are being reduced and site management activities are made simpler and more efficient. Consistent and repeatable construction processes are also the foundations of an effective health and safety environment on site, which will always be our number one priority.

We continue to seek opportunities to replan our sites. This is an ongoing process to maintain flexibility in our product offerings and to optimise the value of the developments. Replans and replotting will continue to bring positive benefits in coverage while also enhancing the returns from these investments.

During the period, we commenced the implementation of COINS (Construction Industry Solutions) to become our core operating system. Leveraging the latest industry-specific technology will provide some immediate benefits. It will increase our visibility and control of costs and provide greater insights and reporting tools to all levels of management. It is also the most utilised platform in the sector and is anticipated to be quickly adopted by our workforce. We expect to start transitioning onto COINS in late 2021.

Exceptional inventory impairment

As the business came out of the first lockdown in May 2020, the overwhelming consensus amongst market commentators was that house prices would fall sharply given the expected economic consequences of the pandemic. At this time, Crest Nicholson had some zero or low margin sites which would require impairing if this scenario were to be realised. This was the context for the exceptional net realisable value (NRV) provision that we made at HY20, as we applied an assumed 7.5% reduction in residential selling prices and a 32.0% reduction in commercial values across our whole portfolio.

In the short term these forecasts have proven to be pessimistic. The general economic backdrop has remained stable due to the significant and early interventions from the Government. The housing market has performed strongly, benefiting from remaining open throughout the pandemic, the suspension of stamp duty and changing working habits. All these factors have encouraged people to move home and resulted in house price inflation.

Accordingly, we have taken the decision to reassess the NRV provision without a forecast 7.5% residential sales price fall for all but one scheme. We have retained the 7.5% residential sales price fall assumption for the expected credit loss on the amounts loaned to the joint venture that holds the London Chest Hospital development, given its complexity and location. We have also retained the 32.0% commercial sales price fall assumption relating to commercial property, where market conditions remain challenging.

Although a large proportion of this provision has, or will be utilised to trade out of complex, mostly apartment-based legacy schemes, releasing the remaining balance has created an exceptional credit to the income statement of £7.6m.

Build costs and supply chain

Towards the end of the first half, we started to experience inevitable delays and shortages in labour and materials due to the fractured supply chains arising from the pandemic and lockdown restrictions. In most instances we managed this impact at a local level without any consequent disruption to operations.

At the start of the second half this disruption started to become more acute and we are now seeing increases in lead times for product deliveries to site and a limited number of significant price increases in certain product categories where there is greatest scarcity of supply. We expect these pressures to normalise in the medium term. However, it is possible that in the short term we will see further supply pressures start to emerge. Our move to a new standardised house type range and specification, coupled with the site replans, is delivering significant sourcing benefits to help offset these increases and we would also expect the current environment of house price inflation to help mitigate any impact to earnings.

Land investment

In order to realise our ambition to grow volumes across the business, it is important that we remain active in the land market. For Crest Nicholson this takes two forms. Firstly, drawing down land from our strategic portfolio into production, and secondly, being active and selective in the wider market for short term land. Overall, from these sources we have approved the purchase of 2,682 plots in the period at an average gross margin of 26.5%, after sales and marketing costs. This amount is above what we depleted in the half. Our new house type range and specification has enabled us to deliver efficient designs and build faster, which is allowing the Group to be more competitive than before in the land bidding process, while also delivering higher hurdle rates at the same time.

Although the market for short-term land in the best areas is more competitive than it has been for some time, as all developers look to rebuild their capacity and outlet numbers, we believe that the situation will moderate over time as the supply of sites increases. Behaviour amongst most buyers of land remains disciplined, and we have been able to acquire the amount that we need without compromising on margins or on the robust assumptions that underpin our bids.

Combustible materials provision

We recognise the review of building materials related to fire risks continues to evolve with changes to Building Regulations and Fire Safety Regulations, Government guidance and the way they are interpreted.

Upon joining the Group in 2019, the new Executive Leadership Team immediately conducted a detailed review of all current and legacy buildings to identify where there may be remediation requirements for combustible materials. This resulted in an exceptional charge to the income statement of £18.4m in FY19. This charge covered those buildings that we legally own or where a legal or constructive obligation to remedy the building was deemed to exist.

The Group continues to conduct a detailed periodic review of all ongoing remediation works including the assessment of costs to complete. As the year has progressed, within this changing and complex environment, we have reassessed the estimates of costs and likely duration of works. This has resulted in a £7.9m net exceptional charge to the income statement.

We continue to assess and engage with the HBF on the impact of the proposed construction levy tax for combustible materials.

Regulatory change

The industry is facing an unprecedented level of change over the coming years. The UK’s plans to decarbonise the economy will inevitably change the specification and technical designs of what we build. The proposed changes to the UK’s planning system are also transformational and will change the way we interact with several stakeholders.

Our industry has an important role to play in reducing carbon emissions and we welcome ambitious regulations to mitigate our sector’s impact on the climate. The Future Homes Standard will see new homes delivered that are zero carbon ready. This will require us to make changes to how we design and build our homes and we are actively looking at opportunities to improve fabric efficiency and researching new fossil fuel-free heating technologies. We believe that these challenges can be successfully overcome by working closely with our suppliers and Government to effectively manage the timeline and risks of transition, and to ensure that our customers benefit from these changes.

Sustainability update

We recognise our role as a responsible builder and are committed to playing our part in achieving a net zero carbon economy. Sustainability is effectively embedded into our business strategy as one of its four foundations. We continue to integrate sustainability throughout the business to deliver value for our stakeholders. Alongside our focus on placemaking, we remain committed to delivering high quality, sustainable communities.

As announced in our FY20 results, we launched targets to reduce our carbon emissions (scopes 1 and 2) intensity by 25%, waste intensity by 15% and to purchase 100% renewable electricity, all by 2025. We are actively implementing initiatives to reduce our environmental impact. This has included developing a new suite of reports that enable us to monitor processes and activities at a site level to optimise energy and fuel usage and reduce safety risks.

We also appreciate that our scope 3 emissions, both from the homes we deliver to customers and the materials sourced from our supply chain, are a significant part of our carbon footprint. The Future Homes Standard will see us delivering zero carbon ready homes and we are working with our supply chain to collate data to seek ways of reducing upstream emissions.

We actively engage with the HBF and Future Homes Taskforce and recently joined the Supply Chain Sustainability School as we collaborate with industry peers, supply chain, Government and our partners to deliver social value while protecting our environment.

Longcross Film Studio divestment

The sale of our 50% equitable interest in Longcross Film Studio announced on 14 May 2021, supports one of the Group's five strategic priorities to utilise and maximise the value of its land portfolio. We expect our proceeds from this transaction to deliver a contribution in excess of £10.0m to APBT for FY21 and the receipt of £45.0m cash consideration by the end of the financial year.

The Group continues to hold a 50% equitable interest in the remaining 195 acres of Longcross Garden Village in a joint venture with Aviva. This prime site is expected to deliver up to 1,700 homes. The scheme is allocated for residential and ancillary development in the adopted Runnymede Borough Council Local Plan. It is intended that Crest Nicholson will develop and complete its share of this site in the future.

Outlook

We have started the year with a strong trading performance and are now approximately 93% sold against our full year revenue target. Production levels are being maintained to align with these rates of sale. As we continue to successfully implement our strategy, including the Longcross Film Studio contribution, we are pleased to announce we now expect FY21 APBT to be at least £100.0m.

Having completed the first part of our turnaround strategy, transforming the balance sheet and implementing our operational efficiency programme, our focus has now moved to rebuilding operating margins back to industry-normal levels.

Although we will make significant progress this year, our margin recovery in FY21 will continue to be impacted by our lower margin legacy sites. In this specific regard we continue to target bulk deal opportunities at relevant schemes to add to those already announced at Old Vinyl, Hayes and Sherborne Wharf, Birmingham at FY20. As we enter FY22 lower margin schemes will have a less dilutive impact on margins and the effect of our new land purchases, delivered predominantly with our new house type range and associated operational efficiencies, will accelerate the margin recovery process.

Our five existing regional divisions have capacity to deliver at least 3,250 homes per year, but in the longer term we wish to grow volumes beyond this level. Accordingly, we are evaluating options to enter new geographical markets.

We expect to see a stable market in the next few years with the demand for our products remaining robust, supply chain pressures moderating and more land becoming available. As such we are confident about the medium-term prospects of Crest Nicholson.

We look forward to setting out more detail of our strategy, including our future growth plans and long-term financial targets, at our Capital Markets Day in October 2021.

Financial Review

Completions and revenue

Open market (private) completions increased 82.6% to 701 (HY20: 384). Prior half year completions were significantly impacted by the first COVID-19 lockdown and the initial uncertainty surrounding the housing market. The Group recorded a lower level of affordable completions down to 198[1] (HY20: 208), and a lower level of bulk completions down to 118[1] (HY20: 183), reflecting the strong comparator for bulk completions in the first half of last year. Overall completions increased 31.2% to 1,017[1] (HY20: 775).

Open market (private) ASP was down 6.1% to £398k[2] (HY20: £424k) as we continue to trade out of our legacy London sites and our Midlands division continues to grow within the overall mix. Affordable ASP was up 26.6% to £176k[2] (HY20: £139k) principally due to the change to the equivalent unit approach, not reflected in the comparative. Group revenue, excluding joint venture revenue, of £13.1m (HY20: £2.4m), increased 35.2% to £324.5m (HY20: £240.0m) in the first half.

Sales

Sales rates as measured by SPOW, were 0.69 for the period compared to 0.46 for the prior half. The improvement reflects the strong housing market trading conditions experienced in the first half compared to the first COVID-19 lockdown and initial uncertainty in the comparable period.

Sales outlets were 57 (HY20: 64) in the period. The pandemic continues to cause delays to the acquisition process and planning and technical approvals of developments for all housebuilders. Over the medium term the Group expects to deliver volume growth and increase its number of outlets.

Forward sales as at 18 June 2021 were 2,771 units (at 19 June 2020: 2,715) and £691.8m gross development value (GDV) (at 19 June 2020: £575.1m).

Operating profit and margin

Adjusted operating profit increased to £40.0m (HY20: £11.1m), with adjusted operating profit margin also increasing to 12.3% (HY20: 4.6%). The key driver of this strong improvement was delivered through the recovery in adjusted gross margin rate, up 450bps on prior year to 19.5% (HY20: 15.0%). The Group has recognised a comparatively lower number of legacy sites with weaker margins and is starting to benefit from the effects of the operational efficiency programme. These include the specification savings, the incremental margin from site replans as well as lower sales and marketing costs. For FY21 the Group expects the gross margin rate to be around 19.0%, reflecting the recognition of two weaker schemes in the second half, offset by the contribution from the Longcross Film Studio. For FY22 the Group expects the gross margin rate to increase to at least 21.0%.

Operating profit after exceptional items for the first half was £39.7m (HY20: £44.0m operating loss) reflecting the improved gross margin, operational efficiencies and lower exceptional items than HY20.

The Group also maintained a strong focus on overheads, with administrative expenses in the period down to £23.1m (HY20: adjusted administrative expenses £24.8m), which includes the repayment in full of the £2.5m Government Job Retention Scheme grant in December 2020. The reduction in administrative expenses demonstrates continuing progress in reducing the underlying overhead position.

[1] HY21 includes joint venture units at full unit count (HY20: Group's share of joint venture units). HY21 is also on an equivalent unit basis which allocates a proportion of the unit count for a deal to the land sale element where the deal contains a land sale (HY20: no equivalent unit allocation to land sale element). This approach reflects the Group's actual production output and also removes the distortive impact on ASPs of land sales.

[2] HY21 is on an equivalent unit basis which allocates a proportion of the unit count for a deal to the land sale element where the deal contains a land sale (HY20: no equivalent unit allocation to land sale element). HY21 ASP calculation includes joint venture units and sales prices at full unit value (HY20: Group's share of joint venture units).

Exceptional items

During the period the Group recorded a net exceptional credit before tax of £0.2m (HY20: £55.7m exceptional charge).

This credit comprised three elements: a net combustible materials charge of £7.9m (HY20: £nil), an inventory impairment credit of £7.6m (HY20: £43.2m charge) and a credit to finance expense of £0.5m (HY20: £0.6m charge). Detailed explanations for each of these items can be found in note 5. In the prior half year the Group also recorded restructuring costs of £4.5m and net impairment losses on financial assets of £7.4m.

In the year ended 31 October 2019 the Group considered the latest Government guidance notes in respect of combustible materials, fire risk and protection and regulatory compliance on completed developments. Following a detailed review of current and legacy buildings the Group recorded an exceptional charge of £18.4m where it believed a legal or constructive obligation to remedy the buildings existed. In the year ended 31 October 2020 the Group added to this provision by recording an exceptional net charge of £0.6m.

Against a complex and continually evolving backdrop the Group continues to carefully assess and update its anticipated obligations in this area. During the period the Group has recorded an exceptional charge of £10.3m to cover further expected remediation costs. Approximately half of this charge relates to revisions of forecasts on the previously identified programme of works and the other half relates to the inclusion of newly identified buildings now in scope. This has been offset by a £2.4m exceptional credit, relating to contractual recoveries from subcontractors and architects, resulting in a net combustible materials charge of £7.9m.

At the outset of the COVID-19 pandemic the Group considered the consensus of market commentary predicting significant contractions in house price volumes and prices. Accordingly, at 30 April 2020 the Group recorded a £33.9m net realisable value (NRV) charge and £9.3m of abortive work-in-progress. The NRV charge was based on an assumed 7.5% sales price reduction for residential properties in the portfolio and 32.0% for commercial units. Site specific provisions were also applied to schemes where the Group anticipated that further price action would be needed in a challenging market. These schemes share common characteristics of being complex, urban-located and predominantly comprise apartment accommodation.

Since establishing this provision, the housing market has performed strongly, through a combination of Government support and home movers responding to the COVID-19 impact on their lifestyles and ways of working. The Group has therefore decided to release the remaining, unrequired balance of the 7.5% sales price provision on all schemes apart from the London Chest Hospital. The Group has previously recorded an expected credit loss on the amounts loaned to the joint venture that holds the London Chest Hospital development and considers that this scheme still represents the characteristics of a complex, legacy scheme outlined above. Releasing the balance of this 7.5% provision has resulted in a £7.6m (HY20: £43.2m charge) exceptional credit in the period. The Group has not released the element of unutilised provision associated with commercial units due to continued uncertainty in this segment of the market.

The £0.5m credit (HY20: £0.6m charge) to finance expense relates to the Group's shared equity loan portfolio. The prior period charge reflects the application of the 7.5% sales price reduction outlined above, and in line with the removal of this assumption, this now results in an exceptional credit in the period.

Tax on exceptional items is £nil (HY20: £11.6m tax credit).

Financing and net debt

At 30 April 2021 the Group had net cash of £130.4m (HY20: £93.3m net debt). Net debt and land creditors were £48.1m (HY20: £317.2m). This significant improvement in the Group's liquidity position reflects the continued progress in closely managing work-in-progress, remaining disciplined in land acquisition, and trading out of complex legacy schemes, where it is economically sensible to do so. At 30 April 2021 the Group's £250.0m Revolving Credit Facility is undrawn (HY20: £250.0m drawn) and has remained so throughout the half.

Average net cash during the period was £80.5m (HY20: £125.0m net debt) and the Group is ungeared (HY20: 10.4% geared). Given the expected cash inflow from the sale of the Longcross Film Studio in the second half, and assuming the housing market remains stable in the pandemic environment, the Group expects the FY21 closing net cash position to be around £170.0m (FY20: £142.2m net cash).

Taxation

The effective tax rate applied to adjusted profit for the period was 20.2% (HY20: 20.9% tax rate on adjusted loss). This reflects the anticipated full year effective rate and is higher than the statutory rate of 19.0%.

Earnings per share

Adjusted basic earnings per share was 11.2 pence (HY20: 1.4 pence), reflecting the improved trading performance year-on-year. Earnings per share was 11.2 pence (HY20: loss per share 15.8 pence).

Dividend

The Board has declared an interim dividend of 4.1 pence per share, payable on 14 October 2021 to shareholders on the register on 24 September 2021. The dividend represents approximately one third of the dividend expected to be paid in respect of the financial year ending 31 October 2021.

Land and planning

The land market has become increasingly competitive during the first half against a backdrop of strong demand for new homes and developers looking to rebuild their capacity. Within this context the Group has remained selective and disciplined in its approach to new land acquisition but has also been able to take advantage of its significantly enhanced liquidity position.

Accordingly, in the period the Group approved the purchase of 2,682 plots at an average gross margin of 26.5%, after sales and marketing costs.

At 30 April 2021 the short-term land portfolio includes 15,138[1] (HY20: 16,263) plots. 760 (HY20: 422) plots were added in the period across three sites (HY20: three sites). The strategic portfolio now contains 22,176 (HY20: 21,383) plots with no plots added in the period. The combined assessed GDV of both portfolios is £11.9bn (HY20: £11.3bn). The increase compared to prior period is principally driven by the release of the remaining residential 7.5% NRV provision and the impact the assumption has on the GDV valuation. See note 5 for more details.

[1] HY21 includes joint venture units at full unit count (HY20: Group's share of joint venture units). HY21 is also on an equivalent unit basis which allocates a proportion of the unit count for a deal to the land sale element where the deal contains a land sale (HY20: no equivalent unit allocation to land sale element). This approach reflects the Group's actual production output and also removes the distortive impact on ASPs of land sales.

Principal Risks and Uncertainties

The Group's financial and operational performance as well as reputation are subject to several potential risks and uncertainties. These risks could, either separately or in combination, have a material impact on the Group's performance and shareholder returns.

Our divisional boards consider their individual risk registers on a half-yearly basis. The outcome of the divisional risk reviews and the Group's principal risks are carefully considered by the Executive Leadership Team. The Audit and Risk Committee and the Board have oversight of the Group's emerging and principal risks.

Emerging risks

Emerging risks are identified through horizon scanning by the Executive Leadership Team and the Board focusing on industry and macro-economic trends, complemented by the divisional boards reporting on potential significant impacts to future performance.

Production delays

There has been longer than anticipated delays and shortages in labour and materials principally because of the COVID-19 pandemic and Brexit disruption. This has coincided with strong levels of construction output with housebuilders and infrastructure projects (such as HS2) all benefiting from Government support to stay open and keep building. This has led to increased costs for certain materials and labour. We have mitigated these increased costs by gains achieved through standardisation sourcing benefits across the business. While we are currently delivering our planned levels of production, we expect these challenges to continue throughout the rest of the year before normalising next year.

Climate change

Climate change has short, medium and long-term implications for the business. The risks associated with climate change comprise transitional risk, such as emerging policy and the increasing cost of energy, and physical risks, including flooding, overheating and water shortages.

Regulatory change

We anticipate this risk will continue to evolve due to changes in regulations concerning energy efficiency and sustainability alongside legacy matters, such as combustible materials.

Reputational impact

Several legacy issues have impacted the perception of the housebuilding sector. If these issues continue to have negative impact on former customers and other stakeholders, there is a potential that this could become a principal risk.

Principal risks

Our principal risks are unchanged from those set out on pages 60 to 64 of the Group's Annual Integrated Report for the year ended 31 October 2020.

<table>
<tr><th>Risk</th><th>Risk description</th></tr>
<tr><td>Epidemic or pandemic from infectious diseases</td><td>An epidemic or pandemic of an infectious disease may lead to the imposition of Government controls on the movement of people, including social distancing, with the cessation of large parts of the economy for a significant period of time.

This could lead to:
- Short to medium-term impact to consumer confidence
- Lack of liquidity and/or mortgage availability in the mortgage market
- Disruption to our ability to deliver services to customers in the event of supply shortages and/or widespread loss of key people (both employees and subcontractors), with adverse impacts on customer volumes and experience.

A prolonged economic downturn could materially increase our pension deficit and associated contributions.

Adverse impacts to the economy could also affect our cash position and ability to fund investment projects and ongoing operations.</td></tr>
<tr><td>Demand for housing</td><td>A decline in macro-economic conditions in the UK, which negatively impacts the UK residential property market and reduces the ability for people to be able to buy homes, either through unemployment or low employment, constraints on mortgage availability, or higher costs of mortgage funding.

Changes to regulations and taxes, for example stamp duty, taxes on additional home purchases and the impact of government schemes like Help to Buy.

Decreased sales volumes occurring from a drop in housing demand, could see an increasing number of units held as unreserved stock and part-exchange stock with potential cash loss on final sales.

An over-reliance on Help to Buy and other Government-backed ownership schemes to boost sales volumes and rates.</td></tr>
<tr><td>Safety, health & environment (SHE)</td><td>A significant health and safety event could result in fatality, serious injury or a dangerous situation to an individual.

Significant environmental damage could be caused by operations on site or in our offices (for example, water contamination from pollution).

Lack of recognition of the importance of the wellbeing of employees.

These incidents or situations could have an impact to the personal lives of our stakeholders, adverse effect on our reputation and ability to secure public contracts or, if illegal, prosecution, or significant financial losses.

In addition, a SHE failure could lead to production delays and impact our ability to achieve financial forecasts and targets.</td></tr>
</table>

Risk	Risk description
Access to site labour and materials	Rising production levels across the industry put pressure on our materials supply chain. The industry is struggling to attract the next generation of talent into skilled trade professions. There is also a potential of a reduction of labour availability from the EU market. Increased use of more modern methods of construction could result in a labour market unwilling and unable to meet the skills and knowledge required and a materials supply chain lacking the scope and capacity. Given the current UK economic climate and uncertainty there is an enhanced likelihood of suppliers and subcontractors facing insolvency.
Customer service and quality	Customer service and/or build quality falls below our required standards resulting in reduction of reputation and trust, which could impact sales rates and volumes. Unforeseen product safety or quality issues or latent defects emerge due to new construction methods. Failure to effectively implement new regulations on build quality and respond to emerging technologies. Government guidance and mortgage lending policy for apartments with cladding has changed following the Grenfell tragedy.
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 which risks non-compliance with data privacy requirements and a failure of our IT systems. This in turn could result in a higher risk of fraud and, as a result, financial penalties and an impact to reputation.
Laws, policies and regulations	This risk relates to both new regulations and legacy matters. <u>Upcoming regulations and guidance</u> Ongoing uncertainty surrounding the requirements of future regulatory changes could impact our ability to make medium and longer-term decisions. The planning environment continues to evolve. The interpretation of the National Planning Policy Framework continues to develop in an environment where local authorities and public sector resources are constrained. Failure to effectively implement new environmental regulations including the Future Homes Standard and net biodiversity gain. <u>Legacy matters</u> Failure to plan and implement the guidance notes issued by the Government in respect of combustible materials and fire safety. The changes to the guidance are becoming more stringent and impacting a number of our former developments and customers.

Risk	Risk description
Build cost management	Build cost inflation and unforeseen cost increases driven by demands in the supply chain or failure to implement adequate cost control systems. Lack of awareness and understanding of external factors that may impact build costs including complex planning permissions and emerging sustainability and environmental regulations.
Attracting and retaining our skilled people	An increasing skills gap in the industry at all levels resulting in difficulty with recruiting the right and diverse mix of people for vacant positions. Employee turnover and inducting and embedding new employees, alongside the cost of wages increasing because of inflated offers in the market. Loss of knowledge within the Group which could result in inefficiencies, productivity loss, delays to business operations, increasing costs, and an overuse or reliance on consultants and the supply chain.
Solvency and liquidity	Cash generation for the Group is a key part of our updated strategy, and our cash headroom could be affected by economic pressures that result in delayed receipts and potentially lower sales in the short to medium-term. Commitments to significant land and build obligations that are made ahead of revenue certainty. Fall in sales during economic slowdown and lack of available debt finance. Reductions in margins as average selling price falls, inability to restructure appropriately and unsustainable levels of work-in-progress.

Statement of Directors' 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 Integrated Report.

The current Directors of Crest Nicholson Holdings plc are listed in the Annual Integrated Report for the year ended 31 October 2020.

A list of Directors is maintained on the Crest Nicholson website: www.crestnicholson.com. As previously notified, Sharon Flood will be stepping down as a Director on 30 June 2021.

By order of the Board

Peter Truscott

Chief Executive

24 June 2021

Registered number 6800600

CREST NICHOLSON HOLDINGS PLC
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Half year ended 30 April 2021 Unaudited Pre-exceptional items £m	Half year ended 30 April 2021 Unaudited Exceptional items (note 5) £m	Half year ended 30 April 2021 Unaudited Total £m	Half year ended 30 April 2020 Unaudited Pre-exceptional items £m	Half year ended 30 April 2020 Unaudited Exceptional items (note 5) £m	Half year ended 30 April 2020 Unaudited Total £m	Full year ended 31 October 2020 Audited Pre-exceptional item £m	Full year ended 31 October 2020 Audited Exceptional item (note 5) £m	Full year ended 31 October 2020 Audited Total £m
Revenue	4	324.5	-	324.5	240.0	-	240.0	677.9	-	677.9
Cost of sales		(261.2)	(0.3)	(261.5)	(204.1)	(43.2)	(247.3)	(570.2)	(43.8)	(614.0)
Gross profit/(loss)		63.3	(0.3)	63.0	35.9	(43.2)	(7.3)	107.7	(43.8)	63.9
Administrative expenses		(23.1)	-	(23.1)	(24.8)	(4.5)	(29.3)	(50.3)	(7.5)	(57.8)
Net impairment losses on financial assets		(0.2)	-	(0.2)	-	(7.4)	(7.4)	(0.3)	(7.6)	(7.9)
Operating profit/(loss)	6	40.0	(0.3)	39.7	11.1	(55.1)	(44.0)	57.1	(58.9)	(1.8)
Finance income		1.5	-	1.5	1.7	-	1.7	3.4	-	3.4
Finance expense		(6.3)	0.5	(5.8)	(7.2)	(0.6)	(7.8)	(14.1)	(0.5)	(14.6)
Net finance (expense)/income		(4.8)	0.5	(4.3)	(5.5)	(0.6)	(6.1)	(10.7)	(0.5)	(11.2)
Share of post-tax profits/(losses) of joint ventures using the equity method	10	0.9	-	0.9	(1.1)	-	(1.1)	(0.5)	-	(0.5)
Profit/(loss) before tax		36.1	0.2	36.3	4.5	(55.7)	(51.2)	45.9	(59.4)	(13.5)
Income tax (expense)/credit	7	(7.3)	-	(7.3)	(0.9)	11.6	10.7	(8.5)	11.3	2.8
Profit/(loss) for the period attributable to equity shareholders		28.8	0.2	29.0	3.6	(44.1)	(40.5)	37.4	(48.1)	(10.7)
Earnings/(loss) per ordinary share										
Basic	8	11.2p		11.3p	1.4p		(15.8)p	14.6p		(4.2)p
Diluted	8	11.2p		11.3p	1.4p		(15.8)p	14.5p		(4.2)p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Half year ended 30 April 2021 Unaudited £m	Half year ended 30 April 2020 Unaudited £m	Full year ended 31 October 2020 Audited £m
Profit/(loss) for the period attributable to equity shareholders		**29.0**	**(40.5)**	**(10.7)**
Other comprehensive income/(expense):				
Items that will not be reclassified to the consolidated income statement:				
Actuarial gains/(losses) of defined benefit schemes	**11**	**17.2**	**(5.7)**	**(13.8)**
Change in deferred tax on actuarial gains/(losses) of defined benefit schemes		**(3.3)**	**1.1**	**2.7**
Other comprehensive income/(expense) for the period net of income tax		**13.9**	**(4.6)**	**(11.1)**
Total comprehensive income/(expense) for the period attributable to equity shareholders		**42.9**	**(45.1)**	**(21.8)**

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 2021 (Unaudited)					
Balance at 1 November 2020 – originally reported		12.8	74.2	744.2	831.2
Change in accounting policy – land options	19	-	-	(5.9)	(5.9)
Balance at 1 November 2020 – Restated[1]		12.8	74.2	738.3	825.3
Profit for the period attributable to equity shareholders		-	-	29.0	29.0
Actuarial gains of defined benefit schemes	11	-	-	17.2	17.2
Change in deferred tax on actuarial gains of defined benefit schemes		-	-	(3.3)	(3.3)
Total comprehensive income for the period		-	-	42.9	42.9
Transactions with shareholders:					
Equity-settled share-based payments		-	-	0.7	0.7
Deferred tax on equity-settled share-based payments		-	-	0.2	0.2
Balance at 30 April 2021		12.8	74.2	782.1	869.1

[1] Restated to reflect the change in accounting policy on land options. See note 19.

	Note	Share capital	Share premium account	Retained earnings	Total
Half year ended 30 April 2020 (Unaudited)					
Balance at 1 November 2019 – originally reported		12.8	74.2	766.9	853.9
Change in accounting policy – land options	19	-	-	(5.9)	(5.9)
Balance at 1 November 2019 – Restated[1]		12.8	74.2	761.0	848.0
Loss for the period attributable to equity shareholders		-	-	(40.5)	(40.5)
Actuarial losses of defined benefit schemes	11	-	-	(5.7)	(5.7)
Change in deferred tax on actuarial losses of defined benefit schemes		-	-	1.1	1.1
Total comprehensive expense for the period		-	-	(45.1)	(45.1)
Transactions with shareholders:					
Equity-settled share-based payments		-	-	0.3	0.3
Purchase of own shares		-	-	(1.5)	(1.5)
Transfers in respect of share options		-	-	0.4	0.4
Balance at 30 April 2020		12.8	74.2	715.1	802.1

[1] Restated to reflect the change in accounting policy on land options. See note 19.

	Note	Share capital	Share premium account	Retained earnings	Total
Year ended 31 October 2020 (Audited)					
Balance at 1 November 2019 – originally reported		12.8	74.2	766.9	853.9
Change in accounting policy – land options	19	-	-	(5.9)	(5.9)
Balance at 1 November 2019 – Restated[1]		12.8	74.2	761.0	848.0
Loss for the year attributable to equity shareholders		-	-	(10.7)	(10.7)
Actuarial losses of defined benefit schemes	11	-	-	(13.8)	(13.8)
Change in deferred tax on actuarial losses of defined benefit schemes		-	-	2.7	2.7
Total comprehensive expense for the year		-	-	(21.8)	(21.8)
Transactions with shareholders:					
Equity-settled share-based payments		-	-	0.5	0.5
Purchase of own shares		-	-	(1.8)	(1.8)
Transfers in respect of share options		-	-	0.4	0.4
Balance at 31 October 2020		12.8	74.2	738.3	825.3

[1] Restated to reflect the change in accounting policy on land options. See note 19.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 April 2021 Unaudited £m	Restated[1] As at 30 April 2020 Unaudited £m	Restated[1] As at 31 October 2020 Audited £m
ASSETS				
Non-current assets				
Intangible assets		29.0	29.0	29.0
Property, plant and equipment		1.7	2.5	2.0
Right-of-use assets		4.7	7.2	6.0
Investments in joint ventures	10	5.3	2.1	3.7
Financial assets at fair value through profit and loss		3.5	4.1	4.6
Deferred tax assets		7.0	7.2	9.8
Retirement benefit surplus	11	8.6	-	-
Trade and other receivables		59.6	56.8	55.6
		119.4	108.9	110.7
Current assets				
Inventories	12	1,038.1	1,161.0	1,017.7
Financial assets at fair value through profit and loss		1.7	1.6	0.8
Trade and other receivables		78.7	106.1	95.2
Current income tax receivable		4.9	17.3	3.4
Cash and cash equivalents	13	228.0	255.5	239.4
		1,351.4	1,541.5	1,356.5
Total assets		1,470.8	1,650.4	1,467.2
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	13	(97.6)	(346.9)	(97.2)
Trade and other payables		(126.0)	(129.8)	(151.7)
Lease liabilities		(3.6)	(5.6)	(4.7)
Deferred tax liabilities	11	(1.6)	-	-
Retirement benefit obligations	11	-	(8.4)	(13.8)
Provisions	14	(8.1)	(5.1)	(3.4)
		(236.9)	(495.8)	(270.8)
Current liabilities				
Interest-bearing loans and borrowings	13	-	(1.9)	-
Trade and other payables		(347.2)	(339.8)	(357.0)
Lease liabilities		(2.1)	(2.6)	(2.3)
Provisions	14	(15.5)	(8.2)	(11.8)
		(364.8)	(352.5)	(371.1)
Total liabilities		(601.7)	(848.3)	(641.9)
Net assets		869.1	802.1	825.3
EQUITY				
Share capital	17	12.8	12.8	12.8
Share premium account	17	74.2	74.2	74.2
Retained earnings		782.1	715.1	738.3
Total equity		869.1	802.1	825.3

[1] Restated to reflect the change in accounting policy on land options. See note 19.

Crest Nicholson Holdings plc Registered number 6800600. These condensed consolidated half year financial statements were approved by the Board of Directors on 24 June 2021.

CREST NICHOLSON HOLDINGS PLC
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2021

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 30 April 2021 Unaudited £m	Restated[1] Half year ended 30 April 2020 Unaudited £m	Full year ended 31 October 2020 Audited £m
Cash flows from operating activities			
Profit/(loss) for the period attributable to equity shareholders	29.0	(40.5)	(10.7)
Adjustments for:			
Depreciation on property, plant and equipment	0.6	3.8	4.4
Depreciation on right-of-use assets	1.2	1.4	2.7
Net finance expense	4.3	6.1	11.2
Share-based payment expense	0.7	0.3	0.5
Share of post-tax result of joint ventures using the equity method	(0.9)	1.1	0.5
Movement of inventories impairment	(12.4)	43.2	29.3
Net impairment of financial assets	0.2	7.4	7.9
Income tax expense/(credit)	7.3	(10.7)	(2.8)
Operating profit before changes in working capital and provisions	30.0	12.1	43.0
Decrease in trade and other receivables	14.2	32.7	45.8
(Increase)/decrease in inventories	(8.0)	(60.4)	96.8
Decrease in trade and other payables	(28.6)	(92.4)	(52.9)
Contribution to retirement benefit obligations	(5.6)	(3.7)	(6.7)
Cash generated from/(used by) operations	2.0	(111.7)	126.0
Finance expense paid	(3.5)	(4.4)	(8.7)
Income tax paid	(7.4)	(8.1)	(3.1)
Net cash (used by)/generated from operating activities	(8.9)	(124.2)	114.2
Cash flows from investing activities			
Purchases of property, plant and equipment	(0.3)	(0.2)	(0.3)
Disposal of financial assets at fair value through profit and loss	0.6	1.0	1.3
Funding to joint ventures[1]	(7.5)	(13.3)	(15.6)
Repayment of funding from joint ventures[1]	5.9	9.0	10.1
Finance income received	0.1	0.2	0.3
Net cash outflow from investing activities	(1.2)	(3.3)	(4.2)
Cash flows from financing activities			
Repayment of bank and other borrowings	-	-	(36.9)
Proceeds from borrowings	-	215.0	-
Principal elements of lease payments	(1.3)	(1.5)	(2.9)
Purchase of own shares	-	(1.5)	(1.8)
Transfer in respect of share options	-	0.4	0.4
Net cash (outflow)/inflow from financing activities	(1.3)	212.4	(41.2)
Net (decrease)/increase in cash and cash equivalents	(11.4)	84.9	68.8
Cash and cash equivalents at the beginning of the year	239.4	170.6	170.6
Cash and cash equivalents at end of the period	228.0	255.5	239.4

[1] 30 April 2020: funding to joint ventures and repayment of funding from joint ventures was shown as net funding to joint ventures of (£4.3m). The balance has been restated to gross up the cash flows as required by IAS 7. 31 October 2020 was previously restated (see the Group's Annual Integrated Report for the year ended 31 October 2020).

1 BASIS OF PREPARATION

The Company is a public limited company incorporated, listed and domiciled in the UK. The address of the registered office is 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 2021 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority and with International Accounting Standard 34, 'Interim financial reporting', as adopted by the European Union. These condensed consolidated half year financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Group's Annual Integrated Report for the year ended 31 October 2020, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and international financial reporting standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 2020 were approved by the Board of Directors on 26 January 2021 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 are unaudited but have been subject to a review in accordance with International Standard on Review Engagements 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity', issued by the Auditing Practices Board. The auditor's review report for the period to 30 April 2021 is set out on page 38.

Going Concern
The Group has a £250.0m Revolving Credit Facility (RCF) provided by its four syndicate banks which expires in June 2024. At 30 April 2021 this facility was undrawn and had remained so throughout the reporting period. Net cash at 30 April 2021 was £130.4m.

The Group also has placed £100.0m of senior loan notes at fixed interest rates which mature from 2024 to 2029. Both the RCF and senior loan notes include covenants in respect of gearing, tangible net worth and interest cover. At the outset of the COVID-19 pandemic, and throughout the subsequent disruption, the Group has acted decisively to ensure a healthy liquidity position is always maintained. As such the Group has operated within the prevailing covenants during the period and no amendments to the terms of its covenants have been made because of the pandemic's impacts.

The Group maintains detailed long-term financial forecasts which are regularly scrutinised by the Board. Forecast cash flows and profitability contained in these forecasts have had various downside test scenarios applied against them to understand whether a theoretical covenant breach could occur. The Group's principal risks and uncertainties are the basis for determining which downside tests should be applied and these are described in detail on pages 13 to 16.

The Group's management forecasts through to the end of October 2023 formed the base case model. This took into account the Directors' views on expected volumes and prices as well as build costs and production levels. In deriving the most severe, but plausible scenario and its impact on the Group's financial performance and position, the Group has modelled the following assumptions which were overlaid on the base case:

- An immediate 15.0% sales volume reduction on all unexchanged open market and affordable units
- An immediate 10.0% sales price reduction on all unexchanged open market units and 5.0% on affordable units

The Group has then reasonably assumed that the following mitigating actions could be taken to manage this scenario, and has modelled:

- Sales and marketing costs are flexed down in line with the reduced sales volume
- Overhead reductions across the Group
- Build costs and associated cash outflows fall by 5.0%, starting 6 months after the sales price reduction, as subcontractors and suppliers reduce their prices in a lower demand environment
- Land spend is reduced to reflect the lower demand environment
- A dividend policy of 2.5 times (earnings) cover means that any dividend payment reduces if profitability is lower.

The Directors have carefully considered this severe, but plausible scenario and consider that the Group will continue to comply with all its borrowing covenants for the forecast horizon. There are further mitigating actions which the Directors could also consider which have not been modelled. The Directors consider that the Group will have adequate resources in place, for at least 12 months from the date of these results, to remain liquid and operational, and have therefore adopted the going concern basis of accounting in preparing the half year financial statements.

1 BASIS OF PREPARATION (continued)

Critical accounting estimates and judgements

The preparation of the condensed consolidated half year financial statements under IFRS requires the Directors to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and related disclosures. In applying the Group's accounting policies, the key judgements taken that have a significant impact on the financial statements, include those involving estimates, which are listed below, the judgement to present certain items as exceptional (see note 5), certain revenue policies relating to recognition over time and part exchange sales (see revenue and profit recognition accounting policy within the Group's Annual Integrated Report for the year ended 31 October 2020), and the recognition of the defined benefit pension scheme surplus (see note 11).

Estimates and associated assumptions affecting the financial statements are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

The Directors have made estimates and assumptions in reviewing the going concern assumption as detailed above. The Directors consider the key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities are the carrying value of inventories, estimation of project profitability (both detailed within the Group's Annual Integrated Report for the year ended 31 October 2020), and, the carrying value of inventories (see note 5 and 12) and the valuation of the pension scheme assets and liabilities (see note 11).

Other areas of accounting estimates and judgements

Combustible materials

The combustible materials provision requires assumptions to be made in the calculation of the costs of interrogation, replacement materials, works to complete and disruption to customers, along with the timing of forecast expenditure. During the period the combustible materials provision has been increased following further review. If forecast remediation costs are 10.0% higher than provided, the exceptional items charge in the condensed consolidated income statement would be £2.2m higher. See note 5 and 14 for additional details.

Accounting policies

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 2020 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 on inventories of options purchased in respect of land and project management fee income, as detailed below.

Inventories

Options purchased in respect of land are recognised initially as a prepayment within inventories and written down on a straight-line basis over the life of the option. If planning permission is granted and the option exercised, the option is not written down during that period and its carrying value is included within the cost of land purchased. In prior periods the Group policy has been to test the carrying values of options for impairment rather than amortise on a straight-line basis. When options were exercised, previous impairments were reversed and included as part of the inventory cost. The difference in accounting treatment is £5.9m after tax, which has been treated as a prior year restatement (see note 19).

Adoption of new and revised standards

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 2020:

- Amendments to IFRS 3 'Business combinations'
- Amendments to IAS 1 and IAS 8: Definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform
- Amendment to IFRS 16 Leases COVID-19: Related rent concessions

The adoption of the amendments in the period did not have a material impact on the financial statements.

1 BASIS OF PREPARATION (continued)

Impact of standards and interpretations in issue but not yet effective

There are a number of standards, amendments and interpretations that have been published that are not mandatory for the 31 October 2021 reporting period and have not been adopted early by the Group. The Group does not expect that the adoption of these standards, amendments and interpretations will have a material impact on the financial statements of the Group in future periods.

Alternative performance measures

The Group has adopted various Alternative Performance Measures (APMs), as presented within note 20. These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, and should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

2 SEGMENTAL REPORTING

The Executive Leadership Team, as disclosed in the Group's Annual Integrated Report for the year ended 31 October 2020 on page 76, 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 Leadership Team approves investment decisions, allocates Group resources and performs divisional performance reviews. The Group operating segments are considered to be its 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. In addition to this, the current and prior financial period results have been impacted by the COVID-19 pandemic and the related Government imposed lockdown measures, which have caused further fluctuations in the trading performance and working capital cycle.

4 REVENUE

Revenue type	Half year ended 30 April 2021 £m	Half year ended 30 April 2020 £m	Full year ended 31 October 2020 £m
Open market housing including specification upgrades	**287.4**	196.0	581.8
Affordable housing	**31.3**	28.6	76.6
Total housing	**318.7**	224.6	658.4
Land and commercial sales	**3.4**	14.3	17.8
Freehold reversions	**2.4**	1.1	1.7
Total revenue	**324.5**	240.0	677.9

Timing of revenue recognition	Half year ended 30 April 2021 £m	Half year ended 30 April 2020 £m	Full year ended 31 October 2020 £m
Revenue recognised at a point in time	**284.9**	187.2	551.2
Revenue recognised over time	**39.6**	52.8	126.7
Total revenue	**324.5**	240.0	677.9

Proceeds received on the disposal of part exchange properties, which is not included in revenue, were £23.6m (30 April 2020: £22.0m, 31 October 2020: £40.6m). These have been included within cost of sales.

Assets and liabilities related to contracts with customers	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 31 October 2020 £m
Contract assets	**46.3**	56.4	53.6
Contract liabilities	**(32.1)**	(35.8)	(32.8)

4 REVENUE (continued)

Contract assets have decreased to £46.3m from £53.6m since 31 October 2020, reflecting a lower amount of unbilled work-in-progress on affordable housing and other open market bulk sales at the period end.

Contract liabilities have reduced to £32.1m from £32.8m since 31 October 2020, reflecting a lower amount of payments on account received from customers in excess of billable work-in-progress on affordable housing and other open market bulk sales on contracts on which revenue is recognised over time.

Based on current forecasts for building and billing, management expects a significant proportion of the contract liabilities total to be recognised as revenue over the next 12 months.

5 EXCEPTIONAL ITEMS

Exceptional items are those which, in the opinion of the Directors, are material by size and/or non-recurring in nature and therefore require separate disclosure within the condensed consolidated income statement in order to assist the users of the financial statements in understanding what the Directors consider to be the underlying business performance of the Group. Any material reversal of these amounts will be reflected through exceptional items.

Exceptional items for the half year ended 30 April 2021 relate to the same category of items booked in previous financial periods.

	Half year ended 30 April 2021	Half year ended 30 April 2020	Full year ended 31 October 2020
Cost of sales	**£m**	**£m**	**£m**
Combustible materials charge	**10.3**	**-**	**2.6**
Combustible materials credit	**(2.4)**	**-**	**(2.0)**
Net combustible materials charge	**7.9**	**-**	**0.6**
Inventory impairment (credit)/charge	**(7.6)**	**43.2**	**43.2**
Total cost of sales exceptional charge	**0.3**	**43.2**	**43.8**
Administrative expenses			
Restructuring costs	**-**	**4.5**	**7.5**
Net impairment losses on financial assets	**-**	**7.4**	**7.6**
Net finance expense			
Finance expense (credit)/charge	**(0.5)**	**0.6**	**0.5**
Total exceptional (credit)/charge	**(0.2)**	**55.7**	**59.4**
Tax credit on exceptional (credit)/charge	**-**	**(11.6)**	**(11.3)**
Total exceptional (credit)/charge after tax credit	**(0.2)**	**44.1**	**48.1**

Net combustible materials charge
In the year ended 31 October 2019, following the latest Government guidance notes in respect of combustible materials, fire risk and protection, and regulatory compliance on completed developments, the Group recorded an exceptional charge of £18.4m.

In the year ended 31 October 2020, the Group reassessed the adequacy of the provision held, resulting in a net combustible materials charge of £0.6m, comprising a charge of £2.6m and a credit of £2.0m from settlement of claims against architects and subcontractors for incorrect building design or workmanship. These costs were previously included within the combustible materials exceptional expense. As the recognition of the initial charge related to the settlement received was an exceptional expense, the settlement is therefore recognised as an exceptional income.

In the half year ended 30 April 2021, the Group again reassessed the adequacy of the provision held, resulting in a net charge of £7.9m, comprising a charge of £10.3m and a credit of £2.4m from settlements of claims against architects and subcontractors. See note 14 for additional information.

5 EXCEPTIONAL ITEMS (continued)

Inventory impairment
Reflecting the anticipated deterioration to the housing sector and future economic uncertainty caused by COVID-19, the Group recorded a £43.2m exceptional inventory impairment charge in the half year to 30 April 2020, comprising £33.9m net realisable value (NRV) charge on current operational developments and £9.3m on abortive work-in-progress. This provision was reviewed at 31 October 2020 and the overall balance remained unchanged. The £33.9m NRV charge was based on a consensus of external market commentary estimates from which the Directors derived key assumptions.

Sales price reductions of 7.5% and 32.0% for unexchanged residential and commercial units were applied to the entire inventory portfolio respectively. In addition, site specific provisions were also applied to schemes where the Directors anticipated that further price action would be needed in a challenging market. These schemes share common characteristics of being complex, urban-located and predominantly comprise apartment accommodation. Three of these complex legacy developments comprised the majority of the write down.

In the half year ended 30 April 2021, the Group has not experienced the residential sales price reductions previously forecast. Since recording the NRV charge the Government has acted decisively to support the housing market, allowing it to remain open during COVID-19 restrictions, and extending the deadline for the initial stamp duty holiday to 30 September 2021. The propensity to move home has also been boosted by expected changes to future remote working expectations. Accordingly, the Group has considered whether it remains appropriate to hold the remaining, unutilised residential 7.5% sales price provision and has concluded it should be released. Therefore, an exceptional inventory impairment credit of £7.6m has been recognised in the period. The sales price provision of 32.0% for unexchanged commercial units has been maintained due to continued uncertainty in this segment of the market.

The remaining NRV provision of £24.7m held by the Group as presented in note 12, mainly represents site specific provisions on three complex legacy developments which are unaffected by the removal of the residential 7.5% sales price reductions.

Administrative expenses and net impairment losses on financial assets
In the half year ended 30 April 2021 the Group recorded restructuring costs of £nil (30 April 2020: £4.5m, 31 October 2020: £7.5m) within administrative expenses and net impairment losses on financial assets of £nil (30 April 2020: £7.4m, 31 October 2020: £7.6m).

Finance expense
Financial assets at fair value through profit and loss comprise shared equity loans secured by way of a second charge on the property. The prior period charge reflects the application of the 7.5% sales price reduction, and in line with the removal of this assumption as noted above, this results in a reduced exceptional finance expense of £0.5m in the current half year.

Taxation
An income tax credit of £nil (30 April 2020: £11.6m, 31 October 2020: £11.3m) has been recognised in relation to the above exceptional items.

6 OPERATING PROFIT/(LOSS)

Operating profit of £39.7m (30 April 2020: £44.0m operating loss, 31 October 2020: £1.8m operating loss) from continuing activities is stated after crediting/(charging):

	Half year ended 30 April 2021 £m	Half year ended 30 April 2020 £m	Full year ended 31 October 2020 £m
Inventories impairment movement (note 12)	**12.4**	**(36.8)**	**(29.3)**
Joint venture project management fees received (note 18)	**0.7**	**0.5**	**1.4**
Government grants (repaid)/received	**(2.5)**	**0.6**	**2.5**

Government grants
During the half year ended 30 April 2020 and year ended 31 October 2020 the Group recognised a £0.6m and £2.5m credit respectively, within administrative expenses relating to the Government's Job Retention Scheme (JRS). On 14 December 2020, the Group voluntarily repaid the JRS grant, representing a charge within administrative expenses in the current period.

7 TAXATION

The rate of taxation (expense)/credit on profit/(loss) for the half year ended 30 April 2021 is 20.1% (30 April 2020: 20.9% credit) and reflects the best estimate of the weighted average annual effective tax rate which is expected to apply to the Group for the year ending 31 October 2021. This calculation uses rates substantively enacted by 30 April 2021 as required by IAS 34 'Interim Financial Reporting'.

On 3 March 2021, the Chancellor of the Exchequer announced that the standard rate of UK corporation tax would increase from 19.0% to 25.0% from April 2023. As this change was not substantively enacted by the condensed consolidated statement of financial position date, the impact is not reflected in these interim financial statements. Had the rate change been enacted by the condensed consolidated financial position date, the net deferred tax impact would have been an increase in net deferred tax of £1.7m.

8 EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per share is calculated by dividing profit/(loss) attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period. For diluted earnings per share, the weighted average number of shares is increased by the average number of potential ordinary shares held under option during the period. This reflects the number of ordinary shares which would be purchased using the difference in value between the market value of shares and the share option exercise price. The market value of shares has been calculated using the average ordinary share price during the period. Only share options which have met their cumulative performance criteria have been included in the dilution calculation. The earnings and weighted average number of shares used in the calculations are set out below.

	Earnings	Weighted average number of shares	Per share amount
Half year ended 30 April 2021 – Total	**£m**	**millions**	**pence**
Basic earnings per share	**29.0**	**256.8**	**11.3**
Effect of share options	**-**	**0.7**	
Diluted earnings per share	**29.0**	**257.5**	**11.3**
Half year ended 30 April 2021 – Pre-exceptional			
Basic earnings per share	**28.8**	**256.8**	**11.2**
Effect of share options	**-**	**0.7**	
Diluted earnings per share	**28.8**	**257.5**	**11.2**
Half year ended 30 April 2020 – Total			
Basic loss per share	**(40.5)**	**256.8**	**(15.8)**
Effect of share options	**-**	**-**	
Diluted loss per share	**(40.5)**	**256.8**	**(15.8)**
Half year ended 30 April 2020 – Pre-exceptional			
Basic earnings per share	**3.6**	**256.8**	**1.4**
Effect of share options	**-**	**0.3**	
Diluted earnings per share	**3.6**	**257.1**	**1.4**
Full year ended 31 October 2020 – Total			
Basic loss per share	**(10.7)**	**256.8**	**(4.2)**
Effect of share options	**-**	**-**	
Diluted loss per share	**(10.7)**	**256.8**	**(4.2)**
Full year ended 31 October 2020 – Pre-exceptional			
Basic earnings per share	**37.4**	**256.8**	**14.6**
Effect of share options	**-**	**0.3**	
Diluted earnings per share	**37.4**	**257.1**	**14.5**

9 DIVIDENDS

	Half year ended 30 April 2021	Half year ended 30 April 2020	Full year ended 31 October 2020
Dividends declared as distributions to equity shareholders in the period:	**£m**	**£m**	**£m**
Proposed interim dividend for the year ending 31 October 2021 of 4.1 pence per share (30 April 2020 and 31 October 2020: nil pence per share)	**10.5**	**-**	**-**

Due to the impact of COVID-19, and associated business and economic uncertainty, no dividends were paid during the year ended 31 October 2020. The final 2019 dividend of 21.8 pence per share was cancelled, which would have been due on 9 April 2020. The proposed interim dividend was approved by the Board on 24 June 2021 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. The interim dividend will be paid on 14 October 2021 to all ordinary shareholders on the Register of Members on 24 September 2021.

10 INVESTMENTS

Investments in joint ventures

The tables below provide financial information for joint ventures that are material to the Group. All joint ventures have their place of business in Great Britain, are 50% owned and are accounted for using the equity method, in line with the prior period.

	As at 30 April 2021	As at 30 April 2020	As at 31 October 2020
Total investments in joint ventures	**£m**	**£m**	**£m**
Crest Sovereign (Brooklands) LLP[1]	**-**	**-**	**-**
Bonner Road LLP[1]	**-**	**-**	**-**
Crest A2D (Walton Court) LLP	**1.7**	**0.7**	**1.0**
Elmsbrook (Crest A2D) LLP	**3.5**	**1.3**	**2.6**
Other non-material joint ventures	**0.1**	**0.1**	**0.1**
Total investments in joint ventures	**5.3**	**2.1**	**3.7**

[1]Net of cumulative losses

	Half year ended 30 April 2021	Half year ended 30 April 2020	Full year ended 31 October 2020
Group's share in joint venture profit/(loss) for the period	**£m**	**£m**	**£m**
Crest Sovereign (Brooklands) LLP	**0.3**	**(0.5)**	**(0.7)**
Bonner Road LLP	**(0.6)**	**(0.7)**	**(1.2)**
Crest A2D (Walton Court) LLP	**0.3**	**(0.1)**	**(0.1)**
Elmsbrook (Crest A2D) LLP	**0.9**	**0.2**	**1.5**
Total Group's share in joint venture profit/(loss) for the period	**0.9**	**(1.1)**	**(0.5)**

	As at 30 April 2021	As at 30 April 2020	As at 31 October 2020
Amounts due from joint ventures	**£m**	**£m**	**£m**
Crest Sovereign (Brooklands) LLP	**21.1**	**19.3**	**21.4**
Bonner Road LLP[2]	**18.8**	**19.0**	**18.8**
Crest A2D (Walton Court) LLP	**15.5**	**9.4**	**12.0**
Elmsbrook (Crest A2D) LLP	**1.2**	**4.8**	**2.3**
Other non-material joint ventures	**-**	**0.9**	**-**
Total amounts due from joint ventures	**56.6**	**53.4**	**54.5**

[2] Stated after expected credit loss of £11.0m (30 April 2020: £10.6m, 31 October 2020: £10.8m)

11 RETIREMENT BENEFIT SURPLUS/(OBLIGATIONS)

The retirement benefit surplus/(deficit) recognised on the defined benefit scheme in the condensed consolidated statement of financial position represents the surplus/(deficit) of the fair value of the Crest Nicholson Group Pension and Life Assurance Scheme's (the Scheme) assets over the present value of Scheme liabilities. There has been a material improvement in the position going from a deficit of £13.8m at 31 October 2020 to a surplus of £8.6m at 30 April 2021. This was driven by improved asset performance and a reduction in liabilities due to increasing interest rates being reflected in the discount rate.

The amounts recognised in the condensed consolidated statement of financial position on the defined benefit scheme is as follows:

	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 31 October 2020 £m
Present value of scheme liabilities	(216.0)	(212.6)	(228.3)
Fair value of scheme assets	224.6	204.2	214.5
Retirement benefit surplus/(deficit) recognised at period end	8.6	(8.4)	(13.8)
Deferred tax asset recognised at period end within non-current assets	-	1.6	2.6
Deferred tax liability recognised at period end within non-current liabilities	(1.6)	-	-

The rules of the Scheme provide the Group with an unconditional right to a refund of surplus assets on the gradual settlement of the Scheme's liabilities. In the ordinary course of business the Scheme trustees have no unilateral right to wind the Scheme up. Based on these rights and in accordance with IFRIC 14, the Group has made the judgement that the net surplus in the Scheme is recognised in full.

At the condensed consolidated statement of financial position date the substantively enacted future corporation tax rate for FY21 and beyond is 19.0%, on which the deferred tax liability on the retirement benefit surplus has been evaluated.

Amounts recognised in comprehensive income:
The current and past service costs, settlements and curtailments, together with the net interest expense for the period are included in the condensed consolidated income statement. Remeasurements of the retirement benefit asset/(liability) are included in the condensed consolidated statement of comprehensive income.

	Half year ended 30 April 2021	Half year ended 30 April 2020	Full year ended 31 October 2020
Service cost	£m	£m	£m
Administrative expenses	(0.3)	(0.2)	(0.4)
Net interest expense	(0.1)	-	(0.1)
Expense recognised in the condensed consolidated income statement	(0.4)	(0.2)	(0.5)
Remeasurements of the net asset/(liability)			
Return on Scheme assets	6.0	(8.5)	1.3
Gain/(loss) arising from changes in financial assumptions	7.3	(0.5)	(13.8)
Gain/(loss) arising from changes in demographic assumptions	2.2	2.7	(3.7)
Experience gain	1.7	0.6	2.4
Actuarial gains/(losses) recorded in the condensed consolidated statement of comprehensive income	17.2	(5.7)	(13.8)
Total defined benefit scheme gains/(losses)	16.8	(5.9)	(14.3)

	Half year ended 30 April 2021	Half year ended 30 April 2020	Full year ended 31 October 2020
The principal actuarial assumptions used were:	%	%	%
Liability discount rate	1.90	1.60	1.50
Inflation assumption – RPI	3.35	2.55	3.05
Inflation assumption – CPI	2.65	1.75	2.25

12 INVENTORIES

	As at 30 April 2021 £m	Restated[1] As at 30 April 2020 £m	Restated[1] As at 31 October 2020 £m
Work-in-progress	934.1	961.5	889.8
Completed buildings including show homes	85.6	183.5	107.0
Part exchange inventories	18.4	16.0	20.9
	1,038.1	1,161.0	1,017.7

[1] Restated to reflect the change in accounting policy on land options. See note 19.

During the period and as detailed in note 5, the remaining unutilised residential 7.5% sales price provision has been released creating an exceptional inventory impairment credit of £7.6m (30 April 2020: £33.9m exceptional charge, 31 October 2020: £33.9m exceptional charge).

Total inventories are stated net of a net realisable value provision of £24.7m (30 April 2021: £44.6m, and, 31 October 2020: £37.1m), mainly relating to the impairments as disclosed in the Group's Annual Integrated Report for the year ended 31 October 2020, net of the residential 7.5% sales price reduction assumption.

Of the £24.7m remaining NRV provision at 30 April 2021 it is currently forecast that over half will be used in the second half of 2021 financial year end as some sites subject to NRV are forecast to be legally completed.

Movements in the NRV provision	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 31 October 2020 £m
At beginning of the period	37.1	7.8	7.8
Pre-exceptional NRV (credited)/charged in the period	(0.7)	4.0	2.9
Pre-exceptional NRV used in the period	(3.7)	(1.1)	(2.1)
Exceptional NRV (credited)/charged in the period (note 5)	(7.6)	33.9	33.9
Exceptional NRV used in the period	(0.4)	-	(5.4)
Total movement in NRV in the period	(12.4)	36.8	29.3
At end of the period	24.7	44.6	37.1

During half year ended 30 April 2020 and full year ended 31 October 2020 the Group wrote off as an exceptional item £9.3m of work-in-progress and other associated costs on a project where the scheme is no longer profitable and therefore aborted. The combination of this and the exceptional NRV provided in the period of £33.9m is £43.2m, representing the total exceptional inventory impairment charge per note 5.

13 CASH AND CASH EQUIVALENTS, INTEREST-BEARING LOANS AND BORROWINGS

	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 31 October 2020 £m
Cash and cash equivalents	228.0	255.5	239.4
Non-current interest-bearing loans and borrowings			
Revolving credit facility	-	(250.0)	-
Senior loan notes – maturing 2024 to 2029	(100.0)	(100.0)	(100.0)
Revolving credit facility and senior loan notes issue costs	2.4	3.1	2.8
	(97.6)	(346.9)	(97.2)
Current interest-bearing loans and borrowings			
Other loans	-	(1.9)	-

At 30 April 2021, the Group had undrawn revolving credit facilities of £250.0m (30 April 2020: £nil, 31 October 2020: £250.0m).

14 PROVISIONS

	As at 30 April 2021 Combustible materials £m	As at 30 April 2021 Other provisions £m	As at 30 April 2021 Total £m	As at 30 April 2020 Combustible materials £m	As at 30 April 2020 Other provisions £m	As at 30 April 2020 Total £m	As at 31 October 2020 Combustible materials £m	As at 31 October 2020 Other provisions £m	As at 31 October 2020 Total £m
At beginning of the period	14.8	0.4	15.2	14.6	1.6	16.2	14.6	1.6	16.2
Provided in the period	10.3	-	10.3	-	-	-	2.6	-	2.6
Utilised in the period	(1.9)	-	(1.9)	(2.1)	(0.4)	(2.5)	(2.4)	(0.4)	(2.8)
Released in the period	-	-	-	-	(0.4)	(0.4)	-	(0.8)	(0.8)
At end of the period	23.2	0.4	23.6	12.5	0.8	13.3	14.8	0.4	15.2
Of which:									
Non-current	8.1	-	8.1	5.1	-	5.1	3.4	-	3.4
Current	15.1	0.4	15.5	7.4	0.8	8.2	11.4	0.4	11.8
	23.2	0.4	23.6	12.5	0.8	13.3	14.8	0.4	15.2

Combustible materials
In the year ended 31 October 2019, following the latest Government guidance notes in respect of combustible materials, fire risk and protection and regulatory compliance on completed developments, the Group recorded an exceptional charge of £18.4m. At the time the Group conducted a detailed review of all current and legacy buildings to identify those that were impacted and estimated remediation costs where a legal or constructive obligation to remediate the buildings existed. The charge is a complex calculation considering many different inputs including the height and square footage of the impacted buildings, costs of interrogation, estimated costs of replacement materials and labour, the extent of the works to be complete and potential disruption to customers.

In the year ended 31 October 2020, the Group reassessed the adequacy of the provision held, resulting in a net combustible materials charge of £0.6m, comprising a charge of £2.6m and a credit of £2.0m in settlements of claims against architects and subcontractors.

During the half year ended 30 April 2021 the Group continued to reassess the estimates on costs and timing of works and associated adequacy of the provision held. This resulted in an increase of £10.3m in the provision. Approximately half of this increase is due to revisions of forecasts on previously assessed buildings, and half on newly identified buildings requiring fire-related remedial works. The Group spent £1.9m in the period across a number of buildings requiring further investigative costs, including balcony and cladding related works.

The provision of £23.2m represents the Group’s best estimate of costs at 30 April 2021. The Group will continue to assess the magnitude and utilisation of this provision in future financial reporting periods. The Group recognises that guidance in this area is evolving over time and that assumptions may require revising, resulting in changes to the expected cash outflow. The Group expects to have completed any required remedies within a five-year period. The Group expects to utilise £15.5m of the remaining provision within one year, and the balance within two to five years.

The Group is continuing to review the recoverability of costs incurred from third parties where we have a contractual right of recourse. In the period £2.4m was recovered from third parties, which has been recorded as an exceptional credit in the consolidated income statement. See note 5 for income statement disclosure.

Other provisions
Other provisions are dilapidation provisions on commercial properties where the Group previously held the head lease. These leases are now terminated and the provision represents forecast costs to be incurred in bringing the buildings back to their original condition.

15 FINANCIAL ASSETS AND LIABILITIES

	As at 30 April 2021	As at 30 April 2020	As at 31 October 2020
Financial assets	**£m**	**£m**	**£m**
Sterling cash deposits	**228.0**	**255.5**	**239.4**
Trade receivables	**28.7**	**41.2**	**32.7**
Amounts due from joint ventures	**56.6**	**53.4**	**54.5**
Contract assets	**46.3**	**56.4**	**53.6**
Other receivables	**4.0**	**7.8**	**7.9**
Total cash equivalents and trade and other receivables	**363.6**	**414.3**	**388.1**
Financial assets at fair value through profit and loss	**5.2**	**5.7**	**5.4**
Total financial assets	**368.8**	**420.0**	**393.5**

Financial assets at fair value through profit and loss are held at fair value and categorised as level three within the hierarchical classification of IFRS 13 Revised. The carrying value of cash and cash equivalents, trade and other receivables, amounts due from joint ventures and contract assets is a reasonable approximation of fair value which would be measured under a level 3 hierarchy.

	As at 30 April 2021	As at 30 April 2020	As at 31 October 2020
Financial liabilities	**£m**	**£m**	**£m**
Revolving credit facility	**-**	**250.0**	**-**
Senior loan notes	**100.0**	**100.0**	**100.0**
Other loans	**-**	**1.9**	**-**
Land payables on contractual terms carrying interest	**65.0**	**72.0**	**101.9**
Land payables on contractual terms carrying no interest	**113.5**	**151.9**	**103.8**
Amounts due to joint ventures	**0.1**	**0.1**	**0.1**
Lease liabilities	**5.7**	**8.2**	**7.0**
Other trade payables	**35.7**	**36.0**	**36.2**
Other payables	**9.2**	**9.7**	**8.6**
Accruals	**214.5**	**159.6**	**222.9**
Total financial liabilities at amortised cost	**543.7**	**789.4**	**580.5**

The carrying value of the Group's financial liabilities is a reasonable approximation to their fair value.

16 NET DEBT AND LAND CREDITORS

	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 31 October 2020 £m
Cash and cash equivalents	**228.0**	**255.5**	**239.4**
Non-current interest-bearing loans and borrowings	**(97.6)**	**(346.9)**	**(97.2)**
Current interest-bearing loans and borrowings	**-**	**(1.9)**	**-**
Net cash/(debt)	**130.4**	**(93.3)**	**142.2**
Land payables on contractual terms carrying interest	**(65.0)**	**(72.0)**	**(101.9)**
Land payables on contractual terms carrying no interest	**(113.5)**	**(151.9)**	**(103.8)**
Net debt and land creditors	**(48.1)**	**(317.2)**	**(63.5)**

17 SHARE CAPITAL

	Shares issued	Nominal value	Share capital	Share premium account
	number	pence	£m	£m
As at 30 April 2021, 30 April 2020 and 31 October 2020	**256,920,539**	**5**	**12.8**	**74.2**

18 RELATED PARTY TRANSACTIONS

Related parties are consistent with those disclosed in the Group's Annual Integrated Report for the year ended 31 October 2020.

The Group had the following transactions with its joint ventures in the period:

	Half year ended 30 April 2021	Half year ended 30 April 2020	Full year ended 31 October 2020
	£m	£m	£m
Interest income on joint venture funding	**1.4**	**1.1**	**2.7**
Project management fees received	**0.7**	**0.5**	**1.4**
Amounts due from joint ventures, net of expected credit losses	**56.6**	**53.4**	**54.5**
Amounts due to joint ventures	**0.1**	**0.1**	**0.1**
Funding to joint ventures	**(7.5)**	**(13.3)**	**(15.6)**
Repayment of funding from joint ventures	**5.9**	**9.0**	**10.1**

19 CHANGE IN ACCOUNTING POLICY

Inventories
In previous financial statements options purchased in respect of land were initially recognised as a prepayment within inventories at cost and subject to annual impairment reviews, with provisions made to reflect loss of value. When a land contract was subsequently secured from an option subject to impairment, the previously impaired costs were written back to the income statement and capitalised within work-in-progress. Upon development of the land, this capitalised cost is charged to cost of sales as housing units are sold.

The Group has changed this policy to be more in line with common industry practice and to provide more reliable and relevant information, which it believes improves the understanding of the performance of the business. Land options are now written down on a straight-line basis over the life of the option, with no subsequent write back to the consolidated income statement when a land contract is secured. The updated policy is disclosed within note 1.

This change in policy will result in the derecognition of £7.3m of land options previously written back to the income statement, and create an associated deferred tax asset of £1.4m. The previous income statement write backs did not occur in the periods ended 31 October 2019, 30 April 2020 or 31 October 2020, thus the consolidated income statement for these periods does not require restatement. The impact on previously reported consolidated statement of financial position is presented overleaf.

19 CHANGE IN ACCOUNTING POLICY (continued)

	As at 1 November 2019 £m	As at 30 April 2020 £m	As at 31 October 2020 £m
Deferred tax assets			
As previously reported	6.4	5.8	8.4
Change in accounting policy	1.4	1.4	1.4
As reported	7.8	7.2	9.8
Inventories			
As previously reported	1,151.1	1,168.3	1,025.0
Change in accounting policy	(7.3)	(7.3)	(7.3)
As reported	1,143.8	1,161.0	1,017.7
Total assets			
As previously reported	1,576.2	1,656.3	1,473.1
Change in accounting policy	(5.9)	(5.9)	(5.9)
As reported	1,570.3	1,650.4	1,467.2
Net assets			
As previously reported	853.9	808.0	831.2
Change in accounting policy	(5.9)	(5.9)	(5.9)
As reported	848.0	802.1	825.3
Retained earnings			
As previously reported	766.9	721.0	744.2
Change in accounting policy	(5.9)	(5.9)	(5.9)
As reported	761.0	715.1	738.3
Total equity			
As previously reported	853.9	808.0	831.2
Change in accounting policy	(5.9)	(5.9)	(5.9)
As reported	848.0	802.1	825.3

20 ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)

The Group uses a number of alternative performance measures (APM) which are not defined within IFRS. The Directors use the APMs, along with IFRS measures, to assess the operational performance of the Group as detailed in the Strategic Report on pages 1 to 65 of the Group's Annual Integrated Report for the year ended 31 October 2020, and above. Definitions and reconciliations of the financial APMs used compared to IFRS measures, are included below:

20 ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED) (continued)

Adjusted performance metrics

Adjusted performance metrics as shown below comprise statutory metrics adjusted for the exceptional items as presented in note 5 of the consolidated financial statements. The exceptional items have a material impact to reported performance and arise from recent, unforeseen events. As such, the Directors consider these adjusted performance metrics reflect a more accurate view of its core operations and underlying business performance.

Half year ended 30 April 2021		Statutory	Exceptional items	Adjusted
Gross profit	£m	63.0	0.3	63.3
Gross profit margin	%	19.4	0.1	19.5
Administrative expenses	£m	(23.1)	-	(23.1)
Administrative expenses/overhead efficiency	%	7.1	-	7.1
Net impairment losses on financial assets	£m	(0.2)	-	(0.2)
Operating profit	£m	39.7	0.3	40.0
Operating profit margin	%	12.2	0.1	12.3
Net finance expense	£m	(4.3)	(0.5)	(4.8)
Profit/(loss) before tax	£m	36.3	(0.2)	36.1
Income tax (expense)/credit	£m	(7.3)	-	(7.3)
Profit/(loss) after tax	£m	29.0	(0.2)	28.8
Basic earnings/(loss) per share	Pence	11.3	(0.1)	11.2
Diluted earnings/(loss) per share	Pence	11.3	(0.1)	11.2

Half year ended 30 April 2020		Statutory	Exceptional items	Adjusted
Gross (loss)/profit	£m	(7.3)	43.2	35.9
Gross (loss)/profit margin	%	(3.0)	18.0	15.0
Administrative expenses	£m	(29.3)	4.5	(24.8)
Administrative expenses/overhead efficiency	%	12.2	(1.9)	10.3
Net impairment losses on financial assets	£m	(7.4)	7.4	-
Operating (loss)/profit	£m	(44.0)	55.1	11.1
Operating (loss)/profit margin	%	(18.3)	22.9	4.6
Net finance expense	£m	(6.1)	0.6	(5.5)
(Loss)/profit before tax	£m	(51.2)	55.7	4.5
Income tax credit/(expense)	£m	10.7	(11.6)	(0.9)
(Loss)/profit after tax	£m	(40.5)	44.1	3.6
Basic (loss)/earnings per share	Pence	(15.8)	17.2	1.4
Diluted (loss)/earnings per share	Pence	(15.8)	17.2	1.4

Full year ended 31 October 2020		Statutory	Exceptional items	Adjusted
Gross profit	£m	63.9	43.8	107.7
Gross profit margin	%	9.4	6.5	15.9
Administrative expenses	£m	(57.8)	7.5	(50.3)
Administrative expenses/overhead efficiency	%	8.5	(1.1)	7.4
Net impairment losses on financial assets	£m	(7.9)	7.6	(0.3)
Operating (loss)/profit	£m	(1.8)	58.9	57.1
Operating (loss)/profit margin	%	(0.3)	8.7	8.4
Net finance expense	£m	(11.2)	0.5	(10.7)
(Loss)/profit before tax	£m	(13.5)	59.4	45.9
Income tax credit/(expense)	£m	2.8	(11.3)	(8.5)
(Loss)/profit after tax	£m	(10.7)	48.1	37.4
Basic (loss)/earnings per share	Pence	(4.2)	18.8	14.6
Diluted (loss)/earnings per share	Pence	(4.2)	18.7	14.5

20 ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED) (continued)

Gearing including land creditors

Gearing including land creditors is total net debt and land creditors divided by equity shareholders' funds and total net debt and land creditors.

		As at 30 April 2021	Restated[1] As at 30 April 2020	Restated[1] As at 31 October 2020
Total net debt and land creditors (note 16)	£m	48.1	317.2	63.5
Equity shareholders' funds[1]	£m	870.3	802.1	825.3
Total net debt and land creditors	£m	48.1	317.2	63.5
	£m	918.4	1,119.3	888.8
Gearing including land creditors	%	5.2	28.3	7.1

[1] Restated to reflect the change in accounting policy on land options. See note 19.

21 CONTINGENT LIABILITIES

There are performance bonds and other engagements, including those in respect of joint venture partners, undertaken in the ordinary course of business. It is impractical to quantify the financial effect of performance bonds and other arrangements. The Directors consider the possibility of a cash outflow in settlement of performance bonds and other arrangements to be remote.

In the ordinary course of business the Group enters into certain land purchase contracts with vendors on a conditional exchange basis. The conditions must be satisfied for the Group to recognise the land asset and corresponding provisions within the consolidated statement of financial position. No land payable in respect of conditional land acquisitions has been recognised.

The Group provides for all known material legal actions, where having taken appropriate legal advice as to the likelihood of success of the actions, it is considered probable that an outflow of economic resource will be required, and the amount can be reliably measured. No contingent liability in respect of such claims has been recognised.

In FY19, the Group created a combustible materials provision, which was subsequently increased in FY20 and HY21. This provision is subject to the Directors' estimates on costs and timing, and the identification of further legacy developments where the Group may have an obligation to remediate. The Group recognises that guidance in this area continues to evolve over time and that assumptions may require revising, resulting in a further cash outflow. The Group is reviewing the recoverability of costs incurred from third parties where we have a contractual right of recourse. No contingent assets have been recognised.

22 EVENTS AFTER THE REPORTING PERIOD

On the 14 May 2021 the Group exchanged contracts for the sale of our 50% equitable interest in Longcross Film Studios to our joint venture partner on that development, Aviva. Completion is expected in late summer 2021, and will result in a profit contribution in excess of £10.0m in FY21, and approximately a £45.0m cash inflow. This event has no impact on these condensed consolidated financial statements as at 30 April 2021.

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 interim financial statements (the "interim financial statements") in the unaudited interim results of Crest Nicholson Holdings plc for the 6 month period ended 30 April 2021 (the "period").

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 2021;
- the Condensed Consolidated Income Statement and the 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 unaudited interim results of Crest Nicholson Holdings plc 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 unaudited interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the unaudited interim 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 unaudited interim 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.

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 unaudited interim 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
24 June 2021