



50 Years
1963-2013

Press release

Crest Nicholson

18 June 2013

Crest Nicholson Holdings plc

Half year Results 2013

Crest Nicholson Holdings plc (Crest Nicholson) today announces its half-year results for the six months ended 30th April 2013

Strong growth in open market housing delivery

	2013 Pre- exceptional £m	2013 Exceptional costs £m	2013 Total £m	2012 Total £m	Change (Pre-exceptional)	
					£m	%
Revenue	192.0		192.0	138.6	53.4	+39%
Cost of sales	(138.6)		(138.6)	(99.4)	(39.2)	
Gross profit	53.4		53.4	39.2	14.2	+36%
Administrative expenses	(18.6)	(5.9)	(24.5)	(17.5)	(1.1)	
Operating Profit	34.8	(5.9)	28.9	21.7	13.1	+60%
Operating profit %	18.1%		15.1%	15.7%	2.4%	
Profit before tax	28.1	(5.9)	22.2	16.0	12.1	+76%
Profit after tax	21.9	(5.9)	16.0	12.5	9.4	+75%
Earnings per share (pence)						
- Basic	9.3p	(2.5)p	6.8p	5.6p	3.7p	+66%
- Diluted	9.3p	(2.5)p	6.8p	5.6p	3.7p	+66%

Performance Highlights – all figures pre-exceptional

- Housing legal completions up 9% at 810 (2012: 746); open-market legal completions up 30% at 699 (2012: 537).
- Sales per outlet week up 18% at 0.77 (2012: 0.65)
- Housing revenue up 30% on 2012 reflecting our growing number of sales outlets and higher open market Average Selling Prices (ASP)
- Gross profit margins down slightly at 27.8% (2012: 28.3%); operating profit margins up 2.4% at 18.1% (2012: 15.7%).
- Profit after tax up 75% to £21.9m (2012: £12.5m).
- Strong balance sheet position; net debt/equity ratio of 2.4% (2012: 27.5%).
- 1,019 plots added to the short-term land bank, primarily in the South East and London, at good gross margins.
- Approximately 1,500 plots added to the Strategic land bank across seven sites
- Forward sales at mid-June of £330.9m (2012: £220.5m), 50.1% ahead of prior year with 88% of this year's forecast secured (2012: 82%).
- Crest Nicholson set to enter the FTSE 250 index following market close on 21st June 2013.

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

"I am delighted to announce excellent results from Crest Nicholson for the first half of the year. This represents a strong start to our return as a listed company. Purchaser demand for high quality homes, on well designed developments, remains robust and signs of improved access to mortgages together with the initiatives that the Government has put in place should help to stimulate activity in the industry and assist people in purchasing a new home. With this improving sentiment and the opportunities available to the business, the Board remains confident in the outturn for the year."

For further information, please contact:

Crest Nicholson Holdings plc +44 (0) 1932 580555

Stephen Stone
Patrick Bergin

RLM Finsbury +44 (0) 20 7251 3801

Faeth Birch
James Bradley

There will be a presentation to analysts today at 9.30am at RLM Finsbury, 9th Floor, Tenter House, 45 Moorfields, London, EC2Y 9AE hosted by Stephen Stone, Chief Executive, and Patrick Bergin, Finance Director.

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

These Half Year results should be read in conjunction with the Company's prospectus (the **IPO Prospectus**) in connection with the admission of its ordinary shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's main market for listed securities, which was published on 13 February 2013. A copy of the IPO Prospectus is available to view and download from the Company's website at www.crestnicholson.com.

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 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 statement

Financial Review

Crest Nicholson, a leading residential developer operating in the Southern half of England delivered an excellent operational result for the first half of the year, with good growth in sales and improving operating profit margins on an underlying basis, before exceptional costs relating to the Initial Public Offering (IPO) in February 2013.

Overall group revenues in the first six months of the year increased by 39%, to £192.0 million (2012: £138.6 million). Revenues in the first half of the year ordinarily account for approximately 40% of full year activity and this pattern is expected to be repeated this year.

Housing revenues increased by 30%, with open-market legal completions up 30% as the benefits of improved rates of sale and additional selling outlets are realised. Open-market ASPs have increased by 3.4%, reflecting some pricing gains and an increasing proportion of higher value properties in the mix.

Affordable revenues are down 30%, in line with management expectations, as affordable unit legal completions this year have a strong bias towards the second half; it is expected that the full-year split between open-market and affordable units will be broadly similar to prior years.

Commercial revenues in the first half include earnings from the construction of a new supermarket on our Oakgrove site at Milton Keynes, which has been let to Waitrose and which opened in May. Land sale revenues relate to the sale of a parcel of land on the recently converted strategic site at Faygate in West Sussex.

As anticipated, gross margins at 27.8% are modestly lower than 2012 (28.3%) but continue to under-pin strong business profitability.

Pre-exceptional operating profit increased by 60% in the period to £34.8 million (2012: £21.7 million). Good growth in revenues was combined with strong operating margins, which on a pre-exceptional basis for the first six months of the year are strongly ahead of the comparator period at 18.1% (2012: 15.7%).

The benefit of strong growth in business activity can be seen in improved overhead leverage, such that administrative expenses as a percentage of sales are reduced from 12.6% for HY12 to 9.7% (pre-exceptional) for HY13.

Exceptional costs of £5.9m in connection with the IPO in February have been charged as administrative expenses in the period. These costs reflect legal, accounting and advisory costs of the IPO, together with a share-based payment charge of £2.4m which crystallised upon listing.

Profit before tax (before exceptional items) at £28.1m is 76% ahead of the prior year figure of £16.0m and after a non-cash income tax expense, representing movements in the deferred tax asset, profit after tax on the same basis, at £21.9m (2012: £12.5m), is up by 75%.

Earnings per share (EPS) for the period at 9.3 pence are 66% higher than the equivalent period in 2012. The 75% increase in post-tax earnings translates into a 66% increase in EPS as the weighted average number of shares in issue in 2013 is higher following the raising of additional capital at IPO.

As expected, the business had net cash outflows from operations in the first half of the year, as the infrastructure to open up recently converted strategic sites gets underway and selective additions were made to the land bank.

In line with the approach set out at IPO, the Board proposes to adopt a progressive dividend policy to reflect the cash flow generation and long-term earnings potential of the business. It is currently envisaged that this policy will commence with payment of a final dividend in respect of the year ended 31st October 2013.

Financing changes

During the period, the business successfully re-financed its loan obligations and raised additional equity capital.

Term loans of £152.0m with a maturity date of September 2015 were re-paid in full. These loans were partially replaced with a borrowings facility of £100m, raised under a Revolving Credit Facility with an expiry date of December 2016. At 30th April 2013, the Group had undrawn facilities of £55m and cash and cash equivalents of £79.1m.

As part of the successful IPO in February, additional equity capital (net of issue costs) of £50.4m was raised, further strengthening the equity base of the business.

At 30th April 2013, the business had net debt of £10.1m and a net debt/equity ratio of 2.4% (2012: 27.5%).

Sales

Sales rates in the six months to 30th April 2013 have averaged 0.77 sales per outlet week, (2012: 0.65), an increase of 18%. This represents a good performance in what is traditionally a strong selling season and will underpin delivery of legal completions in the second half of the financial year.

We have seen an improvement in mortgage availability since the beginning of the calendar year and Budget initiatives such as 'Help to Buy' have been a welcome support for those seeking to purchase a new home. These initiatives should, if sustained, create the confidence for the industry to increase delivery from currently low levels.

The business is responding to improved sales rates by increasing its production levels, although there is inevitably a lead time before higher sales translate fully into increased legal completions. Provided lenders and planning authorities also play their part, we would expect to see volume growth coming through more fully by the end of the calendar year.

The average number of sales outlets from which the business has been selling has increased by 8%, from 40 to 43, in line with our strategy of growing the business back towards its natural scale. Higher rates of sale will bring forward the point at which new phases of existing sites or new sites need to be opened.

Cancellation rates on a moving annual total basis remain consistent with our long-term performance at 13% (2012: 13%) and compare favourably with peer group experience.

At mid-June, the business has forward sales of £330.9m (2012: £220.5m) and has secured 88% of its forecast full-year revenues (2012: 82%).

Business strategy

Crest Nicholson has an established strategy to grow its business in the Southern half of England, using its extensive land bank to deliver well-designed homes and sustainable communities, delivering strong margins and returns.

Our strong sales rates are a testament to the products that we offer and the southerly focused locations in which the business operates. Our long land bank positions the business well to take advantage of the increased demand that we are currently witnessing.

The business controls a number of larger sites which are capable of delivering a full range of tenures including, potentially, supplying units at an efficient scale into an institutional private rental model. The pre-sale of units into such an arrangement on a cash-efficient basis would advance the recovery of land and infrastructure costs from long-tail sites, enhance returns on capital and further increase rates of housing delivery.

Accordingly, Crest Nicholson has submitted a bid to the Homes and Communities Agency (HCA) to deliver approximately 1,000 units with institutional partners over approximately four years, taking advantage of the financial support available under the HCA 'Build to Rent' scheme. These proposals have been accepted and are proceeding through due diligence. In parallel, we have now contracted with A2 Dominion to sell and deliver the first 148 units on two private rental schemes at Bristol and Southampton.

Over the past fifteen years Crest Nicholson has built a strong reputation for excellence in master planning and delivering developments which build community and value over time. The re-emergence of the 'Garden Village' concept in public policy and discussions plays well with our long established credentials for place-making. Later this year, we will be commencing development on two significant sites whose design has been conceived along 'Garden Village' principles – a strong emphasis on community and long term management of community assets, generous green spaces, well designed houses with gardens and walkable neighbourhoods. These projects will set the benchmark for other schemes which we are bringing forward, as well as establishing Crest Nicholson as the leading developer of Garden Villages.

Our status as a leading partner of choice for the public sector was confirmed by our re-selection for membership of the HCA Delivery Partner Panels in the geographical regions in which we operate. Furthermore, the business was delighted to be appointed by the Defence Infrastructure Organisation as development manager for the redevelopment of Arborfield Garrison near Reading.

This project has an estimated Gross Development Value of £600m and will deliver approximately 2,000 new homes and supporting physical and community infrastructure. Crest Nicholson will master plan the scheme and deliver around 700 of the homes plus community and retail facilities, bringing in other house builders to complete the balance of the development.

The importance of people in a thriving organisation is not to be underestimated. The growth in our business is creating opportunities for progression for employees, aiding retention and encouraging new joiners.

We are continuing to expand and develop our graduate intake programme and the number of apprentices that will be working on our developments is expected to be 65 at the end of the year, accounting for c.11% of the workforce.

Land and planning

During the period, a further 1,019 units were added to the short term land bank across 10 sites, increasing our outlet breadth and bringing the short-term land bank to 17,094 units (2012: 15,413).

63% of the land bank is situated in London and the South East of England, where pricing experience has been generally more favourable and economic prospects appear to be strongest. A further 32% are in the South West of England, predominantly at prime locations in Bristol, Bath and at a recently converted strategic site at Tadpole Farm, Swindon.

We have acquired two more sites in London, sustaining the pipeline of opportunities in a strong sales environment and achieved a spread of purchases across all our divisions.

In addition, c.1,500 plots were added to the strategic portfolio across seven sites, bringing the number of strategic sites up to 32 and 13,763 units (2012: 26 and 14,742). Replenishing the strategic land bank with new opportunities remains an important focus for the business, given the strong run we have enjoyed in achieving planning consents, converting sites into the short-term land bank and the good returns that we achieve from such investments.

Planning under the principles of 'localism' demands good design, open consultation and strong master planning capabilities. These requirements play to Crest Nicholson's strengths and our focus on delivering a sustainable legacy in the neighbourhoods we develop. Strong rates of sale, if sustained, will require that more sites advance efficiently through the planning process and local planning authorities will have to play their part in ensuring that applications are resourced and processed in a timely fashion to ensure that increased housing delivery can be achieved.

Crest Nicholson continues to play a full part in the Industry's attempts to ensure that Community Infrastructure Levy (CIL) charges are set by Local Authorities at levels which will not undermine the viability and deliverability of future schemes. In this regard we were encouraged by the recent CIL consultation from Government which was seeking to bring greater clarity to the outworking of this highly complex levy.

Outlook

The improvement in mortgage availability and pricing since the start of the calendar year, coupled with the 'Help to Buy' stimulus offered in the Budget, have so far had a positive impact on rates of sale.

Whilst the current outlook for the business is favourable, strong sales rates can take time to flow through into higher legal completions. The lead-time to increase production levels and/or secure additional planning consents to advance future phases may mean that the full impact of such initiatives is not seen in this financial year.

The business is continuing to focus on driving sales through maintaining a high-quality offer to customers and securing and opening new outlets in line with our growth strategy. Additional volume as a result of successfully supplying into an institutional private rental model would, if progressed, provide an opportunity to drive stronger returns on capital in due course.

With this improving sentiment and the opportunities available to the business, the Board remains confident in the outturn for the year.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

- the interim results report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year 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 year; and

(b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of Crest Nicholson Holdings plc are listed in the Report and Accounts for the year ended 31 October 2012. Jim Pettigrew was appointed as a non-executive director on 11 February 2013.

For and on behalf of the Board

Stephen Stone
Chief Executive

Registered number 6800600
18 June 2013

Independent review report to Crest Nicholson Holdings plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2013 which comprises condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. 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 Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Bill Holland
for and on behalf of KPMG Audit Plc

Chartered Accountants
15 Canada Square
London E14 5GL
18 June 2013

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 April 2013 (unaudited)

	Note	Half year ended 30 April 2013 Pre-Exceptional Costs £m	Half year ended 30 April 2013 Exceptional Costs £m	Half year ended 30 April 2013 £m	Half year ended 30 April 2012 £m	Full year ended 31 Oct 2012 £m
Revenue - continuing activities		192.0	-	192.0	138.6	408.0
Cost of sales		(138.6)	-	(138.6)	(99.4)	(296.2)
Gross profit		53.4	-	53.4	39.2	111.8
Administrative expenses	4	(18.6)	(5.9)	(24.5)	(17.5)	(38.5)
Operating profit before financing costs		34.8	(5.9)	28.9	21.7	73.3
Finance income	6	3.4	-	3.4	3.7	9.2
Finance expenses	6	(9.9)	-	(9.9)	(8.5)	(18.6)
Share of loss of Joint Venture		(0.2)	-	(0.2)	(0.9)	(1.8)
Profit/(loss) before tax		28.1	(5.9)	22.2	16.0	62.1
Income tax (expense) / income	7	(6.2)	-	(6.2)	(3.5)	1.8
Profit for the period attributable to equity holders of the parent		21.9	(5.9)	16.0	12.5	63.9
Earnings per share						
Basic	8			6.8p	5.6p	28.5p
Diluted	8			6.8p	5.6p	28.5p

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 April 2013 (unaudited)

	Note	Half year ended 30 April 2013 £m	Half year ended 30 April 2012 £m	Full year ended 31 Oct 2012 £m
Profit for the period		16.0	12.5	63.9
Other comprehensive income / (expense):				
Actuarial losses on defined benefit pension schemes	9	(5.1)	(16.3)	(1.7)
Deferred tax on actuarial losses on defined benefit pension scheme		1.2	2.8	(1.8)
Change in fair value of available for sale assets		-	-	(0.3)
Other comprehensive expense for the period net of income tax		(3.9)	(13.5)	(3.8)
Total comprehensive income / (expense) for the period attributable to equity holders of the parent		12.1	(1.0)	60.1

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 April 2013 (unaudited)

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total £m
Half year ended 30 April 2013					
Balance at 31 October 2012		10.0	240.3	96.8	347.1
Total comprehensive income for the period		-	-	12.1	12.1
Shares issued	12	1.3	54.7	-	56.0
IPO fees written off against share premium	12	-	(2.1)	-	(2.1)
Re-organisation in the period	12	1.3	(1.3)	-	-
Share premium converted in the period	12	-	(220.0)	220.0	-
Equity settled share based payments		-	-	2.8	2.8
Balance at 30 April 2013		12.6	71.6	331.7	415.9
Half year ended 30 April 2012					
Balance at 31 October 2011		10.0	240.3	36.7	287.0
Total comprehensive expense for the period		-	-	(1.0)	(1.0)
Balance at 30 April 2012		10.0	240.3	35.7	286.0
Year ended 31 October 2012					
Balance at 31 October 2011		10.0	240.3	36.7	287.0
Total comprehensive income for the period		-	-	60.1	60.1
Balance at 31 October 2012		10.0	240.3	96.8	347.1

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2013 (unaudited)

ASSETS

	Note	30 April 2013	30 April 2012	31 October 2012
		£m	£m	£m
Non-current assets				
Intangible assets		29.0	29.0	29.0
Property, plant and equipment		2.1	2.4	2.2
Investments		2.9	1.5	2.9
Available for sale financial assets		32.5	28.8	31.1
Deferred tax assets	10	69.9	74.5	74.9
		<u>136.4</u>	<u>136.2</u>	<u>140.1</u>
Current assets				
Inventories		542.3	438.3	469.4
Trade and other receivables		39.4	44.8	41.5
Cash and cash equivalents		79.1	85.1	150.1
		<u>660.8</u>	<u>568.2</u>	<u>661.0</u>
Total assets		<u>797.2</u>	<u>704.4</u>	<u>801.1</u>
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings	11	(77.7)	(161.7)	(176.1)
Trade and other payables		(50.6)	(23.6)	(34.8)
Retirement benefit obligations	9	(31.3)	(47.6)	(29.9)
Provisions		(5.8)	(9.2)	(7.1)
		<u>(165.4)</u>	<u>(242.1)</u>	<u>(247.9)</u>
Current liabilities				
Interest bearing loans and borrowings	11	(11.5)	(2.0)	(4.3)
Trade and other payables		(197.8)	(166.6)	(194.9)
Provisions		(6.6)	(7.7)	(6.9)
		<u>(215.9)</u>	<u>(176.3)</u>	<u>(206.1)</u>
Total liabilities		<u>(381.3)</u>	<u>(418.4)</u>	<u>(454.0)</u>
Net assets		<u>415.9</u>	<u>286.0</u>	<u>347.1</u>
SHAREHOLDERS' EQUITY				
Share capital	12	12.6	10.0	10.0
Share premium account	12	71.6	240.3	240.3
Retained earnings		331.7	35.7	96.8
		<u>415.9</u>	<u>286.0</u>	<u>347.1</u>
Total equity attributable to equity holders of the parent		<u>415.9</u>	<u>286.0</u>	<u>347.1</u>

Crest Nicholson Holdings plc Registered number 6800600

These condensed consolidated interim financial statements were approved by the Board of directors on 18th June 2013.

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the half year ended 30 April 2013 (unaudited)

	Half year ended 30 April 2013	Half year ended 30 April 2012	Full year ended 31 Oct 2012
	£m	£m	£m
Cash flows from operating activities			
Profit for the period	16.0	12.5	63.9
Adjustments for:			
Depreciation charge	0.6	0.6	1.2
Net financial expense	6.5	4.9	9.4
Share of loss of joint ventures	0.2	0.9	1.8
Income tax expense / (income)	6.2	3.5	(1.8)
Decrease in trade and other receivables	2.1	1.9	5.2
Increase in inventories	(72.9)	(44.1)	(75.2)
Increase / (decrease) in trade and other payables	19.4	(8.5)	24.3
Cash (outflow) / inflow from operations	<u>(21.9)</u>	<u>(28.3)</u>	<u>28.8</u>
Interest paid	(6.2)	(7.1)	(11.8)
Income tax receipt	-	-	0.6
Net cash (outflow) / inflow from operating activities	<u>(28.1)</u>	<u>(35.4)</u>	<u>17.6</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	(0.7)	-	(0.5)
Receipts from joint ventures	-	0.6	-
Increase in available for sale financial assets	(1.4)	(2.0)	(4.6)
Net cash outflow from investing activities	<u>(2.1)</u>	<u>(1.4)</u>	<u>(5.1)</u>
Cash flows from financing activities			
Net proceeds from the issue of share capital	50.4	-	-
Repayment of bank borrowings	(107.0)	-	(0.6)
Proceeds from new loan	18.6	-	16.3
Debt arrangement and facility fees	(2.8)	-	-
Net cash (outflow) / inflow from financing activities	<u>(40.8)</u>	<u>-</u>	<u>15.7</u>
Net (decrease) / increase in cash and cash equivalents	(71.0)	(36.8)	28.2
Cash and cash equivalents at the beginning of the period	150.1	121.9	121.9
Cash and cash equivalents at end of the period	<u>79.1</u>	<u>85.1</u>	<u>150.1</u>

CREST NICHOLSON HOLDINGS PLC

Notes to the condensed consolidated interim financial statements for the half year ended 30 April 2013 (unaudited)

1 Basis of preparation

Crest Nicholson Holdings plc is a company incorporated in the UK.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 October 2012.

These condensed consolidated interim 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 2012 were approved by the board of directors on 16th January 2013 and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These condensed consolidated interim financial statements and comparatives have been reviewed, not audited. The auditor's review opinion for the period to 30 April 2013 is set out on page 8.

Going concern

After making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

Segmental reporting

No segmental information has been presented as the Directors consider that as the Group's main operation is that of a housebuilder and it operates entirely within the UK, there are no separate segments either business or geographic to disclose having taken into account the aggregation criteria provisions of IFRS 8.

2 Accounting policies

The accounting policies applied in the condensed interim financial statements are consistent with those applied by the Group in its Annual Report and Accounts for the year ended 31 October 2012. No material changes to the Group's accounting policies arise from new accounting standards applicable for the first time for the year ending 31 October 2013.

3 Seasonality

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

4 Exceptional administrative expenses

Exceptional costs of £5.9m in connection with the Initial Public Offering (IPO) in February have been charged as administrative expenses in the period. These costs reflect legal, accounting and advisory costs of the IPO, together with a share-based payment charge of £2.4m which crystallised upon listing.

5 Dividends

No dividend was paid or declared in the six months to 30 April 2013 (half year and full year 2012: nil)

6 Finance income and expenses

	Half year ended 30 April 2013 £m	Half year ended 30 April 2012 £m	Full year ended 31 Oct 2012 £m
Finance income:			
Interest income	0.3	0.1	1.4
Imputed interest on available for sale financial assets	0.8	1.5	2.9
Expected return on defined benefit pension plan assets	2.3	2.1	4.9
	<u>3.4</u>	<u>3.7</u>	<u>9.2</u>
Finance expenses:			
Bank interest charges	3.0	3.5	7.3
Other interest	2.4	1.5	3.1
Imputed interest on deferred land creditors	1.3	0.5	1.0
Interest on defined benefit pension plan obligations	3.2	3.0	7.2
	<u>9.9</u>	<u>8.5</u>	<u>18.6</u>
Net finance expenses	<u>6.5</u>	<u>4.8</u>	<u>9.4</u>

7 Taxation

The current year effective tax rate is close to the standard rate of corporation tax of 23.8% after allowing for the impact of non-deductible IPO and share based payment costs. The recognition of carried forward losses and other timing differences resulted in a lower effective tax rate in previous periods.

The taxation expense in the period represents movements in deferred taxation due to the partial unwind mainly, of the deferred tax on the difference between stock carrying value and historic cost for tax purposes.

8 Earnings per share

The basic earnings per share (EPS) for the six months ended 30 April 2013 is based on the weighted average number of shares in issue during the period of 235.3m (half year and full year 2012: 224.3m). Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

Half year ended 30 April 2013

	Pre-exceptional Earnings £m	Post-exceptional Earnings £m	No. of shares Millions	Pre-exceptional EPS Pence	Post-exceptional EPS Pence
Basic earnings per share	21.9	16.0	235.3	9.3p	6.8p
Effect of share options	-	-	0.5		
Diluted earnings per share	<u>21.9</u>	<u>16.0</u>	<u>235.8</u>	9.3p	6.8p

Earnings £m	No. of shares Millions	EPS Pence
----------------	---------------------------	--------------

Half year ended 30 April 2012

Basic and diluted earnings per share	<u>12.5</u>	<u>224.3</u>	5.6p
--------------------------------------	-------------	--------------	------

Full year ended 31 October 2012

Basic and diluted earnings per share	<u>63.9</u>	<u>224.3</u>	28.5p
--------------------------------------	-------------	--------------	-------

9 Pension

The amounts recognised in the income statement are as follows:

	Half year ended 30 April 2013 £m	Half year ended 30 April 2012 £m	Full year ended 31 Oct 2012 £m
Interest expenses	(3.2)	(3.0)	(7.2)
Expected return on plan assets	2.3	2.1	4.9
	<u>(0.9)</u>	<u>(0.9)</u>	<u>(2.3)</u>

The principal actuarial assumptions used to calculate the liabilities as at 30 April 2013 have been set in a consistent manner to those adopted as at 31 October 2012.

An actuarial loss of £5.1m (30 April 2012: £16.3m, 31 October 2012: £1.7m) has been taken to the condensed consolidated statement of comprehensive income.

The amounts recognised in the balance sheet are as follows:

	30 April 2013 £m	30 April 2012 £m	31 October 2012 £m
Liability	<u>31.3</u>	<u>47.6</u>	<u>29.9</u>

10 Deferred Tax Assets

	30 April 2013 £m	30 April 2012 £m	31 October 2012 £m
Recognised			
Tax losses	24.6	14.1	26.5
Accelerated pension payments	1.2	1.2	0.9
Inventories fair value	36.2	47.7	39.5
Other timing differences	0.7	-	1.1
Pension deficit	7.2	11.5	6.9
	<u>69.9</u>	<u>74.5</u>	<u>74.9</u>
Not recognised			
Tax losses	12.7	19.7	12.7
Other timing differences	-	0.9	-
	<u>12.7</u>	<u>20.6</u>	<u>12.7</u>

11 Borrowings

	30 April 2013 £m	30 April 2012 £m	31 October 2012 £m
Non-current			
Term loans	-	150.0	152.0
Revolving credit facility	45.0	-	-
Unamortised issue costs	(2.1)	-	-
Other loans	34.8	11.7	24.1
	<u>77.7</u>	<u>161.7</u>	<u>176.1</u>
Current			
Loan notes	-	2.0	-
Unamortised issue costs	(0.8)	-	-
Other loans	12.3	-	4.3
	<u>11.5</u>	<u>2.0</u>	<u>4.3</u>

During the period, the business successfully re-financed its loan obligations and raised additional share capital.

Term loans of £152.0m with a maturity date of September 2015 were re-paid in full. These were partially replaced with a borrowing facility of £100m, raised under a Revolving Credit Facility with an expiry date of December 2016. At 30 April 2013, there were undrawn facilities of £55m.

12 Share Capital

	Shares issued	Nominal value	Share capital	Share premium account
	Number	Pence	£	£
Half year ended 30 April 2013				
A shares	65,000	0.01	7	-
Deferred shares	18,000	0.50	90	-
B shares	5,750	0.01	-	-
C shares	6,957	100	6,957	243,043
D shares	28,125	0.01	1	29,999
Ordinary shares	10,000,000	100	10,000,000	240,000,000
As at 31 October 2012	10,123,832		10,007,055	240,273,042
Re-organisation in the period	215,848,910		1,291,582	(1,291,669)
New share capital	25,454,545	5	1,272,727	52,653,843
Share premium reduction in the period	-	-	-	(220,000,000)
As at 30 April 2013	251,427,287	5	12,571,364	71,635,216

During the period the company re-organised its share capital in preparation for its admission to trading on the London Stock Exchange. Crest Nicholson Holdings plc ordinary share capital of 251,427,287 shares was admitted to the premium listing segment of the Official List of the UK Listing Authority on 18 February 2013.

The company issued 25,454,545 new 5 pence ordinary shares during the period which resulted in a credit to equity of £53.9m net of issue costs.

	Shares issued	Nominal value	Share capital	Share premium account
	Number	Pence	£	£
Half year ended 30 April 2012				
A shares	70,000	0.01	7	-
Deferred shares	18,000	0.50	90	-
B shares	1,300	0.01	-	-
C shares	6,957	100	6,957	243,043
D shares	25,000	0.01	1	29,999
Ordinary shares	10,000,000	100	10,000,000	240,000,000
As at 31 October 2011 and 30 April 2012	10,121,257		10,007,055	240,273,042
Full year ended 31 October 2012				
A shares	70,000	0.01	7	-
Deferred shares	18,000	0.50	90	-
B shares	1,300	0.01	-	-
C shares	6,957	100	6,957	243,043
D shares	25,000	0.01	1	29,999
Ordinary shares	10,000,000	100	10,000,000	240,000,000
As at 31 October 2011	10,121,257		10,007,055	240,273,042
B shares allotted in the year	4,450	0.01	-	-
D shares allotted in the year	5,000	0.01	-	-
A shares purchased and cancelled in the year	(5,000)	0.01	-	-
D shares purchased and cancelled in the year	(1,875)	0.01	-	-
As at 31 October 2012	10,123,832		10,007,055	240,273,042

13 Related party transactions

Related parties are consistent with those disclosed in the Group's Annual Report and Accounts for the year ended 31 October 2012. There have been no related party transactions in the first six months of the current financial year which have materially affected the financial position of the Group.

14 General information

Crest Nicholson Holdings plc is a public limited company incorporated and domiciled in the UK and has its primary listing on the London Stock Exchange.

The registered office address is Crest House, Pycroft Road, Chertsey, Surrey KT16 9GN.

15 Principal risks and uncertainties

The principal risks facing Crest Nicholson in 2013 include, but are not limited to, those set out in the table below:

AREA	RISK	MITIGATION
Macro-economic climate	Consumer confidence is undermined by a worsening of current economic conditions, leading to a rise in unemployment and/or pessimism about employment prospects.	Keep economic environment under review, to ensure the business can respond appropriately to changes in trading conditions.
Mortgage lending & government support	Adjustments to Funding for Lending or other government schemes currently supporting mortgage availability and pricing	Monitor lending product availability and pricing; seek to assist purchasers through the use of schemes such as the Government's Help to Buy and NewBuy scheme. Manage cash flow by matching production to finance availability.
Supply chain	Business is unable to secure the labour and materials required to respond to improved sale rates, resulting in longer lead times and/or cost increases.	Work with key supply chain partners to ensure loyalty and prioritisation. Factor likely extensions of lead times into build programmes and increased costs into investment appraisals
Planning uncertainty	<p>The potential issues which arise from the abandonment of a strategic plan led planning system to one where neighbourhoods and local authorities set targets free of any strategic plan and where great reliance has to be placed upon the Duty of Councils to cooperate over cross boundary issues.</p> <p>The potentially damaging impact of CIL if charging levels are set at levels which undermine viable delivery.</p>	<p>Lobby and encourage Government to support housing growth at an overall level which meets housing need and the rate of household formation.</p> <p>Ensure emerging Core Strategies in our key areas of operation provide for the delivery of sufficient housing to meet local housing need.</p> <p>Work with other industry partners and stakeholders to ensure that CIL rates are set at realistic levels.</p> <p>Strong pipeline of consented schemes.</p>

Recruitment and retention	Ability to recruit and retain staff with the requisite skills to secure and deliver sustainable developments that generate appropriate returns.	Ensure Company is a desirable employer, with competitive packages, clear career progression, good communication, training and review processes.
Regulation	Changes to Government Policy on housing standards and CIL, increasing regulation, cost and delay will render schemes and land buying unviable.	Monitor closely changes / proposed changes in regulatory environment and make representations as necessary. Ensure financial appraisals include new regulatory cost assessments.
Health, safety and environmental	Injury to persons, potential loss of life, serious damage to sites and environment. Reputational damage and costs.	Executive Board leadership and scrutiny of health, safety and environment. Dedicated teams in place, with comprehensive procedures and controls.

Social and environmental risk are analysed in more detail in our comprehensive 2012 Sustainability Report which is available at <http://www.crestnicholson.com/sustainability/reports>