Press release

16th June 2015

Crest Nicholson Holdings plc

Half Year Results 2015

Crest Nicholson Holdings plc (Crest Nicholson), a leading residential developer operating in the Southern half of England, today announces its half-year results for the six months ended 30 April 2015.

Strong revenue and earnings growth

	2015 Total £m	2014 Total £m	Change Total £m	%
Revenue	**333.2**	**241.1**	92.1	**38%**
Cost of sales	**(241.4)**	**(171.8)**	(69.6)	
Gross profit	**91.8**	**69.3**	22.5	**32%**
Administrative expenses	**(28.2)**	**(24.6)**	(3.6)	
Operating Profit	**63.6**	**44.7**	18.9	**42%**
Operating profit %	***19.1%***	***18.5%***	*60bps*	
Profit before tax	**58.3**	**38.4**	19.9	**52%**
Profit after tax	**46.7**	**30.9**	15.8	**51%**
Earnings per share (pence)				
- Basic	**18.6p**	**12.3p**	6.3p	**51%**
- Diluted	**18.2p**	**12.1p**	6.1p	**50%**

Performance Highlights

- Housing legal completions up 3% at 1,124 (2014: 1,091); open market unit completions up 8%.
- Sales per outlet week pre Private Rental Sector sales (PRS) up 12% at 0.93 (2014: 0.83).
- Housing revenue up 29% on 2014 reflecting volume growth and both sales price and location mix impacts on open market Average Selling Prices (ASP).
- Operating profit margins up 60bps at 19.1% (2014: 18.5%) driven by increased overhead efficiency.
- Earnings per share up 51% for half year; full year growth expected to be in range of 20-25%.
- Good additions to both short-term and strategic land pipelines; overall GDV of land pipeline now £10.1bn (2014: £8.2bn), up 22%.
- Forward sales at mid-June 2015 of £436.4m (2014: £347.3), 26% ahead of prior year.

- Interim dividend proposed of 6.4p per share (2014: 4.1p), up 56%.
- On track with three year plan to drive revenue growth towards £1bn by October 2016.
- Further targets established, to grow towards 4,000 homes and £1.4bn revenue by 2019.

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

"Sustained demand for new homes has underpinned strong sales rates and Crest Nicholson has delivered an 8% increase in open market completions in the first half of this year. Improving economic circumstances and a clear outcome in the general election provide a good operating backdrop for the sector and give us confidence to increase our volume target. The business is well positioned to continue on its growth trajectory, delivering high quality homes for our customers whilst generating strong returns for shareholders."

For further information, please contact:

Crest Nicholson Holdings plc +44 (0) 1932 580555

Stephen Stone
Patrick Bergin

Finsbury +44 (0) 20 7251 3801

Faeth Birch
Philip Walters
Caroline Seton

There will be a presentation to analysts today at 9.00am at Finsbury, 9th Floor, Tenter House, 45 Moorfields, London, EC2Y 9AE hosted by Stephen Stone, Chief Executive, 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

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 is pleased to report an excellent operational result for the first half of the year, with good growth in sales, average selling prices and earnings.

Overall Group revenues in the first six months of the year increased by 38%, to £333.2m (2014: £241.1m). Housing revenues increased by 29%, incorporating an 8% increase in open-market legal completions. The number of affordable housing units was lower, at 290 (2014: 322) in line with the projected timing of delivery of these units.

Open-market ASPs are strongly ahead of prior year, reflecting an element of price inflation but also the product and location mix of the business, as it evolves in line with our intended strategy. Excluding the impact of the PRS land sale to M&G, open market ASPs are £309,000, up 15% over the equivalent figure for 2014.

Gross margins at 27.6% are down on the 28.7% achieved last year, in line with forecasts, as the contribution from projects written-down in 2009 diminishes. Excluding this impact, underlying gross margins have increased from 23.2% in 2014 to 24.6% for the first half of this year.

Operating profits of £63.6m are 42% ahead of the £44.7m achieved in 2014. In contrast to 2014, a high proportion of expected land sale and commercial profits for the year were achieved in the first half of the year.

Operating margins for the first six months were 19.1%, up 60bps on the 18.5% reported for half year 2014 and reflecting improved overhead efficiency as ASPs rise and business revenues grow.

Profit before tax at £58.3m is 52% ahead of the prior year figure of £38.4m and profit after tax ahead by 51%.

Basic earnings per share (EPS) for the period at 18.6 pence are likewise 51% higher than the equivalent period in 2014, and 50% higher on a diluted basis. Full year expectations are for EPS growth in the 20-25% range, reflecting the higher proportion of this year's anticipated result having been achieved in the first half.

Net cash outflows from operating activities in the first half of the year were £19.0m (2014: £87.7m outflow), reflecting growth in inventory and the settling of deferred land payments.

The Board has resolved to pay an interim dividend of 6.4 pence per share, payable on 8 October 2015 to shareholders on the register on 25 September 2015. The dividend represents approximately one third of the dividend expected to be paid in respect of the financial year ending 31 October 2015. Dividends in respect of the financial year to 31 October 2015 are expected to be covered 2.5 times by earnings.

Financing changes

During the period, the business amended and extended its loan obligations, increasing the level and duration of its banking facilities whilst reducing the overall cost of borrowing.

The £200m revolving credit facility and £80m ancillary facility, with maturity dates in March 2019 were amended to £240m revolving credit facility and £80m ancillary facility with maturity dates in January 2020. At 30 April 2015, the Group had undrawn revolving credit facilities of £83.0m and cash and cash equivalents of £113.9m (2014: £85.0m and £89.0m).

At 30 April 2015, the business had net debt of £60.6m and a net debt/equity ratio of 10.9% (2014: 12.5%). A modest net debt position at year end is expected, as positive operating cash flows are partially offset by increases in tax payments and higher dividends.

Sales

Sales rates in the six months to 30 April 2015 have averaged 0.93 sales per outlet per week, (2014: 0.83), an increase of 12%. This figure excludes the 97 units sold to M&G Real Estate.

Purchaser demand continues to be very strong and the business remains focused on maximising the productive capacity of our operational sites.

The Help to Buy equity loan scheme continues to be an important incentive for the very many buyers who use it to secure their first home. In addition, the improving availability of higher loan-to-value mortgages at increasingly competitive rates is assisting mortgage access more widely.

The average number of sales outlets from which the business operates has increased to 44, compared to 42 for 2014. The addition of the new Chiltern business division is helpful in driving outlet breadth.

Cancellation rates on a moving annual total basis are lower than our historic long-term averages at 10.1% (2014: 12%) reflective of the currently strong market.

At mid-June 2015, the business has forward sales of £436.4m (2014: £347.3m) and has secured 79% of its forecast full-year revenues (2014: 87%).

Land and planning

The business continues to make selective purchases of land, to maintain outlet breadth in the mature divisions and to grow our new Chiltern and London operations.

Year to date, the Chiltern team have now exchanged contracts on three new sites, bringing 234 plots and £68m of gross development value (GDV) into their land pipeline. The Chiltern division, which also benefited from the transfer of some existing outlets into their portfolio, is performing well and is already making a positive contribution to the results of the Group.

The London division have also acquired two new sites, in Peckham and Lower Sydenham, in line with our strategy of focusing acquisitions in parts of London where affordability is less stretched. Nonetheless, given higher prevailing ASPs in the capital, these two acquisitions account for 285 units and £135m of GDV.

Strategic land remains an important source of opportunity for the Group and we continue to replenish our land pipeline with both large-scale developments and smaller, unallocated sites where we believe we can achieve planning consents within a shorter timeframe. Net of additions, deletions and revisions to achievable density, the strategic land pipeline at 30 April 2015 comprises 18,153 plots with a GDV of £5.1bn (October 2014: 16,219 plots and £4.3bn GDV).

Principal risks and uncertainties

The Group is subject to a number of risks and uncertainties as part of its day to day operations. The Board regularly considers these and seeks to ensure that appropriate processes are in place to manage, monitor and mitigate these risks. The principal risks and uncertainties facing the Group, and which remain unchanged, are outlined on pages 61 to 63 of the 2014 Annual integrated report, which is available from www.crestnicholson.com.

Outlook

Purchaser confidence is currently high, buoyed by economic recovery, good access to competitive mortgages and rising disposable incomes. The clarity of the result from the general election and the policy continuity that is likely to persist as a consequence are also helpful factors.

In the face of strong demand, the availability of skilled labour to deliver the required levels of production is a key constraint and the Group is actively engaged in training apprentices, site managers and graduates to add to our productive capacity and take the business forward.

Whilst planning was somewhat disrupted ahead of the general and local elections, it is expected that we will see a return to a more consistent level of engagement now that the national and local elections have been concluded.

Sales price inflation continues to offset pressures from cost increases in the supply chain, albeit that build costs are showing some signs of acceleration as the market picks up pace, particularly labour rates.

With strong underlying fundamentals and the opportunities available to the business, the Board remains confident in the outturn for the year.

In the longer term and subject to the continuation of current favourable market conditions, the Board believes the business has an opportunity to achieve a natural scale approaching 4,000 units and £1.4bn of revenue. This uplift over previous guidance towards 3,500 homes reflects the re-focusing of our London division into areas of greater affordability together with quantifying the anticipated level of delivery of units to the institutional private rental sector.

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 2014.

The following changes to the Board occurred during the period:
Sharon Flood joined the Board as a Non-executive director and Audit Committee chair on 1 April 2015; and Malcolm McCaig ceased to be a Director of the Company on 19 March 2015.

For and on behalf of the Board

Stephen Stone
Chief Executive

Registered number 6800600
16 June 2015

Independent review report to Crest Nicholson Holdings plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half-yearly financial report of Crest Nicholson Holdings plc for the six months ended 30 April 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Crest Nicholson Holdings plc, comprise:

- the condensed consolidated statement of financial position as at 30 April 2015;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements for the period ended 30 April 2015.

As disclosed in note 1, 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.

The condensed consolidated interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated 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 Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors
The half-yearly financial report, including the condensed consolidated interim financial statements, 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 Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report 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 and Transparency Rules of the 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.

PricewaterhouseCoopers LLP
Chartered Accountants
16 June 2015
London

Notes:

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

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

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 April 2015 (unaudited)

	Note	Half year ended 30 April 2015	Half year ended 30 April 2014	Full year ended 31 October 2014
		£m	£m	£m
Revenue - continuing activities		333.2	241.1	636.3
Cost of sales		(241.4)	(171.8)	(454.3)
Gross profit		91.8	69.3	182.0
Administrative expenses		(28.2)	(24.6)	(53.9)
Operating profit before financing costs		63.6	44.7	128.1
Finance income		1.9	1.8	3.9
Finance expenses		(7.2)	(8.2)	(15.3)
Net finance expense		(5.3)	(6.4)	(11.4)
Share of profit of joint venture		-	0.1	-
Profit before tax		58.3	38.4	116.7
Income tax expense	5	(11.6)	(7.5)	(17.9)
Profit for the period attributable to equity shareholders		46.7	30.9	98.8
Earnings per ordinary share				
Basic	6	18.6p	12.3p	39.3p
Diluted	6	18.2p	12.1p	38.7p

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 April 2015 (unaudited)

	Note	**Half year ended 30 April 2015 £m**	**Half year ended 30 April 2014 £m**	**Full year ended 31 October 2014 £m**
Profit after tax for the period		46.7	30.9	98.8
Other comprehensive income / (expense):				
Items that will never be recycled to the Income Statement:				
Actuarial losses on defined benefit pension schemes		(1.9)	(2.4)	(10.1)
Change in deferred tax on actuarial losses on defined benefit pension schemes		(0.4)	(0.3)	0.3
Other comprehensive expense for the period net of income tax		(2.3)	(2.7)	(9.8)
Total comprehensive income for the period attributable to equity shareholders		44.4	28.2	89.0

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 April 2015 (unaudited)

	Note	**Share capital £m**	**Share premium £m**	**Retained earnings £m**	**Total £m**
Half year ended 30 April 2015					
Balance at 31 October 2014		12.6	71.6	452.3	536.5
Total comprehensive income for the period		-	-	44.4	44.4
Transactions with shareholders:					
Equity settled share based payments		-	-	2.4	2.4
Deferred tax on equity settled share based payments		-	-	0.6	0.6
Dividends paid	4	-	-	(25.6)	(25.6)
Balance at 30 April 2015		12.6	71.6	474.1	558.3
Half year ended 30 April 2014					
Balance at 31 October 2013		12.6	71.6	386.1	470.3
Total comprehensive income for the period		-	-	28.2	28.2
Transactions with shareholders:					
Equity settled share based payments		-	-	1.8	1.8
Deferred tax on equity settled share based payments		-	-	(0.3)	(0.3)
Dividends paid	4	-	-	(16.3)	(16.3)
Balance at 30 April 2014		12.6	71.6	399.5	483.7
Year ended 31 October 2014					
Balance at 31 October 2013		12.6	71.6	386.1	470.3
Total comprehensive income for the year		-	-	89.0	89.0
Transactions with shareholders:					
Equity settled share based payments		-	-	4.0	4.0
Deferred tax on equity settled share based payments		-	-	(0.2)	(0.2)
Dividends paid	4	-	-	(26.6)	(26.6)
Balance at 31 October 2014		12.6	71.6	452.3	536.5

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2015 (unaudited)

	Note	As at 30 April 2015 £m	As at 30 April 2014 £m	As at 31 October 2014 £m
ASSETS				
Non-current assets				
Intangible assets		29.0	29.0	29.0
Property, plant and equipment		2.5	1.6	2.2
Investments		0.2	1.9	0.2
Other financial assets	9	23.6	30.2	28.4
Deferred tax assets		28.9	50.0	40.3
Trade and other receivables		-	4.2	-
		84.2	116.9	100.1
Current assets				
Inventories		850.1	706.4	814.1
Trade and other receivables		51.9	40.4	48.1
Other financial assets	9	2.3	-	-
Cash and cash equivalents		113.9	89.0	142.0
		1,018.2	835.8	1,004.2
Total assets		1,102.4	952.7	1,104.3
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings	7	(162.4)	(131.1)	(146.7)
Trade and other payables		(63.3)	(90.3)	(82.9)
Retirement benefit obligations		(21.6)	(20.0)	(23.7)
Provisions		(4.0)	(4.2)	(4.0)
		(251.3)	(245.6)	(257.3)
Current liabilities				
Interest bearing loans and borrowings	7	(12.1)	(18.5)	(14.6)
Trade and other payables		(279.5)	(201.4)	(293.1)
Provisions		(1.2)	(3.5)	(2.8)
		(292.8)	(223.4)	(310.5)
Total liabilities		(544.1)	(469.0)	(567.8)
Net assets		558.3	483.7	536.5
SHAREHOLDERS' EQUITY				
Share capital	8	12.6	12.6	12.6
Share premium account	8	71.6	71.6	71.6
Retained earnings		474.1	399.5	452.3
Total equity attributable to equity shareholders		558.3	483.7	536.5

Crest Nicholson Holdings plc Registered number 6800600

These condensed consolidated interim financial statements were approved by the Board of Directors on 16 June 2015.

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the half year ended 30 April 2015 (unaudited)

	Half year ended 30 April 2015 £m	Half year ended 30 April 2014 £m	Full year ended 31 October 2014 £m
Cash flows from operating activities			
Profit after tax for the period	46.7	30.9	98.8
Adjustments for:			
Depreciation	0.5	0.4	0.9
Net finance expense	5.3	6.4	11.4
Share-based payment expense	2.4	1.8	4.0
Share of profit of joint ventures	-	(0.1)	-
Income tax expense	11.6	7.5	17.9
Operating profit before changes in working capital and provisions	66.5	46.9	133.0
(Increase)/decrease in trade and other receivables	(3.8)	3.6	0.1
Increase in inventories	(36.0)	(128.7)	(236.4)
(Decrease) / increase in trade and other payables	(41.2)	(5.1)	72.8
Increase in other financial assets	-	(0.3)	(0.2)
Cash outflow from operations	(14.5)	(83.6)	(30.7)
Interest paid	(4.5)	(4.1)	(8.1)
Net cash outflow from operating activities	(19.0)	(87.7)	(38.8)
Cash flows from investing activities			
Purchases of property, plant and equipment	(0.8)	(0.1)	(1.2)
Decrease in other financial assets	4.1	3.6	7.0
Interest received	0.3	0.1	0.6
Net cash inflow from investing activities	3.6	3.6	6.4
Cash flows from financing activities			
Repayment of bank and other borrowings	(8.0)	(56.8)	(65.1)
Proceeds from new loans	22.0	124.4	144.4
Debt arrangement and facility fees	(1.1)	(2.7)	(2.8)
Dividends paid	(25.6)	(16.3)	(26.6)
Net cash (outflow) / inflow from financing activities	(12.7)	48.6	49.9
Net (decrease) / increase in cash and cash equivalents	(28.1)	(35.5)	17.5
Cash and cash equivalents at the beginning of the period	142.0	124.5	124.5
Cash and cash equivalents at end of the period	113.9	89.0	142.0

CREST NICHOLSON HOLDINGS PLC
Notes to the condensed consolidated interim financial statements for the half year ended 30 April 2015 (unaudited)

1 Basis of preparation

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

This condensed consolidated half year financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, and with the Disclosure and Transparency Rules of the Financial Services Authority.

The condensed consolidated half year information should be read in conjunction with the Annual Integrated Report for the year ended 31 October 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated half year information does 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 2014 were approved by the Board of Directors on 27 January 2015 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.

This condensed consolidated half year financial information has been reviewed, not audited. The auditor's review opinion for the period to 30 April 2015 is set out on page 7.
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 half year information are consistent with those applied by the Group in its Annual Integrated Report for the year ended 31 October 2014, other than as set out below.

(i) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings.
(ii) 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 2014: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (amendment) Separate Financial Statements, IAS 28 (amendment) Associates and Joint Ventures, IAS 32 (amendment) Financial instruments, IAS 36 (amendment) Impairment of Assets, IAS 39 (amendment) Financial Instruments. None of the changes have had a significant effect on the Group's financial statements. There are no standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Group.

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 Dividends on equity shares

Amounts recognised as distributions to equity holders in the period:

	Half year ended 30 April 2015 £m	Half year ended 30 April 2014 £m	Full year ended 31 October 2014 £m
Dividends recognised as distributions to equity shareholders in the period:			
Final dividend for the year ended 31 October 2014 of 10.2 pence per share (2013: 6.5 pence per share)	25.6	16.3	16.3
Interim dividend for the year ended 31 October 2014: 4.1 pence per share	-	-	10.3
	25.6	16.3	26.6
Dividends declared as distributions to equity shareholders in the period:			
Proposed final dividend for the year ended 31 October 2014: 10.2 pence per share	-	-	25.6
Proposed interim dividend for the year ending 31 October 2015 of 6.4 pence per share (2014: 4.1 pence per share)	16.1	10.3	-

The proposed interim dividend was approved by the Board on 16 June 2015 and, in accordance with IAS 10 "Events after the Reporting Period", has not been included as a liability in this condensed consolidated half year financial information.

5 Taxation

The taxation expense on profit for the half year ended 30 April 2015 is 19.9% (30 April 2014: 19.5%) and reflects the estimated effective tax rate for the full financial year.

6 Earnings per share

The basic earnings per share (EPS) for the six months ended 30 April 2015 is based on the weighted average number of shares in issue during the period of 251.5m (April 2014: 251.4m, October 2014: 251.4m). Diluted EPS 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 2015	**Earnings**	**Weighted average number of shares**	**EPS**
	£m	**millions**	**pence**
Basic earnings per share	46.7	251.5	18.6 p
Effect of share options	-	4.9	
Diluted earnings per share	46.7	256.4	18.2 p

Half year ended 30 April 2014	**Earnings**	**Weighted average number of shares**	**EPS**
	£m	**millions**	**pence**
Basic earnings per share	30.9	251.4	12.3 p
Effect of share options	-	3.2	
Diluted earnings per share	30.9	254.6	12.1 p

Full year ended 31 October 2014	**Earnings**	**Weighted average number of shares**	**EPS**
	£m	**millions**	**pence**
Basic earnings per share	98.8	251.4	39.3 p
Effect of share options	-	4.1	
Diluted earnings per share	98.8	255.5	38.7 p

7 Borrowings

	As at 30 April 2015	**As at 30 April 2014**	**As at 31 October 2014**
	£m	**£m**	**£m**
Non-current			
Revolving credit facility	157.0	115.0	135.0
Unamortised issue costs	(3.3)	(2.6)	(2.4)
Other loans	8.7	18.7	14.1
	162.4	131.1	146.7
Current			
Other loans	12.1	18.5	14.6
	12.1	18.5	14.6

The £200m revolving credit facility and £80m ancillary facility, with maturity dates in March 2019 were amended to £240m revolving credit facility and £80m ancillary facility with maturity dates in January 2020. At 30 April 2015, the Group had undrawn revolving credit facilities of £83.0m and cash and cash equivalents of £113.9m.

8 Share Capital

	Shares issued	Nominal value	Share capital	Share premium account
	Number	Pence	£	£
Half year ended 30 April 2015				
As at 31 October 2014	251,431,313	5	12,571,565	71,644,959
Issue of share capital	165,561	5	8,279	3,914
As at 30 April 2015	251,596,874	5	12,579,844	71,648,873

During the period the company issued 4,937 new ordinary shares of 5 pence each to satisfy share options under the SAYE scheme which became exercisable at a price of 247 pence per share, and 160,624 new ordinary shares of 5 pence each to satisfy share options under the deferred bonus plan which became exercisable at nil pence per share.

9 Other financial assets

	As at 30 April 2015 £m	As at 30 April 2014 £m	As at 31 October 2014 £m
At beginning of the year	28.4	31.9	31.9
Additions	-	0.3	0.2
Disposals	(4.1)	(3.6)	(7.0)
Imputed interest	1.6	1.6	3.3
At the end of the period	25.9	30.2	28.4
Of which:			
Non-current asset	23.6	30.2	28.4
Current asset	2.3	-	-
	25.9	30.2	28.4

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

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

The fair value of future anticipated cash receipts takes into account the Directors' views of an appropriate discount rate, future house price movements, the expected timing of receipts and the likelihood that a purchaser defaults on a repayment. These assumptions are given below and are reviewed at each period end.

Assumptions	As at 30 April 2015	As at 30 April 2014	As at 31 October 2014
Discount rate, incorporating default rate	10.5%	10.5%	10.5%
House price inflation for the next three years	3.0%	3.0%	3.0%
Timing of receipt	10 to 13 years	10 to 13 years	10 to 13 years

Sensitivity – effect on value of other financial assets (less)/more	As at 30 April 2015 Increase assumptions by 1 % / 1 year £m	As at 30 April 2015 Decrease assumptions by 1 % / 1 year £m
Discount rate, incorporating default rate	(0.9)	1.0
House price inflation for the next three years	0.8	(0.7)
Timing of receipt	(1.2)	1.3

The difference between the anticipated future receipt and the initial fair value is charged over the estimated deferred term to financing, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. The imputed interest credited to financing for the period ended 30 April 2015 was £1.6m (30 April 2014: £1.6m, 31 October 2014 £3.3m).

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

10 Related party transactions

Related parties are consistent with those disclosed in the Group's Annual Report and Accounts for the year ended 31 October 2014. 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.

During the financial period there were no transactions with joint ventures other than movements in loans of £12.1m. The Group advanced £9.9m to Kitewood Cossall Limited, an entity which the Group holds a 50% interest to develop a site in London. The balance of £2.2m relates to the movement in amount due to Epsom LLP, an entity in which the Group has a 50% interest.

11 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, Pyrcroft Road, Chertsey, Surrey KT16 9GN.