Press release

17th June 2014

Crest Nicholson Holdings plc
Half year Results 2014

Crest Nicholson Holdings plc (Crest Nicholson) today announces its half-year results for the six months ended 30 April 2014.

Strong volume and earnings growth

	2014 Total	**2013 Pre-exceptional costs**	**2013 Exceptional costs**	**2013 Total**	**Change (Pre-exceptional)**	
	£m	**£m**	£m	**£m**	**£m**	**%**
Revenue	**241.1**	**192.0**		**192.0**	49.1	**+26%**
Cost of sales	**(171.8)**	**(138.6)**		**(138.6)**	(33.2)	
Gross profit	**69.3**	**53.4**		**53.4**	15.9	**+30%**
Administrative expenses	**(24.6)**	**(18.6)**	(5.9)	**(24.5)**	(6.0)	
Operating Profit	**44.7**	**34.8**	(5.9)	**28.9**	9.9	**+28%**
Operating profit %	***18.5%***	***18.1%***		***15.1%***	*40bps*	
Profit before tax	**38.4**	**28.1**	(5.9)	**22.2**	10.3	**+37%**
Profit after tax	**30.9**	**21.9**	(5.9)	**16.0**	9.0	**+41%**
Earnings per share (pence)						
- Basic	**12.3p**	**9.3p**	(2.5)p	**6.8p**	3.0p	**+32%**
- Diluted	**12.1p**	**9.3p**	(2.5)p	**6.8p**	2.8p	**+30%**

<u>Performance Highlights</u> – *all figures pre-exceptional*

- Housing legal completions up 35% at 1,091 (2013: 810).
- Sales per outlet week up 8% at 0.83 (2013: 0.77).
- Housing revenue up 31% on 2013 reflecting volume growth and higher open market Average Selling Prices (ASP).
- Gross profit margins up 90bps at 28.7% (2013: 27.8%); operating profit margins up 40bps at 18.5% (2013: 18.1%).
- Earnings per share up 32%.
- Strong balance sheet position; net debt/equity ratio of 12.5% (2013: 2.4%).
- 784 plots added to the short-term pipeline at an ASP of £338,000.
- Over 2,000 plots added to the strategic land bank across 6 sites.
- Forward sales at mid-June 2014 of £347.3m (2013: £330.9m), 5% ahead of prior year.
- Interim dividend proposed of 4.1p per share (2013: nil).
- New division and higher ASP's in housing mix to drive revenue growth of 70-80% in three years.

<u>Commenting on today's statement, Stephen Stone, Chief Executive, said:</u>

"Strong volume and earnings growth characterise excellent results from Crest Nicholson for the first half of the year. Demand for well-designed and sensitively delivered product remains high and the business is continuing to flourish in a good housing market, helping many purchasers fulfil their ambitions for home ownership. With an improving economic backdrop underpinning the strength of the sector and the opportunities available to the business, the Board remains confident in the outturn for the year."

For further information, please contact:

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Faeth Birch
James Bradley

There will be a presentation to analysts today at 9.00am 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

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, pricing and earnings.

Overall group revenues in the first six months of the year increased by 26%, to £241.1m (2013: £192.0m). Revenues in the first half of the year ordinarily account for approximately 40% of full year activity and this pattern is broadly expected to be repeated this year.

Housing revenues increased by 31%, incorporating a strong uplift on both open-market and affordable housing. The number of open-market housing units increased by 10% and a further 12% in ASP, underpinning a 24% increase in revenues.

Affordable revenues are up 89%. A significant increase in the number of affordable unit completions was partially offset by a reduction in the ASP of these units, as the associated affordable land sale revenues were booked in 2013. It is expected that the full-year split between open-market and affordable units will be broadly similar to prior years.

Gross margins at 28.7% are ahead of the prior year (2013: 27.8%) with the benefits of the strong sales pricing environment more than offsetting the impact of increases in input costs.

Operating profits of £44.7m are 28% higher than in 2013 and operating margins for the first six months were 18.5%, up 40bps on the 18.1% reported for half year 2013. Half year operating margins tend to be lower than at the full year, as administrative expenses as a percentage of sales are higher, with approximately 40% of full year revenues matched with nearly 50% of the overhead cost for the year. Accordingly, the business expects to report EBIT margins for the full year closer to 20.0%.

Profit before tax at £38.4m is 37% ahead of the prior year figure of £28.1m (before exceptional costs) and profit after tax on the same basis is up by 41% at £30.9m (2013: £21.9m).

Earnings per share (EPS) for the period at 12.3 pence is 32% higher than the equivalent period in 2013. The 41% increase in post-tax earnings translates into a 32% increase in EPS as the weighted-average number of shares in issue in 2014 reflects the full effect of the primary issue of shares in February 2013.

The business had net cash outflows from operations in the first half of the year, reflecting the investment in infrastructure as we open up a number of our larger sites and land expenditure on new sites in higher-value areas. Having been in a net cash position at 31 October 2013, the business is forecasting to have net debt at 31 October 2014, reflecting these investments.

The Board has resolved to pay an interim dividend of 4.1pence per share, payable on 9 October 2014 to shareholders on the register on 26 September 2014. The dividend is covered three times by EPS of 12.3p.

Financing changes

During the period, the business successfully re-financed its loan obligations, increasing the level and duration of its banking facilities whilst reducing the overall cost of borrowing.

Amounts drawn under existing facilities of £100m of revolving credit and £40m ancillary with maturity dates in December 2016 were re-paid in full. These were replaced with a £200m revolving credit facility and an £80m ancillary facility, with maturity dates in March 2019. At 30 April 2014, the Group had undrawn revolving credit facilities of £85m and cash and cash equivalents of £89m.

At 30 April 2014, the business had net debt of £60.6m and a net debt/equity ratio of 12.5% (2013: 2.4%). Net debt at year end is expected to be at a similar level, reflecting our investment in higher ASP locations and in the infrastructure required to open up large strategic sites.

Sales

Sales rates in the six months to 30 April 2014 have averaged 0.83 sales per outlet per week, (2013: 0.77), an increase of 8%. Purchaser demand continues to be very strong and high levels of forward sales mean that production capacity is currently the most critical factor for volume growth.

Our production teams have worked hard to respond to this stronger market and have delivered a 35% increase in volumes in the six months to 30 April 2014 at 1,091 units (2013: 810).

Mortgage access and affordability continue to be favourable, particularly aided by the government's 'Help to Buy' scheme. First-time buyers have benefitted significantly from this initiative and account for 72% of the sales made by Crest Nicholson under the scheme in the six months to 30 April 2014. Correspondingly, average selling prices under 'Help to Buy' in the same period are comparatively low, at £227k.

The proposed extension of the scheme to 2020 offers the prospect of continued support to purchasers seeking to own their first home and provides a level of forward visibility that will enable the industry to plan ahead with confidence.

The average number of sales outlets from which the business has been selling has changed little, showing a slight reduction from 43 in 2013 to 42 for 2014. Faster rates of sale shorten the average period of time for which each location is selling and new site openings have not so far outweighed this impact. In spite of this, the business remains on track to deliver projected full-year volumes of approximately 2,500 units.

Cancellation rates on a moving annual total basis remain consistent with our long-term performance at 12% (2013: 13%) and units are promptly re-sold.

At mid-June 2014, the business has forward sales of £347.3m (2013: £330.9m) and has secured 87% of its forecast full-year revenues (2013: 88%).

Land and planning

During the period, 784 units were added to the short term land bank across 9 sites, bringing the short-term portfolio to 16,118 units (2013: 17,094).

The benefits of purchasing plots at higher average sales values and from the stronger pricing environment show through in the gross development value of the housing portfolio, which has increased to £4,127m, a 9% increase on £3,780m at 30 April 2013. On a per-unit basis, this increase is 16%.

The depth of our short-term land pipeline provides good visibility across our forecast horizon and positions the business well to selectively add outlet width when attractive opportunities arise.

In addition, 2,064 more plots were added to the strategic portfolio across 6 sites. Net of transfers to short-term portfolio, disposals and re-plans, this has brought the number of strategic sites up to 35 and 15,046 units (2013: 32 and 13,763). After the strong run we enjoyed in achieving planning consents and converting sites into the short-term land bank, we have focused our efforts on replenishing the supply of strategic land which has proved to be a strong source of high-margin land.

Business growth

Plans to establish a new division in the north-west Home Counties are well advanced and will provide a platform for the next stage of business growth. The addition of a further management team will allow the business to pursue further opportunities in an area which is very familiar to Crest Nicholson and further extend our presence in this key geography. A selection of existing portfolio sites will transfer into the new division to pump-prime the operation and appointments to key positions have already been made.

Initiating a new division in this manner enables the business to benefit swiftly from the additional management capacity and ensure an early contribution to the incremental overhead.

Alongside this increase in operational bandwidth, the business continues to secure sites with higher open-market ASPs, such that growth in housing revenues is in large part driven by higher value properties in the mix as well as rising unit outputs.

From a baseline of 2,172 units delivered in 2013, the business anticipates that volume delivery across our three year forecast horizon will increase by 25-30%. Increases in open market ASP, driven by the mix and location of product delivered, are expected to be of the order of 35-40% across the same timeframe.

Outlook

The generally improving economic outlook, with rising employment and a return to real wage growth, combined with improved mortgage access has underpinned a recovery in the housing market.

High levels of purchaser demand are evident and the sales environment for new-build housing is positive. Input cost inflation remains under control and business margins are benefiting both from robust pricing and operational efficiencies.

The comparatively low costs of servicing a mortgage may increase as a result of changes to base rates and/or regulatory interventions in the mortgage market. However, lending decisions now incorporate 'stress-testing' of the impact of increases in interest rates and the Board believes that any such increases should not unduly impact Crest Nicholson's sales levels.

UK Political audiences of all persuasions share a firm conviction that increasing the number of new homes built in the UK is desirable for society as a whole. New homes under construction in the UK increased by approximately 20% per cent in 2013 and, with continual improvement in the planning regime, volumes are on track to increase again in 2014. While London prices have risen rapidly until recently, any policy changes aimed at cooling the London market need to be mindful of the potentially detrimental effect on regional growth. We believe political leaders should hold firm to their convictions and provide the stable operating environment required for both large and SME house builders to commit to further volume increases.

With strong underlying fundamentals 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 2013.

For and on behalf of the Board

Stephen Stone
Chief Executive

Registered number 6800600
17 June 2014

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 2014 which comprises the 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 2014 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 LLP
Chartered Accountants
15 Canada Square
London E14 5GL
17 June 2014

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 April 2014 (unaudited)

	Note	Half year ended 30 April 2014	Half year ended 30 April 2013 Pre-Exceptional Costs restated-note 2	Half year ended 30 April 2013 Exceptional Costs	Half year ended 30 April 2013 Post-Exceptional Costs restated-note 2	Full year ended 31 October 2013 Pre-Exceptional Costs restated-note 2	Full year ended 31 October 2013 Exceptional Costs	Full year ended 31 October 2013 Post-Exceptional Costs restated-note 2
		£m	£m	£m	£m	£m	£m	£m
Revenue - continuing activities		241.1	192.0	-	192.0	525.7	-	525.7
Cost of sales		(171.8)	(138.6)	-	(138.6)	(384.5)	-	(384.5)
Gross profit		69.3	53.4	-	53.4	141.2	-	141.2
Administrative expenses	4	(24.6)	(18.6)	(5.9)	(24.5)	(44.1)	(5.9)	(50.0)
Operating profit before financing costs		44.7	34.8	(5.9)	28.9	97.1	(5.9)	91.2
Finance income	6	1.8	1.1	-	1.1	2.2	-	2.2
Finance expenses	6	(8.2)	(7.6)	-	(7.6)	(12.5)	-	(12.5)
Share of profit/(loss) of Joint Venture		0.1	(0.2)	-	(0.2)	-	-	-
Profit / (loss) before tax		38.4	28.1	(5.9)	22.2	86.8	(5.9)	80.9
Income tax (expense) / income	7	(7.5)	(6.2)	-	(6.2)	(15.3)	0.4	(14.9)
Profit for the period attributable to equity shareholders		30.9	21.9	(5.9)	16.0	71.5	(5.5)	66.0
Earnings per ordinary share								
Basic	8	12.3p			6.8p			27.1p
Diluted	8	12.1p			6.8p			26.7p
Dividend per ordinary share	5	4.1p			-			6.5p

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 April 2014 (unaudited)

	Note	Half year ended 30 April 2014	Half year ended 30 April 2013	Full year ended 31 October 2013
		£m	£m	£m
Profit after tax for the period		30.9	16.0	66.0
Other comprehensive income / (expense):				
Items that will never be recycled to the Income Statement:				
Actuarial (losses) / gains on defined benefit pension schemes	9	(2.4)	(5.1)	0.7
Change in deferred tax on actuarial (losses) / gains on defined benefit pension schemes		(0.3)	1.2	(2.4)
Other comprehensive expense for the period net of income tax		(2.7)	(3.9)	(1.7)
Total comprehensive income for the period attributable to equity shareholders		28.2	12.1	64.3

CREST NICHOLSON HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 April 2014 (unaudited)

	Note	Share capital	Share premium	Retained earnings	Total
		£m	£m	£m	£m
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
Equity settled share based payments		-	-	1.5	1.5
Dividends paid	5	-	-	(16.3)	(16.3)
Balance at 30 April 2014		12.6	71.6	399.5	483.7
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		1.3	54.7	-	56.0
IPO fees written off against share premium		-	(2.1)	-	(2.1)
Re-organisation in the period		1.3	(1.3)	-	-
Share premium converted in the period		-	(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
Year ended 31 October 2013					
Balance at 31 October 2012		10.0	240.3	96.8	347.1
Total comprehensive income for the year		-	-	64.3	64.3
Shares issued		1.3	54.7	-	56.0
IPO fees written off against share premium		-	(2.1)	-	(2.1)
Re-organisation in the year		1.3	(1.3)	-	-
Share premium converted in the year		-	(220.0)	220.0	-
Equity settled share based payments		-	-	5.0	5.0
Balance at 31 October 2013		12.6	71.6	386.1	470.3

CREST NICHOLSON HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2014 (unaudited)

ASSETS	Note	As at 30 April 2014 £m	As at 30 April 2013 £m	As at 31 October 2013 £m
Non-current assets				
Intangible assets		29.0	29.0	29.0
Property, plant and equipment		1.6	2.1	1.9
Investments		1.9	2.9	1.9
Other financial assets	13	30.2	32.5	31.9
Deferred tax assets	10	50.0	69.9	58.1
Trade and other receivables		4.2	-	4.2
		116.9	136.4	127.0
Current assets				
Inventories		706.4	542.3	577.7
Trade and other receivables		40.4	39.4	44.0
Cash and cash equivalents		89.0	79.1	124.5
		835.8	660.8	746.2
Total assets		952.7	797.2	873.2
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings	11	(131.1)	(77.7)	(59.8)
Trade and other payables		(90.3)	(50.6)	(75.5)
Retirement benefit obligations	9	(20.0)	(31.3)	(21.5)
Provisions		(4.2)	(5.8)	(4.1)
		(245.6)	(165.4)	(160.9)
Current liabilities				
Interest bearing loans and borrowings	11	(18.5)	(11.5)	(22.2)
Trade and other payables		(201.4)	(197.8)	(215.1)
Provisions		(3.5)	(6.6)	(4.7)
		(223.4)	(215.9)	(242.0)
Total liabilities		(469.0)	(381.3)	(402.9)
Net assets		483.7	415.9	470.3
SHAREHOLDERS' EQUITY				
Share capital	12	12.6	12.6	12.6
Share premium account	12	71.6	71.6	71.6
Retained earnings		399.5	331.7	386.1
Total equity attributable to equity shareholders		483.7	415.9	470.3

Crest Nicholson Holdings plc Registered number 6800600

These condensed consolidated interim financial statements were approved by the Board of Directors on 17 June 2014.

CREST NICHOLSON HOLDINGS PLC

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the half year ended 30 April 2014 (unaudited)

	Half year ended 30 April 2014 £m	Half year ended 30 April 2013 £m	Full year ended 31 October 2013 £m
Cash flows from operating activities			
Profit after tax for the period	30.9	16.0	66.0
Adjustments for:			
Depreciation	0.4	0.6	1.3
Net finance expense	6.4	6.5	10.3
Share-based payment expense	1.8	-	4.5
Share of (profit) / loss of joint ventures	(0.1)	0.2	-
Income tax expense	7.5	6.2	14.9
Share issue costs expensed in the year	-	-	3.5
Changes in working capital:			
Decrease / (increase) in trade and other receivables	3.6	2.1	(6.7)
Increase in inventories	(128.7)	(72.9)	(108.3)
(Decrease) / increase in trade and other payables	(5.1)	19.4	44.8
Increase in other financial assets	(0.3)	-	(2.8)
Cash (outflow) / inflow from operations	(83.6)	(21.9)	27.5
Interest paid	(4.1)	(6.2)	(8.0)
Net cash (outflow) / inflow from operating activities	(87.7)	(28.1)	19.5
Cash flows from investing activities			
Purchases of property, plant and equipment	(0.1)	(0.7)	(1.0)
Decrease / (Increase) in other financial assets	3.6	(1.4)	3.6
Interest received	0.1	-	0.6
Net cash inflow / (outflow) from investing activities	3.6	(2.1)	3.2
Cash flows from financing activities			
Net proceeds from the issue of share capital	-	53.9	53.9
Share capital issue costs	-	(3.5)	(3.5)
Repayment of bank and other borrowings	(56.8)	(107.0)	(164.8)
Proceeds from new loans	124.4	18.6	68.9
Debt arrangement and facility fees	(2.7)	(2.8)	(2.8)
Dividends paid	(16.3)	-	-
Net cash inflow / (outflow) from financing activities	48.6	(40.8)	(48.3)
Net decrease in cash and cash equivalents	(35.5)	(71.0)	(25.6)
Cash and cash equivalents at the beginning of the period	124.5	150.1	150.1
Cash and cash equivalents at end of the period	89.0	79.1	124.5

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 2013, other than as set out in note 2.

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 2013 were approved by the board of directors on 28th January 2014 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 2014 is set out on page 7.

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 2013, other than as set out below.

The Group has adopted the following new standards and amendments to standards, with a date of initial application of 1 November 2013:

IFRS 13 Fair Value Measurement. The standard defines fair value and provides a single IFRS framework for measuring fair value. The adoption of this standard has not had a material effect on the Group's profit for the period or equity.

IAS 19 (Revised 2011) Employee Benefits. The adoption by the Company of IAS 19 Employee Benefits has resulted in the interest cost and expected return on assets being replaced by a net interest charge/credit on the net defined benefit pension liability/surplus. The comparative period and full year ended 31 October 2013 have been restated for this, see note 6. Net assets are unchanged by this revision.

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 2013 have been charged as administrative expenses in the preceding period and full year ended 31 October 2013. These costs reflected legal, accounting and advisory costs of the IPO, together with a share-based payment charge of £2.4m which crystallised upon listing.

5 Dividends on equity shares

Amounts recognised as distributions to equity shareholders in the period:	**Half year ended 30 April 2014 £m**	**Half year ended 30 April 2013 £m**	**Full year ended 31 October 2013 £m**
Final dividend for the year ended 31 October 2013 of 6.5 pence per share (2012: nil)	16.3	-	-
Proposed interim dividend for the year ending 31 October 2014 of 4.1 pence per share (2013: nil)	10.3	-	-

The proposed interim dividend was approved by the Board on 17th June 2014 and, in accordance with IAS 10 "Events after the Reporting Period", has not been included as a liability in these condensed consolidated interim financial statements.

6 Finance income and expenses

	Half year ended 30 April 2014 £m	**Half year ended 30 April 2013 Restated * £m**	**Full year ended 31 October 2013 Restated * £m**
Finance income:			
Interest income	0.2	0.3	0.6
Imputed interest on other financial assets	1.6	0.8	1.6
	1.8	1.1	2.2
Finance expenses:			
Interest on bank loans and overdrafts	6.0	5.4	8.3
Imputed interest on deferred land creditors	1.6	1.3	2.7
Net interest on defined benefit pension plan obligations	0.6	0.9	1.5
	8.2	7.6	12.5
Net finance expenses	6.4	6.5	10.3

*Prior figures restated to reflect the application of IAS 19R – Employee Benefits

Previously reported	**Half year ended 30 April 2013 £m**	**Full year ended 31 October 2013 £m**
Finance income:		
Interest income	0.3	0.6
Imputed interest on other financial assets	0.8	1.6
Expected return on defined benefit pension plan assets	2.3	4.8
	3.4	7.0
Finance expenses:		
Interest on bank loans and overdrafts	5.4	8.3
Imputed interest on deferred land creditors	1.3	2.7
Interest on defined benefit pension plan obligations	3.2	6.3
	9.9	17.3
Net finance expenses	6.5	10.3

7 Taxation

The taxation expense for the half years ended 30 April 2014 and 30 April 2013 is calculated by applying the directors' best estimate of the annual effective tax rate to the profit for the period.

8 Earnings per share

The basic earnings per share (EPS) for the six months ended 30 April 2014 is based on the weighted average number of shares in issue during the period of 251.4m (half year 2013: 235.3m, full year 2013: 243.4m). 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 2014

	Earnings £m	No. of shares Millions	EPS Pence
Basic earnings per share	30.9	251.4	12.3p
Effect of share options	-	3.2	
Diluted earnings per share	30.9	254.6	12.1p

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	21.9	16.0	235.8	9.3p	6.8p

Full year ended 31 October 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	71.5	66.0	243.4	29.4p	27.1p
Effect of share options	-	-	4.0		
Diluted earnings per share	71.5	66.0	247.4	28.9p	26.7p

9 Pension

The amounts recognised in the income statement are as follows:	Half year ended 30 April 2014 £m	Half year ended 30 April 2013 restated * £m	Full year ended 31 October 2013 Restated * £m
Net interest expense on defined benefit pension plan obligations	0.6	0.9	1.5

*Prior figures restated to reflect the application of IAS 19R – Employee Benefits

Previously reported	Half year ended 30 April 2013 £m	Full year ended 31 October 2013 £m
Expected return on defined benefit pension plan assets	2.3	4.8
Interest expense on defined benefit pension plan obligations	(3.2)	(6.3)
Net interest expense on defined benefit pension plan obligations	(0.9)	(1.5)

An actuarial loss of £2.4m (30 April 2013: £5.1m, 31 October 2013: actuarial gain £0.7m) has been taken to the condensed consolidated statement of comprehensive income.

The amounts recognised in the balance sheet are as follows:	As at 30 April 2014 £m	As at 30 April 2013 £m	As at 31 October 2013 £m
Liability	20.0	31.3	21.5

10 Deferred Tax Assets

	As at 30 April 2014 £m	As at 30 April 2013 £m	As at 31 October 2013 £m
Recognised			
Tax losses	19.5	24.6	23.7
Accelerated pension payments	0.2	1.2	0.4
Inventories fair value	25.2	36.2	27.5
Other timing differences	0.9	0.7	2.0
Pension deficit	4.2	7.2	4.5
	50.0	69.9	58.1
Not recognised			
Tax losses	3.4	12.7	3.4

11 Borrowings

	As at 30 April 2014 £m	As at 30 April 2013 £m	As at 31 October 2013 £m
Non-current			
Revolving credit facility	115.0	45.0	45.0
Unamortised issue costs	(2.6)	(2.1)	(2.5)
Other loans	18.7	34.8	17.3
	131.1	77.7	59.8
Current			
Other loans	18.5	11.5	22.2

During the period, the business successfully re-financed its loan obligations, increasing the level and duration of its banking facilities whilst reducing the overall cost of borrowing.

Amounts drawn under existing facilities of £100m of revolving credit and £40m ancillary with a maturity date of December 2016 were repaid in full. These were replaced with a £200m revolving credit facility and an £80m ancillary facility, with an expiry date of March 2019. At 30 April 2014, the Group had undrawn revolving credit facilities of £85m and cash and cash equivalents of £89m.

12 Share Capital

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
Half year ended 30 April 2014				
As at 31 October 2013	251,427,287	5	12,571,364	71,635,216
Issue of share capital	1,395	5	70	3,376
As at 30 April 2014	251,428,682	5	12,571,434	71,638,592

13 Other financial assets

During the period the company issued 1,395 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.

	As at 30 April 2014 £m	As at 30 April 2013 £m	As at 31 October 2013 £m
At beginning of the year	31.9	31.1	31.1
Additions	0.3	1.8	2.8
Disposals	(3.6)	(0.9)	(3.6)
Imputed interest	1.6	0.5	1.6
At the end of the period	30.2	32.5	31.9

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 7 Revised.

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 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 2014	As at 30 April 2013	As at 31 October 2013
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 2014 Increase assumptions by 1 % / 1 year £m	As at 30 April 2014 Decrease assumptions by 1 % / 1 year £m
Discount rate, incorporating default rate	(1.3)	1.3
House price inflation for the next three years	0.5	(0.5)
Timing of receipt	(1.6)	1.9

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 2014 was £1.6m (30 April 2013: £0.5m, 31 October 2013 £1.6m).

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.

14 Related party transactions

Related parties are consistent with those disclosed in the Group's Annual Report and Accounts for the year ended 31 October 2013. 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.

15 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.

16 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 are outlined on pages 51 to 53 of the 2013 Annual report and accounts, which is available from www.crestnicholson.com.

Social and environmental risk are analysed in more detail in our comprehensive 2013 Sustainability Report which is available at http://www.crestnicholson.com/sustainability/reports

– Ends –

About Crest Nicholson

Crest Nicholson is firmly established as a leading developer with a passion for not only building homes, but also for creating vibrant sustainable communities. The Company's track record over 50 years shows a demonstrable commitment to delivering innovative, design led, residential developments and large scale, mixed use, urban regeneration solutions. Its on-going emphasis on environmentally responsible housing and commitment to deliver truly low carbon sustainable schemes is evident by an ever increasing development portfolio. Crest Nicholson was proudly awarded the Queens Award for Enterprise in the Sustainable development category in 2007. The 5 year accolade is proof of a continued commitment to producing high quality developments that champion the very best principles in sustainability and design.

The Group is a consistent top performer in the Next Generation industry benchmark and holds 5 star builder status for customer service from the House Builders Federation. Visit www.crestnicholson.com