23 August 2019

HENRY BOOT PLC

('Henry Boot', 'the Company' or 'the Group')

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Henry Boot PLC, a company engaged in land promotion, property investment and development, and construction, announces its interim results for the period ended 30 June 2019. Ticker: BOOT.L: Main market premium listing: FTSE: construction & materials.

HIGHLIGHTS

	30 June 2019	30 June 2018	% change
• Profit before tax	**£24.1m**	£26.2m	-8.0%
• Operating profit	**£24.7m**	£26.4m	-6.4%
• Earnings per share	**14.2p**	15.7p	-9.6%
• Interim dividend	**3.70p**	3.20p	+15.6%
• Net debt	**£50.3m**	£26.0m	+93.5%
• Net asset value per share	**233p**	217p	+7.4%

Commenting on the results, Chief Executive John Sutcliffe said:

"Once again, we are very pleased to report on another period of successful trading. A deal-driven business, such as Henry Boot, always shows a degree of variability in profits and to have achieved over £24m in profit before tax, given the uncertainties affecting the UK economy, is a very resilient result.

Trading conditions in the first half have remained consistent with 2018 and all business streams performed well as we continued to deliver a significant number of high quality land, housing and commercial development opportunities. Hallam Land, in particular, had a strong half year.

After the period end, we completed and handed over The Event Complex Aberdeen (TECA), concluded on two investment property sales, exchanged contracts on a further two and acquired a majority shareholding in Starfish Commercial Limited, a small partnership homes contractor in the North of England.

Trading in the second half has started well and we remain confident in meeting expectations for the full year, albeit some uncertainty remains regarding the UK's exit from the EU and how this may affect future trading conditions. However, the opportunities we have do not change and we will be carrying little or no debt, from the disposal of assets held for sale, should any competitively priced assets become available to us."

An interview with John Sutcliffe, CEO commenting on the Interim Results is available to view here or at http://www.henryboot.co.uk/investors/.

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About Henry Boot PLC

Henry Boot PLC (BOOT.L) was established over 130 years ago and is one of the UK's leading and longest standing land promotion, property investment and development, and construction group of companies. Based in Sheffield, the Group comprises the following three segments:

Land Promotion:
Hallam Land Management Limited

Property Investment & Development:
Henry Boot Developments Limited, Stonebridge Homes Limited

Construction:
Henry Boot Construction Limited, Banner Plant Limited, Road Link (A69) Limited

The Group possesses a high-quality strategic land portfolio, an enviable reputation in the property development market backed by a substantial investment property portfolio and an expanding, jointly owned, housebuilding business. It has a construction specialism in both the public and private sectors, a growing plant hire business, and generates strong cash flows from its PFI contract, Road Link (A69) Limited.

www.henryboot.co.uk

CHAIRMAN'S STATEMENT

I am pleased to report that the Group has traded well in the first half of 2019. As anticipated, our performance in the first half of the year is slightly down on the very strong comparative period; however, we remain confident that we will achieve our expectations for the full year.

Business has been consistent across all of our segments, with strategic land and housebuilding, in particular, performing strongly as the UK housebuilding industry benefited from solid trading conditions and demand for much needed housing. We anticipate no change to these markets in the second half of the year. We completed and handed over TECA, our £333m conference centre scheme in Aberdeen, on time and within budget, shortly after the period end. The whole team involved with the delivery of the scheme has done a fantastic job, building a strategically important asset for Aberdeen and the North East of Scotland. Our attention now turns to the former conference centre and other land around TECA, along with several other developments laid out in more detail below.

The construction segment, including our plant hire and PFI interests, has traded as expected. We have also now signed agreements to deliver phase two of the Barnsley town centre regeneration, The Glass Works, which provides us with a strong underpin for the next two-year business plan for Henry Boot Construction. Relatively subdued levels of UK construction activity, along with competitive plant hire pricing, has seen our plant business achieve slightly lower returns than 2018, albeit this made little difference to the segment results as a whole, which are strongly supported by Road Link A69, which continues to trade well and in line with management's expectations.

We announced on 7 August 2019 the Board appointment of Tim Roberts as Chief Executive Officer with effect from 1 January 2020. Current Chief Executive Officer, John Sutcliffe, will continue to lead the Company and drive growth initiatives and operating plans until the end of 2019. He will then remain in an advisory position with the Company until the conclusion of the AGM on 21 May 2020, at which point he will retire and step down from the Board.

BUSINESS REVIEW

Land Promotion

Hallam Land Management made a strong start to the year with 2,148 plots sold in the period, across 15 sites. At the end of June 2019, we had exchanged contracts for the sale of a further 332 plots and a site for a retirement care complex, to complete later in 2019. Since the end of June 2019, we have additionally completed sales on a further 90 plots.

At 30 June 2019, Hallam Land held interests in 178 sites equating to 14,077 acres, slightly down from 14,325 acres at December 2018, of which 1,412 acres are owned, 2,634 under option and 10,031 are under planning promotion agreements. During the six months, we secured planning consents/resolutions to permit consent for 1,086 plots on two sites and at 30 June 2019, we held planning consents/resolutions to permit consent for 15,427 plots on 41 sites, with a further 10,570 plots subject to planning applications on 23 sites. Our accounting policy is to hold these strategic land sites as inventory, at the lower of cost or net realisable value, and therefore the assets do not benefit from judgemental valuation gains. The inventory value at 30 June 2019 was £103.4m (December 2018: £107.9m).

The continued availability of land with planning consents in good quality locations, providing choice for housebuilders, coupled with further advances in the development agreements associated with those consents, has ensured that pressure on land pricing and average returns per plot has continued. The UK's exit from the EU has not impacted our business activity in the first half of the year, but the change in political persuasion of several local authorities in recent local elections has resulted in additional delay and uncertainty in relation to some of our projects. However, we continue to source a very healthy number of new opportunities in strong market locations.

As we enter the second half of 2019, the majority of Hallam Land's business for the current year is either contractually exchanged or at an advanced stage of negotiation. In addition, we have also contractually exchanged sale contracts on six sites for over 760 plots which will complete in either 2019 or 2020.

Property Investment and Development

Henry Boot Developments, our property investment and development subsidiary, also enjoyed a good start to the year with live projects across all regions progressing as planned. We completed the £333m development known as TECA in accordance with the contractual completion date of 2 August 2019. The scheme has been delivered within budget and all project stakeholders are delighted with the finished building. The TECA completion also triggered the commencement of our development agreement with Aberdeen City Council to develop out the remaining 30 acres of the TECA site, together with the redevelopment of the 50-acre former conference centre site at Bridge of Don, Aberdeen.

In Manchester, progress at Kampus (a joint venture development with Capital & Centric), has continued on programme. We anticipate scheme completion late in 2020 and, when finished, it will comprise 540 build-to-rent apartments, together with 30,000 sq ft of retail and leisure space. Also, in Manchester, we have entered into an agreement with the Greater Manchester Property Venture Fund to develop a prime city centre site for more than 100,000 sq ft of office space and we will commence the conversion of the upper floors of Equitable House, St Ann's Square into 23 private for sale apartments late in 2019.

Moving into the second half of 2019, we have live building contracts in place at five of our strategic employment sites across the country. At the International Advanced Manufacturing Park (IAMP) in Sunderland, we are constructing a 200,000 sq ft building known as CESAM for Sunderland City Council, as well as 128,000 sq ft building for Faltec Ltd. At Markham Vale, Derbyshire we are currently constructing a 55,000 sq ft unit for Protec Ltd, together with a speculative 55,000 sq ft unit. Both projects will complete on site in 2019. In addition, we have commenced infrastructure and enabling works at Wyvern Park, Skipton, so that we can complete on two further transactions, which are already exchanged, in mid-2020.

Finally, in the South East of England, build progress has been maintained and occupier interest has remained strong at our speculative 83,000 sq ft industrial scheme known as "The Quad" at Butterfields Business Park in Luton. Construction works have also commenced at Airport Business Park, Southend for a 123,000 sq ft unit for Ipeco and we are pleased to report that works on site in connection with the 110,000 sq ft HQ office development, pre-let to Atkins and forward sold to L&G, in Epsom, Surrey, have now completed.

Encouragingly, we have also managed to add to the future development pipeline during the first half of 2019, with all six regional offices well placed to find future opportunities. Of particular note is the acquisition of a prime city centre site in Birmingham which we plan to develop into approximately 100 private for sale residential units. This will represent our first development in Birmingham, following the opening of our Midlands regional office at the end of 2017.

Housebuilding

Stonebridge Homes, our growing, jointly owned housebuilder based in Leeds, has had a very solid first half. Reservations, including completions to date, for the year exceeded 130 at the half year, and completion of 68 units was ahead of last year (2018: 53 units). We continue to invest in the management structure of Stonebridge and have a long-term plan to increase output to 1,000 units per annum. Planning continues to be a real challenge for small housebuilders, as the current lack of central government direction is, for Stonebridge, affecting the delivery of much needed new homes.

Construction

Henry Boot Construction continues to win work in line with our expectations, despite the ongoing political and economic uncertainty. At the half-year, we are on track to achieve our anticipated turnover and profit, having secured 95% of this year's activity and importantly 71% for 2020. Underpinning this is an increase in the use of two stage tenders and pre-construction service agreements, which allow greater certainty in predicting our forward order book, though this adds time into the process, from initial tender submission, through to award and then start on site.

We continue to see a good level of construction opportunities within our chosen workflow areas of housing, commercial development, health, education, civil engineering and custodial. As always, we adopt a risk-based approach and remain selective in the opportunities we pursue focusing, where possible, on proactively sourcing higher margin returns and developing repeat business. We have also seen an increase in the size of contract opportunities we bid for, which increases the efficiency of our business model.

We recently completed the £44m first phase of The Glass Works, the Barnsley town centre redevelopment for Barnsley Metropolitan Borough Council, where we built a new library, refurbished the Metropolitan Centre and delivered public realm works. We also commenced works earlier this year on the £88m second phase for the same client, where we are delivering a mix of retail and leisure facilities.

Education continues to be an important sector where we are refurbishing and delivering new build schools under both the Department of Education and local frameworks. We are also delivering schemes for the Universities of Sheffield, Leeds and Leicester.

We are delivering health schemes through the Sheffield Teaching Hospitals NHS Foundation Trust framework. Also, following the successful refurbishment of the Grade II listed St George's Concert Hall for Bradford City Council handed over earlier this year, we have commenced work on a £12m scheme for Opera North in Leeds.

We also maintain the delivery of schemes through the Ministry of Justice Strategic Alliance Agreement for new build and refurbishment schemes for HM Prison Service, HM Court and Tribunals Service, National Probation Service, Home Office and Forensic Science Service in the North of England.

We are also progressing the design of a major PRS residential scheme in Sheffield. After the period end, we concluded the acquisition of a 60% majority stake, for a nominal amount, in a small partnership homes delivery contractor, Starfish Commercial Limited, working with housing associations and local authorities across the North of England. We see this as a great opportunity to access a new market segment in the coming years.

Plant Hire

Banner Plant workloads have been similar to last year; however, hire pricing is tight and re-hired activity is higher and achieves a lower margin. This will have some impact on the overall net profitability, though not affecting the overall segment profitability.

Road Link

Road Link (A69) continues to trade well and in line with management expectations. We have now completed year 23 of the 30-year contract with Highways England.

Trading review

Revenue for the period was slightly reduced at £189.0m (30 June 2018: £196.2m). Revenues from increased construction activity and strategic land sales were offset by lower property development activity as the £333m TECA contract moved towards completion.

Gross profit was 2.8% higher at £40.4m (30 June 2018: £39.3m) as the mix of revenues in the first half of 2019 generated slightly higher returns than in the first half of 2018.

Overheads increased by £1.6m (30 June 2018: £1.4m), as we continued to invest in and reward our people, a fundamental aspect of the business. Late in 2018 we commenced a Senior Leadership Development Programme specifically to help support current and future business leaders. We feel this programme brings clarity to the succession planning of our people which in turn will support the sustainability of the business.

Property fair value increases of £0.3m (30 June 2018: £0.6m) and investment property disposal losses of £0.1m (30 June 2018: profits £1.1m) resulted in profit from operations of £24.7m (30 June 2018: £26.4m).

Net financing costs were £0.6m (30 June 2018: £0.8m) reflecting both low interest rates and prudent gearing levels.

The resultant profit before tax was £24.1m (30 June 2018: £26.2m), another solid performance, with earnings per share of 14.2p (30 June 2018: 15.7p).

Statement of financial position

Total non-current assets were £131.7m (31 December 2018: £174.3m). The difference largely arising as follows:

- net investment in property, plant and equipment and movements in right of use assets (see note 15), which together largely relate to our plant hire fleet, of £3.3m (30 June 2018: £1.0m);
- a £41.9m reduction in the value of investment properties, mainly relating to several investment properties which are a significant way through the disposal process and have accordingly been transferred to assets classified as held for sale; and

- a decrease in trade and other receivables of £3.3m to £8.6m (31 December: £11.9m) relating to deferred land sale debtors becoming due within 12 months and therefore moving to current assets.

Current assets were £75.1m higher at £343.9m (31 December 2018: £268.8m) resulting from:

- an uplift in inventories to £170.2m (31 December 2018: £155.0m) after continued investment in housebuilding work in progress and land for future housing development, along with significant investment in property development opportunities, including a new build residential scheme in Birmingham and industrial sites in Luton, Nottingham, Taunton and Leicester;
- an increase in contract assets to £50.7m (31 December 2018: £42.8m) from higher construction work in progress and property development contract activity mainly relating to TECA;
- higher trade and other receivables of £71.4m (31 December 2018: £60.2m) as we hold more short-term deferred land sale debtors;
- cash and cash equivalents which were £2.9m lower at £8.0m (31 December 2018: £10.9m); and
- a transfer from investment properties to assets classified as held for sale of £43.5m (31 December 2018: £nil) as mentioned above.

Total liabilities rose to £164.9m (31 December 2018: £140.8m) with the most significant changes arising from:

- trade and other payables increased from the summer uplift in construction activity but ultimately reduced to £74.8m (31 December 2018: £80.3m), as we made payments relating to land acquisitions where deferred payment terms had been agreed;
- borrowings increased to £58.3m (31 December 2018: £29.2m). Current borrowings are expected to reduce significantly in the second half as we look to conclude the sales of the investment properties transferred to assets held for sale; and
- the expectation of a reduction in long-term interest rates, which reduced the liabilities discount rate applied to the defined benefit pension scheme valuation under IAS 19 to 2.2% (31 December 2018: 2.8%) resulting in an increased deficit of £18.3m (31 December 2018: £16.7m).

Retained earnings, offset by the increased pension deficit, saw net assets rise to £310.8m (31 December 2018: £302.3m) with the net asset value per share increasing by 2.6% to 233p (31 December 2018: 227p).

Cash flows

Operating cash inflows before movements in working capital were £24.4m (30 June 2018: £24.3m).

Working capital investment across the Group's activities increased inventories, receivables and payables, resulting in working capital outflows of £38.2m (30 June 2018: £11.2m) which, in turn, meant that operations utilised funds of £13.8m (30 June 2018: generated £13.1m). After interest paid of £0.6m (30 June 2018: £0.6m) and tax paid of £3.9m (30 June 2018: £5.6m) net cash outflows from operating activities were £18.3m (30 June 2018: £6.8m inflow).

Including net property investment of £1.3m (30 June 2018: £4.9m receipt), net cash outflows from investing activities were £1.6m (30 June 2018: cash inflows of £3.8m).

Dividends paid in the period, relating to the 2018 final dividend and dividends paid to non-controlling interests, increased by 19% to £9.4m (30 June 2018: £7.9m).

At 30 June 2019, net debt increased to £50.3m resulting in gearing of 16% (30 June 2018: net debt of £26.0m, gearing 9%). As noted above, the anticipated investment property sale receipts in the second half of 2019 will reduce borrowings and gearing by the year end, resulting in the Group having no debt approaching the end of the year

Dividend

The Board remains confident in the Company's ability to deliver the opportunities available to it and to generate the returns currently expected by management. Therefore, the Board has declared a 16% increase to the interim dividend to 3.70p (2018: 3.20p), which will be paid on 18 October 2019 to shareholders on the register at the close of business on 20 September 2019.

Outlook

The next few months are bound to be more uncertain as we approach the end of October's deadline in respect of the UK's membership of the EU. Currently, the UK markets in which we trade have remained stable, at a similar level of activity to those over the last two years. Housing and demand for logistics and employment space has remained particularly resilient and remain key to Henry Boot's business streams.

As anticipated, revenue will reduce over the next year now that we have concluded the TECA scheme; however, we expect to achieve commensurately higher margins on the schemes that replace it, maintaining profit levels. Our opportunity portfolio remains as strong as ever, and provides a resilient pipeline of future commercial development, strategic land and housebuilding opportunities, helped by the stable returns from our construction segment, recently augmented by the acquisition of a small partnership homes developer.

Furthermore, since 30 June 2019, we have concluded two investment property sales and anticipate completing two more by the end of the third quarter. Collectively, we expect to conclude these sales at or around book valuation and receive proceeds of *circa* £59m, resulting in the Group having no debt approaching the end of the year.

In conclusion, we continue to trade well and in line with the Board's expectations for 2019 and, at this early stage, and subject to an economically acceptable BREXIT resolution in October 2019, our expectations for 2020 remain unchanged.

Jamie Boot
Chairman
23 August 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the half year ended 30 June 2019

	Half year ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Revenue	**188,984**	196,222	397,052
Cost of sales	**(148,603)**	(156,953)	(319,052)
Gross profit	**40,381**	39,269	78,000
Administrative expenses	**(13,852)**	(12,219)	(24,065)
Pension expenses	**(2,100)**	(2,285)	(5,975)
	24,429	24,765	47,960
Increase/(decrease) in fair value of investment properties	**350**	630	(92)
(Loss)/profit on sale of investment properties	**(76)**	1,075	1,365
Loss on sale of assets held for sale	**—**	(35)	(36)
Operating profit	**24,703**	26,435	49,197
Finance income	**297**	49	275
Finance costs	**(1,005)**	(825)	(1,698)
Share of profit of joint ventures and associates	**152**	548	830
Profit before tax	**24,147**	26,207	48,604
Tax	**(4,393)**	(4,340)	(8,229)
Profit for the period from continuing operations	**19,754**	21,867	40,375
Other comprehensive income/(expense) not being reclassified to profit or loss in subsequent periods:			
Revaluation of Group occupied property	**(4)**	—	(153)
Actuarial (loss)/gain on defined benefit pension scheme	**(2,259)**	5,042	6,199
Deferred tax on actuarial (loss)/gain	**384**	(857)	(1,054)
Total other comprehensive (expense)/income not being reclassified to profit or loss in subsequent periods	**(1,879)**	4,185	4,992
Total comprehensive income for the period	**17,875**	26,052	45,367
Profit for the period attributable to:			
Owners of the Parent Company	**18,879**	20,838	37,505
Non-controlling interests	**875**	1,029	2,870
	19,754	21,867	40,375
Total comprehensive income attributable to:			
Owners of the Parent Company	**17,000**	25,023	42,497
Non-controlling interests	**875**	1,029	2,870
	17,875	26,052	45,367
Basic earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**14.2p**	15.7p	28.3p
Diluted earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**14.1p**	15.5p	28.0p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as at 30 June 2019

	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000	31 December 2018 Audited £'000
Assets			
Non-current assets			
Intangible assets	**4,861**	5,359	5,077
Property, plant and equipment	**22,035**	27,489	26,161
Right of use assets	**6,638**	—	—
Investment properties	**79,103**	131,827	120,975
Investment in joint ventures and associates	**6,764**	6,404	6,686
Trade and other receivables	**8,597**	9,109	11,915
Deferred tax assets	**3,739**	3,849	3,487
	131,737	184,037	174,301
Current assets			
Inventories	**170,248**	146,160	154,980
Contract assets	**50,652**	45,700	42,772
Trade and other receivables	**71,397**	56,132	60,225
Cash and cash equivalents	**8,039**	9,309	10,856
	300,336	257,301	268,833
Assets classified as held for sale	**43,539**	—	—
	343,875	257,301	268,833
Liabilities			
Current liabilities			
Trade and other payables	**71,821**	81,859	77,475
Contract liabilities	**3,082**	2,574	2,794
Current tax liabilities	**4,308**	4,656	3,897
Borrowings	**54,341**	31,355	24,119
Provisions	**5,115**	5,975	5,724
	138,667	126,419	114,009
Net current assets	**205,208**	130,882	154,824
Non-current liabilities			
Trade and other payables	**2,172**	2,670	2,792
Borrowings	**3,956**	3,970	5,096
Retirement benefit obligations	**18,261**	17,021	16,710
Provisions	**1,792**	2,476	2,215
	26,181	26,137	26,813
Net assets	**310,764**	288,782	302,312
Equity			
Share capital	**13,716**	13,714	13,715
Property revaluation reserve	**3,393**	3,550	3,397

Retained earnings	**285,879**	263,288	276,999
Other reserves	**6,371**	6,330	6,347
Cost of shares held by ESOP trust	**(914)**	(831)	(1,260)
Equity attributable to owners of the Parent Company	**308,445**	286,051	299,198
Non-controlling interests	**2,319**	2,731	3,114
Total equity	**310,764**	288,782	302,312

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the half year ended 30 June 2019

	Attributable to owners of the Parent Company							
	Share capital £'000	Property revaluation reserve £'000	Retained earnings £'000	Other reserves £'000	Cost of shares held by ESOP trust £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2018	13,701	3,550	245,260	6,121	(1,240)	267,392	2,684	270,076
Profit for the period	—	—	20,838	—	—	20,838	1,029	21,867
Other comprehensive expense	—	—	4,185	—	—	4,185	—	4,185
Total comprehensive income	—	—	25,023	—	—	25,023	1,029	26,052
Equity dividends	—	—	(6,905)	—	—	(6,905)	(982)	(7,887)
Proceeds from shares issued	13	—	—	209	—	222	—	222
Share-based payments	—	—	(90)	—	409	319	—	319
	13	—	(6,995)	209	409	(6,364)	(982)	(7,346)
At 30 June 2018 (unaudited)	13,714	3,550	263,288	6,330	(831)	286,051	2,731	288,782
At 1 January 2018	13,701	3,350	245,260	6,121	(1,240)	267,392	2,684	270,076
Profit for the year	—	—	37,505	—	—	37,505	2,870	40,375
Other comprehensive income	—	(153)	5,145	—	—	4,992	—	4,992
Total comprehensive income	—	(153)	42,650	—	—	42,497	2,870	45,367
Equity dividends	—	—	(11,161)	—	—	(11,161)	(2,440)	(13,601)
Proceeds from shares issued	14	—	—	226	—	240	—	240
Purchase of treasury shares	—	—	—	—	(429)	(429)	—	(429)
Share-based payments	—	—	250	—	409	659	—	659
	14	—	(10,911)	226	(20)	(10,691)	(2,440)	(13,131)
At 31 December 2018 (audited)	13,715	3,397	276,999	6,347	(1,260)	299,198	3,114	302,312
Change in accounting policy	—	—	(194)	—	—	(194)	—	(194)
Restated at 1 January 2019	13,715	3,397	276,805	6,347	(1,260)	299,004	3,114	302,118
Profit for the period	—	—	18,879	—	—	18,879	875	19,754
Other comprehensive expenses	—	(4)	(1,875)	—	—	(1,879)	—	(1,879)
Total comprehensive income	—	(4)	17,004	—	—	17,000	875	17,875
Equity dividends	—	—	(7,702)	—	—	(7,702)	(1,670)	(9,372)
Proceeds from shares issued	1	—	—	24	—	25	—	25
Purchase of treasury shares	—	—	—	—	(264)	(264)	—	(264)
Share-based payments	—	—	(228)	—	610	382	—	382
	1	—	(7,930)	24	346	(7,559)	(1,670)	(9,229)
At 30 June 2019 (unaudited)	**13,716**	**3,393**	**285,879**	**6,371**	**(914)**	**308,445**	**2,319**	**310,764**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the half year ended 30 June 2019

	Half year ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Cash flows from operating activities			
Cash generated from operations	**(13,748)**	13,084	22,276
Interest paid	**(626)**	(607)	(1,434)
Tax paid	**(3,859)**	(5,630)	(10,054)
Net cash flows from operating activities	**(18,233)**	6,847	10,788
Cash flows from investing activities			
Purchase of intangible assets	**(149)**	(343)	(417)
Purchase of property, plant and equipment	**(380)**	(787)	(1,464)
Purchase of investment property	**(2,353)**	(3,895)	(4,906)
Proceeds on disposal of property, plant and equipment	**69**	122	265
Proceeds on disposal of investment properties	**939**	6,645	17,881
Proceeds on disposal of assets held for sale	**—**	2,000	2,000
Dividends received from joint ventures and associates	**74**	—	—
Interest received	**146**	40	265
Net cash flows from investing activities	**(1,654)**	3,782	13,624
Cash flows from financing activities			
Proceeds from shares issued	**26**	222	239
Purchase of treasury shares	**(264)**	—	(429)
Decrease in borrowings	**(9,464)**	(10,098)	(46,113)
Increase in borrowings	**36,142**	6,161	36,066
Dividends paid – ordinary shares	**(7,691)**	(6,895)	(11,140)
– non-controlling interests	**(1,670)**	(982)	(2,440)
– preference shares	**(11)**	(10)	(21)
Net cash flows from financing activities	**17,070**	(11,602)	(23,838)
Net (decrease)/increase in cash and cash equivalents	**(2,817)**	(973)	574
Net cash and cash equivalents at beginning of period	**10,856**	10,282	10,282
Net cash and cash equivalents at end of period	**8,039**	9,309	10,856
Analysis of net debt:			
Cash and cash equivalents	**8,039**	9,309	10,856
Bank overdrafts	**—**	—	—
Net cash and cash equivalents	**8,039**	9,309	10,856
Bank loans	**(49,244)**	(27,545)	(22,422)
Lease liability	**(5,698)**	(3,061)	(3,220)
Government loans	**(3,355)**	(4,719)	(3,573)
Net debt	**(50,258)**	(26,016)	(18,359)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
for the half year ended 30 June 2019

1. GENERAL INFORMATION

The Company is a public limited company, listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The address of its registered office is Banner Cross Hall, Ecclesall Road South, Sheffield, United Kingdom, S11 9PD.

The financial information set out above does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006 and is neither audited nor reviewed. The Financial Statements for the year ended 31 December 2018, which were prepared under IFRS as adopted by the European Union, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The Independent Auditors' Report was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half-yearly financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The Company meets its day-to-day working capital requirements through a secured loan facility, which includes an overdraft facility. The facility was renewed with effect from 17 February 2015, with a renewal date of 17 February 2018 and an option to extend the facility by one year, each year, for the following two years occurring on the anniversary of the facility. The two options to extend the facility were exercised in 2016 and 2017 respectively extending the facilities to 17 February 2020. We are pleased to confirm that a new syndicated £75m secured loan facility has been agreed in principle with three banks. The new facility will run for a three-year term with an option to extend the facility by one year, each year, for the first two years. The facility will include an accordion of £30m and will replace the existing facility upon expiry and provides greater capacity to support the growth of the Group, on improved terms. The legal and due diligence process has now commenced and is expected to complete before the end of the year to become effective from 17 February 2020.

The current economic conditions create uncertainty for all businesses over a number of risk areas. As part of their regular going concern review, the Directors specifically address all the risk areas that they consider material to the assessment of going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the half-yearly financial information.

The preparation of half-yearly financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these half-yearly financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated Financial Statements for the year ended 31 December 2018.

The half-yearly financial information has been prepared using the same accounting policies and methods of computation as compared with the annual Financial Statements for the year ended 31 December 2018, except for as described below:

The Group has adopted IFRS 16 'Leases' from 1 January 2019. In accordance with the transition provisions in IFRS 16 the new rules have been adopted under the modified retrospective approach. Further information on the adoption of IFRS 16 can be found in note 15.

A number of other standards, amendments and interpretations became effective from 1 January 2019, which do not have a material impact on the Group's financial statements or accounting policies.

3. SEGMENT INFORMATION

For the purpose of the Board making strategic decisions, the Group is currently organised into three operating segments: Property Investment and Development; Land Promotion; and Construction. Group overheads are not a reportable segment; however, information about them is considered by the Board in conjunction with the reportable segments.

Operations are carried out entirely within the United Kingdom.

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the reportable segments are the same as the Group's accounting policies as detailed above.

Segment profit represents the profit earned by each segment before tax and is consistent with the measure reported to the Group's Board for the purpose of resource allocation and assessment of segment performance.

	Half year ended 30 June 2019 Unaudited					
	Property investment and development £'000	**Land promotion £'000**	**Construction £'000**	**Group overheads £'000**	**Eliminations £'000**	**Total £'000**
Revenue						
External sales	**96,186**	**38,654**	**54,144**	**—**	**—**	**188,984**
Inter-segment sales	**152**	**—**	**6,710**	**310**	**(7,172)**	**—**
Total revenue	**96,338**	**38,654**	**60,854**	**310**	**(7,172)**	**188,984**
Operating profit/(loss)	**8,650**	**14,552**	**5,231**	**(3,730)**	**—**	**24,703**
Finance income	**742**	**1,346**	**435**	**3,012**	**(5,165)**	**370**
Finance costs	**(3,090)**	**(641)**	**(251)**	**(1,450)**	**4,427**	**(1,005)**
Share of profit of joint ventures and associates	**79**	**—**	**—**	**—**	**—**	**79**
Profit/(loss) before tax	**6,381**	**15,257**	**5,415**	**(2,168)**	**(738)**	**24,147**
Tax	**(1,026)**	**(2,899)**	**(913)**	**445**	**—**	**(4,393)**
Profit/(loss) for the period	**5,355**	**12,358**	**4,502**	**(1,723)**	**(738)**	**19,754**

	Half year ended 30 June 2018 Unaudited					
	Property investment and development £'000	Land promotion £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
Revenue						
External sales	111,606	35,741	48,875	—	—	196,222
Inter-segment sales	163	—	1,156	336	(1,655)	—
Total revenue	111,769	35,741	50,031	336	(1,655)	196,222
Operating profit/(loss)	10,567	15,158	3,993	(3,283)	—	26,435
Finance income	548	888	425	2,911	(4,723)	49
Finance costs	(3,060)	(523)	(273)	(1,292)	4,323	(825)
Share of profit of joint ventures and associates	548	—	—	—	—	548
Profit/(loss) before tax	8,603	15,523	4,145	(1,664)	(400)	26,207
Tax	(1,386)	(2,698)	(944)	688	—	(4,340)
Profit/(loss) for the period	7,217	12,825	3,201	(976)	(400)	21,867

	Year ended 31 December 2018 Audited					
	Property investment and development £'000	Land promotion £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
Revenue						
External sales	221,546	74,808	100,698	—	—	397,052
Inter-segment sales	325	—	2,229	647	(3,201)	—
Total revenue	221,871	74,808	102,927	647	(3,201)	397,052
Operating profit/(loss)	20,114	27,935	8,932	(7,784)	—	49,197
Finance income	1,112	1,679	867	18,206	(21,589)	275
Finance costs	(6,149)	(1,103)	(556)	(2,679)	8,789	(1,698)
Share of profit of joint ventures and associates	830	—	—	—	—	830
Profit/(loss) before tax	15,907	28,511	9,243	7,743	(12,800)	48,604
Tax	(2,047)	(5,285)	(1,836)	939	—	(8,229)
Profit/(loss) for the year	13,860	23,226	7,407	8,682	(12,800)	40,375

	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000	31 December 2018 Audited £'000
Segment assets			
Property investment and development	**275,510**	243,391	238,809
Land promotion	**147,315**	140,055	152,573
Construction	**38,152**	41,490	34,637
Group overheads	**2,857**	3,244	2,772
	463,834	428,180	428,791
Unallocated assets			
Deferred tax assets	**3,739**	3,849	3,487
Cash and cash equivalents	**8,039**	9,309	10,856
Total assets	**475,612**	441,338	443,134
Segment liabilities			
Property investment and development	**29,712**	34,328	31,300
Land promotion	**14,800**	26,957	31,974
Construction	**36,435**	30,854	25,553
Group overheads	**3,035**	3,415	2,173
	83,982	95,554	91,000
Unallocated liabilities			
Current tax liabilities	**4,308**	4,656	3,897
Current borrowings	**54,341**	31,355	24,119
Non-current borrowings	**3,956**	3,970	5,096
Retirement benefit obligations	**18,261**	17,021	16,710

Total liabilities	**164,848**	152,556	140,822
Total net assets	**310,764**	288,782	302,312

4. REVENUE

The Group's revenue is derived from contracts with customers. In the following table, revenue is disaggregated by primary activity, being the Group's operating segments and timing of revenue recognition:

		Timing of revenue recognition	
Activity in the United Kingdom	**2019 £'000**	**At a point in time**	**Over time**
Construction contracts:			
- Construction segment	38,410	—	38,410
- Property investment and development segment	68,859	—	68,859
Sale of land and properties:			
- Property investment and development segment	6,162	6,162	—
- House builder unit sales	16,542	16,542	—
- Land promotion	38,574	38,574	—
PFI concession	7,537	7,537	—
Revenue from contracts with customers	176,084	68,815	107,269
Plant and equipment hire	8,197		
Investment property rental income	4,234		
Other rental income	469		
	188,984		

5. EARNINGS PER ORDINARY SHARE

Earnings per ordinary share is calculated on the weighted average number of shares in issue. Diluted earnings per ordinary share is calculated on the weighted average number of shares in issue adjusted for the effects of any dilutive potential ordinary shares.

6. DIVIDENDS

	Half year ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Amounts recognised as distributions to equity holders in period:			
Preference dividend on cumulative preference shares	**10**	10	21
Interim dividend for the year ended 31 December 2018 of 3.20p per share (2017: 2.80p)	—	—	6,895
Final dividend for the year ended 31 December 2018 of 5.80p per share (2017: 5.20p)	**7,692**	6,895	4,245
	7,702	6,905	11,161

An interim dividend amounting to £4,646,000 (2018: £4,248,000) will be paid on 18 October 2019 to shareholders whose names are on the register at the close of business on 20 September 2019. The proposed interim dividend has not been approved at the date of the Consolidated Statement of Financial Position and so has not been included as a liability in these Financial Statements.

7. TAX

	Half year ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Current tax:			
UK corporation tax on profits for the period	**4,028**	4,438	9,017
Adjustment in respect of earlier periods	**233**	(4)	(860)
Total current tax	**4,261**	4,434	8,157
Deferred tax:			
Origination and reversal of temporary differences	**132**	(94)	72
Total deferred tax	**132**	(94)	72
Total tax	**4,393**	4,340	8,229

Corporation tax is calculated at 19% (31 December 2018: 19%) of the estimated assessable profit for the period being management's estimate of the weighted average corporation tax rate for the period.

Deferred tax balances at the period end have been measured at 17% (31 December 2018: 17%), being the rate expected to be applicable at the date the actual tax will arise.

8. INVESTMENT PROPERTIES

	Completed investment property £'000	Investment property under construction £'000	Total £'000
Fair value			
At 1 January 2018	126,604	6,173	132,777
Subsequent expenditure on investment property	3,380	161	3,541
Capitalised letting fees	354	—	354
Amortisation of capitalised letting fees	(49)	—	(49)
Disposals	(2,685)	(2,741)	(5,426)
Increase/(decrease) in fair value in period	913	(283)	630
At 30 June 2018 (unaudited)	**128,517**	**3,310**	**131,827**
Adjustment in respect of tenant incentives	1,613	—	1,613
Market value at 30 June 2018	**130,130**	**3,310**	**133,440**
Fair value			
At 1 January 2018	126,604	6,173	132,777
Subsequent expenditure on investment property	4,207	165	4,372
Capitalised letting fees	387	147	534
Amortisation of capitalised letting fees	(100)	—	(100)
Disposals	(13,595)	(2,921)	(16,516)
Increase/(decrease) in fair value in period	57	(149)	(92)
At 31 December 2018 (audited)	117,560	3,415	120,975
Direct acquisitions of investment property	79	—	79

Subsequent expenditure on investment property	66	2,136	2,202
Capitalised letting fees	67	5	72
Amortisation of capitalised letting fees	(22)	—	(22)
Disposals	(10)	(1,005)	(1,015)
Transfers to assets held for sale	(43,538)	—	(43,538)
Increase in fair value in period	350	—	350
At 30 June 2019 (unaudited)	**74,552**	**4,551**	**79,103**
Adjustment in respect of tenant incentives	930	—	930
Market value at 30 June 2019	**75,482**	**4,551**	**80,033**

At 30 June 2018, the Group had entered into contractual commitments for the acquisition and repair of investment property amounting to £nil (31 December 2018: £331,000).

9. BORROWINGS

	Half year ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Bank loans	**49,244**	27,545	22,422
Lease liability	**5,698**	3,061	3,220
Government loans	**3,355**	4,719	3,573
	58,297	35,325	29,215

Movements in borrowings are analysed as follows:

	£'000
At 1 January 2019	29,215
Secured bank loans	35,189
Repayment of secured bank loans	(8,369)
Lease liabilities	3,664
Repayment of lease liabilities	(1,184)
Repayment of government loans	(218)
At 30 June 2019	**58,297**

10. PROVISIONS FOR LIABILITIES AND CHARGES

Since 31 December 2018 the following movements on provisions for liabilities and charges have occurred:

- The road maintenance provision represents management's best estimate of the Group's liability under a five-year rolling programme for the maintenance of the Group's PFI asset. During the period £932,000 has been utilised and additional provisions of £578,000 have been made, all of which were due to normal operating procedures.
- The Land promotion provision represents management's best estimate of the Group's liability to provide infrastructure and service obligations, which remain with the Group following the disposal of land. During the period £813,000 has been utilised and additional provisions of £135,000 have been made.

11. DEFINED BENEFIT PENSION SCHEME

The main financial assumptions used in the valuation of the liabilities of the scheme under IAS 19 are:

	30 June 2019 %	30 June 2018 %	31 December 2018 %
Retail Prices Index (RPI)	**3.00**	3.00	3.00
Consumer Prices Index (CPI)	**2.00**	2.00	2.00
Pensionable salary increases	**1.00**	1.00	1.00
Rate in increase to pensions in payment liable for Limited Price Indexation (LPI)	**2.00**	2.00	2.00
Revaluation of deferred pensions	**2.00**	2.00	2.00
Liabilities discount rate	**2.20**	2.70	2.80

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of the scheme are as follows:

	Half year ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Service cost:			
Current service cost	**437**	524	1,031
Ongoing scheme expenses	**338**	199	483
Past service costs	**—**	—	1,500
Net interest expense	**226**	277	565
Pension Protection Fund	**82**	80	160
Pension expenses recognised in profit or loss	**1,083**	1,080	3,739
Remeasurement on the net defined benefit liability:			
Return on plan assets (excluding amounts included in net interest expense)	**(15,093)**	384	4,451
Actuarial gain arising from changes in demographic assumptions	**—**	—	(1,093)
Actuarial losses/(gains) arising from changes in financial assumptions	**18,958**	(5,426)	(9,557)
Actuarial gain arising from experience adjustments	**(1,606)**	—	—
Actuarial losses/(gains) recognised in other comprehensive income	**2,259**	(5,042)	(6,199)
Total	**3,342**	(3,962)	(2,460)

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of the scheme is as follows:

	Half year Ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Present value of scheme obligations	**203,056**	191,689	186,785
Fair value of scheme assets	**(184,795)**	(174,668)	(170,075)
	18,261	17,021	16,710

12. RELATED PARTY TRANSACTIONS

There have been no material transactions with related parties during the period.

There have been no material changes to the related party arrangements as reported in note 29 to the Annual Report and Financial Statements for the year ended 31 December 2018.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

13. SHARE CAPITAL

	Half year ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
400,000 5.25% cumulative preference shares of £1 each (31 December 2018: 400,000)	**400**	400	400
133,162,602 ordinary shares of 10p each (31 December 2018: 133,146,602)	**13,316**	13,314	13,315
	13,716	13,714	13,715

14. CASH GENERATED FROM OPERATIONS

	Half year ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Profit before tax	**24,147**	26,207	48,604
Adjustments for:			
Amortisation of PFI asset	**263**	244	497
Goodwill impairment	**102**	101	204
Depreciation of property, plant and equipment	**2,682**	2,644	5,370
Revaluation (increase)/decrease in investment properties	**(350)**	(630)	92
Amortisation of capitalised letting fees	**22**	49	100
Share-based payment expense	**382**	319	659
Pension scheme credit	**(708)**	(696)	84
Loss on disposal of assets held for sale	**—**	—	36
Gain on disposal of property, plant and equipment	**(463)**	(386)	(891)
Loss/(gain) on disposal of investment properties	**75**	(1,219)	(1,401)
Finance income	**(296)**	(49)	(275)
Finance costs	**1,005**	825	1,698
Share of profit of joint ventures and associates	**(152)**	(548)	(830)
Operating cash flows before movements in equipment held for hire	**26,709**	26,861	53,947
Purchase of equipment held for hire	**(2,976)**	(3,095)	(4,357)
Proceeds on disposal of equipment held for hire	**759**	494	1,048
Operating cash flows before movements in working capital	**24,492**	24,260	50,638
Increase in inventories	**(15,268)**	(1,557)	(10,177)
Increase in contract assets	**(7,880)**	(14,768)	(11,840)
Increase in receivables	**(7,704)**	(88)	(6,980)

Increase/(decrease) in contract liabilities	**288**	(651)	(431)
(Decrease)/increase in payables	**(7,676)**	5,888	1,066
Cash generated from operations	**(13,748)**	13,084	22,276

15. CHANGES TO ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was between 2.5% and 3.0%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

	£'000
Operating lease commitments disclosed as at 31 December 2018	2,430
Discounted using the lessee's incremental borrowing rate at the date of initial application	(190)
Add: finance lease liabilities recognised as at 31 December 2018	4,428
Add: adjustments as a result of a different treatment of extension and termination options	277
Less: adjustments relating to changes in the index or rate affecting variable payments	(18)
Lease liability recognised as at 1 January 2019	6,927
Of which are:	
Current lease liabilities	2,361
Non-current lease liabilities	4,566
At 1 January 2019	6,927

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	Half year ended 30 June 2019 Unaudited £'000	Half year ended 30 June 2018 Unaudited £'000
Land and buildings	1,916	—
Equipment held for hire	4,428	—
Vehicles	294	—
Total right-of-use assets	6,638	—

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- property, plant and equipment – decrease by £4,142,000;
- right-of-use assets – increase by £6,447,000; and
- lease liabilities – increase by £2,305,000.

The net impact on retained earnings on 1 January 2019 was a decrease of £194,000.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

16. GROUP RISK AND UNCERTAINTIES

The Directors set out, in the 2018 Financial Statements (and reproduced below), the key risks that could have a material effect on our results. The Board does not consider that these risks which were identified at the time have changed materially since then. The economic conditions across all our business segments remain good and our trading performance in the first half year gives us confidence that we can meet our expectations for the year. We continue to have a strong portfolio of strategic land and development opportunities which are delivering profitability in line with appraisal forecasts. Our commercial development opportunities have never been greater and are focused towards industrial and logistics schemes and our housebuilding land bank has grown to over 600 units, to be delivered over the next three to four years with both reservations and sales currently remaining strong. These development opportunities, combined with the strategic land sites with planning permission on over 15,000 units, and a further 10,000 units in the planning pipeline, are held as inventory and valued accordingly. Profit is taken as developments progress and land sales complete. Subject to maintained confidence levels across the UK property market, we continue to have the opportunities secured to allow us to grow shareholder value, over both the short and long term, which remains our prime objective.

In common with all organisations, the Group faces risks which may affect its performance. These are general in nature and include: obtaining business on competitive terms, retaining key personnel, successful integration of new business streams and market competition.

The Group operates a system of internal control and risk management in order to provide assurance that it is managing risk while achieving our business objectives. No system can fully eliminate risk and therefore the understanding of operational risk is central to the management process within Henry Boot. The long-term success of the Group depends on the continual review, assessment and control of the key business risks it faces.

The Directors continue to review the potential impact of the UK exit from the European Union. We believe that the Group has continued to work hard to mitigate any potential downside risk and we believe we are well placed to manage any further downside risks that may arise.

The Directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2018 and we expect these principal risks and uncertainties to remain applicable for the remaining six months of the year. To enable shareholders to appreciate what the business considers are the main operational risks, they are briefly outlined below:

Safety

- Inherent risk within all our businesses but most notably within construction activity.

Environmental

- The Group is inextricably linked to the property sector and environmental considerations are paramount to our success. The legal, financial and reputational damage which can occur from not being compliant carries significant risk to the Group.

Economic

- The Group operates solely in the UK and is closely allied to the real estate, housebuilding and construction sectors. A strong economy with strong tenant demand is vital to create long-term growth in rental and asset values, while at the same time creating a healthy market for the construction and plant hire divisions.

Personnel

- Attraction and retention of the highest caliber people with the appropriate experience is crucial to our long-term growth in the highly competitive labour markets in which the Group works.

Funding

- The lack of readily available funding to either the Group or third parties to undertake property transactions can have a significant impact on the marketplace in which the Group operates.

UK exit from the European Union

- As negotiations unfold, we could see further price inflation, reduced market confidence, restrictions to the supply of labour, materials and increased economic uncertainty.

Cyber

- Unauthorised access to systems, hacking, malware and distributed denial of service could all lead to data loss, business disruption, reputational damage or financial loss.

Pension

- The Group operates a defined benefit pension scheme which is closed to new members. While the Trustees have a prudent approach to the mix of both return-seeking and fixed-interest assets, times of economic instability can have an impact on those asset values with the result that the reported pension deficit increases. Furthermore, the relationship between implied inflation and long-term gilt yields has a major impact on the pension deficit and the business has little control over those variables.

Construction

- Changes in terms and conditions of standard contracts exposing the Company to major financial and design liability risk.

Development

- Not developing marketable assets for both tenants and the investment market on time and cost-effectively.

- Construction and tenant risk which is not matched by commensurate returns on development projects. Tenants not taking up new lettings due to economic uncertainty.

Land

- The inability to source, acquire and promote land would have a detrimental effect on the Group's strategic land portfolio and income stream.

- A dramatic change in housebuilder funding sentiment and demand for housing can have a marked change on the demand and pricing profile for land.

Planning policy

- Changes in Government or Government policy towards planning policies could impact on the speed of the planning consent process or the value of sites.

17. APPROVAL
At the Board meeting on 22 August 2019 the Directors formally approved the issue of these statements.

RESPONSIBILITY STATEMENTS OF THE DIRECTORS

The Directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Henry Boot PLC are listed in the Henry Boot PLC Annual Report for the year ended 31 December 2018. A list of current Directors is maintained on the Henry Boot PLC Group website: www.henryboot.co.uk.

On behalf of the Board

J T SUTCLIFFE	**D L LITTLEWOOD**
Director	Director
22 August 2019	22 August 2019