24 August 2018

HENRY BOOT PLC

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 2018. Ticker: BOOT.L: Main market premium listing: FTSE: construction & materials.

HIGHLIGHTS

	30 June 2018	30 June 2017	% change
• Profit before tax	**£26.2m**	£22.6m	+15.9%
• Operating profit	**£26.4m**	£22.8m	+15.8%
• Earnings per share	**15.7p**	13.1p	+19.8%
• Interim dividend	**3.20p**	2.80p	+14.3%
• Net debt	**£26.0m**	£62.2m	-58.2%
• Net asset value per share	**217p**	184p	+17.9%

Commenting on the results, Chief Executive John Sutcliffe said:

"We are very pleased to report another impressive performance in the first half of 2018, achieving improved profit, earnings per share, net asset value and dividends, while significantly reducing debt, compared to a year ago.

"So long as market conditions remain stable as we transit through the political and economic uncertainties, we look to the future with confidence. We have a strong pipeline of land, housing and commercial development opportunities to provide our customers with the property assets they require.

"Trading in the second half of 2018 has started well, and given the level of forward contracted business, the Board is confident in meeting its expectations for the full year and those for 2019 which, at this early stage, remain unchanged."

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An interview with John Sutcliffe, Chief Executive Officer of Henry Boot PLC commenting on the interim results is available to view at www.henryboot.co.uk or available here

About Henry Boot PLC

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

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 possess a high-quality strategic land portfolio, a substantial investment portfolio and an enviable reputation in the property development market. 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 through Road Link (A69) Limited.

www.henryboot.co.uk

CHAIRMAN'S STATEMENT

I am very pleased to report that the Group has traded well in the first half of 2018. As forecast at the time of our 2017 final results announcement, our performance in the first half of 2018 has been ahead of the same period last year, and we continue to expect the second half of 2018 to not benefit from the residential property sales achieved in the second half of 2017.

We have continued to see consistent levels of demand across all the businesses in the Group, but most particularly for housing development land within Hallam Land and housing within Stonebridge Homes. As anticipated, 2018 is a quieter year than 2017 in our commercial property development business, albeit, we are gradually seeing an increase in expected development activity for 2019. This is subject to stable trading conditions and the uncertain political climate all businesses in the UK are currently operating under.

We continue to successfully replenish our pipelines of strategic land housing sites and commercial opportunities, while maintaining a prudent level of gearing which, in our view, is vital at this stage of the economic cycle.

Dividend

The Board continues to remain confident in the Company's ability to profitably deliver the opportunities available to the Group. Therefore, the Board has declared a 14% increase to the interim dividend to 3.2p (2017: 2.8p), which will be paid on 19 October 2018 to shareholders on the register at the close of business on 21 September 2018.

Trading review

Revenue for the period remained stable at £196.2m (30 June 2017: £195.4m). Higher construction segment activity arose from the first full six months' contribution from Premier Plant in Leicester acquired in April 2017. Also, within Road Link, we are undertaking additional works for the design of two new roundabouts for Highways England, where we are taking a small management fee on these works. These were offset by lower land sale revenues in comparison to the previous first half where we acquired and disposed of a significant scheme held under option. Increased housebuilding sales were offset by lower commercial development revenues within the property investment and development segment.

Gross profit was 5% higher at £39.3m (30 June 2017: £37.5m) as the mix of revenues in the first half of 2018 generated slightly higher returns than in the first half of 2017.

Overheads increased 13% as we continue to invest in our people resource, particularly within commercial property development and our housebuilding activities. 2018 also carries a full six months' overhead of our new Leicester plant depots' acquired in April 2017. Property fair value increases of £0.6m (30 June 2017: deficit £2.0m) and investment property disposal profits of £1.1m (30 June 2017: £0.2m) helped profit from operations to increase by 16% to £26.4m (30 June 2017: £22.8m). Net financing costs were £0.8m (30 June 2017: £0.6m) reflecting both low interest rates and prudent gearing levels.

Profit before tax increased 16% to £26.2m (30 June 2017: £22.6m), a very creditable performance, and earnings per share increased by 20% to 15.7p (30 June 2017: 13.1p).

Statement of financial position

Total non-current assets were £184.0m (31 December 2017: £178.0m). The difference arises from the net investment in the plant hire fleet of £1.0m (30 June 2017: £2.0m), an increase in trade and other receivables of £6.2m (30 June 2017: £12.8m reduction) relating to deferred land sale debtors and continued investment in joint ventures and associates of £0.8m (30 June 2017: £0.6m) offset by a reduction in deferred tax assets of £1.6m (30 June 2017: £0.1m increase) derived from a lower IAS 19 pension scheme deficit. The carrying value of investment properties and intangible assets relating to Road Link (A69) Limited and goodwill remained broadly stable.

The uplift in current asset inventories to £146.2m (31 December 2017: £144.6m) resulted from overage payments relating to owned land offset by a slight reduction in house building work in progress as we continue to sell to build rather than build to sell. The increase in trade and other receivables resulted from amounts recoverable on contracts mainly relating to 'The Event Complex Aberdeen' development. Cash and cash equivalents were £1.0m lower at £9.3m (31 December 2017: £10.3m). Assets classified as held for sale reduced to £nil (31 December 2017: £2.0m) as we successfully concluded the disposal of Bartle House, our Manchester serviced office. In summary, current assets were £7.2m higher at £257.3m (31 December 2017: £250.1m).

Current liabilities rose marginally to £126.4m (31 December 2017: £125.2m) as trade and other payables increased to £84.4m (31 December 2017: £79.4m) from the summer uplift in construction activity offset by a reduction in current borrowings to £31.4m (31 December 2017: £34.3m). Current borrowings could further reduce in the second half as we look to market several investment properties, but this will be subject to achieving appropriate values and progressing through the legal process of disposal. Overall, net current assets were £130.9m (31 December 2017: £124.9m).

Non-current liabilities decreased to £26.1m (31 December 2017: £32.8m) helped by £1.0m of long-term borrowings relating to government loans becoming due within 12 months and moving to current liabilities. The expectation of an increase in long-term interest rates improved the liabilities discount rate applied to defined benefit pension scheme valuation under IAS 19 to 2.7% (31 December 2017: 2.5%) resulting in a reduced deficit of £17.0m (31 December 2017: £22.8m).

Retained earnings, along with the reduced pension deficit, saw net assets rise to £288.8m (31 December 2017: £270.1m) with the net asset value per share increasing by 7% to 217p (31 December 2017: 203p).

Cash flows

Operating cash inflows before movements in working capital were £24.3m (30 June 2017: £25.3m).

Working capital investment across all of the Group's activities increased inventories, receivables and payables, resulting in working capital outflows of £11.2m (30 June 2017: £24.0m) which, in turn, meant that operations generated funds of £13.1m (30 June 2017: £1.4m). After interest paid of £0.6m (30 June 2017: £0.5m) and tax paid of £5.6m (30 June 2017: £3.7m) net cash inflows from operating activities were £6.8m (30 June 2017: £2.8m outflow).

Net property receipts of £4.9m (30 June 2017: £15.4m investment), resulted in net cash inflows from investing activities of £3.8m (30 June 2017: cash outflows of £19.1m).

Dividends paid in the period, relating to the 2017 final dividend and dividends paid to non-controlling interests, increased by 10% to £7.9m (30 June 2017: £7.2m).

At 30 June 2018, net debt decreased to £26.0m resulting in very prudent gearing of 9% (30 June 2017: net debt of £62.2m, gearing 26%). As noted above, possible property receipts in the second half of 2018 could further reduce borrowings and gearing by the year end.

Business review

Land Promotion Review

Hallam Land Management Limited had a strong start to the year with 1,904 plots sold in the period, coupled with a site for roadside services. At the end of June 2018, we had exchanged contracts for the sale of a further 98 plots to complete later in 2018 and, since the end of June 2018, we have additionally completed sales of 365 plots on three sites.

At 30 June 2018, Hallam Land held interests in 173 sites equating to 14,015 acres, up from 13,273 acres at December 2017, of which 1,595 acres are owned, 2,766 under option and 9,654 under planning promotion agreements. During the six months to June 2018, we secured planning consents/resolutions to permit consent for 436 plots on three sites and at 30 June 2018, we held planning consents/resolution to permit consent for 17,061 plots on 51 sites, with a further 9,179 plots subject to planning applications. Our accounting policy is to hold these strategic land purchases 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 2018 was £104.5m (December 2017: £101.7m).

The recent republication of the National Planning Policy Framework and with it, Guidance on Viability Assessments, coupled with the good availability of planning consented land available to house builders, is putting pressure on land pricing and average returns per plot, along with the mix of sales between owned land and land held under planning promotion agreements. However, as can be seen by our increasing land bank and number of projects, we continue to source a very healthy number of new opportunities in strong market locations.

As we enter the second half of 2018, 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 1,200 plots which we expect to complete in 2019.

Property Investment and Development Review

Trading activity in Henry Boot Developments, our property investment and development subsidiary, remained relatively buoyant during the period, with projects already in the development phase progressing towards completion as planned.

The largest of those under construction is the £333m 'The Event Complex Aberdeen' development which continues to progress well and is on schedule to be completed in mid-2019. The development is fully funded by Aberdeen City Council and remains on budget. Other developments being undertaken in the period include two forward sold industrial units on our 200-acre Markham Vale business park, comprising 43,000 sq ft and 60,000 sq ft respectively and the 110,000 sq ft HQ office development, pre-let to Atkins and forward sold to L&G, in Epsom, Surrey. These three projects are forecast to be completed ahead of the 2018 financial year end.

Kampus, a joint venture development with Capital & Centric, is a £200m forward funded 540 unit build-to-rent apartment scheme in Manchester city centre for Ares Investment Management, and includes 30,000 sq ft of retail and leisure space. The project is now well advanced and remains on programme with the initial phase expected to be complete in 2020. In the same city, re-gearing of existing prime retail leases in Equitable House, St Ann's Square, has been completed, with retailer occupation expected to take place in the autumn. This will be followed by the commencement of conversion works to the upper floors to provide exclusive residential apartments for sale.

Elsewhere, we completed the development of a budget hotel converting existing office space and adding further floorspace, pre-let to Travelodge, at our mixed-use retail and office investment in Bromley, Kent. In Bristol city centre, terms have been agreed for the sale of two student residential investments, with the sale expected to complete in the second half of the current year.

The Company continues to experience significant growth in its development activities with over 400,000 sq ft of new pre-let or forward sold projects being secured in the first half of the year at both new and established development schemes. These are weighted towards industrial and warehouse projects, where occupier demand is strongest, at Markham Vale in Derbyshire, Butterfields Business Park in Luton, Airport Business Park in Southend and at Wakefield Hub. The development in Wakefield, which provides over 120 acres of logistics space, is located directly off Junction 30 of the M62 and is one of a number of significant new projects secured in the first half of the year. Others include Montagu 406, a 650,000 sq ft employment space redevelopment in partnership with the London Borough of Enfield and the 370-acre International Advanced Manufacturing Park in Sunderland, being undertaken in joint venture with Sunderland and South Tyneside Councils.

Stonebridge Homes Limited

Our small, but growing, jointly owned housebuilder based in Leeds had a very successful first half, doubling the number of reservations over the same period last year and concluding 53 completions (2017: 24). Furthermore, it has continued to grow its land bank after several planning successes in the period. It is anticipated that activity levels will exceed £35m this year, provided that the current levels of demand continue in line with those we have seen through the first half.

Construction Review

Henry Boot Construction Limited continues to win work in line with our expectations, despite uncertainty associated with the challenging political and economic conditions. At the half year, we are on track to secure our anticipated activity and profit for 2018, having secured 85% of this year's activity and 55% for 2019. We have noted a continuing trend of longer lead times from initial tender submission through to award and then activity on site. In part, we believe this explains reports of weaker UK construction activity.

We continue to see a good level of construction opportunities within our chosen workflow areas of housing, commercial development, retail, health, education, leisure, industrial, civil engineering and custodial. As always, we remain selective in the opportunities we pursue focusing, where possible, on proactively sourcing higher margin business 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.

The largest construction contract we are currently progressing is the first phase of the £35m Glass Works Barnsley town centre redevelopment for Barnsley Metropolitan Borough Council, where we are building a new library, refurbishing the Metropolitan Centre and delivering public realm works. We are also currently pricing further works on this site.

We have recently started the remodelling and refurbishment of Iveson Primary School, Leeds secured under the new YORbuild2 framework. This further enhances our relationship with Leeds City Council where we have recently been appointed to the Leeds Education Partnership to deliver education facilities across the city and are carrying out structural repairs to high rise blocks. Additionally, we are currently delivering schemes for the Universities of Sheffield, Leeds, Loughborough, Hull, Lancaster and Leicester.

Gladstone House, the 60-bed extra care unit for Newark and Sherwood Homes was successfully handed over earlier this year and work on the refurbishment of the Grade II listed St George's Concert Hall for Bradford City Council is progressing well and due for completion early 2019.

We continue to deliver 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, where we handed over three schemes earlier this year and expect to commence another four schemes later this year.

Banner Plant Limited

The well-documented difficult weather conditions in the early part of the year had a minor impact on our plant hire activity levels. The significantly improved weather conditions through the summer months have recovered these minor shortfalls and the business continues to trade in line with our expectations.

Road Link (A69) Limited

We have now completed year 22 of the 30-year contract with Highways England in respect of our 61% stake in Road Link (A69) Limited. The project continues to trade in line with management expectations in terms of both activity levels and cash flows.

Outlook

Economic conditions throughout the first half of 2018 remained similar to 2017. The UK real estate sector thrives on certainty and stutters on uncertainty, which typically causes investment decisions to be deferred. The current negotiations to leave the EU do not create a certain economic environment and while there is no evidence that we are seeing investment decisions deferred, we are seeing a little more caution and higher levels of due diligence before projects progress.

However, we continue to trade as actively as we have ever done. Customers and clients continue to take new space, particularly within the industrial and logistics markets and we have been successfully increasing the number of future opportunities in that area. The UK housing market remains resilient with UK housebuilders continuing to report strong levels of demand, supporting both our strategic land business and our small housebuilder. While these resilient market conditions exist, we maintain a strong stock of sites and schemes to supply customers the land, houses and commercial developments they need.

The Group continues to trade well and in line with the Board's expectations for the 2018 full year and at this early stage, our expectations for 2019 remain unchanged.

Group risks and uncertainties

The Directors set out, in the 2017 Financial Statements (and reproduced in note 16), 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 trading 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 house building 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 17,000 units, and a further 9,000 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.

Jamie Boot
Chairman
24 August 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the half year ended 30 June 2018

	Half year ended 30 June 2018 Unaudited £'000	Half year ended 30 June 2017 Unaudited £'000	Year ended 31 December 2017 Audited £'000
Revenue	**196,222**	195,395	408,486
Cost of sales	**(156,953)**	(157,941)	(321,758)
Gross profit	**39,269**	37,454	86,728
Administrative expenses	**(12,219)**	(10,789)	(22,636)
Pension expenses	**(2,285)**	(2,047)	(4,336)
	24,765	24,618	59,756
Increase/(decrease) in fair value of investment properties	**630**	(1,986)	(3,597)
Profit on sale of investment properties	**1,075**	159	137
Loss on sale of assets held for sale	**(35)**	(39)	(98)
Operating profit	**26,435**	22,752	56,198
Finance income	**49**	82	189
Finance costs	**(825)**	(684)	(1,703)
Share of profit of joint ventures and associates	**548**	407	708
Profit before tax	**26,207**	22,557	55,392
Tax	**(4,340)**	(4,555)	(9,817)
Profit for the period from continuing operations	**21,867**	18,002	45,575
Other comprehensive income/(expense) not being reclassified to profit or loss in subsequent periods:			
Revaluation of Group occupied property	—	(7)	(379)
Deferred tax on property revaluations	—	24	50
Actuarial gain/(loss) on defined benefit pension scheme	**5,042**	(1,814)	2,306
Deferred tax on actuarial (gain)/loss	**(857)**	200	(391)
Total other comprehensive income/(expense) not being reclassified to profit or loss in subsequent periods	**4,185**	(1,597)	1,586
Total comprehensive income for the period	**26,052**	16,405	47,161
Profit for the period attributable to:			
Owners of the Parent Company	**20,838**	17,332	42,368
Non-controlling interests	**1,029**	670	3,207
	21,867	18,002	45,575
Total comprehensive income attributable to:			
Owners of the Parent Company	**25,023**	15,735	43,954
Non-controlling interests	**1,029**	670	3,207
	26,052	16,405	47,161
Basic earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**15.7p**	13.1p	32.1p
Diluted earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**15.5p**	13.0p	31.8p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
as at 30 June 2018

	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
Assets			
Non-current assets			
Intangible assets	**5,359**	5,414	5,361
Property, plant and equipment	**27,489**	25,277	26,485
Investment properties	**131,827**	131,908	132,777
Investment in joint ventures and associates	**6,404**	5,555	5,856
Trade and other receivables	**9,109**	2,621	2,906
Deferred tax assets	**3,849**	5,473	4,613
	184,037	176,248	177,998
Current assets			
Inventories	**146,160**	153,587	144,603
Trade and other receivables	**101,832**	99,723	93,176
Cash and cash equivalents	**9,309**	2,210	10,282
	257,301	255,520	248,061
Assets classified as held for sale	—	6,343	2,000
	257,301	261,863	250,061
Liabilities			
Current liabilities			
Trade and other payables	**84,433**	87,114	79,429
Current tax liabilities	**4,656**	5,542	5,794
Borrowings	**31,355**	57,028	34,340
Provisions	**5,975**	6,662	5,602
	126,419	156,346	125,165
Net current assets	**130,882**	105,517	124,896
Non-current liabilities			
Trade and other payables	**2,670**	2,667	2,684
Borrowings	**3,970**	7,351	4,922
Retirement benefit obligations	**17,021**	27,570	22,825
Provisions	**2,476**	1,450	2,387
	26,137	39,038	32,818
Net assets	**288,782**	242,727	270,076
Equity			
Share capital	**13,714**	13,611	13,701
Property revaluation reserve	**3,550**	3,896	3,550
Retained earnings	**263,288**	220,048	245,260
Other reserves	**6,330**	4,648	6,121
Cost of shares held by ESOP trust	**(831)**	(690)	(1,240)
Equity attributable to owners of the Parent Company	**286,051**	241,513	267,392
Non-controlling interests	**2,731**	1,214	2,684
Total equity	**288,782**	242,727	270,076

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the half year ended 30 June 2018

	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 2017	13,608	3,879	210,664	4,611	(1,071)	231,691	1,861	233,552
Profit for the period	—	—	17,332	—	—	17,332	670	18,002
Other comprehensive expense	—	17	(1,614)	—	—	(1,597)	—	(1,597)
Total comprehensive income	—	17	15,718	—	—	15,735	670	16,405
Equity dividends	—	—	(5,927)	—	—	(5,927)	(1,317)	(7,244)
Proceeds from shares issued	3	—	—	37	—	40	—	40
Purchase of treasury shares	—	—	—	—	(196)	(196)	—	(196)
Share-based payments	—	—	(407)	—	577	170	—	170
	3	—	(6,334)	37	381	(5,913)	(1,317)	(7,230)
At 30 June 2017 (unaudited)	13,611	3,896	220,048	4,648	(690)	241,513	1,214	242,727

At 1 January 2017	13,608	3,879	210,664	4,611	(1,071)	231,691	1,861	233,552
Profit for the year	—	—	42,368	—	—	42,368	3,207	45,575
Other comprehensive income	—	(329)	1,915	—	—	1,586	—	1,586
Total comprehensive income	—	(329)	44,283	—	—	43,954	3,207	47,161
Equity dividends	—	—	(9,628)	—	—	(9,628)	(2,384)	(12,012)
Proceeds from shares issued	93	—	—	1,510	—	1,603	—	1,603
Purchase of treasury shares	—	—	—	—	(782)	(782)	—	(782)
Share-based payments	—	—	(59)	—	613	554	—	554
	93	—	(9,687)	1,510	(169)	(8,253)	(2,384)	(10,637)
At 31 December 2017 (audited)	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 income	—	—	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**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the half year ended 30 June 2018

	Half year ended 30 June 2018 Unaudited £'000	Half year ended 30 June 2017 Unaudited £'000	Year ended 31 December 2017 Audited £'000
Cash flows from operating activities			
Cash generated from operations	**13,084**	1,382	46,338
Interest paid	**(607)**	(501)	(1,463)
Tax paid	**(5,630)**	(3,720)	(8,620)
Net cash flows from operating activities	**6,847**	(2,839)	36,255
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	—	(2,711)	(2,711)
Purchase of intangible assets	**(343)**	(350)	(622)
Purchase of property, plant and equipment	**(787)**	(755)	(3,906)
Purchase of investment property	**(3,895)**	(18,799)	(24,081)
Proceeds on disposal of property, plant and equipment	**122**	52	137
Proceeds on disposal of investment properties	**6,645**	2,437	2,778
Proceeds on disposal of assets held for sale	**2,000**	1,011	8,141
Interest received	**40**	60	544
Net cash flows from investing activities	**3,782**	(19,055)	(19,720)
Cash flows from financing activities			
Proceeds from shares issued	**222**	40	1,603
Purchase of treasury shares	—	(196)	(782)
Decrease in borrowings	**(10,098)**	(5,909)	(49,965)
Increase in borrowings	**6,161**	30,024	47,514
Dividends paid – ordinary shares	**(6,895)**	(5,917)	(9,607)
– non-controlling interests	**(982)**	(1,317)	(2,384)
– preference shares	**(10)**	(10)	(21)
Net cash flows from financing activities	**(11,602)**	16,715	(13,642)
Net (decrease)/increase in cash and cash equivalents	**(973)**	(5,179)	2,893
Net cash and cash equivalents at beginning of period	**10,282**	7,389	7,389
Net cash and cash equivalents at end of period	**9,309**	2,210	10,282
Analysis of net debt:			
Cash and cash equivalents	**9,309**	2,210	10,282
Bank overdrafts	—	—	—
Net cash and cash equivalents	**9,309**	2,210	10,282
Bank loans	**(27,545)**	(56,385)	(30,599)
Finance leases	**(3,061)**	(1,261)	(2,544)
Government loans	**(4,719)**	(6,733)	(6,119)
Net debt	**(26,016)**	(62,169)	(28,980)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
for the half year ended 30 June 2018

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 2017, 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.

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 2017.

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 2017, except for as described below:

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 January 2018. In accordance with the transition provisions in IFRS 15 the new rules have been adopted under the modified retrospective approach. The new standards did not result in a material adjustment to the financial statements. Further information on the adoption of IFRS 15 and IFRS 9 can be found in note 15.

A number of other standards, amendments and interpretations became effective from 1 January 2018, 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 2018 Unaudited					
Revenue	**Property investment and development £'000**	**Land development £'000**	**Construction £'000**	**Group overheads £'000**	**Eliminations £'000**	**Total £'000**
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**

	Half year ended 30 June 2017 Unaudited					
Revenue	Property investment and development £'000	Land development £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
External sales	112,560	40,202	42,633	—	—	195,395
Inter-segment sales	170	—	4,878	312	(5,360)	—
Total revenue	112,730	40,202	47,511	312	(5,360)	195,395
Operating profit/(loss)	12,743	8,269	4,687	(2,947)	—	22,752
Finance income	497	726	452	3,068	(4,661)	82
Finance costs	(2,742)	(773)	(256)	(1,324)	4,411	(684)
Share of profit of joint ventures and associates	407	—	—	—	—	407
Profit/(loss) before tax	10,905	8,222	4,883	(1,203)	(250)	22,557
Tax	(2,396)	(1,582)	(932)	355	—	(4,555)
Profit/(loss) for the period	8,509	6,640	3,951	(848)	(250)	18,002

	Year ended 31 December 2017 Audited					
Revenue	Property investment and development £'000	Land development £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
External sales	250,418	76,192	81,876	—	—	408,486
Inter-segment sales	324	—	7,417	646	(8,387)	—
Total revenue	250,742	76,192	89,293	646	(8,387)	408,486

Operating profit/(loss)	30,419	23,169	9,613	(7,003)	—	56,198
Finance income	1,041	1,472	900	17,953	(21,177)	189
Finance costs	(5,950)	(1,567)	(549)	(2,757)	9,120	(1,703)
Share of profit of joint ventures and associates	708	—	—	—	—	708
Profit/(loss) before tax	26,218	23,074	9,964	8,193	(12,057)	55,392
Tax	(5,512)	(4,409)	(1,853)	1,957	—	(9,817)
Profit/(loss) for the year	20,706	18,665	8,111	10,150	(12,057)	45,575

	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
Segment assets			
Property investment and development	**243,391**	243,588	233,253
Land promotion	**140,055**	146,336	140,379
Construction	**41,490**	37,540	36,385
Group overheads	**3,244**	2,964	3,147
	428,180	430,428	413,164
Unallocated assets			
Deferred tax assets	**3,849**	5,473	4,613
Cash and cash equivalents	**9,309**	2,210	10,282
Total assets	**441,338**	438,111	428,059
Segment liabilities			
Property investment and development	**34,328**	27,992	28,847
Land promotion	**26,957**	33,091	28,146
Construction	**30,854**	34,284	29,750
Group overheads	**3,415**	2,526	3,359
	95,554	97,893	90,102
Unallocated liabilities			
Current tax liabilities	**4,656**	5,542	5,794
Current borrowings	**31,355**	57,028	34,340
Non-current borrowings	**3,970**	7,351	4,922
Retirement benefit obligations	**17,021**	27,570	22,825
Total liabilities	**152,556**	195,384	157,983
Total net assets	**288,782**	242,727	270,076

4. REVENUE

The Group's revenue is derived from contracts with customers. The nature and effect of initially applying IFRS 15 on the Group's interim financial statements is disclosed in note 15.

In the following table, revenue is disaggregated by primary activity, being the Group's operating segments and timing of revenue recognition:

	Revenue recognised on performance obligations satisfied over time	Revenue recognised on performance obligations satisfied at a point in time	Total revenue
	£'000	£'000	£'000
Property investment and development	93,306	18,300	111,606
Land promotion	—	35,741	35,741
Construction	48,875	—	48,875
	142,181	**54,041**	**196,222**

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 2018 Unaudited	Half year ended 30 June 2017 Unaudited	Year ended 31 December 2017 Audited
	£'000	£'000	£'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 2017 of 2.80p per share (2016: 2.50p)	—	—	3,690
Final dividend for the year ended 31 December 2017 of 5.20p per share (2016: 4.50p)	**6,895**	5,917	5,917
	6,905	5,927	9,628

An interim dividend amounting to £4,248,000 (2017: £3,690,000) will be paid on 19 October 2018 to shareholders whose names are on the register at the close of business on 21 September 2018. 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 2018 Unaudited £'000	Half year ended 30 June 2017 Unaudited £'000	Year ended 31 December 2017 Audited £'000
Current tax:			
UK corporation tax on profits for the period	**4,438**	4,546	10,090
Adjustment in respect of earlier periods	**(4)**	10	(372)
Total current tax	**4,434**	4,556	9,718
Deferred tax:			
Origination and reversal of temporary differences	**(94)**	(1)	99
Total deferred tax	**(94)**	(1)	99
Total tax	**4,340**	4,555	9,817

Corporation tax is calculated at 19.00% (31 December 2017: 19.25%) 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 2017: 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 2017	100,908	22,755	123,663
Direct acquisitions of investment property	15,931	—	15,931
Subsequent expenditure on investment property	913	1,955	2,868
Disposals	(1,586)	(639)	(2,225)
Transfers to assets held for sale	—	(6,343)	(6,343)
Transfers within investment property	9,300	(9,300)	—
Decrease in fair value in period	(585)	(1,401)	(1,986)
At 30 June 2017 (unaudited)	**124,881**	**7,027**	**131,908**
Adjustment in respect of tenant incentives	1,758	—	1,758
Market value at 30 June 2017	**126,639**	**7,027**	**133,666**
Fair value			
At 1 January 2017	100,908	22,755	123,663
Direct acquisitions of investment property	17,113	—	17,113
Subsequent expenditure on investment property	3,895	3,020	6,915
Capitalised letting fees	53	—	53
Amortisation of capitalised letting fees	(48)	—	(48)
Disposals	(2,010)	(642)	(2,652)
Transfers to assets held for sale	(2,000)	(6,592)	(8,592)
Transfer to inventories	(78)	—	(78)

Transfers within investment property	9,334	(9,334)	—
Decrease in fair value in period	(563)	(3,034)	(3,597)
At 31 December 2017 (audited)	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**

At 30 June 2018, the Group had entered into contractual commitments for the acquisition and repair of investment property amounting to £nil (31 December 2017: £1,141,000).

9. BORROWINGS

	Half year ended 30 June 2018 Unaudited £'000	Half year ended 30 June 2017 Unaudited £'000	Year ended 31 December 2017 Audited £'000
Bank loans	**27,545**	56,385	30,599
Finance leases	**3,061**	1,261	2,544
Government loans	**4,719**	6,733	6,119
	35,325	64,379	39,262

Movements in borrowings are analysed as follows:

	£'000
At 1 January 2018	39,262
Secured bank loans	5,000
Repayment of secured bank loans	(8,024)
Finance leases	1,649
Repayment of finance leases	(1,162)
Repayment of government loans	(1,400)
At 30 June 2018	**35,325**

10. PROVISIONS FOR LIABILITIES AND CHARGES

Since 31 December 2017 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 £1,103,000 has been utilised and additional provisions of £1,080,000 have been made, all of which were due to normal operating procedures.
- The Land development 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 £663,000 has been utilised and additional provisions of £1,148,000 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 2018 %	30 June 2017 %	31 December 2017 %
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	**2.70**	2.60	2.50

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

	Half year ended 30 June 2018 Unaudited £'000	Half year ended 30 June 2017 Unaudited £'000	Year ended 31 December 2017 Audited £'000
Service cost:			
Current service cost	**524**	551	1,065
Ongoing scheme expenses	**199**	242	507
Net interest expense	**277**	360	712
Pension Protection Fund	**80**	91	156
Pension expenses recognised in profit or loss	**1,080**	1,244	2,440
Remeasurement on the net defined benefit liability:			
Return on plan assets (excluding amounts included in net interest expense)	**384**	(5,295)	(9,831)
Actuarial gain arising from changes in demographic assumptions	**—**	—	(1,733)
Actuarial (gains)/losses arising from changes in financial assumptions	**(5,426)**	7,109	9,258
Actuarial (gains)/losses recognised in other comprehensive income	**(5,042)**	1,814	(2,306)
Total	**(3,962)**	3,058	134

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 2018 Unaudited £'000	Half year ended 30 June 2017 Unaudited £'000	Year ended 31 December 2017 Audited £'000
Present value of scheme obligations	**191,689**	197,135	197,365
Fair value of scheme assets	**(174,668)**	(169,565)	(174,540)
	17,021	27,570	22,825

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 28 to the Annual Report and Financial Statements for the year ended 31 December 2017.

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 2018 Unaudited £'000	Half year ended 30 June 2017 Unaudited £'000	Year ended 31 December 2017 Audited £'000
400,000 5.25% cumulative preference shares of £1 each (31 December 2017: 400,000)	**400**	400	400
133,136,137 ordinary shares of 10p each (31 December 2017: 133,010,911)	**13,314**	13,211	13,301
	13,714	13,611	13,701

14. CASH GENERATED FROM OPERATIONS

	Half year ended 30 June 2018 Unaudited £'000	Half year ended 30 June 2017 Unaudited £'000	Year ended 31 December 2017 Audited £'000
Profit before tax	**26,207**	22,557	55,392
Adjustments for:			
Amortisation of PFI asset	**244**	647	870
Goodwill impairment	**101**	101	204
Depreciation of property, plant and equipment	**2,644**	2,250	4,899
Impairment of land and buildings	—	—	48
Revaluation (increase)/decrease in investment properties	**(630)**	1,986	3,597
Amortisation of capitalised letting fees	**49**	—	48
Share-based payment expense	**319**	170	554
Pension scheme credit	**(696)**	(640)	(1,265)
Loss on disposal of assets held for sale	—	39	98
Gain on disposal of property, plant and equipment	**(386)**	(194)	(380)
Gain on disposal of investment properties	**(1,219)**	(159)	(127)
Finance income	**(49)**	(82)	(189)
Finance costs	**825**	684	1,703
Share of profit of joint ventures and associates	**(548)**	(407)	(708)
Operating cash flows before movements in equipment held for hire	**26,861**	26,952	64,744
Purchase of equipment held for hire	**(3,095)**	(2,010)	(3,283)
Proceeds on disposal of equipment held for hire	**494**	406	654
Operating cash flows before movements in working capital	**24,260**	25,348	62,115
Increase in inventories	**(1,557)**	(15,669)	(6,500)
Increase in receivables	**(14,856)**	(28,861)	(22,975)
Increase in payables	**5,237**	20,564	13,698
Cash generated from operations	**13,084**	1,382	46,338

15. CHANGES TO ACCOUNTING POLICIES

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. The standard has been adopted using the modified retrospective approach.

The areas of impact of the new standard for the Group are; the separation of performance obligations and contract modifications on construction contracts, the treatment of repurchase agreements to be accounted for as financing arrangements, the advanced recognition of contingent consideration (including overage receipts on the Group's land promotion activities) and the classification of revenues received on part exchange house sales. The Directors are satisfied that these changes did not result in any material impact on initial application.

The accounting policy for revenue recognition at 31 December 2017 is replaced with the following with effect from 1 January 2018. There are no changes to the key estimates and judgements set out in the 2017 Annual Report and Accounts with regards to accounting for construction contracts:

Revenue from Contracts with Customers: Revenue is measured based on the consideration specified in a contract with a customer excluding amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. Where consideration is not specified within the contract and therefore subject to variability, the Group estimates the amount of consideration to be received from its customer. The consideration recognised is the amount which is highly probable not to result in a significant reversal in future periods. Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied by the Group or whether it is a modification to the existing performance obligation.

The Group has some contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Where material, the Group adjusts its transaction price for the time value of money.

The Group's activities are wide-ranging, and as such, depending on the nature of the product or service delivered and the timing of when control is passed onto the customer, the Group will account for revenue over time and at a point in time. Where revenue is measured over time, the Group uses the input method to measure progress of delivery.

IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 'Financial Instruments: Recognition and Measurement'.

The classification and measurement of financial liabilities and derivative instruments remains unchanged from IAS 39. Under IFRS 9, a financial asset is now classified on initial recognition as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL). Applying this classification to the Group's financial assets does not result in changes to the accounting: trade receivables and cash and cash equivalents continue to be recognised at amortised cost and certain other non-current financial assets continue to be recognised at FVTPL.

In respect of accounting for trade and other receivables, the Group has applied IFRS 9's simplified approach to provisioning and has calculated this using lifetime expected losses. This calculation has had no material impact on the financial statements.

As a result of adopting IFRS 9, the accounting policy for trade receivables at 31 December 2017 is replaced with the following with effect from 1 January 2018:

Trade receivables: Trade and other receivables which are recognised and carried at the lower of their original invoiced value and recoverable amount — where the time value of money is material, receivables are carried at amortised cost using the effective interest rate method. IFRS 9's simplified approach to provisioning is used to calculate the Group's lifetime expected credit risk.

16. KEY RISKS

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 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 2017 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:

Health & Safety

- Inherent risk within all of 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.

Construction

- Increased cost and lower availability of skilled labour, subcontractors and building materials leading to reduced activity.

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.

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 house builder funding sentiment and demand for housing can have a marked change on the demand and pricing profile for land.

Planning

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

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, whilst at the same time creating a healthy market for the construction and plant hire divisions.

Personnel

- Attraction and retention of the highest calibre 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 European Union

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

Cybersecurity

- 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. Whilst 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.

17. APPROVAL

At the Board meeting on 23 August 2018 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 2017. 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
23 August 2018	23 August 2018