25 August 2017

HENRY BOOT PLC

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 2017. Ticker: BOOT.L: Main market premium listing: FTSE: construction & materials.

HIGHLIGHTS

	30 June 2017	30 June 2016	% change
• Profit before tax	**£22.6m**	£20.8m	+8.7%
• Operating profit	**£22.8m**	£21.1m	+8.1%
• Earnings per share	**13.1p**	11.9p	+10.1%
• Interim dividend	**2.80p**	2.50p	+12.0%
• Net debt	**£62.2m**	£56.2m	+10.7%
• Net asset value per share	**184p**	171p	+7.6%

Commenting on the results, Chief Executive John Sutcliffe said:

"We are pleased to report another good performance in the first half against a strong comparative result in 2016, with further operational progress delivered across the Group.

This momentum has continued into the second half of the year and we are seeing high levels of activity across our operations. Whilst we remain mindful of a continued degree of economic and political uncertainty, sentiment amongst our customers and clients remains positive and we have a strong pipeline of profitable opportunities. The Group continues to trade well and in line with the Board's expectations for the full year."

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CHAIRMAN'S STATEMENT

I am very pleased to report that Henry Boot has once again performed well in the first half of 2017. Progress throughout our commercial development programme has been good and we concluded eight land sales in the period and have a further five sites exchanged for completion in the second half of this year.

Despite operating in a more uncertain economic and political climate, we continue to see a high level of demand for land and housing in the UK, and are delivering our commercial development portfolio ahead of our expectations, in particular, at York and Aberdeen. We maintain a positive dialogue with our customers and have yet to see any direct impact from these external events.

We continue to backfill the opportunity pipeline and invested some £21.8m in property investment assets with commercial development potential in Manchester and Nottingham, in addition to several strategic land sites, during the half year. We obtained planning consent on 2,675 plots in the period and have an 18,000 unit permissioned portfolio progressing towards sale in due course.

Trading review

Revenue for the period increased by 82% to £195.4m (2016: £107.3m) driven by higher levels of activity across all business segments. Property development activity continued to benefit from several active schemes, in particular at Aberdeen, York and Markham Vale. The sale of land at Southam completed in the period and increased both turnover and cost of sales proportionately. Construction turnover was in line with our expectation for this stage in the year, and well ahead of the previous year where activity was slower than anticipated in the first half of that year. In response to the significant increases in activity, administrative expenses grew due to higher headcount and the Premier Plant Tool Hire & Sales Limited ('Premier Plant') acquisition. The decrease in fair value of investment properties arose from two development property sites which are proving difficult to bring to market profitably.

Operating profits increased 8.1% to £22.8m (2016: £21.1m) with the contribution from property development now arising from larger, pre-funded and pre-let schemes where we take lower risk and commensurately lower margins. Also, the land development result did not benefit from the disposal of owned land at Marston Moretaine seen in the 2016 half year, although the final phased disposal of this site is contracted to complete in September 2017.

Net finance costs were £0.6m (2016: £0.7m) helped by the reduction in the base rates which arose in the second half of the prior year. This, together with joint venture property development activity gains of £0.4m (2016: £0.4m), resulted in an 8.7% increase in profit before tax to £22.6m (2016: £20.8m).

Retained profit increased 9.1% to £18.0m (2016: £16.5m), helping earnings per share to rise 10.1% to 13.1p (2016: 11.9p).

Statement of financial position

Total non-current assets were £176.2m (31 December 2016: £166.5m). The net investment in the plant hire fleet of £2.0m (2016: £1.8m) arose from the acquisition of Premier Plant which gave us a presence in Leicester and is performing well. We also acquired two investment properties with future development potential in the period. The Equitable Building in St Ann's Square, Manchester, acquired for £10.1m and the Imperial Brands Horizon factory in Nottingham acquired for £5.8m. Including these acquisitions, our total Investment property valuation increased to £131.9m (31 December 2016: £123.7m). This increase was partially offset by the transfer of the completed Livingston development to assets classified as held for sale. The reduction in trade and other receivables related to collected deferred land sale debtors.

The uplift in current asset inventories to £153.6m (31 December 2016: £137.9m) resulted from higher house building and property development work in progress. The investment in strategic land inventories reduced slightly to £106.5m (31 December 2016: £107.9m). The increase in trade receivables resulted from higher deferred receipts on land disposals and property development activity. Cash and cash equivalents were £5.2m lower at £2.2m (31 December 2016: £7.4m) as cash received from land sales in December 2016 was utilised. The Livingston development, transferred from investment properties, resulted in assets classified as held for sale increasing to £6.3m (31 December 2016: £1.0m). In summary, current assets were £48.6m higher at £261.9m (31 December 2016: £213.3m).

Current liabilities rose to £156.3m (31 December 2016: £105.9m) as current borrowings increased to £57.0m (31 December 2016: £33.3m) and trade and other payables increased to £87.1m (31 December 2016: £61.1m). This increase is expected to reverse in the second half as we collect significant deferred land sale debts and conclude land disposals at Biddenham and Marston Moretaine. The current high level of commercial development activity is likely to result in a modest increase in debt levels as they work through to completion and, therefore, we have increased our bank facilities from £60.0m to £72.0m, to provide the necessary additional flexibility to undertake these larger schemes. Working with our banking partners we concluded the formalities for this increase on 21 August 2017 with no changes to the terms or conditions from the existing facilities. Overall, net current assets were £105.5m (31 December 2016: £107.4m).

Non-current liabilities decreased to £39.0m (31 December 2016: £40.4m). We again suffered an increase in the defined benefit pension scheme liability under IAS 19 to £27.6m (31 December 2016: £26.4m) caused primarily by a further decrease in the discount rate to 2.6% as long-term interest rates reduced. This, along with a slight increase to longer term borrowings from asset finance arrangements acquired with Premier Plant, was offset by reductions to trade payables to £2.7m (31 December 2016: £4.6m) where deferred land acquisition payments became current and from utilisation of provisions to £1.5m (31 December: £2.5m) as we fulfil our infrastructure obligations attached to previous land disposals.

Retained earnings, offset by the increased pension deficit, saw net assets rise to £242.7m (31 December 2016: £233.6m) with net asset value per share increasing by 4% to 184p (31 December 2016: 177p).

Cash flows

Operating cash inflows before movements in working capital were £25.3m (2016: £20.2m). Working capital investment across all the Group's activities increased inventories, receivables and payables, resulting in working capital outflows of £24.0m (2016: £29.3m) which, in turn, meant that operations generated funds of £1.4m (2016: utilised funds £9.0m). Interest paid of £0.5m (2016: £0.6m) and tax paid of £3.7m (2016: £4.4m) resulted in net cash flows from operating activities of £2.8m (2016: £14.0m).

Acquisition of our new plant subsidiary of £2.7m (2016: nil) and net property investment of £15.4m (2016: £5.8m net property receipts), resulted in net cash outflows from investing activities of £19.1m (2016: cash inflows of £3.5m).

Dividends paid in the period increased 14.0% to £7.2m (2016: £6.4m). Therefore, at 30 June 2017, net debt increased to £62.2m resulting in gearing of 26% (2016: net debt of £56.2m, gearing 25%). As noted above, it is anticipated that land and property receipts in the second half of 2017 will reduce borrowings and gearing by the year end.

Dividend

The Board remains confident in the Group's prospects and, as such, has declared a 12.0% increase in the interim dividend to 2.8p (2016: 2.5p). This will be paid on 20 October 2017 to shareholders on the register at the close of business on 22 September 2017.

BUSINESS REVIEW

Land Promotion Review

Hallam Land had a very good start to the year concluding the sale of eight sites for 960 houses in the period. Furthermore, at the end of June 2017 we exchanged two contracts for the disposal of 416 housing plots for completion in the second half of the year, and three further sites that were at an advanced stage of negotiation, totalling 592 housing plots, have since completed.

At 30 June 2017, Hallam Land held interests in 169 sites, equating to 12,131 acres, of which 1,766 acres are owned, 2,679 acres are under option and 7,686 acres are under planning promotion agreements, up from 11,416 at this stage in 2016. It was pleasing to win planning permission for 2,675 plots during the period and at 30 June 2017 we had 17,987 plots for sale across 53 sites, with a further 9,706 plots the subject of planning applications in progress, across 27 sites. 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 unrealised valuation gains. The inventory value at 30 June 2017 was £106.5m (December 2016: £107.9m).

Housebuilders continue to report very positively regarding their UK activities, despite a slowing down of house sales in the wider market, with the government's 'Help to Buy' scheme supporting the new homes market. We continue to see good levels of demand for our consented portfolio as we bring these sites to the market and the recent general election outcome does not seem to have affected house builders' interest. Nevertheless, it seems likely that one outcome of the election result will be a period of stability in the planning system with all parties seeing housebuilding as important to the wider economy, with little appetite to make significant legislative changes.

We look forward to the second half of 2017 with confidence and given that the substantial majority of our business for this year is now at an advanced stage of completion, we are able to look to the future where we have already exchanged four sale contracts that will complete in 2018, and are in advanced discussions with housebuilders on a further six.

Property Investment and Development Review

Our commercial development arm has traded really well in the first half. In particular, the strong demand for the residential units at the former Terry's chocolate factory in York gave rise to the positive trading update made at our AGM and announced on 25 May 2017. We are currently delivering schemes with a gross development value of over £700m and have over £500m in the opportunity pipeline.

The largest development project currently being undertaken by the Company, the £333m Aberdeen Exhibition and Conference Centre, is progressing well and remains on budget. This first phase of a larger, longer term development, which is fully funded by Aberdeen City Council, is on schedule to be completed by mid-2019. Elsewhere in Scotland, the 43,000 sq ft retail warehouse development in Livingston, pre-let to Dunelm and B&M Retail, completed in the period and this investment is now under offer to be sold in the second half of 2017.

As we entered 2017, a number of forward funded projects were unconditionally contracted and these have progressed on track and to budget. They include two distribution warehouse schemes at Markham Vale; firstly a 480,000 sq ft unit for Great Bear Distribution Limited and secondly, a 90,000 sq ft unit for distributor Gist Limited. Located at Junction 29a of the M1 motorway, both projects will complete by the end of 2017. On the same business park, we have also exchanged contracts for two new schemes which are forward funded and expected to commence before the end of the year. Nearby in Chesterfield, the sale of a 4.9-acre site to a Ford Dealership has completed and, having concluded the sale of an industrial unit earlier in the year at our site in Thorne, Doncaster, the sale of the remaining speculatively developed industrial unit is proceeding as planned.

In the south of England; the extension and refurbishment of 30,000 sq ft of grade A offices in Uxbridge has almost completed and will be marketed to occupiers in the last quarter of 2017. The development of the pre-let, forward funded 110,000 sq ft HQ office scheme for WS Atkins in Epsom is expected to complete in the second half of 2018. Having concluded letting agreements and received planning consent in the period, the conversion and extension of existing office space within The Mall, Bromley, to provide a new Travelodge, is expected to complete in the first half of 2018.

The residential conversion of the former Terry's chocolate factory in York is progressing well ahead of our original development programme, with 155 of the 163 apartment sales in the main factory block now completed and the remaining eight are contracted to complete in the second half of the year. Following protracted planning negotiations, permission for the conversion of the adjoining listed clock tower to provide a further 22 apartments is expected to be granted shortly, with work expected to commence immediately thereafter. It is anticipated that the sales of these 22 smaller apartments will conclude in 2018.

Reflecting the continued expansion of activities by the Company, a number of new development projects have been secured in the first half of the year. These include the former 47-acre Imperial Brands Horizon factory in Nottingham, acquired just ahead of the period end for commercial redevelopment, and in Manchester city centre, we bought an existing prime retail investment on St Ann's Square where we plan to undertake a residential conversion of the upper floors.

Stonebridge Projects Limited

Stonebridge Projects completed 24 sales in the period with reservations on a further 32 units. Most sales in 2017 will come from the former Leeds Girls High School and Stocksbridge sites. Stonebridge is now operating from a land bank approaching 600 units as we continue to invest in the future growth of our jointly owned house builder. In line with recent reports made by other UK house builders, demand, pricing and margins remain in line with the previous year and our expectations.

Construction Review

Despite the more challenging political and economic conditions, Henry Boot Construction Limited have continued to win work in line with our expectations. We are on track to secure our budgeted activity and profit for this year and have secured in the region of 60% of 2018 activity, which compares favourably to the 50% of 2017's activity achieved at this stage last year.

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 higher margin business, developing repeat business and proactively sourcing work. We have also increased the size of contract opportunities we bid for in order to increase the efficiency of our business model.

After completing the enabling works for the £35.0m Glass Works Barnsley town centre redevelopment (previously known as Better Barnsley) for Barnsley Metropolitan Borough Council, we have now commenced the first phase works on the Library and Metropolitan Centre. In addition, Snowhill Retail Park, Wakefield, for Kier was successfully handed over earlier this year. Following our success last year in securing a place on the new YORbuild2 framework, we continue to deliver structural repairs to six tower blocks in Leeds and have recently commenced works at a primary school for Leeds City Council. The higher education sector also provides further good opportunities, and we are currently delivering schemes for the University of Sheffield, University of Loughborough, University of Hull and University of Lancaster. Work on the new spa facility at the prestigious Rudding Park Hotel in Harrogate was handed over earlier this year.

The 45-bed extra care unit at Yeadon for Leeds City Council was successfully handed over earlier this year and we are progressing a 60-bed apartment extra care facility in Newark, which is due for completion later this year. We have also started design work on the second phase of Home Farm on the Ampleforth Estate for Autism Plus. In addition, we have recently commenced the refurbishment of the Grade II listed St George's Concert Hall for Bradford City Council.

We have continued to carry out civil engineering work as a major supply chain partner on the 25-year Amey PFI Sheffield Streets Ahead Scheme where we have now delivered 140 schemes. Works are also nearing completion at the Olympic Legacy Park at Don Valley for Sheffield City Council and a car park for B Braun in Sheffield and we have completed the AMP2 Infrastructure Scheme in Sheffield. Furthermore, we continue to deliver works in Leeds and Sheffield for Stonebridge Homes. We have also been recently appointed to the YORcivils2 framework where we delivered several schemes under the previous framework.

Banner Plant Limited

Banner Plant has continued to trade well throughout the first half of 2017 and integrated the £2.8m acquisition of Premier Plant, based in Leicester, during the period. The integration has gone well and the two new depots are now trading successfully under the Banner Plant brand. In a full year, the new depots add approximately 20% to the capacity of Banner Plant, and we will report further on progress at the end of 2017.

Road Link (A69) Limited

The Group continues to have a 61% stake in Road Link (A69) and has now completed year 21 of the 30-year contract with Highways England. The project continues to trade in line with management's expectations and we are currently undertaking design works for the upgrade of two roundabouts on the dual carriageway section of the A69 to improve traffic flow on behalf of Highways England.

OUTLOOK

The last 12 months have seen a continued degree of economic and political uncertainty. Historically, the wider UK real estate sector thrives on certainty and stutters on uncertainty, as investment decisions can be deferred. Henry Boot operates in this environment and, therefore, we must be continually mindful of that background economic environment.

Notwithstanding this, we are currently trading more actively than ever across the Group. Our customers and clients continue to interact positively, committing extensively to property development, construction and land acquisition into the future. Provided this positivity continues, we have a strong pipeline of profitable opportunities to provide our customers with the development assets they need. The Group continues to trade well and in line with the Board's expectations for the full year, as detailed in the Company's AGM statement published on 25 May 2017 and our expectations for 2018 remain unchanged.

GROUP RISKS AND UNCERTAINTIES

The Directors set out, in the 2016 Financial Statements (and reproduced in note 14), 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. Despite concerns following the EU referendum in 2016 and the recent rather unexpected general election result, 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 upgraded 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 housing development land bank has grown to over 600 units, to be delivered over the next three to four years, and both reservations and sales currently remain strong. These development opportunities, combined with the strategic land sites with planning permission on almost 18,000 units, and a further 9,700 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 in the UK property investment market, we continue to have opportunities secured to allow us to continue to grow shareholder value, over both the short and long-term, which remains our prime objective.

Jamie Boot
Chairman
25 August 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the half year ended 30 June 2017

	Half year ended 30 June 2017 Unaudited £'000	Half year ended 30 June 2016 Unaudited £'000	Year ended 31 December 2016 Audited £'000
Revenue	**195,395**	107,333	306,806
Cost of sales	**(157,941)**	(75,032)	(244,496)
Gross profit	**37,454**	32,301	62,310
Other income	**—**	19	40
Administrative expenses	**(10,789)**	(8,752)	(17,958)
Pension expenses	**(2,047)**	(1,921)	(3,774)
	24,618	21,647	40,618
Decrease in fair value of investment properties	**(1,986)**	(1,119)	(1,783)
Profit on sale of investment properties	**159**	557	647
Loss on sale of assets held for sale	**(39)**	—	—
Operating profit	**22,752**	21,085	39,482
Finance income	**82**	182	156
Finance costs	**(684)**	(839)	(1,670)
Share of profit of joint ventures and associates	**407**	350	1,523
Profit before tax	**22,557**	20,778	39,491
Tax	**(4,555)**	(4,292)	(8,945)
Profit for the period from continuing operations	**18,002**	16,486	30,546
Other comprehensive (expense)/income not being reclassified to profit or loss in subsequent periods:			
Revaluation of Group occupied property	**(7)**	—	30
Deferred tax on property revaluations	**24**	—	3
Actuarial loss on defined benefit pension scheme	**(1,814)**	(7,224)	(8,959)
Current tax on actuarial loss	—	—	428
Deferred tax on actuarial loss	**200**	1,301	964
Total other comprehensive expense not being reclassified to profit or loss in subsequent periods	**(1,597)**	(5,923)	(7,534)
Total comprehensive income for the period	**16,405**	10,563	23,012
Profit for the period attributable to:			
Owners of the Parent Company	**17,332**	15,761	28,259
Non-controlling interests	**670**	725	2,287
	18,002	16,486	30,546
Total comprehensive income attributable to:			
Owners of the Parent Company	**15,735**	9,838	20,725
Non-controlling interests	**670**	725	2,287

	16,405	10,563	23,012
Basic earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**13.1p**	11.9p	21.5p
Diluted earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**13.0p**	11.8p	21.3p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as at 30 June 2017

	30 June 2017 Unaudited £'000	30 June 2016 Unaudited £'000	31 December 2016 Audited £'000
Assets			
Non-current assets			
Intangible assets	**5,414**	5,551	4,909
Property, plant and equipment	**25,277**	23,322	21,967
Investment properties	**131,908**	118,542	123,663
Investment in joint ventures and associates	**5,555**	4,940	5,148
Trade and other receivables	**2,621**	15,437	5,592
Deferred tax assets	**5,473**	5,354	5,249
	176,248	173,146	166,528
Current assets			
Inventories	**153,587**	163,747	137,915
Trade and other receivables	**99,723**	57,568	66,921
Cash and cash equivalents	**2,210**	4,534	7,389
	255,520	225,849	212,225
Assets classified as held for sale	**6,343**	—	1,050
	261,863	225,849	213,275
Liabilities			
Current liabilities			
Trade and other payables	**87,114**	64,288	61,149
Current tax liabilities	**5,542**	3,301	4,707
Borrowings	**57,028**	54,628	33,342
Provisions	**6,662**	7,304	6,669
	156,346	129,521	105,867
Net Current Assets	**105,517**	96,328	107,408
Non-current liabilities			
Trade and other payables	**2,667**	9,721	4,615
Borrowings	**7,351**	6,115	6,922
Retirement benefit obligations	**27,570**	25,564	26,396
Provisions	**1,450**	2,393	2,451
	39,038	43,793	40,384
Net Assets	**242,727**	225,681	233,552
Equity			
Share capital	**13,611**	13,605	13,608
Property revaluation reserve	**3,896**	3,964	3,879
Retained earnings	**220,048**	202,741	210,664

Other reserves	**4,648**	4,561	4,611
Cost of shares held by ESOP trust	**(690)**	(458)	(1,071)
Equity attributable to owners of the Parent Company	**241,513**	224,413	231,691
Non-controlling interests	**1,214**	1,268	1,861
Total Equity	**242,727**	225,681	233,552

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the half year ended 30 June 2017

	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 2016	13,604	3,964	197,895	4,548	(345)	219,666	1,883	221,549
Profit for the period	—	—	15,761	—	—	15,761	725	16,486
Other comprehensive expense	—	—	(5,923)	—	—	(5,923)	—	(5,923)
Total comprehensive income	—	—	9,838	—	—	9,838	725	10,563
Equity dividends	—	—	(5,016)	—	—	(5,016)	(1,340)	(6,356)
Proceeds from shares issued	1	—	—	13	—	14	—	14
Purchase of treasury shares	—	—	—	—	(346)	(346)	—	(346)
Share-based payments	—	—	24	—	233	257	—	257
	1	—	(4,992)	13	(113)	(5,091)	(1,340)	(6,431)
At 30 June 2016 (unaudited)	13,605	3,964	202,741	4,561	(458)	224,413	1,268	225,681
At 1 January 2016	13,604	3,964	197,895	4,548	(345)	219,666	1,883	221,549
Profit for the year	—	—	28,259	—	—	28,259	2,287	30,546
Other comprehensive income/(expense)	—	33	(7,567)	—	—	(7,534)	—	(7,534)
Total comprehensive income	—	33	20,692	—	—	20,725	2,287	23,012
Equity dividends	—	—	(8,318)	—	—	(8,318)	(2,309)	(10,627)
Realised revaluation surplus	—	(118)	118	—	—	—	—	—
Proceeds from shares issued	4	—	—	63	—	67	—	67
Purchase of treasury shares	—	—	—	—	(959)	(959)	—	(959)
Share-based payments	—	—	277	—	233	510	—	510
	4	(118)	(7,923)	63	(726)	(8,700)	(2,309)	(11,009)
At 31 December 2016 (audited)	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 income/(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**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the half year ended 30 June 2017

	Half year ended 30 June 2017 Unaudited £'000	Half year ended 30 June 2016 Unaudited £'000	Year ended 31 December 2016 Audited £'000
Cash flows from operating activities			
Cash generated from/(used by) operations	**1,382**	(9,039)	28,545
Interest paid	**(501)**	(612)	(1,141)
Tax paid	**(3,720)**	(4,358)	(7,405)
Net cash flows from operating activities	**(2,839)**	(14,009)	19,999
Cash flows from investing activities			
Purchase of intangible assets	**(350)**	(521)	(606)
Purchase of property, plant and equipment	**(755)**	(1,326)	(1,836)
Purchase of investment property	**(18,799)**	(1,484)	(10,181)
Purchase of investment in joint ventures and associates	**—**	(800)	(800)
Proceeds on disposal of property, plant and equipment	**52**	191	492
Proceeds on disposal of investment properties	**2,437**	7,324	9,430
Proceeds on disposal of assets held for sale	**1,011**	—	—
Interest received	**60**	66	113
Acquisition of subsidiary, net of cash acquired	**(2,711)**	—	—
Dividends received from joint ventures	**—**	—	965
Net cash flows from investing activities	**(19,055)**	3,450	(2,423)
Cash flows from financing activities			
Proceeds from shares issued	**40**	14	67
Purchase of treasury shares	**(196)**	(346)	(959)
Decrease in borrowings	**(5,909)**	(10,322)	(39,128)
Increase in borrowings	**30,024**	20,064	28,421
Dividends paid – ordinary shares	**(5,917)**	(5,006)	(8,297)
– non-controlling interests	**(1,317)**	(1,340)	(2,309)
– preference shares	**(10)**	(10)	(21)
Net cash flows from financing activities	**16,715**	3,054	(22,226)
Net decrease in cash and cash equivalents	**(5,179)**	(7,505)	(4,650)
Net cash and cash equivalents at beginning of period	**7,389**	12,039	12,039
Net cash and cash equivalents at end of period	**2,210**	4,534	7,389
Analysis of net debt:			
Cash and cash equivalents	**2,210**	4,534	7,389
Bank overdrafts	**—**	—	—
Net cash and cash equivalents	**2,210**	4,534	7,389
Bank loans	**(56,385)**	(52,390)	(32,684)
Government loans	**(6,733)**	(8,353)	(7,580)
Asset finance	**(1,261)**	—	—
Net debt	**(62,169)**	(56,209)	(32,875)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
for the half year ended 30 June 2017

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 2016, 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. On 17 February 2017, we exercised our option to extend the facilities by one year 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 2016.

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 2016, except for as described below:

There are no standards and interpretations becoming mandatory for the first time for the financial year ending 31 December 2017. At the date of the half year financial statements, a number of standards were in issue, but not yet effective, including IFRS 9 and IFRS 15. Management are underway with an impact assessment and will disclose the impact in the year end annual report.

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.

Revenue	Property investment and development £'000	Land development £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
	Half year ended 30 June 2017 Unaudited					
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**

Revenue	Property investment and development £'000	Land development £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
	Half year ended 30 June 2016 Unaudited					
External sales	39,390	30,036	37,907	—	—	107,333
Inter-segment sales	161	—	2,291	327	(2,779)	—
Total revenue	39,551	30,036	40,198	327	(2,779)	107,333
Operating profit/(loss)	5,371	13,358	4,545	(2,189)	—	21,085
Finance income	668	599	612	3,949	(5,646)	182
Finance costs	(3,413)	(1,035)	(236)	(1,626)	5,471	(839)
Share of profit of joint ventures and associates	350	—	—	—	—	350
Profit before tax	2,976	12,922	4,921	134	(175)	20,778
Tax	(773)	(2,550)	(944)	(2)	(23)	(4,292)
Profit for the period	2,203	10,372	3,977	132	(198)	16,486

Revenue	Property investment and development £'000	Land development £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
	Year ended 31 December 2016 Audited					
External sales	176,232	51,190	79,384	—	—	306,806
Inter-segment sales	314	—	5,044	639	(5,997)	—
Total revenue	176,546	51,190	84,428	639	(5,997)	306,806
Operating profit/(loss)	15,105	18,608	10,288	(4,519)	—	39,482
Finance income	936	1,079	1,172	22,649	(25,680)	156
Finance costs	(6,390)	(1,955)	(484)	(3,145)	10,304	(1,670)

Share of profit of joint ventures and associates	1,523	—	—	—	—	1,523
Profit before tax	11,174	17,732	10,976	14,985	(15,376)	39,491
Tax	(1,969)	(3,532)	(2,244)	(1,177)	(23)	(8,945)
Profit for the year	9,205	14,200	8,732	13,808	(15,399)	30,546

	30 June 2017 Unaudited £'000	30 June 2016 Unaudited £'000	31 December 2016 Audited £'000
Segment assets			
Property investment and development	**243,588**	202,241	195,830
Land promotion	**146,336**	151,803	136,378
Construction	**37,540**	32,081	32,104
Group overheads and other	**2,964**	2,982	2,853
	430,428	389,107	367,165
Unallocated assets			
Deferred tax assets	**5,473**	5,354	5,249
Cash and cash equivalents	**2,210**	4,534	7,389
Total assets	**438,111**	398,995	379,803
Segment liabilities			
Property investment and development	**27,992**	16,535	17,646
Land promotion	**33,091**	29,345	20,893
Construction	**34,284**	35,125	33,888
Group overheads and other	**2,526**	2,701	2,457
	97,893	83,706	74,884
Unallocated liabilities			
Current tax liabilities	**5,542**	3,301	4,707
Current borrowings	**57,028**	54,628	33,342
Non-current borrowings	**7,351**	6,115	6,922
Retirement benefit obligations	**27,570**	25,564	26,396
Total liabilities	**195,384**	173,314	146,251
Total net assets	**242,727**	225,681	233,552

4. 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.

5. DIVIDENDS

	Half year ended 30 June 2017 Unaudited £'000	Half year ended 30 June 2016 Unaudited £'000	Year ended 31 December 2016 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 2016 of 2.50p per share (2015: 2.30p)	—	—	3,291

Final dividend for the year ended 31 December 2016 of 4.50p per share (2015: 3.80p)	**5,917**	5,006	5,006
	5,927	5,016	8,318

An interim dividend amounting to £3,684,000 (2016: £3,291,000) will be paid on 20 October 2017 to shareholders whose names are on the register at the close of business on 22 September 2017. 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.

6. TAX

	Half year ended 30 June 2017 Unaudited £'000	Half year ended 30 June 2016 Unaudited £'000	Year ended 31 December 2016 Audited £'000
Current tax:			
UK corporation tax on profits for the period	**4,546**	4,105	8,927
Adjustment in respect of earlier periods	**10**	(82)	(23)
Total current tax	**4,556**	4,023	8,904
Deferred tax:			
Origination and reversal of temporary differences	**(1)**	269	41
Total deferred tax	**(1)**	269	41
Total tax	**4,555**	4,292	8,945

Corporation tax is calculated at 19.25% (2016: 20.00%) 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% (June 2016: 18%), being the rate expected to be applicable at the date the actual tax will arise.

7. INVESTMENT PROPERTIES

	Completed investment property £'000	Investment property under construction £'000	Total £'000
Fair value			
At 1 January 2016	103,694	21,617	125,311
Subsequent expenditure on investment property	1,167	234	1,401
Capitalised letting fees	21	62	83
Amortisation of capitalised letting fees	(18)	—	(18)
Disposals	(6,767)	—	(6,767)
Transfer to inventories	(349)	—	(349)
Increase/(decrease) in fair value in period	382	(1,501)	(1,119)
At 30 June 2016 (unaudited)	**98,130**	**20,412**	**118,542**
Adjustment in respect of tenant incentives	2,234	—	2,234
Market value at 30 June 2016	**100,364**	**20,412**	**120,776**
Fair value			
At 1 January 2016	103,694	21,617	125,311
Subsequent expenditure on investment property	4,197	5,854	10,051
Capitalised letting fees	46	84	130

Amortisation of capitalised letting fees	(35)	(1)	(36)
Disposals	(8,170)	(613)	(8,783)
Transfers to assets held for sale	(775)	—	(775)
Transfer to inventories	(452)	—	(452)
Transfers within investment property	1,322	(1,322)	—
Increase/(decrease) in fair value in period	1,081	(2,864)	(1,783)
At 31 December 2016 (audited)	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**

At 30 June 2017, the Group had entered into contractual commitments for the acquisition and repair of investment property amounting to £5,782,000 (31 December 2016: £2,047,000).

8. BORROWINGS

	Half year ended 30 June 2017 Unaudited £'000	Half year ended 30 June 2016 Unaudited £'000	Year ended 31 December 2016 Audited £'000
Bank loans	**56,385**	52,390	32,684
Asset finance	**1,261**	—	—
Government loans	**6,733**	8,353	7,580
	64,379	60,743	40,264

Movements in borrowings are analysed as follows:

	£'000
At 1 January 2017	40,264
Secured bank loans	28,763
Repayment of secured bank loans	(5,062)
Asset finance	1,261
Repayment of government loans	(847)
At 30 June 2017	**64,379**

9. PROVISIONS FOR LIABILITIES AND CHARGES

Since 31 December 2016 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 £351,000 has been utilised and additional provisions of £356,000 have been made, all of which were due to normal operating procedures; and
- 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 £1,385,000 has been utilised and additional provisions of £372,000 have been made.

10. DEFINED BENEFIT PENSION SCHEME

The main financial assumptions used in the valuation of the liabilities of the scheme under IAS19 are:

	30 June 2017 %	30 June 2016 %	31 December 2016 %
Retail Prices Index 'Jevons' (RPIJ)	**n/a**	2.05	n/a
Retail Prices Index (RPI)	**3.00**	2.75	3.00
Consumer Prices Index (CPI)	**2.00**	1.75	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**	2.05	2.00
Revaluation of deferred pensions	**2.00**	1.75	2.00
Liabilities discount rate	**2.60**	3.00	2.80

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

	Half year ended 30 June 2017 Unaudited £'000	Half year ended 30 June 2016 Unaudited £'000	Year Ended 31 December 2016 Audited £'000
Service cost:			
Current service cost	**551**	573	1,112
Ongoing scheme expenses	**242**	284	493
Net interest expense	**360**	353	691
Pension Protection Fund	**91**	63	167
Pension expenses recognised in profit or loss	**1,244**	1,273	2,463
Remeasurement on the net defined benefit liability:			
Return on plan assets (excluding amounts included in net interest expense)	**(5,295)**	(5,535)	(12,528)
Actuarial losses arising from changes in demographic assumptions	**—**	—	1,592
Actuarial losses arising from changes in financial assumptions	**7,109**	15,836	22,972
Actuarial gains arising from experience adjustments	**—**	(3,077)	(3,077)
Actuarial losses recognised in other comprehensive income	**1,814**	7,224	8,959
Total	**3,058**	8,497	11,422

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 2017 Unaudited £'000	Half year ended 30 June 2016 Unaudited £'000	Year ended 31 December 2016 Audited £'000
Present value of scheme obligations	**197,135**	182,547	190,974
Fair value of scheme assets	**(169,565)**	(156,983)	(164,578)
	27,570	25,564	26,396

11. 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 2016.

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

12. SHARE CAPITAL

	Half year ended 30 June 2017 Unaudited £'000	Half year ended 30 June 2016 Unaudited £'000	Year ended 31 December 2016 Audited £'000
400,000 5.25% cumulative preference shares of £1 each (31 December 2016: 400,000)	**400**	400	400
132,111,137 ordinary shares of 10p each (31 December 2016: 132,080,138)	**13,211**	13,205	13,208
	13,611	13,605	13,608

13. CASH GENERATED FROM OPERATIONS

	Half year ended 30 June 2017 Unaudited £'000	Half year ended 30 June 2016 Unaudited £'000	Year ended 31 December 2016 Audited £'000
Profit before tax	**22,557**	20,778	39,491
Adjustments for:			
Amortisation of PFI asset	**647**	625	1,251
Goodwill impairment	**101**	102	203
Depreciation of property, plant and equipment	**2,250**	1,950	4,022
Revaluation decrease in investment properties	**1,986**	1,119	1,783
Amortisation of capitalised letting fees	—	18	36
Share-based payment expense	**170**	257	510
Pension scheme credit	**(640)**	(1,234)	(2,140)
Loss on disposal of assets held for sale	**39**	—	—
Gain on disposal of property, plant and equipment	**(194)**	(276)	(506)
Gain on disposal of investment properties	**(159)**	(557)	(647)
Finance income	**(82)**	(182)	(156)
Finance costs	**684**	839	1,670
Share of profit of joint ventures and associates	**(407)**	(350)	(1,523)
Operating cash flows before movements in equipment held for hire	**26,952**	23,089	43,994
Purchase of equipment held for hire	**(2,010)**	(3,418)	(4,048)
Proceeds on disposal of equipment held for hire	**406**	542	648
Operating cash flows before movements in working capital	**25,348**	20,213	40,594
(Increase)/decrease in inventories	**(15,669)**	(24,458)	1,478
Increase in receivables	**(28,861)**	(7,934)	(7,515)
Increase/(decrease) in payables	**20,564**	3,140	(6,012)
Cash generated from/(used by) operations	**1,382**	(9,039)	28,545

14. 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 whilst 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 have, and continue to, review the potential impact of the EU referendum. We believe that the Group worked hard in the first half year to mitigate any potential downside risks that might have arisen following the referendum and we believe we are well placed to manage any further downside risk 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 2016 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 construction activity.

Construction

- Increased cost and lower availability of skilled labour, subcontractors and building materials.

Environmental

- The Group is inextricably linked to the property sector and environmental considerations are paramount to our success.
- Stricter environmental legislation will increase development and house building costs and therefore could impact on profitability if capital and land values do not increase to reflect more efficient energy performance.

Development

- Not developing marketable assets for both tenants and the investment market on time and cost-effectively.
- Rising market yields on completion making development uneconomic.
- 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 bank 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.
- Increased complexity, cost and delay in the planning process may slow down the project pipeline.

Economic

- The Group operates solely in the UK and is closely allied to the real estate, house building 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.

Treasury

- 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.

Investments

- Identifying and retaining assets which have the best opportunity for long-term rental and capital growth, or conversely selling those assets where capital values have been maximised.

Interest rates

- Significant upward changes in interest rates affect interest costs, yields and asset prices and reduce demand for commercial and residential property.

Counterparty

- Depends on the stability of customers, suppliers, funders and development partners to achieve success.

Pension

- The Group operates a defined benefit pension scheme which has been closed to new members for 12 years. 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.

UK exit from European Union

- The announcement of the UK exit from the European Union resulted in exchange rate fluctuations and material price inflation. As we move through the process we could see further price inflation, reduced market confidence, restrictions to the supply of labour and increased economic uncertainty.

Cyber Security

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

15. APPROVAL

At the Board meeting on 24 August 2017 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 2016. 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
24 August 2017	24 August 2017