HENRY BOOT PLC

UNAUDITED HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

Henry Boot PLC ('Henry Boot', 'the Company' or 'the Group') (Ticker: BHY: Main market premium listing: FTSE: construction & materials), a company engaged in land development, property investment and development, and construction, announces its half-yearly results for the period ended 30 June 2015.

HIGHLIGHTS

	30 June 2015	30 June 2014	% change
• Profit before tax	**£14.0m**	£13.4m	+4.5%
• Earnings per share	**7.8p**	7.4p	+5.4%
• Interim dividend	**2.30p**	2.10p	+9.5%
• Net asset value per share	**160p**	149p	+7.4%
• Property revaluation: surplus	**£1.1m**	£1.8m	—
• Investment property disposal profits	**£0.4m**	£0.3m	—
• Net debt	**£55.4m**	£33.1m	—

Commenting on the results, Chairman John Brown said:

"I am pleased to report that Henry Boot has performed very satisfactorily in the first half of 2015 trading in line with management expectations. All our businesses are trading well in their respective markets and economic operating conditions are currently favourable across the Group.

"We continue to have a strong portfolio of strategic land and development opportunities which are delivering profitability in line with appraisal forecasts. Improved investment and tenant demand continues to support the higher levels of commercial activity we are currently undertaking. We have also added a housing development land bank of over 300 units to be delivered over the next three to four years, accessing the high returns that are currently available on housing development.

"Overall, given the strength of the investment market, our construction order book and subject to the completion of certain key transactions during the second half of 2015 and notably around the year end, trading for the year ending 31 December 2015 is expected to be in line with our expectations."

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CHAIRMAN'S STATEMENT

I am pleased to report that Henry Boot has performed very satisfactorily in the first half of 2015 trading in line with management expectations. All our businesses are trading well in their respective markets and economic operating conditions are currently favourable across the Group.

The decision making paralysis prior to the General Election did impact on transactions in the period and resulted in some delay to the completion of two land sales and the exchange of contracts on three others, to the end of the period on 30 June 2015 – a rather busy day! Matters rebounded quickly once the General Election concluded and we expect to see any residual deferred decisions resolved through the second half.

We have an unprecedented number of land sites with planning permission and more larger scale commercial development projects moving towards a start, already being built or completed and being sold than ever before. Detailed comments related to progress within each business segment are made in the performance review below.

It is encouraging that all the larger schemes being worked on have progressed well in the period and we have successfully completed projects and added new opportunities for the future, thereby ensuring we maintain our pipeline of opportunities, capable of delivering shareholder value into the longer term.

Board changes

As separately announced today, I have now completed nine very enjoyable and successful years with Henry Boot PLC, working with my fellow Directors and the teams within the Group businesses. My Non-executive colleague, Mike Gunston, also completes nine years' service later this year and, supporting good corporate governance, both Mike and I will retire from the Board on 31 December 2015.

We have had in mind our succession plan for some time and, therefore, also at the year end, Jamie Boot will retire as Chief Executive and replace me as Non-executive Chairman. He has run the business very successfully for almost 30 years and I can think of no better successor for me, looking after shareholders' interests into the future.

John Sutcliffe, who has been Group Finance Director for the past nine years, will take over as Chief Executive and Darren Littlewood, currently Group Financial Controller, will be appointed as Group Finance Director. The business operations and longer term strategic goals of the Henry Boot Group have been extremely well managed by this team, and I feel very confident that Jamie, John and Darren will take Henry Boot from strength to strength in the future.

To work with this team, we have appointed Joanne Lake, Peter Mawson and Gerald Jennings as new independent Non-executive Directors effective from 1 October 2015, allowing for a sensible handover period. Joanne Lake will also assume the role of Deputy Chairman. These appointees, who will join James Sykes, bring extensive corporate finance, planning, strategic land and commercial development experience to our Board and are, therefore, ideally suited to support our Group Executive team.

I am in no doubt that they will make a strong contribution to the delivery of our strategic goals into the future.

Trading review

Revenue for the period increased to £79.2m (2014: £65.8m) after higher land sales and increased construction and plant hire turnover. The land sale at Exeter, completed in the period, was sold as land owner, which increased turnover and cost of sales proportionately.

Operating profits were slightly lower at £13.3m (2014: £14.0m) after a write-off totalling £1.4m in planning costs on schemes where appeals failed compared to £0.3m in the same period in 2014, although lower interest costs and the £0.7m share of investment property valuation profits of joint ventures resulted in profit before tax 4.5% ahead at £14.0m (2014: £13.4m).

Retained earnings were £11.2m (2014: £10.8m), resulting in a 5% rise in earnings per share to 7.8p (2014: 7.4p).

Statement of financial position

Total non-current assets were slightly lower at £173.1m (31 December 2014: £180.7m). The difference is largely explained by approximately £1.8m of net investment in the plant hire fleet offset by the transfer of £14.4m of investment properties to current assets held for sale. The vast majority of these asset sales have concluded in the period since the half year.

The significant uplift in inventories to £129.3m (31 December 2014: £117.5m) results from the increase of our house building work in progress and significant developments at York, Thorne and schemes at Markham being accounted for as inventories. Strategic land inventories of £100.6m were in line with the prior period (31 December 2014: £99.6m). The increase in trade receivables largely results from the investment in planning and design fees for the Aberdeen scheme recoverable against the building contract on commencement. Cash and cash equivalents were £11.5m higher at £15.8m (31 December 2014: £4.3m) as cash receipts from land sales which concluded on the last day of the period were held in current accounts rather than offset against short-term loan arrangements. Overall, current assets were £40.4m higher at £212.5m (31 December 2014: £172.1m).

Current liabilities rose to £135.3m (31 December 2014: £107.1m) as current borrowings rose to £61.3m (31 December 2014: £32.0m). The £30.1m held in both cash and assets held for sale is expected to reduce this variance in the second half. We are in a much more active development phase and will be utilising higher borrowings as these developments work through to completion, are then sold and cash is recycled back into the work in progress phase of subsequent developments.

Overall, net current assets were £77.3m (31 December 2014: £65.0m). This increase in working capital continues the process that has been ongoing for some time now with the equivalent net current asset figure at 30 June 2013 being £37.3m.

In addition to the increase in the net working capital position, non-current liabilities improved to £38.7m (31 December 2014: £45.3m) largely as a result of the reduced defined benefit pension scheme liabilities under IAS 19 to £20.2m (31 December 2014: £28.2m) assisted by a 0.2% increase in the applicable discount rate, as long-term interest rates began to rise, and we had further, relatively muted growth in the pension scheme assets.

The aforementioned improvement to the pension deficit and retained earnings helped net assets rise to £211.6m (31 December 2014: £200.5m) with net asset value per share at 160p (31 December 2014: 152p) as we successfully continue to increase shareholder value over the longer term.

Cash flows

Operating cash inflows before movements in working capital were £9.9m (2014: £10.6m). Working capital investment in development projects, increasing both inventories and receivables, resulted in working capital outflows of £13.4m (2014: £5.9m) which, in turn, meant that our operations used funding of £3.4m compared to the same period in 2014, when operations generated cash of £4.7m.

Interest paid of £0.5m (2014: £0.6m), tax paid of £1.6m (2014: £2.3m) and further net investment in developments in progress of £7.5m, compared to net property cash receipts of £7.2m in the previous period, resulted in net cash outflows from investing activities of £7.8m compared to 2014 when we generated cash inflows of £6.6m.

Dividends paid in the period increased 14% to £5.7m (2014: £5.0m). Therefore, at 30 June 2015, net debt increased to £55.4m resulting in gearing of 26% (2014: Debt £36.4m, gearing 18%). It is anticipated that the property sales in the second half (noted above) will reduce borrowings and gearing by the year end.

Dividend

The Directors remain confident of Group prospects and I am pleased to report that the Board has approved a 9.5% increase in the interim dividend to 2.3p (2014: 2.1p). This will be paid on 23 October 2015 to shareholders on the Register at the close of business on 25 September 2015.

OPERATIONAL REVIEW

Land development

Hallam Land sold broadly the same number of units, as the comparable half year, although turnover was higher because we were selling land as owner rather than as agent as occurred in the first half of 2014. Underlying that, we are continuing to benefit from the strengthening position of the national house builders who are being supported by improving housing demand and the stronger UK economy.

As we have previously reported, the relatively supportive planning regime over the last two to three years has enabled Hallam Land to obtain more planning permissions than at any other time in its history. Consequently, across the country, we now have 40 sites equating to over 12,000 units, which have planning permission and are available to market, albeit the larger schemes will be sold over a number of years.

In the run-up to the General Election, there was a noticeable hardening of attitudes from planning decision makers and, therefore, in the first half of the year we found that planning permissions were more difficult to obtain. This was particularly noticeable with the Secretary of State decisions on major residential schemes. However, against this difficult backdrop, we successfully achieved 11 new site planning permissions for over 1,600 plots by the end of June 2015.

In the period we completed six land sales and exchanged on three others, broadly in line with the first half of 2014. We are currently in detailed sale negotiations on a further 11 sites, some of which should exchange and may complete before the year end. However, the 2015 Budget changes to affordable housing may add complexity and, therefore, time into that sale process; as yet it is too early to gauge the impact of this legislative change.

We are continuing to identify and sign up new opportunities and increase the size of our site portfolio. At 30 June 2015, we held interests in 188 sites for 10,547 acres (31 December 2014: 9,985) with 1,810 acres owned (31 December 2014: 1,819), 2,763 acres under option (31 December 2014: 2,800) and 5,974 acres under Planning Promotion Agreement (31 December 2014: 5,366). The inventory value of these assets is £100.6m (31 December 2014: £99.6m) reflecting our continuing policy of investing in and promoting housing schemes through the planning process over the long term.

We believe that the result of the General Election is likely to bring more stability and predictability to the UK economy. Mortgage lending and housing activity were reported to be marginally down immediately prior to the General Election but indications are that we are seeing a recovery in the housing market, post-General Election, which bodes well for the strategic land market.

In the post-General Election period we wait to see what changes, if any, the Government will impose on the planning regime. After the 2010 General Election the Government encouraged planning departments to release the pre-General Election shackles and allow more planning consents during the first three years of the coalition Government. Recent Government rhetoric would appear to support further increases in residential development. However, the position will become clearer over the next 12 to 18 months.

We have previously expressed our concerns about local authorities seeking to take too much value away from consented land to subsidise infrastructure provision. More contributions than ever are being sought by local communities, through Section 106 Agreements and Community Infrastructure Levies (CIL); particularly in the sphere of education, where greater contributions are demanded to pay for new education facilities and for affordable housing. These regulations are becoming ever more complex and punitive and are causing a number of sites, in lower value housing areas, to become unviable simply because of these levies. Whilst we fully recognise the need to make contributions to the general infrastructure burden, the Government must ensure that the requirements are not so disproportionate as to jeopardise the feasibility of schemes. This hidden tax also directly impacts on the housing industry and serves to increase housing costs at a time when many first time buyers find home acquisition unaffordable and will result in further under-supply of the new housing the country desperately needs.

Property investment and development

The appetite for well-let regional property investments remains strong and has led to an enhancement in values and we have therefore taken advantage of this by selling profitably a number of completed developments. Occupier demand, notably for offices and industrial space, continues to improve and has assisted in reducing void space, within our retained investments, to historically low levels as well as supporting an increasing amount of pre-let and design and build development activity.

In the first half of 2015, we completed the development of two industrial units at Markham Vale totalling 150,000 sq ft, pre-let to Inspirepac Ltd and Gould Alloys; terms have been agreed for the sale of both units with completion expected in the second half of the year. Reflecting the increased occupier demand at Markham Vale, our 200 acre Business Park located on Junction 29A of the M1 motorway, pre-let agreements have been exchanged with Great Bear Distribution Ltd on a 479,000 sq ft distribution unit and with Meter Provida Ltd for 40,000 sq ft of industrial accommodation. The Great Bear development is expected to commence late in 2015 and be completed midway through 2016. Forward funding and sale contracts for this £35m development are exchanged with M&G Real Estate Investments. The development of the 40,000 sq ft unit for Meter Provida Ltd is already well under way and is expected to be completed by the end of this year.

The speculative development of 130,000 sq ft of industrial space at Thorne, in joint venture with Royal Bank of Scotland, and supported by ERDF Grant funding, has progressed rapidly in the first half of the year with completion anticipated late in 2015 and terms have already been agreed for the sale or letting of circa 60,000 sq ft of the space.

We also developed 22,000 sq ft of office space at Westlakes Science Park in Cumbria, pre-let to Atkins Ltd, on programme and to budget and concluded the sale of the investment in June 2015. We have completed the 66 bed budget hotel in Malvern, pre-let to Premier Inn Hotels Limited, and an 18,000 sq ft retail warehouse unit, pre-let to Home Bargains in Bodmin, since the period end. The development of the 78 bed hotel in Richmond upon Thames, pre-let to Travelodge Hotels Ltd and pre-sold, is expected to be completed by the year end 2015, slightly behind programme, due to unforeseen ground conditions.

Good progress has been made with Aberdeen City Council on the development of the new 750,000 sq ft Aberdeen Exhibition and Conference Centre. Councillors gave their unanimous support for the terms of the development in March 2015 and we have since submitted an application for Planning Permission in Principle. A detailed planning application for the scheme is expected to be submitted during the second half of the year enabling the development of the scheme to commence in 2016.

Elsewhere, we have made good progress on the redevelopment of the listed former Terry's Chocolate factory in York. Contracts have been exchanged with a specialist residential developer, PJ Livesey, to undertake the conversion of the 170,000 sq ft factory building into 179 luxury apartments. Detailed planning and listed building consents have also been secured and development work is expected to commence in the autumn, with the first apartments ready for occupation by the middle of 2016. Furthermore, contracts have been exchanged, subject to the grant of planning permission, with specialist care home operator Springfield Healthcare Group Limited to purchase the former head office building on the site; and we anticipate that this sale will be completed in the second half of 2015.

A number of new development opportunities were secured in the first half of the year. These included exchanged development agreements for two 50 acre business parks in Luton and Southend-on-Sea. Additionally, pre-let and sale contracts have been exchanged with occupiers on two retail led development opportunities in Livingston, Scotland, and Belper, Derbyshire. Negotiations are progressing for a number of other significant pre-lettings or developments on which we are targeting contract exchange in the second half of 2015.

Stonebridge Projects completed 17 residential unit sales at an average selling price of £245k in the period and is on track to achieve in the region of 40 sales in the full year, in line with 2014. Planning delays around the General Election on three sites, including our former Leeds Girls' High School site, meant that we did not achieve permission on that site until early July 2015. It is, therefore, unlikely that we will secure sales from this 106 unit site in 2015. Our prime area of focus centres around the Leeds metropolitan area and we are now growing our land bank to over 300 units, largely on a subject to planning basis. As reported by major house builders, demand, pricing and margins are strong in the current marketplace.

Construction

After carrying a healthy order book into 2015, the division has already achieved its budgeted order book for this year and is on track to deliver targeted turnover and profit levels. We are starting to build an encouraging order book for 2016 in line with our expectations.

Our presence in the social housing sector continues with long-term frameworks for St Leger Homes in Doncaster, North Lincolnshire Homes in Scunthorpe, refurbishment of Hawksley bungalows for Chesterfield Borough Council, ASRA Housing Group, and with projects being delivered under the EN Procure framework.

We have recently secured a major scheme under the YORbuild framework for Leeds City Council. The £7.7m, 45 unit extra care housing facility is the first of its kind and part of a larger programme of development across the city. Work is due to commence shortly on a 20 bed accommodation unit in Sheffield for the St Wilfrid's homeless charity.

Construction work is progressing well on the £30m Fox Valley retail development in Stocksbridge for the Stocksbridge Regeneration Company Limited. This major project comprises several multi-unit retail blocks, commercial offices and associated civil engineering infrastructure to service the site. These works are on schedule for completion in early 2016.

We are into the fourth year of our six year framework with 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 and Forensic Science Service in the north of England. Having successfully completed four schemes earlier this year, we are currently delivering works on two further projects.

The education sector continues to provide good opportunities with the recent completion of the MERI Building Phases 2 & 3 for Sheffield Hallam University and ongoing works to an extension at the University of Sheffield Management School. The new construction centre at Chesterfield College is scheduled to open to new students in September this year.

In the health sector, opportunities continue under a framework agreement with the Sheffield Teaching Hospitals where we have delivered schemes at both the Northern General and Royal Hallamshire Hospitals. We are currently constructing the new helipad at Northern General Hospital which is due for completion in spring 2016.

An increase in activity in the commercial, industrial and leisure sectors has seen the successful completion of a food production facility for Ready Egg and more recently a 100,000 sq ft unit for Inspirepac at Markham Vale. The new visitor centre for Games Workshop in Nottingham was also successfully handed over earlier this year. We are currently on site at Capitol Park, Thorne, constructing several industrial units and refurbishing an existing unit on a mixed-use site. We are progressing works at Doncaster International Business Park, which comprises 22 individual ECO business units, for completion in 2015.

We have seen an increase in civil engineering opportunities through a supply-chain partnership on the 25 year Amey PFI Sheffield Highways scheme, where we continue to deliver a significant number of small civil engineering projects, largely on the road system structures throughout Sheffield. We have recently secured a place on the Amey Black and Veatch AMP6 framework with several projects in the pipeline. In addition, we are seeing good opportunities through the YORCivils framework including the remediation of the former Don Valley Stadium in Sheffield for mixed-use development.

The Group continues to retain a 61% stake in Road Link (A69), the PFI project to maintain the A69 trunk road between Newcastle and Carlisle. Road Link (A69), which has now completed 19 years of the 30-year contract with the Highways Agency, continues to trade in line with management's expectations.

Banner Plant has traded well in the period; carrying forward the trading momentum seen throughout 2014. All hire equipment categories have performed well and we have increased capital expenditure on the fleet items most in demand and producing the best returns. Turnover in the period was 12% ahead of the corresponding period last year, feeding through to improved earnings, and we foresee a solid result for the year. Improving construction markets are helping drive higher utilisation levels and better rates for the latest clean diesel engine units. We will open our fifth power tool centre at our Ossett plant depot during the second half of the year.

OUTLOOK

Land development

The planning system should now return to normal after the inevitable cautiousness of the pre-General Election period. Unfortunately, there is nothing normal about the planning system. It is far too susceptible to political whim at both local and national level. As a consequence, governments over a 30-year period have failed to fully grasp the unpopular nettle of ensuring that sufficient land is allocated for new housing, which has resulted in the current and universally acknowledged housing crisis.

Hallam Land's expertise lies in obtaining planning consents on predominately green field land. Despite the testing political conditions, we have secured planning on more than 12,000 plots and can look to future land sales with more confidence than at any other time in our history. Furthermore, at this time, we have more than 11,000 further plots within the planning pipeline and we remain confident of converting many of these into future permissions.

Property investment and development

The outlook for the commercial development segment is stronger now than at any time in the last six years. We have a very strong development pipeline and continually see interesting opportunities to evaluate and, if applicable, add to that pipeline. The strong market conditions seen in the south east of the country are increasingly being felt within the provinces, particularly within the major cities of the midlands and northern England. Retail development, especially food retail, remains more difficult than housing, industrial and office development, but there are some signs of improvements even in that sub sector. The next three years should see us deliver a significant increase in the scale and value of development activity, provided that market conditions remain in line with those we are seeing today.

Construction

Workloads are good and we are already building the 2016 order book. We have seen a reduction in public sector spend on construction, particularly in the run-up to the General Election; however, this was more than offset by the increase in private sector opportunities. We are very comfortable with the current marketplace though contract pricing remains competitive and we remain vigilant on some supply chain pricing pressures. Our plant hire business is trading well as is our PFI Project, Road Link (A69).

Overall, given the strength of the investment market, our construction order book and subject to the completion of certain key transactions during the second half of 2015 and notably around the year end, trading for the year ending 31 December 2015 is expected to be in line with our expectations.

GROUP RISKS AND UNCERTAINTIES

The Directors set out, in the 2014 Financial Statements (and reproduced in note 13), 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 are good and our trading performance in these conditions gives great confidence 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. Improved investment and tenant demand continues to support the higher levels of commercial activity we are currently undertaking. We have also added a housing development land bank of over 300 units to be delivered over the next three to four years, accessing the high returns that are currently available on housing development. These development opportunities, combined with the strategic land sites with planning permission on over 12,000 units, and a further 11,000 units in the planning pipeline, are held as inventory and valued accordingly. Profit is taken as developments progress and land sales complete. Therefore, subject to consistency in the investment market, we continue to have the schemes at hand to deliver growing shareholder value, over both the short and long term, which remains our key objective.

John Brown
Chairman
28 August 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the half year ended 30 June 2015

	Half year ended 30 June 2015 Unaudited £'000	Half year ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
Revenue	**79,242**	65,795	147,200
Cost of sales	**(57,560)**	(44,843)	(103,512)
Gross profit	**21,682**	20,952	43,688
Other income	**17**	16	283
Administrative expenses	**(8,091)**	(7,478)	(15,153)
Pension expenses	**(1,835)**	(1,600)	(3,213)
	11,773	11,890	25,605
Increase in fair value of investment properties	**1,148**	1,839	1,950
Profit on sale of investment properties	**356**	11	284
Profit on sale of assets held for sale	**16**	270	122
Operating profit	**13,293**	14,010	27,961
Finance income	**744**	208	714
Finance costs	**(735)**	(790)	(1,550)
Share of profit/(loss) of joint ventures	**666**	(21)	1,187
Profit before tax	**13,968**	13,407	28,312
Tax	**(2,814)**	(2,582)	(4,810)
Profit for the period from continuing operations	**11,154**	10,825	23,502
Other comprehensive income/(expense) not being reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) on defined benefit pension scheme	**6,615**	(3,837)	(10,458)
Deferred tax on actuarial (gain)/loss	**(1,323)**	768	2,092
Movement in fair value of cash flow hedge	**16**	54	85
Deferred tax on cash flow hedge	**(4)**	(12)	(17)

Total other comprehensive income/(expense) not being reclassified to profit or loss in subsequent periods	**5,304**	(3,027)	(8,298)
Total comprehensive income for the period	**16,458**	7,798	15,204
Profit for the period attributable to:			
Owners of the Parent Company	**10,287**	9,657	21,169
Non-controlling interests	**867**	1,168	2,333
	11,154	10,825	23,502
Total comprehensive income attributable to:			
Owners of the Parent Company	**15,586**	6,614	12,845
Non-controlling interests	**872**	1,184	2,359
	16,458	7,798	15,204
Basic earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**7.8p**	7.4p	16.2p
Diluted earnings per ordinary share for the profit attributable to owners of the Parent Company during the period	**7.7p**	7.3p	15.9p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as at 30 June 2015

	30 June 2015 Unaudited £'000	30 June 2014 Unaudited £'000	31 December 2014 Audited £'000
Assets			
Non-current assets			
Intangible assets	**6,392**	7,386	6,733
Property, plant and equipment	**20,901**	18,929	19,086
Investment properties	**130,563**	136,160	141,560
Investment in joint ventures	**2,033**	159	1,367
Trade and other receivables	**8,050**	6,980	4,837
Deferred tax assets	**5,149**	5,989	7,123
	173,088	175,603	180,706
Current assets			
Inventories	**129,290**	99,236	117,457
Trade and other receivables	**53,108**	43,464	50,065
Cash and cash equivalents	**15,759**	4,848	4,347
	198,157	147,548	171,869
Assets classified as held for sale	**14,356**	2,730	260
	212,513	150,278	172,129
Liabilities			
Current liabilities			
Trade and other payables	**66,261**	53,486	68,833
Current tax liabilities	**2,529**	2,652	1,976
Borrowings	**61,345**	31,834	31,969
Provisions	**5,126**	4,790	4,322
	135,261	92,762	107,100
Net Current Assets	**77,252**	57,516	65,029
Non-current liabilities			

Trade and other payables	**2,708**	2,537	3,139
Borrowings	**9,776**	6,143	8,779
Retirement benefit obligations	**20,157**	22,683	28,158
Provisions	**6,091**	5,694	5,185
	38,732	37,057	45,261
Net Assets	**211,608**	196,062	200,474
Equity			
Share capital	**13,602**	13,522	13,592
Property revaluation reserve	**3,355**	3,355	3,355
Retained earnings	**188,665**	173,999	177,664
Other reserves	**4,524**	3,727	4,425
Cost of shares held by ESOP trust	**(348)**	(130)	(550)
Equity attributable to owners of the Parent Company	**209,798**	194,473	198,486
Non-controlling interests	**1,810**	1,589	1,988
Total Equity	**211,608**	196,062	200,474

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the half year ended 30 June 2015

	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 2014	13,510	3,355	171,938	3,566	(188)	192,181	1,303	193,484
Profit for the period	—	—	9,657	—	—	9,657	1,168	10,825
Other comprehensive income	—	—	(3,069)	26	—	(3,043)	16	(3,027)
Total comprehensive income	—	—	6,588	26	—	6,614	1,184	7,798
Equity dividends	—	—	(4,125)	—	—	(4,125)	(898)	(5,023)
Proceeds from shares issued	12	—	—	135	—	147	—	147
Proceeds on disposal of treasury shares	—	—	—	—	25	25	—	25
Purchase of treasury shares	—	—	—	—	(581)	(581)	—	(581)
Share-based payments	—	—	(402)	—	614	212	—	212
	12	—	(4,527)	135	58	(4,322)	(898)	(5,220)
At 30 June 2014 (unaudited)	13,522	3,355	173,999	3,727	(130)	194,473	1,589	196,062

At 1 January 2014	13,510	3,355	171,938	3,566	(188)	192,181	1,303	193,484
Profit for the year	—	—	21,169	—	—	21,169	2,333	23,502
Other comprehensive income	—	—	(8,366)	42	—	(8,324)	26	(8,298)
Total comprehensive income	—	—	12,803	42	—	12,845	2,359	15,204
Equity dividends	—	—	(6,886)	—	—	(6,886)	(1,674)	(8,560)
Proceeds from shares issued	82	—	—	817	—	899	—	899
Proceeds on disposal of treasury shares	—	—	—	—	34	34	—	34
Purchase of treasury shares	—	—	—	—	(1,010)	(1,010)	—	(1,010)
Share-based payments	—	—	(191)	—	614	423	—	423
	82	—	(7,077)	817	(362)	(6,540)	(1,674)	(8,214)

At 31 December 2014 (audited)	13,592	3,355	177,664	4,425	(550)	198,486	1,988	200,474
Profit for the period	—	—	10,287	—	—	10,287	867	11,154
Other comprehensive income	—	—	5,292	7	—	5,299	5	5,304
Total comprehensive income	—	—	15,579	7	—	15,586	872	16,458
Equity dividends	—	—	(4,620)	—	—	(4,620)	(1,050)	(5,670)
Proceeds from shares issued	10	—	—	92	—	102	—	102
Proceeds on disposal of treasury shares	—	—	—	—	1	1	—	1
Share-based payments	—	—	42	—	201	243	—	243
	10	—	(4,578)	92	202	(4,274)	(1,050)	(5,324)
At 30 June 2015 (unaudited)	**13,602**	**3,355**	**188,665**	**4,524**	**(348)**	**209,798**	**1,810**	**211,608**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the half year ended 30 June 2015

		Half year ended 30 June 2015 Unaudited £'000	Half year ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
Cash flows from operating activities				
Cash (used by)/generated from operations		**(3,448)**	4,676	14,857
Interest paid		**(524)**	(633)	(1,172)
Tax paid		**(1,614)**	(2,255)	(4,975)
Net cash flows from operating activities		**(5,586)**	1,788	8,710
Cash flows from investing activities				
Purchase of intangible assets		**(358)**	(71)	(97)
Purchase of property, plant and equipment		**(509)**	(656)	(1,704)
Purchase of investment property		**(11,958)**	(3,389)	(15,649)
Proceeds on disposal of property, plant and equipment		**104**	33	222
Proceeds on disposal of investment properties		**4,213**	128	4,362
Proceeds on disposal of assets held for sale		**285**	10,478	12,233
Interest received		**415**	104	336
Net cash flows from investing activities		**(7,808)**	6,627	(297)
Cash flows from financing activities				
Proceeds from shares issued		**102**	147	899
Purchase of treasury shares		**—**	(581)	(1,010)
Proceeds on disposal of treasury shares		**1**	25	34
Decrease in borrowings		**(35,020)**	(27,932)	(40,564)
Increase in borrowings		**60,393**	14,160	29,548
Dividends paid	– ordinary shares	**(4,610)**	(4,115)	(6,865)
	– non-controlling interests	**(1,050)**	(898)	(1,674)
	– preference shares	**(10)**	(10)	(21)
Net cash flows from financing activities		**19,806**	(19,204)	(19,653)
Net increase/(decrease) in cash and cash equivalents		**6,412**	(10,789)	(11,240)
Net cash and cash equivalents at beginning of period		**4,347**	15,587	15,587
Net cash and cash equivalents at end of period		**10,759**	4,798	4,347
Analysis of net debt:				
Cash and cash equivalents		**15,759**	4,848	4,347

Bank overdrafts	**(5,000)**	(50)	—
Net cash and cash equivalents	**10,759**	4,798	4,347
Bank loans	**(57,451)**	(33,114)	(33,096)
Government loans	**(8,670)**	(4,813)	(7,652)
Net debt	**(55,362)**	(33,129)	(36,401)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the half year ended 30 June 2015

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 2014, 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, which was renewed with effect from 17 February 2015, with a renewal date of 17 February 2018. The facility was increased from £50m to £60m at renewal. Subsequently, we extended facilities to £65m with the addition of a short term £5m overdraft. 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 2014.

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 2014, except for as described below:

The following standards and interpretations are mandatory for the first time for the financial year ending 31 December 2015:

		Effective from
Annual improvements (amended 2013)	'Annual Improvements to IFRSs 2011–2013 Cycle'	1 July 2014

The adoption of these standards and interpretations has not had a significant impact on the Group.

The Group did not early adopt any new or amended standards and does not plan to early adopt any of the standards issued but not yet effective or mandatory.

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 development; 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 2015 Unaudited					
Revenue	**Property investment and development £'000**	**Land development £'000**	**Construction £'000**	**Group overheads £'000**	**Eliminations £'000**	**Total £'000**
External sales	**12,382**	**21,628**	**45,232**	**—**	**—**	**79,242**
Inter-segment sales	**160**	**—**	**7,179**	**333**	**(7,672)**	**—**
Total revenue	**12,542**	**21,628**	**52,411**	**333**	**(7,672)**	**79,242**
Operating profit/(loss)	**3,801**	**6,884**	**4,342**	**(1,734)**	**—**	**13,293**
Finance income	**997**	**327**	**794**	**3,998**	**(5,372)**	**744**
Finance costs	**(3,434)**	**(756)**	**(235)**	**(1,602)**	**5,292**	**(735)**
Share of profit of joint ventures	**666**	**—**	**—**	**—**	**—**	**666**
Profit/(loss) before tax	**2,030**	**6,455**	**4,901**	**662**	**(80)**	**13,968**
Tax	**(302)**	**(1,307)**	**(1,023)**	**(182)**	**—**	**(2,814)**
Profit/(loss) for the period	**1,728**	**5,148**	**3,878**	**480**	**(80)**	**11,154**

	Half year ended 30 June 2014 Unaudited					
Revenue	Property investment and development £'000	Land development £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000
External sales	15,336	9,649	40,810	—	—	65,795
Inter-segment sales	151	—	4,265	333	(4,749)	—
Total revenue	15,487	9,649	45,075	333	(4,749)	65,795
Operating profit/(loss)	6,422	5,611	3,973	(1,996)	—	14,010
Finance income	559	284	672	4,051	(5,358)	208
Finance costs	(3,410)	(792)	(270)	(1,676)	5,358	(790)
Share of losses of joint ventures	(21)	—	—	—	—	(21)
Profit before tax	3,550	5,103	4,375	379	—	13,407
Tax	(296)	(1,097)	(1,125)	(64)	—	(2,582)
Profit for the period	3,254	4,006	3,250	315	—	10,825

	Year ended 31 December 2014 Audited					
Revenue	Property investment and development £'000	Land development £'000	Construction £'000	Group overheads £'000	Eliminations £'000	Total £'000

External sales	25,807	39,032	82,361	—	—	147,200
Inter-segment sales	306	—	5,966	681	(6,953)	—
Total revenue	26,113	39,032	88,327	681	(6,953)	147,200
Operating profit/(loss)	8,740	14,100	9,232	(4,111)	—	27,961
Finance income	1,487	511	1,419	15,808	(18,511)	714
Finance costs	(6,800)	(1,518)	(536)	(3,382)	10,686	(1,550)
Share of profit of joint ventures	1,187	—	—	—	—	1,187
Profit/(loss) before tax	4,614	13,093	10,115	8,315	(7,825)	28,312
Tax	254	(2,784)	(2,122)	(158)	—	(4,810)
Profit/(loss) for the year	4,868	10,309	7,993	8,157	(7,825)	23,502

	30 June 2015 Unaudited £'000	30 June 2014 Unaudited £'000	31 December 2014 Audited £'000
Segment assets			
Property investment and development	**201,295**	168,162	190,921
Land development	**126,173**	113,751	117,599
Construction	**34,809**	31,156	30,918
Group overheads and other	**2,416**	1,975	1,926
	364,693	315,044	341,364
Unallocated assets			
Deferred tax assets	**5,149**	5,989	7,123
Cash and cash equivalents	**15,759**	4,848	4,347
Total assets	**385,601**	325,881	352,834
Segment liabilities			
Property investment and development	**12,656**	3,944	14,526
Land development	**21,415**	18,551	18,955
Construction	**43,947**	42,222	45,487
Group overheads and other	**2,168**	1,790	2,510
	80,186	66,507	81,478
Unallocated liabilities			
Current tax liabilities	**2,529**	2,652	1,976
Current borrowings	**61,345**	31,834	31,969
Non-current borrowings	**9,776**	6,143	8,779
Retirement benefit obligations	**20,157**	22,683	28,158
Total liabilities	**173,993**	129,819	152,360
Total net assets	**211,608**	196,062	200,474

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	Half year ended 30 June	Year ended 31 December

	2015 Unaudited £'000	2014 Unaudited £'000	2014 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 2014 of 2.10p per share (2013: 1.95p)	**—**	—	2,750
Final dividend for the year ended 31 December 2014 of 3.50p per share (2013: 3.15p)	**4,610**	4,115	4,115
	4,620	4,125	6,886

An interim dividend amounting to £3,036,000 (2014: £2,750,000) will be paid on 23 October 2015 to shareholders whose names are on the register at the close of business on 25 September 2015. 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 2015 Unaudited £'000	Half year ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
Current tax:			
UK corporation tax on profits for the year	**2,119**	2,201	4,607
Adjustment in respect of earlier years	**48**	201	(160)
Total current tax	**2,167**	2,402	4,447
Deferred tax:			
Origination and reversal of temporary differences	**647**	180	623
Adjustment in respect of earlier years	**—**	—	(260)
Total deferred tax	**647**	180	363
Total tax	**2,814**	2,582	4,810

Corporation tax is calculated at 20.25% (2014: 21.49%) 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 20% (June 2014: 21% and 20%), 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 2014	90,527	41,867	132,394
Subsequent expenditure on investment property	2,027	1,303	3,330
Capitalised letting fees	35	24	59
Amortisation of capitalised letting fees	(14)	(1)	(15)
Disposals	(17)	(100)	(117)
Transfers to assets held for sale	(1,100)	—	(1,100)
Transfers to inventories	(80)	(150)	(230)
Transfers within investment property	1,405	(1,405)	—

Increase/(decrease) in fair value in period	2,477	(638)	1,839
At 30 June 2014 (unaudited)	95,260	40,900	136,160
Adjustment in respect of tenant incentives	2,610	—	2,610
Adjustment in respect of tax benefits	(474)	—	(474)
Market value at 30 June 2014	97,396	40,900	138,296
Fair value			
At 1 January 2014	90,527	41,867	132,394
Subsequent expenditure on investment property	5,107	10,351	15,458
Capitalised letting fees	118	73	191
Amortisation of capitalised letting fees	(76)	(18)	(94)
Disposals	(1,507)	(2,493)	(4,000)
Transfers to assets held for sale	(260)	—	(260)
Transfer to inventories	(998)	(3,081)	(4,079)
Transfers within investment property	1,404	(1,404)	—
Increase/(decrease) in fair value in year	4,802	(2,852)	1,950
At 31 December 2014 (audited)	99,117	42,443	141,560
Subsequent expenditure on investment property	377	11,514	11,891
Capitalised letting fees	26	41	67
Amortisation of capitalised letting fees	(5)	(4)	(9)
Disposals	(1,877)	(1,842)	(3,719)
Transfers to assets held for sale	(1,258)	(13,098)	(14,356)
Transfer to inventories	(154)	(5,865)	(6,019)
Transfers within investment property	8,761	(8,761)	—
(Decrease)/increase in fair value in year	(515)	1,663	1,148
At 30 June 2015 (unaudited)	**104,472**	**26,091**	**130,563**
Adjustment in respect of tenant incentives	2,483	—	2,483
Adjustment in respect of tax benefits	(655)	—	(655)
Market value at 30 June 2015	**106,300**	**26,091**	**132,391**

At 30 June 2015, the Group had entered into contractual commitments for the acquisition and repair of investment property amounting to £1,984,000 (31 December 2014: £11,167,000).

8. BORROWINGS

	Half year ended 30 June 2015 Unaudited £'000	Half year ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
Bank overdrafts	**5,000**	50	—
Bank loans	**57,451**	33,114	33,096
Government loans	**8,670**	4,813	7,652
	71,121	37,977	40,748

Movements in borrowings are analysed as follows:

	£'000
At 1 January 2015	40,748
Secured bank loans	59,225
Repayment of secured bank loans	(34,870)
Government loans	1,168
Repayment of Government loans	(150)

Movement in bank overdrafts	5,000
At 30 June 2015	**71,121**

Due to the uncertain timing of our forecast land and property sales during June the Group deemed it appropriate to apply for a short-term increase in our borrowing facility. On 9 June 2015 the Group's overdraft facility was increased by £5m for a period to 31 December 2015. The eventual timing of the Group's land and property transactions during June resulted in no requirement for this additional facility although it was drawn down to cover its potential requirement.

9. PROVISIONS FOR LIABILITIES AND CHARGES

Since 31 December 2014 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 additional provisions of £399,000 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 £620,000 has been utilised and additional provisions of £1,931,000 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 2015 %	30 June 2014 %	31 December 2014 %
Retail Prices Index 'Jevons' (RPIJ)	**2.30**	2.40	2.30
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)	**2.30**	2.40	2.30
Revaluation of deferred pensions	**2.00**	2.00	2.00
Liabilities discount rate	**3.80**	4.30	3.60

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

	Half year ended 30 June 2015 Unaudited £'000	Half year ended 30 June 2014 Unaudited £'000	Year Ended 31 December 2014 Audited £'000
Service cost:			
Current service cost	**636**	591	1,129
Ongoing scheme expenses	**193**	165	425
Settlement gain	**(8)**	—	—
Net interest expense	**486**	428	832
Pension Protection Fund	**73**	106	47
Pension expenses recognised in profit or loss	**1,380**	1,290	2,433
Remeasurement on the net defined benefit liability:			
Return on plan assets (excluding amounts included in net interest expense)	**(1,434)**	(1,002)	(8,029)
Actuarial gains arising from changes in demographic assumptions	—	—	(2,862)
Actuarial (gains)/losses arising from changes in financial assumptions	**(5,181)**	4,839	21,349

Actuarial (gains)/losses recognised in other comprehensive income	**(6,615)**	3,837	10,458
Total	**(5,235)**	5,127	12,891

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 2015 Unaudited £'000	Half year ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
Present value of scheme obligations	**171,620**	162,112	176,641
Fair value of scheme assets	**(151,463)**	(139,429)	(148,483)
	20,157	22,683	28,158

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 29 to the Annual Report and Financial Statements for the year ended 31 December 2014.

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

12. CASH GENERATED FROM OPERATIONS

	Half year ended 30 June 2015 Unaudited £'000	Half year ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
Profit before tax	**13,968**	13,407	28,312
Adjustments for:			
Amortisation of PFI asset	**597**	577	1,155
Goodwill impairment	**102**	102	203
Depreciation of property, plant and equipment	**1,747**	1,630	3,299
Revaluation increase in investment properties	**(1,148)**	(1,839)	(1,950)
Amortisation of capitalised letting fees	**9**	15	94
Share-based payment expense	**243**	212	423
Pension scheme credit	**(1,386)**	(1,229)	(2,375)
Gain on disposal of assets held for sale	**(16)**	(270)	(122)
Gain on disposal of property, plant and equipment	**(88)**	(97)	(459)
Gain on disposal of investment properties	**(356)**	(11)	(284)
Finance income	**(744)**	(208)	(714)
Finance costs	**735**	790	1,550
Share of (profit)/loss of joint ventures	**(666)**	21	(1,187)
Operating cash flows before movements in equipment held for hire	**12,997**	13,100	27,945
Purchase of equipment held for hire	**(3,214)**	(2,696)	(3,670)
Proceeds on disposal of equipment held for hire	**145**	211	580
Operating cash flows before movements in working capital	**9,928**	10,615	24,855
Increase in inventories	**(5,814)**	(7,919)	(22,366)
(Increase)/decrease in receivables	**(5,927)**	4,048	(157)

(Decrease)/increase in payables	**(1,635)**	(2,068)	12,525
Cash (used by)/generated from operations	**(3,448)**	4,676	14,857

13. 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 do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2014. To enable shareholders to appreciate what the business considers are the main operational risks, they are briefly outlined below:

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.

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.

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.

Planning

- Increased complexity, cost and delay in the planning process may slow down the project pipeline.
- Significant changes in demand for housing and the attendant decline in land prices may have a detrimental effect on the supply of land being brought to market by landowners.
- Changes in government or government policy, as happened in 2010, towards planning policies could impact on the speed of the consent process or the value of sites.

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.

Pension

- The Group operates a defined benefit pension scheme which has been closed to new members for 11 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.

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 this more efficient energy performance.

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. The much publicised reductions in public spending, the more difficult planning regime and comparatively low levels of property lending could have an impact on the Group's business.

Counterparty

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

14. APPROVAL
At the Board meeting on 27 August 2015 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 2014. A list of current Directors is maintained on the Henry Boot PLC Group website: www.henryboot.co.uk.

On behalf of the Board

E J BOOT	**J T SUTCLIFFE**
Director	Director
27 August 2015	27 August 2015