HENRY BOOT PLC

UNAUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 preliminary results for the year ended 31 December 2015.

2015 KEY FINANCIAL HIGHLIGHTS

- Profit before tax increased 14% to £32.4m (2014: £28.3m)
- Earnings per share increased 8% to 17.5p (2014: 16.2p)
- Proposed final dividend of 3.80p (2014: 3.50p), giving a total for the year of 6.10p (2014: 5.60p), a 9% increase
- Net asset value per share increased 10% to 168p (2014: 152p)
- Conservative gearing at 18% (2014: 18%), net debt £38.9m (2014: £36.4m)
- Strategic land acreage now 11,061 acres (2014: 9,985 acres)
- 78% total shareholder return over the last three years

Commenting on the results, Chairman Jamie Boot said:

"I am delighted to report a 14% increase in profit before tax to £32.4m for the year ended 31 December 2015. Once again, all our business segments performed well within a solid UK economy.

"I have taken over as Chairman with the business in excellent shape and with our people energised to deliver significant growth in activity. I look forward to reporting on progress through 2016 and beyond."

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CHAIRMAN'S STATEMENT

Year of transition and strong progress

I am delighted to report a 14% increase in profit before tax to £32.4m for the year ended 31 December 2015. Once again, all our business segments performed well within a solid UK economy. Profit growth and a reduced pension deficit saw our net asset value per share rise by 16p to 168p per share.

Our strategic land business is operating in stable market conditions. There is good demand for high quality residential sites from the strongly performing UK house builders, which is matched by a good supply of planning permissions. Within commercial property development, 2015 has seen several larger scale developments move to the delivery stage with the result that, 2016 will see us begin to deliver approximately a dozen projects with a gross development value (GDV) of around £500m over a period of four years. In excess of 90% of this GDV is pre-sold and almost all is pre-let. In addition, we delivered over 40 houses from our jointly-owned house builder and expect to add to this in 2016. Our Construction segment, including a strong performance from plant hire, once again performed well, underpinned by the stable income stream from our PFI project, delivering expected levels of return.

Board changes

John Brown and Mike Gunston retired as Non-executive Chairman and Non-executive Director respectively at the end of 2015. On behalf of the Company, I would like to thank them for their valuable contribution over the last nine years. At that time, I became Non-executive Chairman, whilst John Sutcliffe, previously Group Finance Director, took over from me as Chief Executive Officer and Darren Littlewood, previously Group Financial Controller, moved into the role of Group Finance Director. As announced in August 2015, Joanne Lake, Peter Mawson and Gerald Jennings joined the Board as Non-executive Directors. The newly constituted Board has many years of experience within Henry Boot or the broader real estate industry, as well as in corporate finance, and is committed to the delivery of our strategy into the future.

Dividend

I am pleased to report that following on from another very good result, the Board will recommend an increased final dividend of 3.80p, giving a total for the year of 6.10p (2014: 5.60p), an increase of 9%.

Payment of the final dividend is subject to shareholder approval at the AGM and will be paid on 31 May 2016 to shareholders on the register as at 29 April 2016.

Our talented team

The results achieved in this year, and the quality of the opportunities we have, are a testament to our teams of talented individuals. Their skill, hard work and dedication continue to deliver great projects and bring in new opportunities for the future. On behalf of the Board and our shareholders, we thank them for their continuing efforts once again. I look forward to reporting on our combined teams' further successes through 2016 and beyond.

Outlook

The coming year should see us deliver more commercial development schemes than at any time in the Company's history. Our portfolio covering strategic land, commercial development and construction projects, has never been larger or as far advanced in planning terms. The degree to which we have already achieved pre-lets, pre-sales and planning permissions gives us great confidence in our ability to deliver these schemes profitably and we are fully focussed on this. Our strategy remains to deliver long-term growth in shareholder value and we continue to successfully acquire early stage strategic land and commercial development opportunities for our business to enable us to continue to create future value. I have taken over as Chairman with the business in excellent shape and with our people energised to deliver significant growth in activity. I look forward to reporting on progress through 2016 and beyond.

Jamie Boot
Chairman
24 March 2016

LAND DEVELOPMENT REVIEW

2015 started with a period of pre-election uncertainty but, once concluded, our house builder customers once again made land purchases enabling us to deliver a pre-tax profit from our strategic land business of £19.1m (2014: £13.1m). As the year progressed, we found house builders becoming more selective as they replenished their land banks towards the required level. However, high quality consented sites in good locations continue to be highly sought after and to command good price levels.

During the year we sold sites at Cranbrook (Exeter), Nuneaton, Chellaston (Derby), Haddington, Biddenham (Bedford), Frome, Repton, Pontefract and Edinburgh. In total, our interests in 1,763 plots were sold, a 59% increase on 2014's 1,107 plots.

The new Government confirmed its commitment to housebuilding, most notably by enforcing National Planning Policy Framework guidance on a five year land supply. We won a number of appeals during the year, including one at Warton, Fylde, where we secured permission for 360 dwellings in advance of an emerging Neighbourhood Plan. During the course of the year we achieved planning consent (or consent subject to a Section106 legal agreement) on our sites in Aldingbourne, Aslockton, Chesterfield, Coxhoe, Haddington, Langho, Launceston, Lutterworth, Market Harborough, Marston Moretaine, Prestonpans, Woodville, Selby and Handcross. At the end of 2015 we had increased our total land interests to over 11,000 acres, 1,982 acres of which has planning consent for over 12,000 plots and 1,160 acres is allocated in a plan for residential development.

We see the current balanced marketplace continuing through 2016. We will continue to invest in our land portfolio, having careful regard to ensuring our investments are focussed where house builders wish to build, whilst carefully managing our overall investment in the sector. Selectively, the business will seek to secure agreements which benefit our commercial development activity companies, in particular, Stonebridge Projects and Henry Boot Developments.

Cranbrook, the new 3,500 unit community at Exeter; Kingsdown, our urban extension at Bridgwater, and New Lubbesthorpe, a 4,500 unit urban extension west of Leicester, all had a very good year. Cranbrook saw residential occupancies exceed 1,150 (in the two and a half years since residential sales commenced), the opening of a railway station (on the London Waterloo line) and both a secondary school and a second primary school were completed and opened. Development at Kingsdown, Bridgwater, continued with further residential sales anticipated in 2016. Henry Boot Developments are also close to securing a commercial development on the main A38 road frontage. New Lubbesthorpe, a scheme of 4,500 dwellings (where we have an interest in 1,593) commenced development and our investment in this major urban extension will create returns over the longer term.

We successfully sold part of our long-term investment at Biddenham, Bedford, during the year and we forecast further parts will also be sold in 2016 and 2017.

Significant new investments were made during the year at Grazeley, south of the M4 at Reading, and Coventry. Other key strategic sites within our portfolio progressed well during the year; Market Harborough (450 plots) secured a minded to grant planning consent; the first phase of Kettering East (438 plots) was conditionally exchanged to a national house builder; and Phase 2 of Marston Moretaine (365 plots) was granted planning consent in December 2015, the first phase having been sold successfully in 2013 to Bovis Homes, and we expect to market part of this scheme in 2016.

2016 has started well with two site sales already concluded and a number of others progressing well for completion later in the year; 180 plots were sold in Alton, Hampshire, and seven acres of employment land were unconditionally exchanged in Lutterworth.

We expect the house builders to remain selective when purchasing land in 2016 but we have a strong land portfolio with a supportive planning regime, a substantial number of sites available to the market and, at this stage, we anticipate that 2016 will be yet another year of good progress.

PROPERTY INVESTMENT AND DEVELOPMENT REVIEW

2015 saw the continued recovery in property values and consolidated occupier demand, with activity and values in most sectors nearing pre-recession levels. The strongest occupier and investor demand was seen for industrial warehousing, offices and leisure property. This was reflected in the Company's focus on these sectors for both existing development projects and new opportunities.

In Aberdeen, the Company's largest individual project, the £300m development of an exhibition arena and conference centre and hotel complex pre-let to Aberdeen City Council, has made good progress with the exchange of development agreements and approval of the detailed planning permission at the end of 2015. Negotiations are progressing well with funders and our construction partner and we remain on target for the development to commence in mid-2016.

A number of new office and industrial development schemes were contracted in the year. In Luton, we exchanged a ten year development agreement with local landowners to complete the 50 acre Butterfields Business Park. In Southend, we exchanged development agreements with Southend Borough Council to develop a 50 acre office and employment park adjacent to Southend Airport and negotiations are already underway with a number of potential occupiers.

At Markham Vale, our 200 acre business park, we completed and sold 190,000 sq ft of pre-let industrial space and also exchanged unconditional contracts with Great Bear Distribution Limited on a 480,000 sq ft distribution centre, which was also forward sold in the year. Elsewhere, we undertook two speculative industrial developments, a 44,000 sq ft high spec small unit scheme in Salford, Manchester, and a 130,000 sq ft industrial development at Thorne, Doncaster. Since these were completed, agreements for sale have been concluded on both for over 70% of the space.

The 22,000 sq ft office development in Whitehaven, Cumbria, pre-let to Atkins Limited, was completed and sold at mid-year. We also completed the sale of a 20,000 sq ft office building in Nottingham at above valuation, to an owner occupier. Following the successful delivery of the Cumbria office development, we have now exchanged unconditional pre-let agreements with Atkins Limited for a much larger 110,000 sq ft headquarters office development in Epsom, Surrey, and work is expected to commence on site in mid-2016.

Within the leisure sector we completed two budget hotel developments in Malvern and Richmond upon Thames, for Premier Inn and Travelodge respectively. The Travelodge development was forward sold with the sale concluding at the end of 2015. The Malvern development has been retained in our investment portfolio.

In contrast, the retail sector was more subdued with little demand for new retail space, particularly from the large foodstore operators, giving rise to property revaluation losses on a number of sites. We found that it took longer than expected to contract with retailers on two retail warehouse developments in Belper, Derbyshire, and Livingston, Scotland, even after agreement of terms. However, contracts were finally exchanged on both, and planning consents quickly secured thereafter. These developments are expected to commence before the middle of 2016 and the forward sale of one has already been exchanged.

We have secured detailed planning permission for the residential conversion of listed buildings at the former Terry's chocolate factory in York, where we have entered into a development agreement with our specialist delivery partner, P J Livesey. 150 luxury apartments are now in progress, with the first units expected to be completed mid-2016. We have also sold the listed former headquarters office building to a specialist care home operator following the grant of planning permission for its conversion.

The Company retains a commercial property portfolio of £125m and places great emphasis on the proactive management of these assets to maximise value and income. Initiatives undertaken in the year include: the extensive refurbishment of the town centre retail scheme in Beeston, Nottingham, enabling a number of new lettings to national retailers; and the pre-letting of a 56 bed Travelodge development within our retail and office investment in Bromley, Kent.

Stonebridge Projects Limited, our jointly-owned housebuilding company, increased activity in the year and has commenced some larger developments. It has continued to strengthen its position as a high quality regional house builder and secured options to purchase a further 300 plots for development. The development of 101 units in Headingley, North Leeds, commenced on site in August 2015 after a number of planning delays. Work is also due to commence at Fox Valley, Stocksbridge, for 118 units in 2016, with both sites expected to be major contributors to output over the next two years. Stonebridge serviced offices completed the purchase and redevelopment of Bartle House in Manchester. Our three office centres are steadily growing their occupancy levels and we were delighted that Park House, Leeds, won UK Business Centre of the Year in 2015.

We move into 2016 with our largest ever pipeline of pre-funded and pre-sold schemes, having over £500m of gross development value to deliver over the next four years with over 90% pre-funded or pre-sold and a similar proportion pre-let. By de-risking our positions in these development schemes, we feel confident in our ability to manage the impacts on activity such as the EU vote in 2016 and the top of the property cycle, when that arises at some time in the future.

CONSTRUCTION REVIEW

Henry Boot Construction started 2015 with a healthy order book and continued to build on this, exceeding both budgeted turnover and profit for the year. We have seen a growing confidence in the general economy which has led to increased opportunities in the construction sector, sustained growth in activity and some positive trends in tender prices; although we still remain cautious regarding labour and supply chain price pressures. Our wide ranging capabilities, depth of experience and understanding of our clients' requirements have helped the division produce an excellent result. It is also pleasing that many of our existing clients are returning to us with follow on projects due to the high level of service, delivery and client satisfaction achieved. We are carrying a strong order book into 2016 and expect that our solid trading performance will continue.

Our reputation for delivering high quality projects, safely, on time and within budget, has enabled us to maintain workload in the housing, commercial, retail, health, education, leisure, industrial, civil engineering and custodial sectors. Long-term framework and partnership arrangements; with St Leger Homes, North Lincolnshire Homes, and ASRA Housing together with individual schemes through EN Procure, YORbuild and for Chesterfield Borough Council, continue to give us a strong presence in the social housing sector.

Within the education sector we were awarded the refurbishment and fit-out of the Management School for the University of Sheffield and a refurbishment of the Grade II listed St Helena's campus for the University of Derby. We completed the Materials and Engineering Research Institute for Sheffield Hallam University earlier in the year and Chesterfield College's new Construction Centre was opened for students in September 2015.

We have completed a number of court and prison refurbishment schemes through the Ministry of Justice framework during the year and are currently progressing two further schemes. In the health and social care sectors we were awarded the Yeadon Extra Care Housing scheme by Leeds City Council and the helipad and associated medical facilities by Sheffield Teaching Hospitals NHS Trust. We also commenced the construction of a residential block containing 20 self-contained flats and communal space for Sheffield homeless charity St Wilfrid's, and completed a refurbishment scheme for Autism Plus at Park House Farm on the Ampleforth Estate in North Yorkshire.

We have seen an increase in private sector opportunities, particularly in the industrial, commercial and retail sectors. The major contract to redevelop Stocksbridge town centre is now moving into the final phase and is due for completion later in 2016. We also successfully completed a multi-unit eco-office scheme at Doncaster International Business Park for Workpods Limited. We delivered further industrial facilities with new and refurbished units at Thorne, Doncaster; a 100,000 sq ft unit for Inspirepac at Markham Vale; a visitor's centre for Games Workshop in Nottingham; and a research facility for Bifrangi in Lincoln. Our presence in the sports and leisure sector has also been strengthened with our appointment to deliver a new spa facility at Rudding Park Hotel, Harrogate, which commenced in January 2016.

Civil engineering work continues to grow steadily as a major supply chain partner on the 25 year, Amey PFI Sheffield Highways scheme, where we deliver a significant number of projects and notably, completed our 100th project in October 2015. We also completed the Don Valley remediation scheme for Sheffield City Council and have recently commenced a car parking scheme in Barnsley; both projects being delivered through the YORcivils framework. We have also worked with Stonebridge Projects Limited to deliver infrastructure works to new residential housing developments in Leeds and Sheffield.

Plant Hire

Banner Plant once again performed well in 2015. Activity was around 8% ahead of 2014, contributing to a rise in profit before tax to £1.5m (2014: £1.3m) from the unit. During the year we invested £4.3m in new equipment having introduced a range of access equipment to the Derby depot and power tools to the Wakefield depot. We expect capex for 2016 to be at a similar level. As previously reported, our major challenge continues to be the hire rate recovery of the much higher capital costs of new plant, associated with clean air compliance. Early indications are that 2016's utilisation levels are in line with 2015 and we remain cautiously optimistic for the year as a whole.

Road Link A69

Our PFI contract to run the A69 trunk road between Newcastle and Carlisle once again performed well, in line with expectations.

There are now ten years left to run on the contract and traffic volumes and therefore revenues were broadly in line with previous years. Whilst the A69 was affected by the serious flooding around Carlisle in late 2015 there was no long-term impact, and the trunk road was soon operating normally again.

The three businesses making up our Construction segment have provided very stable returns over many years and we do not expect that to change over 2016 and beyond. Construction and plant hire are developing a stronger presence within their chosen markets and 2016 has started well with good levels of work already secured for 2016 and 2017. Against this backdrop, we expect another year of solid progress.

FINANCIAL REVIEW

Key highlights of our financial performance in 2015

- Profit before tax increased by 14% to £32.4m
- Basic earnings per share increased by 8% to 17.5p
- Dividends per ordinary share for the year increased by 9% to a record 6.10p

Our consistent strategic approach to the markets in which we operate has again allowed us to achieve a result ahead of management expectations and is testimony to the cohesive way in which all of our operating segments work together to achieve our Group-wide financial objectives**.**

Consolidated statement of comprehensive income

Revenue increased 20% to £176.2m (2014: £147.2m) resulting from increased activity within the property development market. Gross profit increased 22% to £53.3m (2014: £43.7m) having benefitted from higher land sale profits on land we owned. Administrative expenses saw an increase of £2.1m resulting from further investment across all operating segments to support the increased activity in 2015 and the forecast levels of activity we envisage. Pension related costs increased £0.5m (2014: decrease £0.4m) as we introduced auto enrolment and incurred increasing levies imposed by the Pension Protection Fund relating to our defined benefit pension scheme. Property revaluation losses were £2.0m (2014: gain £1.9m) and were derived from positive movements in the market values of certain existing and newly completed investment properties of £7.5m, offset by the recognition of valuation deficits on certain other properties amounting to £9.5m. The deficits arose from a town centre redevelopment site which is now expected to be a much smaller scheme than originally envisaged, an investment property marketed for sale where difficulties with occupiers have led to offers being received significantly below initial expected values and a development property site where we have not yet obtained any significant interest. Overall, operating profits increased 13% to £31.7m (2014: £28.0m) and, after adjusting for net finance costs and our share of profits from joint ventures, we achieved a profit before tax of £32.4m (2014: £28.3m), an increase of 14%.

The segmental result analysis shows that land development produced a significantly improved operating profit of £20.0m (2014: £14.1m). Property investment and development operating profit decreased to £7.3m (2014: £8.7m) as a result of higher trading profits being offset by the site revaluation deficit noted above. Construction segment operating profits decreased slightly to £8.9m (2014: £9.2m) after improved results within the construction and plant hire businesses were offset by a reduction in toll income from our Road Link PFI investment due to significant falls in crude oil prices affecting the toll revenue inflation factor. These results continue to demonstrate how the benefits of a broad-based operating model work to the benefit of our Group. We recognise that our strategic land and commercial development businesses operate within deal-driven markets which can vary significantly from year to year but these potential fluctuations are mitigated by the relatively stable returns from the Construction segment.

Tax

The tax charge for the year was £7.5m (effective rate of tax: 23%) (2014: £4.8m and effective rate: 17%) increasing largely due to a net investment property revaluation deficit which, as in previous years, is not tax deductible until realised. Current taxation on profit for the year was £5.6m (2014: £4.4m); with the charge for the year benefitting from joint venture profits which are included net of tax and adjustments in respect of earlier years. The deferred tax charge increased to £1.9m (2014: £0.4m), resulting from a more prudent approach to the recognition of deferred tax assets expected to be obtained from capital allowances and a reduction in the future reversal rate applied to the deferred tax asset brought forward from 20% to 18%. Our unrecognised deferred tax asset has increased to approximately £2.3m (2014: £0.8m).

Earnings per share and dividends

Basic earnings per share was 8% higher at 17.5p (2014: 16.2p). The total dividend payable for the year has been increased by 9% to 6.10p (2014: 5.60p), with the proposed final dividend also increasing by 9% to 3.80p (2014: 3.50p), payable on 31 May 2016 to shareholders on the register as at 29 April 2016. The ex-dividend date is 30 April 2016.

Return on capital employed (ROCE)

Higher pre-tax profitability in the year resulted in improved return on capital employed of 12% in 2015 (2014: 11%). We continue to target a rate of return of between 10% and 13% as we believe over the business cycle, in the longer term, this is the level of return achievable by a cautiously successful business in the property sector**.**

Finance and gearing

Net finance costs have reduced to £0.2m (2014: £0.8m) as a result of improved returns on our investments. Average borrowing costs were similar to that of the previous year and it is anticipated that interest costs will remain similar in 2016 as increased activity maintains our current annualised borrowing levels. It appears unlikely that any upward change in interest rates will be seen in the short-term, however, should any increase occur, we do not believe it will result in a material adjustment to our borrowing costs. We expect to continue our investment in both our land and development assets at a similar level to 2015 as we recycle capital into future opportunities and anticipated development activity.

Interest cover, expressed as the ratio of operating profit (excluding the valuation movement on investment properties and disposal profits) to net interest (excluding interest received on other loans and receivables), was 23 times (2014: 19 times). No interest incurred in either year has been capitalised into the cost of assets.

We have seen continued investment in our strategic land holdings and in the property development portfolio. This was again achieved by using internally generated cash flows so that total year end net debt only rose marginally to £38.9m (2014: £36.4m). Gearing on net assets of £221.5m remains conservative at 18% (2014: net assets £200.5m; gearing 18%). Total year end net debt includes £8.6m (2014: £7.7m) of funding which is repayable from the future sale of residential units on certain land development sites. All bank borrowings continue to be from facilities linked to floating rates or short-term fixed commitments. In February 2015, we agreed a new three year £60m facility with covenants on a similar basis but on more competitive margin terms. The agreed terms also allow for the possible extension of the facilities for a further two more years on the same terms, subject to agreement between the banks and the Company and we have agreed the first one year extension in February 2016. Throughout the year we operated comfortably within the facility covenants and continue to do so.

Statement of cash flows

Property development transactions and land deals do not lend themselves easily to bank funding. We, therefore, look to maintain an investment property portfolio of around £100m against which we can secure bank funding to allow us the flexibility to undertake these transactions without reference to specific funding from banks. Our investment property portfolio assets have again provided the covenant support for the new £60m banking facilities. Forecast bank debt levels at the end of 2016 are anticipated to be similar to those at the end of 2015 as we continue to reinvest cash generated into new opportunities. During 2015, we increased operating cash flows before movements in working capital by £6.5m to £31.4m (2014: £24.9m) and, after a further year of investment in working capital of £26.2m (2014: £10.0m), we achieved cash generated from operations of £5.2m (2014: £14.9m). Cash inflows from investing activities of £6.9m (2014: outflow £0.3m) resulted from disposals of £23.4m (2014: £16.8m) of investment property and property, plant and equipment sales offset by new investment of £17.2m (2014: £17.4m) in new property development, plant purchases and investment in associates. Dividends paid, including those to non-controlling interests, totalled £9.7m (2014: £8.6m), with dividends paid to equity shareholders increasing by 11%.

Statement of financial position

Investment property and assets classified as held for sale were valued at £125.3m (2014: £141.8m). The fair value of completed investment property including assets held for sale was £103.7m (2014: £99.4m) and the value of investment property under construction within investment property is £21.6m (2014: £42.4m) as we develop these assets into investment properties.

Intangible assets reflect the Group's investment in Road Link (A69) of £5.8m (2014: £6.7m). The treatment of this asset as an intangible asset is a requirement of IFRIC 12 and arises because the underlying road asset reverts to the Highways Agency at the end of the concession period. Property, plant and equipment comprises Group occupied buildings valued at £6.9m (2014: £6.8m) and plant, equipment and vehicles with a net book value of £14.1m (2014: £12.3m); this increase arose from continued investment in new plant and plant delivery vehicles. Non-current trade and other receivables have increased to £10.5m (2014: £4.8m) resulting from a net increase in long-term payment plans associated with land sales completed during the year. The non-current deferred tax asset decreased as a result of the lower IAS 19 pension deficit. In total, non-current assets reduced to £170.7m (2014: £180.7m).

Within current assets, inventories of £138.9m (2014: £117.5m) increased due to further investment in the land portfolio to £106.8m (2014: £99.6m) and assets in the course of construction increased to £32.1m (2014: £17.9m). Trade and other receivables also increased to £54.4m (2014: £50.1m) as a result of a number of land sales which concluded in December 2015. This also led to an increase in cash and cash equivalents where cash received could not be offset against short-term loan drawdowns at that time. In total, current assets increased to £205.4m (2014: £172.1m).

Current liabilities increased to £116.6m (2014: £107.1m) as the portion of debt classed as current increased to £42.8m (2014: £32.0m). However, if we were to offset the cash current asset, current debt would be £30.8m (2014: £27.6m). Trade and other payables decreased to £64.4m (2014: £68.8m) resulting mainly from lower levels of payments on account relating to construction contracts. Provisions increased to £5.7m (2014: £4.3m) as previously non-current provisions moved into the current period and continue, in the main, to relate to infrastructure planning obligations at Bridgwater and Cranbrook, Exeter.

Net current assets increased to £88.8m (2014: £65.0m). This increase is predominantly due to further investment in land inventories, increased debtors and reduced creditors as we operate at a higher general level of activity throughout the Group. Non-current liabilities reduced to £37.9m (2014: £45.3m) after IAS 19 pension liabilities reduced to £19.6m (2014: £28.2m).

Net assets increased by 10% to £221.5m (2014: £200.5m) as retained profits and the reduction in the pension deficit were offset by dividends paid and treasury share purchases. Net asset value per share increased 10% to 168p (2014: 152p).

Pension scheme

The IAS 19 deficit at 31 December 2015 was £19.6m compared to £28.2m at 31 December 2014.

Despite the very turbulent market conditions which prevailed during the period, the pension scheme's assets performed satisfactorily. The IAS 19 deficit was helped by marginal changes in the discount rate, 2015: 3.8% (2014: 3.6%), and the Company's contributions. As we have noted in previous years, a discount rate of 4.75% would result in a negligible deficit.

The pension scheme's assets continue to be invested globally with high quality asset managers, using a broad range of assets and diversification. The pension scheme trustees regularly consider the merits of both the managers and asset allocations and, along with the Company, review the returns achieved by the asset portfolio against the manager benchmarks; making changes, as the trustees consider appropriate, in conjunction with investment advice from KPMG.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	2015 £'000	2014 £'000
Revenue	**176,186**	147,200
Cost of sales	**(122,855)**	(103,512)
Gross profit	**53,331**	43,688
Other income	**36**	283
Administrative expenses	**(17,235)**	(15,153)
Pension expenses	**(3,689)**	(3,213)
	32,443	25,605
(Decrease)/increase in fair value of investment properties	**(2,009)**	1,950
Profit on sale of investment properties	**747**	284
Profit on sale of assets held for sale	**485**	122
Operating profit	**31,666**	27,961
Finance income	**1,438**	714
Finance costs	**(1,617)**	(1,550)
Share of profit of joint ventures	**923**	1,187
Profit before tax	**32,410**	28,312
Tax	**(7,460)**	(4,810)
Profit for the year from continuing operations	**24,950**	23,502
Other comprehensive income/(expense) not being reclassified to profit or loss in subsequent years:		
Revaluation of Group occupied property	**100**	—
Deferred tax on property revaluations	**509**	—
Actuarial gain/(loss) on defined benefit pension scheme	**6,002**	(10,458)
Deferred tax on actuarial (gain)/loss	**(1,439)**	2,092
Movement in fair value of cash flow hedge	**16**	85

Deferred tax on cash flow hedge	**(4)**	(17)
Total other comprehensive income/(expense) not being reclassified to profit or loss in subsequent years	**5,184**	(8,298)
Total comprehensive income for the year	**30,134**	15,204
Profit for the year attributable to:		
Owners of the Parent Company	**23,041**	21,169
Non-controlling interests	**1,909**	2,333
	24,950	23,502
Total comprehensive income attributable to:		
Owners of the Parent Company	**28,219**	12,845
Non-controlling interests	**1,915**	2,359
	30,134	15,204
Basic earnings per ordinary share for the profit attributable to owners of the Parent Company during the year	**17.5p**	16.2p
Diluted earnings per ordinary share for the profit attributable to owners of the Parent Company during the year	**17.3p**	15.9p

UNAUDITED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	2015 £'000	2014 £'000
ASSETS		
Non-current assets		
Intangible assets	**5,757**	6,733
Property, plant and equipment	**20,984**	19,086
Investment properties	**125,311**	141,560
Investment in joint ventures	**3,790**	1,367
Trade and other receivables	**10,507**	4,837
Deferred tax assets	**4,323**	7,123
	170,672	180,706
Current assets		
Inventories	**138,941**	117,457
Trade and other receivables	**54,448**	50,065
Cash and cash equivalents	**12,041**	4,347
	205,430	171,869
Assets classified as held for sale	**—**	260
	205,430	172,129
LIABILITIES		
Current liabilities		
Trade and other payables	**64,384**	68,833
Current tax liabilities	**3,636**	1,976
Borrowings	**42,836**	31,969
Provisions	**5,749**	4,322
	116,605	107,100
NET CURRENT ASSETS	**88,825**	65,029
Non-current liabilities		
Trade and other payables	**6,639**	3,139
Borrowings	**8,137**	8,779
Retirement benefit obligations	**19,577**	28,158
Provisions	**3,595**	5,185
	37,948	45,261
NET ASSETS	**221,549**	200,474
EQUITY		
Share capital	**13,604**	13,592
Property revaluation reserve	**3,964**	3,355
Retained earnings	**197,895**	177,664
Other reserves	**4,548**	4,425
Cost of shares held by ESOP trust	**(345)**	(550)
Equity attributable to owners of the Parent Company	**219,666**	198,486
Non-controlling interests	**1,883**	1,988
TOTAL EQUITY	**221,549**	200,474

UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

Group	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
	Attributable to owners of the Parent Company							
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	13,592	3,355	177,664	4,425	(550)	198,486	1,988	200,474
Profit for the year	—	—	23,041	—	—	23,041	1,909	24,950
Other comprehensive income	—	609	4,563	6	—	5,178	6	5,184
Total comprehensive income	—	609	27,604	6	—	28,219	1,915	30,134
Equity dividends	—	—	(7,664)	—	—	(7,664)	(2,020)	(9,684)
Proceeds from shares issued	12	—	—	117	—	129	—	129
Proceeds on disposal of treasury shares	—	—	—	—	4	4	—	4
Share-based payments	—	—	291	—	201	492	—	492
	12	—	(7,373)	117	205	(7,039)	(2,020)	(9,059)
At 31 December 2015	**13,604**	**3,964**	**197,895**	**4,548**	**(345)**	**219,666**	**1,883**	**221,549**

UNAUDITED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	2015 £'000	2014 £'000
Cash flows from operating activities		
Cash generated from operations	**5,208**	14,857
Interest paid	**(1,074)**	(1,172)
Tax paid	**(3,934)**	(4,975)
Net cash flows from operating activities	**200**	8,710
Cash flows from investing activities		
Purchase of intangible assets	**(420)**	(97)
Purchase of property, plant and equipment	**(1,731)**	(1,704)
Purchase of investment property	**(13,561)**	(15,649)
Purchase of investments in associates	**(1,500)**	—
Proceeds on disposal of property, plant and equipment	**325**	222
Proceeds on disposal of investment properties	**7,791**	4,362
Proceeds on disposal of assets held for sale	**15,275**	12,233
Interest received	**701**	336
Net cash flows from investing activities	**6,880**	(297)
Cash flows from financing activities		
Proceeds from shares issued	**129**	899
Purchase of treasury shares	**—**	(1,010)
Proceeds on disposal of treasury shares	**4**	34
Decrease in borrowings	**(65,408)**	(40,564)
Increase in borrowings	**75,571**	29,548
Dividends paid – ordinary shares	**(7,643)**	(6,865)
– non-controlling interests	**(2,020)**	(1,674)
– preference shares	**(21)**	(21)
Net cash flows from financing activities	**612**	(19,653)
Net increase/(decrease) in cash and cash equivalents	**7,692**	(11,240)
Net cash and cash equivalents at beginning of year	**4,347**	15,587
Net cash and cash equivalents at end of year	**12,039**	4,347
Analysis of net debt:		
Cash and cash equivalents	**12,041**	4,347
Bank overdrafts	**(2)**	—

Net cash and cash equivalents	**12,039**	4,347
Bank loans	**(42,389)**	(33,096)
Government loans	**(8,582)**	(7,652)
Net debt	**(38,932)**	(36,401)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. Basis of preparation

This financial information has been prepared in accordance with IFRS adopted by the EU, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS and therefore complies with Article 4 of the EU IAS regulations. It has been prepared on the historical cost basis, except for financial instruments, investment properties and Group occupied land and buildings, which are measured at fair value.

The same accounting policies and methods of computation are followed as in the latest published audited accounts for the year ended 31 December 2014, which are available on the Group's website at www.henryboot.co.uk, except for as described below.

The following standards, amendments and interpretations to existing standards are effective or mandatory for the first time for the accounting year ended 31 December 2015:

		Effective from
Annual improvements (issued 2013)	**'Annual Improvements to IFRSs 2010–2012 Cycle'**	**1 July 2014**[#]
Annual improvements (issued 2013)	**'Annual Improvements to IFRSs 2011–2013 Cycle'**	**1 July 2014**
IAS 19 (amended 2013)	**'Defined Benefit Plans: Employee Contributions'**	**1 July 2014**[#]

[#] Mandatory for annual periods beginning on or after 1 February 2015.

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

The Group did not early adopt any standard or interpretation not yet mandatory.

The preliminary results for the year ended 31 December 2015 are unaudited. The financial information set out in this announcement does not constitute the Group's IFRS statutory accounts for the years ended 31 December 2015 or 31 December 2014 as defined by Section 434 of the Companies Act 2006.

The financial information for the year ended 31 December 2014 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors, PricewaterhouseCoopers LLP, reported on those accounts and their report was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2015 will be finalised on the basis of the financial information presented by the Directors in these preliminary results and will be delivered to the Registrar of Companies following the Annual General Meeting of Henry Boot PLC.

2. 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.

Revenue for the year, and the prior year, was derived from a large number of customers and no single customer or group under common control contributed more than 10% of the Group's revenues.

The accounting policies of the reportable segments are the same as the Group's Accounting Policies.

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.

	2015					
Revenue	**Property investment and development £'000**	**Land development £'000**	**Construction £'000**	**Group overheads £'000**	**Eliminations £'000**	**Total £'000**
External sales	**49,939**	**46,706**	**79,541**	**—**	**—**	**176,186**
Inter-segment sales	**320**	**—**	**11,076**	**643**	**(12,039)**	**—**
Total revenue	**50,259**	**46,706**	**90,617**	**643**	**(12,039)**	**176,186**
Operating profit/(loss)	**7,346**	**20,039**	**8,930**	**(4,649)**	**—**	**31,666**
Finance income	**2,135**	**666**	**1,394**	**18,168**	**(20,925)**	**1,438**
Finance costs	**(6,916)**	**(1,637)**	**(422)**	**(3,391)**	**10,749**	**(1,617)**

Share of profit of joint ventures	**923**	**—**	**—**	**—**	**—**	**923**
Profit/(loss) before tax	**3,488**	**19,068**	**9,902**	**10,128**	**(10,176)**	**32,410**
Tax	**(1,583)**	**(3,864)**	**(2,108)**	**98**	**(3)**	**(7,460)**
Profit/(loss) for the year	**1,905**	**15,204**	**7,794**	**10,226**	**(10,179)**	**24,950**

	2014					
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

	2015 £'000	2014 £'000
Segment assets		
Property Investment and Development	**193,445**	190,921
Land Development	**136,491**	117,599
Construction	**27,013**	30,918
Group overheads	**2,789**	1,926
	359,738	341,364
Unallocated assets		
Deferred tax assets	**4,323**	7,123
Cash and cash equivalents	**12,041**	4,347
Total assets	**376,102**	352,834
Segment liabilities		
Property Investment and Development	**19,334**	14,526
Land Development	**20,865**	18,955
Construction	**37,217**	45,487
Group overheads	**2,951**	2,510
	80,367	81,478
Unallocated liabilities		
Current tax liabilities	**3,636**	1,976
Current borrowings	**42,836**	31,969
Non-current borrowings	**8,137**	8,779
Retirement benefit obligations	**19,577**	28,158
Total liabilities	**154,553**	152,360
Total net assets	**221,549**	200,474

3. Dividends

	2015 £'000	2014 £'000
Amounts recognised as distributions to equity holders in year:		
Preference dividend on cumulative preference shares	**21**	21
Final dividend for the year ended 31 December 2014 of 3.50p per share (2013: 3.15p)	**4,610**	4,115
Interim dividend for the year ended 31 December 2015 of 2.30p per share (2014: 2.10p)	**3,033**	2,750
	7,664	6,886

The proposed final dividend for the year ended 31 December 2015 of 3.80p per share (2014: 3.50p) makes a total dividend for the year of 6.10p (2014: 5.60p).

The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these Financial Statements. The total estimated dividend to be paid is £5,011,000.

Notice has been received from Moore Street Securities Limited waiving its right as corporate trustee for the Employee Share Ownership Plan (ESOP) to receive all dividends in respect of this and the previous financial year.

4. Investment properties

Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of the fair values of investment properties recognised in the Statement of Financial Position by the degree to which the fair value is observable:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	**2015 £'000**	2014 £'000	Increase/ (decrease) in fair value in year
Completed investment property						
Industrial	—	—	12,770	**12,770**	14,013	(1,243)
Leisure	—	—	7,704	**7,704**	7,276	428
Mixed-use	—	—	58,993	**58,993**	56,877	2,116
Residential	—	—	4,313	**4,313**	3,891	422
Retail	—	—	19,914	**19,914**	17,060	2,854
	—	—	103,694	**103,694**	99,117	4,577
Investment property under construction						
Industrial	—	—	518	**518**	9,344	(8,826)
Land	—	—	2,112	**2,112**	6,248	(4,136)
Leisure	—	—	—	**—**	1,833	(1,833)
Office	—	—	4,500	**4,500**	4,283	217
Retail	—	—	14,487	**14,487**	20,735	(6,248)
	—	—	21,617	**21,617**	42,443	(20,826)
Total fair value	—	—	125,311	**125,311**	141,560	(16,249)

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that causes the transfer. The Directors determine the applicable hierarchy that a property falls into by assessing the level of comparable evidence in the market which that asset falls into and the inherent level of activity. As at the reporting date and throughout the year, all property was determined to fall into Level 3 and so there were no transfers between hierarchies.

Explanation of the fair value hierarchy:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – fair value measurements are those derived from the use of a model with inputs (other than quoted prices included in Level 1) that are observable from directly or indirectly observable market data; and
- Level 3 – fair value measurements are those derived from use of a model with inputs that are not based on observable market data.

Investment properties have been split into different classes to show the composition of the investment property portfolio of the Group as at the reporting date. Management has determined that aggregation of the results would be most appropriate based on the type of use that each property falls into, which is described below:

Class	
Industrial	Includes manufacturing and warehousing, which are usually similar in dimensions and construction method.
Leisure	Includes restaurants and gymnasiums or properties in which the main activity is the provision of entertainment and leisure facilities to the public.
Mixed-use	Includes schemes where there are different types of uses contained within one physical asset, the most usual combination being office and leisure.
Residential	Includes dwellings under assured tenancies.
Retail	Includes any property involved in the sale of goods.
Land	Includes land held for future capital appreciation as an investment.
Office	Includes buildings occupied for business activities not involving storage or processing of physical goods.

Investment properties under construction are categorised based on the future anticipated highest and best use of the property.

5. Cash generated from operations

	2015 £'000	2014 £'000
Profit before tax	**32,410**	28,312
Adjustments for:		
Amortisation of PFI asset	**1,193**	1,155
Goodwill impairment	**203**	203
Depreciation of property, plant and equipment	**3,637**	3,299
Impairment gain on land and buildings	**(10)**	—
Revaluation decrease/(increase) in investment properties	**2,009**	(1,950)
Amortisation of capitalised letting fees	**52**	94
Share-based payment expense	**492**	423
Pension scheme credit	**(2,579)**	(2,375)

Profit on disposal of assets held for sale	**(485)**	(122)
Gain on disposal of property, plant and equipment	**(296)**	(459)
Gain on disposal of investment properties	**(747)**	(284)
Finance income	**(1,438)**	(714)
Finance costs	**1,617**	1,550
Share of profit of joint ventures	**(923)**	(1,187)
Operating cash flows before movements in equipment held for hire	**35,135**	27,945
Purchase of equipment held for hire	**(4,057)**	(3,670)
Proceeds on disposal of equipment held for hire	**334**	580
Operating cash flows before movements in working capital	**31,412**	24,855
Increase in inventories	**(13,706)**	(22,366)
Increase in receivables	**(9,381)**	(157)
(Decrease)/increase in payables	**(3,117)**	12,525
Cash generated from operations	**5,208**	14,857

6. These preliminary results were approved by the Board of Directors and authorised for issue on 23 March 2016.

7. The 2015 Annual Report and Financial Statements is to be published on the Company's website at www.henryboot.co.uk and sent out to those shareholders who have elected to continue to receive paper communications by no later than 22 April 2016. Copies will be available from The Company Secretary, Henry Boot PLC, Banner Cross Hall, Ecclesall Road South, Sheffield S11 9PD.

8. The Annual General Meeting of the Company is to be held at Baldwins Omega, Brincliffe Hill, Off Psalter Lane, Sheffield S11 9DF on Thursday 26 May 2016, commencing at 12.30pm.