HOWDEN JOINERY GROUP PLC

2016 HALF-YEARLY REPORT

HIGHLIGHTS

Chief Executive, Matthew Ingle, said:

"The good performance in the first half of the year was in line with our expectations for 2016, with good price progression being seen.

"With the outcome of the referendum last month, there is clearly a heightened degree of uncertainty as to how demand in the rest of the year will pan out. At this stage, we are continuing with our plans. That said, we remain watchful and will quickly take whatever steps are appropriate to the market conditions as we find them.

"The strength of our business model is based on the service proposition that Howdens provides to our small builder customers, and the support of the unique combination of our locally empowered staff and intrinsically low cost depots, and our efficient supply operations. This, when combined with our strong financial position, means that Howdens is well positioned to react to changing circumstances."

Financial results

The information presented here relates to the 24 weeks to 11 June 2016 and the 24 weeks to 13 June 2015, unless otherwise stated.

- Howden Joinery UK depot revenue increased by 9.1% to £518.9m (up 6.7% on a same depot basis). Group revenue was £528.9m (2015: £482.6m);
- Gross profit margin was 64.5% (2015: 63.7%), reflecting the implementation of a price increase and the lagged impact of adverse currency movements;
- Operating profit rose to £74.7m (2015: £60.9m);
- Profit before tax increased to £74.8m (2015: £59.2m), net interest falling by almost £2m;
- Basic earnings per share increased to 9.1p (2015: 7.1p);
- £52.8m returned to shareholders by way of a share buyback programme;
- Net cash of £182.7m at 11 June 2016 (26 December 2015: £226.1m net cash, 13 June 2015: £223.3m net cash), reflecting the repurchasing of shares and increased capital expenditure (see below);
- Interim dividend of 3.3p per share (2015: 2.8p).

Business developments

- Investment in the future growth of the business remains a priority:
  - 10 new UK depots opened so far in 2016, bringing total to 629;
  - capital expenditure totalled £28.0m (2015: £11.7m).

Current trading and outlook

- Howden Joinery UK depot revenue increased by 5.2% in the first four week period of the second half of the year (to 9 July), which included the EU referendum;
- Referendum result has created uncertainty about outlook for remainder of year, but no evidence of any impact on demand so far;
- Continuing with plans but remain watchful and ready to respond;
- Weaker exchange rate would affect cost of goods sold.

Enquiries

Investors/analysts:

Gary Rawlinson Head of Investor Relations	 +44 (0)7989 397527 +44 (0)207 535 1127 (not on 21 July)

Media:

Maitland Tom Eckersley Robbie Hynes	+44 (0)207 379 5151

Note for editors:

Howden Joinery Group Plc is the parent company of Howden Joinery (Howdens). In the UK, Howdens is engaged in the sale of kitchens and joinery products to trade customers, primarily small local builders, through over 600 depots. Around one-third of the products it sells are manufactured in the company's own factories in Runcorn, Cheshire, and Howden, East Yorkshire. The business also has small operations in France, Belgium and Holland, with plans to extend these to Germany.

Website: www.howdenjoinerygroupplc.com

SUMMARY OF GROUP RESULTS

The information presented here relates to the 24 weeks to 11 June 2016 and the 24 weeks to 13 June 2015.

£m unless stated	**2016**	2015
Revenue		
Group	**528.9**	482.6
including:		
- Howden Joinery UK depots	**518.9**	475.8
Gross profit	**341.4**	307.3
Gross profit margin, %	**64.5**	63.7
Operating profit	**74.7**	60.9
Profit before tax	**74.8**	59.2
Basic earnings per share	**9.1p**	7.1p
Dividend per share	**3.3p**	2.8p
Net cash at end of period	**182.7**	223.3

INTERIM MANAGEMENT REPORT

FINANCIAL REVIEW

FINANCIAL RESULTS FOR FIRST HALF OF 2016

The information presented below relates to the 24 weeks to 11 June 2016 and the 24 weeks to 13 June 2015, unless otherwise stated.

The financial performance of the Group during the first half of 2016 benefited from the Group's competitive position and the continuing focus on improving operational performance. We also benefited from stable market conditions.

Total Group revenue increased by £46.3m to £528.9m.

Revenue £m	**2016**	2015
Group	**528.9**	482.6
comprising:		
Howden Joinery UK depots	**518.9**	475.8
Continental Europe	**10.0**	6.8

Howden Joinery UK depots' revenue rose by 9.1%, increasing 6.7% on a same depot basis.

This growth has been achieved through a number of factors and is testament to the proven strength of our business model. In particular, we have continued to open new depots and increased the number of customer accounts. As well as driving an increase in revenue, the business continued to focus on price discipline and margin.

Sales by our depots in continental Europe totalled £10.0m. The growth of £3.2m primarily reflected the contribution of the new outlets opened in the last 18 months. In constant currency terms, underlying sales of the original 11 French depots were up by 3%.

Gross profit rose by £34.1m to £341.4m. The gross profit margin of 64.5% (2015: 63.7%) reflects the impact of the implementation of a price increase offsetting the lagged impact of adverse currency movements, one third of our cost of goods sold being denominated in euros or US dollars.

Selling and distribution costs, and administrative expenses increased by £20.3m to £266.7m. In addition to the costs of new depots, this reflects additional costs incurred across the business to support growth. In particular, these related to additional headcount, logistics and our business in continental Europe.

Operating profit increased by £13.8m to £74.7m.

Net interest received of £0.1m compared with a net interest charge of £1.7m in 2015, primarily reflecting a lower finance expense in respect of pensions. The net result was that profit before tax rose by £15.6m to £74.8m. The tax charge on profit before tax was £17.0m, an effective rate of tax of 22.7%.

Basic earnings per share were 9.1p (2015: 7.1p).

At 11 June 2016, the pension deficit shown on the balance sheet was £86.5m (25 December 2015: £49.2m). The increase in the deficit in the period was due to a decrease in the net discount rate used to calculate liabilities, partly offset by higher asset returns and the Group's contribution to fund the deficit.

There was a net cash inflow from operating activities of £35.9m. This was after a cash contribution to the Group's pension schemes, in excess of the operating charge, of £11.6m.

Working capital increased by £30.6m, reflecting the seasonality of sales. Within this, debtors at the end of the period were £30.5m higher than at the beginning of the period and stock levels increased by £7.4m. Offsetting this, creditors increased by £7.3m, and included the then still to be paid 2015 final dividend.

Also included within net cash flows from operating activities was tax paid totalling £10.2m, this reflecting a refund received of £7.9m.

Payments to acquire fixed and intangible assets totalled £28.0m (2015: £11.7m), this mainly relating to investment in our supply operations (see below).

As part of the £70m share buyback programme announced in February 2015 and the £55m programme announced in February 2016, the Group has acquired 11.2m shares in the year to date, for which the consideration was £52.8m. This is equivalent to the £25m of the £70m programme that was outstanding at the end of 2015 and half of the £55m programme, which we said would be implemented over the course of two years.

Reflecting the above, there was a £43.4m net cash outflow in the first half of the year, the Group having net cash at the end of the period of £182.7m (25 December 2015: £226.1m net cash, 13 June 2015: £223.3m net cash).

DIVIDEND

It is the Group's policy to pay an interim dividend equal to one third of the previous year's full dividend (2015: 9.9p).

Reflecting this, the Board has approved the payment of an interim dividend of 3.3p per share (2015: 2.8p). It will be paid on 18 November 2016 to shareholders on the register at close of business on 21 October 2016.

OPERATIONAL REVIEW

The business model of Howden Joinery is "To supply from local stock nationwide the small builder's ever-changing, routine, integrated kitchen and joinery requirements, assuring best local price, no-call-back quality and confidential trade terms".

Since we started in 1995, the business has opened new depots and increased turnover continuously, except for a 12-month period in 2008-9.

Even today, with over 600 depots across the UK, we continue to see the opportunity to increase the scale of the business, seeing scope for up to 800 depots. We continue to invest in all aspects of the growth and performance of the business, including new depots and depot operations, new and existing employees, product development, and manufacturing and distribution.

UK depot network and operations

10 new depots have been opened in the UK so far this year, bringing the total to 629. A number of other depots are at various stages of the acquisition/shopfitting process, the opening programme being in line with our expectations to open around 30 depots this year.

Product and marketing

We continue to enhance our product offering, having introduced a number of new products during the first half of the year across all product categories. Notable amongst these were the introduction of two new wood grained detail kitchens in our Burford range. We have also introduced a number of new products in our doors, flooring and joinery ranges.

We continue to invest in our marketing communications and brand advertising.

- A magazine distributed to our small builder customers, the Rooster News, has been used to help drive footfall and sales in our depots.
- To further raise awareness of the Howdens brand, we are attending eight county shows and agricultural fairs throughout the UK during the summer.

Manufacturing and logistics operations

Our UK-based manufacturing and logistics operations play a vital role in ensuring that we are able to supply our small builder customers from local stock nationwide at all times. This requires us to have the space and the flexibility to respond to each depot's individual needs, even during our critical 'period 11', when sales are more than double the level seen in other periods.

In February 2015, we said that we had undertaken a review of the medium and longer-term growth prospects for the business and had identified more opportunities than previously foreseen. On the basis of this, we said that we had considered how to ensure that we are best placed to deal with and take advantage of what the future might bring. One outcome of this work was the identification of a programme of investment in our supply operations.

During the first half of 2016, a number of projects have progressed as follows.

- **Manufacturing operations**

  At our Howden site, the refurbishment phase of a new cabinet production facility has been completed and assembly lines are now being installed. This will improve our cabinet manufacturing capability.

  At our Runcorn site, installation of new cabinet component lines is complete and these are now being commissioned.

- **Logistics**

  A new 650,000 sq ft warehouse that has been built near Raunds, which is to the east of our existing national distribution centre in Northampton, has been handed over to us. This is now being fitted-out and will be fully operational in 2017.

CURRENT TRADING AND OUTLOOK

In the first four week period of the second half of the year (to 9 July), total sales of Howdens Joinery UK depots rose by 5.2% on the same period in 2015. This is seen as providing little guidance to the outlook for the remainder of the year as the referendum fell in the middle of the period and it is too early to see any impact of the result of the referendum.

We recognise that there is clearly a heightened degree of uncertainty as to how demand in the rest of the year will pan out. At this stage, we are continuing with our plans. That said, we remain watchful and will quickly take whatever steps are appropriate to the market conditions as we find them.

In February, we said that the prevailing exchange rates would increase our cost of goods sold by around £15m. Good progress on pricing in the first half of the year helped to protect our gross profit margin.

Since the referendum, the pound has weakened compared with the exchange rates seen in the first half of the year. If current rates were to prevail for the rest of 2016, the increase in costs of goods sold in 2016 would rise to around £20m.

GOING CONCERN

The Group meets its day-to-day working capital requirements through cash generated from operations. If required, the Group also has access to an asset-backed lending facility of £140m which expires in July 2019.

The Group's forecasts and projections have been stress-tested for reasonably possible adverse variations in economic conditions and trading performance. The results of this testing show that the Group should be able to operate within the level of its current net cash balances and its committed bank facility, and that it would not breach the facility covenants.

After making due enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

RELATED PARTIES

Related Party transactions are disclosed in Note 12 to the condensed set of financial statements. There have been no material changes to the related party transactions described in the last Annual Report & Accounts.

RISKS AND UNCERTAINTIES

The Board continually assesses and monitors the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance over the remaining 28 weeks of the financial year have not changed from those which are set out in detail on pages 20 to 22 of the Group's 2015 Annual Report & Accounts, and which are summarised below. It should be noted that our exposure to the risk in respect of 'changes in market conditions' has been increased by the outcome of the referendum on UK membership of the EU held in June 2016.

- Changes in market conditions – could affect our ability to achieve sales and profit forecasts, which in turn could put pressure on our cash availability and banking covenants, but could also provide opportunities to exploit new markets and create value;
- Deterioration of business model and culture – could have an adverse effect on the Group's future financial condition and profitability;
- Failure to maximise the growth potential of the business – could affect our ability to obtain maximum benefit from our growth potential;
- Interruption of continuity of supply - could adversely affect the Group's ability to implement the business model;
- Loss of key personnel – could adversely affect the Group's operations;
- Credit control failure – could affect our ability to continue to support our customers and potentially our ability to collect debt;
- Cyber security incident – could cause a system and/or sensitive data to be compromised.

A copy of the Group's 2015 Annual Report & Accounts is available on the Group's website, www.howdenjoinerygroupplc.com.

CAUTIONARY STATEMENT

Certain statements in this Half-Yearly Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first 24 weeks and description of principal risks and uncertainties for the remaining 28 weeks of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

By order of the Board

Matthew Ingle Chief Executive Officer	Mark Robson Deputy Chief Executive and Chief Financial Officer

20 July 2016

Condensed consolidated income statement

	Notes	24 weeks to 11 June 2016 unaudited £m	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Revenue – sale of goods		**528.9**	482.6	1,220.2
Cost of sales		**(187.5)**	(175.3)	(435.8)
Gross profit		**341.4**	307.3	784.4
Selling & distribution costs		**(225.0)**	(208.1)	(475.0)
Administrative expenses		**(41.7)**	(38.3)	(87.5)
Operating profit		**74.7**	60.9	221.9
Finance income		**0.5**	0.3	1.8
Finance expense		**-**	(0.1)	-
Other finance expense - pensions		**(0.4)**	(1.9)	(4.1)
Profit before tax		**74.8**	59.2	219.6
Tax on profit	6	**(17.0)**	(13.2)	(44.2)
Profit for the period attributable to the equity holders of the parent		**57.8**	46.0	175.4
Earnings per share:				
Basic earnings per 10p share	7	**9.1p**	7.1p	27.3p
Diluted earnings per 10p share	7	**9.1p**	7.1p	27.2p

Condensed consolidated statement of comprehensive income

	Notes	**24 weeks to 11 June 2016 unaudited £m**	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Profit for the period		**57.8**	46.0	175.4
Items of other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (losses)/gains on defined benefit pension plan	10	**(48.5)**	44.2	58.4
Deferred tax on actuarial losses/(gains) on defined benefit pension plan		**9.7**	(8.8)	(11.7)
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences		**0.3**	(0.6)	(0.9)
Other comprehensive income for the period		**(38.5)**	34.8	45.8
Total comprehensive income for the period attributable to equity holders of the parent		**19.3**	80.8	221.2

Condensed consolidated balance sheet

	Notes	11 June 2016 unaudited £m	13 June 2015 unaudited £m	26 December 2015 audited £m
Non-current assets				
Intangible assets		**4.3**	3.9	4.6
Property, plant and equipment	9	**147.4**	107.9	129.2
Deferred tax asset		**25.6**	24.4	18.6
Long term prepayments		**0.5**	-	0.6
Bank borrowings net of prepaid fees		**-**	0.1	-
		177.8	136.3	153.0
Current assets				
Bank borrowings net of prepaid fees		**-**	0.6	-
Current tax asset		**-**	2.8	-
Inventories		**184.5**	157.0	177.1
Trade and other receivables		**160.0**	149.8	129.5
Investments		**25.0**	45.0	60.0
Cash at bank and in hand		**157.7**	177.7	166.1
		527.2	532.9	532.7
Total assets		**705.0**	669.2	685.7
Current liabilities				
Trade and other payables		**(251.0)**	(242.9)	(197.7)
Current tax liability		**(7.1)**	-	(5.2)
		(258.1)	(242.9)	(202.9)
Non-current liabilities				
Pension liability	10	**(86.5)**	(79.5)	(49.2)
Deferred tax liability		**(2.0)**	(2.6)	(2.0)
Provisions	11	**(8.6)**	(9.0)	(9.9)
		(97.1)	(91.1)	(61.1)
Total liabilities		**(355.2)**	(334.0)	(264.0)
Net assets		**349.8**	335.2	421.7

Condensed consolidated balance sheet - continued

	Notes	**11 June 2016 unaudited £m**	13 June 2015 unaudited £m	26 December 2015 audited £m
Equity				
Share capital		**64.6**	65.2	65.2
Share premium account		**87.5**	87.5	87.5
ESOP reserve		**(1.0)**	7.0	11.0
Treasury shares		**(52.8)**	(4.1)	(45.3)
Other reserves		**28.1**	28.1	28.1
Retained earnings		**223.4**	151.5	275.2
Total equity		**349.8**	335.2	421.7

Condensed consolidated statement of changes in equity

	Share capital £m	**Share premium account £m**	**ESOP reserve £m**	**Treasury shares £m**	**Other reserves £m**	**Retained earnings £m**	**Total £m**
24 weeks to 11 June 2016							
At 26 December 2015 - audited	65.2	87.5	11.0	(45.3)	28.1	275.2	421.7
Accumulated profit for the period	-	-	-	-	-	57.8	57.8
Net actuarial losses on defined benefit scheme	-	-	-	-	-	(38.8)	(38.8)
Current tax on share schemes	-	-	-	-	-	2.4	2.4
Deferred tax on share schemes	-	-	-	-	-	(0.2)	(0.2)
Currency translation differences	-	-	-	-	-	0.3	0.3
Net movement in ESOP	-	-	4.2	-	-	-	4.2
Buyback and cancellation of shares	(0.6)	-	-	-	-	(28.5)	(29.1)
Buyback of shares into treasury	-	-	-	(23.7)	-	-	(23.7)
Transfer of shares from treasury into share trust	-	-	(16.2)	16.2	-	-	-
Dividends declared	-	-	-	-	-	(44.8)	(44.8)
At 11 June 2016 - unaudited	**64.6**	**87.5**	**(1.0)**	**(52.8)**	**28.1**	**223.4**	**349.8**

The Group did not issue any shares during the current period.

	Share capital £m	Share premium account £m	ESOP reserve £m	Treasury Shares £m	Other reserves £m	Retained earnings £m	Total £m
24 weeks to 13 June 2015							
At 27 December 2014 - audited	64.7	87.5	2.4	-	28.1	112.2	294.9
Accumulated profit for the period	-	-	-	-	-	46.0	46.0
Net actuarial gains on defined benefit pension plan	-	-	-	-	-	35.4	35.4
Current tax on share schemes	-	-	-	-	-	3.5	3.5
Deferred tax on share schemes	-	-	-	-	-	(2.5)	(2.5)
Currency translation differences	-	-	-	-	-	(0.6)	(0.6)
Net movement in ESOP	-	-	4.6	-	-	-	4.6
Issue of new shares	0.5	-	-	-	-	(0.5)	-
Buyback of shares into treasury	-	-	-	(4.1)	-	-	(4.1)
Dividend declared	-	-	-	-	-	(42.0)	(42.0)
At 13 June 2015 - unaudited	65.2	87.5	7.0	(4.1)	28.1	151.5	335.2

The Group issued 5,289,319 shares during the period.

Condensed consolidated statement of changes in equity - continued

	Share capital £m	Share premium account £m	ESOP reserve £m	Treasury shares £m	Other reserves £m	Retained earnings £m	Total £m
52 weeks to 26 December 2015							
At 27 December 2014 - audited	64.7	87.5	2.4	-	28.1	112.2	294.9
Accumulated profit for the period	-	-	-	-	-	175.4	175.4
Net actuarial gains on defined benefit scheme	-	-	-	-	-	46.7	46.7
Current tax on share schemes	-	-	-	-	-	3.8	3.8
Deferred tax on share schemes	-	-	-	-	-	(1.6)	(1.6)
Currency translation differences	-	-	-	-	-	(0.9)	(0.9)
Net movement in ESOP	-	-	8.6	-	-	-	8.6
Issue of new shares	0.5	-	-	-	-	(0.5)	-
Buyback of shares into treasury	-	-	-	(45.3)	-	-	(45.3)
Dividends declared and paid	-	-	-	-	-	(59.9)	(59.9)
At 26 December 2015 - audited	65.2	87.5	11.0	(45.3)	28.1	275.2	421.7

The Group issued 5,289,319 shares during the period.

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Condensed consolidated cash flow statement

	Notes	**24 weeks to 11 June 2016 unaudited £m**	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Group operating profit before tax and interest		**74.7**	60.9	221.9
Adjustments for:				
Depreciation and amortisation included in operating profit		**10.2**	9.4	21.6
Share-based payments charge		**3.4**	3.8	7.5
Loss on disposal of property, plant and equipment, and intangible assets		**-**	0.8	0.9
Operating cash flows before movements in working capital		**88.3**	74.9	251.9
Movements in working capital				
Increase in stock		**(7.4)**	(13.9)	(34.0)
(Increase)/decrease in trade and other receivables		**(30.5)**	(16.7)	3.6
Increase in trade and other payables and provisions		**7.3**	12.6	11.2
Difference between pensions operating charge and cash paid		**(11.6)**	(20.8)	(39.1)
		(42.2)	(38.8)	(58.3)
Cash generated from operations		**46.1**	36.1	193.6
Tax paid		**(18.1)**	(15.8)	(35.3)
Tax refund received		**7.9**	-	-
Net cash flows from operating activities		**35.9**	20.3	158.3

Condensed consolidated cash flow statement - continued

	Notes	**24 weeks to 11 June 2016 unaudited £m**	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Net cash flows from operating activities		**35.9**	20.3	158.3
Cash flows used in investing activities				
Payments to acquire property, plant and equipment, and intangible assets		**(28.0)**	(11.7)	(45.9)
Interest received		**0.6**	0.3	0.7
Net cash used in investing activities		**(27.4)**	(11.4)	(45.2)
Cash flows from financing activities				
Buyback of shares into treasury		**(23.7)**	(4.1)	(45.3)
Buyback and cancellation of shares		**(29.1)**	-	-
Receipts from release of shares from share trust		**0.8**	0.8	1.1
Decrease in prepaid fees and loans		**-**	0.2	0.9
Decrease/(increase) in long term prepayments		**0.1**	-	(0.6)
Repayment of capital element of finance leases		**-**	-	(0.1)
Dividends paid to Group shareholders	8	**-**	-	(59.9)
Net cash used in financing activities		**(51.9)**	(3.1)	(103.9)
Net (decrease)/increase in cash and cash equivalents		**(43.4)**	5.8	9.2
Cash and cash equivalents at beginning of period	13	**226.1**	216.9	216.9
Cash and cash equivalents at end of period	13	**182.7**	222.7	226.1

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 General information

The results for the 24 week periods ended 11 June 2016 and 13 June 2015 are unaudited but have been reviewed by the Group's auditor, whose report on the current period forms part of this document. The information for the 52 week period ended 26 December 2015 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies and is available via the Group's website at www.howdenjoinerygroupplc.com. The auditor's report on those accounts was not qualified or modified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2 Accounting policies

The annual financial statements of Howden Joinery Group Plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

Basis of preparation

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out on pages 4 to 8, which include a summary of the Group's financial position, its cash flows and borrowing facilities, and a discussion of why the directors consider that the going concern basis is appropriate.

The same accounting policies, presentation methods and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, except that the taxation charge for the half-year is calculated by applying the annual estimated effective tax rate to the profit for the period.

3 Segmental results

Basis of segmentation

Information reported to the Group's Chief Executive is focussed on one operating segment, Howden Joinery. Thus, the information required in respect of segmental disclosure can all be found in the condensed consolidated income statement and condensed consolidated balance sheet.

4 Seasonality of revenue

Howden Joinery sales are more heavily weighted to the second half of the financial year. This partly reflects the fact that there are 24 weeks in the first half of the financial year and 28 weeks in the second half. It also reflects sales in the peak October trading period. Historically, the typical pattern has been that approximately 60% of sales have been in the second half of the year.

5 Write down of inventories

During the period, the Group has recognised a net charge of £4.3m in respect of writing inventories down to their net realisable value (24 weeks to 13 June 2015 – net charge of £1.3m, 52 weeks to 26 December 2015 – net charge of £6.6m).

6 Tax

Tax for the 24 weeks to 11 June 2016 is charged at 22.7% (24 weeks to 13 June 2015: 22.3%), representing the tax effects of discrete items arising in the period, together with the best estimate of the average effective tax rate expected for the full year applied to the pre-tax income of the 24 week period.

7 Earnings per share

	24 weeks to 11 June 2016 unaudited			24 weeks to 13 June 2015 unaudited			52 weeks to 26 December 2015 audited		
	Earnings £m	Weighted average number of shares m	Earnings per share p	Earnings £m	Weighted average number of shares m	Earnings per share p	Earnings £m	Weighted average number of shares m	Earnings per share p
Basic earnings per share	**57.8**	**632.7**	**9.1**	46.0	643.4	7.1	175.4	642.8	27.3
Effect of dilutive share options	**-**	**2.0**	**-**	-	1.5	-	-	1.6	(0.1)
Diluted earnings per share	**57.8**	**634.7**	**9.1**	46.0	644.9	7.1	175.4	644.4	27.2

8 Dividends

(a) Amounts recognised as distributions to equity holders in the period

	24 weeks to 11 June 2016 unaudited £m	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Final dividend for the 52 weeks to 26 December 2015 – 7.1p/share	**44.8**	-	-
Final dividend for the 52 weeks to 27 December 2014 – 6.5p/share	**-**	42.0	42.0
Interim dividend for the 52 weeks to 26 December 2015 – 2.8p/share	**-**	-	17.9
	44.8	42.0	59.9

No dividends were paid in the current period or the 24 weeks to 13 June 2015. The final dividend for the 52 weeks to 26 December 2015 (7.1p per share) was approved at the 2016 AGM in May 2016 and was paid on 17 June 2016. The final dividend for the 52 weeks to 27 December 2014 (6.5p per share) was approved at the 2015 AGM in May 2015 and was paid on 19 June 2015. The interim dividend for the 52 weeks to 26 December 2015 (2.8p per share) was paid on 20 November 2015.

(b) Proposed dividends

On 20 July 2016, the Board approved the payment of an interim dividend of 3.3p per share, to be paid on 18 November 2016 to ordinary shareholders on the register on 21 October 2016.

	24 weeks to 11 June 2016 unaudited £m	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Proposed interim dividend for the 52 weeks to 25 December 2016 - (3.3p/share)	**20.8**		
Proposed interim dividend for the 52 weeks to 26 December 2015 - (2.8p/share)		18.1	
Proposed final dividend for the 52 weeks to 26 December 2015 - (7.1p/share)			45.2

9 Property, plant and equipment

During the period, the Group made additions to property, plant and equipment of £27.9m (24 weeks to 14 June 2015 - £11.6m; 52 weeks to 26 December 2015 - £42.9m).

There were no disposals of property, plant and equipment in the current period. In the 24 weeks to 13 June 2015, it disposed of property, plant and equipment with a net book value of £0.8m for proceeds of £nil. In the 52 weeks to 26 December 2015, it disposed of property, plant and equipment with a net book value of £1.0m for proceeds of £0.1m.

There are non-cancellable commitments to purchase property, plant and equipment of £21.6m at the current period end (24 weeks to 13 June 2015 - £8.5m; 52 weeks to 26 December 2015 - £21.2m).

10 Retirement benefit obligations

(a) Total amounts (credited)/charged in respect of pensions in the period

	24 weeks to 11 June 2016 unaudited £m	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Charged to the income statement			
Defined benefit plan – current service cost	**(6.9)**	(7.5)	(16.2)
Defined benefit plan – administration costs	**(0.7)**	(0.7)	(1.6)
Defined benefit plan - total operating charge	**(7.6)**	(8.2)	(17.8)
Defined benefit plan - net finance charge	**(0.4)**	(1.9)	(4.1)
Defined contribution plans – total operating charge	**(2.0)**	(1.7)	(4.2)
Total net amount charged to profit before tax	**(10.0)**	(11.8)	(26.1)
(Charged)/credited to equity			
Defined benefit plan – actuarial (losses)/gains net of deferred tax	**(38.8)**	35.4	46.7
Total (charge)/credit	**(48.8)**	23.6	20.6

(b) Other information – defined benefit pension plan

Key assumptions used in the valuation of the plan

	24 weeks to 11 June 2016 unaudited	24 weeks to 13 June 2015 unaudited	52 weeks to 26 December 2015 audited
Rate of increase of pensions in deferment capped at lower of CPI and 5%	**1.75%**	2.25%	2.05%
Rate of CARE revaluation capped at lower of RPI and 3%	**2.30%**	2.50%	2.40%
Rate of increase of pensions in payment:			
pensions with increases capped at the lower of CPI and 5%	**2.20%**	2.55%	2.50%
pensions with increases capped at the lower of CPI and 5%, with a 3% minimum	**3.45%**	3.55%	3.65%
pensions with increases capped at the lower of RPI and 2.5%	**2.15%**	2.30%	2.25%
Rate of increase in salaries	**4.15%**	4.55%	4.50%
Inflation assumption - RPI	**3.15%**	3.55%	3.50%
Inflation assumption - CPI	**2.15%**	2.55%	2.50%
Discount rate	**3.20%**	3.70%	3.75%
Life expectancy (years): pensioner aged 65 - male	**87.8**	87.7	87.8
pensioner aged 65 - female	**89.3**	89.2	89.3
non-pensioner aged 45 - male	**89.4**	89.3	89.4
non-pensioner aged 45 - female	**92.2**	92.1	92.2

Balance sheet

Movements in the deficit during the period are as follows:

	24 weeks to 11 June 2016 unaudited £m	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Deficit at start of period	**(49.2)**	(142.6)	(142.6)
Current service cost	**(6.9)**	(7.5)	(16.2)
Administration cost	**(0.7)**	(0.7)	(1.6)
Employer contributions	**19.2**	29.0	56.9
Other finance charge	**(0.4)**	(1.9)	(4.1)
Actuarial (losses)/gains gross of deferred tax	**(48.5)**	44.2	58.4
Deficit at end of period	**(86.5)**	(79.5)	(49.2)

Statement of comprehensive income

Amounts taken to equity via the statement of comprehensive income in respect of the Group's defined benefit plan are shown below.

	24 weeks to 11 June 2016 unaudited £m	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Actuarial gain/(losses) on plan assets	**29.8**	10.8	(6.1)
Actuarial (losses)/gains on plan liabilities	**(78.3)**	33.4	64.5
Total actuarial (losses)/gains before associated deferred tax	**(48.5)**	44.2	58.4

11 Provisions

	Property £m	Warranty £m	French post-retirement benefits £m	Total £m
At 26 December 2015 - audited	5.5	4.2	0.2	9.9
Created in the period	2.7	1.5	-	4.2
Utilised in the period	(3.5)	(1.8)	-	(5.3)
Released in the period	(0.2)	-	-	(0.2)
At 11 June 2016 - unaudited	**4.5**	**3.9**	**0.2**	**8.6**

Property provision

The property provision covers two main area: (i) onerous leases on any non-trading leased properties, and (ii) obligations to make dilapidations payments to landlords of leased properties.

There is a discussion of the main sources of estimation and uncertainty which apply to the provision at Note 3 to the Group's 2015 Annual Report and Accounts. The amount of the expected future cash flows has been adjusted to reflect the expected range of possibilities.

The timing of outflows from the provision is variable and is dependent on property lease expiry dates, on opportunities to surrender leases, and on the timing of dilapidations assessments and works.

Warranty provision

The warranty provision relates to amounts due in respect of product warranties. As products are sold, the Group makes provision for claims under warranties. As claims are made, the Group utilises the provision and then uses this data to periodically revise the basis on which it makes further provision.

12 Related party transactions

There have been no changes to related party arrangements or transactions as reported in the 2015 Annual Report and Accounts.

Transactions between Group companies, which are related parties, have been eliminated on consolidation and are therefore not disclosed. Other transactions which fall to be treated as related party transactions are: those relating to the remuneration of key management personnel, which are not disclosed in the Half-Yearly Report and which will be disclosed in the Group's next Annual Report and Accounts; and transactions between the Group and the Group's defined benefit pension plan, which are disclosed in Note 10.

13 Notes to the cash flow statement

(a) Reconciliation of movement in net cash

	24 weeks to 11 June 2016 unaudited £m	24 weeks to 13 June 2015 unaudited £m	52 weeks to 26 December 2015 audited £m
Net cash at start of period	**226.1**	217.7	217.7
Net (decrease)/increase in cash at bank and in hand	**(8.4)**	45.8	34.2
Decrease in short term investments	**(35.0)**	(40.0)	(25.0)
Decrease in bank loans/prepaid fees	**-**	(0.2)	(0.9)
Decrease in finance leases	**-**	-	0.1
Net cash at end of period	**182.7**	223.3	226.1
Represented by:			
Cash at bank and in hand	**157.7**	177.7	166.1
Short-term investments	**25.0**	45.0	60.0
Bank loans/prepaid loan fees	**-**	0.7	-
Finance leases	**-**	(0.1)	-
	182.7	223.3	226.1

(b) Analysis of net cash

	Cash at bank and in hand £m	Short-term investments £m	Cash and cash equivalents/ Net cash £m
At 26 December 2015 - audited	166.1	60.0	226.1
Cash flow	(8.4)	(35.0)	(43.4)
At 11 June 2016 - unaudited	**157.7**	**25.0**	**182.7**

The short-term investments have a maturity of less than three months and, as such, are considered to be cash equivalents for the purposes of the cash flow statement.

INDEPENDENT REVIEW REPORT TO HOWDEN JOINERY GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the 24 week period ended 11 June 2016, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 13. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report or for the conclusions we have formed.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the half-yearly report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the 24 week period ended 11 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor, London
20 July 2016

FINANCIAL CALENDAR

2016	
Trading update	3 November 2016
End of financial year	24 December 2016
2017	
2016 Preliminary Results	23 February 2017
Trading update	27 April 2017
Half-Yearly Report	20 July 2017
Trading update	2 November 2017
End of financial year (53-weeks)	30 December 2017