Ibstock PLC - interim results
Released 10 August 2017

Ibstock plc
Interim results for the six months ended 30 June 2017

Continued robust performance while investing in UK capacity to meet growing demand

Ibstock plc ('Ibstock' or the 'Group'), a leading manufacturer of clay bricks and concrete products with operations in the United Kingdom and the United States, announces its unaudited results for the six months ended 30 June 2017.

Results for the period:

Half year to 30 June	*2017*	*2016*	*Change*
Revenue	£228.3m	£210.0m	+8.7%
Profit before tax	£38.9m	£37.9m	+2.7%
Profit before tax pre-exceptional[1]	£43.3m	£37.7m	+14.4%[1]
Adjusted EBITDA[1]	£59.7m	£55.6m	+7.4%
Statutory basic EPS	7.6 pence	7.4 pence	+2.8%
Adjusted basic EPS[1]	9.5 pence	8.2 pence	+16.0%
Interim dividend	2.6 pence	2.4 pence	+8.3%

Financial Highlights:

- Strong growth in revenue and adjusted EBITDA in line with management's expectations
- Net debt[1] to EBITDA at 1.4x, after £17 million of capex
- Return on capital employed[1] at 19%, after cumulative capex of £46 million on major projects at Leicester and Lodge Lane, with returns to come
- Continued strong underlying cash conversion[1]
- Successful refinance of debt in March 2017
- Interim dividend of 2.6 pence per share (2016: 2.4 pence per share) reflecting the Board's policy of paying one-third of the prior year's full year dividend

Operational Highlights

- UK Clay benefitting from good activity levels within the UK new build housing sector with brick volumes well ahead year-on-year
- Continued growth in UK Concrete
- New roof tile line at Forticrete now in production with good demand take-up from major housebuilders
- Investment in additional UK brick capacity to meet demand

- New 100m capacity brick plant in Leicestershire to commence commissioning in Q4 2017 and will expand the Group's UK brick capacity by c.13% when in full production

- Capacity expansion project at Lodge Lane blue brick plant in Cannock on schedule, with commissioning to commence in Q4 2017

- US performance level year-on-year with a slowdown in residential and non-residential projects evident since the Spring

Wayne Sheppard, Chief Executive Officer of Ibstock plc, commented:

"The Group has delivered a robust first half performance. UK brick volumes were well ahead, driven by good activity levels in the UK new build housing sector and our concrete businesses also enjoyed solid growth.

"Against this backdrop of continued robust demand we are investing in the UK clay business to increase capacity. Our new brick factory in Leicestershire will begin commissioning in the final quarter of this year, with production to build progressively across 2018. When operating at its full capacity of 100m bricks per annum it will expand UK domestic brick production by 5%, adding a much needed new source of supply. A second project – to increase capacity at our blue brick plant at Cannock – is also on track.

"Looking ahead, the longer term fundamentals underpinning the new-build housing market in the UK – government support, good mortgage availability and an undersupply of new homes – remain in place, although we continue to be alert to any changes in customer confidence stemming from political uncertainty after the recent General Election result and the on-going Brexit negotiations.

"The Group remains strongly cash generative, we are investing for further growth, and our expectations for another year of progress are maintained."

1 Alternative Performance Measures are described in Note 3 of the financial statements

Ibstock PLC - interim results
Released 10 August 2017

Results presentation

Ibstock is holding a presentation to analysts at 09:00 today at the offices of JP Morgan, 1 John Carpenter Street, London, EC4Y 0JP. Analysts wishing to attend should contact ibstock@citigatedr.co.uk to register.

Analysts unable to attend in person may listen to the presentation live by using the details below:

Webcast link: http://edge.media-server.com/m/p/qzojiw8m

Conference Call Dial-In Details: 0808 109 0700

Standard International Access: +44 (0) 20 3003 2666

Password: Ibstock

An archived version of today's webcast analyst presentation will be available on www.ibstockplc.com later today.

Enquiries

Ibstock (enquiries via Citigate Dewe Rogerson)
Wayne Sheppard (CEO)
Kevin Sims (CFO)

Citigate Dewe Rogerson 020 7638 9571
Kevin Smith
Nick Hayns

Notes to Editors:

Ibstock plc is a leading manufacturer of clay bricks, with a diversified range of clay and concrete products, and operations in the United Kingdom and the United States. Its principal products are clay bricks, brick components, concrete roof tiles, concrete substitutes for stone masonry, concrete fencing and pre-stressed concrete products.

The Group's four primary businesses are:

- **UK business:**
    - **Ibstock Brick:** The leading manufacturer by volume of clay bricks sold in the United Kingdom. With 19 manufacturing plants Ibstock Brick has the largest brick production capacity in the United Kingdom. It operates a network of 23 active quarries which are generally located close to its manufacturing plants. Ibstock Brick is currently constructing a new soft mud brick manufacturing plant in Leicestershire that is expected to add approximately 100 million bricks (c.13%) to its brick production capacity per annum. The new plant is expected to commence commissioning in the fourth quarter of 2017.
    - **Supreme:** A leading manufacturer of concrete fencing products and concrete lintels and general concrete building products, with seven manufacturing plants in the United Kingdom.

- **Forticrete:** A leading manufacturer of concrete substitutes for natural stone walling and dressings and niche concrete roof tiles, with seven manufacturing plants in the United Kingdom. Forticrete has a new and innovative concrete roof tile manufacturing line at its Leighton Buzzard facility, which commenced production in the fourth quarter of 2016.

- **US business:**
  - **Glen-Gery:** A leading manufacturer of bricks by volume of despatches in the North East and Mid-West regions of the United States, with a network of ten manufacturing plants, ten distribution centres and 29 active quarries, covered by 20 active quarry permits.

Ibstock PLC - interim results
Released 10 August 2017

Chief Executive's review

Introduction

The Group performed in line with management's expectations in the six months to 30 June 2017. Group revenue was £228 million (1H 2016: £210 million) and profit before taxation was £39 million in 1H 2017 (1H 2016: £38 million). Group adjusted EBITDA[1] was £60 million (1H 2016: £56 million). We have seen a robust overall performance from our UK operations, with good activity levels from the UK new build housing sector. Glen-Gery, our US business, reported a flat performance year-on-year reflecting a market slowdown since the Spring after a good start to the year.

United Kingdom

The UK businesses, which account for 81% of Group revenue (1H 2016: 82%), reported revenue of £186 million in 1H 2017, an 8% increase year-on-year (1H 2016: £172 million). Adjusted EBITDA increased to £57 million (1H 2016: £53 million) – an increase of 7% on the prior year with margins maintained.

UK Clay revenue increased by 8% to £136 million (1H 2016: £125 million) as sales volumes increased in both the housebuilding and merchant channels. Overall volume growth compared very positively to the prior year, but was held back by some capacity constraints, particularly within soft mud bricks. The results for the comparable half-year period include softer comparatives in the merchant channel resulting from industry-wide destocking, which has subsequently reversed as merchant demand returned to normal levels. Although price increases by channel were in the low single-digit range, overall prices were flat year-on-year due to changes in the channel sales mix resulting from the continued good growth of volumes into the housebuilding sector.

Our new 100 million per annum soft mud brick factory at Ibstock in Leicestershire is scheduled to commence commissioning in 4Q this year and we anticipate approximately 50% capacity utilisation during 2018. This will be weighted to the second half of next year as production volumes are ramped up progressively across the year.

Our new blue brick kiln at Lodge Lane in Cannock, Staffordshire is also scheduled to begin commissioning in the final quarter of 2017. Our investment in this replacement kiln will increase capacity and maintain Ibstock's leading position as a full range supplier. The project is expected to add incremental EBITDA of c.£1 million in 2018 during its first full year of operation.

Building on a good start to 2017, our concrete businesses grew revenues by 7% to £50 million in the first half (1H 2016: £47 million). Our Supreme business has seen increased demand for civils and flooring product, whilst the Forticrete business has benefited from growing sales from the new tile line at Leighton Buzzard. Forticrete's new SL8 tile has been well-received by developers who appreciate the improved aesthetics compared to competing products and additional market supply.

United States

Our US business, which accounts for 19% of Group revenue (1H 2016: 18%), reported revenue of £42 million in the six months to 30 June 2017. This compared to £38 million in 1H 2016 and was an 11% increase year-on-year. Adjusting for an exchange rate benefit of £5 million, revenue declined marginally on a constant currency basis[1].

Ibstock PLC - interim results
Released 10 August 2017

Following a strong start to 2017, our US operations saw a mid single-digit volume decline for the first half as a whole. This softening of performance reflects a market slowdown in both multi-family and non-residential projects across the North-East and Mid-West regions of the US which commenced in the Spring.

Adjusted EBITDA for 1H 2017 was £5 million (H1 2016: £4 million), although this performance benefited from currency gains of £0.5 million. In constant currency Adjusted EBITDA declined marginally year-on-year. Glen-Gery's EBITDA margin levels were maintained despite the lower volumes and higher energy costs which have been experienced in 1H 2017.

Strategy

The Group's strategy is unchanged and we continue to develop and invest in our leading building products businesses. In addition to the progress made with our major investment projects, noted above, we continue to evaluate opportunities for value-creating organic or acquisitive investments that would broaden our portfolio.

Current trading and outlook

Our UK clay business has seen good activity levels continue into 2H 2017 and the longer term fundamentals supportive of UK housebuilding remain in place - Government support continues, mortgage availability is good, and there continues to be an undersupply of new homes.

UK concrete is expected to benefit further from our investment in its future growth as volumes from the new roof tile line continue to build, with sales supported by the strength of the new build housing market.

In the US, we anticipate that our performance in the second half of the year will reflect the weaker market conditions evident since the Spring.

Each of our major investment projects is progressing in line with our plans and our two UK brick capacity expansion projects will begin commissioning in 4Q 2017. We continue to forecast earnings benefits from each of our major projects as we add capacity, greater efficiency and flexibility to the Group.

The Group remains strongly cash generative, we are investing for further growth, and our expectations for another year of progress are maintained.

1 Alternative Performance Measures are described in Note 3 of the financial statements

Ibstock PLC - interim results
Released 10 August 2017

Chief Financial Officer's report

Group results

Group revenue in the six month period ended 30 June 2017 increased by 8.7% to £228.3 million (1H 2016: £210.0 million). Growth was driven primarily by the performance of the UK Clay business, which saw increased trade with housebuilders and builders' merchants in 2017. On a constant currency basis[1], revenue growth was 6.4%.

Group profit before taxation was £38.9 million (1H 2016: £37.9 million) – an increase of 2.7%, reflecting the increased turnover, but also some additional one-off finance costs which arose in 1H 2017 when the Group undertook a refinancing. Prior to exceptional costs (see below), profit before taxation was £43.3 million, representing growth of 14.4% on the prior year on a constant currency basis.

Alternative performance measures
This interim results statement contains multiple alternative performance measures (APMs). A description of each APM, together with a supporting reconciliation, is included in Note 3 to the condensed financial statements. The metrics are consistent with those presented in our Annual Report & Accounts 2016 and there have been no changes to the bases of calculation.

Adjusted EBITDA
Management measure the Group's operating performance using Adjusted EBITDA[1], which increased by 7.4% to £59.7 million in the six month period ended 30 June 2017. The increase is broadly in line with the Group's revenue growth and reflects a greater proportion of housebuilder sales in the Group sales mix and the higher energy costs experienced in 2017 relative to the prior period.

Cash flow and Net Debt
Cash generated from operations during 1H 2017, excluding the impact of exceptional operating items is shown in the below table:

Table 1	H1 2017 (£m)	H1 2016 (£m)	Change (£m)
Adjusted EBITDA[1]	59.7	55.6	+4.1
Share-based payments	0.7	0.7	-
Capex before major projects[2]	(5.9)	(7.4)	+1.6
Adjusted change in working capital	(30.0)	(17.9)	(12.1)
Adjusted EBITDA – maintenance capex – change in WC	24.5	31.0	(6.5)
Major project capex[2]	(11.1)	(21.3)	+10.2
Cash flow from operating and investing activities	13.4	9.7	+3.7
Net interest	(2.0)	(3.1)	+1.1
Tax	(7.5)	(0.3)	(7.2)

Post-employment benefits	(3.5)	(2.0)	(1.5)
Adjusted free cash flow	0.4	4.3	(3.9)
Cash conversion[1]	*41.1%*	*55.8%*	*(14.7%pts)*

1 – Alternative Performance Measures are descried in Note 3 to the financial statements.
2 – Capex on major projects is that capex relating to strategic projects in Leicester, Leighton Buzzard and Cannock.

Cash generation in 1H 2017 was impacted by reduced cash collections at the end of the period resulting from IT system issues at a major customer which delayed the receipt of c.£6.4 million of payments across the Ibstock Group until early-July. Adjusting for this delayed receipt would have resulted in cash conversion of c.52% which, together with the anticipated impact of increased sales year-on-year, gives management confidence that our cash generation is in line with expectations and the operations remain strongly cash generative.

A net working capital balance at 30 June 2017 of £77.0 million compares to £46.1 million at 31 December 2016, which is consistent with the Group's normal seasonal trading cycle.

Net debt[1] (borrowings less cash) of £159.9 million at 30 June 2017, compares to £132.8 million at the prior year end and £161.2 million at the prior half year date. In March 2017, the Group refinanced its debt arrangements and entered into a £250 million revolving credit facility (RCF) with a group of six major banks. The five-year facility contains interest cover and leverage covenant limits of 4x and 3x, respectively. These covenant requirements are consistent with our prior debt facility and the Group remains significantly within both limits.

Exchange rates

The Group is exposed to movements in exchange rates when translating the results of its US operations from US Dollars to UK Sterling. Although Sterling appreciated against the Dollar in the six months to 30 June 2017, the average exchange rate of $1.2595:£1 was below that of the equivalent period in 2016 ($1.4178:£1) and has resulted in a £0.5 million benefit to Adjusted EBTIDA in 2017.

Exceptional items

In line with our accounting policy for exceptional items, we have excluded certain items from our Adjusted EBITDA to aid shareholders' understanding of our underlying financial performance.

Infrequent events, such as the non-cash interest expenses arising from the accelerated write-off of debt fees during our refinancing in March 2017 (£6.4 million) and the income statement credit of £2.1 million arising on the release of our provision for contingent consideration following Bain Capital's disposal of interests in the Group's shares, have been treated as exceptional in the current period. Further details of exceptional items are set out in Note 5 of the financial statements.

Finance costs

Net finance costs of £9.7 million were incurred in 1H 2017 (1H 2016: £4.7 million). As noted above, the single largest element of this total was exceptional finance costs of £6.4 million. The non-cash interest charges, which were treated as exceptional, arose in the period to 30 June 2017 in respect of accelerated debt issue fees (£3.3 million) and accounting adjustments caused by the prior year interest rate change (£3.1 million) – the latter reversing a gain from the prior year.

Taxation

The Group has recognised a tax charge of £8.2 million (1H 2016: £8.0 million) on the Group's pre-tax profits of £38.9 million (1H 2016: £37.9 million) resulting in an effective tax rate of 21.0% (1H 2016: 21.1%), compared to the standard rate of UK corporation tax of 19.25%. The cash taxation costs in H1 2016 were impacted by the significant exceptional costs incurred during 2015 (IPO expenses, acquisition and debt early settlement costs).

Earnings per share

Statutory basic EPS increased by 2.8% to 7.6 pence in 1H 2017 (1H 2016: 7.4 pence) as a result of the Group's increased profitability in the period as discussed above.

Adjusted EPS[1] of 9.5 pence increased by 16% - this metric removes the impact of exceptional non-trading items. Additionally, the fair value uplifts resulting from our acquisition accounting have been removed from the adjusted EPS calculations, together with non-cash interest impacts (net of the related taxation charge/credit). Adjusted EPS is the Group's measure for calculating distributions to shareholders and has been included to provide a clearer guide as to the underlying earnings performance of the Group. A full reconciliation of our Adjusted EPS measure is included in Note 7.

Table 2	1H 2017	1H 2016
Statutory Basic EPS	7.6p	7.4p
Adjusted Statutory Basic EPS	9.5p	8.2p

Dividend
The Board has approved an interim dividend of 2.6 pence per ordinary share (2016: 2.4 pence) for payment on 22 September 2017 to shareholders on the register at the close of business on 18 August 2017. The Board believes that a policy of paying one-third of the prior full year dividend as an interim in the following half-year period would provide greater certainty to shareholders and plans to adopt this payment approach in future.

Pensions

During 2016, the Group conducted a consultation with the UK defined benefit scheme members, regarding a proposal to close the scheme to future accrual for all active members. All members consented to this change and, from 1 February 2017, have joined the UK defined contribution scheme.

This decision resulted in costs associated with the closure of £1.6 million, which were classified as exceptional in our 2016 full year results. Upon closure, a non-cash curtailment gain of £30.3 million was also recognised and treated as exceptional.

At 30 June 2017, the defined benefit scheme was in an actuarial accounting surplus position of £43.6 million (31 December 2016: deficit of £28.7 million following minimum funding requirement liability recognition of £14.2 million). At the period end, the scheme had asset levels of £692.5 million (31 December 2016: £683.6 million) against pension liabilities of £648.9 million (31 December 2016: £698.0 million). The improvement in the Group's net pension position principally resulted from a combination of strong investment returns, together with actual inflation being lower than assumed, and actuarial gains due to changes in assumptions – the latter being driven by changes in gilt rates.

In the current period, in continuing to apply IFRIC 14, management has ceased to recognise an additional liability in respect of the minimum funding obligation following the receipt of legal advice regarding the Group's ability to access a surplus (should one exist) in the pension scheme in the future. See Note 2 for further details of the Group's interpretation of IFRIC 14, the relevant accounting standard.

Within our US segment, certain employees are members of two multi-employer post-employment schemes. At 30 June 2017, a liability of £9.2 million (31 December 2016: £9.4 million) has been recognised in relation to these schemes.

Related party transactions

Related party transactions are disclosed in Note 14 to the condensed financial statements. During the period, Bain Capital Partners LLC ceased to hold any ordinary shares in Ibstock plc and no longer has significant influence over the Group. There have been no other material changes to related parties from those disclosed in the Annual Report and Accounts 2016.

Subsequent events

An interim dividend of 2.6 pence per ordinary share (2016: 2.4 pence) amounting to a total of £10,566,000 was declared by the Board on 9 August 2017.

There have been no further events subsequent to 30 June 2017, which management believe require adjustment or disclosure.

Going concern

The Group continues to meet its day to day working capital and other funding requirements through a combination of strong operational cash flows generated by the business and the long-term funding in place. As noted above, the Group agreed new banking facilities during the period, with a five year £250 million RCF replacing the five-year £200 million loan and £40 million committed RCF facility in place at 31 December 2016.

Risks and Uncertainties

The Board continually assesses and monitors the key risks impacting the business. The Group's activities expose it to a variety of risks; economic conditions, government action and policy, government regulation and standards relating to the manufacture and use of building products, customer relationships and reputation, business disruption, recruitment and retention of key personnel, input prices, product quality, financial risk management and pension obligations.

The Group's risk management approach together with these principal risks and mitigating actions are unchanged from those set out on pages 34 to 37 of the 2016 Annual Report & Accounts.

1 Alternative Performance Measures are described in Note 3 of the financial statements

Ibstock PLC - interim results

Released 10 August 2017

Statement of directors' responsibilities in relation to the half-yearly financial report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial reporting as adopted by the European Union;
- The interim management report includes a fair review of the information required by:
  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Wayne Sheppard	Kevin Sims
Chief Executive Officer	Chief Financial Officer
9 August 2017	9 August 2017

Ibstock PLC - interim results

Released 10 August 2017

Condensed consolidated income statement

	Notes	Unaudited H1 2017 £'000	Unaudited H1 2016 £'000
Revenue		228,260	210,037
Cost of sales before exceptional items		(140,100)	(126,472)
Gross profit before exceptional items		**88,160**	**83,565**
Exceptional cost of sales	5	-	(353)
Gross profit		**88,160**	**83,212**
Distribution costs		(19,290)	(18,297)
Administrative expenses before exceptional items		(23,202)	(23,827)
Exceptional administrative items	5	1,968	-
Administrative expenses		(21,234)	(23,827)
Profit/(loss) on disposal of property, plant and equipment	5	-	61
Other income		1,320	1,833
Other expenses		(318)	(398)
Operating profit		**48,638**	**42,584**
Finance costs before exceptional items		(3,356)	(5,571)
Exceptional finance costs	5	(6,386)	-
Finance costs		(9,742)	(5,571)
Finance income before exceptional items		-	325
Exceptional finance income	5	-	522
Finance income		-	847
Net finance cost		**(9,742)**	**(4,724)**
Profit before taxation		**38,896**	**37,860**
Taxation		(8,156)	(7,989)
Profit for the financial period		**30,740**	**29,871**
Profit attributable to:			
Owners of the parent		30,740	29,871

	Notes	Pence	Pence
Earnings per share			
Basic	7	7.6	7.4
Diluted	7	7.5	7.4

All amounts relate to continuing operations.

Condensed consolidated statement of comprehensive income

	Notes	Unaudited H1 2017 £'000	Unaudited H1 2016 £'000
Profit for the financial period		30,740	29,871
Other comprehensive income/(expense):			
Items that will not be reclassified to the profit or loss			
Re-measurement of post-employment benefit assets and obligations		54,742	(39,265)
Re-measurement of post-employment benefits – removal of surplus restriction		14,223	8,192
Related tax movements		(12,860)	6,199
		56,105	(24,874)
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		(4,527)	8,162
Other comprehensive income for the period net of tax		**51,578**	**(16,712)**
Total comprehensive income for the period, net of tax		**82,318**	**13,159**
Profit attributable to:			
Owners of the parent		82,318	13,159

Non-GAAP measure
Reconciliation of Adjusted EBITDA to Operating profit for the financial period:

	Notes	Unaudited H1 2017 £000	Unaudited H1 2016 £000
Adjusted EBITDA		**59,690**	**55,603**
Add back exceptional items	5	1,968	(292)
Less depreciation and amortisation		(13,020)	(12,727)
Operating profit		**48,638**	**42,584**

Condensed consolidated balance sheet

	Notes	Unaudited 30 June 2017 £'000	Audited 31 December 2016 £'000
Assets			
Non-current assets			
Intangible assets		119,586	123,286
Property, plant and equipment		393,061	392,303
Post-employment benefit asset	12	43,637	-
		556,284	515,589
Current assets			
Inventories		90,495	88,757
Trade and other receivables		77,111	52,148
Deferred tax		1,353	1,560
Cash and cash equivalents		18,515	45,829
		187,474	188,294
Assets held for sale		2,353	1,203
Total assets		**746,111**	**705,086**
Current liabilities			
Trade and other payables		(77,727)	(80,220)
Borrowings	10	(578)	(13,044)
Current tax payable		(5,950)	(7,098)
Provisions		(590)	(462)
		(84,845)	(100,824)
Net current assets		**104,982**	**88,673**
Total assets less current liabilities		**661,266**	**604,262**
Non-current liabilities			
Borrowings	10	(177,857)	(165,556)
Post-employment benefit obligations	12	(9,196)	(38,074)
Deferred tax liabilities		(70,859)	(57,005)
Provisions		(12,304)	(14,170)
		(270,216)	**(274,805)**
Net assets		**391,050**	**329,457**
Equity			
Share capital		4,064	4,063
Retained earnings		744,589	677,361
Merger reserve		(369,119)	(369,119)
Other reserves		-	1,109
Currency translation reserve		11,516	16,043
Total equity		**391,050**	**329,457**

Condensed consolidated statement of changes in equity (unaudited) for six months ended 30 June 2017

	Share capital £'000	Retained earnings £'000	Merger reserve £'000	Other reserves £'000	Currency translation reserve £'000	Total equity attributable to owners £'000
Balance at 1 January 2017	**4,063**	**677,361**	**(369,119)**	**1,109**	**16,043**	**329,457**
Profit for the period	-	30,740	-	-	-	**30,740**
Other comprehensive income	-	56,105	-	-	(4,527)	**51,578**
Total comprehensive income for the period	**-**	**86,845**	**-**	**-**	**(4,527)**	**82,318**
Transactions with owners:						
Release of contingent consideration provision	-	1,109	-	(1,109)	-	**-**
Share based payments	-	733	-	-	-	**733**
Deferred tax on share based payment	-	74	-	-	-	**74**
Equity dividend paid	-	(21,532)	-	-	-	**(21,532)**
Issue of share capital	1	(1)				**-**
Balance at 30 June 2017	**4,064**	**744,589**	**(369,119)**	**-**	**11,516**	**391,050**

Condensed consolidated statement of changes in equity (unaudited) for six months ended 30 June 2016

	Share capital £'000	Retained earnings £'000	Merger reserve £'000	Other reserves £'000	Currency translation reserve £'000	Total equity attributable to owners £'000
Balance at 1 January 2016	**4,055**	**671,759**	**(369,119)**	**1,109**	**1,097**	**308,901**
Profit for the period	-	29,871	-	-	-	**29,871**
Other comprehensive income	-	(24,874)	-	-	8,162	**(16,712)**
Total comprehensive income for the period	**-**	**4,997**	**-**	**-**	**8,162**	**13,159**
Transactions with owners:						
Issue of share capital	6	(6)	-	-	-	**-**
Share based payments	-	704	-	-	-	**704**
Deferred tax on share based payment	-	14	-	-	-	**14**
Equity dividend paid	-	(17,869)	-	-	-	**(17,869)**
Balance at 30 June 2016	**4,061**	**659,599**	**(369,119)**	**1,109**	**9,259**	**304,909**

Condensed consolidated cash flow statement

	Note	Unaudited H1 2017 £000	Unaudited H1 2016 £'000
Cash flow from operating activities			
Cash generated from operations	9	**28,663**	**35,996**
Interest paid		(1,975)	(3,072)
Tax paid		(7,490)	(263)
Net cash inflow from operating activities		**19,198**	**32,661**
Cash flows from investing activities			
Purchase of property, plant and equipment		(16,950)	(32,446)
Proceeds from sale of property plant and equipment		-	64
Interest received		2	5
Net cash (outflow) from investing activities		**(16,948)**	**(32,377)**
Cash flows from financing activities			
Dividends paid		(21,532)	(17,869)
Drawdown of borrowings		180,000	-
Repayment of borrowings		(185,000)	(7,500)
Debt issue costs		(2,408)	-
Net cash outflow from financing activities		**(28,940)**	**(25,369)**
Net decrease in cash and cash equivalents		**(26,690)**	**(25,085)**
Cash and cash equivalents at beginning of the period		45,829	51,024
Exchange (losses)/ gains on cash and cash equivalents		(624)	1,014
Cash and cash equivalents at end of period		**18,515**	**26,953**

1. Authorisation of financial statements

Ibstock plc ('Ibstock' or the 'Group') is a manufacturer of clay bricks and concrete products with operations in the United Kingdom and the United States. Ibstock plc is a public company limited by shares, which is incorporated and domiciled in England whose shares are publicly traded. The registered office is Leicester Road, Ibstock, Leicestershire, LE67 6HS and the company registration number is 09760850.

The interim condensed consolidated financial statements of Ibstock plc for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 9 August 2017.

Publication of non-statutory accounts

The financial information contained in the interim statement does not constitute the Group's statutory accounts as defined in section 435 of the Companies Act 2006. The comparative figures for the financial period ended 31 December 2016, which have been extracted from the statutory accounts for that period, are not the company's statutory accounts for that financial period. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 7 March 2017. Those accounts have been reported on by the company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union ('EU').

They do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual report and account as at 31 December 2016 which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU.

All accounting policies applied by the Group, and the critical accounting estimates and judgements within the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations as of 1 January 2017, which did not have any impact on the accounting policies, financial position or performance of the Group. In applying IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' in the six months ended 30 June 2017 the Group has ceased to recognise an additional liability in respect of the minimum funding obligation following the receipt of legal advice regarding the Group's ability to access a surplus in the pension scheme in the future. This change has resulted in a credit to the Statement of Other Comprehensive Income of £14,223,000 in the current period. Prior period amounts have not been restated on the grounds of materiality and the effect in future periods is not disclosed because estimating it is impracticable.

IFRS 16 - In January 2016 the IASB issued IFRS 16 on accounting for leases which is yet to be endorsed by the European Union. This standard will have a material effect on the Group because of the operating leases it has entered into. The Group is in the process of determining the effect of the standard.

Going concern

The Group has maintained its positive cash position in the period. In order to ensure that the Group can maintain its strong liquidity, it has a £250 million committed revolving credit facility. The Group's forecast and projections, which allow for reasonably possible variations show that the Group will continue to maintain its strong liquidity position, and therefore the Directors' view that the Group has sufficient funds available to meet its foreseeable requirements. Additionally, the Group has significant headroom on each of its covenant requirements. The Directors have concluded therefore that the going concern basis remains appropriate.

3. Alternative Performance Measures

Alternative Performance Measures (APMs) are disclosed within the financial statements where management believes it is necessary to do so to provide further understanding of the financial performance of the Group. Management uses APMs in its own assessment of the Group's performance. It is not intended that APMs are a substitute for, or superior to, statutory measurements. None of the APMs are outlined within IFRS and they may not be comparable with similarly titled APMs used by other companies.

Exceptional items

The Group presents items as exceptional on the face of the income statement, those items of income and expense which, because of the material, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better elements of financial performance in the period, so as to facilitate comparison with future periods and to assess trends in financial performance. Details of all exceptional items are disclosed in Note 5.

Profit before tax pre-exceptional

Profit before tax pre-exceptional presents the profit before taxation excluding exceptional items (as described, above, and set out in Note 5). Movement in this measure is quoted in constant currency terms (as defined, below).

Adjusted EBITDA

Adjusted EBITDA is the earnings before interest, taxation, depreciation and amortisation adjusted for exceptional items. A full reconciliation is included at the foot of the Group's condensed consolidated statement of comprehensive income within the financial statements.

Adjusted EPS

Adjusted EPS is the basic earnings per share adjusted for exceptional items, amortisation and depreciation on fair value uplifted assets and non-cash interest net of tax (at the Group's effective tax rate). A full reconciliation is provided in Note 7.

Net debt

Net debt is defined as the sum of cash and total borrowings at the balance sheet date. Net debt to EBITDA is the ratio of net debt to Adjusted EBITDA (as defined above). A full reconciliation is provided in Note 10.

Return on capital employed

Return on capital employed is defined as the last twelve months' adjusted EBITDA (as defined above) adding back amortisation and depreciation prior to fair value uplift, as a proportion of capital employed (defined as net debt plus equity excluding pension deficit). Last 12 month figures are derived from the sum of the current half year and prior full year, less the prior half year figures.

A calculation of return on capital employed is set out below:

	1H 2017	+	FY 2017	-	H1 2016	=	Last 12 months	
Adjusted EBITDA	59,690	+	111,633	-	55,603	=	**115,720**	
Less Depreciation	(9,760)	+	(19,356)	-	(9,424)	=	**(19,692)**	
Add back Fair value uplift depreciation	1,518	+	2,899	-	1,200	=	**3,217**	
								99,245 (A)
Net debt (Note 10)							**159,920**	
Equity (Balance Sheet)							**391,050**	
Pension (Note 12)							**(34,441)**	
								516,529 (B)
ROCE (A/B)								**19.2%**

Cash conversion

Cash conversion is the ratio of Adjusted EBITDA after movements in working capital less maintenance capital expenditure and share based payments, to Adjusted EBITDA. The calculation of the cash conversion ratio is set out within Table 1 of the Chief Financial Officers' report.

Constant currency

Constant currency measures are used in management's description of performance within the Chief Executive Officer's review and Chief Financial Officer's report. Where used, constant currency figures translate all amounts for our US segment using the US dollar exchange rate for the six month period ended 30 June 2016 (£1:$1.4178).

4. SEGMENT REPORTING

The management team considers the reportable segments to be the UK and the US. The key Group performance measure is adjusted EBITDA, as detailed below, which is profit before net finance cost, tax, depreciation and amortisation and exceptional items. Transactions between segments are carried out at arm's length. The below tables present revenue and adjusted EBITDA for the Group's operating segments for the six months ended 30 June 2017 and 2016, respectively.

Six months ended 30 June 2017 (unaudited)

	UK	US	Unallocated	Total
	£'000	£'000	£'000	£'000
Clay revenue	135,902	42,380	-	**178,282**
Concrete revenue	49,978	-	-	**49,978**
Total revenue from external customers	**185,880**	**42,380**	**-**	**228,260**
Adjusted EBITDA	**56,821**	**4,867**	**(1,998)**	**59,690**
Exceptional administrative items	1,968	-	-	**1,968**
Depreciation and amortisation pre fair value uplift	(6,106)	(2,136)	-	**(8,242)**
Incremental depreciation and amortisation following fair value uplift	(4,313)	(465)	-	**(4,778)**
Net finance costs	(9,288)	(454)	-	**(9,742)**
Profit/(loss) before tax	**39,082**	**1,812**	**(1,998)**	**38,896**

Six months ended 30 June 2016 (unaudited)

	UK	US	Unallocated	Total
	£'000	£'000	£'000	£'000
Clay revenue	125,374	38,028	-	**163,402**
Concrete revenue	46,635	-	-	**46,635**
Total revenue from external customers	**172,009**	**38,028**	**-**	**210,037**
Adjusted EBITDA	**53,058**	**4,427**	**(1,882)**	**55,603**

Exceptional administrative items	(350)	58	-	**(292)**
Depreciation and amortisation pre fair value uplift	(6,308)	(1,916)	-	**(8,224)**
Incremental depreciation and amortisation following fair value uplift	(4,390)	(113)	-	**(4,503)**
Net finance costs	(2,849)	(1,875)	-	**(4,724)**
Profit/(loss) before tax	**39,161**	**581**	**(1,882)**	**37,860**

The unallocated segment balance include the fair value of share based payments and associated taxes of (£0.9 million), plc Board costs (£0.7 million), legal expenses associated with the listed business (£0.3 million).

Seasonality

The Group's trading operations when assessed on a half yearly basis are mainly unaffected by seasonal factors. In the year ended 2016, the period to 30 June accounted for 48.3% of the Group's annual revenue and 49.8% of the Group's annual adjusted EBITDA.

5. EXCEPTIONAL ITEMS

	Unaudited H1 2017	Unaudited H1 2016
	£'000	£'000
Exceptional costs of sales	**-**	**(353)**
Exceptional administrative items:		
Pension closure costs	(111)	-
Release of provision for contingent consideration	2,079	-
Total exceptional administrative items	**1,968**	**-**
Profit on disposal of property, plant and equipment	-	61
	1,968	**(292)**
Exceptional finance income	-	522
Exceptional finance costs	(6,386)	-
Total exceptional items	**(4,418)**	**230**

Period ended 30 June 2017

Included within the current period are the following exceptional items:

Exceptional administration expenses

Pension closure costs which arose in the period ended 30 June 2017 represent residual professional advisor fees associated with the closure of the Group's UK defined benefit pension scheme, which took place in the year ending 31 December 2016.

The release of a provision for contingent consideration of £2,079,000 arose in the period following the disposal of all interests in the Group by Bain Capital LLC (see Note 14).

Exceptional finance costs

Exceptional finance costs arising in the current period resulted from the refinancing of the Group's loan in March 2017, representing £3.3 million of accelerated loan deal fees and £3.1 million of interest charges as a result of the effective interest method of accounting. Further detail of the Group's refinancing is provided in Note 10.

Period ended 30 June 2016

Included within the prior period are the following exceptional items:

Exceptional costs of sales

Exceptional costs of sales in the prior period of £353,000 represent redundancy costs associated with restructuring the Group's operations in Ravenhead. Similar activities resulting in these costs are only expected to arise infrequently.

Exceptional finance income

Exceptional finance income in the prior period resulted from gains made on foreign currency contracts around the date of the UK's EU Referendum. Similar gains are not expected to recur.

Tax on exceptional items

The release of contingent consideration of £2,079,000 is non-taxable whilst the pension closure costs of £111,000 and exceptional finance costs of £6,386,000 are tax deductible in the current period.

In the period ended 30 June 2016, the redundancy costs of £353,000 are tax deductible and finance income of £522,000 is taxable whilst the £61,000 accounting profit on disposal of property, plant and equipment is non-taxable.

6. TAXATION

The taxation expense for the interim period is an estimate based on the expected full year effective tax rate on full year profits.

7. EARNINGS PER SHARE

The basic earnings per share figures are calculated by dividing profit for the period attributable to the parent shareholders by the weighted average number of ordinary shares in issue during the period.

The diluted earnings per share figures allow for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. Where the average share price for the period is lower than the option price the options become anti-dilutive and are excluded from the calculation.

The number of shares used for the earnings per share calculation are as follows:

	Unaudited H1 2017	Unaudited H1 2016
	(000s)	(000s)
Basic weighted average number of shares	406,321	405,909
Effect of share incentive awards and options	1,848	367
Diluted weighted average number of shares	408,169	406,276

The calculation of adjusted earnings per share is key measurement of management that is not defined by IFRS. The adjusted EPS measures should not be viewed in isolation, but rather treated as supplementary information.

Adjusted earnings per share figures are calculated as the basic earnings per share adjusted for exceptional items, amortisation and depreciation on fair value uplifted assets and non-cash interest expenses. All adjustments are made net of the associated taxation impact at the Group's Effective Tax Rate. Management revised its method of calculation of Adjusted EPS in the year ending 31 December 2016 subsequent to the reporting of the interim results in order to incorporate non-cash interest and the related taxation charge/credit. Additionally, the calculation reflects the Group's effective tax rate in assessing the impact of adjusting items, which differs from the calculation in the prior interim period. The Adjusted EPS calculation for the six month period ended 30 June 2016 has not been restated on the grounds of materiality.

A reconciliation of the statutory profit to that used in the adjusted earnings per share calculations is as follows:

	Notes	Unaudited H1 2017 £000	Unaudited H1 2016 £000
Profit for the period attributable to the parent shareholders		**30,740**	**29,871**
Add back exceptional items	5	4,418	(230)

Add back tax (credit)/expense on exceptional items	(926)	34
Add fair value adjustments	4,778	4,503
Less tax credit on fair value adjustments	(1,002)	(921)
Add back non-cash interest	734	-
Less back tax credit on non-cash interest	(154)	-
Adjusted profit for the period attributable to the parent shareholders	**38,588**	**33,257**

	Unaudited H1 2017 Pence	Unaudited H1 2016 pence
Basic EPS on profit for the period	7.6	7.4
Diluted EPS on profit for the period	7.5	7.4
Adjusted basic EPS on profit for the period	9.5	8.2

8. PROPERTY, PLANT AND EQUIPMENT AND RELATED COMMITMENTS

During the six months ended 30 June 2017, the Group acquired assets with a cost of £16,950,000 (the six months ended 30 June 2016: £32,446,000). Capital expenditure commitments for which no provision has been made are set out in the table below:

	30 June 2017 (£'000)	31 December 2016 (£'000)
Property, plant and equipment	19,450	26,799

9. NOTES TO THE GROUP CASH FLOW STATEMENT

	Unaudited H1 2017	Unaudited H1 2016
Cash flows from operating activities	£'000	£'000
Profit before taxation	38,896	37,860
Adjustments for:		
Depreciation of property, plant and equipment	9,760	9,424
Amortisation of intangible assets	3,260	3,303
Exceptional finance income	-	(522)
Finance costs	9,742	5,246
Gain on disposal of property, plant and equipment	-	(61)
Share based payment	733	704
Deferred income	(159)	2
Post-employment benefits	(3,531)	(2,048)
	58,701	**53,908**
Increase in inventory	(2,890)	(7,844)
Increase in debtors	(26,215)	(17,327)
Increase in creditors	722	7,898
Decrease in provisions	(1,655)	(639)
Cash generated from operations	**28,663**	**35,996**

10. MOVEMENTS IN CASH AND NET DEBT

The Group refinanced it debt facilities in March 2017, agreeing a five-year £250 million Revolving Credit Facility (RCF). The RCF attracts interest at LIBOR plus a margin ranging from 100-225bps depending upon the ratio of net debt to adjusted EBITDA (see Note 3 for definitions) and initially set at 125bps.

The new facility contains debt covenant requirements of leverage (net debt to adjusted EBITDA) and interest cover (adjusted EBITDA to net finance charge) of 3x and 4x, respectively, to be tested semi-annually on 30 June and 31 December.

	30 June 2017 £'000	31 December 2016 £'000
Cash and cash equivalents	**18,515**	**45,829**
Current		
Revolving credit facility	(578)	-
Bank borrowings	-	(13,044)
Non-current		
Revolving credit facility	(177,857)	-
Bank borrowings	-	(165,556)
	(177,857)	(165,556)
Total borrowings	**(178,435)**	**(178,600)**
Net debt	**(159,920)**	**(132,771)**

11. FINANCIAL INSTRUMENTS

IFRS 13 requires that the classification of financial instruments measured at fair value be determined by references to the source of inputs used to derive the fair value. The classification uses the following three-level hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Other techniques for which all inputs, which have a significant effect on the recorded fair value, are observable, either directly or indirectly.

Level 3 – Techniques which use inputs, which have a significant effect on the recorded fair value, that are not based on observable market data.

Associated with the business combination which took place in February 2015, half of any tax relief, over a contracted amount, received by the acquired business as a result of the one-off pension payment, shall be payable to the seller. At 31 December 2016, management estimated the fair value of the future obligation of contingent consideration at £4,000,000, with a range being nil to £4,000,000.

In the six month period ended 30 June 2016, management has released £2,079,000 in relation to this contingent consideration following the disposal of remaining shares in Ibstock plc by the Bain Capital Partners LLC, as disclosed in Note 14. This amount has been disclosed as an exceptional item (see Note 5).

There were no transfers between levels during any period disclosed.

At 30 June 2017 and 31 December 2016, the Group held no significant derivative financial instruments.

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Group's financial statements is not materially different from their carrying amount.

12. POST EMPLOYMENT BENEFITS

The Group participates in the Ibstock Pension Scheme (the 'Scheme'), a defined benefit pension scheme in the UK. During the six month period to 30 June 2017, the Scheme has moved from a deficit of £28,685,000 to a surplus of £43,637,000. Analysis of movements during the six month period ended 30 June 2017:

	£'000
UK Scheme deficit at 31 December 2016	**(28,685)**
Charge within labour costs and operating profit	(962)
Interest income	(174)
Remeasurement due to:	
Change in financial assumptions	(12,562)
Change in demographic assumptions	14,194
Experience gains	23,652
Return on plan assets	29,458

Pension scheme surplus restriction recognised in the statement of comprehensive income	14,223
Contributions	4,493
UK Scheme surplus at 30 June 2017	**43,637**
US scheme obligation at 30 June 2017	**(9,196)**
	34,441

The improvement in the underlying balance sheet position over the period is primarily due to a combination of actuarial gains due to a change in assumptions, actual inflation being lower than assumed and strong investment returns. A change in the restrictions applied under IFRIC14 as described in Note 2 has further improved the balance sheet position.

The financial assumptions used by the actuary have been derived using a methodology consistent with the approach used to prepare the accounting disclosures at 31 December 2016. The assumptions have been updated based on market conditions at 30 June 2017:

Assumption	**30 June 2017**	31 December 2016
Discount rate	**2.65%**	2.80%
RPI inflation	**3.30%**	3.35%
CPI inflation	**2.30%**	2.35%

The Group also participates in two multi-employer defined benefit pension schemes in the US. The liability recognised in respect of these schemes at 30 June 2017 of £9,196,000 (31 December 2016: £9,389,000), which other than adjustment for exchange rate and discount rate movements in the period, remains largely unchanged since the prior period end.

13. SHARE BASED PAYMENTS

In March 2017, 731,007 and 484,570 share options were granted to senior executives under the LTIP and Company's Share Option Plan (CSOP), respectively. The exercise price of the CSOP is 211.8 pence being equal to the market price of shares on the date of grant. The LTIP, which has a nil exercise price, contains Total Shareholder Return (TSR) and EPS performance conditions. There are no performance conditions associated with the CSOP. Both plans contain a three year service period. The fair value at the grant date is estimated using a binomial pricing model, taking into account the terms and condition upon which the options were granted.

In addition, 83,017 shares were awarded under the Annual Deferred Bonus Plan (ADBP) in relation to the bonus achieved in the year ending 31 December 2016. There are no performance conditions associated with the ADBP, which contains a three year service period.

The fair value of options granted during the six months ended 30 June 2017 was estimated on the date of grant using the following assumptions:

	LTIP	**CSOP**	**ADBP**
Dividend yield (%)	N/A	4.13	N/A
Expected volatility (%)	31.36	32.9	N/A
Risk-free interest rate (%)	0.18	0.69	N/A
Expected life of the share options (years)	3.0	6.5	3.0
Weighted average fair value at grant(£)	1.67	0.46	2.10

For the six months ended 30 June 2017, the Group has recognised £733,000 of share-based payments expense in the condensed consolidated income statement (30 June 2016: £704,000).

14. RELATED PARTY TRANSACTIONS

In the six month period ended 30 June 2017

On 9 March 2017, Diamond (BC) S.a.r.l (a wholly owned subsidiary of Bain Capital Partners LLC) announced the proposed placing of approximately 40,600,000 ordinary shares in the capital of Ibstock plc. On 10 March 2017, the Company announced that 48,600,000 ordinary shares were sold due to strong investor demand. Following the sale, Bain Capital Partners LLC held ordinary shares representing approximately 25.0% of the entire issued share capital. On 25 April 2017, Diamond (BC) S.a.r.l announced the proposed placing of approximately 50,000,000 ordinary shares in the capital of Ibstock plc. On 26 April 2017, the Company announced that 101,600,000 ordinary shares were sold due to strong investor demand. Following the sale, Bain Capital Partners LLC ceased to hold any ordinary shares in Ibstock plc. As at 30 June 2017, the board of directors of the company, consider, based on the facts and circumstances, that Bain Capital Partners LLC no longer continues to have significant influence over the Group.

In the six month period ended 30 June 2016

At 30 June 2016, Diamond (BC) S.a.r.l held 46.96% of the issued share capital of Ibstock plc. At that date, the board of directors of the Company consider, based on the facts and circumstances, that Diamond (BC) S.a.r.l. had significant influence over, but did not control, the Group.

Key management personnel and their connected persons received equity dividends totalling £1,245,000 in the period to 30 June 2016 and were granted options over 596,209 shares under the Ibstock plc Long Term Incentive Plan (LTIP).

Further details of related party transactions arising in the year ended 31 December 2016 are set out in Note 31 of the 2016 Annual Report & Accounts.

There are no balances with Bain Capital Partners LLC at the current or prior period end date.

15. DIVIDENDS PAID AND PROPOSED

A final dividend for 2016 of 5.3 pence per ordinary share (2015: 4.4 pence) was paid on 9 June 2017. The Directors have declared an interim dividend of 2.6 pence per ordinary share in respect of 2017 (2016: 2.4 pence), amounting to a dividend of £10,566,000 (2016: £9,746,000 million). The interim dividend will be paid on Friday 22 September 2017 to all shareholders on the register at close of business on Friday 18 August 2017. These condensed consolidated financial statements do not reflect this interim dividend payable.

16. POST BALANCE SHEET EVENTS

Other than the interim dividend of 2.6 pence per ordinary share declared by the Directors (see Note 15), since the balance sheet date no further subsequent events requiring further disclosure or adjustments to these financial statements have been identified.

Ibstock PLC - interim results

Released 10 August 2017

INDEPENDENT REVIEW REPORT TO IBSTOCK PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 16. We have read the other information contained in the half-yearly financial 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 financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial 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 financial 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 financial 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 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 financial report for the six months ended 30 June 2017 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

Statutory Auditor

Birmingham, United Kingdom

9 August 2017