GALLIFORD TRY PLC - HALF YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016
STRENGTHENING OUR FOUNDATIONS TO SUPPORT STRATEGY FOR GROWTH; NEW TARGETS TO 2021

Financial	**H1 2017**	**H1 2016**	**Change**
Revenue [1]	**£1,308m**	**£1,265m**	+ 3%
Group revenue [1]	**£1,235m**	**£1,182m**	+ 4%
Profit before tax	**£63.0m**	**£52.9m**	+ 19%
Earnings per share	**61.9p**	**52.2p**	+ 19%
Dividend per share	**32.0p**	**26.0p**	+ 23%
Net debt	**£113.8m**	**£95.7m**	- £18m
Group return on net assets [2]	**24.9%**	**23.1%**	+ 1.8%ppts

Group

- Strong first half performance with profit before tax up 19% to £63.0 million, EPS up 19% to 61.9p and interim dividend up 23% to 32.0p reflecting confidence in the full year outlook.
- Net debt of £113.8 million (H1 2016: £95.7 million), in line with expectation.
- Balance sheet further strengthened with £450 million bank facility extended to 2022 on same terms; debt private placement of £100 million 10 year fixed-rate notes, adding flexibility and diversity of lenders.
- Strategy to 2021 targeting sustainable growth and strong returns across all three businesses. Targets include 60% growth in profit before tax to FY 2021, a five year CAGR[3] on dividend of at least 5% and a return on net assets[2] in FY 2021 of at least 25%.

Linden Homes

- Continued significant progress with operating margin rising to 18.2% (H1 2016: 17.0%).
- Revenue up 12% to £407.6 million (H1 2016: £362.7 million) from 1,491 unit completions, 1,319 units net of joint venture partner share (H1 2016: 1,357 and 1,171 respectively).
- Total sales currently reserved, contracted and completed increased by 8% to £857 million (H1 2016: £793 million).
- 2021 financial targets include 4,750 – 5,000 units per annum, revenue of £1.25 billion - £1.35 billion and operating margin of 19% - 20%.

Partnerships and Regeneration

- Operating margin of 3.4% (H1 2016: 3.0%), driven by planned increase in proportion of higher margin mixed tenure revenue.
- Total revenue of £144.3 million (H1 2016: £150.2 million) reflecting expected lower contracting revenue in the first half, partially offset by higher revenue from mixed tenure sales. Full year growth expectations unchanged.
- 16% increase in total sales currently reserved, contracted and completed at £92 million (H1 2016: £79 million) with contracting order book up 6% at £925 million (H1 2016: £875 million).
- 2021 financial targets include 4,200 units (contracting and mixed tenure) per annum, revenue of £650 million and operating margin of 6% - 7%.

Construction

- Revenue of £742.0 million (H1 2016: £738.6 million), with cash balance of £110.8 million (H1 2016: £154.7 million) reflecting delayed cash flows on some legacy projects.
- Operating margin at 0.4% (H1 2016: 1.2%) continues to be constrained by the resolution of legacy contracts; margins on new projects support improving divisional returns in future years.
- Order book solid at £3.4 billion (H1 2016: £3.7 billion), as the business continues its disciplined approach to contract selection.
- 2021 financial targets include revenue of £1.8 billion, operating margin of at least 2% and net cash of £200 million.

Peter Truscott, Chief Executive, commented:

"The Group delivered another strong performance in the first half. Our reorganised management teams have settled well and are making positive strides towards their respective operating and financial targets.

We continue to see robust demand and pricing in residential markets, for both Linden Homes and Partnerships and Regeneration, driving good rates of sale, and the land market remains benign in all regions. Linden Homes continues to achieve margin improvement, including much improved overhead efficiency. Partnerships achieved a higher proportion of mixed tenure development revenue, resulting also in first-half margin growth. Construction is making steady progress in resolving legacy contracts, and the contribution from newer work is encouraging, demonstrating that the underlying business is strong.

Whilst we remain alert to potential uncertainties in the wider economy, we continue to see opportunity in all of our markets. We enter the new calendar year with strong order books: both Linden Homes and Partnerships are at record levels, and whilst Construction is lower than the prior year, it remains both at a very comfortable level and, more importantly, of high quality. Our improved debt facilities have further strengthened the balance sheet, providing financial flexibility to underpin our strategy for growth.

I am pleased that we are able to announce an interim dividend of 32 pence per share, in line with our sustainable and progressive policy.

When I joined Galliford Try in October 2015 I inherited three strong businesses with talented employees, excellent market reputations, and great potential. Over the last 16 months we have focused on enhancing the strengths of each business, to build a solid platform for further disciplined and profitable expansion. I am encouraged by the opportunities for improvement and growth in all three businesses, and we will share further detail on our strategy and targets in our presentation later this morning."

This announcement contains inside information.

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Galliford Try will hold its half year results presentation for analysts and institutional investors at 09:30 am on Tuesday 21 February 2017 at Berry Bros. & Rudd, 2 St James's Street, London, SW1A 1EG. An audio webcast will be available at www.gallifordtry.co.uk/investors with a recording available later. Recorded interviews with Peter Truscott and Graham Prothero on the results will be available at www.gallifordtry.co.uk.

The results presentation will be followed by a strategy presentation commencing at 11:00 am.

[1] 'Revenue' includes share of joint ventures' revenue of £72.3 million (H1 2016: £82.6 million). 'Group revenue', where stated, excludes share of joint ventures.

[2] Group return on net assets represents annualised profit before tax, exceptional items, finance costs and amortisation divided by average net assets.

[3] Compound annual growth rate ("CAGR")

CURRENT TRADING AND OUTLOOK

We continue to monitor market conditions and consumer confidence closely, and are mindful of the uncertainty in the economic environment. However, as emphasised by the Housing White Paper, the government remains committed to increasing housing supply, which is positive for both Linden Homes and Partnerships and Regeneration. The market continues to enjoy good mortgage availability, along with low interest rates and the stimulus of Help-to-Buy.

Linden Homes has entered the second half with a strong forward order book, with total sales currently reserved, contracted and completed increased by 8% to £857 million (H1 2016: £793 million). Following the strong first half operating margin performance, we expect to see a full-year improvement in operating margin against FY 2016. The land market remains benign for all our regions, and we continue to pursue opportunities to acquire prime sites in good locations at attractive hurdle rates, while remaining disciplined in our expansion.

The Housing White Paper reaffirmed the significant opportunity we see for our Partnerships and Regeneration business, underlining that affordable housing remains high on the political agenda. Over the remainder of FY 2017 we expect the business to deliver revenue growth as we benefit from our geographic expansion and further margin improvement from a higher proportion of mixed-tenure revenue. Our full year growth expectations remain unchanged.

Construction remains focused on risk management and the quality of its order book. Full year revenue is expected to be broadly in line with FY 2016, underpinned by secured turnover of 94% for the current financial year and 62% for the next financial year (H1 2016: 99% and 71% respectively). We anticipate that the second half margin will continue to show the drag from legacy contracts, but are very encouraged by the performance of the newer work, which supports our target margins, and should begin to improve reported results from FY 2018.

INTERIM DIVIDEND

Reflecting the Group's strong performance during the half year to 31 December 2016 the directors have declared an interim dividend of 32.0 pence per share (H1 2016: 26.0 pence) which will be paid on 6 April 2017 to shareholders on the register at close of business on 24 March 2017. The Group retains its target of 1.6 times cover for FY 2017.

STRATEGY TO 2021

The Group enters the next phase of its strategy with three strong businesses, led by experienced management teams. The resilience of our business model has been proven through the economic cycle, with the Group benefitting from the complementary cash flow profiles of its businesses and their different market risks. All three businesses have clearly defined plans to improve operating efficiency and grow both margins and revenues, providing the Group with confidence in its ability to deliver further growth, even against a backdrop of low growth in the wider economy.

Over the next four years to 2021, our focus is on continuing to deliver sustainable growth and strong returns to shareholders. Our plans are founded on three strategic pillars:

1. **Operate sustainably:** Each business has set out three strategic priorities to deliver growth towards its medium-term financial targets in 2021. Underpinning these priorities is the Group's recognition that longer-term value creation must balance financial performance with its obligations to all stakeholders, including clients, customers, employees and the communities and environment in which we operate.
2. **Drive operating efficiencies:** Across the Group there is an ongoing focus on streamlining and simplifying our operations to drive margin growth and enable us to respond faster to changing market conditions.
3. **Maintain capital discipline:** The Group is well financed having further strengthened the balance sheet to enhance resilience and flexibility. We will remain prudent in our approach to capital management, and our target period-end gearing level remains below 30%. We intend to continue to pay strong dividends, whilst maintaining an appropriate reinvestment in the growth of the business.

Summary Financial Targets to 2021

Our targets include 60% growth in profit before tax to FY 2021, a five year CAGR on dividend of at least 5% and a return on net assets in FY 2021 of at least 25%, whilst rebuilding dividend cover to 2.0x. The specific strategic priorities and targets for each business, are summarised below, and will be presented by the respective management teams at our strategy presentation at 11.00 am today.

Linden Homes	**FY21**	FY16
Units (per annum)	**4,750 – 5,000**	3,078
Revenue	**£1.25bn - £1.35bn**	£0.8bn
Operating profit margin	**19% - 20%**	17.5%

Partnerships & Regeneration	**FY21**	FY16
Units (per annum)	**4,200**	2,126
Revenue	**£650m**	£301m
Operating profit margin	**6%-7%**	3.9%

Construction	**FY21**	FY16
Revenue	**£1.8bn**	£1.5bn
Operating profit margin	**>2.0%**	1.1%
Cash	**£200m**	£161m

FINANCIAL REVIEW

Group revenue for the half year to 31 December 2016 was up 4% at £1,235 million (H1 2016: £1,182 million). Revenue (including share of joint ventures) was up 3% to £1,308 million (H1 2016: £1,265 million).

The Group achieved a profit from operations (stated before finance costs, amortisation, exceptional items, tax and share of joint ventures' interest and tax) of £74.7 million, up 13% against the same period last year. Profit before tax was up 19% at £63.0 million (H1 2016: £52.9 million). Earnings per share for the period was 61.9 pence (H1 2016: 52.2 pence).

The taxation expense of £12.0 million reflects an estimated effective rate of 19.0% (H1 2016: 19.0%) for the full financial year to 30 June 2017. We anticipate our effective tax rate will continue to be just below the headline rate of corporation tax for the foreseeable future.

We have extended our banking facility for a further two years (to February 2022), on the same terms, and with operating requirements improved to match our growth plans; we are delighted with the continuing support of our syndicate banks.

We also announce this morning the completion of a debt private placement of £100 million 10 year Sterling notes, at a fixed rate of 4.03%. The notes were issued in a bilateral deal with Pricoa in London, and we are pleased to open a new relationship with another strong lender, thereby diversifying our sources of funding and enhancing our flexibility and resilience.

The Group maintained its strong focus on cash management throughout the period. Net debt at 31 December 2016 was £113.8 million (H1 2016: £95.7 million), which represents gearing of 19.0%. Average debt over the six months to 31 December 2016 was in line with expectations at £231 million compared to £194 million in the equivalent period last year and £204 million in the full year to June 2016. We continue to benefit from deferred payments for land acquisition with land creditors reducing to £193.3 million (H1 2016 restated: £240.7 million). As previously announced, the Group revised its policy for recognising land acquisition in FY 2016 to bring the Group's approach in line with the peer group and therefore the prior year comparative has been restated accordingly.

Construction's cash balance of £110.8 million (H1 2016: £154.7 million) was lower than normal. This reflected the deferral of several contracts in the Building division (following the referendum), which will unwind as these projects get underway; also delayed receipts from some legacy projects, which caused the Group to finance a higher than planned level of working capital by circa £40 million, and which will continue for several months pending resolution. Cash in the underlying business remains strong, at £160 million, representing 11% of annualised turnover.

LINDEN HOMES

	H1 2017	H1 2016	**Change**
Revenue £m	**407.6**	362.7	+ 12%
Profit from operations £m	**74.3**	61.5	+ 21%
Operating profit margin %	**18.2**	17.0	+ 1.2% pts

Housing market conditions, both private and affordable, have remained robust in all our regions. Demand has continued at a healthy level, supported by good mortgage availability.

Revenue during the six months to 31 December 2016 increased to £407.6 million (H1 2016: £362.7 million). Within this total, affordable sales were £34 million (H1 2016: £23 million). Unit completions were 1,491, 1,319 net of joint venture partners' share (H1 2016: 1,357 and 1,171 respectively). The total includes 1,155 private and 336 affordable sales (H1 2016: 1,124 and 233 respectively).

Average selling price on private sales increased to £338,000 (H1 2016: £334,000). The average selling price for affordable sales was £114,000 (H1 2016: £110,000) leading to a combined average selling price of £287,000 (H1 2016: £295,000). Cancellation levels continue to remain around the long term average at 19% (H1 2016: 17%).

The average number of outlets during the period was 75, broadly in line with 76 in the six months to 31 December 2015, but having decreased marginally from 80 in the 12 months to 30 June 2016. During the six months to 31 December 2016 we achieved a rate of sale of 0.56 unit sales per outlet per week (H1 2016: 0.57). Since 1 January 2017 we have achieved a rate of sale of 0.70 unit sales per outlet per week.

Profit from operations was up 21% to £74.3 million over the same period last year. The business is making good progress on implementing initiatives to rationalise operating processes. Overheads reduced to 5.3% of revenue achieving an operating margin of 18.2% (H1 2016: 17.0%).

The business continues to generate recurring revenues and profits from land sales, mainly into co-funded (joint venture) projects. These profits represent the partner's contribution to the uplift in land value at the point of entry into the joint venture, with Linden Homes share of such uplift deferred until the units are sold. During the six months to 31 December 2016 we sold land totalling £10.3 million (H1 2016: £5.6 million). In response to perceived increased market risk following the referendum, we accelerated several joint venture sales which we had planned for the current year; hence the first half level was higher than we anticipate for the second half. The operating margin of 18.2% includes the effect of these land sales. Excluding profits from land sales, the operating margin in the period was 16.3% (H1 2016: 15.8%).

Sales reserved, exchanged or completed are currently at £857 million (H1 2016: £793 million) of which £699 million is for the current financial year representing 72% of projected sales for the year (H1 2016: £620 million, 71%).

Linden Homes has 97% of land secured for the financial year to 30 June 2018 and 74% secured for 2019 (H1 2016: 100% and 75% respectively). The Group's total landbank including Partnerships and Regeneration is currently 14,250 plots (H1 2016: 15,500). Strategic land totals 1,992 acres, from which we expect to generate around 11,400 plots. The land market remains benign.

PARTNERSHIPS AND REGENERATION

	H1 2017	H1 2016	Change
Revenue £m	**144.3**	150.2	- 4%
Profit from operations £m	**4.9**	4.5	+ 9%
Operating profit margin %	**3.4**	3.0	+ 0.4% pts

Revenue from mixed tenure development increased by 16% to £34.6 million (H1 2016: £29.7 million), while contracting revenue of £109.7 million was down 9% (H1 2016: £120.5 million), as some larger contracts concluded in the period. Overall revenue during the six months to 31 December 2016 decreased by 4% to £144.3 million (H1 2016: £150.2 million). Our full year growth expectations remain unchanged.

Demand for affordable homes outpaces supply and client sentiment for mixed tenure investment has strengthened, providing opportunities for both Partnerships and Regeneration and Linden Homes. The business secured an award of £18.8 million under the Home and Communities Agencies Affordable Homes Programme to deliver shared ownership homes and we have extended our joint venture activity with financially robust Registered Provider clients. Partnerships and Regeneration continued to strengthen its relationship with the ExtraCare Charitable Trust, agreeing two contracts, both worth £44 million, to build new retirement villages at Stoke Gifford, near Bristol and Wixams in Bedfordshire. During the period the Division also concluded a contract with the developer St Modwen to build a £21 million accommodation facility for personnel at the Royal Centre for Defence Medicine in Longbridge, Birmingham.

The geographical expansion of our Partnerships and Regeneration business continues with the new office in Bristol securing mixed tenure regeneration and contracting opportunities at good margins and our plans for new Southern and Midlands businesses are under way.

The contracting order book increased 6% to £925 million (H1 2016: £875 million) and mixed tenure sales currently reserved, exchanged or completed improved to £92 million (H1 2016: £79 million). Partnerships and Regeneration's landbank is 2,750 plots (H1 2016: 2,700).

CONSTRUCTION

	H1 2017	H1 2016	Change
Revenue £m	**742.0**	738.6	+ 0.4%
Profit from operations £m	**2.7**	8.5	- 68%
Operating profit margin %	**0.4**	1.2	- 0.8% pts

The construction market remains stable with a pipeline of opportunities in the public and regulated sectors. The infrastructure pipeline is encouraging but we remain cautious about the amount of time it takes to progress these projects. In Building, the number of opportunities from the public sector remains stable. Commercial projects suspended following the referendum have now been reactivated although for the medium term there remains a risk of weaker demand from private clients as businesses assess investments against the context of current macroeconomic uncertainty. Our strong focus on public and regulated sectors and framework opportunities is important in these conditions.

Construction delivered revenue of £742.0 million and margin of 0.4%. Cash balance held at 31 December 2016 was £110.8 million (H1 2016: £154.7 million), as set out in the Financial Review above. Order book is solid at £3.4 billion (H1 2016: £3.7 billion) comprising 14% in the regulated sector, 74% in public and 12% in the private sector. The Division has secured 94% of projected revenue for the current financial year and 62% for the next financial year (H1 2016: 99% and 71% respectively). In addition we have over £0.5 billion of future work at preferred bidder stage.

We continue to focus on robust project selection and risk management in the pre-construction phase targeting projects that have reasonable contract terms and risk profile. A selection of project wins in our Building and Infrastructure businesses in the period are summarised below.

Building

Building serves a range of clients across the whole of the UK including a substantial presence in Scotland. Profit from operations of £1.5 million was achieved on revenue of £492.2 million, representing a margin of 0.3% (H1 2016: £3.7 million, £517.8 million and 0.7% respectively). We are making good progress on completing historical contracts and are working through closing remaining final accounts. These projects, won in a more difficult economic climate, continue to constrain our result. Margins on new work are more robust, with cost estimates appropriately reflecting the inflationary effect of a weaker pound.

In the first six months of the current financial year Building won contracts worth over £250 million including the £72 million contract for the East Lothian Community Hospital in Haddington, Scotland, the £68 million Park View Student Village for Newcastle University, the £40 million 323-apartment private rental sector scheme for Dandara on the Arena Central site in Birmingham, and a £47 million contract to build the 50-60 Station Road commercial office space development in Cambridge on behalf of developer Brookgate. Building was also confirmed as one of six principal supply chain partners under the Department of Health's new ProCure 22 framework.

Building's order book is currently £2,418 million (H1 2016: £2,403 million).

Infrastructure

Infrastructure carries out civil engineering projects in highways, rail and aviation, environmental, water and waste, power and security markets. Profit from operations was £1.2 million on revenue of £249.8 million, representing a margin of 0.5% (H1 2016: £4.8 million on £220.8 million, representing a margin of 2.2%).

The Infrastructure market outlook remains positive across transport, energy and water with the business steadily increasing its portfolio of framework positions during the period. The business has a position in the Natural Resources Wales framework delivering coastal and river defence schemes (up to £45 million over four years), North Yorkshire County Council's carriageway planning and surfacing framework (up to £200 million over two years) and was confirmed as a Tier 1 alliance partner to Scottish Water responsible for delivering its Quality and Standards IV Capital Investment Programme for the regulatory period 2015-2021 (approximately £50 million in value). In addition, the business was appointed to Gatwick Airport's Capital Delivery Framework on three lots valued up to £300 million.

Infrastructure's order book currently stands at £992 million (H1 2016: £1,312 million).

PPP INVESTMENTS

PPP Investments specialises in delivering major building and infrastructure projects through public private partnerships. The business leads bid consortia and arranges finance, making equity investments and managing construction through to operations. Revenue was £12.8 million on which the loss from operations was £0.2 million (H1 2016: revenue £12.9 million and loss from operations £1.7 million).

PPP Investments continues to be active in Scotland on a wide variety of Hub projects. During the period we financially closed a number of schemes including East Lothian Community Hospital, West Calder High School and Inverurie and Foresterhills Health Centres. The business continues to monitor PF2 opportunities in England and we anticipate a programme of projects will be brought to market in the 2017 calendar year. We successfully handed over all schools in the PSBP North East project and are therefore well placed when pipeline announcements are made. In addition we have been working on a number of Student Residencies schemes and more general development opportunities which will generate pipeline for the Group's construction businesses.

HEALTH, SAFETY AND ENVIRONMENT

Health and safety remains of paramount importance and the Group is committed to achieving industry leading health, safety and environmental standards. Our systems are fully accredited to both BS 18001 and ISO 14001 and are subject to regular third party independent audits. Our bespoke and award-winning behavioural safety programme 'Challenging Beliefs, Affecting Behaviour' continues to be developed across the Group and its supply chain, with over 1,500 behavioural 'coaches' now trained. We continue to look at further ways to address the challenge of improving health and safety performance, and have this year, on the back of a record 906 Directors Safety Leadership tours, introduced a Health and Safety Leadership Guide to gain even further impact from this important aspect of our culture of care.

SUSTAINABILITY

Sustainability continues to underpin the Group's approach, with each Division committed to achieving stakeholder-aligned targets in relation to six fundamental areas – Health & Safety, Environment & Climate Change, Our People, Communities, Customers and Supply Chain. The Group retained membership of the FTSE4Good index, and outperformed the industry on the CDP carbon disclosure benchmark. Linden Homes achieved a Silver Award in both the NextGeneration Sustainability Benchmark and What House? Sustainable Developer of the Year category for a second year running. The recent relaunch of our Code of Conduct ('Doing the Right Thing') reinforces our values and expectations that all employees have a role to play in being a sustainable business.

BOARD

As previously announced, Peter Ventress was appointed Chairman and Terry Miller was appointed Senior Independent Director at the Annual General Meeting on 11 November 2016.

Condensed consolidated income statement
for the half year ended 31 December 2016 (unaudited)

	Notes	**Half year to 31 December 2016**	Half year to 31 December 2015	Year to 30 June 2016 (audited)
		Total	Total	Total
		£m	£m	£m
Group revenue	3	**1,235.3**	1,182.3	2,494.9
Cost of sales		**(1,101.1)**	(1,063.4)	(2,223.2)
Gross profit		**134.2**	118.9	271.7
Administrative expenses		**(70.6)**	(69.2)	(152.3)
Profit on disposal of property, plant and equipment		**-**	-	5.2
Share of post tax profits from joint ventures		**5.9**	9.9	19.2
Profit before finance costs		**69.5**	59.6	143.8
Profit from operations	3	**74.7**	65.9	157.5
Share of joint ventures' interest and tax		**(3.7)**	(4.2)	(9.4)
Amortisation of intangibles		**(1.5)**	(2.1)	(4.3)
Profit before finance costs		**69.5**	59.6	143.8
Finance income	4	**1.8**	1.7	7.6
Finance costs	4	**(8.3)**	(8.4)	(16.4)
Profit before income tax		**63.0**	52.9	135.0
Income tax expense	5	**(12.0)**	(10.1)	(26.1)
Profit for the period		**51.0**	42.8	108.9
Earnings per share				
- Basic	6	**61.9p**	52.2p	132.5p
- Diluted	6	**61.3p**	51.5p	131.3p

The notes are an integral part of the condensed consolidated half year financial statements.

Condensed consolidated statement of comprehensive income
for the half year ended 31 December 2016 (unaudited)

	Notes	**Half year to 31 December 2016**	Half year to 31 December 2015	Year to 30 June 2016 (audited)
		£m	£m	£m
Profit for the period		**51.0**	42.8	108.9
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Actuarial (losses)/gains recognised on retirement benefit obligations	14	**(9.7)**	3.0	(11.9)
Deferred tax on items recognised in equity that will not be reclassified		**1.7**	(1.2)	1.0
Current tax through equity		**-**	-	2.3
Total items that will not be reclassified to profit or loss		**(8.0)**	1.8	(8.6)
Items that may be reclassified subsequently to profit or loss				
Movement in fair value of derivative financial instruments:				
- Movement arising during the financial year		**1.8**	(0.9)	(5.4)
- Reclassification adjustments for amounts included in profit or loss		**(0.3)**	0.2	1.2
Deferred tax on items recognised in equity that may be reclassified		**(0.3)**	-	(1.0)
Total items that may be reclassified subsequently to profit or loss		**1.2**	(0.7)	(5.2)
Other comprehensive (expense)/income for the period net of tax		**(6.8)**	1.1	(13.8)
Total comprehensive income for the period		**44.2**	43.9	95.1

The notes are an integral part of the condensed consolidated half year financial statements.

Condensed consolidated balance sheet
at 31 December 2016 (unaudited)

	Notes	**31 December 2016**	31 December 2015 (Restated – Note 2)	30 June 2016 (audited)
		£m	£m	£m
Assets				
Non-current assets				
Intangible assets		**15.1**	18.8	16.7
Goodwill	8	**135.5**	135.5	135.5
Property, plant and equipment		**22.1**	23.8	19.1
Investments in joint ventures		**23.7**	19.2	24.8
Financial assets				
- Available for sale financial assets	15	**24.2**	11.3	16.9
Trade and other receivables	10	**73.7**	35.6	75.8
Retirement benefit asset	14	**-**	7.3	-
Deferred income tax assets		**3.1**	1.8	2.2
Total non-current assets		**297.4**	253.3	291.0
Current assets				
Inventories		**0.7**	-	0.1
Developments	9	**847.3**	859.9	820.8
Trade and other receivables	10	**796.1**	735.1	718.0
Cash and cash equivalents	11	**42.7**	83.7	166.3
Total current assets		**1,686.8**	1,678.7	1,705.2
Total assets		**1,984.2**	1,932.0	1,996.2
Liabilities				
Current liabilities				
Financial liabilities				
- Borrowings	11	**(0.2)**	(0.2)	(0.3)
Trade and other payables	12	**(1,095.6)**	(997.2)	(1,059.2)
Current income tax liabilities		**(17.0)**	(11.7)	(12.2)
Provisions		**(0.2)**	(0.4)	(0.3)
Total current liabilities		**(1,113.0)**	(1,009.5)	(1,072.0)
Net current assets		**573.8**	669.2	633.2
Non-current liabilities				
Financial liabilities				
- Borrowings	11	**(156.3)**	(179.2)	(174.7)
- Derivatives financial liabilities	15	**(3.0)**	(1.0)	(4.5)
Retirement benefit obligations	14	**(10.6)**	-	(4.3)
Other non-current liabilities	13	**(101.8)**	(170.5)	(139.1)
Provisions		**(1.4)**	(1.8)	(1.6)
Total non-current liabilities		**(273.1)**	(352.5)	(324.2)
Total liabilities		**(1,386.1)**	(1,362.0)	(1,396.2)
Net assets		**598.1**	570.0	600.0
Equity				
Ordinary shares		**41.4**	41.1	41.4
Share premium		**194.4**	191.8	194.4
Other reserves		**4.8**	4.8	4.8
Retained earnings		**357.5**	332.3	359.4
Total shareholders' equity		**598.1**	570.0	600.0

The notes are an integral part of the condensed consolidated half year financial statements

Condensed consolidated statement of changes in equity
for the half year ended 31 December 2016 (unaudited)

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Half year ended 31 December 2016						
At 1 July 2016		**41.4**	**194.4**	**4.8**	**359.4**	**600.0**
Profit for the period		**-**	**-**	**-**	**51.0**	**51.0**
Other comprehensive income/(expense)		**-**	**-**	**-**	**(6.8)**	**(6.8)**
Total comprehensive income for the period		**-**	**-**	**-**	**44.2**	**44.2**
Transactions with owners:						
Dividends	7	**-**	**-**	**-**	**(46.4)**	**(46.4)**
Share-based payments		**-**	**-**	**-**	**2.0**	**2.0**
Purchase of own shares		**-**	**-**	**-**	**(1.7)**	**(1.7)**
At 31 December 2016		**41.4**	**194.4**	**4.8**	**357.5**	**598.1**
Half year ended 31 December 2015						
At 1 July 2015		41.1	191.8	4.8	331.5	569.2
Profit for the period		-	-	-	42.8	42.8
Other comprehensive income/(expense)		-	-	-	1.1	1.1
Total comprehensive income for the period		-	-	-	43.9	43.9
Transactions with owners:						
Dividends	7	-	-	-	(37.9)	(37.9)
Share-based payments		-	-	-	1.4	1.4
Purchase of own shares		-	-	-	(6.6)	(6.6)
At 31 December 2015		41.1	191.8	4.8	332.3	570.0
Year ended 30 June 2016 (audited)						
At 1 July 2015		41.1	191.8	4.8	331.5	569.2
Profit for the period		-	-	-	108.9	108.9
Other comprehensive income/(expense)		-	-	-	(13.8)	(13.8)
Total comprehensive income for the year		-	-	-	95.1	95.1
Transactions with owners:						
Dividends	7	-	-	-	(59.3)	(59.3)
Share-based payments		-	-	-	4.0	4.0
Purchase of own shares		-	-	-	(11.9)	(11.9)
Issue of shares		0.3	2.6	-	-	2.9
At 30 June 2016		41.4	194.4	4.8	359.4	600.0

The notes are an integral part of the condensed consolidated half year financial statements.

Condensed consolidated statement of cash flows
for the half year ended 31 December 2016 (unaudited)

	Notes	**Half Year to 31 December 2016 £m**	Half Year to 31 December 2015 £m	Year to 30 June 2016 (audited) £m
Cash flows from operating activities				
Continuing operations				
Profit before finance costs		**69.5**	59.6	143.8
Adjustments for:				
Depreciation and amortisation		**3.7**	4.4	8.6
Profit on sale of property, plant and equipment		**-**	-	(5.2)
(Profit) on sale of available for sale financial assets		**-**	-	(0.5)
Share-based payments		**2.0**	1.4	4.0
Share of post tax profits from joint ventures		**(5.9)**	(9.9)	(19.2)
Movement on provisions		**(0.3)**	(0.1)	(0.4)
Other non-cash movements		**0.2**	0.1	0.4
Net cash generated from operations before pension deficit payments and changes in working capital		**69.2**	55.5	131.5
Deficit funding payments to pension schemes		**(3.6)**	(3.2)	(6.6)
Net cash generated from operations before changes in working capital		**65.6**	52.3	124.9
(Increase)/decrease in inventories		**(0.6)**	0.3	0.2
(Increase)/decrease in developments		**(26.4)**	17.5	(7.5)
(Increase) in trade and other receivables		**(74.8)**	(30.9)	(54.0)
Increase/(decrease) in trade and other payables		**(2.3)**	(48.9)	46.1
Net cash (used in)/generated from operations		**(38.5)**	(9.7)	109.7
Interest received	4	**1.8**	1.7	7.6
Interest paid	4	**(7.2)**	(6.8)	(14.6)
Income tax paid		**(7.2)**	(12.9)	(25.3)
Net cash (used in)/generated from operating activities		**(51.1)**	(27.7)	77.4
Cash flows from investing activities				
Dividends received from joint ventures		**7.0**	-	3.6
Acquisition of available for sale financial assets		**(7.2)**	(1.2)	(6.6)
Proceeds from available for sale financial assets		**-**	0.9	1.2
Purchase of intangible assets		**-**	-	(0.1)
Acquisition of property, plant and equipment		**(5.1)**	(5.3)	(7.8)
Proceeds from sale of property, plant and equipment		**-**	-	10.4
Net cash (used in)/generated from investing activities		**(5.3)**	(5.6)	0.7
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		**-**	-	2.9
Purchase of own shares		**(1.7)**	(6.6)	(11.9)
Repayment of borrowings		**(19.1)**	(3.4)	(8.4)
Dividends paid to Company shareholders		**(46.4)**	(37.9)	(59.3)
Net cash used in financing activities		**(67.2)**	(47.9)	(76.7)
Net (decrease)/increase in cash and cash equivalents		**(123.6)**	(81.2)	1.4
Cash and cash equivalents at beginning of period		**166.3**	164.9	164.9
Cash and cash equivalents at end of period	11	**42.7**	83.7	166.3

Notes to the condensed consolidated half year financial statements
for the half year ended 31 December 2016 (unaudited)

1 Basis of preparation

The Company is a public limited company incorporated in England and Wales and domiciled in the UK. The address of its registered office is Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL. The Company has its primary listing on the London Stock Exchange. This condensed consolidated half year financial information was approved for issue on 21 February 2017.

This condensed consolidated half year financial information does not comprise statutory financial statements within the meaning of Section 434 of the Companies Act 2006. Statutory financial statements for the year ended 30 June 2016 were approved by the board of directors on 14 September 2016 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This condensed consolidated half year financial information has been reviewed, not audited. The auditors' review opinion is included in this report.

This condensed consolidated half year financial information for the half year ended 31 December 2016 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim financial reporting" as adopted by the European Union. The condensed consolidated half year financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

The Group's activities, together with the factors likely to affect the future development, performance and position of the business are set out in this half year report. The annual financial statements for the year ended 30 June 2016 included the Group's objectives, policies and processes for managing capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

The Group meets its day to day working capital requirements through its bank and other debt facilities. The Group's forecasts, taking into account the board's future expectations of the Group's performance, indicate that there is substantial headroom within the bank facilities and the Group will continue to operate within the covenants of those facilities.

After making 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 condensed consolidated half year financial information.

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2016, as described in those financial statements.

(i) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings.

(ii) Land inventory is recognised at the time a liability is recognised. As announced in the annual financial statements for the year ended 30 June 2016, previously the Group generally recognised land inventory after the exchange of conditional contracts, when it was considered virtually certain the contract would be completed. Having completed a review of the policy and a comparison of our sector peer group, the Group determined it is more appropriate to recognise land inventory on unconditional exchange of contract or once the acquisition has completed and the financial statements have been reported accordingly. The Group has restated its 31 December 2015 land inventory and development land payables figures accordingly, by £102m, but determined that the impact on previous period results and reserves was not material.

Notes to the condensed consolidated half year financial statements
for the half year ended 31 December 2016 (unaudited)

3 Segmental reporting

Segmental reporting is presented in the condensed consolidated half year financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. As the Group has no material activities outside the UK, segment reporting is not required by geographical region.

The chief operating decision-makers ("CODM") have been identified as the Group's Chief Executive and Finance Director. The CODM review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments as Linden Homes; Galliford Try Partnerships and Regeneration; Construction, including Building and Infrastructure; and PPP Investments.

The CODM assess the performance of the operating segments based on a measure of adjusted earnings before finance costs, amortisation, exceptional items and taxation. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are included in the result for each operating segment that is reviewed by the CODM. Other information provided to them is measured in a manner consistent with that in the financial statements.

Primary reporting format - business segments

Half year ended 31 December 2016

			Construction					
	Linden Homes £m	Partnerships & Regeneration £m	Building £m	Infrastructure £m	Total £m	PPP Investments £m	Central Costs £m	Total £m
Group revenue and share of joint ventures' revenue	**407.6**	**144.3**	**492.2**	**249.8**	**742.0**	**12.8**	**0.9**	**1,307.6**
Share of joint ventures' revenue	**(53.0)**	**(9.4)**	**(0.5)**	**-**	**(0.5)**	**(9.4)**	**-**	**(72.3)**
Group revenue	**354.6**	**134.9**	**491.7**	**249.8**	**741.5**	**3.4**	**0.9**	**1,235.3**
Segment result:								
Profit/(loss) from operations before share of joint ventures' profit	**66.1**	**3.6**	**1.4**	**1.2**	**2.6**	**(0.2)**	**(7.0)**	**65.1**
Share of joint ventures' profit	**8.2**	**1.3**	**0.1**	**-**	**0.1**	**-**	**-**	**9.6**
Profit/(loss) from operations *	**74.3**	**4.9**	**1.5**	**1.2**	**2.7**	**(0.2)**	**(7.0)**	**74.7**
Share of joint ventures' interest and tax	**(3.2)**	**(0.4)**	**-**	**-**	**-**	**(0.1)**	**-**	**(3.7)**
Profit/(loss) before finance costs, amortisation and taxation	**71.1**	**4.5**	**1.5**	**1.2**	**2.7**	**(0.3)**	**(7.0)**	**71.0**
Finance income	**1.2**	**0.3**	**-**	**0.2**	**0.2**	**-**	**0.1**	**1.8**
Finance costs	**(22.4)**	**(1.2)**	**(0.2)**	**(0.1)**	**(0.3)**	**(0.4)**	**16.0**	**(8.3)**
Profit/(loss) before amortisation and taxation	**49.9**	**3.6**	**1.3**	**1.3**	**2.6**	**(0.7)**	**9.1**	**64.5**
Amortisation of intangibles	**(0.5)**	**-**	**(0.5)**	**-**	**(0.5)**	**-**	**(0.5)**	**(1.5)**
Profit before taxation	**49.4**	**3.6**	**0.8**	**1.3**	**2.1**	**(0.7)**	**8.6**	**63.0**
Income tax expense								**(12.0)**
Profit for the period								**51.0**

Half year ended 31 December 2015

	Linden Homes £m	Partnerships & Regeneration £m	Construction: Building £m	Construction: Infrastructure £m	Construction: Total £m	PPP Investments £m	Central Costs £m	Total £m
Group revenue and share of joint ventures' revenue	362.7	150.2	517.8	220.8	738.6	12.9	0.5	1,264.9
Share of joint ventures' revenue	(59.8)	(7.4)	(0.4)	(5.2)	(5.6)	(9.8)	-	(82.6)
Group revenue	302.9	142.8	517.4	215.6	733.0	3.1	0.5	1,182.3
Segment result:								
Profit/(loss) from operations before share of joint ventures' profit	48.4	3.6	3.6	4.8	8.4	(1.7)	(6.9)	51.8
Share of joint ventures' profit	13.1	0.9	0.1	-	0.1	-	-	14.1
Profit/(loss) from operations *	61.5	4.5	3.7	4.8	8.5	(1.7)	(6.9)	65.9
Share of joint ventures' interest and tax	(3.9)	(0.3)	-	-	-	-	-	(4.2)
Profit/(loss) before finance costs, amortisation and taxation	57.6	4.2	3.7	4.8	8.5	(1.7)	(6.9)	61.7
Finance income	1.2	0.2	-	0.1	0.1	-	0.2	1.7
Finance costs	(23.2)	-	(0.1)	-	(0.1)	(0.1)	15.0	(8.4)
Profit/(loss) before amortisation and taxation	35.6	4.4	3.6	4.9	8.5	(1.8)	8.3	55.0
Amortisation of intangibles	(0.5)	-	(1.1)	-	(1.1)	-	(0.5)	(2.1)
Profit before taxation	35.1	4.4	2.5	4.9	7.4	(1.8)	7.8	52.9
Income tax expense								(10.1)
Profit for the period								42.8

Year ended 30 June 2016 (audited)

	Linden Homes £m	Partnerships & Regeneration £m	Construction: Building £m	Construction: Infrastructure £m	Construction: Total £m	PPP Investments £m	Central Costs £m	Total £m
Group revenue and share of joint ventures' revenue	840.8	300.6	1,013.8	489.6	1,503.4	25.0	0.6	2,670.4
Share of joint ventures' revenue	(132.3)	(15.5)	(0.7)	(9.8)	(10.5)	(17.2)	-	(175.5)
Group revenue	708.5	285.1	1,013.1	479.8	1,492.9	7.8	0.6	2,494.9
Segment result:								
Profit/(loss) from operations before share of joint ventures' profit	120.8	9.6	8.9	6.8	15.7	(1.4)	(15.8)	128.9
Share of joint ventures' profit	26.4	2.1	0.1	-	0.1	-	-	28.6
Profit/(loss) from operations *	147.2	11.7	9.0	6.8	15.8	(1.4)	(15.8)	157.5
Share of joint ventures' interest and tax	(8.7)	(0.7)	-	-	-	-	-	(9.4)
Profit/(loss) before finance costs, amortisation and taxation	138.5	11.0	9.0	6.8	15.8	(1.4)	(15.8)	148.1
Finance income	6.4	0.3	-	0.5	0.5	0.8	(0.4)	7.6
Finance costs	(46.6)	(0.8)	(0.2)	-	(0.2)	(1.1)	32.3	(16.4)
Profit/(loss) before amortisation and taxation	98.3	10.5	8.8	7.3	16.1	(1.7)	16.1	139.3
Amortisation of intangibles	(1.0)	-	(2.2)	-	(2.2)	-	(1.1)	(4.3)
Profit before taxation	97.3	10.5	6.6	7.3	13.9	(1.7)	15.0	135.0
Income tax expense								(26.1)
Profit for the year								108.9

* Profit from operations is stated before finance costs, amortisation, exceptional items, share of joint ventures' interest and tax and taxation.

Inter-segment revenue, which is priced on an arms length basis, is eliminated from Group revenue above. In the half year to 31 December 2016 this amounted to £46.9 million (31 December 2015: £46.5 million; 30 June 2016: £79.9 million) of which £18.4 million (31 December 2015: £24.2 million; 30 June 2016: £35.7 million) was in Building, £16.9 million (31 December 2015: £21.7 million; 30 June 2016: £42.9 million) was in Infrastructure, and £11.6 million (31 December 2015: £0.6 million; 30 June 2016: £1.3 million) was in central costs.

Half year ended 31 December 2016

	Linden Homes £m	Partnerships & Regeneration £m	Construction: Building £m	Construction: Infrastructure £m	Construction: Total £m	PPP Investments £m	Central Costs £m	Total £m
Balance Sheet								
Goodwill and intangible assets	**52.9**	**5.9**	**47.2**	**37.2**	**84.4**	**-**	**7.4**	**150.6**
Working capital employed	**681.9**	**55.8**	**(92.7)**	**(10.4)**	**(103.1)**	**21.6**	**(94.9)**	**561.3**
Net cash/(debt)	**(620.4)**	**(26.9)**	**102.3**	**8.5**	**110.8**	**(14.5)**	**437.2**	**(113.8)**
Net assets	**114.4**	**34.8**	**56.8**	**35.3**	**92.1**	**7.1**	**349.7**	**598.1**
Total Group liabilities								**(1,386.1)**
Total Group assets								**1,984.2**

Half year ended 31 December 2015

	Linden Homes £m	Partnerships & Regeneration £m	Construction: Building £m	Construction: Infrastructure £m	Construction: Total £m	PPP Investments £m	Central Costs £m	Total £m
Balance Sheet								
Goodwill and intangible assets	53.9	6.0	48.8	37.2	86.0	-	8.4	154.3
Working capital employed	666.2	23.6	(101.9)	(53.6)	(155.5)	11.6	(34.5)	511.4
Net cash/(debt)	(640.2)	(2.6)	106.0	48.7	154.7	(4.1)	396.5	(95.7)
Net assets	79.9	27.0	52.9	32.3	85.2	7.5	370.4	570.0
Total Group liabilities								(1,362.0)
Total Group assets								1,932.0

Year ended 30 June 2016 (audited)

	Linden Homes £m	Partnerships & Regeneration £m	Construction: Building £m	Construction: Infrastructure £m	Construction: Total £m	PPP Investments £m	Central Costs £m	Total £m
Balance Sheet								
Goodwill and intangible assets	53.4	6.0	47.7	37.2	84.9	-	7.9	152.2
Working capital employed	601.7	38.0	(81.6)	(74.0)	(155.6)	15.4	(43.0)	456.5
Net cash/(debt)	(525.0)	(12.1)	90.1	71.0	161.1	(7.8)	375.1	(8.7)
Net assets	130.1	31.9	56.2	34.2	90.4	7.6	340.0	600.0
Total Group liabilities								(1,396.2)
Total Group assets								1,996.2

4 Net finance costs

Group	**Half year to 31 December 2016 £m**	Half year to 31 December 2015 £m	Year to 30 June 2016 (audited) £m
Interest receivable on bank deposits	**-**	0.1	0.1
Interest receivable from joint ventures	**1.7**	1.5	7.0
Net finance income on retirement benefit obligations	**-**	0.1	0.2
Other	**0.1**	-	0.3
Finance income	**1.8**	1.7	7.6
Interest payable on borrowings	**(7.8)**	(7.3)	(15.5)
Unwind of discounted payables	**(0.5)**	(1.1)	(0.8)
Other	**-**	-	(0.1)
Finance costs	**(8.3)**	(8.4)	(16.4)
Net finance costs	**(6.5)**	(6.7)	(8.8)

5 Income tax expenses

The taxation expense on profit for the period of 19.0% (31 December 2015: 19.0%) reflects the estimated effective tax rate for the full financial year to 30 June 2017.

6 Earnings per share

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held by the Employee Share Trust, which are treated as cancelled.

Under normal circumstances, the average number of shares is diluted by reference to the average number of potential ordinary shares held under option in the period. The dilutive effects amounts to the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option price. Only shares that have met their cumulative performance criteria are included in the dilution calculation. The Group has two classes of potentially dilutive ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and the contingently issuable shares under the Group's long term incentive plans. A loss per share cannot be reduced through dilution, hence this dilution is only applied where the Group has reported a profit.

	Half year to 31 December 2016			Half year to 31 December 2015			Year to 30 June 2016 (audited)		
	Earnings £m	**Weighted average number of shares**	**Per share amount pence**	Earnings £m	Weighted average number of shares	Per share amount pence	Earnings £m	Weighted average number of shares	Per share amount pence
Basic EPS Earnings attributable to ordinary shareholders	**51.0**	**82,416,735**	**61.9**	42.8	81,931,402	52.2	108.9	82,166,065	132.5
Effect of dilutive securities:									
Options		**787,900**			1,127,943			748,016	
Diluted EPS	**51.0**	**83,204,635**	**61.3**	42.8	83,059,345	51.5	108.9	82,914,081	131.3

7 Dividends

The following dividends were paid and recognised by the Company in each accounting period presented:

	Half year to 31 December 2016		Half year to 31 December 2015		Year to 30 June 2016 (audited)	
	£m	**pence per share**	£m	pence per share	£m	pence per share
Previous year final	**46.4**	**56.0**	37.9	46.0	37.9	46.0
Current period interim	**-**	**-**	-	-	21.4	26.0
Dividend recognised in the year	**46.4**	**56.0**	37.9	46.0	59.3	72.0

The following dividends were declared by the Company in respect of each accounting period presented:

	Half year to 31 December 2016		Half year to 31 December 2015		Year to 30 June 2016 (audited)	
	£m	**pence per share**	£m	pence per share	£m	pence per share
Interim	**26.4**	**32.0**	21.5	26.0	21.5	26.0
Final	**-**	**-**	-	-	46.4	56.0
Dividend relating to the year	**26.4**	**32.0**	21.5	26.0	67.9	82.0

The interim dividend for 2017 of 32.0 pence per share was approved by the board on 21 February 2017 and has not been included as a liability as at 31 December 2016. This interim dividend will be paid on 6 April 2017 to shareholders who are on the register at the close of business on 24 March 2017.

8 Goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

The goodwill is attributable to the following business segments:

	31 December 2016	31 December 2015	30 June 2016 (audited)
	£m	£m	£m
Linden Homes	**52.5**	52.5	52.5
Partnerships & Regeneration	**5.8**	5.8	5.8
Building	**40.0**	40.0	40.0
Infrastructure	**37.2**	37.2	37.2
	135.5	135.5	135.5

As stated in the annual financial statements for the year ended 30 June 2016, detailed impairment reviews were carried out for all business segments. Consideration has been given as to whether any events have occurred since the year ended 30 June 2016 which would give rise to an impairment and none have been identified.

9 Developments

	31 December 2016	31 December 2015 (Restated – Note 2)	30 June 2016 (audited)
	£m	£m	£m
Land	**553.6**	606.5	538.7
Work in progress	**293.7**	253.4	282.1
	847.3	859.9	820.8

10 Trade and other receivables

	31 December 2016	31 December 2015	30 June 2016 (audited)
	£m	£m	£m
Amounts falling due within one year:			
Trade receivables	**165.3**	204.5	162.6
Less: Provision for impairment of receivables	**(0.9)**	(0.4)	(0.8)
Trade receivables - net	**164.4**	204.1	161.8
Amounts recoverable on construction contracts	**302.0**	238.0	283.7
Amounts due from joint venture undertakings	**163.0**	169.8	125.3
Other receivables	**42.5**	47.7	49.6
Prepayments and accrued income	**124.3**	75.5	97.6
	796.2	735.1	718.0
Amounts falling due after more than one year:			
Amounts due from joint venture undertakings	**73.3**	35.1	75.4
Other receivables	**0.4**	0.5	0.4
	73.7	35.6	75.8

11 Cash and cash equivalents

	31 December 2016	31 December 2015	30 June 2016 (audited)
	£m	£m	£m
Cash and cash equivalents excluding bank overdrafts	**42.7**	83.7	166.3
Current borrowings	**(0.2)**	(0.2)	(0.3)
Non-current borrowings	**(156.3)**	(179.2)	(174.7)
Net (debt)	**(113.8)**	(95.7)	(8.7)

In February 2014 the Group agreed a five-year £400 million unsecured revolving credit facility with HSBC Bank plc, Barclays Bank plc, The Royal Bank of Scotland plc and Abbey National Treasury Services plc (Santander). In February 2015, the Group agreed a one-year extension on the facility, to 2020. In March 2016 the Group agreed an increase in the facility to £450 million and in December 2016, the Group agreed a further two-year extension to February 2022. The facility provides long-term finance and bonding facilities and is subject to covenants over interest cover, gearing (adjusted to take account of development land payables) and minimum consolidated tangible net assets. Interest is calculated by aggregating margin, LIBOR and relevant costs.

In February 2017, the Group issued £100 million ten year unsecured notes purchased at a fixed rate of interest of 4.03% to investors advised by Pricoa Capital Group, expiring in February 2027. The agreement provides long-term finance at a fixed rate of interest and is subject to the same covenants as the revolving credit facility above.

12 Trade and other payables

	31 December 2016	31 December 2015 (Restated – Note 2)	30 June 2016 (audited)
	£m	£m	£m
Payments received on account on construction contracts	**85.2**	49.2	77.8
Trade payables	**343.5**	265.4	296.6
Development land payables	**137.8**	101.8	104.2
Amounts due to joint venture undertakings	**24.0**	41.4	31.9
Other taxation and social security payable	**20.3**	16.2	17.0
Other payables	**19.8**	19.8	7.0
Accruals and deferred income	**465.0**	503.4	524.7
	1,095.6	997.2	1,059.2

13 Other non-current liabilities

	31 December 2016	31 December 2015 (Restated – Note 2)	30 June 2016 (audited)
	£m	£m	£m
Development land payables	**55.5**	138.9	98.6
Other payables	**0.5**	0.5	0.6
Accruals and deferred income	**45.8**	31.1	39.9
	101.8	170.5	139.1

14 Retirement benefit obligations

The amounts recognised in the balance sheet are as follows:

	31 December 2016	31 December 2015	30 June 2016 (audited)
	£m	£m	£m
Fair value of plan assets	**246.0**	218.6	231.4
Present value of defined benefit obligations	**(256.6)**	(211.3)	(235.7)
(Deficit)/surplus in scheme recognised as non-current (liability)/asset	**(10.6)**	7.3	(4.3)

The principal actuarial assumptions used to calculate the liabilities as at 31 December 2016 have been set in a consistent manner to those adopted at 30 June 2016. These assumptions will change as market conditions change over time.

An actuarial loss of £9.7 million (31 December 2015: gain of £3.0 million; 30 June 2016: loss of £11.9 million) has been taken to the condensed consolidated statement of comprehensive income.

15 Financial instruments

The Group's activities expose it to a variety of financial risks. The condensed consolidated half year financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements for the year ended 30 June 2016.

There have been no significant changes in the risk management policies since the year end.

Financial liabilities - derivative financial liabilities

The fair value of interest rate swaps is detailed below:

	31 December 2016 £m	31 December 2015 £m	30 June 2016 (audited) £m
Non-current liabilities	**3.0**	1.0	4.5

Fair value estimation

Specific valuation techniques used to value financial instruments are defined as:

i. Level 1 - Quoted market prices or dealer quotes in active markets for similar instruments.
ii. Level 2 - The fair value of equity securities and interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
iii. Level 3 - Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the Group's assets and liabilities that are measured at fair value:

	31 December 2016			31 December 2015			30 June 2016 (audited)		
	Level 2 £m	**Level 3 £m**	**Total £m**	Level 2 £m	Level 3 £m	Total £m	Level 2 £m	Level 3 £m	Total £m
Assets									
Available-for-sale financial assets									
- Shared equity receivables	**-**	**0.7**	**0.7**	-	0.7	0.7	-	0.7	0.7
- Equity securities	**23.5**	**-**	**23.5**	10.6	-	10.6	16.2	-	16.2
Total	**23.5**	**0.7**	**24.2**	10.6	0.7	11.3	16.2	0.7	16.9
Liabilities									
Derivatives used for hedging	**(3.0)**	**-**	**(3.0)**	(1.0)	-	(1.0)	(4.5)	-	(4.5)
Total	**(3.0)**	**-**	**(3.0)**	(1.0)	-	(1.0)	(4.5)	-	(4.5)

There were no transfers between levels during the period. The valuation techniques used to derive Level 2 fair values are consistent with those set out in the 30 June 2016 financial statements. Level 3 fair values are determined using valuation techniques that include inputs not based on observable market data.

Fair value measurements using significant unobservable inputs (Level 3)

	31 December 2016 (£m)	31 December 2015 (£m)	30 June 2016 (audited) (£m)
Opening balance	**0.7**	0.8	0.8
Unwind of discount on shared equity receivables	**-**	-	-
Impairment	**-**	-	-
Disposals	**-**	(0.1)	(0.1)
Closing balance	**0.7**	0.7	0.7

The valuation process for Level 3 is consistent with that disclosed in the 30 June 2016 audited report.

The key assumptions used in Level 3 valuations include future house price movements, the expected timing of receipts, credit risk and discount rates. The typical repayment period is 10-15 years and the timing of receipts is based on historical data. The discount rate of 5.5% and future house price movements used to compute the fair value (typically 2.5%) are based on local market conditions. If receipts were to occur earlier than expected, the fair value would increase.

The total impact in the period of Level 3, taken to the income statement, is £Nil (31 December 2015: £Nil; 30 June 2016: £Nil) in cost of sales and £Nil (31 December 2015: £Nil; 30 June 2016: £Nil) in finance income.

16 Guarantees and contingent liabilities

Galliford Try plc has entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued in the normal course of business on behalf of Group undertakings, including joint arrangements and joint ventures, amounting to £353.6 million (31 December 2015: £306.2 million; 30 June 2016 £313.8 million).

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the financial statements when they believe a liability exists. While the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Group's financial position.

17 Related parties

Transactions between the Group and its joint ventures and jointly controlled operations are disclosed as follows:

Group

	Sales to related parties			Purchases from related parties			Amounts owed by related parties			Amounts owed to related parties		
	31 Dec 2016 £m	31 Dec 2015 £m	30 Jun 2016 (audited) £m	**31 Dec 2016 £m**	31 Dec 2015 £m	30 Jun 2016 (audited) £m	**31 Dec 2016 £m**	31 Dec 2015 £m	30 Jun 2016 (audited) £m	**31 Dec 2016 £m**	31 Dec 2015 £m	30 Jun 2016 (audited) £m
Trading transactions												
Joint ventures	**21.7**	26.1	28.7	**0.1**	-	0.4	**21.2**	13.4	23.7	**12.3**	12.7	15.5
Jointly controlled operations	**21.1**	12.2	60.1	**0.1**	0.2	0.8	**3.9**	2.5	3.2	**11.7**	28.7	16.4

	Interest and dividend income from related parties			Loans to related parties		
	31 Dec 2016 £m	31 Dec 2015 £m	30 Jun 2016 (audited) £m	**31 Dec 2016 £m**	31 Dec 2015 £m	30 Jun 2016 (audited) £m
Non-trading transactions						
Joint ventures	**8.8**	1.5	10.6	**207.7**	188.8	173.8

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties which may have a material impact on the Group's performance in the second half of the financial year remain the same as those outlined on pages 20 and 21 of the Group's annual report and financial statements for the year ended 30 June 2016. These can be summarised as health, safety, environmental and community; people; supply chain; macro environment; markets; and corporate.

Forward looking statements

Certain statements in this half year report are forward looking. Such statements should be treated with caution as they are based on current information and expectations and are subject to a number of risks and uncertainties that could cause actual events of outcomes to differ materially from expectations.

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 Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, 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.

The directors confirm that these condensed consolidated half year financial statements have been prepared in accordance with IAS 34 as adopted by the European Union; and that the interim management report herein gives a true and fair view of the assets, liabilities, financial position and profit of the Group as required by DTR 4.2.4 and includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 namely:

- an indication of important events that have occurred during the six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Galliford Try plc are:

Peter Ventress	Non-Executive Chairman
Peter Truscott	Chief Executive
Graham Prothero	Finance Director
Terry Miller	Senior Independent Director
Andrew Jenner	Non executive director
Ishbel Macpherson	Non executive director
Gavin Slark	Non executive director

Signed on behalf of the Board

Peter Truscott
Chief Executive

Graham Prothero
Finance Director

21 February 2017

Independent review report to Galliford Try Plc

Report on the condensed consolidated half year financial statements

Our conclusion

We have reviewed Galliford Try Plc's condensed consolidated half year financial statements (the "interim financial statements") in the half year report of Galliford Try Plc for the 6 month period ended 31 December 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:
the condensed consolidated balance sheet as at 31 December 2016;
the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
the condensed consolidated statement of cash flows for the period then ended;
the condensed consolidated statement of changes in equity for the period then ended; and
the explanatory notes to the interim financial statements.

The interim financial statements included in the half year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half year report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half year report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half year report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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 enquiries, 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.

We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
21 February 2017

a) The maintenance and integrity of the Galliford Try Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.