

# STRENGTH IN DIVERSITY

Interim Report 2010



  
GallifordTry plc

“Against the backdrop of a more stable housing market we have made excellent progress with the first stage of our transformational housebuilding strategy for our southern based business, bringing land acquisition opportunities with attractive potential returns to fruition.

The market for construction is challenging but our quality order book and the spread and depth of our industry leading business across its market sectors continue to be key strengths that will enable us to respond quickly to a market upturn once it occurs.

While the Board remains cautious on the overall economic environment, with a strong balance sheet and sector leading cash resources the Group is well placed to take advantage of opportunities across its activities as they arise.”

**Greg Fitzgerald** Chief Executive

01	Highlights
02	Interim management report
08	Consolidated balance sheet
09	Consolidated income statement
09	Consolidated statement of comprehensive income
10	Consolidated statement of changes in shareholders' equity
11	Consolidated cash flow statement
12	Notes to the condensed consolidated interim financial information
22	Independent review report to Galliford Try plc
23	Shareholder information

Cover photograph:  
The regeneration of the Tarling Estate in London – a mixed tenure development of 221 homes.

# EXCELLENT PROGRESS

- > Execution of housebuilding strategy on track, supported by £119.3 million net equity raise in October 2009.
- > 43 per cent of 9,300 plot landbank acquired on current market values, including 156 plots from the acquisition of Rosemullion Homes in December 2009 and 742 plots from the post-period end buy-out of joint ventures with Bank of Scotland.
- > Average selling price up 2.8 per cent year-on-year in the first half, with completions expected to pick up sharply in the second half (sales in hand up 21 per cent on a year ago at £370 million, 84 per cent of projected sales for the year secured).
- > Industry leading position in affordable housing and regeneration confirmed with selection as a delivery partner on all three of the Homes and Communities Agency's development panels.
- > Construction margin of 2.6 per cent and excellent cash in challenging market.
- > Contracting order book up 6 per cent at £1.8 billion, strong position on AMP5 water framework renewals.

	2009 £m	2008 £m
Group revenue	570	774
Profit/(loss) before tax		
– Pre exceptional	13.2	11.2
– Post exceptional **	6.4	(37.5)
	pence	pence
Earnings per share		
– Pre exceptional	14.0	15.7*
– Post exceptional **	3.0	(51.0)*
Dividend per share	3.3	3.3*

\* 2008 restated following the 1 for 10 share consolidation and subsequent 7 for 6 rights issue in October 2009.

\*\* Stated after net exceptional charges of £6.8 million (2008: £48.7 million) comprising a fine imposed by the Office of Fair Trading of £8.3 million and a net credit on reassessment of the carrying value of housing related assets of £1.5 million.

## GROUP REVENUE

**£570<sub>m</sub>**

## PROFIT BEFORE TAX

Pre exceptional

**£13.2<sub>m</sub>**

## EARNINGS PER SHARE

Pre exceptional

**14.0<sub>p</sub>**

## DIVIDEND PER SHARE

**3.3<sub>p</sub>**

## NET CASH

At half year end

**£100.2<sub>m</sub>**

## PROFIT BEFORE TAX

Post exceptional

**£6.4<sub>m</sub>**

## EARNINGS PER SHARE

Post exceptional

**3.0<sub>p</sub>**

# STRATEGY ON TRACK

The Group has made excellent progress with the first stage of its transformational housebuilding strategy and an increase in its construction order book.

## STRATEGY

The Group announced a strategy in September 2009 to transform its housebuilding business by taking advantage of the opportunities in housebuilding as the market started to recover and the Board saw land acquisition opportunities at attractive prices. A rights issue to provide additional finance for the expansion raised £119.3 million (net of expenses) at the end of October.

As stated at the time of the rights issue, the housebuilding expansion will be delivered over a three year period. Having raised the finance, the Group is now able to take advantage of opportunities to buy land at current market prices, and on which it is expecting to achieve attractive returns. The Group maintained the organisational structure of its southern based housebuilding division during the market downturn, which is now enabling it to effectively deliver the first phase of the expansion plan, to commence building the landbank at a controlled rate and add to the structure and management resource where necessary. The land acquisition programme and the process of optimising planning consents and increasing production will continue during our next financial year, with our objective to deliver a material enhancement in housebuilding earnings in the financial year to June 2012.

In construction, our objective is to maintain our quality order book in challenging markets, taking advantage of our long term client relationships and framework agreements. This gives visibility of future work and enables us to control the level of work secured by straightforward price competitive tender. Our aim is to secure revenues in those sectors of the market that have an acceptable profit and risk profile, thereby maintaining a level of business that will ensure we can take advantage of the opportunities that will ultimately arise when markets improve.

## Financial results

Group revenue for the half year to 31 December 2009 was £570 million (2008: £774 million) on which the Group achieved a pre exceptional profit before tax of £13.2 million (2008: £11.2 million). After taking account of net exceptional costs of £6.8 million (2008: £48.7 million) the Group achieved a pre tax post exceptional profit of £6.4 million (2008: loss of £37.5 million). Profit from operations, stated before net finance costs, amortisation of intangible assets, share of joint ventures' interest and tax, exceptional items and tax, was £17.1 million (2008: £24.5 million). Pre exceptional earnings per share for the period were 14.0 pence (2008: 15.7 pence) and post exceptional earnings per share were 3.0 pence (2008: loss of 51 pence). The taxation expense of £4.4 million reflects an estimated effective rate of 30.3 per cent (2008: 27.7 per cent) for the full financial year to 30 June 2010 as detailed in note 6 to this interim report.

On 10 September 2009 the Group announced a share consolidation of one new ordinary share of 50 pence for every 10 ordinary shares of 5 pence previously held, and a rights issue of 7 new ordinary shares for each 6 held (taking into account the share consolidation) at a subscription price of £2.85 per new ordinary share. £119.3 million (net of expenses) was raised, enabling the Group to commence its housebuilding expansion plan.

The Group retains its strong focus on cash management. Net cash at the start of the period at 30 June 2009 was £34.1 million. Expenditure on land and increased housebuilding work in progress during the period amounted to £52 million. The Group's construction businesses continued to generate excellent cash balances on lower revenues, albeit reducing from the exceptional levels achieved through the previous financial year. Net cash, including the net proceeds of the rights issue, was £100.2 million at 31 December 2009. The Group continues to have significant headroom within its banking facilities of £390 million, and is also operating substantially within the covenants of those facilities. They were entered into during 2007, are with four of the UK's main clearing banks, and do not expire until 2012.

A net exceptional cost of £6.8 million (2008: £48.7 million) has been accounted for in the results. On 22 September 2009 the Company announced that it, along with 102 other companies in the industry, had been found by the Office of Fair Trading to be in breach of the 1998 Competition Act through three instances of "cover pricing" that had taken place between the years 2001 and 2004, and that it was being fined £8.3 million. The Group does not condone any form of anti-competitive activity and, after it was first made aware of the allegations in 2007, it reviewed and updated its competition law policies and procedures and instigated an employee training programme and compliance regime. The Group has submitted an appeal to the Competition Appeal Tribunal in respect of the size of the penalty imposed, however the outcome is not expected until after the end of the current financial year. Accordingly, an exceptional provision for the full amount has been made in the financial statements.

We have reviewed the carrying value of housing related assets in light of the limited recovery in the housing market since the downturn in our previous financial year. This has resulted in adjustments to the carrying value of a number of our development sites, resulting in a net exceptional credit in respect of market movements of £1.5 million at 31 December 2009.

### **Dividend**

On announcing the rights issue in September 2009, the directors stated they would take into account the effect of the rights issue in implementing a progressive dividend policy over the medium term. The directors have therefore declared an unchanged interim dividend of 3.3 pence per ordinary share of 50 pence payable on 31 March 2010 to shareholders on the register at close of business on 5 March 2010. This is equivalent to the interim dividend of 0.45 pence per 5 pence ordinary share declared last year after adjusting for the share consolidation and rights issue.

### **HOUSEBUILDING**

The total profit from operations during the first half was £7.2 million on revenue of £160 million, including joint ventures. The margin in the first half of the year has been depressed by the low level of completions during the first half, which is expected to sharply increase during the second half, and stands at 4.5 per cent (2008: £10.2 million on £241 million, representing 4.2 per cent).

We are making excellent progress with the first stage of our housebuilding expansion plan, bringing land acquisition opportunities with attractive potential returns to fruition. Our objective is to increase the proportion of our landbank acquired at current market values, with our initial target of 40 per cent by the end of this financial year already achieved.

We acquired 156 plots with the acquisition of Rosemullion Homes in December 2009 and, in a significant transaction at the beginning of the second half, our partner's 50 per cent share of the Group's joint ventures with Bank of Scotland for a nominal cash consideration of £4 and a £42.5 million refinancing of the debt. The joint ventures owned a total of 742 plots around Greater London, with an estimated future gross development value of £154 million, and the transaction represents an excellent enhancement to our development portfolio at current market values in one of the most resilient areas of the country. During the period we also acquired 147 units with the acquisition of the assets of Wrights (Hull) and our partner's 50 per cent interest in a 146 plot site adjacent to the SS Great Britain in Bristol. Our current landbank is 9,300 plots (31 December 2008: 7,600; 31 December 2009 8,800) of which 4,000 plots have been acquired at current market values.

The housing market has continued to demonstrate the stability that returned during the course of 2009 and, although there may be fluctuations in the market as it gradually recovers, we remain very encouraged by the sales volumes and income levels achieved in the financial year to date. The value of part exchange properties held is at an extremely low level of £1.9 million and we have carefully controlled our investment in shared equity, which currently totals £12.3 million. Total sales reserved, contracted or completed currently stand at £370 million compared to £306 million a year ago. £264 million is for the current financial year to 30 June 2010, representing 84 per cent of projected sales for the year, compared to 79 per cent at the same point last year.

Completions for the period were 638 units at an average selling price of £182,000 compared to 964 units for the same period in the previous year, at an average selling price of £177,000. Lower unit completions in the first half were a result of minimal stock levels as we entered the current financial year, due to the measures we took during the last financial year to reduce the capital employed in housebuilding. As the sales in hand indicate, we expect completions to show a sharp increase during the second half.

### Housebuilding

Profit from operations was £2.4 million on revenue of £85 million, including joint ventures, representing a margin of 2.8 per cent (2008: £3.5 million on revenue of £142 million representing 2.5 per cent). 417 units were completed in the half year at an average selling price of £202,000. This compares to 672 units last year, at an average selling price of £200,000.

With the concentration of the Company's activities across the south and east of the UK, our business is focussed on regions that have demonstrated resilience during the downturn and are now showing the stronger signs of recovery. Since the start of the period visitor levels per active selling site are up 14 per cent on last year, with reservations up 30 per cent and cancellation rates down to 15 per cent from 28 per cent the previous year. The availability of mortgage finance remains a key constraint, and although there is some easing in the mortgage products available, significant deposits are required to obtain attractive rates. The Company operates a number of incentive schemes including the selective use of share equity and part exchange facilities to assist potential purchasers.

Sales reserved, contracted or completed in the division total £222 million, with £192 million for the current financial year. The division's landbank stands at 5,200 plots.

### Affordable housing and regeneration

Profit from operations was £4.8 million on revenue of £76 million, including joint ventures, representing a margin of 6.3 per cent (2008: £6.7 million on revenue of £100 million representing 6.7 per cent). During the period we achieved 221 completions at an average price of £143,000, with revenue from build contracts of £41 million (2008: 292 completions at £125,000, build contract revenue of £63 million).

The Group's industry leading position in affordable housing and in delivering complex regeneration projects is a significant factor in its ability to capitalise on the best opportunities in the housing market. The combination of direct contracting, delivery of affordable housing in conjunction with homes for sale and the carrying out of regeneration schemes in partnership with affordable housing providers and the Homes and Communities Agency (HCA), are an integral part of our expansion plan.

In January this year we secured a place as one of only six organisations selected as a delivery partner on all three of the HCA's development partner panels. These panels have been established to develop new affordable and private housing on public sector sites across the whole of England. Our position will give us a significant advantage in securing new development opportunities going forward. Our Kickstart funding from the HCA's housing stimulus package totals £31 million, including £14.2 million recently awarded under the second round. We have also participated in the Government's Homebuy Direct programme, under which awards now total £11.9 million.

We have embarked on a programme to extend our market share across areas of the country where we are currently under represented in the sector. Building on our strong relationships with affordable housing providers, with whom we have over 40 frameworks in place, we are particularly targeting growth in the Midlands and the north of England. Examples of contracts secured in the period are a package of projects for Swan Housing Association and the mixed use development of Tide Mills school in Deptford, bringing our contracting order book to £144 million.

Sales reserved, contracted or completed in the division stand at £148 million, with £72 million for the current financial year. Our affordable housing and regeneration landbank is currently 4,100 plots, compared to 3,000 at 30 June 2009 and 2,800 a year ago.

## CONSTRUCTION

Total construction profit from operations (stated before net finance costs, exceptional items, amortisation and share of joint ventures interest and tax) was £11.0 million on revenue of £424 million, including joint ventures, representing a margin of 2.6 per cent (2008: £14.5 million on £540 million, representing 2.7 per cent). The reduction in revenue for the period reflects the completion of a number of significant contracts since the end of the previous period, the winding down of work at the end of the five year AMP4 cycle for the water utilities and the effect of our increasingly selective approach to acquiring new work in challenging markets.

Our priority has been to maintain a quality order book. We expect to successfully complete the renewal of the AMP5 water frameworks for all our existing clients, maintaining our industry leading position in the sector and, with a number of significant contract wins in our building business, we have a total contracting order book (construction plus affordable housing build contracts) that currently stands at £1.8 billion compared to £1.7 billion last year. We have maintained the balance of our order book across our market sectors, with 36 per cent from the regulated sector, 48 per cent public sector and 16 per cent private commercial.

### Building

Profit from operations of £5.5 million on revenue of £226 million, including joint ventures, represents a margin of 2.4 per cent (2008: £6.7 million on revenue of £275 million, representing 2.4 per cent). The results demonstrate good performances across the Group's building operations which extend from the south of England to the north of Scotland.

We have benefited from our strong market presence in London and the South East where the economy has proved more resilient. Work is progressing well on our £103 million St Pancras Chambers redevelopment project, we are on schedule with the construction of a new number three court for the All England Lawn Tennis Club at Wimbledon, and we recently secured the final contract to be let for the construction of the Athletes' Village accommodation at Olympic Park. Following the successful completion of our project to develop the rugby stadium for Leicester Tigers in the Midlands, we have secured a £24 million redevelopment project for Warwickshire County Cricket Club at Edgbaston.

We continue to secure and carry out projects in the education sector across the UK, and in the period were awarded 40 per cent of the first phase of construction work for the Equitix consortium's Building Schools for the Future programme for Cambridgeshire County Council where the future work phases could reach £600 million over 15 years. In Scotland, our position as a principal supply chain partner to deliver healthcare projects for NHS Scotland is delivering a consistent programme of work.

Despite the lack of development finance continuing to restrain the ability of commercial clients to proceed with construction projects, we have been successful in maintaining an order book that currently stands at £706 million with 52 per cent in the public sector.

### Infrastructure

Profit from operations of £5.5 million was achieved on revenue of £198 million, including joint ventures, representing a margin of 2.8 per cent (2008: £7.8 million on £265 million, representing 2.9 per cent). The reduction in revenue for the period reflects the downturn in work at the end of the five year AMP4 cycle for our water utility clients prior to the commencement of AMP5 and the completion of a number of major civil engineering projects since the previous period end.

Work continues to progress well on our major contracts for the Olympic Development Authority, and on our £445 million M74 highways project in Glasgow, being carried out in a four party joint venture. We have handed over the major works carried out on our £60 million junction 15 remodelling project on the M40 in Warwickshire. In the period we secured a three year framework for National Grid to carry out improvements at a number of gas and electricity sites throughout the UK, a £32 million scheme to improve the A96 in Scotland and our first energy from waste scheme at £22 million.

We have confirmed the renewal of our five year AMP5 framework contracts with Scottish Water, United Utilities and Yorkshire Water and expect to successfully complete the renewal process for our remaining key water clients.

The current order book for the infrastructure division stands at £959 million, compared to £780 million at the same point last year, of which 83 per cent is in frameworks. 54 per cent of the order book is in the regulated sector and 45 per cent is for the public sector.

### **PPP investments**

Total revenue, including joint ventures, was £2.5 million. Profit from operations was £2.2 million (2008: £14.5 million and £2.9 million). After taking account of the £4.4 million surplus referred to in the 2009 annual report from the sale of its investment in the Highland Schools PFI project last July, the division's profit before tax was £0.4 million (2008: loss £3.4 million).

Financial close on the £60 million Worcester Library and History centre project, in which we own 100 per cent of the equity, was achieved in January 2010. With the secondary market for PFI investments holding up, we will continue to make equity disposals when they can realise best value, particularly in respect of those projects where we remain equity holders in the operational phase.

Affordable housing projects and waste schemes are in line with Government priorities and are sectors where we can bring our investment and project management skills to bear. We have reached the final shortlist of two for the South Tyne & Wear waste project, being progressed in joint venture with United Utilities, and we are also on the shortlists for Halton and Warrington Building Schools for the Future, Kent Housing and, in Scotland, the south east territory hub for the health sector.

### **Health, safety and environmental**

The health and safety of everyone affected by its operations is the Group's highest priority. We are committed to achieving industry leading health, safety and environmental standards. In the period to 31 December 2009, the Group's 12 month accident incident rate was 6.3 (per 1,000 people at risk) which, disappointingly, shows a small increase on the previous year. We have delivered the first phase of our behavioural safety training programme, covering the leadership element within our business, and are now planning a major roll out across the Group to ensure that our processes and our employees behaviours continually promote the highest safety standards.

### **OUTLOOK**

Against the backdrop of a more stable housing market we have made excellent progress with the first phase of our transformational housebuilding strategy for our southern based business, bringing land acquisition opportunities with attractive potential returns to fruition.

The market for construction is challenging but our quality order book and the spread and depth of our industry leading business across its market sectors continue to be key strengths that will enable us to respond quickly to a market upturn once it occurs.

While the Board remains cautious on the overall economic environment, with a strong balance sheet and sector leading cash resources the Group is well placed to take advantage of opportunities across its activities as they arise.

### **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 are the macro economic conditions in the UK, Government policies and public sector spending as they affect the Group's markets in both housebuilding and construction, together with the availability of finance for the Group's clients and house purchasers. Other risks remain as described in the 2009 annual report. These cover market related; Health, Safety and Environmental; Financial; Project Related and Human Resources. The Group's businesses are generally not affected by seasonality.

### **Related parties**

The Company carries out a number of projects and contracts through joint ventures in both its housebuilding and construction activities. Transactions with these entities are disclosed in the Related Party note to the interim financial statements.

### **Forward looking statements**

Certain statements in this interim statement 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 or outcomes to differ materially from expectations.

### **Statement of directors' responsibilities**

The directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein 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 the 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:

David Calverley	Non-executive Chairman
Greg Fitzgerald	Chief Executive
Frank Nelson	Finance Director
Amanda Burton	Senior Independent director
Peter Rogers	Non-executive director
Andrew Jenner	Non-executive director

Signed on behalf of the Board

**Greg Fitzgerald**  
Chief Executive

**Frank Nelson**  
Finance Director

24 February 2010

# CONSOLIDATED BALANCE SHEET

## AT 31 DECEMBER 2009 (unaudited)

	Note	31 Dec 2009 £m	31 Dec 2008 £m	30 June 2009 £m
<b>Non current assets</b>				
Intangible assets		7.5	9.2	8.2
Goodwill	9	115.3	115.0	115.0
Property, plant and equipment		7.5	8.7	8.3
Investments in joint ventures		0.8	10.6	0.7
Financial assets				
– Available for sale financial assets		12.7	5.8	9.4
Trade and other receivables		39.1	22.5	40.3
Deferred income tax assets		12.8	7.1	12.0
<b>Total non current assets</b>		<b>195.7</b>	<b>178.9</b>	<b>193.9</b>
<b>Current assets</b>				
Inventories		1.2	1.8	0.9
Developments		488.4	488.6	447.6
Trade and other receivables		203.6	248.3	213.5
Cash and cash equivalents	11	190.8	133.1	159.5
		<b>884.0</b>	<b>871.8</b>	<b>821.5</b>
Net current assets classified as held for sale		–	–	12.1
<b>Total current assets</b>		<b>884.0</b>	<b>871.8</b>	<b>833.6</b>
<b>Total assets</b>		<b>1,079.7</b>	<b>1,050.7</b>	<b>1,027.5</b>
<b>Current liabilities</b>				
Financial liabilities – borrowings	13	(1.7)	(13.9)	(13.0)
Trade and other payables		(510.3)	(571.9)	(546.2)
Current income tax liabilities		(4.1)	(4.3)	(4.6)
Provisions for other liabilities and charges		(8.6)	(1.4)	(0.6)
<b>Total current liabilities</b>		<b>(524.7)</b>	<b>(591.5)</b>	<b>(564.4)</b>
<b>Net current assets</b>		<b>359.3</b>	<b>280.3</b>	<b>269.2</b>
<b>Non current liabilities</b>				
Financial liabilities				
– Borrowings	13	(88.9)	(117.4)	(112.4)
– Derivative financial liabilities		(2.5)	(3.0)	(2.8)
Retirement benefit obligations	14	(30.5)	(8.7)	(27.5)
Deferred income tax liabilities		(15.0)	(16.1)	(14.3)
Other non current liabilities		(9.6)	(10.9)	(11.4)
Provisions for other liabilities and charges		(0.1)	(0.3)	(0.1)
<b>Total non current liabilities</b>		<b>(146.6)</b>	<b>(156.4)</b>	<b>(168.5)</b>
<b>Total liabilities</b>		<b>(671.3)</b>	<b>(747.9)</b>	<b>(732.9)</b>
<b>Net assets</b>		<b>408.4</b>	<b>302.8</b>	<b>294.6</b>
<b>Shareholders' equity</b>				
Ordinary shares		40.9	18.9	18.9
Share premium		190.8	190.8	190.8
Other reserves		5.3	5.3	5.3
Retained earnings		171.4	87.8	79.6
<b>Total shareholders' equity</b>		<b>408.4</b>	<b>302.8</b>	<b>294.6</b>

The notes on pages 12 to 21 are an integral part of this condensed consolidated interim financial information.

# CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (unaudited)

	Note	Half year to 31 Dec 2009			Half year to 31 Dec 2008			Year to 30 June 2009		
		Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
<b>Continuing operations</b>										
Revenue	3	570.0	-	570.0	773.8	-	773.8	1,461.2	-	1,461.2
Cost of sales		(515.1)	1.5	(513.6)	(710.9)	(48.7)	(759.6)	(1,344.9)	(40.6)	(1,385.5)
<b>Gross profit/(loss)</b>		<b>54.9</b>	<b>1.5</b>	<b>56.4</b>	<b>62.9</b>	<b>(48.7)</b>	<b>14.2</b>	<b>116.3</b>	<b>(40.6)</b>	<b>75.7</b>
Administrative expenses		(39.3)	(8.3)	(47.6)	(44.0)	-	(44.0)	(83.4)	(10.8)	(94.2)
Share of post tax losses from joint ventures		(1.1)	-	(1.1)	(1.7)	-	(1.7)	(1.0)	-	(1.0)
<b>Profit/(loss) before finance costs</b>	3	<b>14.5</b>	<b>(6.8)</b>	<b>7.7</b>	<b>17.2</b>	<b>(48.7)</b>	<b>(31.5)</b>	<b>31.9</b>	<b>(51.4)</b>	<b>(19.5)</b>
Finance income	5	2.4	-	2.4	2.6	-	2.6	3.8	-	3.8
Finance costs	5	(3.7)	-	(3.7)	(8.6)	-	(8.6)	(11.2)	-	(11.2)
<b>Profit/(loss) before taxation</b>		<b>13.2</b>	<b>(6.8)</b>	<b>6.4</b>	<b>11.2</b>	<b>(48.7)</b>	<b>(37.5)</b>	<b>24.5</b>	<b>(51.4)</b>	<b>(26.9)</b>
Taxation (expense)/credit	6	(4.0)	(0.4)	(4.4)	(3.1)	14.3	11.2	(6.0)	15.1	9.1
<b>Profit/(loss) for the period from continuing operations</b>		<b>9.2</b>	<b>(7.2)</b>	<b>2.0</b>	<b>8.1</b>	<b>(34.4)</b>	<b>(26.3)</b>	<b>18.5</b>	<b>(36.3)</b>	<b>(17.8)</b>
Earnings/(loss) per share	7									
- Basic		14.0p		3.0p	15.7p*		(51.0)p*	35.8p*		(34.4p)*
- Diluted		14.0p		3.0p	15.7p*		(51.0)p*	35.8p*		(34.4p)*
Dividend per share	8	3.3p			3.3p*			10.9p*		

\* Restated following the 1 for 10 share consolidation and subsequent 7 for 6 rights issue in October 2009.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (unaudited)

	Half year to 31 Dec 2009 £m	Half year to 31 Dec 2008 £m	Year to 30 June 2009 £m
<b>Profit/(loss) for the period</b>	<b>2.0</b>	<b>(26.3)</b>	<b>(17.8)</b>
Actuarial gains and losses on retirement benefit obligations	(5.6)	15.5	(6.5)
Deferred tax on items taken to equity	1.6	(4.3)	1.8
Net (losses)/gains recognised directly in equity	(4.0)	11.2	(4.7)
<b>Total comprehensive expense for the period</b>	<b>(2.0)</b>	<b>(15.1)</b>	<b>(22.5)</b>

The notes on pages 12 to 21 are an integral part of this condensed consolidated interim financial information.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (unaudited)

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
<b>Half year ended 31 December 2009</b>					
Balance at 1 July 2009	18.9	190.8	5.3	79.6	294.6
Profit for the period	–	–	–	2.0	2.0
Other comprehensive expense	–	–	–	(4.0)	(4.0)
<b>Transactions with owners:</b>					
Dividends	–	–	–	(4.0)	(4.0)
Share based payments	–	–	–	0.5	0.5
Issue of shares	22.0	–	–	97.3	119.3
<b>Balance at 31 December 2009</b>	<b>40.9</b>	<b>190.8</b>	<b>5.3</b>	<b>171.4</b>	<b>408.4</b>
<b>Half year ended 31 December 2008</b>					
Balance at 1 July 2008	18.9	190.8	5.3	110.3	325.3
Loss for the period	–	–	–	(26.3)	(26.3)
Other comprehensive income	–	–	–	11.2	11.2
<b>Transactions with owners:</b>					
Dividends	–	–	–	(7.9)	(7.9)
Share based payments	–	–	–	0.5	0.5
<b>Balance at 31 December 2008</b>	<b>18.9</b>	<b>190.8</b>	<b>5.3</b>	<b>87.8</b>	<b>302.8</b>
<b>Year ended 30 June 2009</b>					
Balance at 1 July 2008	18.9	190.8	5.3	110.3	325.3
Loss for the period	–	–	–	(17.8)	(17.8)
Other comprehensive expense	–	–	–	(4.7)	(4.7)
<b>Transactions with owners:</b>					
Dividends	–	–	–	(9.6)	(9.6)
Share based payments	–	–	–	1.4	1.4
<b>Balance at 30 June 2009</b>	<b>18.9</b>	<b>190.8</b>	<b>5.3</b>	<b>79.6</b>	<b>294.6</b>

The notes on pages 12 to 21 are an integral part of this condensed consolidated interim financial information.

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (unaudited)

	Note	Half year to 31 Dec 2009 £m	Half year to 31 Dec 2008 £m	Year to 30 June 2009 £m
<b>Cash flows from operating activities</b>				
Net cash (used in)/generated from operations	11	(48.7)	10.3	47.4
Interest received		1.9	3.7	3.0
Interest paid		(2.4)	(3.7)	(6.3)
Taxation (paid)/received		(3.0)	2.9	0.8
<b>Net cash (used in)/generated from operations</b>		<b>(52.2)</b>	<b>13.2</b>	<b>44.9</b>
<b>Cash flows from investing activities</b>				
Dividends received from joint ventures		–	2.5	2.8
Acquisition of subsidiaries (net of cash acquired)		(0.1)	–	–
Acquisition of investments in joint ventures		(1.1)	(2.4)	(5.1)
Acquisition of available for sale investments		(0.7)	–	–
Proceeds from available for sale investments		–	–	0.2
Proceeds from sale of joint ventures		16.5	–	5.2
Acquisition of property, plant and equipment		(0.2)	(2.0)	(3.4)
Proceeds from sale of property, plant and equipment		0.1	0.1	0.8
<b>Net cash generated from/(used in) investing activities</b>		<b>14.5</b>	<b>(1.8)</b>	<b>0.5</b>
<b>Cash flows from financing activities</b>				
Net proceeds from issue of ordinary share capital		119.3	–	–
Repayment of borrowings	13	(46.3)	(6.0)	(14.8)
Increase in borrowings		–	1.2	4.1
Dividends paid to Company shareholders	8	(4.0)	(7.9)	(9.6)
<b>Net cash generated from/(used in) financing activities</b>		<b>69.0</b>	<b>(12.7)</b>	<b>(20.3)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>31.3</b>	<b>(1.3)</b>	<b>25.1</b>
Cash and cash equivalents at beginning of period		159.5	134.4	134.4
<b>Cash and cash equivalents at end of period</b>	11	<b>190.8</b>	<b>133.1</b>	<b>159.5</b>

The notes on pages 12 to 21 are an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

The Company is a public limited company incorporated 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 interim financial information was approved for issue on 24 February 2010.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2009 were approved by the Board of directors on 10 September 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts 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 interim financial information has been reviewed, not audited.

This condensed consolidated interim financial information for the half year ended 31 December 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, Interim financial reporting, as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2009, 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 Interim Report. The annual financial statements for the year ended 30 June 2009 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 facilities which do not expire until February 2012. The current economic conditions do create some uncertainty, as outlined on page 7, and the Group's borrowings do fluctuate significantly throughout the financial year, but following the rights issue in October 2009 the Group's cash and balance sheet position were strengthened. 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 interim 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 2009, as described in those financial statements.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2009.

> IAS 1 (revised), Presentation of financial statements. The revised standard prohibits the presentation of items of income and expense (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

> IFRS 8, Operating segments. IFRS 8 replaces IAS 14, Segment reporting. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive and the Group Finance Director.

Goodwill is allocated by management to groups of cash-generating units on a segment level.

- > IFRS 3 (revised), Business combinations and consequential amendments to IAS 27, Consolidated and separate financial statements, IAS 28, Investments in associates and IAS 31, Interests in joint ventures.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. The key impact to the Group in the period is that on acquisition of the additional interest in a joint venture company that there is a deemed disposal of the joint venture share held followed by an acquisition of the full interest of the share capital finally held. In addition all acquisition related costs have been expensed. The revisions to the standard have had no significant impact in the period.

- > Amendment to IAS 23, Borrowing costs. This amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction and production of a qualifying asset, as part of the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. Inventories which are produced in large quantities on a repetitive basis over a short period of time are not qualifying assets. This amendment has not had any impact on the Group's financial statements as the activities performed by the Group do not produce qualifying assets.
- > Amendment to IFRS 2, Share based payments on vesting conditions and cancellations. This amendment has had no impact on the Group's financial statements.
- > Amendment to IAS 32, Financial instruments presentation and IAS 1 presentation of financial statements: Puttable financial instruments and obligations arising on liquidation. This amendment has had no impact on the Group's financial statements.
- > Amendment to IFRS 1, First time adoption of IFRS, and IAS 27, Consolidated and separate financial statements, on the cost of an investment in a subsidiary, jointly controlled entity or associate. This amendment has had no impact on the Group's financial statements.
- > IFRIC 15, Agreements for the construction of real estate. IFRIC 15 has not had a significant impact on the Group's financial statements.
- > IFRIC 16, Hedges of a net investment in a foreign operation. IFRIC 16 is not relevant to the Group's operation.
- > IFRIC 17, Distribution of non-cash assets to owners. IFRIC 17 has had no impact on the Group's financial statements.
- > IFRIC 18, Transfer of assets from customers. IFRIC 18 is not relevant to the Group's operation.

### 3 BUSINESS SEGMENT REPORTING

The chief operating decision-maker has been identified as the Chief Executive and the Group Finance Director. They review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Chief Executive and the Group Finance Director assess the performance of the operating segments based on a measure of adjusted earnings before net finance costs, tax and amortisation. 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 not included in the result for each operating segment that is reviewed by the Chief Executive and the Group Finance Director. Other information provided to them is measured in a manner consistent with that in the financial statements.

In the segmental reporting below profit from operations is stated before finance costs, amortisation of intangible assets, share of joint ventures' interest and tax, exceptional items and tax. This reflects the internal reporting measure used by the Chief Executive and the Group Finance Director. As at 30 June 2009, profit from operations in the Annual Report was stated including the Group's share of joint ventures interest hence the presentation has been amended accordingly. Central costs relate to head office costs that cannot be allocated to the operating segments.

IFRIC 12, Service concession arrangements was adopted in the year ended 30 June 2009 but had not been adopted at 31 December 2008 hence the comparative figures have been restated. This has resulted in an increase in PPP Investments joint venture turnover of £9.6 million, share of joint ventures' profit of £1.0 million and an increase in share of joint ventures' interest and tax of £1.0 million.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION continued

## 3 BUSINESS SEGMENT REPORTING continued

	Housebuilding			Construction			PPP Investments £m	Central costs £m	Total £m
	House- building £m	Affordable housing and regeneration £m	Total £m	Building £m	Infra- structure £m	Total £m			
<b>Half year ended 31 December 2009</b>									
Group revenue and share of joint venture revenue	84.5	75.9	160.4	226.3	197.9	424.2	2.5	0.3	587.4
Share of joint ventures' revenue	(2.5)	(4.0)	(6.5)	(0.1)	(9.0)	(9.1)	(1.8)	-	(17.4)
Segment revenue	82.0	71.9	153.9	226.2	188.9	415.1	0.7	0.3	570.0
Segment result:									
Profit/(loss) before joint ventures	2.2	4.8	7.0	5.5	5.5	11.0	1.6	(3.3)	16.3
Share of joint ventures' profit	0.2	-	0.2	-	-	-	0.6	-	0.8
Profit/(loss) from operations	2.4	4.8	7.2	5.5	5.5	11.0	2.2	(3.3)	17.1
Share of joint ventures' interest and tax	(0.1)	-	(0.1)	-	-	-	(1.8)	-	(1.9)
Profit/(loss) before finance costs, amortisation and exceptional items	2.3	4.8	7.1	5.5	5.5	11.0	0.4	(3.3)	15.2
Amortisation of intangibles	(0.4)	(0.1)	(0.5)	-	(0.2)	(0.2)	-	-	(0.7)
Profit/(loss) before finance costs and net exceptional items	1.9	4.7	6.6	5.5	5.3	10.8	0.4	(3.3)	14.5
Net exceptional items	1.4	0.1	1.5	(8.3)	-	(8.3)	-	-	(6.8)
Profit/(loss) before finance costs	3.3	4.8	8.1	(2.8)	5.3	2.5	0.4	(3.3)	7.7
Net finance costs	(4.0)	(1.6)	(5.6)	0.7	(0.3)	0.4	-	3.9	(1.3)
Profit/(loss) before taxation	(0.7)	3.2	2.5	(2.1)	5.0	2.9	0.4	0.6	6.4
Taxation charge									(4.4)
Profit for the period from continuing operations									2.0
<b>Half year ended 31 December 2008 (restated)</b>									
Group revenue and share of joint venture revenue	141.7	99.5	241.2	274.6	265.4	540.0	14.5	0.9	796.6
Share of joint ventures' revenue	(1.6)	(1.2)	(2.8)	-	(6.2)	(6.2)	(13.8)	-	(22.8)
Segment revenue	140.1	98.3	238.4	274.6	259.2	533.8	0.7	0.9	773.8
Segment result:									
Profit/(loss) before joint ventures	3.3	6.5	9.8	6.7	7.8	14.5	(1.3)	(3.1)	19.9
Share of joint ventures' profit	0.2	0.2	0.4	-	-	-	4.2	-	4.6
Profit/(loss) from operations	3.5	6.7	10.2	6.7	7.8	14.5	2.9	(3.1)	24.5
Share of joint ventures' interest and tax	(0.1)	(0.2)	(0.3)	-	-	-	(6.0)	-	(6.3)
Profit/(loss) before finance costs, amortisation and exceptional items	3.4	6.5	9.9	6.7	7.8	14.5	(3.1)	(3.1)	18.2
Amortisation of intangibles	(0.5)	-	(0.5)	(0.2)	(0.3)	(0.5)	-	-	(1.0)
Profit/(loss) before finance costs and net exceptional items	2.9	6.5	9.4	6.5	7.5	14.0	(3.1)	(3.1)	17.2
Net exceptional items	(38.4)	(10.3)	(48.7)	-	-	-	-	-	(48.7)
Profit/(loss) before finance costs	(35.5)	(3.8)	(39.3)	6.5	7.5	14.0	(3.1)	(3.1)	(31.5)
Net finance costs	(11.8)	(3.7)	(15.5)	2.4	1.0	3.4	(0.3)	6.4	(6.0)
Profit/(loss) before taxation	(47.3)	(7.5)	(54.8)	8.9	8.5	17.4	(3.4)	3.3	(37.5)
Taxation credit									11.2
Loss for the period from continuing operations									(26.3)
<b>Total assets</b>									
31 December 2009	391.4	240.6	632.0	107.2	128.2	235.4	4.5	4.2	876.1
31 December 2008	428.8	182.7	611.5	133.8	146.8	280.6	12.8	5.6	910.5

### 3 BUSINESS SEGMENT REPORTING continued

Reportable segments' assets are reconciled to total assets as follows:

	31 Dec 2009 £m	31 Dec 2008 £m
Total segment assets	<b>876.1</b>	910.5
Deferred tax assets	<b>12.8</b>	7.1
Cash and cash equivalents	<b>190.8</b>	133.1
	<b>1,079.7</b>	1,050.7

During the period the Group acquired £0.2 million (31 December 2008: £2.0 million) of property, plant and equipment and disposed of property, plant and equipment with a net book value of £0.1 million (31 December 2008: £0.1 million).

### 4 NET EXCEPTIONAL ITEMS

We have reviewed the carrying value of housing related assets in light of the limited recovery in the housing market since the downturn in the previous year which resulted in an exceptional charge to the income statement of £48.7 million at 31 December 2008 and a total of £51.4 million for the year ended 30 June 2009. This has resulted in adjustments to the carrying value of a number of development sites resulting in a net exceptional credit to the income statement of £1.5 million in respect of market movements. This is made up of a write down in land and work in progress in the period of £1.3 million and a reversal of £2.8 million on developments that were written down in the previous financial year. Other movements on these sites are taken to normal trading. The income tax charge associated with this net exceptional item amounted to £0.4 million (31 December 2008: £14.3 million credit, 30 June 2009: £15.1 million credit).

On 22 September 2009 the Office of Fair Trading announced its decision to fine 103 companies following its investigation into breaches of the Competition Act 1998 in the construction industry. Galliford Try has been fined £8.3 million in respect of three incidences of "cover pricing" that occurred between the years 2001 to 2004. Cover pricing was the practice undertaken when a contractor wished to stay on a client's tender list but not carry out a particular building contract, of obtaining a price from another tenderer that was intended to be at a level that would not win the tender. The fine takes into account the maximum reduction granted by the OFT for companies that co-operated fully with their investigation from the time that they were made aware of the allegations. The Group has submitted an appeal to the Competition Appeal Tribunal in respect of the size of the penalty imposed, however the outcome of the appeal is not expected until after the end of the current financial year. Accordingly, a provision for the full amount has been made in the period.

### 5 NET FINANCE COSTS

	Half year to 31 Dec 2009 £m	Half year to 31 Dec 2008 £m
Interest payable on borrowings	<b>(2.3)</b>	(3.5)
Unwinding of discounted payables	<b>(0.4)</b>	(0.9)
Fair value losses on financing activities – interest rate swaps	–	(3.7)
Net finance cost on retirement benefit obligations	<b>(1.0)</b>	(0.5)
Finance costs	<b>(3.7)</b>	(8.6)
Fair value gains on financing activities – interest rate swaps	<b>0.2</b>	–
Interest receivable	<b>2.2</b>	2.6
Finance income	<b>2.4</b>	2.6
<b>Net finance costs</b>	<b>(1.3)</b>	(6.0)

### 6 TAXATION (EXPENSE)/CREDIT

The taxation expense on profit before exceptional items for the period of 30.3 per cent (31 December 2008: 27.7 per cent) reflects the estimated effective rate for the full financial year to 30 June 2010. The taxation expense on exceptional items amounts to £0.4 million (31 December 2008: £14.3 million credit) as the OFT fine is a non-deductible expense for tax purposes.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION continued

## 7 EARNINGS PER SHARE

### a) Basic and diluted earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) 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.

The weighted average number of shares used in the calculation of earnings per share information for all periods presented in this consolidated interim financial information has been multiplied by an adjustment factor of 1.381 to reflect the bonus element in the shares issued under the terms of the rights issue which completed on 22 October 2009.

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 effect 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 plan. A loss per share cannot be reduced through dilution, hence this dilution, if applicable, is only applied where the Group has reported a profit.

The earnings/(loss) and weighted average number of shares used in the calculations are set out below.

	Half year to 31 Dec 2009			Half year to 31 Dec 2008 (restated)		
	Earnings £m	Weighted average number of shares	Per share amount pence	Earnings £m	Weighted average number of shares	Per share amount pence
<b>Basic</b>						
Earnings/(loss) attributable to ordinary shareholders	2.0	65,771,777	3.0	(26.3)	51,570,711	(51.0)
<b>Effect of dilutive securities</b>						
Options		–			–	
Diluted	2.0	65,771,777	3.0	(26.3)	51,570,711	(51.0)

### b) Adjusted earnings per share

Adjusted earnings per share based on the earnings before net exceptional items are set out below:

	Half year to 31 Dec 2009			Half year to 31 Dec 2008 (restated)		
	Earnings £m	Weighted average number of shares	Per share amount pence	Earnings £m	Weighted average number of shares	Per share amount pence
<b>Basic</b>						
Earnings attributable to ordinary shareholders	9.2	65,771,777	14.0	8.1	51,570,711	15.7
<b>Effect of dilutive securities</b>						
Options		–			–	
Diluted	9.2	65,771,777	14.0	8.1	51,570,711	15.7

## 8 DIVIDENDS

The dividend per ordinary share amounts shown in the table below have been restated by dividing those previously reported by an adjustment factor of 1.381 to reflect the bonus element in the shares issued under the rights issue which completed on 22 October 2009.

	Half year to 31 Dec 2009		Half year to 31 Dec 2008 (restated)		Year to 30 June 2009 (restated)	
	£m	Pence per share	£m	Pence per share	£m	Pence per share
Declared dividends for the period						
Interim	2.7	3.3	1.7	3.3	1.7	3.3
Final	-	-	-	-	4.0	7.6
	<b>2.7</b>	<b>3.3</b>	<b>1.7</b>	<b>3.3</b>	<b>5.7</b>	<b>10.9</b>
Recognised dividends for the period						
Pervious period final	4.0	7.6	7.9	15.2	7.9	15.2
Current period interim	-	-	-	-	1.7	3.3
	<b>4.0</b>	<b>7.6</b>	<b>7.9</b>	<b>15.2</b>	<b>9.6</b>	<b>18.5</b>

The interim dividend for 2010 of 3.3 pence per share was approved by the Board on 24 February 2010 and has not been included as a liability as at 31 December 2009. This interim dividend will be paid on 31 March 2010 to shareholders on the register at the close of business on 5 March 2010.

## 9 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:

	Half year to 31 Dec 2009	Half year to 31 Dec 2008	Year to 30 June 2009
	£m	£m	£m
Housebuilding	45.6	45.4	45.4
Affordable housing and regeneration	12.5	12.5	12.5
Building	18.1	18.0	18.0
Infrastructure	37.2	37.2	37.2
PPP Investments	1.9	1.9	1.9
<b>Total</b>	<b>115.3</b>	<b>115.0</b>	<b>115.0</b>

As stated in the annual financial statements for the year ended 30 June 2009, 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 2009 which would give rise to an impairment and none have been identified.

## 10 CALLED UP SHARE CAPITAL

On 9 September 2009, Galliford Try plc announced that it was to undertake a share consolidation and rights issue. The share consolidation was on the basis that every 10 ordinary shares of 5p each were consolidated into one new ordinary share of 50p each. The basis of the rights issue was 7 new ordinary shares of 50p each for every 60 existing ordinary shares of 5p each. The issue price per new ordinary share (taking into account the share consolidation) was £2.85.

Number of ordinary shares of 5p each in issue at 9 September 2009	377,766,773
Number of ordinary shares of 50p each in issue after share consolidation	37,776,677
Number of new ordinary shares of 50p each issued in rights issue 22 October 2009	44,072,789
Number of ordinary shares of 50p each in issue immediately following the rights issue and at 31 December 2009	81,849,466

Ordinarily, the excess of the net proceeds over the nominal value of the share capital issued would be credited to a non-distributable share premium account. However, the rights issue was effected through a structure which resulted in the excess of the net proceeds over the nominal value of the share capital issued being recognised within retained earnings under Section 612 of the Companies Act 2006.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION continued

## 11 CASH FLOWS FROM OPERATING ACTIVITIES

	Half year to 31 Dec 2009 £m	Half year to 31 Dec 2008 £m	Year to 30 June 2009 £m
<b>Cash flows (used in)/generated from operating activities</b>			
Profit/(loss) for the period	2.0	(26.3)	(17.8)
Adjustments for:			
Profit on sale of investments	(4.4)	–	(4.2)
Taxation	4.4	(11.2)	(9.1)
Depreciation	1.0	1.2	2.4
Other gains and losses	–	–	0.4
Amortisation of intangible assets	0.7	1.0	2.0
Share based payments	0.5	0.5	1.4
Profit on sale of property, plant and equipment	(0.1)	(0.1)	(0.1)
Net finance costs	1.3	6.0	7.4
Share of post tax losses from joint ventures	1.1	1.7	1.0
Additions to available for sale financial assets	(2.6)	(2.2)	(6.4)
Movement in retirement benefit obligations	(3.6)	(3.7)	(7.2)
Increase/(decrease) in provisions for liabilities and charges	8.0	(1.2)	(2.2)
	8.3	(34.3)	(32.4)
Changes in working capital:			
(Increase)/decrease in inventories	(0.3)	(0.1)	0.8
(Increase)/decrease in developments	(22.1)	121.7	162.7
Decrease in trade and other receivables	9.9	60.0	79.1
Decrease in payables	(44.5)	(137.0)	(162.8)
<b>Cash (used in)/generated from continuing operations</b>	<b>(48.7)</b>	<b>10.3</b>	<b>47.4</b>
Cash at bank and in hand	46.1	133.1	44.6
Short term bank deposits	144.7	–	114.9
<b>Cash and cash equivalents</b>	<b>190.8</b>	<b>133.1</b>	<b>159.5</b>

## 12 NET CASH

Net cash is made up as follows:

	Half year to 31 Dec 2009 £m	Half year to 31 Dec 2008 £m	Year to 30 June 2009 £m
Cash and cash equivalents	190.8	133.1	159.5
Financial liabilities – borrowings			
Current	(1.7)	(13.9)	(13.0)
Non current	(88.9)	(117.4)	(112.4)
<b>Net cash</b>	<b>100.2</b>	<b>1.8</b>	<b>34.1</b>

## 13 BORROWINGS AND LOANS

	Half year to 31 Dec 2009 £m	Half year to 31 Dec 2008 £m	Year to 30 June 2009 £m
Current	1.7	13.9	13.0
Non current	88.9	117.4	112.4
	<b>90.6</b>	131.3	125.4

The movement in borrowings is analysed as follows:

	£m
At 30 June 2008	136.1
Repayment of borrowings	(6.0)
Increase in borrowings	1.2
At 31 December 2008	131.3
Repayment of borrowings	(8.8)
Increase in borrowings	2.9
At 30 June 2009	125.4
Repayment of borrowings	(46.3)
Increase due to acquisition of subsidiary	11.5
<b>At 31 December 2009</b>	<b>90.6</b>

## 14 DEFINED BENEFIT PLANS

The amounts recognised in the income statement are as follows:

	Half year to 31 Dec 2009 £m	Half year to 31 Dec 2008 £m
Interest costs	(4.7)	(4.9)
Expected return on plan assets	3.7	4.4
<b>Charge to income statement</b>	<b>(1.0)</b>	<b>(0.5)</b>

An actuarial loss of £5.6 million (31 December 2008: gain £15.5 million) has been taken to the consolidated statement of comprehensive income. The principal actuarial assumptions used to calculate the liabilities as at 31 December 2009 have been set in a consistent manner to those adopted at 30 June 2009. These assumptions will change as market conditions change over time.

The amounts recognised in the balance sheet are as follows:

	Half year to 31 Dec 2009 £m	Half year to 31 Dec 2008 £m	Year to 30 June 2009 £m
Present value of funded obligations	(171.9)	(130.9)	(149.5)
Fair value of plan assets	141.4	122.2	122.0
<b>Liability</b>	<b>(30.5)</b>	<b>(8.7)</b>	<b>(27.5)</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION continued

### 15 ACQUISITIONS

On 14 October 2009, the Group acquired the remaining 50 per cent shareholding in its joint venture Linden Properties Western Limited. With effect from this date, Linden Properties Western Limited is treated as a subsidiary undertaking. The total consideration payable was £1. At completion, Linden Properties Western Limited had an overdraft of £11.2 million which was settled in full for £8.5 million. In addition loan notes with a nominal value of £1.2 million were acquired for £0.5 million which is to be settled on deferred terms. Developments have been written down to their estimated fair market value at the date of acquisition. The goodwill of £0.1 million relates to expected synergy savings. Details of the assets acquired are set out in the table below.

	Carrying value pre acquisition £m	Fair value adjustments £m	Provisional fair value £m
Deferred tax assets	–	0.8	0.8
Developments	15.8	(2.9)	12.9
Trade and other receivables	0.5	–	0.5
Bank loans and overdrafts	(11.2)	2.7	(8.5)
Trade and other payables	(3.3)	–	(3.3)
Financial liabilities – borrowings	(2.4)	0.7	(1.7)
Deferred tax liabilities	–	(0.8)	(0.8)
<b>Net assets acquired</b>	<b>(0.6)</b>	<b>0.5</b>	<b>(0.1)</b>
Goodwill			0.1
<b>Consideration</b>			<b>–</b>

On 1 December 2009, the Group acquired the entire share capital of Rosemullion Homes Limited and Rosemullion Property Company Limited (Rosemullion) for £0.1 million which was settled in cash. The goodwill of £0.1 million relates to the acquired workforce and expected synergy savings. Details of the assets acquired are set out in the table below. The fair value adjustments relate to the alignment of accounting policies and an adjustment to bring developments to their estimated fair market value at the date of acquisition.

	Carrying value pre acquisition £m	Fair value adjustments £m	Provisional fair value £m
Developments	4.1	1.7	5.8
Bank loans and overdrafts	(2.5)	–	(2.5)
Other assets and liabilities	(1.3)	(1.9)	(3.2)
Deferred tax liabilities	–	(0.1)	(0.1)
<b>Net assets acquired</b>	<b>0.3</b>	<b>(0.3)</b>	<b>–</b>
Goodwill			0.1
<b>Consideration</b>			<b>0.1</b>

The Group has yet to finalise the fair value of the identifiable assets and liabilities acquired for both acquisitions noted above and the goodwill recognised is provisional. Total acquisition costs of £0.1 million were incurred and have been written off in the income statement. The revenue and net profit of these acquisitions for the period since acquisition were £nil. If the acquisitions had been made on 1 July 2009 the revenue and net loss would have been £3.0 million and £0.1 million respectively.

## 16 CONTINGENT LIABILITIES

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. Whilst 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.

Galliford Try plc has entered into guarantees and counter indemnities in respect of bank and performance bonds issued on behalf of Group undertakings in the normal course of business amounting to £113.2 million (31 December 2008: £115.9 million).

## 17 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included within this note. Transactions between the Group and its joint ventures and jointly controlled operations and assets are disclosed as follows:

	Sales to related parties		Purchases from related parties		Amounts owed by related parties		Amounts owed to related parties	
	31 Dec 2009 £m	31 Dec 2008 £m	31 Dec 2009 £m	31 Dec 2008 £m	31 Dec 2009 £m	31 Dec 2008 £m	31 Dec 2009 £m	31 Dec 2008 £m
<b>Trading transactions</b>								
Joint ventures	9.4	15.1	0.1	–	4.5	7.6	–	0.8
Jointly controlled operations and assets	18.6	69.4	0.1	–	3.6	3.1	–	–
	Interest income from loans to related parties		Loans to related parties		Injection of equity funding			
	31 Dec 2009 £m	31 Dec 2008 £m	31 Dec 2009 £m	31 Dec 2008 £m	31 Dec 2009 £m	31 Dec 2008 £m	31 Dec 2009 £m	31 Dec 2008 £m
<b>Non-trading transactions</b>								
Joint ventures			1.1	1.9	38.6	31.5	1.1	2.4

## 18 POST BALANCE SHEET EVENT

On 12 February 2010, the Group acquired the 50 per cent interest held by Bank of Scotland in its joint ventures undertaking residential development in the London area, taking Galliford Try's ownership to 100 per cent. The joint ventures are Sentient Ventures Limited, Linden London LLP, Linden Homes Eastern Newhall Limited and Linden St Albans LLP. The consideration, settled in cash totalled a nominal £4. The development loans provided to the joint ventures by Bank of Scotland were settled by a cash payment of £42.5 million. In accordance with IFRS 3, the directors will assess the fair value of the net assets acquired for these acquisitions as further information becomes available. It is impracticable to provide full disclosure of these acquisitions at present.

# INDEPENDENT REVIEW REPORT TO GALLIFORD TRY PLC

## Introduction

We have been engaged by the Company to review the condensed consolidated interim financial information in the half-yearly financial report for the six months ended 31 December 2009, which comprises the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated cash flow and related notes. 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.

## 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 Services 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.

## 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. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

## 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 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.

## 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 31 December 2009 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 Services Authority.

PricewaterhouseCoopers LLP  
Chartered Accountants  
24 February 2010  
Uxbridge

## Notes:

- 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 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.

# SHAREHOLDER INFORMATION

## Financial calendar 2010

---

Half year results to 31 December 2009: Announcement	24 February
Interim dividend:	
Ex dividend date	3 March 2010
Record date	5 March 2010
Payment date	31 March 2010
Results for the year ended 30 June 2010: Announcement	September
Annual General Meeting	November
Final dividend payment	November

---

## Shareholder services

The Company's registrars are Equiniti. They will be pleased to deal with any questions regarding your shareholding or dividends. Please notify them if you change your address or other personal information. Their address and contact details are:

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

## Shareholder helpline

Telephone: 0871 384 2202

You can find a number of shareholder services online via their website at [www.shareview.co.uk](http://www.shareview.co.uk), including the portfolio service which gives you access to more information on your investments such as balance movements, indicative share prices and information on recent dividends. You can also register your e-mail address to receive shareholder information and Annual Report and Financial Statements electronically.

## Share dealing service

A telephone and internet dealing service is available through Equiniti which provides a simple way of buying and selling Galliford Try shares. Commission is currently 1.5 per cent with a minimum charge of £25 for telephone dealing and 1 per cent with a minimum charge of £20 for internet dealing. For telephone sales call 0845 603 7037 between 8.00am and 4.30pm, Monday to Friday, and for internet sales log on to [www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing). You will need your shareholder reference number as shown on your share certificate. Share dealing services are also widely provided by other organisations.

# SHAREHOLDER INFORMATION continued

## **Company website**

You can find out more about the Company on our website [www.gallifordtry.co.uk](http://www.gallifordtry.co.uk) which includes a section specifically prepared for investors. In this section you can check the Company's share price, find the latest Company news and look at the financial reports.

The Company's up to date share price can also be obtained by telephoning Financial Times CityLine on 09058 171 690 (calls charged at 75 pence per minute).

## **Company contact**

Contact with existing and prospective shareholders is welcomed by the Company. If you have any questions please contact the Company Secretary, Richard Barraclough, at the registered office, or via email ([richard.barraclough@gallifordtry.co.uk](mailto:richard.barraclough@gallifordtry.co.uk)).

## **Registered office**

Galliford Try plc  
Cowley Business Park  
Cowley  
Uxbridge  
Middlesex  
UB8 2AL

## **Registration**

England 836539



