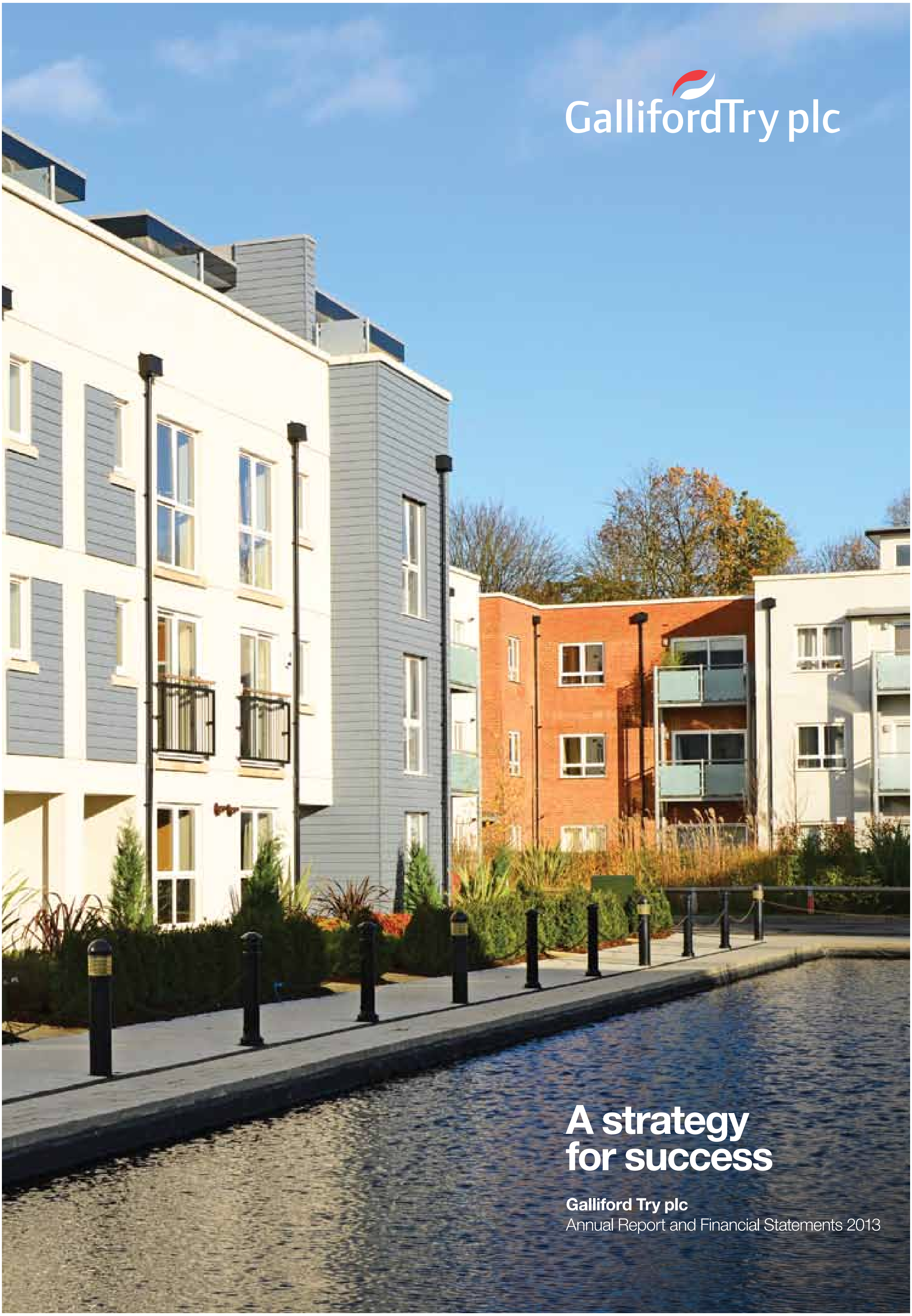

GallifordTry plc

A strategy for success

Galliford Try plc
Annual Report and Financial Statements 2013

www.gallifordtry.co.uk

Galliford Try is a leading UK housebuilding and construction group. We are listed on the London Stock Exchange and are a member of the FTSE 250.

Contents

Business review

Governance

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Our vision

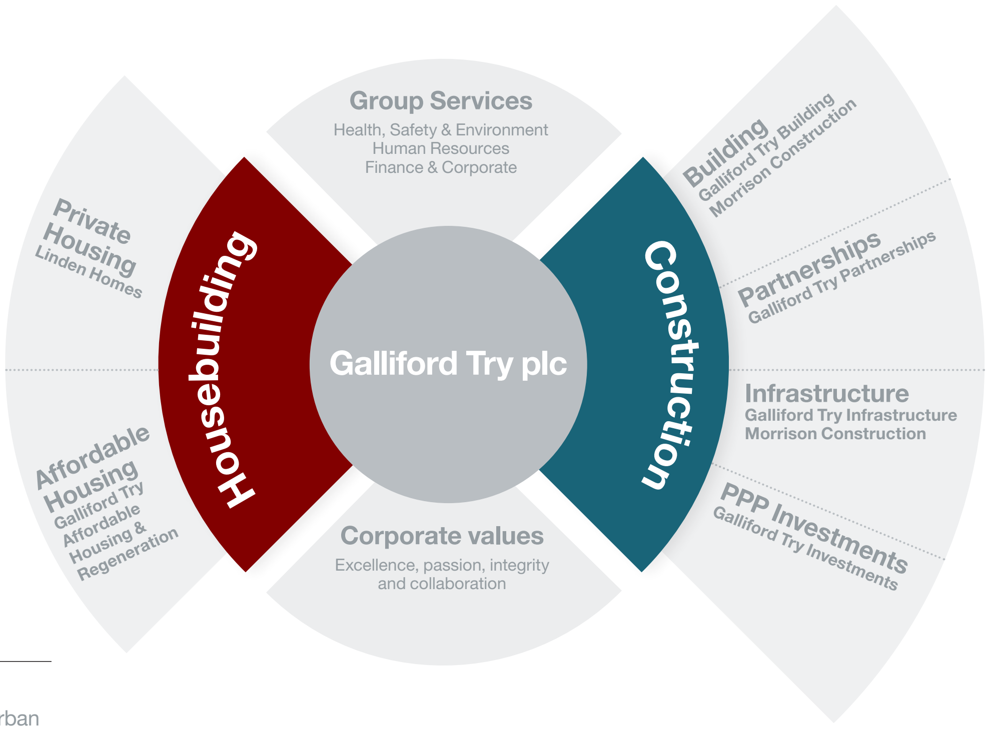
To be leaders in the construction of a sustainable future.

Our objective

To generate a superior return for shareholders, maintain our position as a leading housebuilder and grow our construction business when markets allow.

Group structure

Our activities are spread across two different but complementary businesses, housebuilding and construction. This hybrid model gives us distinct competitive advantages. See our business model on page 10 for more information.



Front cover image
Water Colour combines the best of urban and country living. With the countryside on its doorstep, Water Colour is also close to Redhill and Reigate town centres, with good links to London and beyond.

Highlights
Financial Year ended 30 June 2013

Group key performance indicators

Group revenue[1]
Down 2%
£1,467m

Profit before tax
Up 17%
£74.1m

Earnings per share
Up 18%
71.7p

Dividend per share
Up 23%
37.0p

Cash and capital management
Year end net debt
£14.4m

Health & Safety
Accident frequency rate
0.10

Housebuilding

- 13.1% housebuilding margin shows strong performance (2012: 11.8%);
- 16% increase in sales currently reserved, contracted or completed at £405 million (2012: £350 million);
- 2,932 completions (2012: 3,039);
- 86% of 11,300 plot landbank now acquired at current market values (2012: 81% of 10,500);
- 100% of land required for 2014 financial year in place, and 90% of land secured for 2015.

Construction

- 1.7% construction margin remained robust (2012: 2.0%);
- Strong year end construction cash balance of £145 million (2012: £146 million);
- £1.7 billion current construction order book (2012: £1.65 billion);
- 87% of this year's planned revenue secured (2012: 86%).

1 Group revenue excludes share of joint ventures' revenue of £92.1 million (2012: £72.2 million). Revenue where stated throughout the business review includes share of joint ventures.

Two strong businesses…

Housebuilding

Folders Meadow, West Sussex

Operating through Linden Homes, we are a leading housebuilder. We develop individual homes in prime locations nationwide and have a strong presence in the south of England and the eastern counties.

Creating distinctive homes that complement their local surroundings, we take pride in attention to detail and the quality of our houses and apartments. We typically build on brownfield sites and can take on the most complex developments by using the skills of our construction division, reinforcing our industry leading offering and differentiating us in the new homes market.

With a keen focus on customer service, we have built our business on commitment to our customers. Our success has been demonstrated by our level of satisfied customers and this has been recognised by Linden Homes winning a host of high profile awards over the last 12 months.

Following a period of expansion over the three years to June 2012, the Group now delivers around 3,000 homes annually to customers in its chosen regions.

Key developments for the business in the financial year included King Harry Park and Mosaic in St Albans; Nash Mills Wharf in Hertfordshire; Cholsey Meadows at Cholsey, Oxfordshire; Burntwood Square in Brentwood, Essex; Milbury Reach in Exeter, Devon; Purifier House in Bristol; and Saint Nicholasgate in Beverley, East Yorkshire.

Forthcoming developments anticipated for 2014 include Boyn Hill in Maidenhead and Oakbrook in Langley, both in Berkshire; Millbrook Park, Finchley and Ashlar Court, Hammersmith, both in London; Northfields in Colchester, Essex; Riverside in Goldalming, Surrey; City Glade, St Loyes in Exeter; and Oasis in Lincoln, Lincolnshire.

"Linden Homes has an excellent reputation, award-winning quality, delivering homes in prime locations and a sound strategy for disciplined growth and higher margins."

Greg Fitzgerald
Chief Executive

Revenue
Up £2.9m

£640m

2013 performance: Housebuilding

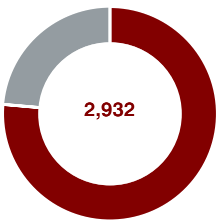
Linden Homes, our housebuilding business had a record year, with profits, average selling price, year end sales in hand and landbank all reaching new highs. The business enters the new financial year in excellent shape, with the prospect of further growth and higher margins.

Profit from operations
Up 11%

£83.5m

Home completions
Down 107 units

2,932



Completions by sector

Private	2,244
Affordable	688

Profit margin
Up 11%

13.1%

Landbank
Up 8%

11,300

Construction

Tidemill School, Deptford Lounge and Resolution Studios, South East London

Our construction division is a major UK contractor. We have a diversified workload in the public, regulated and private sectors, and look to develop long-term client relationships that allow us to work in partnership to deliver best value. We have a strong reputation for providing whole-life solutions, high standards of project delivery, an ability to innovate and the diversity of our activities.

Construction operates mainly under the Galliford Try and Morrison Construction brands, and is organised into building, partnerships and infrastructure divisions.

Building serves clients in the health, education and commercial markets across the UK. Partnerships is our specialist affordable housing contractor, with a strong business in the south and north east and a growing presence elsewhere. Infrastructure carries out civil engineering projects, primarily for clients in the water, highways, remediation, oil and gas, and energy from waste markets.

The construction division also includes our multi-disciplined group of chartered surveyors; and our national piling specialists.

In addition, our Investments business invests in public private partnerships, creating construction and facilities management opportunities for the Group, while benefiting from our strong balance sheet.

"With our broad range of capability, strong regional positions, long-term customer relationships and focus on risk management, we are well placed to grow when markets improve."

Ken Gillespie
Construction Division Chief Executive

Revenue
Down 1.3%

£913m

2013 performance: Construction

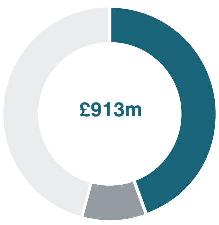
Construction performed well in difficult markets. The business won a number of significant new contracts, allowing it to maintain its order book, and enters the new year with a solid position.

Profit from operations
Down 20%

£15.1m

Order book
Maintained

£1.7bn



Revenue by activity

Building	£407m
Partnerships	£90m
Infrastructure	£416m

Profit margin
On plan

1.7%

Cash
Strong performance

£145m

…delivering a competitive advantage

An integrated service offering

Our internal trading charter encourages our divisions to work together, creating combinations of skills that are attractive to our clients and which keep profit within the Group. For example, construction is increasingly supporting housebuilding on complex and challenging sites and with building apartments.

At Gresham Mill (pictured left) four construction business units worked with Linden Homes to rejuvenate a former printworks, creating 70 apartments and 18 townhouses, including a water turbine to produce 10% of the homes' electricity needs. At Gloucestershire County Cricket Club (pictured below) our Building division is delivering nearly 150 homes for housebuilding, as well as improvements to the cricket ground.

A construction business spread across markets

Construction benefits from the diversity of its markets. As the public sector market has become more difficult, the private sector has increased and regulated work has continued to come through. We are strong in the water sector, with recent projects including odour reduction at Beckton, Europe's largest sewage treatment works (pictured below); and upgrades and extensions to Liverpool Wastewater Treatment Works (right). We were also recently reappointed to a major water and environmental management framework with the Environment Agency for 2013–17, with a significant future workload expected.

The diversity of our business and our divisions' complementary skills give us an unique set of competitive advantages, allowing us to create value for our shareholders and clients.

A sophisticated affordable housing offer

The affordable housing market is evolving, with clients increasingly looking to form joint ventures and to share risk and returns on developments. Our combination of Linden Homes and affordable housing in housebuilding and our partnerships business in construction gives us a full suite of capabilities, making us an attractive partner to our clients. Connect at Haywards Heath (pictured below) and Roden Court in Crouch End, London (left), are just two of our many affordable housing projects. The developments utilised the strengths of Linden Homes and Partnerships respectively.

Benefits of a diverse Group

In recent years, construction has benefited from being part of a diverse Group. Our growth in housebuilding has allowed construction to be selective in difficult markets, helping it to manage risk and protect its margins by focusing on high-quality work, such as our contracts that helped London prepare for the 2012 Olympic Games (pictured below).

Chairman's statement
Enhanced shareholder value

Galliford Try has continued to deliver for shareholders. This year's record profit allows us to further increase the dividend and we are well placed to create more value in the future.

Performance and dividend
The Group produced another strong financial performance, with record profits driven by growth in housebuilding. This demonstrates the success of the first year of our new housebuilding strategy, as well as the improving housing market which particularly benefited from the Government's Help to Buy scheme from the start of April.

Our profit growth is especially notable given the difficult market conditions in construction, where we continue to pursue a prudent approach. Appropriate risk management and lower construction activity resulted in a fall in revenues, as we expected. Our financial position remains strong, giving us the resources we need to implement our strategy.

This year's results are a credit to Greg Fitzgerald and his executive team. Greg's judgement and strategic acumen have been hugely beneficial to us in recent years, as has the excellent operational delivery throughout the Group.

Last year, the board introduced an enhanced dividend policy, which substantially increased our payout to shareholders. This year the board is recommending a final dividend of 25 pence per share, an increase of 19%. This will be paid on 29 November 2013 to shareholders on the register at 18 October 2013. Together with the interim dividend, which increased by 33% to 12 pence per share, this gives a total dividend for the year of 37 pence, up 23%. With the Group having achieved an 18% increase in earnings per share to 71.7 pence, the total dividend is approximately 1.9 times covered by earnings.

Strategy
Our performance this year shows that the Group is following the right strategy in both its businesses. Housebuilding has remained focused on the regions and market segments where it has real expertise and where the market has been strongest. Its disciplined approach to growth is allowing it to focus on margin improvement, underpinning the Group's cash generation and our higher dividend payout. The board continues to believe that this strategy will stand us in good stead.

Market conditions in construction are still challenging, so we remain focused on managing risk and selecting projects with the right margins and cash profiles, and where barriers to entry are high. Our construction business continues to outperform its peers and we are well placed to resume growth when markets recover.

Earnings per share
Up 18%

71.7p

Dividend per share
Up 23%

37.0p

Ian Coull / Chairman

Overall, the Group's performance demonstrates the continued benefits of our hybrid model and the board will continue to ensure the model develops to meet the changing business environment as well as delivering full value to shareholders. Operating both housebuilding and construction businesses has been highly successful for us, allowing us to deliver good performance at a Group level, even when one of our markets and the economy is tough.

Governance

I am pleased to report that the standard of corporate governance in Galliford Try remains high and that we complied with the UK Corporate Governance Code throughout the year. Towards the year end, the board underwent its first external evaluation. This looked at the operation of the board and its three subcommittees, confirming that the board works effectively and that our non-executive directors contribute hugely to the Group's wellbeing.

The evaluation noted the effectiveness of the board but also highlighted areas where we could improve, notably by increasing clarity about succession and our long-term strategy. We are developing plans to address these. More information on governance generally can be found in the Governance Report on page 48.

The board also reviewed Greg Fitzgerald's remuneration, reflecting our view that pay should reflect performance. After consultation with our largest shareholders and the Association of British Insurers, we have increased Greg's base salary and potential bonus, to take into account the Group's excellent results and the pay offered by comparable companies as well as rewarding future performance. We believe Galliford Try has the right pay structure to align our executives' rewards with shareholders' interests and the Group's long-term success. The remuneration policy and implementation review on pages 56 to 64 sets out the details of our remuneration arrangements.

People

The foundations of our success are the skill and hard work of our people. Housebuilding's continued growth and our relative strength in construction are testament to their dedication. I thank them all on the board's behalf.

The last 12 months have seen considerable change to our senior management. Frank Nelson retired as finance director at the end of September 2012, having made a significant contribution to the Group. Graham Prothero took up the role on 1 February 2013, joining us from Development Securities plc, where he had been finance director since 2008.

We were greatly saddened by Ian Baker's sudden ill health, which forced him to step down in December from his positions as Group Managing Director of Housebuilding and a member of our Executive Board. Ian was a highly valued member of the team and we wish him well in his recovery. Andrew Richards moved from his role as Managing Director of our PPP Investments business to become Group Managing Director of Housebuilding on 1 July 2013. Ken Gillespie, who leads our construction division, joined the board on 1 March.

On behalf of the board I would like to thank both Frank Nelson and Ian Baker for their contribution to the Group.

These changes mean there were several months when two of our most senior management positions were unfilled. Many people stepped up to the mark to see us through and enable us to achieve the strong performance we had promised investors. The board is very grateful for their efforts.

Conclusion and outlook

Our strategy has continued to deliver for shareholders and we expect to make further progress from here. The Group remains well financed, has an unique business model and has demonstrated its competitive strengths across its operations.

Ian Coull / Chairman

Summary of governance

What has the board achieved during the year?

Leadership
The board ensured the Group has the right leadership, through a number of senior management appointments. We also continued to consider succession planning and board diversity.

Effectiveness
The first external board evaluation built on the strong processes developed in our internal performance evaluations. It confirmed that the board and its committees operate effectively.

Strategy
The board focused the Group on its strategy of margin enhancement for housebuilding and margin protection for construction. This included developing our delegated authority and internal control frameworks.

Risk
We continued to refine our internal audit and risk management programmes, while improving performance and procedures in areas spanning contingency planning, fraud awareness and on site processes.

Shareholders
We prioritise effective relationships with shareholders. The chairman, chief executive and finance director met existing and prospective institutional shareholders. The board also consulted major shareholders on succession and remuneration.

For more information please refer to Governance from page 48

Chief Executive's strategic review
Excellent progress

Our performance this year shows that we have the right strategy to succeed. We are in excellent shape, giving us good momentum as we enter the new financial year.

Continuing strategic progress
This was another year of excellent progress. Our new housebuilding strategy delivered what we expected and we also benefited from better market conditions, with improving mortgage availability and a boost from the Government's Help to Buy scheme from 1 April. As a result, housebuilding ended the year with a number of records. It achieved record profit before tax, its highest ever year end sales in hand and its largest ever landbank at 11,300 units, with opportunities to buy more land at attractive prices in a favourable land market.

A key aim of our housebuilding strategy is to increase our operating margin to 17–18% by 2018. We expect around half the margin increase to come from higher hurdle rates on land purchases and the benefits of our strategic land development, and the other half to come from operating more efficiently. We have made solid progress towards this goal, with an 11% increase in operating margin in the year.

Construction continues to perform well in difficult conditions, with a number of good project wins. Its order book remained strong at £1.7 billion and we have already secured most of construction's planned revenue for 2014. The business, which operates across the UK, was helped by its leading position in Scotland, where Morrison Construction is one of the largest contractors and the market remains stronger. We also have significant operations in London, which is the strongest commercial market in England. Work in the regulated sector also continues to come through as planned. Overall, we are seeing an improvement in the number of construction opportunities but pricing levels remain competitive.

Our strategic priorities
Housebuilding and construction have distinct strategies but we have several common strategic priorities across the Group. In particular, we look to:

- deliver disciplined profit growth by focusing on the quality of business rather than the level of revenue, and by exploiting the synergies between housebuilding and construction to offer combined capabilities that no other group can match
- manage cash carefully in both businesses and take advantage of their complementary financial profiles
- embed the highest standards of sustainability across the Group, and in particular health & safety, recognising the financial and operational benefits of working sustainably and the upside for our stakeholders
- attract, develop and retain the best people, as they differentiate us from our competitors

More information about our Group's strategic progress can be found on page 12. Our housebuilding and construction strategies are set out on pages 20 and 28 respectively.

Greg Fitzgerald / Chief Executive

Full Year Results interview with Greg Fitzgerald available at www.gallifordtry.com/investors

Revenue
Down 1%

£1,559m

Profit from operations
Up 9%

£84.1m

Sustainability

Health & Safety remains the Group's first priority and I am particularly pleased that we further improved our health & safety record this year. The Group accident frequency rate reduced from 0.16 to 0.10, a reflection of our tough internal measures. This performance is notwithstanding a tragic fatality of a subcontractor at one of our sites during the year.

As a business, we deliver environmentally and socially responsible projects. We also continue to embed sustainability into our operations. This makes us more efficient, while benefiting our customers, people, suppliers, communities and the environment. Sustainability also contributes to our ability to win work in construction, where clients often take account of sustainability when assessing bids.

Our overall performance is shown by our membership of the FTSE4Good index. We were also ahead of schedule in reaching our 15% carbon reduction target and launched a new campaign to encourage employees to further reduce our fossil fuel use, potentially saving us millions of pounds over the coming years while cutting our contribution to climate change.

Working closely with local communities is an important part of our sustainability efforts. We do a considerable amount across the Group but we have not always recorded this centrally. We are therefore putting processes in place to log our community activities, so we can share the full scope of what we are doing and spread good practice.

Having the right supply chain is also crucial to sustainability. We are carefully monitoring the financial health of our subcontractors, particularly in construction where market conditions are taking their toll. We aim to pay suppliers in agreed timescales and to work collaboratively to help them succeed.

People and culture

Our people give us our competitive advantage. To maintain that advantage, our HR strategy aims to develop a committed and flexible workforce that wants to learn new skills and take on new tasks, and is able to do so. Our Academy provides structured training and career opportunities for our trainees and graduates, and our management development framework offers learning and development for staff at each stage of their career. We agree these needs during each employee's annual review.

Through its Linden Homes Foundation, the Group is actively encouraging subcontractor apprentices to learn a trade, and is providing workplace opportunities through and following their training. In the year to June 2013, four apprentices joined the Foundation and more are expected in future years.

Galliford Try has a distinct culture. We deliver the best for our customers by working with them in an open and honest way, and by committing to strong ethical standards. We look to live up to our values of excellence, passion, integrity and collaboration, which underpin our relationships with employees and our other stakeholders. Our culture of personal care extends throughout the business, which is why so many of our employees have been with us for so long, with many having more than 25 years of service.

I would like to thank everyone in Galliford Try for their contribution to our success this year. The Group is well positioned and I believe it is an excellent place for our people to further their careers. On a personal note, I want to thank Ian Baker for his contribution as Group Managing Director of Housebuilding, and to wish him well as he recovers from the illness that forced him to step down from his role.

Outlook

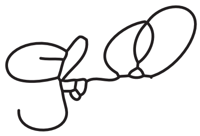
Each of our businesses has a clear strategy and strong leadership team, and both are well placed to further benefit from the improving outlooks in their markets.

Following an encouraging summer our housebuilding business had record sales in hand of £405 million as at 1 September 2013. The business also has a record landbank with all the land it needs for 2014 and, following a decision to increase land buying to take into account continuing stable conditions, currently has 90% of its 2015 requirements.

Construction enjoys good levels of visibility following a number of major project wins. The business currently has secured 87% of its projected workload for 2014, whilst maintaining its order book at £1.7 billion.

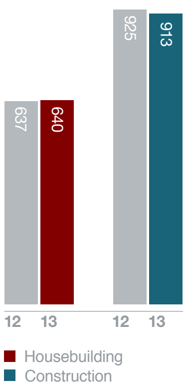
Both businesses are, against a background of some labour and supply challenges, maximising production to respond to strengthening customer demand and improved conditions.

The board is optimistic that the improved opportunities being experienced will continue through into 2014. We will continue our strategy of disciplined growth, to benefit from the opportunity to strengthen our market position and performance in both sectors. The prospects for both businesses are encouraging for the next financial year.



Greg Fitzgerald / Chief Executive

Revenue by activity (£million)



Delivering in partnership

Greg Fitzgerald visits 'The Regent' development in Battersea to complete a dedicated health, safety and environment review. Nine Group businesses came together to regenerate a brownfield site and create 68 private and 32 affordable homes.

Combining our skills

Graylingwell Park in West Sussex (top right), Wispers Park in Surrey (bottom left) and The Regent in Battersea (bottom right) are benefiting from the combined offering of our housebuilding and construction divisions.

Harnessing our competitive strengths.

Complementary businesses

Our hybrid business model, comprising housebuilding and construction businesses, gives us a competitive advantage. We can offer a complete package to our development partners, with our construction division able to remediate land, enable the site infrastructure and build public and commercial buildings. Housebuilding can then develop homes on the same site, such as our development at the new Gloucestershire County Cricket ground in Bristol.

Construction and housebuilding are also increasingly working together, enabling us to build homes on attractive but complex sites, as well as mixed-use projects with significant commercial elements. Housebuilding also benefits from construction services such as the piling and remediation that prepare sites for development.

Strategic strengths

Reduced reliance on any one market
Housebuilding and construction serve different customers who receive their financing from different sources. This makes us less reliant on any one market.

Complementary financial profiles
Construction generates cash from clients' regular payments, while housebuilding requires cash to buy land and pay for development, until the homes can be sold. Together, the businesses minimise our need for external debt.

Reduced impact of economic cycles
Housebuilding is early cycle, adapting quickly to economic changes, while long contracts and lead times make construction late cycle. When one of our businesses turns down, the other remains strong, reducing the impact on the Group.

Value chain

Housebuilding

Prime locations

Our success in housebuilding is based on our ability to identify and acquire the best land. We have built a sizeable landbank in prime locations with the potential to become prestigious and sustainable developments, with good local amenities and transport links. We identify the housing needs of each area to create communities where people aspire to live, in some of the country's most desirable locations.

Individual design

We create bespoke designs, meaning that every one of our projects starts with a blank sheet of paper. We complement the local style and collaborate with some of the industry's leading architects, to create distinctive homes with unique attention to detail.

Quality build

Our homes are renowned for their expert build and high specification, and for encouraging a more sustainable way of living. We use up-to-date building methods and materials, and the latest advances in energy efficiency and lifestyle technology, aiming to reduce both the running costs for our homeowners and each development's overall carbon footprint.

Customer focus

We believe in treating our customers the way we would like to be treated. We strive to improve service across the business and ask every customer for feedback, so we can see how we are doing and where we can improve.

Construction

Managing risk

We have well-developed systems of risk management, which help us to choose the right projects and to deliver them effectively. Our hybrid business model also allows us to be selective about the work we take on.

Supply chain and community relationships

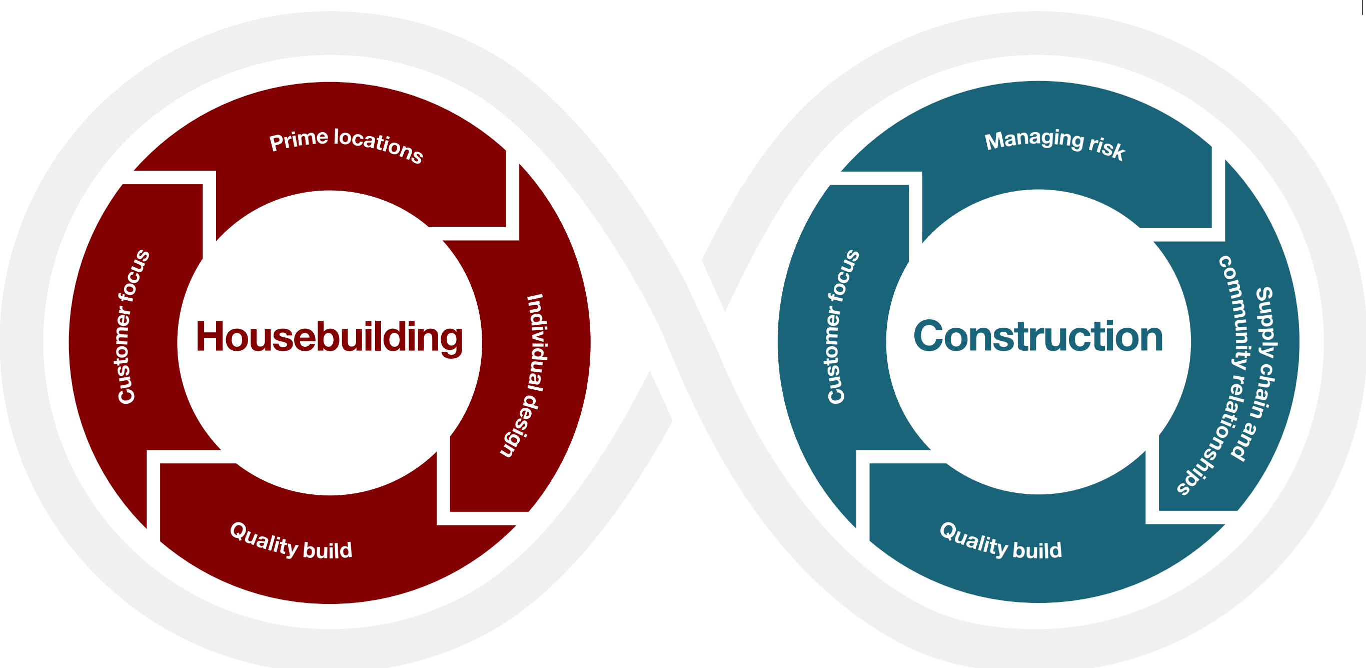
We build relationships with our suppliers and work closely with them to improve service quality for our clients, increase our efficiency and address key areas such as health, safety and the environment. We also develop strong relationships with the communities around our sites. Being welcomed as a good neighbour helps us to work effectively in the area.

Quality build

We are recognised for our high standards of project delivery and have won prestigious awards for our work. Delivering the best for our clients enhances our reputation and helps us to win new work.

Customer focus

We aim to become our clients' valued partner. This allows us to align our clients' needs on each project with their long-term ambitions. We aim to become an extension of their teams, giving us a deep understanding of their project targets.

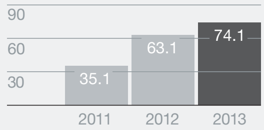


Chief Executive's strategic review
Our group strategy

Strategic priority:	Progress in the year:
Disciplined growth We aim to deliver disciplined profit growth by focusing on the quality of opportunities rather than the level of revenue, and by leveraging the synergies between our housebuilding and construction businesses	• Achieved record Group profits • Delivered higher margins in housebuilding and protected margins in construction • Introduced an internal trading charter, to promote and monitor trading between our businesses and keep profit within the Group
Cash management We actively manage cash, keeping the Group's net debt down by maximising cash flows from construction and minimising the capital tied up in housebuilding	• Continued to control the increasing capital invested in housebuilding developments • Maintained construction cash balances at satisfactory levels, despite the expected reduction in revenues
Sustainability We look to embed the highest standards of sustainability in our businesses and, in particular, to achieve industry leading levels of health & safety	• Continued to deliver excellent levels of health & safety, our number one priority • Exceeded our 15% carbon reduction target ahead of schedule • Recycled more than 90% of construction materials waste • Exceeded our Considerate Constructors Scheme target • Joined the FTSE4Good index
People We want to attract, retain and develop the best people, and engage them so they offer excellent service to our customers	• Delivered 11,142 training days • Undertook our annual employee survey, with 91% of those responding stating that they cared about Galliford Try's future • Rolled out equality, diversity and anti-bribery training • Exceeded our target for the percentage of employees attending the Chief Executive's roadshow
Shareholder return The ultimate aim of our strategy is to deliver superior returns to our shareholders	• Achieved 18% growth in earnings per share • Increased the total dividend for the year to 37 pence, up 23%

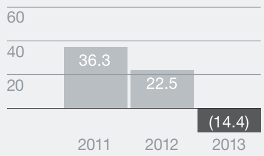
Key performance indicators:

Profit before tax
Profit on ordinary activities in £m, excluding exceptional items and tax



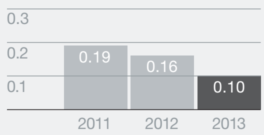
Comment
Housebuilding profits continue to grow, more than offsetting the expected small reduction in construction.

Cash and capital management
Group net cash or debt at the year end, in £m



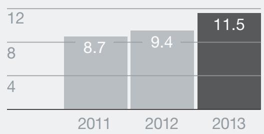
Comment
The balance sheet remains strong with construction cash of £145 million and increased investment in housebuilding, resulting in net Group debt of £14.4 million.

Accident frequency rate
The total number of reportable accidents in the year per 100,000 hours worked



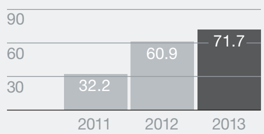
Comment
An encouraging health & safety performance in the year, as described further on pages 38 to 39.

Staff churn
The number of employees who voluntarily leave the Group during the year, as a percentage of the average number of employees in the year.



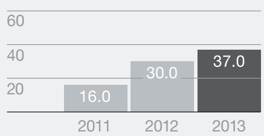
Comment
Staff churn was considered acceptable given current market conditions.

Earnings per share
Earnings per share in pence, based on profit attributable to ordinary shareholders before exceptional items, divided by the average number of shares in issue during the year.



Comment
The growth in housebuilding profits was the main contributor to the increase in earnings per share.

Dividend per share
The sum of the interim dividend and the proposed final dividend, in pence per share.



Comment
The increase reflects increased profits and our progressive and sustainable dividend policy.

Galliford Try delivered another strong financial performance. The improvement in housebuilding margins helped us to achieve record profits, while we managed the construction business carefully to protect margins and cash.

Introduction

Our record results and impressive return on capital employed are a product of our business model, as described in the Chief Executive's strategic review, and our strong financial base. The strength of our balance sheet and funding arrangements have supported the continued growth in our housebuilding division, whilst allowing us to proactively manage our construction division through the current challenging market.

All businesses constantly face a range of different risks, but our financial strength and strong internal policies and controls mean that we are able to manage these effectively and look forward to the future with confidence.

Results

Revenue including joint ventures was 1% lower at £1,559 million (2012: £1,576 million) largely due to the expected reduction in construction revenues. Group revenue excluding our share of joint ventures fell by 2% to £1,467 million (2012: £1,504 million).

Profit from operations, which is stated before finance costs, tax and our share of joint ventures' interest and tax, rose 9% to £84.1 million (2012: £77.1 million), driven by higher housebuilding profits. This contributed to record profit before tax of £74.1 million, up 17% from £63.1 million in 2012.

Graham Prothero / Group Finance Director

Net debt
Strong cash performance

£14.4m

Return on capital
Increased in year

16.6%

Financial highlights

- **Profit before tax up 17% to £74.1 million**
- **Robust cash performance, with a construction cash balance of £145.1 million and Group net debt of £14.4 million at the year end**
- **Equity up by £23.0 million to £501.4 million**
- **Net tangible assets up by 6% to £373.0 million**
- **Investment in housebuilding developments, including joint ventures, grew to £820 million, with net capital employed increased to £621 million**

Capital structure and funding

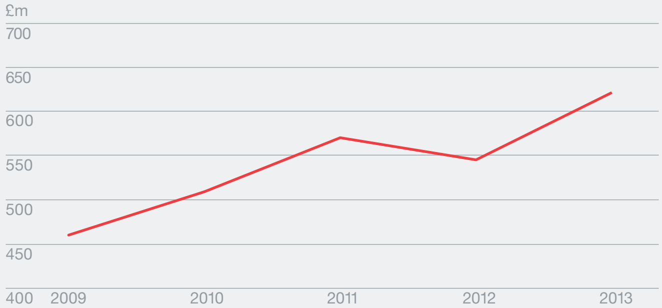
The Group's working capital requirement is variable, according to the timing of investment and sales in the housebuilding division, and the profile of our construction contracts. The average net debt during the period was £134 million. The board maintains a conservative level of gearing and headroom within our covenants.

Since early 2013 the Group has been steadily increasing investment in both land and work-in-progress in the housebuilding division. This reflects our stated aims to capitalise on the improving market for house sales, to increase our landbank whilst the land market remains sensibly priced, and to relax slightly our very taut development model. This will result in a modest increase in our working capital, but considerably improve our operational efficiency, thereby enhancing profitability and returns.

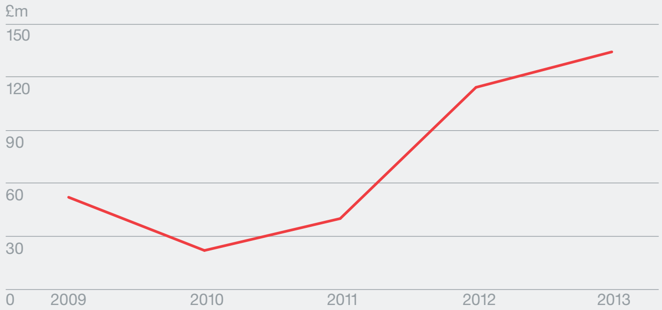
The Group is funded with a single class of ordinary shares, retained profits and a single bank facility of £325 million, provided by HSBC, Barclays and The Royal Bank of Scotland. Our hybrid model continues to thrive, with our construction business maintaining average cash balances of £93 million during the year, reducing the need for external finance in our housebuilding business. Joint venture activity is partly funded by our own equity and partly by bank debt, secured against the assets of the joint venture entity.

The bank facility is due for refinancing in May 2015. Our banks have shown a long term commitment both to our marketplace and to Galliford Try, and relationships remain strong. We have commenced refinancing discussions with a view to concluding new arrangements well in advance of the maturity of the current facility. These negotiations are proceeding well, and we will update the market in due course.

Net Capital Employed in Housebuilding



Average Net Debt



Financial review
continued

Segmental analysis
Housebuilding revenues remained steady at £639.6 million (2012: £636.7 million), as we successfully implemented our new strategy, consolidating our recent growth and focusing on margin improvement.

During the year we generated £17.9 million of revenue from land sales (2012: £24 million, including a significant one-off sale). Including land sales, we achieved a gross margin in housebuilding of 19.6%, compared with 17.6% in 2012.

Profit from operations in housebuilding increased by 11% to £83.5 million (2012: £75.1 million). The operating margin, including land sales, was 13.1% (2012: 11.8%). Return on net assets was 16.5% (2012: 15.1%).

Our construction business remains focused on protecting its margin and generating cash in continuing difficult market conditions. In line with our strategy, revenue during the year fell by 1.3% to £912.7 million (2012: £924.8 million), while profit from operations was £15.1 million (2012: £18.9 million), representing a margin of 1.7% (2012: 2.0%). These reductions are in line with our expectations at the start of the financial year.

Building contributed profit from operations of £6.5 million (2012: £8.4 million), with a margin of 1.6% (2012: 2.3%). Partnerships achieved profit from operations of £2.2 million (2012: £1.7 million), at an increased margin of 2.4% (2012: 1.9%). Infrastructure contributed profit from operations of £6.4 million (2012: £8.8 million), and saw its margin decline to 1.5% (2012: 1.9%).

PPP Investments reported a loss from operations of £3.2 million (2012: loss of £1.1 million), reflecting costs of bidding activity. The result in 2012 benefited from the sale of our remaining interest in the St Andrew's health project.

Taxation
The effective tax rate was 21.5% (2012: 21.9%) compared to a standard rate of 23.75%. We believe this rate will reduce marginally over the next three years in line with changes in the headline rate of corporation tax.

Earnings and dividend
Earnings per share increased by 18% to 71.7 pence (2012: 60.9 pence). Details of the calculation of earnings per share can be found in note 8 to the accounts, on page 87.

The directors are recommending a final dividend of 25 pence per share which, subject to approval at the annual general meeting, will be paid on 29 November 2013 to shareholders on the register at 18 October 2013.

With the interim dividend of 12 pence per share paid in April, this will result in a total dividend of 37 pence per share, an increase of 23% over the previous year. The cost of the final dividend is £20.5 million, resulting in a total relating to the year of £30.2 million.

Cash and equity
We continued our rigorous focus on cash management. After increasing the investment in land in our housebuilding division, we finished the year with net debt of £14.4 million (2012: net cash of £22.5 million).

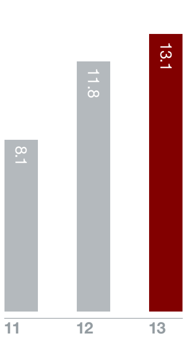
Cash balances in construction remained robust at £145.1 million at 30 June 2013 (2012: £145.5 million).

Housebuilding requires net investment and the net year end capital employed in developments and housebuilding joint ventures was £621 million (2012: £545 million).

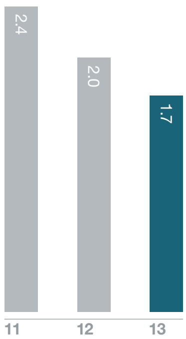
Total equity increased by £23.0 million to £501.4 million, while tangible net assets increased by £21.4 million to £373.0 million. This represented net assets per share at 30 June 2013 of £6.12 (2012: £5.84) and tangible net assets per share of £4.55 (2012: £4.30).

Group return on net assets, which is profit before tax, finance costs and amortisation, divided by average net assets, increased to 16.6% from 15.5%.

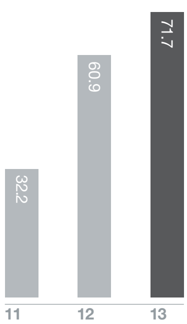
Housebuilding operating margin (%)



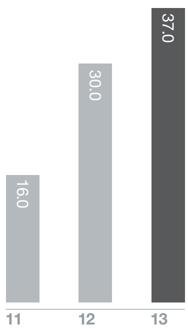
Construction operating margin (%)



Earnings per share (p)



Dividend per share (p)



Pension and share scheme costs

The total cost of pensions charged to the income statement in the financial year was £12.8 million (2012: £14.3 million).

Under IAS 19 'Employee Benefits' there is a surplus in the Group's final salary pension schemes. This was calculated at 30 June 2013 by an independent, qualified actuary. The gross surplus recognised on the balance sheet is £0.5 million (2012: deficit of £0.2 million). The change in the year mainly reflects increased discount rates.

The last valuation of the Galliford Try Final Salary scheme, at 1 July 2009, showed a deficit of £48.0 million. The latest valuations of the Group's other schemes showed a deficit of £2.2 million. The Company made annual deficit funding payments of £7.0 million and £0.3 million respectively to these schemes. Contributions for the new financial year remain under negotiation and are expected to reduce from these levels. Further details of the Group's pension arrangements can be found in note 31 on page 105.

Amounts charged to the income statement in respect of employee share schemes during the year amounted to £3.8 million. Further details can be found in the remuneration report on page 56 and in note 28 on page 103.

Treasury management and financial instruments

The Group operates under treasury policies and procedures approved by the board. Our financial instruments principally comprise bank borrowings, together with cash and liquid resources that arise directly from our operations. We do not trade in financial instruments.

The Group finances its operations through a mixture of retained profits and bank borrowings. We have rigorous controls in place to ensure we maintain borrowings at an acceptable level. On a daily basis, we aggregate the bank balances or borrowings in all the Group's operating companies into a total cash or borrowing figure, so we can obtain the most advantageous offset arrangements and interest rate.

Construction maintains significant cash balances, while housebuilding requires net investment. Combined, the two businesses minimise the need for external finance.

The Group's bank facility is subject to covenants over interest cover, gearing, adjusted gearing taking account of land creditor debt, and minimum consolidated tangible assets. We continue to operate well within these covenants. The facility takes security against certain of the Group's housebuilding development sites.

The main risk arising from our financial instruments is interest rate risk. Whilst our policy is to accept a degree of interest rate risk, in 2012 the Group entered into a five year swap agreement to fix the interest rate of £75 million of borrowings. All of our material activities take place in the United Kingdom, and the Group has no material foreign currency exposure at 30 June 2013.

Maximum credit risk exposure

The directors consider that the maximum credit risk exposure in each class of financial asset is represented by the carrying value as at 30 June 2013. Further information can be found in notes 18 and 26 to the financial statements.

Contingent liabilities

Contingent liabilities are described in note 33 to the Group financial statements. The directors ensure that these risks are appropriately documented and monitored, and that the risk of actual liabilities crystallising is restricted as far as possible.

Going concern

The Group's statement of going concern, together with further related information, can be found in the Directors' Report on page 66. The key risks and uncertainties that could affect the Group's future financial performance are detailed on pages 34 to 35.

Critical accounting policies and assumptions

The Group's principal accounting policies are set out in note 1 to the financial statements, together with a description of the key estimates and judgements affecting the application of those policies and amounts reported in the financial statements. There were no significant changes to the Group's critical accounting policies or assumptions in the year.

Graham Prothero / Group Finance Director

Divisional review

Housebuilding

Award-winning quality

"Linden Homes continues to deliver high-quality, desirable homes. We are carefully managing our growth, so we can increase our efficiency and deliver an industry leading quality of homes and service to our customers."

A differentiated business

Our ability to convert existing buildings into high-quality homes is one of the many factors that differentiate us from our peers. At Burntwood Square, Essex (pictured above and right), we have turned a Victorian hospital into a superb development that retains the existing character of the period buildings.

Greg Fitzgerald / Chief Executive

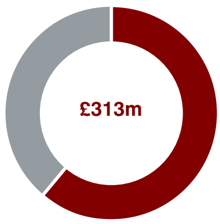
Performance

Revenue
Up £2.9m

£640m

Completions
Down 107 units

2,932



Sales in Hand by activity

Private	£192m
Affordable	£121m

Divisional review

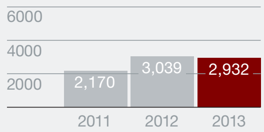
Our housebuilding strategy

Strategic priority:	Progress in the year:
We aim to deliver disciplined growth while reducing the execution risk of our developments	• Reduced our execution risk, having improved turnover and profit from a similar number of completions as in 2012 • Grew housebuilding revenue by £2.9 million, reflecting the focus on margin performance • Average selling price up by 5% • Level of completions maintained at circa 3,000 per annum
We aim to increase our housebuilding operating margin to 17–18% by 2018, by maximising the efficiency and effectiveness of our operations	• Made good progress towards our margin target • Increased efficiency by standardising processes, improving procurement and launching The Linden Way, which shares best practice across our business units • Adopting higher hurdle rates for land purchases and our development of strategic land • Affordable housing achieving higher revenues
We look to leverage our Linden Homes brand, which is recognised for high-quality, individually designed developments	• Continued to deliver high levels of customer satisfaction • Won a number of industry awards, reflecting the quality of our offering and earning us recognition and profile
We focus on prime sites in prime locations, predominantly in the southern market; aim to boost our strategic land development activities; and try to minimise our reliance on consortium or major greenfield sites	• Preserved the proportion of revenues coming from the stronger south east market • Increased our landbank by acquiring sites in prime locations whilst maintaining an appropriate product mix • Made further progress developing our strategic land

Following three highly successful years, in which we achieved our aim of doubling the size of the business, we outlined a new housebuilding strategy to guide us through the next stage of our development. Our strategy remains one of disciplined growth, with a focus on improving margins.

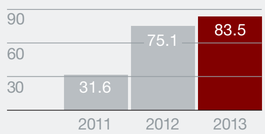
Key performance indicators:

Revenue/Completions
Income generated from the total number of homes that have been legally completed, including our share of completions by joint ventures



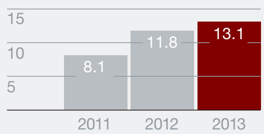
Comment
Revenue in line with 2012 despite a small reduction in unit completions.

Profit from operations
Profit on ordinary activities in £ million, stated before finance costs, exceptional items, amortisation and our share of joint ventures' interest and tax



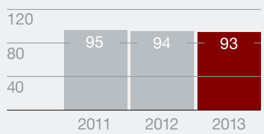
Comment
Profit increased substantially from similar levels of revenue in 2012.

Operating profit margin
Profit from operations as a percentage of revenue



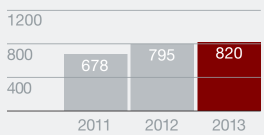
Comment
The strong margin performance is helped by land acquired at current market prices.

Customer satisfaction
The percentage of our home buyers who would recommend us to their family or friends



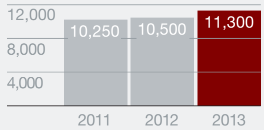
Comment
Continue to generate very high levels of customer satisfaction.

Investment in developments
Total investment in developments and housebuilding joint ventures, in £ million



Comment
Increased level of investment, taking advantage of current market opportunities.

Landbank
The total number of owned and controlled plots in the landbank



Comment
Record landbank, with 100% of land required for 2014 in place and 90% of land for 2015.

Divisional review
Housebuilding

One of the UK's leading housebuilders

Overview
Galliford Try develops homes under the Linden Homes brand, predominantly across the south and east of England. Our activities encompass housing for sale to the public and developments for affordable housing providers. We also carry out large scale regeneration projects, many in partnership with the Homes and Communities Agency (HCA).

Housebuilding operates regionally, with local management teams that have in-depth knowledge of their markets. We produce distinctive designs that meet local needs and set the standard in their area.

	2013	2012
Revenue (£m)	**639.6**	636.7
Profit from operations (£m)	**83.5**	75.1
Operating profit margin (%)	**13.1**	11.8
Completions	**2,932**	3,039

Market
Demographic changes drive long-term housing demand, with the UK's population increasing and living longer, and more single-person households. Demand is stronger where the economy is performing well and jobs are available. The availability and terms of mortgages for individuals and financing for affordable housing providers also affect demand.

Housing supply is relatively constrained. Development land is finite and competition for alternative use is highest where the economy is strongest. Despite the UK housing shortage, completions have been well below the required level in recent years.

Government policy affects both demand and industry regulation. The process for securing planning consents for housing developments is complex, lengthy and expensive.

The UK housing market improved during the year. Mortgage availability and affordability steadily increased, and the Government introduced its Help to Buy scheme on 1 April 2013, to expand the supply of new housing. Help to Buy is a shared-equity scheme which gives buyers Government loans of up to 20% of the purchase price, allowing them to buy new-build homes worth up to £600,000 with a minimum 5% deposit. Unlike the previous First Buy scheme, which was restricted to first-time buyers, Help to Buy is open to all.

We had previously only promoted shared-equity schemes for sites where houses were harder to sell, so as not to tie up our capital. Help to Buy requires no capital from us, making it suitable for all our developments. We have seen a marked uplift in reservations since 1 April, with around a third of our customers using Help to Buy.

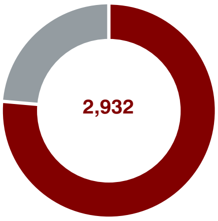
The south east remains the strongest market and has led pricing growth. However, we are seeing improving demand in some regional centres. We expect to see consumer confidence slowly increase.

In affordable housing, registered providers are required to deliver homes under their programmes with the HCA. As a result, they have been bringing schemes forward and looking for other schemes to close off their delivery risk.

The Government's spending review resulted in a positive settlement for affordable housing as one of the few areas where public expenditure is set to rise, and this, coupled with clarity of future rents, will continue to support our work in this market.

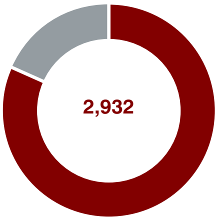
Completions
Further analysis
as at 30 June 2013

by sector



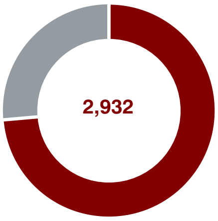
Private	2,244
Affordable	688

by landbank



Post July 2008	2,395
Legacy	537

by area of operation



South	2,160
Midlands/East	772

Profit from operations
Up 11%

£83.5m

Individual design

'be:' in Newhall (pictured above) recently claimed the 'Supreme Award' at the Housing Design Awards, adding to its raft of accolades which includes a Building for Life award, multiple What House? awards and a Housebuilding Innovation award. The scheme showcases contemporary architecture and cutting-edge new-build techniques.

Driving efficiency

The Linden Way is our new initiative to further improve levels of customer satisfaction, while increasing our operational efficiency and operating margins.

Strong southern focus

Marley Mead, near Dorking (pictured right), is just one of our many sites in the south of England. It is in an ideal location on the edge of the town, with easy access to the Surrey hills.

Recognised quality

Our Tremorvah Heights development in Falmouth (pictured above) won a What House? award in the category for Best House. Tremorvah Heights is in a prime position, with spectacular sea views.

Divisional review
Housebuilding

Performance

Revenue increased by £2.9 million to £639.6 million, with completions of 2,932 from 3,039 in 2012 remaining in line with our targeted 3,000 units per annum. Excluding our joint venture partners' share, completions were 2,679, compared to 2,788 in 2012.

Private housing completions accounted for 2,244 of the total (2012: 2,272). The average selling price rose by 5% to £262,000. Affordable housing completions totalled 688 (2012: 767), with an average selling price of £119,000 (2012: £104,000).

We had 89 active selling sites (2012: 87), with sales per site per week up from 0.50 in 2012 to 0.55. Cancellation rates remained broadly level at 17% (2012: 18%). We finished the year with sales in hand at a record £313 million (2012: £273 million).

Our gross margin improved from 17.6% to 19.6%, leading to an operating margin up from 11.8% to 13.1%.

The improved margin resulted from greater efficiency, including standardising processes, better procurement and introducing The Linden Way initiative, which pulls together best practice from across our business. We are also benefiting from our strategic land development and our requirement for a higher hurdle rate for land acquisitions. Our focus on disciplined growth also allows us to spend time optimising our plans for each site, to achieve better returns.

Important developments in the year included opening a new office for the east of England, in Chelmsford. We are also working more closely with the construction division, with a number of flagship schemes typically involving apartments and complex build. For example, our Building business in the south west is delivering 147 apartments for housebuilding at Gloucestershire County Cricket Club, where it is also carrying out improvements to the cricket ground.

At 30 June 2013, our landbank was a record 11,300 plots. This represents the total number of plots owned and controlled, including sites under option, but excluding longer term strategic options. Of this, 86% was held at current market prices, compared with 81% at June 2012. The gross development value of our landbank increased 14% to £2.76 billion (2012: £2.43 billion). Our strategic land holdings stood at 1,522 acres at the year end (2012: 1,285 acres). We see opportunities to acquire land at improved margins and we are continuing to invest in the south and south east, as well as looking at key regional centres.

We regularly commission independent customer satisfaction surveys. This year, 93% of our customers said they would recommend us (2012: 94%).

We were delighted that the industry also recognised the quality of our homes. Awards included Best Large Housebuilder 2012 from 'What House?' and Housebuilder of the Year 2013 in the Ideal Homes Show 'Blue Ribbon' Awards.

Market supporting strategy

The Group is benefiting from an improving housing market, with strong demand for our developments in prime locations, such as South Sands, Torquay.

Excellence in affordable housing

Evolve in Plymouth replaced dilapidated flats and houses with 350 high-quality properties, approximately 40% of which are affordable. It won a Silver Award in the 'Best Brownfield Development' category at the What House? Awards 2012.

HCA direct funding award

£17m

Affordable housing and regeneration

Our affordable housing business had a good year. We continued to deliver under the HCA's Affordable Homes Programme, meeting all of its targets for the midpoint of the programme, which runs to 2015. This reflects our strong client relationships and active management of our £17 million direct funding award, and has further enhanced our reputation with the HCA. During the year we established Linden First as a for-profit provider registered with the HCA. This gives the Group additional flexibility to respond to funding opportunities in the affordable housing sector.

The Delivery Partner Panel (DPP) is the route by which the HCA, Government departments and local authorities dispose of surplus public land. We had a number of key wins in all regions under the first phase of the DPP, increasing the gross development value of the sites we have acquired to around £450 million (2012: £225 million), with the potential to create nearly 2,000 units (2012: 1,250 units).

We were delighted to have been reappointed to the DPP in all clusters under the DPP 2 reprocurement. DPP 2 runs from April 2013 to March 2017. We were also selected by the Greater London Authority to join the new London Development Panel, which will manage releases of public land in London.

Our work with financially strong clients across a portfolio of schemes continues to provide strategic advantage. During the year we entered into arrangements with the Guinness Partnership, to assist with delivery of its affordable housing programme across a number of sites.

Joint ventures are increasingly significant to our clients, as they look to participate in sales risk to cross-subsidise their future investment programmes. Our housebuilding and partnership expertise is an attractive offering. Opal Land, our joint venture with Thames Valley Housing Association, made good progress in the year and is now proceeding with schemes in Southwark and Slough. We are in discussions with other registered providers and have established a number of joint ventures where we can build strong relationships which share risk and return, and build on our housebuilding brand.

Outlook

Linden Homes has started the financial year in an excellent position, with a record year end sales in hand. Mortgage availability and affordability continues to improve, while the Government's Help to Buy initiative is further increasing demand. This gives us the opportunity for controlled growth in completions and to improve our margins as planned. We will accelerate our build programmes on all our sites capable of an increased level of construction but will continue to remain focused on improving the margins we earn.

The housing market remains strong in the south east and there are also positive signs in some regional markets. Overall, we expect the market to remain healthy into the medium term.

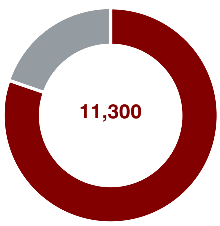
In affordable homes, we continue to be a sector leader in engaging with the HCA. Our unique offering of construction and development is welcomed by the sector and we will increasingly see affordable housing clients sharing risk and returns on developments. Our sophisticated offering plays well to this market.

Landbank

Further analysis
as at 30 June 2013

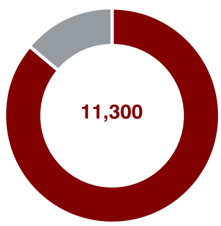
11,300

by sector



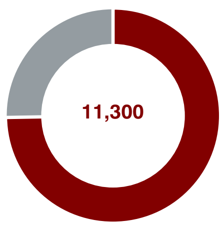
Private	9,100
Affordable	2,200

by acquisition period



Post July 2008	9,740
Legacy	1,560

by area of operation



South	8,461
Midlands/East	2,839

Construction

A business based on long-term relationships

A first in Scotland

We were the first delivery partner to be selected for the new public sector hub model in Scotland. We have a 49% share and are a tier one contractor appointed to the South East and South West hubs respectively. Haddington Infants School pictured provides facilities that are second to none, and was delivered under the model.

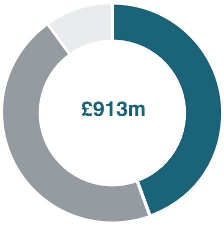
"Working in partnership with our clients is at the heart of our approach. We get to know their businesses inside out, so we can deliver greater value and build long-term relationships that secure work for us for years to come."

Ken Gillespie / Construction Division Chief Executive

Performance

Revenue
Down 1.3%

£913m



Revenue by activity

Building	£407m
Infrastructure	£416m
Partnerships	£90m

Cash
Strong performance

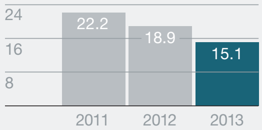
£145m

Strategic priority:	Progress in the year:
We aim to protect our margin through robust risk management and selecting the right projects, accepting that revenue will be lower in current market conditions	• Maintained our focus on risk management, choosing projects with acceptable returns and building strong relationships with clients, which enable us to add value and win future work • Continued to secure work under long-term frameworks in the regulated sector • Benefited from our strong positions in Scotland and London • Increased our work for the housebuilding division, which provides profitable projects for us while also keeping profit within the Group • Benefited from our strategic decision to develop our Partnerships business • Looked to ensure our supply chain remained robust, by working collaboratively with our subcontractors
We prioritise cash management, to maintain the financial strength of the business	• Maintained a good level of cash in construction, despite the expected reduction in revenue
We aim to maintain coverage and core skills to grow when markets allow	• Continued to win work in the public sector, private sector and regulated markets • Maintained our order book • Secured 87% of planned revenue for 2014

Our strategy in construction reflects the market conditions we have faced in recent years, as we look to protect the business and be prepared for growth when markets improve.

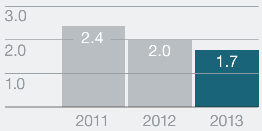
Key performance indicators:

Profit from operations
Profit on ordinary activities in £ million, stated before finance costs, exceptional items, amortisation and our share of joint ventures' interest and tax



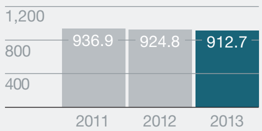
Comment
Profit from operations reduced as expected in a challenging market.

Operating profit margin
Profit from operations as a percentage of revenue



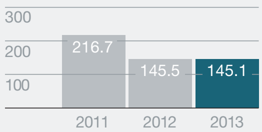
Comment
Construction performed well in difficult markets, delivering a margin that was in line with our expectations.

Revenue
Value of work carried out in the year, in £ million



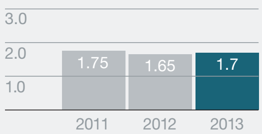
Comment
Reduction was in line with our strategy to only accept work that meets our acceptable criteria.

Cash
Net cash/debt at the year end, in £ million



Comment
The business continued to deliver strong cash balances throughout the year. The year end balance was similar to 2012.

Order book
The total revenue expected to be generated from orders received, in £ billion



Comment
We continued to win work across all our businesses and ended the year with an order book that was in line with our expectations.

A robust and well-balanced business

Overview

Our construction business offers the full spectrum of building and infrastructure services, covering a project's whole life cycle. The business operates mainly under the Galliford Try and Morrison Construction brands and is organised into building, partnerships and infrastructure divisions.

Building provides a UK-wide service to the health, education and private commercial markets from centres in London, the south west, the midlands, the north of England and Scotland.

Partnerships, our specialist affordable housing contractor, has strong businesses in the south east and north east, and a growing presence across the rest of the country.

Infrastructure carries out civil engineering projects, primarily in the water, highways, remediation, oil and gas and renewable energy markets, through sector-focused businesses operating across the UK.

	2013	2012
Revenue (£m)	**912.7**	924.8
Profit from operations (£m)	**15.1**	18.9
Operating profit margin (%)	**1.7**	2.0
Order book (£bn)	**1.7**	1.65

Market

The construction market is driven by our clients' investment programmes.

Public sector work depends on the need to improve the country's infrastructure and the Government's ability to finance it, either directly or by attracting private sector funds. Many infrastructure projects, such as major road schemes, provide work for several years. Other public sector programmes drive expenditure through bodies such as the Environment Agency, with which we have a long-term framework.

Regulated utilities invest to deliver agreed service levels to their customers and to meet the demands of regulators and European policy. Much of this is done through long-term asset management programmes and provides steady work for chosen contractors such as Galliford Try.

Private sector work depends on companies having the confidence to invest, which is linked to the strength of the economy and related factors such as consumer spending and the availability of finance.

Our markets remained tough during the year. While we continued to perform well, many companies struggled and some pulled out of construction altogether.

The public sector market remains difficult as a result of government spending cuts. While the economic benefits of infrastructure investment are well known, central government remains focused on deficit reduction. Given the timescale to procure large projects, this is likely to lead to a thinner medium-term public sector pipeline. Affordable housing, through our Partnerships business, is seeing increasing activity. The public sector market in Scotland remains stronger, with the Scottish Government continuing to invest and creating opportunities which we benefit from.

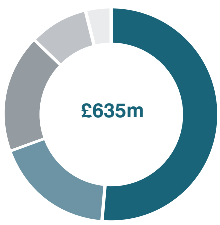
The regulated market remains active as a result of the utility companies' five-year expenditure plans. Work continues to come through as expected and Galliford Try has a strong position.

The private sector is becoming more important and is showing initial signs of slowly improving. Leisure and hotel companies are leading the way and we are also seeing more housing developments. More generally, businesses remain cautious for reasons ranging from concerns about consumer spending to the ability to finance their projects.

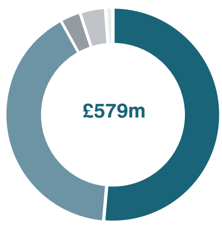
Order book

Further analysis
as at 30 June 2013

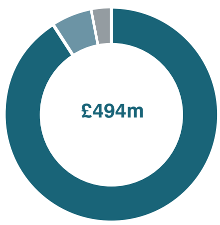
Building



Infrastructure



Partnerships



Performance

We have maintained our core skills and protected margins, delivering profits while managing our planned reduction in turnover. Our focus on projects with appropriate returns enabled us to deliver a margin of 1.7% (2012: 2.0%). While we won important new contracts, as discussed below, revenue was marginally down by 1.3% to £912.7 million, in line with our expectations. We managed our cash carefully and ended the year with construction cash balances of £145 million, representing 16% of revenue.

At year end, our order book was £1.7 billion, compared with £1.65 billion at 30 June 2012. Of this, 41% was in the public sector, 38% was in regulated industries and 21% was in the private sector. Importantly, 53% of our order book is in frameworks and 58% has been secured on a basis other than price competition, showing the continued success of our strategy.

We continued to deliver high levels of client satisfaction, with overall satisfaction standing at 83%, compared with 82% in the previous year.

Building

	2013	2012
Revenue (£m)	**406.4**	363.5
Profit from operations (£m)	**6.5**	8.4
Operating profit margin (%)	**1.6**	2.3
Order book (£m)	**635**	471

Building's most successful markets continued to be in southern England, the midlands and in Scotland, where we have a significant presence and strong track record.

During the year, we reached financial close on an £89 million contract with Genting UK to build a major leisure and retail development at the National Exhibition Centre in Birmingham. We also continued to secure numerous other projects around the country. These included contracts to construct retail and leisure facilities, hotels, office space, apartments and education centres.

Alongside our Investments business, Building won 'Sustainable Project of the Year' for The Hive in Worcester, at the Building Awards 2012.

Long-term relationships

Our relationship with the All England Lawn Tennis and Croquet Club dates back to 1973. In that time, we have delivered 28 major improvement schemes, helping to maintain Wimbledon's reputation as a world-class venue.

Order book

£1.7bn

Work secured for new year

87%

Strong regional positions

Morrison Construction is one of Scotland's leading contractors, enabling us to take part in major projects such as the £790 million Queensferry Crossing, the largest single project let by Transport Scotland to date.

Divisional review
Construction

Infrastructure

	2013	2012
Revenue (£m)	**416.3**	470.9
Profit from operations (£m)	**6.4**	8.8
Operating profit margin (%)	**1.5**	1.9
Order book (£m)	**579**	811

Our Infrastructure division continued to deliver work for regulated businesses during the year and also has a number of major UK projects in progress.

Our four-party consortium constructing the new Queensferry Crossing is making good progress, with the bridge pier foundation work and the north and south approaches under way. We are progressing work on the £80 million A380 South Devon link road for Devon County Council and Torbay Council, with the contract due to be completed in 2015. The Group was also appointed to Manchester Airports Group's £500 million Capital Delivery Programme in June.

During the year, Morrison Construction was awarded a £28 million contract to upgrade flood defences at Forres in northern Scotland. The project is part of the wider Moray Flood Alleviation scheme which aims to solve flooding issues across Moray. The contract is due to complete in spring 2015.

Our joint venture with Black & Veatch also secured one of six places on part of the Environment Agency's Water and Environment Management framework 2013–17. This will see us serving the Environment Agency's flood and coastal erosion risk management function, as well as being available to flood risk management authorities, Defra delivery bodies, local authorities, internal drainage boards and the Welsh government.

We were pleased that the M74 Completion Project won the Saltire Society Civil Engineering Award.

Partnerships

	2013	2012
Revenue (£m)	**90.0**	90.4
Profit from operations (£m)	**2.2**	1.7
Operating profit margin (%)	**2.4**	1.9
Order book (£m)	**494**	368

The Partnerships division continued to secure new work around the country.

Major new wins in the year included a £52 million contract with the Greater London Authority to redevelop the old St Clements Hospital site in east London, which includes the construction of 223 new homes, and a £38 million contract to regenerate the Brook House site in North London, on behalf of Newlon Housing Trust.

As part of the S4B consortium, Partnerships was appointed preferred bidder for the £100 million Brunswick regeneration scheme, which aims to transform the Brunswick area of east Manchester. The scheme includes 522 new homes, associated community facilities and extensive infrastructure works.

Partnerships was also appointed preferred bidder for a wide range of other contracts. These will see it develop affordable homes and other facilities on the same sites, such as retail and commercial units, for clients across England.

Partnerships won 'Main Contractor of the Year' (over £40 million) at the Builder & Engineer Awards 2012, demonstrating its high standing in the industry. It also received 'Most Innovative Use of Renewable Technology' at the Housing Innovation Awards 2013, for Sinclair Meadows, and 'Best Designed Project' for Finchley Memorial Hospital, at the Partnerships Bulletin Awards 2013.

Outlook

We expect our markets to recover slowly, although pricing remains under pressure. We continue to benefit from our strong positions in Scotland and London, and from the steady flow of work in the regulated sector. In the medium term, there is a risk of a thinner pipeline of public sector contracts in England, unless the Government increases its infrastructure investment.

We will continue to keep overheads tight, maintain our focus on risk and ensure the business is in good shape so it can grow again when market conditions allow.

Success in Partnerships

Watermill Lane in Enfield is one of the numerous successful projects undertaken by our Partnerships business, which is seeing increasing demand for its skills in constructing affordable housing.

Regionally significant schemes

We are pleased to have secured new work in the leisure and hotel sectors, both of which have improving prospects. Our contract to construct Resorts World at the National Exhibition Centre for Genting will include a casino, hotel, spa, conference facilities, retail outlets and a cinema.

Divisional review
PPP Investments

Galliford Try is an industry leader in arranging public private partnerships (PPPs). We draw on a broad range of project management skills, as well as the Group's financial strength.

Our success is based on our ability to partner with all our stakeholders, including clients, consortium members and advisers. We also have a full range of resources and experience within Galliford Try, as well as a developed and professional supply chain.

We have arranged and funded two of the largest multi-school PPP projects in the UK, have award-winning capabilities in health and have delivered one of the world's most sustainable public buildings, The Hive in Worcester.

	2013	2012
Revenue (£m)	**6.7**	13.8
Profit/(loss) from operations (£m)	**(3.2)**	(1.1)
Directors' valuation (£m)	**4.5**	4.9

Strategy
Our strategy is to bid for PPP projects that create investment opportunities and offer the chance to secure construction and maintenance contracts for the Group. To date, we have arranged and financed 30 PPP projects, with a total funding requirement in excess of £1.9 billion.

Market
The PPP market in England is limited. While the Government has announced its intention to invest in infrastructure, its focus is on deficit reduction and substantial levels of investment cannot be expected until after the next general election. One exception is the Priority Schools Building Programme, which is a £700 million procurement project to address the condition of schools in most urgent need of repair. We are reviewing the programme and expect to be active participants.

The market in Scotland remains positive and there are a number of PPP projects in the pipeline.

Performance
During the year, we sold our remaining equity interest in the Ealing Care Homes project. The directors' valuation of our PPP portfolio at 30 June 2013 was £4.5 million, compared to a value invested of £2.9 million (2012: valuation £4.9 million; value invested £2.9 million). The valuation is carried out using discounted cash flows.

We have a 49% share of the £300 million hub South East Scotland and are making good progress with a number of 'design and build' and 'design, build, finance, maintain' projects. To date, more than £40 million of projects have been completed or are under construction, and we are developing solutions with the client for more than £110 million of further projects.

We were pleased that our Alliance Community Partnerships consortium with Equitix Holdings Ltd, Kier Projects Investments Ltd and John Graham Holdings Ltd, reached financial close on the hub South West Scotland initiative, to deliver £600 million of public sector infrastructure projects over the next ten years. We are also in joint venture with Balfour Beatty and Carillion, as one of three bidders for the £550 million Aberdeen Western Peripheral Route.

Outlook
The outlook for the PPP market in England is limited but prospects continue in Scotland. The lending market remains restricted but the strength of the Group's balance sheet means that we expect to secure the funding we need for our projects.

Outstanding quality
The Hive has been delivered by our Building division, working closely with Investments. Its many awards include 'Sustainable Project of the Year' at the Building Awards 2013 and a Public Private Partnership Award for 'Best Sustainability in a Project'

Principal risks
Management of risk

Identifying, evaluating and managing our principal risks and uncertainties is integral to the way we do business.

We have policies and procedures throughout our operations that enable us to identify, evaluate and manage risk, embedded within our management structure and operating processes. We maintain registers at Group, divisional and business unit level that detail identified risks, relate them to the Group's objectives and rate them based on their likelihood and their potential impact should they materialise. This is then linked to how the risk is managed, the responsibility for its management and the way in which this is monitored. The registers show the levels of residual risk, enabling the board to judge acceptability. We regularly update the registers as risks change. In addition we carry out an annual review of market developments, Group strategy and projects being secured in the context of our risk management processes, to ensure they adapt to changing requirements. Carrying out this exercise, in co-ordination with the board's annual review of internal controls and their effectiveness, helps to ensure that our management of risk remains up to date and relevant. Details of the work undertaken in this area during the year are given in the Governance report on page 48.

Type of Risk	Impact
Health, safety & environmental	Group
People	Group
Availability of financing	Group
Group brand portfolio & maintenance	Group
Sustainability	Group
Other Group factors	Group
Changes to the UK housing market and the economic cycle	Housebuilding
Land acquisition	Housebuilding
Availability of mortgage finance	Housebuilding
Availability of development land	Housebuilding
The level of public sector spending	Construction
Confidence and the availability of project finance	Construction
Securing contracts	Construction
Project delivery	Construction

Strategic implications	Mitigating actions
Incidents on our sites affect our employees, all others who work on our sites and members of the public. Incidents affect our reputation and have a direct financial impact on the business and our management resources.	We prioritise the need to provide a safe working environment and promote health, safety and environmental issues, and have a comprehensive policy and framework to manage these risks.
Attracting, developing and retaining talented individuals at all levels of the business is crucial to our success.	Our human resources policies are based on the Investors in People principles, under which we are accredited. We carry out annual succession planning and have a training and development programme designed to optimise career satisfaction.
The Group requires funding to finance its development, project and working capital requirements.	Funding is provided by equity and bank borrowings. We constantly monitor levels of available funding and compliance with our bank covenants, and have facilities in place until May 2015. Our focus on margin enhancement, construction cash resources and using existing landbanks should also help us to generate increased cash flows within the business.
The Group increasingly relies on its established portfolio of brands within its markets, supply chain and wider environments. Materially detrimental events will damage the brands leverage and impinge on financial performance.	The Group's key brands and intellectual property (IP) are subject to rigorous protection. We constantly monitor the market place to ensure no contravention of our IP rights or misuse of our brands.
Failure to meet increasing sustainability regulations on homes for sale, or being unable to deliver sustainable solutions in line with our construction clients' requirements, will affect our ability to sell homes or secure projects.	We have a programme to develop sustainable homes in accordance with projected requirements and a strategy to improve our understanding of construction clients' changing aspirations.
Group risks include stakeholder risks, legal and regulatory obligations, optimising insurance cover, non availability of key assets, risk of failure of IT or financial management systems, and pensions.	The board takes responsibility for, and prioritises management of, all stakeholder interests. Each functional team has policies and procedures designed to identify and manage risks appropriate to their remit. Regular board meetings facilitate cross-functional communication of anticipated potential issues. The Group also operates contingency and disaster recovery policies to mitigate any potential financial or reputational damage.
The state of the economy and the global financial system affect consumer confidence and the housing market. This influences the price that our purchasers are prepared to pay for their homes and, by deducting the building and all other costs of development, the price and terms under which the Group purchases land for development.	We monitor Government and industry data on housing prices, sales volumes and construction commencement data, enabling us to anticipate market changes and adjust our land acquisition plans, build programmes, sales releases and purchaser incentives accordingly.
Acquiring land at the wrong price, or underestimating development costs, could affect our financial return from development projects.	We have a rigorous pre-acquisition site appraisal process with strict authority levels covering purchase, construction and sales, enabling us to alter plans and adapt to changes where necessary.
The availability, cost and terms under which our purchasers can secure mortgage finance affects both their ability to purchase and the price they can pay.	We monitor published statistics on mortgage approvals and lending, analysing the impact on potential customers across the different market sectors and the prices of properties we sell. We then adjust our development plans and our purchaser incentives, such as part exchange facilities and shared equity. We also monitor other influences on the mortgage market, such as Government initiatives to improve mortgage availability and affordability.
A healthy land market provides us with the raw material on which to build. A sustained reduction in the value of land affects land owners' willingness to sell. Delay and uncertainty in the planning system reduces our ability to obtain the required supply of developable land, although restrictions are gradually being lifted and more flexibility introduced as a result of the implementation of the National Planning Policy Framework.	We maintain a landbank that balances plots with full planning consent, with outline consent and zoned for residential development. We also have strategic land held primarily under options to purchase in the future. We monitor public sector planning strategies both nationally and locally and adjust our development plans accordingly.
Public sector spending and the investment programmes of the regulated infrastructure sectors affect the amount of work available and the degree of competition for that work, potentially affecting both the level of revenues and profit margins achievable.	We gather published and informal intelligence on our markets, and closely monitor our order book and pipeline of opportunities. Our business planning process forecasts market trends, enabling us to match resources to projected workloads.
Confidence in the economy, combined with our private sector clients' ability to secure development finance, affects their spending on construction projects.	Our business planning and annual budgeting process analyses data on forthcoming projects. We also monitor the spending programmes of our major clients, adapting our approach to those sectors and clients where we see the best opportunities.
We take commercial risk on each construction contract, which includes credit and counterparty risk, pricing and the technical ability to deliver. Failing to secure construction contracts at a price and on terms that deliver an acceptable return for the risk undertaken could cause potentially serious financial and resource allocation issues. We require a pipeline of suitable opportunities and need to ensure that we reach financial and contractual agreements without significant delays.	We have a rigorous approach to contract selection through an authorities matrix linking our capabilities and resources, as well as the terms under which we carry out the work. Further specific risk management assessments are undertaken for all major infrastructure projects.
Failure to deliver projects on time, quality or budget, or contractual disputes and supply chain issues that can arise over the scope and/or valuation of contracts, make the ultimate outcome of contracts uncertain and could lead to financial and reputational damage for the Group. Some of our projects take significant time to complete, which means that the cost of supplies may rise or suppliers may become insolvent while the project is in progress.	We have business information systems providing profit margin and cash forecasting by contract. We monitor construction progress against programme in order to re-plan and reassess resources where applicable, and select our supply chain carefully.

Sustainability
Constructing a sustainable future

Health & Safety

We place the highest priority on health & safety.

Health & safety is the first priority and the focus for everyone involved with the Group, for themselves and their colleagues.

Our 'Challenging Beliefs, Affecting Behaviour' initiative complements our training room based safety courses and extends it to anywhere where people are working together to encourage the use of safer working practices.

"Nothing is more important than protecting our people and subcontractors."

Rob Amson
Health & Safety Adviser

Accident Frequency Rate (target 0.17)

0.10

Environment & Climate Change

We aim to protect the environment and plan for its improvement.

Delivering our projects inevitably means using materials, fossil fuels and other resources.

This has environmental impacts, so we aim to cut waste and energy use to reduce these and to save money. We report our waste and carbon performance quarterly, to ensure visibility in the business and to help us continually improve.

"My responsibility as a project manager is to deliver successful schemes while protecting and improving the environment."

Paul Marshall
Senior Site Agent

Reduction in our carbon footprint since 2008 (target 15%)

26%

Our People

We are committed to developing our people by investing in their careers.

Maintaining our innovative approach requires an effective training and development programme, including investing in developing tools such as e-learning. We also develop talent for the future, through the Galliford Try Academy and graduate trainees.

"Thanks to the support from Galliford Try, I have developed new skills and made progress in my chosen career."

Natalie Armstrong
Graduate Trainee Assistant Site Manager

Number of training days delivered (target 8,000)

11,142

The long term future of Galliford Try relies on the positive management of the fundamentals of sustainable business. We recognise six fundamental responsibilities that ensure we are economically sustainable, while embracing our duty to society and the environment.

Community

Our objective is to make a positive impact in the communities in which we operate.

Our business benefits society by providing the homes, buildings and infrastructure we all depend on. However we can only do this if our communities support our work. We take time to consult with our stakeholders to understand and address their needs, and have our site performance independently assessed by the Considerate Constructors Scheme.

"I am encouraged to make a positive impact in our communities by engaging with local stakeholders and understanding their needs."

Stevie Forster
Site Manager

Average Considerate Constructors Score (target 35/50)
(scoring system changed in 2013)

37

Customers

We give total commitment and high standards to all our customers.

Our customers want well-designed projects that deliver high performance and are efficient to construct and use. Efficiency helps us to remain competitive and secure the orders that make us economically sustainable. It also means delivering energy efficient schemes that are free from defects and secure repeat business.

"Customers get the highest standard of service throughout their sale, purchase and aftercare process with Linden Homes."

Daniel Rowland
Sales Executive

Customer Satisfaction, Linden Homes (target 90%)

93%

Supply Chain

We actively engage with our supply chain, to promote our principles and practices.

We ensure our supply chain partners' skills, and the materials they supply, meet our customers' expectations and our environmental and social standards.

We set high standards for our preferred suppliers and encourage our subcontractors to buy from them as well, to maintain these high standards.

"Active engagement with our supply chain is the key to promoting our principles and practices and delivering an improved product."

Simon Stone
Divisional Procurement Manager

Timber supplied with Chain of Custody Certification

89%

Improving our health & safety performance.

Accident Frequency Rate
Down 37.5%

Actual 2013	0.10
Target 2013	0.17
Target 2014	0.10
Target 2015	0.10

Performance under the Health & Safety Executive's latest Reporting of Injuries, Diseases and Dangerous Occurrences Regulations guidance, further information on page 45.

Accident Incidence Rate
Down 42.9%

Actual 2013	2.33
Target 2013	3.93
Target 2014	3.73
Target 2015	3.53

Performance reflects number of accidents across the Group per 1,000 employees.

Our number one priority

In the last 20 years, health & safety across the construction industry has been transformed, leading to continued improvement in accident frequency rates. Galliford Try has an excellent record of reducing its accident frequency rate year-on-year but we cannot ever assume the job is done. This was starkly illustrated by a fatality on one of our sites in 2012.

Our investment in health & safety continues through our 'Challenging Beliefs, Affecting Behaviour' programme, and is supported by a team of over 50 health, safety and environment advisers. We aim to reach everyone within and connected to our business, whether they are an employee or subcontractor, office or site based. This requires committed leadership. Ken Gillespie, Construction Division Chief Executive, is the executive board member responsible.

The executive board and business unit managing directors show commitment and leadership through dedicated health, safety and environment reviews on site each year. We completed 77 audits during the year, against our target of 80.

Safe behaviour discussions

Our managing directors also lead in delivering safe behaviour discussions (SBDs), one of the key tools in our behavioural programme. In an SBD, our staff work with operatives on site to constantly identify an operation's risks and agree the steps to make it safer. By challenging unsafe acts and reinforcing safe working methods, this partnership approach encourages ownership and embeds behaviours more effectively than just issuing instructions. We have a target of 10,000 SBDs each year and completed 55,654 in the year.

Behavioural change

We also continue to deliver our behavioural change workshops, with 84 taking place in the year with 1,022 attendees. As well as general awareness workshops, we provide focused training for our safety coaches. During the year, we aimed to identify and train 600 safety coaches. We achieved 530, which means that almost one-fifth of our employees are now superusers of our behavioural toolkit, able to champion Challenging Beliefs, Affecting Behaviour and embed the new culture of health & safety across all our workplaces.

Our approach during 2012 has reduced our accident frequency rate (AFR) to 0.10, compared to 0.16 last year, and accident incidence rate (AIR) to 2.33 from 4.08 using the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) definition. Galliford Try recognises that every accident is significant and has monitoring processes to investigate all injuries and lost time incidents. We base our targets on these reporting processes which are more stringent than RIDDOR and illustrate them in the performance graph. Using our more stringent requirements our AFR was 0.13, and our AIR was 3.01.

Safety Coaches

We are supporting more of our staff with the skills to be a safety coach. The programme is designed to influence behaviours, not just to reinforce processes, and to get even greater collaboration across our business and supply chain.

Changing how we think about health & safety
Galliford Try's AFR performance suggests that Challenging Beliefs, Affecting Behaviour is working. In our employee survey, we ask two questions in particular to gauge staff perceptions and our success. The first asks if we place a high priority on health & safety, with 95% of our employees agreeing. The second and more significant question showed that 82% of our people understand the initiative and their role in it. These surveys show how successful the launch and development programme has been. With more of our office based staff due to go through the Challenging Beliefs, Affecting Behaviour programme, we are confident of increasing staff engagement in this critical area.

We also monitor our performance on prosecutions, prohibitions and enforcements by the Health & Safety Executive (HSE) and other statutory bodies. Our target is always zero and we achieved this, receiving no prohibitions and enforcements while having 45 visits from HSE. However, during the year, there were two prosecutions relating to historical accidents in 2006 and 2010.

Exemplary performance
Our focus on health & safety has seen exemplary performance across many projects. During the year, a number reached significant milestones by working accident free for millions of hours. Three schemes alone achieved nearly six million hours or 3,000 working years of safe and successful delivery. At Laggan Tormore Gas Plant, Shetland, Galliford Try contributed over 700,000 accident free hours. MGJV, our partnership with Morrison Utility Services, has achieved over two million hours without any lost time accidents. GCA, a joint venture in which Galliford Try is a partner, has just reached three million hours without a lost time accident, while working on United Utilities' AMP5 framework. We expect these high standards to improve further, as Challenging Beliefs, Affecting Behaviour embeds itself across the business.

Tackling road safety
We want to deal positively with health & safety on site and in the office. We also recognise that many of our employees travel some distance to and from work, as well as between our offices, sites and to meetings with clients, which are all spread across the UK.

Galliford Try already gives comprehensive guidance to drivers on safe motoring and recently trialled driver training, which we propose to introduce across the Group. This training encourages safer and more fuel efficient driving, thereby having a double benefit for our business. We are also increasing the visibility and ownership of driving safety, by including Motoring Accident Incidence and Frequency rates in reports to business units and the executive board.

Health & Safety – Key Statistics

Staff now trained as Safety Coaches

530

Percentage of employees agreeing that we place a high priority on Health & Safety

95%

Number of executive led safety audits completed

77

Percentage of employees that understand their role in our Safety Leadership programme

82%

Safe Behaviour Discussions to reinforce safer working methods

55,654

Always working safely
We are currently delivering Laggan Tormore Gas Plant, a major infrastructure project on Shetland, for ultimate client Total. Galliford Try's exemplary health & safety performance contributed over 700,000 hours to a total of one million hours worked by principal contractor Petrofac, with no three-day lost time accidents.

Accident free hours worked at Laggan Tormore Gas Plant

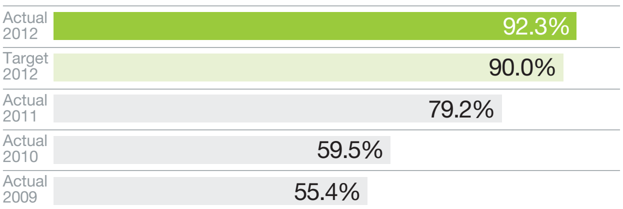
700,000

Our sustainability activities
Environment and Climate Change

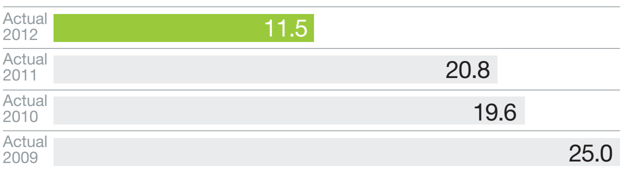
02 01 03 06 04 05

Saving money and reducing our environmental impact.

Waste Diverted from Landfill
Excluding Soil and Stones



Waste Per £100,000 turnover
(tonnes)



All data calendar year end.

Our focus on reducing waste and carbon emissions

We focus on reducing our waste and carbon dioxide emissions to minimise our environmental impact and reduce costs.

Our Regional Environmental Advisers support our HSE Advisers, ensuring we comply with environmental legislation through a planned schedule of inspections and audits. They also train employees and subcontractors, to improve performance. This framework supports our independently verified and ISO 14001 compliant environmental management system. Our HSE Team also helps our senior management with environmental reviews of our activities.

During the year, 56 people attended our four-day training course, 'Managing Environmental Responsibilities'. We delivered another 255 training days internally. Galliford Try received no environmental prosecutions or fixed penalties in 2012/13.

Reducing waste

Recycling waste cuts our landfill tax bill. During the calendar year 2012, we created 900,000 tonnes of construction material waste and recycled over 92% excluding soil and stones, beating our target. Of this, we reused 600,000 tonnes of materials, saving significant costs. However, the challenge is to reduce waste relative to turnover. In 2012, we produced less than 12 tonnes per £100,000 of turnover, a reduction of 41% on 2011.

During 2013/14, we aim to continue to divert more than 90% of construction material waste from landfill, and to keep waste per £100,000 of turnover below 20 tonnes. We cannot improve our waste performance on our own, so we train our subcontractors, and we have also carefully selected the right waste-management partners and choose suppliers with take-back schemes.

Cutting our carbon footprint

During 2013 we launched our 'Cutting Carbon Should Be Everyone's Business' campaign, encouraging employees to be energy efficient, reducing our emissions and saving us millions of pounds over the next few years.

We revised our carbon management plan to deal with our two main sources of emissions over the next five years. Our cutting carbon campaign has an element focused on site activities and we have agreed with our plant and generator suppliers to procure their most energy-efficient equipment.

We have also capped permitted emissions from company cars, incentivising employees to choose lower emitting vehicles. While our car fleet has grown by nearly 23% since 2009, emissions have remained stable. We now include costs and emissions data in the chief executive's quarterly review with every managing director, to ensure visibility.

Carbon Disclosure Project submissions

(metric tonnes carbon dioxide)

Year[1]	Fleet	Site and Office Energy[2]	Site and Office Electricity	Total Emission	Intensity[3]
2012	10,074	22,566	8,143	40,783	2.83
2011	9,039	30,150	7,773	46,962	3.41
2010	10,036	22,904	11,656	44,596	3.63
2009	10,907	27,877	10,205	48,989	3.74
2008	10,361	46,797	8,160	65,318	3.82

1 Calendar year end
2 Excluding electricity
3 Metric tonnes carbon dioxide per £100,000 turnover

Delivering our strategic target

Our efforts have significantly reduced our carbon footprint since 2008, from 3.8 tonnes to 2.83 tonnes per £100,000 of turnover. Our target was a 15% reduction relative to turnover and by the end of the calendar year 2012 we delivered a 26% reduction.

Our aim is now for our businesses to maintain their gains and reduce further where possible. We will publish a new strategy to cover the period to 2018 later in the year.

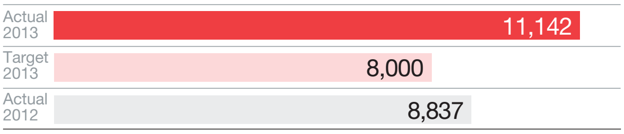
Our sustainability activities
Our People

Engaging our employees through development.

Galliford Try Academy Enrolments – Trainees/Graduates
(Target is >2% of the workforce or 80 employees)

147

Training Days
Number of training days delivered



Enhancing our capabilities
Galliford Try needs a well-trained and engaged workforce. We want employees who are happy to work for us and who feel they can progress. We therefore focus on providing opportunities throughout their careers, and aim to deliver the equivalent of at least two training days each per annum. Training is driven by individual needs, identified through annual personal development reviews.

During the year we completed mandatory training on the Bribery Act as well as equality and diversity training. This was delivered through e-learning, which saves significant costs and time.

Successful businesses draw on diverse talent but we recognise that our sector has a lower rate of gender and ethnic diversity than society as a whole. To begin to address this, to raise awareness and challenge pre-conceptions about peoples' suitability for employment we have rolled out equality and diversity training. Our training is not limited to compliance based issues, but also looks to develop the wider skill set needed by a multidisciplinary company, such as health, safety and environment, technical, commercial, information technology and planning.

Developing new talent
A healthy business needs an appropriate level of employee turnover and this year our churn rate was 11.45%, against a target of less than 10%, which we review each year. We look to replace and promote from within and our graduate and trainee programme is a key element. We invest significant time and money in training our future leaders, who can progress through our six-step management development framework.

Understanding our people's views
Our annual survey helps us to understand if we are meeting employees' expectations. We aim to maintain, and in some areas improve, our performance each year. We made significant changes to our 2012 survey to gain better insight, so the results are not comparable with 2011. However we believe these changes will provide a more robust benchmark for us in the future.

We have also started to monitor employee sickness and absence rates, which should be lower in a satisfied workforce. This allows us to identify trends and offer help through our employee support programme.

Keeping our people informed
Communicating with employees helps them to understand and question our business model, performance and strategy. Our channels include news alerts, our magazine, staff briefings and, most significantly, our chief executive's roadshow. We encourage as many employees as possible to attend, with 33% being our minimum target. This year we achieved 38%, enabling nearly 1,500 employees to listen to and question our chief executive.

Encouraging the Next Generation
Paul Mills started his career with Galliford Try 13 years ago, as a management trainee. We encouraged him to study and he completed a post graduate Diploma in Construction Management in 2002. His continued progress has been recognised and he was named Project Manager of the Year at the Builder & Engineer Awards 2012. Paul (pictured on the left receiving his award) said 'This was all possible because of the opportunities that Galliford Try has provided and is testament to the way that Galliford Try fosters talent by investing in people.'

Our sustainability activities
Community

01 02 03 04 05 06

Making a positive impact.

Donations to good causes
This is direct contributions and also in kind from time and materials donated.

£108,000

Considerate Constructors Scheme
Improved performance

Actual 2013	37/50
Target 2013	35/50
Actual 2012	33.7/40
Target 2012	32.0/40

At the end of 2012 the Scheme scoring was revised from base 40 to base 50.

Considerate construction
Across the UK, Galliford Try interacts with thousands of people who live near our projects. We take our responsibility seriously to make a contribution to the communities in which we are working. We are an Associate Member of the Considerate Constructors Scheme (CCS) and follow its Code of Considerate Practice. The CCS independently assesses our sites. Each division reports its scores at its monthly board meetings, with Group scores notified in the monthly Executive board Corporate Responsibility report. We have a Group target for our average score of 35/50 and exceeded this score with 37/50 in the first six months of 2013.

Listening to our communities
Galliford Try creates sustainable communities through the 3,000 plus homes and numerous schools, hospitals and infrastructure projects we deliver every year. To do this, we must listen to and respect the views of local communities and other stakeholders. This allows us to develop projects sympathetic to local needs and minimise the risk of planning delays or refusal.

Giving something back
Our operational sites contribute to their communities. They boost the local economy, create employment in our supply chain, raise awareness of careers in construction via school engagement and national events, and directly support good causes.

Supporting young people through apprenticeships
The construction industry relies on skilled trades but the economic downturn has made apprenticeships less common, contributing to a worsening skills shortage amongst young people. To address this, we aim to provide 500 subcontractor apprenticeships by 2016 and together with our subcontractors have recruited over 100 to date.

It is also vital to encourage the next generation of recruits to join the industry. We participate in Open Doors, the UK Contractors Group initiative. It aims to attract talent into the industry by raising its profile, challenging stereotypes, encouraging greater engagement with the public and local communities, and making construction sites accessible to the public.

We are also sponsoring the new South Devon University Technical College which will offer a new way of learning for up to 600 young people aged 14 to 18. Its focus will be on engineering, water and the environment reflecting both the natural environment in Devon and the needs of local employers in these industries, including Galliford Try, as there is a lack of technicians available. Locally, apprenticeship numbers in science, engineering and manufacturing are half the regional average and nationally the technician deficit is estimated to reach 450,000 by 2020.

Supporting good causes
Galliford Try is a patron of CRASH, the homelessness charity created by the construction industry which prevents hundreds of people having to sleep without shelter across the UK. We encourage our employees to volunteer and this year supported CRASH at Ecobuild, which provided a platform to promote the charity's work in partnership with patrons and supporters.

Our sustainability activities
Customers

01 02 03 04 05 06

Committed to quality.

Repeat Business for Construction clients

52%

Customer Satisfaction – Linden Homes
Percentage who said they would recommend us to a friend

Actual 2013	93%
Target 2013	90%
Actual 2012	94%
Actual 2011	95%
Actual 2010	97%

Survey conducted by an independent company.

Delivering results for our diverse customers

Galliford Try has two customer types, people who buy our homes and those who use the buildings, infrastructure and other projects we deliver. We apply the same values to all our work and aim to deliver high-quality products.

Housebuilding

The 2012 Building Awards recognised Linden Homes as the 'Best Housebuilder of the Year' but the real test is whether our customers would recommend us to a friend. Last year, 93% said they would. We have targeted 90% satisfaction and launched The Linden Way, a major initiative to improve customers' experience and the quality of our homes, increasing satisfaction and allowing us to target five-stars in the National House-Building Council (NHBC) survey.

We are also working to reduce defects per plot. Our aim is a rate of 0.25 defects per plot by the end of 2013, in line with the NHBC average. We are committed to responding to issues within ten working days. We have also newly targeted a net promoter score of 65% and achieved 47% in the financial year.

We built approximately 3,000 homes during the year, of which 52% complied with Level 3 of the Code for Sustainable Homes, or equivalent. We adopt a fabric-first approach to designing and building energy efficient homes and research the most cost-effective ways to do so, including post-occupancy monitoring.

Construction

Our construction businesses have differing client bases, project delivery models and sustainability plans. Each business contributes to our Group Corporate Responsibility Plan and also has more specific measures in place to address the needs and concerns of our diverse customer base. We have two main measures of success within construction: customer satisfaction and the conversion rate from work tendered to work won.

The benefits of our collaborative approach to working with clients and other partners were recognised when the Hive in Worcester, the UK's first fully integrated public and university library, was crowned 'Sustainable Project of the Year' at the Building Awards.

To guarantee quality, our construction division has an ISO 9001 certified Business Management System. This is vital, given the diversity and complexity of our projects. We are developing our approach to Building Information Modeling (BIM), an increasingly common requirement on public sector funded schemes. We see BIM as a major advantage in delivering more complex and efficient projects more quickly, while reducing waste.

Excellence through collaboration

The Hive is an iconic building which, for the first time in Europe, combines a public and university library under one roof, while also offering council and conference facilities.

In accordance with our client's specification, it is built from low environmental impact materials with excellent performance specifications, leading to its BREEAM Outstanding rating, and is temperature controlled using an innovative system relying on water from the River Severn.

It achieved a BREEAM score of 86.4%, the highest ever for a public library.

Our sustainability activities
Supply Chain

We select suppliers and subcontractors that align with our business principles.

Managing supply-chain risk

Galliford Try manages numerous supply chain risks. These include ensuring we receive the right materials, that our subcontractors are financially stable and deliver safely, and that our projects meet the required standards and functions. Our approach is about managing these risks, selecting suppliers who are aligned with our business principles and identifying efficiencies.

As this risk profile constantly shifts, we need to review our approach. During the year, we made the following changes:

- Introducing a preference for purchasing responsibly and ethically sourced products and materials.
- Ensuring all timber meets Forest Stewardship Council or Programme for the Endorsement of Forest Certification standards.
- In 2012 89.4% of timber was procured with full chain of custody in compliance with our policy.
- 99.5% was legally and sustainably sourced in line with the UK Contractors Group (UKCG) policy and as defined by the UK Government Central Point of Expertise on Timber.
- Working with our Preferred Group suppliers (PGSs) to develop an enhanced sustainable product and services offering.
- Commenced benchmarking of all PGSs against our sustainability matrix, to identify PGSs with values consistent with ours and where we need to work together to improve performance.

Encouraging suppliers and subcontractors to work together

We encourage subcontractors to use PGSs for materials, ensuring they maintain the agreed standards. When a subcontractor uses another supplier, we expect them to demonstrate that the required standards are being achieved.

Maintaining two-way relationships

Once we have agreed standards with our suppliers, the best results come from stable relationships and regular communication that allow us to work better together. We have a Group team of supply chain managers responsible for our strategic relationships with all PGSs. Each business unit also has a procurement team, to administer the central trading agreements and local purchasing.

These teams host several procurement forums each year, involving our technical, commercial and construction staff and our supply chain partners. To encourage engagement, our supply chain partners often host these forums. This allows senior management from both sides to discuss adding value to the relationship and improves business process and communication.

Supporting small and medium-sized businesses

We spend more than 59% of our turnover with subcontractors, most of which are small and medium-sized enterprises. They benefit significantly from our business, just as we benefit from our close working relationships with them. A UK Contractors Group study showed that every £1 spent in construction generated £2.84 in economic activity.

Supporting local supply chains

Our investment stretches beyond bricks and mortar, our projects provide homes for families, jobs for local businesses and opportunities for new apprentices. To demonstrate what this means for communities, a residential scheme in Ogwell Brook, South Devon provided a significant boost to the local economy as two-thirds of the subcontractors were based within 30 miles of the site, three-quarters of the suppliers were based within the region and the project created 73 jobs on site during construction, and 11 apprenticeships. We estimate that the development represents a total investment in the local economy equivalent to £19.4 million.

Our sustainability activities
Key Performance Indicators 2013

For more information visit
www.gallifordtry.co.uk

	Target	Achieved	Comment and Future Targets
1. Health & Safety			
Accident Frequency Rate	0.17	0.13	Our KPI measurement is more stringent than RIDDOR guidance and hence captures more accidents. Under RIDDOR guidance our target reduces to 0.10 next year
Accident Incidence Rate	3.93	2.33	The target reduces to 3.73 next year
Executive Led Safety Assessments	80	77	Maintain performance 2013/14
Safe Behaviour Discussions	10,000	55,654	2013 performance reflects successful delivery of site based safety initiatives
Safety coaches trained	600	530	We will continue to provide training to maintain the number of coaches
Employee Survey Health & Safety question: My business gives Health & Safety a high priority.	95%	95%	Maintain performance 2013/14
Employee Survey Health & Safety question: I understand the Group's initiative 'Challenging Beliefs, Affecting Behaviour' and my part in it.	80%	82%	Our target for the employee survey in 2013/14 is 85%. We continue to prioritise Health & Safety
2. Environment and Climate Change			
Waste diverted from landfill	90%	92.3%	Maintain performance above target >90% in 2013/14
Waste (tonnes) per £100,000 turnover	<20 tonnes/ £100,000	11.5 tonnes / £100,000	Maintain performance below target 20 tonnes in 2013/14
Carbon footprint (tonnes) per £100,000 turnover	15% reduction relative to turnover	26% reduction relative to turnover	We have reduced emissions to 2.83 tonnes £100,000 since 2008, a 26% reduction. Maintain performance in 2013. Prepare new divisional targets for 2013/14
Number attending environmental training	No target	56	We will continue to support our employees and partners by providing specialised environmental training
3. Our People			
Employees attending Chief Executive's Roadshow	33% of workforce	38% of workforce	Maintain performance in 2013/14
Training days	8,000 per annum (equivalent)	11,142	We aim to deliver the equivalent of two days per employee per annum. The days delivered represents an investment of £2.4 million
Trainees/graduates	In 2012 the target was 80	147	The target is recast annually but is calculated as >2% workforce. 3.7% achieved
Churn rate	10%	11.45%	We review this target annually
4. Community			
Number of subcontractor apprentices recruited	500 by 2016	>100 in 2013	We remain on course to deliver our target
Charitable and good cause donations	No target	£108,000	Includes time, in kind and donation of resources
Considerate Constructors Scheme score	35/50	37/50	Replaces 32/40 which was the target under the former scoring regime. Maintain performance in 2013/14
5. Customers			
Linden Homes – Defects	0.25	0.46	Achieve NHBC Reportable Items average per plot of 0.25
Linden Homes – Net promoter score	65%	47%	We are targeting Five Star status for future NHBC surveys
Linden Homes – Customer satisfaction	90%	93%	Target 90% of our customers would recommend us to a friend as assessed by an independent survey
Construction – Client satisfaction	80%	83%	
Construction – Forward order book	No target	£1.7 billion	Construction order book was £1.65 billion in 2012
Construction – Repeat work	No target	52%	
6. Supply Chain			
Timber supplied with FSC/PEFC	100%	89%	100% of all timber procured was legal and sustainable as defined by CPET
Engagement process to identify best performing Preferred Group suppliers	Begin process in 2013	Under way	To identify and encourage performance in lines with our values against a range of environmental and social criteria

Directors and executive board

1/

2/

3/

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6/

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8/

9/

1/ Ian Coull FRICS ‡
Non Executive Chairman
Ian Coull was appointed to the board on 8 November 2010 and became Chairman on 1 July 2011. Until 28 April 2011 Ian was Chief Executive of SEGRO plc. He was previously a main board director of J Sainsbury plc and also a non-executive director of Pendragon plc until 28 January 2013. He is a non-executive director of London Scottish International Limited, a Senior Adviser to Oaktree Capital Management, and to Stonehaven Search and a member of the Government's Property Advisory Panel. Age 63.

2/ Greg Fitzgerald
Chief Executive
Greg was appointed to the board in July 2003 and was Managing Director for the Housebuilding Division before being appointed Chief Executive on 1 July 2005. He was a founder of Midas Homes in 1992 and its Managing Director when it was acquired in 1997, subsequently chairing Midas Homes and Gerald Wood Homes. He is a non-executive Director of NHBC, the National House-Building Council. Age 49.

3/ Graham Prothero
Finance Director
Graham joined Galliford Try as Group Finance Director on 1 February 2013. Graham was previously with Development Securities plc, where he was Finance Director from November 2008. From 2001 until 2008 Graham was a partner with Ernst & Young. Graham is a member of the Institute of Chartered Accountants and was previously Finance Director of Blue Circle Properties and Taywood Homes. Age 51.

Frank Nelson retired from the board on 30 September 2012.

4/ Peter Rogers CBE †‡
Chair of the Nomination Committee
Non Executive Director
Peter Rogers was appointed to the board in July 2008. He is currently Chief Executive of Babcock International Group plc. Prior to joining Babcock in 2002, he was a director of Courtaulds and Acordis BV, having earlier held senior executive positions in the Ford Motor Company. Age 65.

5/ Amanda Burton †‡
Senior Independent Director
Chair of the Remuneration Committee
Amanda Burton was appointed to the board in July 2005. She is currently Chief Operating Officer at Clifford Chance LLP. She was previously a non-executive director of Fresca Limited, and a director of Meyer International plc and Chairman of its timber group. Amanda is also a trustee of Battersea Dogs and Cats Home. Age 54.

6/ Andrew Jenner ACA †‡
Chair of the Audit Committee
Non Executive Director
Andrew Jenner was appointed to the board in January 2009. He is currently Finance Director of Serco Group plc. Prior to joining Serco in 1996 he worked for Unilever and Deloitte & Touche LLP. Age 44.

7/ Ken Gillespie FRICS *
Construction Division Chief Executive
Ken joined the Group and its executive board in March 2006 on the acquisition of Morrison Construction, having been its Managing Director. He joined Morrison in 1996 having spent the previous 13 years holding senior positions with George Wimpey. Previously Group Managing Director, Construction, with effect 1 March 2013 Ken was appointed to his current role as Construction Division Chief Executive and as an executive director of Galliford Try plc. Ken was appointed as a non-executive director of the Scottish Contractors Group Limited in 2013. Age 48.

8/ Kevin Corbett CEng MICE MIStructE *
Company Secretary and Legal Director
Kevin Corbett joined the executive board of Galliford Try plc on 1 February 2012 and was appointed Group Company Secretary and Legal Director on 1 March 2012. Kevin was previously Chief Counsel Global for AECOM. Age 53.

9/ Andrew Richards *
Group Managing Director, Housebuilding
Andrew Richards was appointed Group Managing Director of Housebuilding Division, Linden Homes and joined the executive board in July 2013. Andrew was promoted from Managing Director of the PPP Investments division having joined the Group through the acquisition of Morrison Construction in March 2006. Andrew had been with Morrison Construction since 2000 having previously worked for Dresdner Kleinwort from 1997. Age 41.

Ian Baker stepped down as an executive board member and resigned from the Group in December 2012 due to serious ill-health.

* The executive board comprises the chief executive, finance director and the executives listed.
† Member of the audit committee.
‡ Member of the remuneration and nomination committees.

Introduction: Ian Coull / Chairman

Group performance has continued to exceed the board's expectations, for which the executive team is to be congratulated.

I am particularly pleased to report that the Group again remained compliant with the UK Corporate Governance Code throughout the year under review.

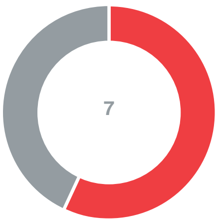
Against the backdrop of the strong performance achieved, and full compliance, the 2013 financial year was not without several governance challenges for the board.

This report has been restructured this year. It now includes a bespoke governance focused review, primarily to give shareholders and other stakeholders a better perspective on key governance events in the financial year, and also related board decisions taken to mitigate risk. The review also extends to a summary of a number of governance initiatives the Group has either successfully completed, or has under way, in this vitally important area in 2013.

The board looks forward to potential opportunities in 2013/14 and beyond with a newly focused executive management team expected to deliver continued success against strategy. Further improving returns for shareholders in line with strategy will be a priority, underpinned by a continuing commitment to the highest standards of corporate governance.

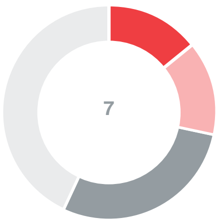
Board composition

Balance of non-executive and executive directors



Non-executives	4
Executives	3

Board membership



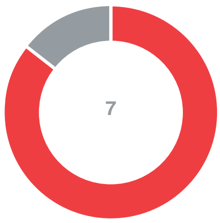
Chairman	1
Senior independent director	1
Non-executives	2
Executive directors	3

Length of appointment

0–2 years	2
2–5 years	3
5–10 years	2
10+ years	nil

Diversity

Gender balance



Male	6
Female	1

Board: composition

Biographical summaries for each of the directors, their respective committee responsibilities and their external directorships are set out on page 47.

All directors will stand for re-election at the 2013 annual general meeting and all continue to demonstrate commitment to their roles.

Frank Nelson retired on 30 September 2012 and Graham Prothero was appointed as Group Finance Director with effect 1 February 2013. Ken Gillespie was promoted to the position of Construction Division Chief Executive and an executive director of Galliford Try plc with effect 1 March 2013. There have been no other changes to the board, either during or since the financial year.

Chairman and chief executive

The chairman and chief executive continue to work closely together on all aspects of the Group's performance and strategy. Their roles within the Group remained unchanged from the summary disclosed in the 2012 governance report throughout the financial year, with the exception that the chief executive assumed interim executive responsibility for the Housebuilding division in December 2012 and until 30 June 2013 following the resignation of Ian Baker due to ill-health.

Senior independent director

Amanda Burton remains the Group's senior independent director and is available to shareholders in accordance with the UK Corporate Governance Code (the Code). She was not contacted in this capacity during the year.

Non-executive directors

The roles and responsibilities of each of the non-executives, which are detailed in their individual letters of appointment, have not changed from the previous financial year. The letters of appointment are available for inspection on request at the Company's registered office and immediately prior to the annual general meeting.

2013 Governance Review

Governance Risk – Succession and Change.	Explanation	Governance Implications	Mitigating Action	Result
Absence of Group Finance Director October 2012 to February 2013	Frank Nelson retired from the board and Group in September 2012 following over 24 years' service. A rigorous selection process for his replacement followed, which included internal and external candidates. Graham Prothero, the Group's chosen successor, was not available to join as Finance Director until 2013 due to contractual commitments.	Both the plc and executive boards operated without a formally appointed executive Finance Director between October 2012 and 1 February 2013.	In the absence of a Group Finance Director, the Group Financial Controller and both Divisional Finance Directors reported directly to the Chief Executive for the interim period. All three also attended executive board meetings for six months from October to March 2013.	This approach, endorsed by the plc board, successfully mitigated the risks associated to the absence of a Group Finance Director. Since joining in February 2013, Graham has quickly established an effective working relationship with all three individuals, who now combine to form the Group's most senior financial decision making group.
Sudden illness of Group Managing Director, Housebuilding	In late 2012 the Group Managing Director, Housebuilding, Ian Baker, stepped down as a member of the Group's executive board with immediate effect for reasons of serious ill-health. Ian subsequently resigned from the Group.	Loss of Managing Director, Housebuilding	In response the Chief Executive Greg Fitzgerald assumed overall responsibility for the division until a successor was found. In May 2013, the board announced the appointment of Andrew Richards as Group Managing Director, Housebuilding with effect 1 July 2013.	These board decisions combined to put in place effective contingency arrangements to cover the immediate absence of the Group Managing Director at executive board level. Two internal divisional appointments further strengthened divisional succession plans.
Appointment of Construction Division Chief Executive, as an executive director	Recognising his contribution to the performance of the Construction & Investments division through the financial downturn the board promoted Ken Gillespie to his current position of Construction Division Chief Executive.	Diversity and non-executive and executive independence ratios impacted.	The board are keeping under review the composition of the board in accordance with best practice and guidance.	Ken was also appointed as an executive director of Galliford Try plc with effect March 2013.
Independence of Senior Independent Director from July 2014	Amanda Burton, currently the Group's senior independent director and Chair of the Remuneration Committee, will have served as a director of the Company for nine years in July 2014. Amanda will therefore no longer be considered independent under the criteria required by the UK Corporate Governance Code during the next financial year.	The board recognises that the independence criteria established by the Code is important, in particular for the position of senior independent director.	The composition of the board including the positions of senior independent director and chairs of board committees will be reviewed during the course of the financial year.	

2013 Review: strategy implementation

Following delivery of the three year housebuilding growth plan in the three years to June 2012, the board successfully refocused the Group in 2012/13 on the new primary strategy of margin enhancement for housebuilding and margin protection for construction. More information on the board's strategy can be found in the Business Review on pages 01 to 45.

The refocused strategy necessarily entailed certain changes to the Group's approach to governance, in particular further developing its delegated authority and internal control frameworks as discussed in more detail on page 54. This recalibration was achieved early in the financial year to support delivery of the new strategy, evidenced and supported in particular by the subsequent adoption of the Linden Way housebuilding divisional initiative and clear progress with Group wide Oracle implementation as discussed on this page of the Report.

2013 Review: diversity

As stated in the 2012 governance report, the Group is aware of its responsibilities to diversity. The gender balance at board level fell marginally during the financial year, from 17 to 14%, reflecting Ken Gillespie's appointment as an additional executive director in March. The addition of Ken Gillespie to the board was considered an appropriate appointment and the board is satisfied that the appointment does not conflict with its stated commitment to diversity.

The board actively considered a diverse range of applicants including shortlisting female applicants when searching for a replacement for Frank Nelson who retired as Group Finance Director in September 2012. A final decision to appoint Graham Prothero, with effect February 2013, as the outstanding candidate reflected the board's ultimate determination to recruit on merit.

With respect to board composition, the nomination committee continues to undertake to actively consider a diverse range of candidates for board positions when they become available, whilst basing any final recruitment decision on merit. The Group has not currently set a defined target or deadline for improving levels of diversity at board level, reflecting in part the construction facing industries in which it operates and stable current membership. The aim will be to improve the board's diversity including gender balance towards the 25% recommended by the Davies Report 'Women on Boards' when appropriate and possible to do so.

2013 Review: Governance initiatives

External Performance Evaluation

The board's first external performance evaluation was successfully completed in spring 2013 using the services of Armstrong Bonham-Carter LLP, a recognised independent consultant. This evaluation built on the strong processes previously established by the board's internal performance evaluation. The 2013 evaluation was centred on rigorous personal interviews conducted between all appointed board directors, selected executive management and two of Armstrong Bonham-Carter's established board advisers. The evaluation covered all aspects of the Group's operations, performance, governance and strategy. A thorough review of the Group's internal processes was also completed. The findings and recommendations were presented to, and approved by, the board in May 2013.

Extension of Internal Performance Evaluation

In conjunction with the board's first external performance evaluation, the Group's internal board performance evaluation processes have been successfully extended to the Group's executive, housebuilding and construction divisional boards in 2013. The extended processes broadly confirmed strong continuing levels of governance across the Group's most senior management groups, and identified specific areas for further collective focus by each board in 2013/14.

Electronic Papers

A project has been initiated to introduce electronic papers for all board, committee and executive board meetings with the aim of improving overall efficiencies, and streamlining related approval processes and administration. It is envisaged that the project will be extended through the Group's governance structures to divisional, regional and business unit boards in due course.

Oracle and Hyperion Implementation

The Group is well advanced in its planning, deployment and integration of Oracle and Hyperion financial management software, which will replace its existing financial systems across the Group and divisional operations. The project is expected to generate performance efficiencies for the Group, reflecting the significant investment made. Oracle and Hyperion will also improve governance processes, data integrity and security at Group and project levels.

Structure Simplification

In parallel to Oracle implementation, a project to simplify the Group's legal structure has generated an approximate 25% reduction in the number of corporate entities registered and operated by the Group. The project is continuing to identify further potential rationalisations and opportunities to generate other structural efficiencies.

Contingency Planning

A Business Continuity Planning Forum has been established by the Group, led by the Finance Director, to improve continuity arrangements and awareness for non-operational elements of Group and divisional activities.

Ethics & Compliance Committee

In response to the continuing relevance of the Bribery Act and increasing levels of regulation more widely, the Group has established an Ethics & Compliance committee, incorporating the work of the Group's Anti-Money Laundering committee. The revised and refreshed committee oversees and supports all aspects of the Group's ethical and regulatory conduct.

Whistleblowing Processes

A revised whistleblowing policy, updated guidance and reporting was also made available across the Group to strengthen internal control procedures in 2013.

Revised Induction

Revised processes, in line with guidance issued by the Institute of Chartered Secretaries and Administrators in June 2012, were developed in advance of the appointment of both Graham Prothero and Ken Gillespie to the board in early 2013.

2012/13 Board Attendance Table

	Board	Executive Board	Audit	Nomination	Remuneration
Number of Meetings	**10**	**12**	**3**	**2**	**5**
Ian Coull Chairman	10	n/a	by invitation	2	5
Amanda Burton Senior Independent Director	10	n/a	3	2	5
Peter Rogers Non-executive	9	n/a	3	2	5
Andrew Jenner Non-executive	10	n/a	3	2	5
Greg Fitzgerald Chief Executive	10	12	by invitation	n/a	n/a
Graham Prothero Finance Director Appointed February 2013	5	5	by invitation	n/a	n/a
Ken Gillespie Construction Division Chief Executive Appointed March 2013	4	12	n/a	n/a	n/a
Kevin Corbett Company Secretary & Legal Director	10	12	3	2	5
Frank Nelson Finance Director Retired September 2012	3	3	by invitation	n/a	n/a
Ian Baker Group Managing Director, Housebuilding Resigned December 2012	n/a	2	n/a	n/a	n/a

Board: attendance

The above attendance table provides further information. Meetings were led by the chairman, without the executives present, including a specific performance assessment day at which individual appraisals were completed. The company secretary was in attendance for part of those meetings. The senior independent director separately led a meeting of the non-executives to assess performance of the chairman without him being present.

Board: remit

There is a formal schedule of matters reserved for prior authorisation by the board, the specifics of which have not materially changed from those disclosed in 2012. The schedule is available on the Group's website. The board held its annual strategy away day in October 2012, and specifically approved the Group Business Plan for 2013-16 in line with the current group strategy.

Calendar of 2012/13 plc board activities and areas of focus

Month	Activity or area of focus
July 2012	Site Visit – Finchley Memorial Hospital Corporate Responsibility Performance Review Approval of 2012/13 Group Budget
September	Full Year Results Statement & Annual Report Presentation & Review: Galliford Try Partnerships
October	Strategy Meeting
November	Annual General Meeting
December	Health, Safety & Environment Performance Review Presentation & Review: Affordable Housing & Regeneration Approval of Business Plan 2013–2016
February 2013	Half Year Results Statement & Report Presentation & Review: Galliford Try Infrastructure & International
March	Presentation & Review: Galliford Try Building
April	Site Visit – Mosaic, St Albans Housebuilding Divisional Presentation & Review
May	Presentation & Review: Group Sustainability Presentation & Review: Group Risks & Internal Control Framework
June	Presentation & Review: Oracle Implementation Presentation & Review: Galliford Try Investments

The board continues to benefit from its established reporting mechanisms, which ensure crucial management and project specific information, and all significant group-wide developments, are reported quickly and accurately. The reporting mechanisms facilitate prompt approval of further actions. Throughout the year the board also received regular Group, divisional and project specific presentations covering all aspects of the Group's operations.

Board: information, advice, insurance and indemnity

Well established board procedures covering timely provision of information in advance of all board and committee meetings, and for the provision of independent professional advice remained in operation throughout the financial year. These procedures are expected to be further improved by the 2013 initiatives described in the governance review on page 50.

All directors have access to the advice and services of the company secretary. No director sought independent advice during the financial year.

Executive board report

Membership of the executive board is detailed on page 47. Executive management is the responsibility of the chief executive who chairs the executive board, which in turn takes responsibility for the operational management of the Group under terms of reference delegated by the main board. The board has further delegated responsibility for making recommendations to the main board on all items included in the formal schedule of matters reserved for board authorisation. There are regular performance and operational related reports and presentations from divisional management. The assistant company secretary acts as secretary to the executive board.

The executive board meets on a monthly basis, and additional meetings are convened when necessary to consider and authorise specific operational or project matters.

Introduction: Andrew Jenner /
Audit Committee Chair

Improvements have again been made in a year of consolidation for the Group's internal control environment. Key accounting policies and assumptions, business and risk management systems, and compliance with banking covenants have again been the committee's focus.

Audit committee report 2013

The Group operates a strong system of internal controls, and has effective checks and balances in place to safeguard the interests of all stakeholders.

The director of risk and internal audit continues to refine the Group's robust internal audit and risk management programmes, and with selective use of a now established team of external risk consultants from Deloitte is applying related methodologies to improving performance and procedures in areas spanning contingency planning, fraud awareness and on site processes.

The committee considers that the report is clear and concise in its summary of performance in the financial year. All material matters of interest to shareholders and external stakeholders have been reported to provide the information required to assess the Group's performance, business model and strategy. There were no significant accounting issues in the report or financial results that required the committee to question or overrule the judgement of executive management.

Audit committee: composition and attendance

Membership of the audit committee is detailed on page 47. The chairman, chief executive, finance director and company secretary and legal director attend all committee meetings by invitation. Andrew Jenner, who is committee chair, has a strong financial background which satisfies the code requirement that the committee's membership has recent and relevant financial experience.

Audit committee: remit

The committee meets at least three times a year, this number being deemed appropriate to the audit committee's role and responsibilities. The committee's delegated authorities and calendar of prioritised work have not changed substantially from those disclosed on pages 46 to 47 of the 2012 Annual Report and Financial Statements and include:

- delegated responsibility for financial reporting;
- monitoring external audit, internal audit, risk and controls; and
- reviewing instances of whistleblowing.

The authorities and calendar of work remain in line with the requirements of the UK Corporate Governance Code. The committee also continues to meet with the internal and external audit teams in the absence of executive management. The terms of reference are available on the Group website.

No significant non-audit related services were provided during the financial year. Policies and review mechanisms both governing the provision of material non-audit services, and safeguarding the objectivity and independence of the external auditor, remained in force throughout the financial year. The committee is satisfied that the incumbent external auditor PricewaterhouseCoopers LLP remains fully independent, and accordingly has recommended to the board that a resolution to reappoint PwC is proposed at the 2013 annual general meeting.

The board notes that the UK Corporate Governance Code recommends the external audit be put to tender every ten years from October 2012, and the Competition Commission's future requirement for five year audit tenders published in July. PwC were originally appointed as the Group's auditors on engagement in January 2001. The committee therefore intends to tender the engagement following the rotation date of the current lead partner, Pauline Campbell, which is scheduled to be in September 2014.

Further information on the Group's internal controls can be found in the consideration of audit, risk and internal control matters on page 54.

Introduction: Peter Rogers CBE /
Nomination Committee Chair

The committee oversaw thorough recruitment and review processes for the board appointments effective in early 2013, and continues to monitor the composition of the board and its committees to ensure all are optimally composed.

Nomination committee report 2013

Nomination committee: composition and attendance
Membership of the nomination committee is detailed on page 47, which was chaired by Peter Rogers, an independent non-executive director, throughout the financial year.

Nomination committee: remit

The committee took direct responsibility for the processes which led to the appointment of Graham Prothero as Group Finance Director in February. A detailed job specification was prepared by the committee and external consultants appointed to provide advice on the availability of suitable external candidates. The committee carried out a formal, rigorous and transparent selection process, which included considering a shortlist of diverse potential candidates, before recommending the final appointment to the board.

The committee also oversaw and approved the appointment of Ken Gillespie as Construction Division Chief Executive and an executive director of Galliford Try plc in March. Both directors completed personalised Group induction programmes on appointment. Further background to both appointments, together with the board's agreed position on diversity in accordance with the requirements of the UK Corporate Governance Code, can be found in the governance review commencing on page 50.

Board composition and progress made by potential internal candidates for key executive roles remains subject to continuous review by the committee. The authorities otherwise delegated to the committee by the board comprise:

- reviewing the size, structure and composition of the board
- evaluating the balance of skills, knowledge and experience on the board including the impact of new appointments
- overseeing and recommending the recruitment of any new directors
- ensuring appointments are appropriately made against objective criteria and
- keeping the leadership and succession requirements of the Group under review.

The committee remains wholly independent in accordance with the requirements of provision B.2.1 of the UK Corporate Governance Code. External consultants, The Zygos Partnership (Zygos), have been engaged to advise on all prospective board appointments, and the appropriateness of open advertising and other recruitment methodologies. There is no other connection between Zygos and the Group. The terms of reference can be found on the Group website.

Remuneration committee report 2013

Remuneration committee: composition and attendance
Membership of the remuneration committee is detailed on page 47. The committee was chaired by Amanda Burton, the senior independent director, throughout the financial year.

Remuneration committee: remit

The authorities delegated to the committee by the board include determining all elements of remuneration of the executive directors and senior management, and overseeing all aspects of performance related elements of executive remuneration. Further information regarding the work of the committee during the financial year can be found in the reformatted 2013 remuneration report on page 56.

Governance policies

The Group continues to operate a suite of governance and risk management policies, procedures and training programmes, all of which address obligations arising under the relevant legislation. The policies have been further strengthened by the initiatives further described in the governance review on page 50. Bribery Act awareness training was rolled out to all staff under the Group's e-learning platform during the financial year. The Group's Whistleblowing policy was also refreshed and updated together with associated guidance being issued during the course of the year.

The Group corporate and finance manuals, which summarise the policies, procedures and authority matrices by which the central functions and divisions operate, were reviewed and updated during the financial year.

Shareholder relations

The Company continues to prioritise maintaining effective relationships with all its shareholders and accordingly seeks to engage appropriately with all interested parties. The board, and in particular the chairman, chief executive and finance director, continue to organise a range of meetings with existing and prospective institutional shareholders. The chairman, and senior independent director and Remuneration Committee chair, held specific meetings to consult with major shareholders on succession and remuneration matters during the course of the year.

Specific reports regarding shareholder views generally are regularly reported to the board for analysis and discussion. The Group welcomed the numerous proxy and institutional updates on voting guidance received during the financial year, together with related communications, and recognises the increasing attempts by the investor community to meet the expectations of the UK Stewardship Code. The board, and non-executive directors, are available to attend meetings with shareholders and address any significant concerns stakeholders may have.

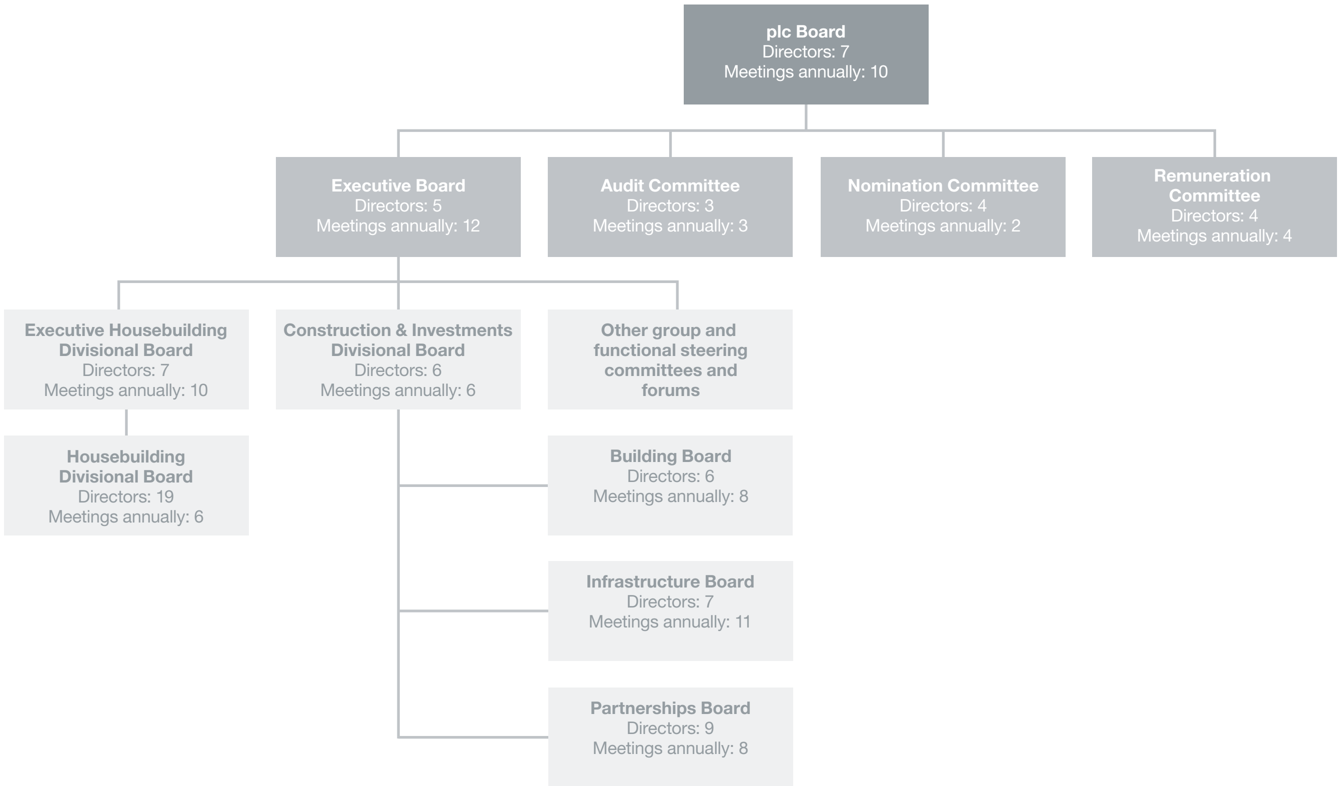
The Group's annual general meeting, traditionally held in November each year, continues to be a popular means for private shareholders to receive personal updates on performance from board members and share opinions on progress. All directors of the company were in attendance at the 2012 annual general meeting and all arrangements for the meetings followed the requirements of the UK Corporate Governance Code and related best practice.

Reporting, risk, internal audit and controls

The governance review commencing on page 50 details the specific initiatives undertaken by the Group during the financial year, including those with a risk management and internal audit focus. The board's approach to risk and internal audit and the material controls of the Group's established internal control framework comprise:

- *organisational structure;* each division has its own management board and each business unit is led by a managing director and team;
- *contractual review and commitments;* the Group has clearly defined policies and procedures for entering into contractual commitments which apply across its business units and operations and are enforced through the Group's legal authorities matrix;
- *investment in land and development;* land expenditure is approved subject to clearly defined policies and procedures, significant investments are approved at executive and plc board levels under divisional policies and procedures;
- *operational activity;* there are established frameworks to manage and control all site operations including health, safety and environmental procedures, regular performance monitoring, and external accountability to site stakeholders;
- *financial planning framework;* the Group reviews and redevelops its business plan on an annual basis, following specific board meetings held to consider strategy. A detailed annual budget is prepared for each financial year which is approved by the board;
- *operational and financial reporting;* improvements have been made to the Group's reporting and financial systems as a result of implementation of both Oracle and Hyperion systems. An exacting profit and cash reporting and forecasting regime is in place across the Group. As well as the emphasis placed on cash flow, income and balance sheet reporting, health, safety and environmental matters are prioritised within monthly operational reports;
- *pension plan administration;* the administration of the Group's fully closed final salary and defined contribution pension plans are outsourced to professional service providers. Each of the final salary schemes have an independent scheme secretary and a proportion of independent trustees to provide additional layers of external scrutiny;
- *assurance provided by non-audit functions;* a number of other Group functions provide assurance in areas including, but not limited to, health, safety and environment; legal contract review and compliance; and construction industry regulation.

Group Governance Reporting Structure 2013



The Group's governance reporting structure shown here clarifies the effective Group, divisional and operational board structures upon which the delegated authorities matrices and corporate and finance manuals are overlaid.

The board reviewed the operation and effectiveness of the material internal controls during the financial year and has taken any necessary action to remedy any significant weaknesses or findings identified. During the financial year, a programme of 17 internal audits was completed across the Group's operations and progress checks were completed against previous recommendations. All significant internal control failings or weaknesses, including compliance with the provisions of the Group corporate and finance manuals, have been rectified either during the financial year or to the date of this report.

Compliance statement

The Group believes the highest standards of corporate governance are integral to the delivery of its strategy, providing the means by which the board manages the expectations of stakeholders to optimise sustainable performance as summarised in this report.

The UK Corporate Governance Code, applicable to all premium listed companies, is the governance code to which the Group is subject. The Group remains complaint with the UK Listing Authority's Disclosure & Transparency Rule 7.2.6 and related information can be found in the Directors' Report on page 65.

As a member of the FTSE 350 indices, Galliford Try has committed to complying in full with all provisions of the Code and in doing so seeks to both support and foster the highest standards of corporate governance. The Group complied in full with all provisions of the Code throughout the financial year.

For and on behalf of the board

Kevin Corbett / Company Secretary & Legal Director

Remuneration policy
Framework & Implementation

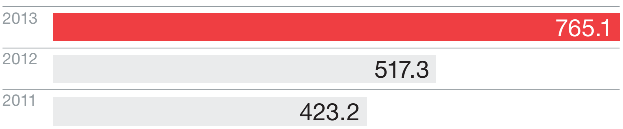
Letter from the Committee Chair

The debate regarding UK remuneration reporting and practice has moved forward considerably in the past 12 months. The publication of new regulations by the Department of Business, Innovation & Skills on the disclosure of and voting process for executive remuneration has reshaped expected standards.

Galliford Try is not required to comply with the new regulations until next year. However, the committee has considered the impact of the changes both in terms of the evolution of our remuneration policy and how we disclose directors' remuneration in this year's annual report. In relation to disclosure the Group has applied the majority of the standards of the new regulations, recognising that some aspects of best practice around the regulations are yet to be finalised by investors and companies.

The Group's approach to remuneration continues to be defined by the strong links between corporate strategy and remuneration policy. Those links have enabled the Group to retain, recruit and promote key executives during the financial year, and incentivise the executive and senior management teams to deliver the outstanding corporate performance witnessed over recent years.

Group market capitalisation (£ million)
up 47.9%



It is the committee's belief that clear delivery against stretching targets and industry and stock market outperformance merits corresponding reward. The committee also acknowledges it is important that executive rewards are aligned with pay and conditions across the wider workforce.

There have been a number of changes to the senior management team this year, with the succession process managed smoothly. During the year we have recruited a new finance director, Graham Prothero, and promoted from within the Group a new construction division chief executive, Ken Gillespie. Both directors will be subject to the pre-existing remuneration policy and there have not been any 'sign-on' payments in either case.

Performance during the year under review and during the last few years has been excellent. Further details are provided in the implementation section of this report. The committee is comfortable that this management team and our chief executive in particular should be rewarded well for this performance. Accordingly annual bonus payments to executive directors for the year under review were 141%, 83% and 83% of salary for Greg Fitzgerald, Graham Prothero and Ken Gillespie (against a possible maximum of 150%, 100% and 100% respectively).

The committee specifically reviewed the market comparability of pay and conditions beyond the executive population and across the Group more widely this year. Against difficult market conditions in the sector, pay increases were awarded by the executive board at a level above inflation for those staff who earned less than £23,000 per annum, and other staff benefited from salary uplifts appropriate to the markets, performance and prospects of their businesses.

In a year when various succession issues were satisfactorily managed and resolved the committee also considered and revised the remuneration of the Group's chief executive. In consultation with our major institutional shareholders we have increased Greg Fitzgerald's base salary by 9.9% and increased his annual bonus potential from 100% to 150% of base salary, with effect from the 2012/13 financial year. This is in recognition of his outstanding contribution to the performance of the business, the increasing complexity of his role (as a consequence of recent management changes) and to ensure that his remuneration remains broadly competitive with the market.

A single advisory resolution on the adoption of the remuneration report will be proposed at this year's annual general meeting, before moving to a binding vote on our policy at next year's meeting. In the meantime the board will take into consideration shareholders' views on our policy and I will be happy to discuss with any shareholders our remuneration policy at this year's meeting.

The committee encourages you to endorse the further progress made by the Group in 2012/13 by voting in favour of the remuneration report this year.

Amanda Burton / Chair of the Remuneration Committee

Remuneration Policy & Framework

Remuneration: Strategy

The Group's remuneration strategy is to appropriately incentivise future executive performance, reward successful performance delivery and to ensure that we recruit and retain talented and experienced executives.

Remuneration: Policy

During the year, the committee reviewed and maintained the policy, which is:

- to ensure that remuneration packages are structured so that they can attract, retain and motivate the executives required to achieve the Company's strategic objectives
- to engender a performance culture which will position Galliford Try as an employer of choice and deliver shareholder value
- to deliver a significant proportion of total executive pay through performance-related remuneration and in share-based form
- to position performance related elements of remuneration so that upper quartile reward may be achieved in circumstances where outstanding results and peer sector outperformance have been delivered
- to ensure that failure is not rewarded.

The policy is shaped by environmental, social and governance factors, which help determine the design of incentive structures to ensure that irresponsible behaviour is not encouraged. Furthermore, recognising that even well designed incentives cannot cater for all eventualities, should any unforeseen issues arise that would make any payments unjustifiable the committee would use its discretion to address such outcomes, in particular by scaling back payments.

The committee operates clawback provisions within both the Annual Bonus and Long Term Incentive Plans, which facilitate the retrieval of payments made to directors and executive management in circumstances of error, financial misstatement or misconduct.

Consideration of senior management remuneration

The committee reviews and has delegated responsibility for making recommendations concerning the remuneration of the level of senior management immediately below the executive directors. To ensure executive remuneration is considered in the context of the Group as a whole, the committee also reviews the policy on the pay and benefit structure, including bonus schemes, for all employees of the Group. The views of divisional and business unit management across the Group are sought as a matter of process when completing the annual salary review.

Salary, benefits and pension

At the 2013 salary review completed in May, the directors carefully scrutinised pay and employment conditions across the Group. The dual need to retain staff in specific areas of the Group's divisional, and in particular housebuilding operations, and to also reward key contributions to recent strong performance were particular priorities this year.

Average increases of between 1.5% and 3% across the Group's divisions were accordingly approved, with discretionary increases awarded for selected higher performing staff. In a policy change for 2013, the committee also ratified above inflation pay increases to staff who earned less than £23,000 per annum to retain, motivate and incentivise these targeted groups of staff most likely to have been affected by the current economic climate.

After careful consideration and following advice received from the committee's independent advisers the committee decided to review the remuneration of the Group's chief executive, Greg Fitzgerald. The committee also held extensive discussions with the company's significant shareholders. On the basis of the outstanding performance of the Group, the delivery of significant value to shareholders and the personal contribution of Greg Fitzgerald the committee approved a salary increase of 9.9% to £535,000 per annum and an increase in the potential annual bonus of 100% to 150%. The revised salary level was effective 1 January 2013.

Ken Gillespie's salary was set at £330,000 on his appointment as an executive director on 1 March 2013. With effect from 1 July 2013 Graham Prothero, who joined the Group in February 2013, and Ken Gillespie were awarded an increase of 1%.

The executive directors approved increases of 2% to the standard non-executive fee. Following independent research, and based on performance since taking up the chairmanship, the executive directors separately approved an increase to the chairman's fee to take effect from July 2013. Further details are given in the implementation section of this report.

The committee's policy on salary increases for executive directors permits increases broadly in line with the average across the workforce generally, unless as a reward for exceptional performance or there is a promotion or material change in role, in which cases increases may be higher. The committee reserves the right to reduce salary levels (and has done so in the past) if circumstances warrant.

Benefits provided to executive directors comprise entitlements to a company car or cash equivalent allowance, private medical and permanent health insurance and life assurance.

The executive directors each receive salary supplements equivalent to 20% of basic salary in lieu of company pension contributions.

Policy: Performance related remuneration

Executive Annual Bonus Plan

The Annual Bonus Plan enables executive directors and a selected senior management population, subject to invitation and approval by the committee, to earn a maximum annual bonus of 100% of basic salary dependent on the achievement of specified financial targets. As discussed and agreed with significant shareholders in early 2013, the annual bonus opportunity for Greg Fitzgerald is 150% of base salary with effect from the 2012/13 annual bonus plan.

Where the bonus earned and payable equates to over 50% of the recipient's basic salary in any one financial year, two thirds of the bonus earned in excess of that 50% salary threshold is required to be deferred into restricted shares.

Remuneration policy
continued

Although beneficially held by the participants, the allocated restricted shares are legally retained by the trustee of the Galliford Try Employee Benefit Trust for a period of three years, and are subject to forfeiture provisions, unless otherwise agreed by the committee in certain clemency situations. Subject to continued employment, the restricted shares are legally transferred to participants on the third anniversary of allocation.

The committee has decided that for the financial year to 30 June 2014, the existing bonus structure remains appropriately aligned to corporate strategy and will remain in its current form. However, awards granted to Housebuilding and Construction Executive board members will be based 80% on divisional performance and 20% on group performance.

Executive Long Term Incentive Plans

Under the rules of the 2006 Long Term Incentive Plan (LTIP), the committee is authorised to grant awards to invited participants annually. The maximum value of a base award that may be granted in any financial year to any individual will not exceed 100% of their basic annual salary as at the award date, except in the event of outstanding performance where there is the potential to achieve super vesting of up to 200% of the base award (i.e. 200% of base salary at grant).

The vesting of any base award depends on the achievement of performance conditions linked to specific grants over an associated three year plan cycle. Performance conditions applying to awards granted between September 2009 and 2012 are summarised in the table below.

Executive shareholding guidelines

The Company's share retention policy requires executive directors to build and maintain a shareholding over a five year period equivalent in value to 100% of basic salary or, in the case of the chief executive, 150% of base salary.

All employee schemes

All staff throughout the Group participate in an annual bonus scheme, with targets linked to performance of their particular responsibilities or business unit. The scope and extent of these schemes vary between levels of management and business sector. All bonus schemes throughout the Group are subject to a 50% reduction in payment if Group profit before tax does not meet a pre-determined threshold, whatever the performance of the individual businesses may have been. The health, safety and environmental matrix applying to the executive directors applies to all bonus schemes covering staff across the Group.

Long Term Incentive Plan Performance Conditions

Date of Grant	Performance Conditions, vesting of up to 200% of base awards dependent on achievement	Comparator Group
September 2009	• Vested based on TSR and earnings per share performance for the three year period to 30 June 2012 • Performance determined that 186.05% of awards vested to participants • The awards vested on 26 September 2012 at a share price of £7.33	Balfour Beatty plc, Barratt Developments plc, Bellway plc, The Berkeley Group Holdings plc, Henry Boot plc, Bovis Homes Group plc, Carillion plc, T Clarke plc, Costain Group plc, M J Gleeson plc, Kier Group plc, Morgan Sindall Group plc, Persimmon plc, Redrow plc, Taylor Wimpey plc
September 2010	• Vesting based on TSR and EPS performance for three year period to 30 June 2013 • Vesting of up to 50% of the base award subject to EPS performance. 15% of the award vests if there is aggregate EPS of 126p over the period increasing to 50% vesting for aggregate EPS of 154p • Vesting of up to 75% of the base award is subject to TSR performance relative to a comparator group of housebuilding companies. 7.5% of the award vests if the Company's TSR is median increasing to 25% vesting if TSR is upper quartile. Vesting can increase to a maximum of 75% of the base award for 100th percentile performance, although any vesting above 25% also requires maximum EPS to have been achieved • Vesting of up to 75% of the base award is subject to TSR performance relative to a comparator group of construction companies on the same basis as for housebuilding companies	**Housebuilding:** Barratt Developments plc; Bellway plc; The Berkeley Group Holdings plc; Bovis Homes Group plc; Persimmon plc; Redrow plc; Taylor Wimpey plc **Construction:** Balfour Beatty plc; Carillion plc; Costain Group plc; Henry Boot plc; Keller Group plc; Kier Group plc; M J Gleeson Group plc; Morgan Sindall Group plc
September 2011	• Vesting based on TSR and EPS performance for the three year period to 30 June 2014 • Performance conditions are the same as for awards granted in September 2010 except that the minimum aggregate EPS target is 171 pence and the maximum EPS target is 209 pence	Same as the September 2010 grant above, except that M J Gleeson Group plc was re-classified as a member of the Housebuilding comparator group in 2013
September 2012	• Vesting based on TSR and EPS performance over the three year period to 30 June 2015 • Vesting of up to 50% of the base award will be based on EPS performance. 15% will vest if aggregate earnings per share of 203 pence over the period increasing to 50% vesting for aggregate earnings per share of 248 pence • Vesting of up to 75% of the base award will be based on achieving: 7.5% for median performance against the housebuilding comparator group, increasing to 25% vesting if the Company's TSR is 24% (8% per annum) higher than that of the median ranked comparator company. Vesting can increase to a maximum of 75% of base award (25% per annum) for achieving a TSR that is 75% (25% per annum) higher than the median ranked comparator company. Any vesting above 25% also requires the maximum eps target to have been achieved	**Housebuilding:** Barratt Developments plc, Bellway plc, The Berkeley Group Holdings plc, Bovis Homes Group plc, M J Gleeson plc, Persimmon plc, Redrow plc, Taylor Wimpey plc **Construction:** Balfour Beatty plc, Carillion plc, Costain Group plc, Henry Boot plc, Keller Group plc, Kier Group plc, Morgan Sindall Group plc
September 2013	• Vesting based on TSR and EPS performance over the three year period to 30 June 2016 • Vesting of up to 50% of the base award will be based on EPS performance. 15% will vest if aggregate earnings per share of 287 pence over the period increasing to 50% vesting for aggregate earnings per share of 315 pence. Vesting of up to 75% of the base award based on the same TSR and EPS conditions for 2012 awards	Same as for the September 2012 grant with the addition of Crest Nicholson Holdings plc to the Housebuilding comparator group (to total nine)

Following a review we discovered an inconsistency in the comparator peer group placing for the 2012 award. This discrepancy was also disclosed in the remuneration report in the 2011 and 2012 Annual Reports whereby MJ Gleeson plc ('MJ Gleeson') was included as a member of construction peer group despite being a member of FTSE Household Goods & Home Construction classification. Although the committee made a decision to reclassify MJ Gleeson as a member of the housebuilding peer group, this change was not formalised until March 2013.

The Group also operates an HM Revenue & Customs approved sharesave scheme for the benefit of all staff. The directors anticipate making a further grant under the scheme in 2014.

Directors' service contracts and exit payments

The service contracts and letters of appointment for the board directors serving or appointed since the end of the financial year and as at the date of this report are detailed below:

	Contract date	Notice (months)
Non-executive directors		
Ian Coull	8 November 2010	6
Amanda Burton	1 July 2005	6
Peter Rogers	1 July 2008	6
Andrew Jenner	1 January 2009	6
Executive directors		
Greg Fitzgerald	1 July 2003	12
Graham Prothero	18 June 2012	12
Ken Gillespie	19 February 2013	12

1 Contract dates shown are the directors' initial contract as an executive director or non-executive director of the Company. Executive directors have a rolling notice period as stated. Non-executive appointments are reviewed after a period of three years; their appointment is subject to a rolling notice period as stated. All serving directors will stand for re-election at the 2013 annual general meeting.

2 There are no contractual provisions requiring payments to directors on loss of office or termination, other than payment of notice periods. The committee will seek to mitigate as and where appropriate.

For executive directors, at the company's discretion a sum equivalent to 12 months' salary may be paid in lieu of notice. In the contracts of Graham Prothero and Ken Gillespie there are provisions to pay any such lump sum in monthly instalments, subject to offset against earnings elsewhere.

Policy for payments to departing Executive Directors

For the purpose of our policy the committee has classified three main categories of leaver: 'Good Leaver', 'Bad Leaver' and 'Departure on Agreed Terms'.

Criteria for 'Bad Leaver' situations include normal resignation from the Group or termination for cause (e.g. gross misconduct).

Criteria for 'Departure on Agreed Terms' covers a wide range of circumstances, including business re-organisation, changes in reporting lines, change in need for role, termination as a result of failure to be re-elected at an annual general meeting, and generally where the executive is no longer the right person for the role and is asked to leave at the Group's instigation.

Criteria for 'Good Leaver' situations include an executive departure for compassionate reasons such as death in service, serious illness, injury, disability, or retirement.

The overriding principle will be to honour contractual remuneration entitlements and determine on an equitable basis the appropriate treatment of deferred and performance-related elements of remuneration, taking into account the circumstances. Failure will not be rewarded.

Further details of the policy are set out below:

Policy for payments to departing Executive Directors

	Bad leaver	Departure on agreed terms	Good leaver
Salary (after cessation of employment)	Nil	Up to one year's base salary paid in equal monthly instalments subject to offset against earnings from elsewhere during the notice period Company may pay in lieu of notice an amount equivalent to 12 months salary	Nil
Pension & benefits	Nil	Up to one year's benefits and pension	Nil
Bonus	Nil Deferred bonus shares from prior years' bonuses lapse	For the proportion of the financial year worked, bonus may be payable pro-rata at the discretion of the Committee No bonus payment in respect of any period of notice not worked Deferred bonus shares vest early	For the proportion of the financial year worked, bonus may be payable pro rata at the discretion of the Committee Deferred bonus shares vest early
Long Term Incentive Plan	All awards, including those which have vested but are unexercised will lapse immediately upon cessation of employment	Awards will lapse upon cessation of employment unless the Committee decides otherwise in which case awards may vest Where employment ends before the vesting date awards may vest at the normal time (other than by exception) to the extent that the performance conditions have been satisfied The level of vested award will be reduced pro-rata based upon the period of time after the grant date and ending on the date of cessation of employment relative to the three year performance period unless the Committee, acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case	Awards may be exercised within 12 months of the vesting date Where employment ends before the vesting date awards may be exercised at the normal vesting time (other than by exception) and only to the extent that the performance conditions have been satisfied The level of vested award will be reduced pro-rata based upon the period of time after the grant date and ending on the date of cessation of employment relative to the three year performance period unless the Committee, acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case
Other payments		Depending upon circumstances the Committee may consider payments in respect of an unfair dismissal award, outplacement support and assistance with legal fees	

Remuneration policy
continued

Policy on recruitment
In cases where the Company recruits a new executive director, the committee will aim to align the new executive's remuneration package with the approved remuneration policy. In arriving at a value for the package the committee will take into account the skills and experience of the candidate, the market rate for a candidate of that experience as well as the importance of securing the preferred candidate. In exceptional circumstances the committee will award additional remuneration in excess of policy at appointment, primarily to replace lost reward or benefits. Details of the policy are set out below:

Element	General Policy	Specifics
Salary	At a level required to attract the most appropriate candidate	Discretion to pay lower base salary with incremental increases as new appointee becomes established in the role
Pension & benefits	In line with policy for Executive Directors	
Bonus	In line with existing schemes	Specific targets could be introduced for an individual where necessary within the annual bonus limit (150% of base salary for Chief Executive and 100% for other directors) Pro rating applied as appropriate for intra year joiners
Long term Incentive Plan	In line with Company policies and LTIP rules	An award may be made in the year of joining or, alternatively, the award can be delayed until the following year, within the exceptional circumstances limit under the plan rules (200% of salary). Targets would normally be the same as for awards to other directors
Other Share awards	The Committee may make an incentive award to replace deferred pay forfeited by an executive leaving a previous employer.	Awards would, where possible, be consistent with the awards forfeited in terms of structure, value, vesting periods and performance conditions

The committee may make use of the flexibility provided in the Listing Rules to make such awards outside the existing Long Term Incentive Plan if it deems such an award to be appropriate in the circumstances to replace forfeited deferred variable pay, securing the preferred candidate, relocation expenses, recruitment from abroad or for any other reason.

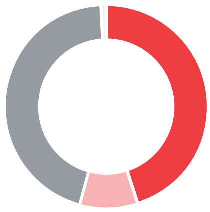
For internal promotions to executive director positions, the committee's policy is for legacy awards or incentives to be capable of vesting on their original terms or, at the discretion of the committee, they may be amended to bring them into line with the policy for executive directors.

Policy: reward, potential and mix
The committee's objective is to design performance related elements of pay that account for a significant proportion of total pay, at a targeted level of performance. Individualised potential executive reward charts demonstrate application of the policy in 2013/14:

Greg Fitzgerald

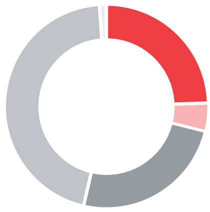
Salary	£511k
Pension	£102k
Annual Bonus	£766.5k
LTIP potential	£903k
Other	£28k

Graham Prothero



Salary	£140k
Pension	£28k
Annual Bonus	£140k
LTIP potential	£n/a
Other	£2k

Ken Gillespie



Salary	£322k
Pension	£58k
Annual Bonus	£318k
LTIP potential	£589k
Other	£13k

External Directorships
With prior written approval of the board in each case, executive directors are permitted to accept external appointments as a non-executive director and retain any associated fees. Greg Fitzgerald serves as a non-executive director of NHBC (the National House-Building Council), for which he receives and retains an annual fee of £33,600. During the year Ken Gillespie became a non-fee earning director of the Scottish Contractors Group, a non-profit making industry body.

Policy: Shareholder consultation and voting analysis
The committee actively consults with relevant institutional shareholders regarding and in advance of substantial changes to remuneration policy or individual executive salary packages. During the year the committee approached the Group's largest shareholders to seek opinions on, and approval for, the proposed changes to the chief executive's remuneration package detailed above. All views were taken into account in the committee's formulation of the revised package.

The implementation policy report which follows from page 61 onwards has been subject to audit.

Implementation of our policy & framework in 2012/13

Committee: composition

The committee is chaired by Amanda Burton, the senior independent director, and during the financial year the other members comprised Peter Rogers, Andrew Jenner and the chairman Ian Coull. The company secretary acts as secretary to the committee and the chief executive has a standing invitation to attend all committee meetings. No director, or the company secretary, is present when his or her own remuneration is being considered.

During the financial year, the committee prioritised the following calendar of key activities and areas of focus:

Calendar of 2012/13 committee activities and areas of focus

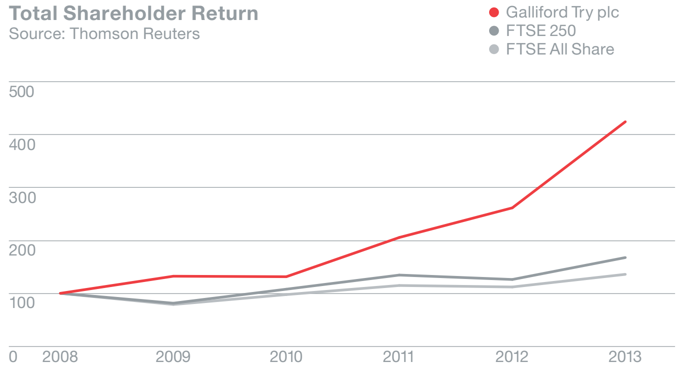
Month	Activity or area of focus
July 2012	Approach to shareholder consultation regarding Frank Nelson's retirement and remuneration Update on Group total shareholder return performance to 30 June 2012 Preparatory approval of 2012–13 Annual Bonus Plan targets and metrics
September	Approval of 2012 grants under the Annual Bonus & Long Term Incentive Plans Approval of 2012 sharesave grant
December	Review of market comparability of Chief Executive's remuneration and institutional shareholder opinion Approval of proposed remuneration for Construction Division Chief Executive Update on the Association of British Insurer's 'Principles of Remuneration' 2012–13
March 2013	Proposed remuneration for Group Managing Director, Housebuilding appointment Revision of Chief Executive's remuneration following shareholder consultation Review of 2011 & 2012 Long Term Incentive Plan comparator groupings Employee Benefit Trust projected share requirements Ad hoc administrative matters, primarily relating to the rules of the Group incentive plans Review of the Department of Business, Information and Skills remuneration reporting requirements
May	Group & Senior Management Remuneration Review Preparatory approval of 2013–14 Annual Bonus Plan targets and metrics

Performance

The Company has continued the strong financial performance established in 2011/12. The closing mid-market quotation for the Company's shares on 30 June 2013 was £9.345 (2012: £6.32). The range high and low during the financial year were £9.99 and £6.06 respectively (2012: £6.53 and £3.8375).

Comparative Total Shareholder Return (TSR) performance across the financial year, reflecting share price movements plus dividends reinvested, ranked the Company as 49.8% and 130.4% above median, equivalent to between first and second and first places, against its established dual comparator groups drawn from the housebuilding and construction industries.

The Group's TSR over the last five financial years relative to the FTSE 250 and FTSE All Share indices, based on the 30 trading day average values, is shown below:



This graph shows the value, by 30 June 2013, of £100 invested in Galliford Try plc on 30 June 2008 compared with the value of £100 invested in the FTSE 250 Index or FTSE All Share Index on the same date. The other points plotted are the values at intervening financial year-ends.

Profit before Tax, earnings per share and total dividend per share growth over the 2012/13 financial year represented increases of 17%, 18% and 23% against the prior year respectively. Those increases compare to a 6.4% annualised increase in total Group remuneration to £192.5 million for the year ended 30 June 2013.

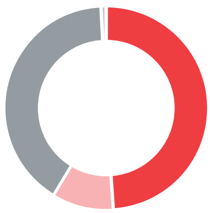
Individual Executive Directors' actual reward and mix

For the year ended 30 June 2013, performance related executive remuneration represented approximately 65% of total reward. This ratio represented a slight decrease to the 77% mix in 2012, reflecting the higher proportion of Long Term Incentive Plan awards achieving 'super vesting' in comparison to March 2012 but also the impact of changes to the executive directors during the year. Further detail is given in the following individualised total remuneration charts for 2013:

Greg Fitzgerald

Salary	£511k
Pension	£102k
Annual Bonus	£754k
LTIP actual	£841k
Other	£28k

Graham Prothero



Salary	£140k
Pension	£28k
Annual Bonus	£116k
LTIP actual	£n/a
Other	£2k

Ken Gillespie

Salary	£322k
Pension	£58k
Annual Bonus	£266k
LTIP actual	£548k
Other	£13k

The market value of shares vesting to Greg Fitzgerald and Ken Gillespie during the financial year were £1.46m and £953k respectively.

Remuneration policy
continued

Directors' Remuneration
The remuneration of the directors serving during the financial year was as follows:

Director	Salary and fees £000	Annual bonus £000	Benefits £000	Pension £000	**Total 2013 £000**	Total 2012 £000
Executive						
Greg Fitzgerald	511	754	28	102	**1,395**	1,016
Graham Prothero	140	116	2	28	**286**	n/a
Ken Gillespie	322	266	13	58	**659**	n/a
Frank Nelson	426	n/a	47	10	**483**	611
Non-executive						
Ian Coull	105	–	–	–	**105**	105
Amanda Burton	44	–	–	–	**44**	44
Peter Rogers	40	–	–	–	**40**	40
Andrew Jenner	40	–	–	–	**40**	40

The salary supplement paid to the directors by the Company in lieu of direct pension contributions is shown in the column headed 'Pension'.

Implementation of policy on exit payments in year
As disclosed in this report in 2012, the Group reached an agreement with Frank Nelson, following over 24 years' service, under which he would be contractually entitled to take early retirement at the age of 62 with effect from 30 September 2012. Contractual payments were made in September 2012 in full and final settlement of all cash amounts payable under that agreement. In accordance with the committee's policy on exit payments, the agreement reached reflected his individual circumstances and significant contribution to the Group in over 24 years' service.

The total remuneration received by Frank Nelson for the 2013 financial year, payable as salary and under the Group's share plans, is disclosed in both the Directors' remuneration table above and the Directors' interests in share plans table which follows. The taxable value attributed to the entitlement to his company car awarded at retirement is included in the 'Benefits' column in the remuneration table. As a good leaver Frank Nelson retains entitlement to an outstanding award granted under the Long Term Incentive Plan in 2011, scaled back to reflect the proportion of the three year performance period completed.

Annual bonus plan
The committee considered the performance in line with the targets set for the profit before tax, cash flow and other performance metrics set at the start of the year, and looked at a broader assessment of management and business performance. Recognising the outstanding management performance in delivering a very successful outcome for shareholders, including profit towards the top end of the target range and success on a number of strategic fronts, all notwithstanding the impact of the unexpected loss through ill health of the managing director of housebuilding early in the financial year, the Committee determined that bonuses should be payable to Greg Fitzgerald of 141% of salary (out of a maximum of 150%), Graham Prothero 83% of salary (out of a maximum of 100%, pro-rata from 1 February 2013) and Ken Gillespie of 83% of salary (out of a maximum of 100%). The Committee is comfortable that this outcome represents a robust link between reward and performance.

Percentage change in remuneration of Chief Executive compared to the average change in the workforce

	2012/13 Change	2013/14 Change
% increase in Chief Executive's fixed remuneration[1]	**12.6%**	n/a
% average increase in Group fixed remuneration	**2.7%**	2.5%

1 The increase in the Chief Executive's remuneration reflects salary increases of 2.54% effective 1 July 2012 and 9.9% effective 1 January 2013.

Relative importance of spend on pay

	2012/13 1	2012/13 2
Percentage change in Group profit before tax[1] and full year dividend[2]	17%	23%
Group income tax expense 2013[1], and effective tax rate[2]	£15.9m	21.5%
Total[1] (and percentage change in[2]) overall spend on pay	£192.5m	6.4%

The equivalent total overall spend on pay in 2012 is disclosed in Note 3 to the financial statements on page 84. The total overall spend on pay equates to average remuneration per staff member of £48,500 per annum as at 30 June 2013 (2012: £46,800).

Directors' share plan interests

Long term incentive plan

Further detail regarding the proportion of awards subject to the three year performance period ending 30 June, and vesting in September 2013, is given in the Policy on Executive Long Term Incentive Plans table on page 58. Outstanding awards held by executive directors are detailed in the following table:

Executive director	Plan	Date	Value at grant	Base award quantum at 1 July 2012	Awarded	Vested (186.05% of base awards)	Base award quantum at 30 June 2013	Value of awards vested during financial year £000	Anticipated vesting date
Greg Fitzgerald	Long Term Incentive Plan	11.09.09	n/a	107,105	–	199,274	–	£1,461	n/a
	Long Term Incentive Plan	28.09.10	£3.02	149,170	–	–	149,170	–	28.09.13
	Long Term Incentive Plan	22.09.11	£4.21	112,826	–	–	112,826	–	22.09.14
	Long Term Incentive Plan	26.09.12	£6.67	–	73,013	–	73,013	–	26.09.15
	Annual Bonus Plan	28.09.10	£3.04	47,286	–	–	47,286	–	28.09.13
	Annual Bonus Plan	22.09.11	£4.5725	30,117	–	–	30,117	–	22.09.14
	Annual Bonus Plan	26.09.12	£7.10	–	17,133	–	17,133	–	26.09.15
	Sharesave	19.11.10	Exercise price £2.71	1,700	–	–	1,700	–	01.02.14 – 31.07.14
Graham Prothero	Long Term Incentive Plan	01.02.13	£6.67	–	40,458	–	40.458	–	26.09.15
Ken Gillespie	Long Term Incentive Plan	11.09.09	n/a	69,902	–	130,056	–	£953	n/a
	Long Term Incentive Plan	28.09.10	£3.02	97,355	–	–	97,355	–	28.09.13
	Long Term Incentive Plan	22.09.11	£4.21	73,634	–	–	73,634	–	22.09.14
	Long Term Incentive Plan	26.09.12	£6.67	–	47,646	–	47,646	–	26.09.15
	Annual Bonus Plan	28.09.10	£3.04	23,317	–	–	23,317	–	28.09.13
	Annual Bonus Plan	22.09.11	£4.5725	13,834	–	–	13,834	–	22.09.14
	Annual Bonus Plan	26.09.12	£7.10	–	6,942	–	6,942	–	26.09.15
	Sharesave	19.11.10	Exercise price £2.71	2,876	–	–	2,876	–	01.02.16 – 31.07.16

Directors' share interests

As at 30 June 2013, the directors held the following beneficial, legal and unvested share plan interests in the Company's ordinary share capital:

	Legally		Beneficially[1]		
Director	As at 1 July 2012	As at 30 June 2013	As at 1 July 2012	As at 30 June 2013	Total
Ian Coull	10,000	10,000	–	–	10,000
Greg Fitzgerald	880,542	676,193	77,403	94,536	770,729
Graham Prothero	nil	nil	–	–	nil
Ken Gillespie	133,190	195,596	37,151	44,093	239,689
Amanda Burton	17,885	17,855	–	–	17,855
Peter Rogers	27,083	27,083	–	–	27,083
Andrew Jenner	13,433	13,433	–	–	13,433

1 Greg Fitzgerald and Ken Gillespie's respective beneficial interests are held by the Galliford Try Employee Benefit Trust in connection with the Group's Annual Bonus Plan. Further details are provided in the share plans table above.

There were no changes in the directors' interests from 30 June 2013 to the date of this report.

Remuneration policy
continued

Compliance with executive shareholding policy
As at 1 July 2013, Greg Fitzgerald and Ken Gillespie were both compliant with the policy, having legally held shareholdings representing 847% and 549% of their respective base salaries.

Following his appointment in February 2013, Graham Prothero has five years to acquire the required holding and has undertaken to retain future shares vesting to him under the long term incentive plan for this purpose.

Chairman and non-executive fees
The chairman, Ian Coull, received a fee of £105,000 per annum for the 2012/13 financial year. Following an independent benchmarking exercise against a comparator group of similar FTSE 250 groups completed in May 2013, and taking into account performance since taking up the chairmanship, the executive directors separately approved an increase to the chairman's fee to £150,000 for 2013/14. This places the chairman's fee broadly in line with, but no higher than, comparable businesses. Ian otherwise received no other benefits in connection with his position.

The standard non-executive fee was £40,000 per annum during the financial year. Amanda Burton receives a £4,000 fee supplement in recognition of her appointment as the Company's senior independent director.

Employee benefit trust and dilution
The Company's Employee Benefit Trust (EBT) is the primary mechanism by which shares required to satisfy the executive incentive plans are provided. During the financial year the EBT purchased a further 400,000 shares in the market at an average price of £9.47, which resulted in a balance held at 30 June 2013 of 878,353 shares.

The Company accordingly provided net additional funds to the EBT during the financial year of £3.79 million by extending the existing EBT loan facility.

In only issuing 23,048 new shares during or since the financial year, the Company has complied with the dilution guidelines of the Association of British Insurers. Applying the guidelines, the Group has 7.21% headroom against 'the 10% in ten years' rule and 5% headroom against the '5% in ten years' rule for discretionary plans.

Remuneration advice and advisers
The Committee is informed of key developments and best practice in the field of remuneration and regularly obtains advice from independent external consultants when required on individual remuneration packages and on executive remuneration packages in general.

New Bridge Street (NBS) are appointed as the committee's sole remuneration consultant, and representatives of NBS were in attendance at one committee meeting during the financial year. Services provided to the committee by NBS encompassed remuneration market analysis and benchmarking, committee presentation and guidance, design of recruitment and retention packages, regulatory guidance and share plan related consultancy. Fees paid to NBS for services provided to the committee during the financial year were £73,291.

NBS do not provide any other services to the Group, although NBS is part of the AON Corporation ('Aon'). Aon were engaged during the financial year, and continue to provide advice to the Group specifically relating to group private medical insurance policies. The committee is satisfied that these services do not impinge on the independence of NBS.

The company secretary also advises the committee as necessary and makes arrangements for the committee to receive independent legal advice at the request of the committee chair.

Shareholder voting on the directors' remuneration report
The committee takes account of annualised shareholder voting trends in connection with the remuneration report advisory vote. Votes cast in support of the annual resolution to approve the remuneration report over the previous five years are: 99.16% (2012), 87.66% (2011), 95.38% (2010), 97.10% (2009) and 97.68% (2008).

Remuneration: Compliance and audited information
The remuneration report has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Financial Services Authority's Listing Rules. The auditors are required to report on the remuneration data disclosed in the Implementation section of the report and state whether, in their opinion, that part of the report has been properly prepared in accordance with relevant provisions of the Companies Act 2006 (as amended).

The committee is governed by formal terms of reference agreed by the board and is composed solely of non-executive directors. The latest terms of reference are available on the Group website.

For and on behalf of the board

Amanda Burton / Chairman of the Remuneration Committee

17 September 2013

Directors' report
and other statutory information

The directors present their Annual Report and audited financial statements for the Group for the year ended 30 June 2013.

Principal activities
Galliford Try is a housebuilding and construction group primarily operating in the United Kingdom. Galliford Try plc, registered in England and Wales with company number 00836539 is the group parent company. More detailed information regarding the Group's activities during the year under review, and its future prospects, is provided on pages 01 to 45. The principal subsidiaries and associates operating within the Group's divisions are shown in note 12 to the financial statements on page 91.

Enhanced business review
The Group is required to include an enhanced business review within its Directors' Report, which provides the information and further analysis required under s.417 Companies Act 2006. The directors consider that these requirements are fulfilled by the inclusion in this Annual Report and Financial Statements of the business review, the corporate governance report and the remuneration report, which all form part of this Directors' Report by reference. The Corporate Governance Report is a statement for the purposes of Disclosure and Transparency Rule 7.2.1.

The Annual Report and Financial Statements use financial and non-financial key performance indicators wherever possible and appropriate.

Further information on the Group's employees and employment practices and its approach to environmental, social and community matters, including a consideration of the impact of the company's business on the environment, is provided in the sustainability section of the business review on pages 36 to 45.

Results and dividends
The profit for the year, after tax, of £58.2 million is shown in the consolidated income statement on page 69. The directors have recommended a final dividend of 25.0 pence per share, which together with the interim dividend of 12.0 pence declared in February results in a total dividend for the financial year of 37.0 pence. The total dividend for the financial year will distribute a total of £30.2 million. Subject to approval by shareholders at the annual general meeting, the final dividend will be payable on 29 November 2013, to shareholders on the register at close of business on 18 October 2013.

Share capital, authorities & restrictions
The Company has one class of ordinary share capital, having a nominal value of 50 pence. The ordinary shares rank pari passu in respect of voting and participation and are listed for trading on the London Stock Exchange. At 30 June 2013, the Company had 81,870,095 ordinary shares in issue (2012: 81,853,259).

The directors are authorised on an annual basis to issue shares, to allot a limited number of shares in the Company for cash other than to existing shareholders, and to make market purchase shares within prescribed limits. Resolutions to be proposed at the 2013 Annual General Meeting (AGM) will renew all three of the authorities which are further explained in the Notice of AGM sent separately to shareholders. Other than usual activity in connection with the Group's share plans, no shares have been issued or purchased by the Company under the relevant authorities either during the financial year or to the date of this report.

There are no restrictions on the transfer of the Company's shares, with the exceptions that certain shares held by the Galliford Try Employee Benefit Trust (EBT) are restricted for the duration of the applicable performance periods under relevant Group share plans, and directors and persons discharging managerial responsibility are periodically restricted in dealing in the Company's shares under the Group Dealing Code, which reflects the requirements of the Model Code published by the UK Listing Authority under its Listing Rules. In certain specific circumstances the directors are permitted to decline to register a transfer in accordance with the Company's articles of association. There are no other limitations on the holding of securities, and no requirements to obtain the approval of the Company, or other holders of securities in the Company, prior to share transfers. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or voting rights.

There are no securities carrying specific rights with regard to control of the Company, with the exception that the EBT holds shares in the Company in connection with Group share plans which have rights with regard to control of the Company that are not exercisable directly by the employee. The EBT abstains from voting in respect of any shares so held. 1.32% of the issued share capital of the Company is currently held within the EBT for the purposes of satisfying employee share options or share awards (2012: 1.27%).

Articles of Association
The Articles of Association, adopted in 2009 to reflect the Companies Act 2006, set out the internal regulations of the Company, and define various aspects of the Company's constitution including the rights of shareholders, procedures for the appointment and removal of directors, and the conduct of both directors and general meetings.

In accordance with the Articles, directors can be appointed or removed either by the board or shareholders in general meeting. Amendments to the Articles require the approval of shareholders in general meeting expressly by way of special resolution. Copies of the Articles are available by contacting the company secretary and legal director at the registered office.

Significant direct & indirect holdings
As at 17 September 2013, being the date of this Report, the Company had been made aware, pursuant to the FSA's Disclosure & Transparency Rules, of the following beneficial interests in 3% or more of the Company's ordinary share capital:

Shareholder	Interest	% capital
Standard Life Investments	8,171,113	9.98
F&C Asset Management	4,976,447	6.08
Old Mutual Global Investors	3,677,763	4.49
Aberforth Partners LLP	3,535,408	4.32
Norges Bank	2,546,040	3.11

There were no material changes in any of the significant holdings between financial year end and the date of this report.

Change of control provisions

There has been no change in the Group's contractual change of control provisions during the financial year, further related information can be found in the related disclosure on page 58 of the 2012 Annual Report and Financial Statements.

Board and directors' interests

Summary biographies of the board directors as at the date of this report are on pages 46 to 47. The Group Finance Director, Graham Prothero, was appointed as the Group's Senior Accounting Officer with effect from his appointment on 1 February 2013 and Greg Fitzgerald, the Group Chief Executive, and Graham Prothero both act as the Group's chief operating decision-makers, further details of which are provided in note 2 to the financial statements on page 81.

The interests of the directors in the share capital of the Company are set out in the Directors' Remuneration report on pages 56 to 64, where details of executive directors' service contracts and non-executive directors' letters of appointment can also be found.

The Company continues to operate a formal ongoing procedure for the disclosure, review and authorisation of directors' actual and potential conflicts of interest in accordance with the Companies Act, 2006. In addition, conflicts of interest are reviewed, and as necessary further authorised, by the board on an annual basis.

Significant agreements

Excepting the agreements underpinning the Group's four year revolving credit facility, which will require renewal by 2015, there are no persons with which it has contractual or other arrangements which are essential to its business.

Charitable and political donations

Contributions for charitable purposes during the year amounted to £108,000 (2012: £80,000). Charities that benefited continued to include those carrying out potential projects to assist homeless people, those providing benefit to workers in the industry who are in need, and a significant number of small local charities in the areas within which the Group operates.

It is Group policy to avoid making political donations of any nature and accordingly none were made during the year. However, the Group notes the wide application of Part 14 of the Companies Act 2006, but does not consider the housebuilding and construction industry bodies of which it is a member to be political organisations for the purposes of the Act.

Creditor payment policy

Group policy regarding creditor payment is to agree payment terms contractually with suppliers and land vendors, ensure the relevant terms of payment are included in contracts, and to abide by those terms when satisfied that goods, services or assets have been provided in accordance with the agreed contractual terms. Galliford Try plc, as the group parent company, did not have any amounts owing to trade creditors as at 30 June 2013 (2012: Nil). Trade creditors for the Group as at 30 June 2013 represented an average of 41 days (2012: 35 days).

Financial instruments

Further information regarding the Group's financial instruments, related policies and a consideration of its liquidity and other financing risks can be found in the finance review on page 14, and in note 26 to the financial statements on page 99.

Important developments since year end

There have been no material events or developments affecting the Company or any of its operating subsidiaries since 30 June 2013.

Going concern

In accordance with the Financial Reporting Council's Guidance on Going Concern and Liquidity published in 2009, the requirements of the UK Corporate Governance Code and Listing Rule 9.8.6R (3), the directors have conducted a rigorous and proportionate assessment of the Group's ability to continue in existence for the foreseeable future. This has been reviewed during the financial year, taking into account the Group's continuing access to its core revolving credit facility agreed in 2011, and the directors have concluded that there are no material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Furthermore, the Group has adequate resources and visibility as to its future workload, as explained in this Annual Report. It is therefore justified in using the going concern basis in preparing these financial statements.

Independent auditor

Each of the directors at the date of approval of this Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

A resolution is to be proposed at the forthcoming AGM for the re-appointment of PricewaterhouseCoopers LLP as auditor of the Company, at a rate of remuneration to be determined by the audit committee.

AGM

The AGM will be held at the offices of Royal Bank of Scotland, 3rd Floor Conference Centre, 250 Bishopsgate, London, EC2M 4AA on 19 November 2013 at 11am. The notice convening the AGM, sent to shareholders separately, explains the items of business which are not of a routine nature.

Approval of report

This Directors' Report, including by reference the Business Review on page 08 to 45 and the Corporate Governance and Remuneration Reports, was approved by the board of directors on 17 September 2013.

For and on behalf of the board

Kevin Corbett / Company Secretary & Legal Director

17 September 2013

Directors' report
Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, the remuneration policy and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the remuneration policy comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose and functions are listed on pages 46 and 47, confirm that, to the best of his and her knowledge:

- the Group financial statements, set out on pages 69 to 109, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Business Review contained in pages 08 to 45 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the board

Ian Coull / Chairman

17 September 2013

Forward looking statements

Forward looking statements have been made by the directors in good faith using information up until the date on which they approved this Report. Forward looking statements should be regarded with caution due to uncertainties in economic trends and business risks. The Group's businesses are generally not affected by seasonality.

Independent auditors' report to the members of Galliford Try plc

We have audited the financial statements of Galliford Try plc for the year ended 30 June 2013 which comprise the consolidated income statement, consolidated statement of comprehensive income, Group and Company balance sheets, consolidated statement of changes in equity, Company statement of changes in equity, Group and Company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities set out on page 67, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 2013 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2013 and of the Group's profit and Group's and Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance statement set out on page 54 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 66, in relation to going concern;
- the parts of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the board on directors' remuneration.

Pauline Campbell (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
17 September 2013

Consolidated income statement
for the year ended 30 June 2013

	Notes	2013 £m	2012 £m
Group revenue	2	**1,467.3**	1,504.1
Cost of sales		**(1,288.4)**	(1,320.7)
Gross profit		**178.9**	183.4
Administrative expenses		**(105.4)**	(115.8)
Share of post tax profits from joint ventures	13	**6.9**	3.7
Profit before finance costs		**80.4**	71.3
Profit from operations	2	**84.1**	77.1
Share of joint ventures' interest and tax		**(2.7)**	(4.8)
Amortisation of intangibles		**(1.0)**	(1.0)
Profit before finance costs		**80.4**	71.3
Finance income	4	**4.0**	2.6
Finance costs	4	**(10.3)**	(10.8)
Profit before income tax	5	**74.1**	63.1
Income tax expense	6	**(15.9)**	(13.8)
Profit for the year	30	**58.2**	49.3
Earnings per share			
– Basic	8	**71.7p**	60.9p
– Diluted	8	**69.8p**	59.7p

Financials

Consolidated statement of comprehensive income
for the year ended 30 June 2013

	Notes	**2013 £m**	2012 £m
Profit for the year		**58.2**	49.3
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Actuarial (losses) recognised on retirement benefit obligations	31	**(6.5)**	(10.7)
Deferred tax on items recognised in equity that will not be reclassified	6	**1.7**	3.7
Total items that will not be reclassified to profit or loss		**(4.8)**	(7.0)
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of derivative financial instruments:	26		
– Movement arising during the financial year		**0.2**	(1.6)
– Reclassification adjustments for amounts included in profit or loss		**0.3**	–
Reclassification adjustment for gains on available for sale financial assets	14	**(0.5)**	–
Deferred tax on items recognised in equity that may be reclassified	6	**0.3**	–
Total items that may be reclassified subsequently to profit or loss		**0.3**	(1.6)
Other comprehensive (expense) for the year net of tax		**(4.5)**	(8.6)
Total comprehensive income for the year		**53.7**	40.7

Balance sheets
at 30 June 2013

	Notes	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Assets					
Non-current assets					
Intangible assets	9	**13.4**	11.8	**–**	–
Goodwill	10	**115.0**	115.0	**–**	–
Property, plant and equipment	11	**9.7**	10.0	**–**	–
Investments in subsidiaries	12	**–**	–	**195.9**	192.6
Investments in joint ventures	13	**6.0**	5.4	**–**	–
Financial assets					
– Available for sale financial assets	14	**26.8**	26.5	**–**	–
Trade and other receivables	18	**45.2**	35.9	**–**	–
Retirement benefit asset	31	**0.5**	–	**–**	–
Deferred income tax assets	25	**2.7**	7.7	**2.7**	2.5
Total non-current assets		**219.3**	212.3	**198.6**	195.1
Current assets					
Inventories	15	**0.4**	0.4	**–**	–
Developments	16	**748.2**	719.8	**–**	–
Trade and other receivables	18	**300.6**	281.6	**78.1**	62.2
Current income tax assets	21	**–**	–	**1.6**	–
Cash and cash equivalents	19	**57.9**	95.8	**349.9**	358.8
Total current assets		**1,107.1**	1,097.6	**429.6**	421.0
Total assets		**1,326.4**	1,309.9	**628.2**	616.1
Liabilities					
Current liabilities					
Financial liabilities					
– Borrowings	23	**(72.3)**	(73.3)	**(73.1)**	(72.5)
Trade and other payables	20	**(648.6)**	(660.6)	**(186.9)**	(147.9)
Current income tax liabilities	21	**(6.6)**	(8.8)	**–**	–
Provisions for other liabilities and charges	22	**(0.6)**	(0.7)	**–**	–
Total current liabilities		**(728.1)**	(743.4)	**(260.0)**	(220.4)
Net current assets		**379.0**	354.2	**169.6**	200.6
Non-current liabilities					
Financial liabilities					
– Derivative financial liabilities	26	**(1.1)**	(1.6)	**(1.1)**	(1.6)
Retirement benefit obligations	31	**–**	(0.2)	**–**	–
Deferred income tax liabilities	25	**(2.1)**	(0.2)	**–**	–
Other non-current liabilities	24	**(91.2)**	(83.0)	**–**	–
Provisions for other liabilities and charges	22	**(2.5)**	(3.1)	**–**	–
Total non-current liabilities		**(96.9)**	(88.1)	**(1.1)**	(1.6)
Total liabilities		**(825.0)**	(831.5)	**(261.1)**	(222.0)
Net assets		**501.4**	478.4	**367.1**	394.1
Equity					
Ordinary shares	27	**40.9**	40.9	**40.9**	40.9
Share premium	27	**190.9**	190.8	**190.9**	190.8
Other reserves	29	**4.8**	5.3	**3.0**	3.0
Retained earnings	30	**264.8**	241.4	**132.3**	159.4
Total equity attributable to owners of the Company		**501.4**	478.4	**367.1**	394.1

The notes on pages 74 to 109 are an integral part of these consolidated financial statements.
The financial statements on pages 69 to 109 were approved by the board on 17 September 2013 and signed on its behalf by:

Greg Fitzgerald
Chief Executive

Graham Prothero
Finance Director

Galliford Try plc
Registered number: 00836539

Financials

Consolidated statement of changes in equity
for the year ended 30 June 2013

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
At 1 July 2011		40.9	190.8	5.3	218.1	455.1
Profit for the year		–	–	–	49.3	49.3
Other comprehensive (expense)		–	–	–	(8.6)	(8.6)
Total comprehensive income for the year		–	–	–	40.7	40.7
Transactions with owners:						
Dividends	7	–	–	–	(16.8)	(16.8)
Share-based payments	28	–	–	–	8.5	8.5
Purchase of own shares	30	–	–	–	(9.1)	(9.1)
At 1 July 2012		40.9	190.8	5.3	241.4	478.4
Profit for the year		–	–	–	58.2	58.2
Other comprehensive (expense)		–	–	(0.5)	(4.0)	(4.5)
Total comprehensive (expense)/income for the year		–	–	(0.5)	54.2	53.7
Transactions with owners:						
Dividends	7	–	–	–	(26.9)	(26.9)
Share-based payments	28	–	–	–	3.8	3.8
Purchase of own shares	30	–	–	–	(7.7)	(7.7)
Issue of shares	27	–	0.1	–	–	0.1
At 30 June 2013		**40.9**	**190.9**	**4.8**	**264.8**	**501.4**

Company statement of changes in equity
for the year ended 30 June 2013

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
At 1 July 2011		40.9	190.8	3.0	186.1	420.8
(Loss) for the year		–	–	–	(8.9)	(8.9)
Other comprehensive (expense)		–	–	–	(0.4)	(0.4)
Total comprehensive (expense)		–	–	–	(9.3)	(9.3)
Transactions with owners:						
Dividends	7	–	–	–	(16.8)	(16.8)
Share-based payments	30	–	–	–	8.5	8.5
Purchase of own shares	32	–	–	–	(9.1)	(9.1)
At 1 July 2012		40.9	190.8	3.0	159.4	394.1
Profit for the year		–	–	–	3.0	3.0
Other comprehensive income		–	–	–	0.7	0.7
Total comprehensive income		–	–	–	3.7	3.7
Transactions with owners:						
Dividends	7	–	–	–	(26.9)	(26.9)
Share-based payments	28	–	–	–	3.8	3.8
Purchase of own shares	30	–	–	–	(7.7)	(7.7)
Issue of shares	27	–	0.1	–	–	0.1
At 30 June 2013		**40.9**	**190.9**	**3.0**	**132.3**	**367.1**

Statement of cash flows
for the year ended 30 June 2013

	Notes	Group 2013 £m	2012 £m	Company 2013 £m	2012 £m
Cash flows from operating activities					
Continuing operations					
Profit/(loss) before finance costs		**80.4**	71.3	**0.9**	(9.4)
Adjustments for:					
Depreciation and amortisation	11 & 9	**3.8**	3.5	**–**	–
Profit on sale of property, plant and equipment	5	**–**	(0.1)	**–**	–
Profit on sale of investments in joint ventures and non-current assets held for sale	5	**–**	(2.6)	**–**	–
Profit on sale of available for sale financial assets	5	**(0.8)**	(0.1)	**–**	–
Share-based payments	28	**3.8**	8.5	**3.5**	8.2
Share of post tax profits from joint ventures	13	**(6.9)**	(3.7)	**–**	–
Movement on provisions		**(0.7)**	(1.8)	**–**	–
Other non-cash movements		**(1.8)**	(6.4)	**(6.7)**	–
Net cash generated from/(used in) operations before pension deficit payments and changes in working capital		**77.8**	68.6	**(2.3)**	(1.2)
Deficit funding payments to pension schemes	31	**(7.3)**	(7.3)	**–**	–
Net cash generated from/(used in) operations before changes in working capital		**70.5**	61.3	**(2.3)**	(1.2)
(Increase) in inventories		**–**	(0.2)	**–**	–
(Increase) in developments		**(28.4)**	(104.2)	**–**	–
(Increase) in trade and other receivables		**(28.3)**	(12.8)	**–**	–
(Decrease)/increase in trade and other payables		**(3.8)**	89.1	**1.3**	(0.8)
Net cash generated from/(used in) operations		**10.0**	33.2	**(1.0)**	(2.0)
Interest received		**2.0**	1.1	**–**	–
Interest paid		**(8.6)**	(8.0)	**–**	–
Income tax (paid)/received		**(9.2)**	(10.1)	**1.3**	–
Net cash (used in)/generated from operating activities		**(5.8)**	16.2	**0.3**	(2.0)
Cash flows from investing activities					
Dividends received from joint ventures	13	**6.3**	0.3	**–**	–
Acquisition of investments in joint ventures	13	**–**	(0.1)	**–**	–
Acquisition of available for sale financial assets	14	**(0.6)**	–	**–**	–
Proceeds from investments in joint ventures and non-current assets held for sale	13	**–**	2.6	**–**	–
Proceeds from available for sale financial assets	14	**2.9**	0.9	**–**	–
Purchase of intangible assets	9	**(2.6)**	(3.8)	**–**	–
Capital contribution to subsidiary companies		**–**	–	**3.0**	–
Loan from subsidiary companies		**–**	–	**37.7**	28.8
Loans to subsidiaries		**–**	–	**(15.9)**	(10.4)
Acquisition of property, plant and equipment	11	**(3.2)**	(4.5)	**–**	–
Proceeds from sale of property, plant and equipment		**0.7**	0.5	**–**	–
Net cash generated from/(used in) investing activities		**3.5**	(4.1)	**24.8**	18.4
Cash flows from financing activities					
Purchase of own shares	30	**(7.7)**	(9.1)	**(7.7)**	(9.1)
(Repayment of)/increase in borrowings	23	**(1.0)**	72.7	**0.6**	71.9
Dividends paid to Company shareholders	7	**(26.9)**	(16.8)	**(26.9)**	(16.8)
Net cash (used in)/generated from financing activities		**(35.6)**	46.8	**(34.0)**	46.0
Net (decrease)/increase in cash and cash equivalents		**(37.9)**	58.9	**(8.9)**	62.4
Cash and cash equivalents at 1 July	19	**95.8**	36.9	**358.8**	296.4
Cash and cash equivalents at 30 June	19	**57.9**	95.8	**349.9**	358.8

The notes on pages 74 to 109 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Accounting policies

General information

Galliford Try plc (the Company) is a public limited company incorporated, listed and domiciled in England and Wales. The address of the registered office is Galliford Try plc, Cowley Business Park, Cowley, Uxbridge, UB8 2AL. Galliford Try is a construction and housebuilding group (the Group).

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. The amounts stated are denominated in millions (£m).

Basis of accounting

These consolidated financial statements have been prepared in accordance with EU adopted International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, available for sale investments, retirement benefit obligations, share-based payments, and financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss. The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, and endorsed by the EU, relevant to its operations and effective on 1 July 2012.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Company income statement. The profit for the Company for the year was £3.0 million (2012: loss £8.9 million).

New amendments to standards that became mandatory for the first time for the financial year beginning 1 July 2012 were as follows. The new amendment had no significant impact on the Group's results.

– Amendment to IAS 1 'Presentation of financial statements' as it relates to other comprehensive income

New standards, amendments and interpretations issued but not effective or yet to be endorsed by the EU are as follows:

– IFRS 9 'Financial instruments'
– IFRS 10 'Consolidated financial statements'
– IFRS 11 'Joint arrangements'
– IFRS 12 'Disclosures of interests in other entities'
– IFRS 13, 'Fair value measurement'
– IAS 19 (revised 2011) 'Employee benefits'
– IAS 27 (revised 2011) 'Separate financial statements'
– IAS 28 (revised 2011) 'Associates and joint ventures'
– Amendment to IAS 12 'Income taxes' on deferred tax
– Amendment to IFRS 1, 'First time adoption'
– Amendment to IFRS 7 on Financial instruments: asset and liability offsetting
– Amendments to IFRS 10, 11 & 12 on transition guidance
– Amendments to IFRS 10, 12 & IAS 27 on consolidation for investment entities
– Amendment to IAS 32 on Financial instruments: asset and liability offsetting
– IFRIC 20 'Stripping costs in the production phase of a surface mine'
– Other changes recommended in 'Annual Improvements 2011'

IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The Group is yet to assess IFRS 9's full impact. However, initial indications are that it may affect the Group's accounting for its available for sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available for sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

IAS 19 (revised 2011) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The changes will affect the Group, although this is not expected to be significant, and may also increase the volume of disclosures.

The Group has yet to assess the full impact of the remainder of these new standards and amendments. Initial indications are that they will not significantly impact the financial statements of the Group.

1 Accounting policies continued

Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Material estimates and assumptions are made in particular with regards to establishing the following policies:

(i) Impairment of goodwill and intangible assets

The determination of the value of any impairment of goodwill and intangible assets requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected from these cash-generating units including the anticipated growth rate of revenue and costs and requires the determination of a suitable discount rate to calculate the present value of the cash flows. Details of the goodwill impairment review calculations and sensitivity analysis performed are included in note 10.

(ii) Estimation of costs to complete and contract provisions

In order to determine the profit and loss that the Group is able to recognise on its developments and construction contracts in a specific period, the Group has to allocate total costs of the developments and construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation. However, Group management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis.

(iii) Retirement benefit obligation valuations

In determining the valuation of defined benefit schemes assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the Group:

- expected return on scheme assets
- inflation rate
- mortality
- discount rate
- salary and pension increases

Details of the assumptions used are included in note 31.

(iv) Shared equity receivables

Shared equity receivables are largely with repayment dates that can vary and variable repayment amounts, provided as part of the sales transaction and are secured by a second legal charge on the related property. They are stated at fair value as described in note 14. In determining the fair value, the key assumptions, which are largely dependent on factors outside the control of the Group are:

- date of final repayment of the receivable
- house price inflation
- discount rate

Details of the sensitivity analysis carried out in respect of the shared equity receivables are set out in note 26.

Basis of consolidation

The Group financial statements incorporate the results of Galliford Try plc, its subsidiary undertakings and the Group's share of the results of joint ventures. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

1 Accounting policies continued

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed to the income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of any non-controlling interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary to ensure consistency with policies adopted by the Group.

In addition to total performance measures, the Group discloses additional information including profit from operations and, if applicable, performance before exceptional items and adjusted earnings per share. The Group believes that this additional information provides useful information on underlying trends. This additional information is not defined under IFRS, and may therefore not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measures of profit.

Exceptional items

Material non-recurring items of income and expense are disclosed in the income statement as 'exceptional items'. Examples of items which may give rise to disclosure as exceptional items include gains and losses on the disposal of businesses, investments and property, plant and equipment, cost of restructuring and reorganisation of businesses, asset impairments and pension fund settlements and curtailments. No such items arose in 2013 or 2012.

Segmental reporting

Segmental reporting is presented in the consolidated 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.

Revenue and profit

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the purchaser. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Sales within the Group are eliminated. Revenue also includes the Group's proportion of work carried out under jointly controlled operations.

Revenue and profit are recognised as follows:

(i) Housebuilding and land sales

Revenue from private housing sales is recognised at legal completion, net of incentives. Revenue from land sales is recognised on the unconditional exchange of contracts. Profit is recognised on a site by site basis by reference to the expected result of each site. Contracting development sales for affordable housing are accounted for as construction contracts, as set out under (iii) below.

(ii) Facilities management contracts

Revenue is recognised on an accruals basis once the service has been performed with reference to value provided to the customer. Profit is recognised by reference to the specific costs incurred relating to the service provided.

(iii) Construction contracts

Revenue comprises the value of construction executed during the year and contracting development sales for affordable housing. The results for the year include adjustments for the outcome of contracts, including jointly controlled operations, executed in both the current and preceding years.

(a) Fixed price contracts – Revenue is recognised based upon an internal assessment of the value of works carried out. This assessment is arrived at after due consideration of the performance against the programme of works, measurement of the works, detailed evaluation of the costs incurred and comparison to external certification of the work performed. The amount of profit to be recognised is calculated based on the proportion that costs to date bear to the total estimated costs to complete. Revenue and profit are not recognised in the income statement until the outcome of the contract is reasonably certain. Adjustments arise from claims by customers or third parties in respect of work carried out and claims and variations on customers or third parties for variations on the original contract. Provision for claims against the Group is made as soon as it is believed that a liability will arise, but claims and variations made by the Group are not recognised in the income statement until the outcome is virtually certain. Provision will be made against any potential loss as soon as it is identified.

1 Accounting policies continued

(b) Cost plus contracts – Revenue is recognised based upon costs incurred to date plus any agreed fee. Where contracts include a target price consideration is given to the impact on revenue of the mechanism for distributing any savings or additional costs compared to the target price. Any revenue over and above the target price is recognised once the outcome is virtually certain. Profit is recognised on a constant margin throughout the life of the contract. Provision will be made against any potential loss as soon as it is identified.

Amounts recoverable on construction contracts and payments on account on construction contracts are calculated as cost plus attributable profit less any foreseeable losses and cash received to date and are included in receivables or payables as appropriate.

(iv) Housing grants
Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The grants are recognised as revenue or cost of sales, as appropriate, over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Bid costs for PFI/PPP contracts
Bid costs relating to PFI/PPP projects are not carried in the balance sheet as recoverable until the Group has been appointed preferred bidder or has received an indemnity in respect of the investment or costs, and regards recoverability of the costs as virtually certain. Costs that are carried on the balance sheet are included within amounts recoverable on construction contracts within trade and other receivables.

Rent receivable
Rental income represents income obtained from the rental of properties and is credited to the income statement on a straight line basis over the period of the lease within revenue.

Interest income and expense
Interest income and expense is recognised on a time proportion basis using the effective interest method.

Income tax
Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax is accounted for on an undiscounted basis. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying temporary differences can be deducted.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the statement of comprehensive income, when it is charged or credited there.

Goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the net assets acquired. It is recognised as an asset and reviewed for impairment at least annually or when there is a triggering event by considering the net present value of future cash flows. For purposes of testing for impairment, the carrying value of goodwill is compared to its recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any impairment is charged immediately to the income statement.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts following impairment tests. Goodwill written off to reserves under UK GAAP prior to 1998 has not been restated.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

1 Accounting policies continued

Intangible assets

Intangible assets include brands, customer contracts and customer relationships acquired on acquisition of subsidiary companies and computer software developed by the Group. The intangible assets are reviewed for impairment at least annually or when there is a triggering event. Intangible assets are stated at cost less accumulated amortisation and impairment. Cost is determined at the time of acquisition as being directly attributable costs or, where relevant, by using an appropriate valuation methodology.

Intangible assets are being amortised over the following periods:

(a) Brand – on a straight line basis over four to ten years.
(b) Customer contracts – in line with expected profit generation varying from one to nine years.
(c) Customer relationships – on a straight line basis over three years.
(d) Computer software – once the software is fully operational, amortisation is on a straight line basis up to ten years.

Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings comprise mainly offices.

Depreciation is calculated to write off the cost of each asset to estimated residual value over its expected useful life. Freehold land is not depreciated. The annual rates of depreciation are as follows:

Freehold buildings 2% on cost
On cost or reducing balance:
Plant and machinery 15% to 33%
Fixtures and fittings 10% to 33%

In addition to systematic depreciation the book value of property, plant and equipment would be written down to estimated recoverable amount should any impairment in the respective carrying values be identified.

The asset residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date.

Repairs and maintenance expenditure is expensed as incurred on an accruals basis.

Joint ventures

A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control with third parties. The Group's interest in joint ventures is accounted for using the equity method. Under this method the Group's share of profits less losses after taxation of joint ventures is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses the carrying amount is reduced to nil and recognition of further losses is discontinued. Future profits are not recognised until unrecognised losses are extinguished. Accounting policies of joint ventures have been changed on consolidation where necessary to ensure consistency with policies adopted by the Group. Where joint ventures do not adopt accounting periods that are coterminous with the Group's, results and net assets are based upon unaudited accounts drawn up to the Group's accounting reference date.

Jointly controlled operations and assets

The Group accounts for jointly controlled operations and assets by recognising its share of profits and losses in the consolidated income statement. The Group recognises its share of associated assets and liabilities in the consolidated balance sheet.

Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the balance sheet date. On initial recognition the asset is recognised at fair value plus transaction costs. Available for sale financial assets are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

1 Accounting policies continued

The Group operates schemes under which part of the agreed sales price for a residential property can be deferred for up to 25 years. The fair value of these assets is calculated by taking into account forecast inflation in property prices and discounting back to present value using the effective interest rate. Provision is also made for estimated default to arrive at the initial fair value. The unwind of the discount included on initial recognition at fair value is recognised as finance income in the year.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

Inventories and developments

Inventories and developments are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value. On initial recognition, land is included within developments at its fair value, which is its cost to the Group. Land inventory is recognised at the time a liability is recognised which is generally after the exchange of conditional contracts once it is virtually certain the contract will be completed.

Where a development is in progress net realisable value is assessed by considering the expected future revenues and the total costs to complete the development including direct costs and directly attributable overheads. To the extent that the Group anticipates selling a development in its current state then net realisable value is taken as its open market value at the balance sheet date less any anticipated selling costs.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (typically more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'cost of sales'.

When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'cost of sales' in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the Group's cash management.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant. Cash held in escrow accounts is classified as a short-term deposit where the escrow agreement allows the balance to be converted to cash if replaced by a bond repayable on demand.

Bank and other borrowings

Interest bearing bank loans and overdrafts and other loans are originally recognised at fair value net of transaction costs incurred. Such borrowings are subsequently stated at amortised cost with the difference between initial fair value and redemption value recognised in the income statement over the period to redemption.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method. Refinancing costs associated with new borrowing arrangements are included within the borrowing amount and amortised over the period of the loan.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate.

1 Accounting policies continued

Provisions for liabilities and charges

Provisions for onerous leases and restructuring costs are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination costs and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Derivative financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provision of the instrument.

The Group uses derivative financial instruments to manage its exposure to interest rate risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments that are designated and effective as cash flow hedges, mainly comprising interest rate swaps, are measured at fair value. The effective portion of changes in the fair value is recognised directly in reserves. Amounts accumulated in equity are recycled to the income statement in the periods when the hedged items will affect profit or loss. Any gains or losses relating to an ineffective portion is recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs.

Derivative financial instruments that do not qualify for hedge accounting are initially accounted for and measured at fair value at the point the derivative contract is entered into and subsequently measured at fair value. The gain or loss on remeasurement is taken to the income statement.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Retirement benefit obligations

For defined contribution schemes operated by the Group, amounts payable are charged to the income statement as they accrue.

For defined benefit schemes, the cost of providing benefits is calculated annually by independent actuaries using the projected unit method. The retirement benefit obligation recognised in the balance sheet represents the excess of the present value of scheme liabilities over the fair value of the schemes' assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of comprehensive income. Gains and losses arising on curtailment and settlements are taken to the income statement as incurred.

Accounting for Employee Share Ownership Plan

Own shares held by the Galliford Try Employee Share Trust (the Trust) are shown, at cost less any permanent diminution in value, as a deduction from retained earnings. The charge made to the income statement for employee share awards and options is based on the fair value of the award at the date of grant spread over the performance period. Where such shares subsequently vest to the employees under the terms of the Group's share option schemes or are sold, any consideration received is included in equity.

1 Accounting policies continued

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions such as growth in earnings per share. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution.

Dividend policy

Final dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of directly attributable incremental issue costs. Consideration paid for shares in the Group held by The Trust are deducted from total equity.

Investments in subsidiaries

Investments in subsidiaries, held by the Company, are recorded at cost less any impairment in the Company's balance sheet.
The directors review the investments for impairment annually.

2 Segmental reporting

Segmental reporting is presented in the consolidated 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 based on these reports as housebuilding, building, partnerships, infrastructure and PPP investments. The Group's internal reporting structure and determination of operating segments is kept under review and changed when a new structure is more appropriate. In particular, the Group is currently reviewing the reporting structure of our partnerships and affordable homes business.

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.

2 Segmental reporting continued

Primary reporting format – business segments

	Housebuilding £m	Construction: Building £m	Construction: Partnerships £m	Construction: Infrastructure £m	Construction: Total £m	PPP Investments £m	Central costs £m	Total £m
Year ended 30 June 2013								
Group revenue and share of joint ventures' revenue	**639.6**	**406.4**	**90.0**	**416.3**	**912.7**	**6.7**	**0.4**	**1,559.4**
Share of joint ventures' revenue	**(76.8)**	**(0.1)**	**–**	**(10.5)**	**(10.6)**	**(4.7)**	**–**	**(92.1)**
Group revenue	**562.8**	**406.3**	**90.0**	**405.8**	**902.1**	**2.0**	**0.4**	**1,467.3**
Segment result:								
Profit/(loss) from operations before share of joint ventures' profit	**74.3**	**6.4**	**2.2**	**6.3**	**14.9**	**(3.4)**	**(11.3)**	**74.5**
Share of joint ventures' profit	**9.2**	**0.1**	**–**	**0.1**	**0.2**	**0.2**	**–**	**9.6**
Profit/(loss) from operations[1]	**83.5**	**6.5**	**2.2**	**6.4**	**15.1**	**(3.2)**	**(11.3)**	**84.1**
Share of joint ventures' interest and tax	**(2.6)**	**(0.1)**	**–**	**–**	**(0.1)**	**–**	**–**	**(2.7)**
Profit/(loss) before finance costs, amortisation and taxation	**80.9**	**6.4**	**2.2**	**6.4**	**15.0**	**(3.2)**	**(11.3)**	**81.4**
Net finance (costs)/income	**(33.2)**	**0.7**	**(0.1)**	**0.8**	**1.4**	**(0.1)**	**25.6**	**(6.3)**
Profit/(loss) before amortisation and taxation	**47.7**	**7.1**	**2.1**	**7.2**	**16.4**	**(3.3)**	**14.3**	**75.1**
Amortisation of intangibles								**(1.0)**
Profit before taxation								**74.1**
Income tax expense								**(15.9)**
Profit for the year								**58.2**
Year ended 30 June 2012								
Group revenue and share of joint ventures' revenue	636.7	363.5	90.4	470.9	924.8	13.8	1.0	1,576.3
Share of joint ventures' revenue	(62.8)	(0.1)	–	(9.3)	(9.4)	–	–	(72.2)
Group revenue	573.9	363.4	90.4	461.6	915.4	13.8	1.0	1,504.1
Segment result:								
Profit/(loss) from operations before share of joint ventures' profit	66.8	8.2	1.7	8.8	18.7	(1.1)	(15.8)	68.6
Share of joint ventures' profit	8.3	0.2	–	–	0.2	–	–	8.5
Profit/(loss) from operations[1]	75.1	8.4	1.7	8.8	18.9	(1.1)	(15.8)	77.1
Share of joint ventures' interest and tax	(4.7)	(0.1)	–	–	(0.1)	–	–	(4.8)
Profit/(loss) before finance costs, amortisation and taxation	70.4	8.3	1.7	8.8	18.8	(1.1)	(15.8)	72.3
Net finance (costs)/income	(37.5)	0.7	0.1	0.5	1.3	(0.1)	28.1	(8.2)
Profit/(loss) before amortisation and taxation	32.9	9.0	1.8	9.3	20.1	(1.2)	12.3	64.1
Amortisation of intangibles								(1.0)
Profit before taxation								63.1
Income tax expense								(13.8)
Profit for the year								49.3

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

Inter-segment revenue eliminated from Group revenue above amounted to £54.7 million (2012: £51.5 million) of which £26.6 million (2012: £22.0 million) was in building, £25.8 million (2012: £27.3 million) was in infrastructure, £1.0 million was in PPP Investments (2012: £Nil), £Nil million (2012: £1.0 million) was in housebuilding, and £1.3 million (2012: £1.2 million) was in central costs.

2 Segmental reporting continued

	Notes	Housebuilding £m	Construction Building £m	Construction Partnerships £m	Construction Infrastructure £m	Construction Total £m	PPP Investments £m	Central costs £m	Total £m
Year ended 30 June 2013									
Assets									
Net (debt)/cash	**19**	**(514.2)**	**94.8**	**13.0**	**37.3**	**145.1**	**(1.4)**	**356.1**	**(14.4)**
Other assets									**1,265.8**
Borrowings	**23**								**72.3**
Deferred income tax assets	**25**								**2.7**
Total assets									**1,326.4**
Year ended 30 June 2012									
Assets									
Net (debt)/cash	19	(469.5)	88.1	15.0	42.4	145.5	0.6	345.9	22.5
Other assets									1,206.4
Borrowings	23								73.3
Deferred income tax assets	25								7.7
Total assets									1,309.9

	Notes	Housebuilding £m	Construction Building £m	Construction Partnerships £m	Construction Infrastructure £m	Construction Total £m	PPP Investments £m	Central costs £m	Total £m
Other segmental information									
Year ended 30 June 2013									
Investment in joint ventures	**13**	**4.8**	**1.0**	**–**	**–**	**1.0**	**0.2**	**–**	**6.0**
Contracting revenue		**63.5**	**406.3**	**90.0**	**405.5**	**901.8**	**–**	**–**	**965.3**
Capital expenditure									
– Property, plant and equipment	**11**	**0.1**	**–**	**0.1**	**2.2**	**2.3**	**–**	**0.8**	**3.2**
Depreciation	**11**	**0.2**	**0.1**	**0.1**	**1.5**	**1.7**	**–**	**0.9**	**2.8**
Impairment of receivables	**5**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**3**	**–**	**–**	**–**	**–**	**–**	**–**	**3.8**	**3.8**
Acquisition of intangible assets	**9**	**–**	**–**	**–**	**–**	**–**	**–**	**2.6**	**2.6**
Amortisation of intangible assets	**9**	**1.0**	**–**	**–**	**–**	**–**	**–**	**–**	**1.0**
Year ended 30 June 2012									
Investment in joint ventures	13	4.4	1.0	–	–	1.0	–	–	5.4
Contracting revenue		21.3	363.4	90.4	458.1	911.9	6.9	–	940.1
Capital expenditure									
– Property, plant and equipment	11	0.3	–	–	3.3	3.3	–	0.9	4.5
Depreciation	11	0.2	0.1	0.1	1.2	1.4	–	0.9	2.5
Impairment of receivables	5	–	0.1	–	0.1	0.2	–	–	0.2
Share-based payments	3	–	0.1	–	0.2	0.3	–	8.2	8.5
Acquisition of intangible assets	9	–	–	–	–	–	–	3.8	3.8
Amortisation of intangible assets	9	1.0	–	–	–	–	–	–	1.0

3 Employees and directors

Employee benefit expense during the year	Notes	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Wages and salaries		**160.9**	143.6	**–**	–
Social security costs		**18.8**	14.6	**2.1**	1.2
Retirement benefit costs	31	**12.8**	14.3	**–**	–
Share-based payments	28	**3.8**	8.5	**3.5**	8.2
		196.3	181.0	**5.6**	9.4

Average monthly number of people (including executive directors) employed	2013 Number	2012 Number	2013 Number	2012 Number
By business group:				
Housebuilding	**863**	802	**–**	–
				–
Building	**1,029**	938	**–**	–
Partnerships	**303**	273	**–**	–
Infrastructure	**1,468**	1,542	**–**	–
Total Construction	**2,800**	2,753	**–**	–
PPP Investments	**21**	23	**–**	–
Group	**289**	291	**7**	7
	3,973	3,869	**7**	7

Remuneration of key management personnel

The key management personnel comprise the executive board and non-executive directors. The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24, Related Party Disclosures. Further information about the remuneration of individual directors is provided in the audited part of the directors' remuneration report.

	2013 £m	2012 £m
Salaries and short-term employee benefits	**3.8**	4.3
Retirement benefit costs	**0.1**	0.2
Share-based payments	**2.0**	4.7
	5.9	9.2

4 Net finance costs

Group	2013 £m	2012 £m
Interest receivable on bank deposits	**0.4**	0.2
Interest receivable from joint ventures	**1.2**	–
Unwind of discount on shared equity receivables	**1.8**	1.6
Fair value profit on financing activities – interest rate swaps	**0.2**	–
Other	**0.4**	0.8
Finance income	**4.0**	2.6
Interest payable on borrowings	**(9.5)**	(8.4)
Unwind of discounted payables	**(0.5)**	(1.9)
Net finance cost on retirement benefit obligations	**(0.2)**	(0.1)
Other	**(0.1)**	(0.4)
Finance costs	**(10.3)**	(10.8)
Net finance costs	**(6.3)**	(8.2)

5 Profit before income tax

The following items have been included in arriving at profit before income tax:

	Notes	2013 £m	2012 £m
Employee benefit expense	3	**196.3**	181.0
Depreciation of property, plant and equipment	11	**2.8**	2.5
Amortisation of intangible assets	9	**1.0**	1.0
Profit on disposal of property, plant and equipment		**–**	(0.1)
Profit on sale of investments in joint ventures and non-current assets held for sale	13	**–**	(2.6)
Profit on sale of available for sale financial assets	14	**(0.8)**	(0.1)
Operating lease rentals payable		**19.0**	30.4
Inventories recognised as an expense		**10.1**	8.0
Developments recognised as an expense		**458.7**	476.3
Repairs and maintenance expenditure on property, plant and equipment		**0.6**	0.6
Impairment of receivables	18	**–**	0.2

In addition to the above, the Group incurs other costs classified as cost of sales relating to labour, materials and subcontractors' costs.

Services provided by the Group's auditors and network firms

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	2013 £m	2012 £m
Fees payable to Company's auditor for the audit of Parent Company and consolidated financial statements		
Total audit services	**0.2**	0.2
The audit of financial statements of the Group's subsidiaries	**0.3**	0.3
Services relating to corporate matters	**0.1**	0.1
Services relating to taxation and accounting advice	**0.1**	0.1
Total other services	**0.5**	0.5
Total	**0.7**	0.7

A description of the work of the audit committee in respect of auditors' independence is set out in the governance report.

6 Income tax expense

Group	Note	2013 £m	2012 £m
Analysis of expense in year			
Current year's income tax			
Current tax		**12.6**	15.9
Deferred tax expense/(income)	25	**3.4**	(0.8)
Adjustments in respect of prior years			
Current tax		**(5.6)**	(3.8)
Deferred tax	25	**5.5**	2.5
Income tax expense		**15.9**	13.8
Tax on items recognised in other comprehensive income			
Deferred tax (credit) for share-based payments	25	**–**	(1.2)
Deferred tax (credit) on derivative financial instruments and AFS assets		**(0.3)**	–
Deferred tax (credit) on retirement benefit obligations	25	**(1.7)**	(2.5)
Total deferred tax		**(2.0)**	(3.7)
Total taxation		**13.9**	10.1

The total income tax expense for the year of £15.9 million (2012: £13.8 million) is lower (2012: lower) than the year end standard rate of corporation tax in the UK of 23% (2012: 24%). The differences are explained below:

	2013 £m	2012 £m
Profit before income tax	**74.1**	63.1
Profit before income tax multiplied by the year end standard rate in the UK of 23%(2012: 24%)	**17.0**	15.1
Effects of:		
Expenses not deductible for tax purposes	**0.1**	0.7
Non-taxable income	**(0.2)**	(0.2)
Joint ventures	**(1.4)**	(1.5)
Change in rate of current income tax	**0.5**	1.0
Adjustments in respect of prior years	**(0.1)**	(1.3)
Income tax expense	**15.9**	13.8

The standard rate of Corporation Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the Group's profits for the accounting period to 30 June 2012 were taxed at an effective rate of 25.5%. The standard rate of Corporation Tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Group's profits for the accounting period to 30 June 2013 are taxed at an effective rate of 23.75% and will be taxed at 23% in the future. The relevant deferred tax balances have been remeasured.

In addition to the changes in rates of Corporation tax disclosed above, further reductions in the main corporation tax were substantially enacted as part of the Finance Bill 2013 on 2 July 2013. These included reductions in the main rate of corporation tax from 23% to 21% from 1 April 2014 and by a further 1% to 20% by 1 April 2015. Neither of these further rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The changes enacted in the Finance Act 2013 would have no material effect on the deferred tax asset provided at the balance sheet date or on profit or other comprehensive income.

7 Dividends

Group and Company	2013 £m	2013 pence per share	2012 £m	2012 pence per share
Previous year final	**17.2**	**21.0**	9.4	11.5
Current period interim	**9.7**	**12.0**	7.4	9.0
Dividend recognised in the year	**26.9**	**33.0**	16.8	20.5

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

	2013 £m	2013 pence per share	2012 £m	2012 pence per share
Interim	**9.7**	**12.0**	7.4	9.0
Final	**20.5**	**25.0**	17.2	21.0
Dividend relating to the year	**30.2**	**37.0**	24.6	30.0

The directors are proposing a final dividend in respect of the financial year ended 30 June 2013 of 25 pence per share, bringing the total dividend in respect of 2013 to 37 pence per share (2012: 30 pence). The final dividend will absorb approximately £20.5 million of equity. Subject to shareholder approval at the Annual General Meeting to be held on 19 November 2013, the dividend will be paid on 29 November 2013 to shareholders who are on the register of members on 18 October 2013.

8 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 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 is only applied where the Group has reported a profit.

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

	2013 Earnings £m	2013 Weighted average number of shares	2013 Per share amount pence	2012 Earnings £m	2012 Weighted average number of shares	2012 Per share amount pence
Basic EPS						
Earnings attributable to ordinary shareholders	**58.2**	**81,184,221**	**71.7**	49.3	80,919,341	60.9
Effect of dilutive securities:						
Options		**2,182,343**			1,643,319	
Diluted EPS	**58.2**	**83,366,564**	**69.8**	49.3	82,562,660	59.7

Financials

9 Intangible assets

Group	Computer software £m	Brand £m	Customer contracts £m	Customer relationships £m	Total £m
Cost					
At 1 July 2011	3.1	10.8	2.9	0.4	17.2
Additions	3.8	–	–	–	3.8
At 1 July 2012	6.9	10.8	2.9	0.4	21.0
Additions	2.6	–	–	–	2.6
At 30 June 2013	**9.5**	**10.8**	**2.9**	**0.4**	**23.6**
Accumulated amortisation					
At 1 July 2011	–	(4.9)	(2.9)	(0.4)	(8.2)
Amortisation in year	–	(1.0)	–	–	(1.0)
At 1 July 2012	–	(5.9)	(2.9)	(0.4)	(9.2)
Amortisation in year	–	(1.0)	–	–	(1.0)
At 30 June 2013	**–**	**(6.9)**	**(2.9)**	**(0.4)**	**(10.2)**
Net book amount					
At 30 June 2013	**9.5**	**3.9**	**–**	**–**	**13.4**
At 30 June 2012	6.9	4.9	–	–	11.8
At 30 June 2011	3.1	5.9	–	–	9.0

All amortisation charges in the year have been included in administrative expenses. Amortisation of computer software will commence once the software is fully operational, which is expected to be during the financial year ending 30 June 2014.

10 Goodwill

Group	£m
Cost	
At 1 July 2011, 1 July 2012 and 30 June 2013	115.7
Accumulated amortisation and aggregate impairment at 1 July 2011, 1 July 2012 and 30 June 2013	(0.7)
Net book amount	
At 30 June 2013	**115.0**
At 30 June 2012 and 30 June 2011	115.0

Impairment review of 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:

	2013 £m	2012 £m
Housebuilding	**52.2**	52.2
Building	**17.9**	17.9
Partnerships	**5.8**	5.8
Infrastructure	**37.2**	37.2
PPP Investments	**1.9**	1.9
	115.0	115.0

10 Goodwill continued

Key assumptions

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre tax cash flow projections based on future financial budgets approved by the board based on past performance and its expectation of market developments. The key assumptions within these budgets relate to revenue growth and the future profit margin achievable. Future budgeted revenue is based on management's knowledge of actual results from prior years, latest forecasts for the current year along with the existing secured work and management's future expectation of the level of work available within the market sector and expected changes in selling volumes and prices for completed houses. In establishing future profit margins, the margins currently being achieved are considered in conjunction with expected inflation rates in each cost category and to reflect the current market value of land being acquired.

Cash is monitored very closely on a daily, weekly and monthly basis for the purposes of managing both treasury and the business as a whole. Details of the Group's treasury management are included within the finance review on pages 14 and 17 of the Annual Report. The assumptions used are reviewed regularly and differences between forecast and actual results are closely monitored with variances being investigated fully. The knowledge gained from this past experience is used to ensure that the future assumptions used are consistent with past actual outcomes and are management's best estimate of the future cash flows of each business unit.

Cash flows beyond the budgeted three year period are extrapolated using an estimated growth rate of 2% per annum within building, partnerships, infrastructure and housebuilding. The growth rate used is the Group's estimate of the average long-term growth rate for the market sectors in which the CGU operates. No long-term growth rate has been applied to PPP Investments. A pre tax discount rate of 11.8% (2012: 13.3%) in housebuilding, 11.5% (2012: 10.5%) in building, 9.8% (2012: 10.4%) in partnerships and 11.9% (2012: 12.2%) in infrastructure has been applied to the future cash flows.

Sensitivities

The recoverable value of all CGUs are substantially in excess of the carrying value of goodwill. Sensitivity analysis has been undertaken on each goodwill impairment review, by changing the discount rates, profit margins, growth rates and other variables applicable to each CGU. Taking into account current market conditions within the construction and housebuilding markets, none of these sensitivities, either individually or combined, resulted in the fair value of the goodwill being reduced to below its current book value amount.

The impairment review relating to Linden Homes goodwill, which is included within the housebuilding segment, could be impacted by a deterioration in trading conditions within the housing market. The detailed sensitivity analysis indicates that an increase of more than 46% (2012: 21%) in the pre tax discount rate or a reduction of 45% (2012: 16%) in the forecast operating profits of the CGU could give rise to an impairment.

Similarly, an increase of more than 20% (2012: 35%) in the pre tax discount rate or a reduction of 35% (2012: 45%) in the forecast operating profits of the infrastructure CGU, or a doubling of the pre tax discount rate or a reduction of over 50% in the forecast operating profits of the building CGU, could give rise to an impairment. The goodwill in partnerhips and PPP investments is less sensitive to the detailed assumptions used.

11 Property, plant and equipment

Group	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 July 2011	3.2	5.7	10.0	18.9
Additions	0.1	3.3	1.1	4.5
Disposals	–	(1.0)	(0.7)	(1.7)
At 1 July 2012	3.3	8.0	10.4	21.7
Additions	–	2.2	1.0	3.2
Disposals	(0.7)	(0.2)	(0.1)	(1.0)
At 30 June 2013	2.6	10.0	11.3	23.9
Accumulated depreciation				
At 1 July 2011	(1.0)	(2.6)	(6.9)	(10.5)
Charge for the year	(0.1)	(1.0)	(1.4)	(2.5)
Disposals	–	0.6	0.7	1.3
At 1 July 2012	(1.1)	(3.0)	(7.6)	(11.7)
Charge for the year	(0.1)	(1.5)	(1.2)	(2.8)
Disposals	0.1	0.1	0.1	0.3
At 30 June 2013	(1.1)	(4.4)	(8.7)	(14.2)
Net book amount				
At 30 June 2013	1.5	5.6	2.6	9.7
At 30 June 2012	2.2	5.0	2.8	10.0
At 30 June 2011	2.2	3.1	3.1	8.4

There are no assets held under finance leases (2012: £Nil).

There has been no impairment of property, plant and equipment during the year (2012: £Nil)

The Company has no property, plant or equipment.

12 Investments in subsidiaries

Company	**2013 £m**	2012 £m
Cost		
At 1 July	**194.2**	193.9
Capital contributions	**3.3**	0.3
At 30 June	**197.5**	194.2
Aggregate impairment		
At 1 July	**1.6**	1.6
At 30 June	**1.6**	1.6
Net book value		
At 30 June	**195.9**	192.6

The capital contributions relate to a £3.0 million (2012: £Nil) contribution from the Company to Galliford Try Investments Limited and a £0.3 million (2012: £0.3 million) contribution related to share-based payments for share options granted by the Company to employees of subsidiary undertakings in the Group (note 28).

12 Investments in subsidiaries continued

The carrying value of investments has been reviewed and the directors are satisfied that there is no impairment.

The subsidiary undertakings that principally affected profits and net assets of the Group were:

Galliford Try Construction Limited[1]
Galliford Try Homes Limited[1]
Galliford Try Infrastructure Limited[2]
Galliford Try Investments Limited[1]
Galliford Try Partnerships Limited
Galliford Try Services Limited[1]
Linden Limited
Linden South West Limited
Linden Midlands Limited
Linden North Limited

1 Shares of these subsidiary companies are owned directly by the Company.
2 Incorporated in Scotland.

Unless otherwise stated, each subsidiary operates as a construction or housebuilding company, is incorporated in England & Wales and 100% of shares are held by the Group. Galliford Try Services Limited operates as central administration company to the Group.

A full list of subsidiary undertakings is available on request from the Company's registered office.

13 Investments in joint ventures

Group	2013 £m	2012 £m
At 1 July	**5.4**	1.9
Additions (a)		
– Net assets	**–**	0.1
Disposal (b)	**–**	–
Dividend received from joint ventures	**(6.3)**	(0.3)
Share of post tax profit	**6.9**	3.7
At 30 June	**6.0**	5.4

Financials

13 Investments in joint ventures continued

Joint ventures

At 30 June 2013 the Group held interests in the following joint ventures all of which are incorporated in England and Wales or in Scotland:

Name	Year end	% shareholding	Principal activity
Kingseat Development 2 Limited (Scotland)	30 June	50%	Building
Wispers Developments LLP	28 February	50%	Building
Evolution Gateshead Developments LLP	31 March	50%	Building
gbconsortium2 Limited	31 March	50%	PPP Investment
HUB South East Scotland Limited	31 March	50%	PPP Investment
Urban Vision Partnership Limited	31 December	30%[1]	Infrastructure
Opal Land LLP	31 March	50%	Housebuilding
The Piper Building Limited	31 December	50%	Housebuilding
Linden Wates (Ravenscourt Park) Limited	31 December	50%	Housebuilding
Linden Wates (Ridgewood) Limited	31 December	50%	Housebuilding
Linden and Dorchester Limited	30 June	50%	Housebuilding
Linden and Dorchester Portsmouth Limited	30 June	50%	Housebuilding
Crest/Galliford Try (Epsom) LLP	31 October	50%	Housebuilding
Linden/Downland Graylingwell LLP	31 March	50%	Housebuilding
Linden Wates Developments (Folders Meadow) Limited	31 December	50%	Housebuilding
Linden Wates (Dorking) Limited	31 December	50%	Housebuilding
Linden Homes Westinghouse LLP	31 March	50%	Housebuilding
Wilmington Regeneration LLP	31 March	50%	Housebuilding
Ramsden Regeneration LLP	31 March	50%	Housebuilding
Linden Wates Developments (Chichester) Limited	31 December	50%	Housebuilding
Linden Wates (West Hampstead) Limited	31 December	50%	Housebuilding

1 Under the terms of the shareholders' agreement and in relation to voting rights this investment is treated as a joint venture.

(a) Additions
During 2012 the Group invested a further £0.1 million in gbconsortium2 Limited.

(b) Disposals
In July 2011 the Group disposed of its investment in Projco (St Andrews Hospital) Limited (Scotland) for £2.6 million giving rise to a profit of £2.6 million.

In relation to the Group's interests in joint ventures, the assets, liabilities, income and expenses are shown below:

	2013 £m	2012 £m
Current assets	**132.3**	91.6
Non-current assets	**23.0**	21.7
Current liabilities	**(83.2)**	(53.6)
Non-current liabilities	**(66.1)**	(54.3)
	6.0	5.4
Amounts due from joint ventures	**72.0**	74.9
Amounts due to joint ventures	**6.8**	5.3
Revenue	**92.1**	57.7
Expenses	**(82.5)**	(49.2)
	9.6	8.5
Finance cost	**(1.8)**	(5.1)
Income tax	**(0.9)**	0.3
Share of post tax profits from joint ventures	**6.9**	3.7

The Group's share of unrecognised losses of joint ventures is £15.3 million (2012: £13.1 million).

13 Investments in joint ventures continued

As at 30 June 2013, amounts due from joint ventures of £72.0 million (2012: £74.9 million) were considered for impairment. The impairment reviews were based on future financial budgets based on past performance and expectation of market developments. The key assumptions used were consistent with those applied in the goodwill impairment reviews as described in note 10. No impairment has been provided for these balances in the year ended 30 June 2013 (2012: £Nil).

The Group has no commitments (2012: £Nil) to provide further subordinated debt to its joint ventures.

The joint ventures have no significant contingent liabilities to which the Group is exposed (2012: £Nil). The joint ventures had no capital commitments as at 30 June 2013 (2012: £Nil).

Details of related party transactions with joint ventures are given in note 34.

14 Available for sale financial assets

Group	2013 £m	2012 £m
At 1 July	**26.5**	22.2
Additions	**2.6**	5.2
Unwind of discount on shared equity receivables	**1.8**	1.6
Impairment	**(1.5)**	(1.7)
Disposals	**(2.6)**	(0.8)
At 30 June	**26.8**	26.5

The available for sale assets comprise equity securities, being PPP/PFI investments, and shared equity receivables. The shared equity receivables largely have repayment dates that can vary and variable repayment amounts, provided as part of the sales transaction and are secured by a second legal charge on the related property. The assets are recorded at fair value, being the estimated future receivable by the Group, discounted back to present values. The fair value of the future anticipated receipts takes into account the directors' view of future house price movements, the expected timing of receipts and credit risk. These assumptions are reviewed at the end of each financial reporting period. The difference between the anticipated future receipt and the initial fair value is credited over the estimated deferred term to finance income, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. Credit risk, which is largely mitigated by holding a second charge over the property, is accounted for in determining the fair values and appropriate discount rates that are applied. The directors' review the financial assets for impairment at each balance sheet date.

During the year the Group's net investment in shared equity receivables increased by £0.6 million (2012: £4.3 million). There were £1.8 million new shared equity receivables and £1.8 million arose on the unwind of the discount applied on initial recognition of the receivables at fair value which has been shown as finance income in the income statement. An impairment of £1.5 million arose due to the variation in current assumptions compared to the original calculations. There were disposals in the year of £1.5 million (2012: £0.8 million) relating to the repayment of shared equity receivables, generating a profit on disposal of £0.3 million (2012: £0.1 million).

None of the financial assets are past their due dates (2012: Nil) and the directors expect an average maturity profile of ten years.

Further disclosures relating to financial assets are set out in note 26.

During the year additional subordinated loans of £0.8 million (2012: £Nil) were made to its PPP/PFI investments, and the Group disposed of an interest held at £1.1 million, generating a profit on disposal of £0.5 million including the reclassification of previous £0.5 million revaluation gains from other reserves. The fair value of these unlisted investments is based on future expected cash flows discounted using an average rate of 9% (2012: 9%) based on the type of investment and stage of completion of the underlying assets held.

15 Inventories

Group	2013 £m	2012 £m
Materials and consumables	**0.4**	0.4

No inventories have been written off during the year.

16 Developments

Group	2013 £m	2012 £m
Land	**521.8**	503.3
Work in progress	**226.4**	216.5
	748.2	719.8

17 Construction contracts

Group	2013 £m	2012 £m
Contracts in progress at balance sheet date:		
Amounts recoverable on construction contracts included in trade and other receivables	**105.1**	119.3
Payments received on account on construction contracts included in trade and other payables	**(33.4)**	(63.3)
	71.7	56.0

The aggregate amount of cost incurred plus recognised profits (less recognised losses) for all contracts in progress at the balance sheet date was £1,574.8 million (2012: £1,143.5 million).

Retentions held by customers for contract work amounted to £32.0 million (2012: £37.0 million).

18 Trade and other receivables

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Amounts falling due within one year:				
Trade receivables	**110.8**	93.1	**–**	–
Less: Provision for impairment of receivables	**(0.7)**	(0.7)	**–**	–
Trade receivables – net	**110.1**	92.4	**–**	–
Amounts recoverable on construction contracts	**105.1**	119.3	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**78.1**	62.2
Amounts due from joint venture undertakings	**27.3**	39.2	**–**	–
Other receivables	**30.9**	15.9	**–**	–
Prepayments and accrued income	**27.2**	14.8	**–**	–
	300.6	281.6	**78.1**	62.2

	2013 £m	2012 £m	2013 £m	2012 £m
Amounts falling due in more than one year:				
Amounts due from joint venture undertakings	**44.7**	35.7	**–**	–
Other receivables	**0.5**	0.2	**–**	–
	45.2	35.9	**–**	–

18 Trade and other receivables continued

Movements on the Group provision for impairment of trade receivable are as follows:

	2013 £m	2012 £m
At 1 July	**(0.7)**	(0.6)
Provision for receivables impairment	**–**	(0.2)
Unused amounts reversed	**–**	0.1
At 30 June	**(0.7)**	(0.7)

Provisions for impaired receivables have been included in 'cost of sales' in the income statement. Amounts charged to the impairment provision are generally written off, when there is no expectation of recovering additional cash.

Provisions for amounts due from joint venture undertakings are set out in note 13. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above, along with the Group's investment in shared equity receivables (note 14). The Group does not hold any collateral as security.

Management believes that the concentration of credit risk with respect to trade receivables is limited due to the Group's customer base being large and unrelated. Major water industry customers accounted for in total 12% (2012: 11%) of Group revenue in the year. However, the customers involved comprise a variety of entities including those both in the public and commercial sectors. In addition, within the commercial sector each customer has an unrelated ultimate Parent Company.

The maturity of non-current receivables is as follows:

	2013 £m	2012 £m
In more than one year but not more than two years	**12.7**	0.2
In more than two years but not more than five years	**4.9**	9.6
In more than five years	**27.6**	26.1
	45.2	35.9

Of the amounts due in more than five years £0.4 million (2012: £0.4 million) is due within ten years (2012: 11 years) and £27.2 million (2012: £25.7 million) is due within six years (2012: seven years). These amounts are unsecured and interest rates vary from bank base rate plus 1.75% to 10%.

As of 30 June 2013, trade receivables of £12.6 million (2012: £22.8 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and there are no indications that they will not meet their payment obligations in respect of the trade receivables recognised in the balance sheet that are past due and unprovided. The ageing analysis of these trade receivables is as follows:

	2013 £m	2012 £m
Number of days past due date		
Less than 30 days	**7.8**	18.2
Between 30 and 60 days	**0.5**	0.5
Between 60 and 90 days	**–**	0.1
Between 90 and 120 days	**0.2**	0.1
Greater than 120 days	**4.1**	3.9
	12.6	22.8

As of 30 June 2013, trade receivables of £4.0 million (2012: £2.5 million) were considered for impairment. The amount provided for these balances was £0.7 million (2012: £0.7 million). The allocation of the provision is as follows:

	2013 £m	2012 £m
Number of days past due date		
Greater than 120 days	**0.7**	0.7
	0.7	0.7

19 Cash and cash equivalents

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Cash at bank and in hand	**56.0**	95.8	**–**	358.8
Short-term bank deposit	**1.9**	–	**349.9**	–
Cash and cash equivalents for cash flow purposes	**57.9**	95.8	**349.9**	358.8

Cash at bank above includes £2.0 million (2012: £Nil million) which is held in escrow and £0.8 million (2012: £0.3 million) of other restricted cash. The effective interest rate received on cash balances is 0.8% (2012: 0.5%).

Group Net (debt)/cash	2013 £m	2012 £m
Cash and cash equivalents excluding bank overdrafts	**57.9**	95.8
Current borrowings (note 23)	**(72.3)**	(73.3)
Net (debt)/cash	**(14.4)**	22.5

20 Trade and other payables

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Payments received on account on construction contracts	**33.4**	63.3	**–**	–
Trade payables	**159.4**	137.8	**–**	–
Development land payables	**111.4**	168.3	**–**	–
Amounts due to subsidiary undertakings	**–**	–	**184.3**	146.6
Amounts due to joint venture undertakings	**6.8**	5.3	**–**	–
Other taxation and social security payable	**9.1**	15.6	**–**	–
Other payables	**24.5**	25.7	**–**	–
Accruals and deferred income	**304.0**	244.6	**2.6**	1.3
	648.6	660.6	**186.9**	147.9

21 Current income tax liabilities

Group	2013 £m	2012 £m
Current income tax liabilities	**6.6**	8.8

The Company has a current income tax asset of £1.6 million (2012: £Nil).

22 Provisions for other liabilities and charges

Group	Onerous leases £m	Total £m
At 1 July 2012	3.8	3.8
Utilised in year	(0.7)	(0.7)
At 30 June 2013	**3.1**	**3.1**
Analysis of total provisions		
Current	0.6	0.6
Non-Current	2.5	2.5
At 30 June 2013	**3.1**	**3.1**

The onerous lease provision relates primarily to properties that continue to be occupied by the Group. The provision will be utilised over the remaining term of the leases which expire between 2020 and 2021.

23 Financial liabilities – borrowings

Current	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Bank loans (i)	**72.2**	72.9	**73.0**	72.1
Unsecured – Loan notes (ii)	**0.1**	0.4	**0.1**	0.4
	72.3	73.3	**73.1**	72.5

(i) The bank loans and overdrafts are secured by a fixed charge over certain of the Group's developments. They currently incur interest at 2.25% to 2.6% (2012: 2.25% to 2.6%) over LIBOR. The Group has entered into interest rate swaps as set out in note 26.

(ii) The unsecured loan notes are made up as follows:

(a) £Nil (2012: £0.3 million) of loan notes that were issued in 2002 as part of the acquisition of Linden Devon Limited. They were redeemable in whole or in part by the holders at any time provided that 30 days notice was given of their intention to redeem the loan notes. Their interest rate was determined by reference to LIBOR and varied every three months. The final date for the redemption of these loan notes was April 2013 and they were repaid at that time. The loan notes were guaranteed by a bank.

(b) £0.1 million (2012: £0.1 million) of loan notes were issued in 2007 as part of the acquisition of Linden Holdings plc. They are redeemable in whole or in part by the holders at six monthly intervals provided that 30 days notice is given of their intention to redeem the loan notes. Their interest rate is 5% per annum. The final date for the redemption of these loan notes is March 2014. The loan notes are guaranteed by a bank.

24 Other non-current liabilities

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Development land payables	**87.4**	81.2	**–**	–
Other payables	**0.8**	0.4	**–**	–
Accruals and deferred income	**3.0**	1.4	**–**	–
	91.2	83.0	**–**	–

The maturity profile of other non-current liabilities, based on due date, is as follows:

	Group 2013 £m	Group 2012 £m
Between one and two years	**43.9**	36.1
In more than two years	**47.3**	46.9
	91.2	83.0

25 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 23% (2012: 24%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 30 June was:

	Group		Company	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Deferred income tax assets	**2.7**	7.7	**2.7**	2.5
Deferred income tax liabilities	**(2.1)**	(0.2)	**–**	–
	0.6	7.5	**2.7**	2.5

The movement for the year in the net deferred income tax account is as shown below:

	Group		Company	
	2013 £m	2012 £m	**2013 £m**	2012 £m
At 1 July	**7.5**	5.5	**2.5**	0.8
Income statement				
Current year's deferred income tax	**(3.4)**	0.8	**0.1**	0.6
Adjustment in respect of prior years	**(5.2)**	(2.1)	**–**	–
Income recognised in equity	**2.0**	3.7	**0.2**	1.2
Change in rate of deferred income tax	**(0.3)**	(0.4)	**(0.1)**	(0.1)
At 30 June	**0.6**	7.5	**2.7**	2.5

Deferred income tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred income tax assets as it is probable that these assets will be recovered.

Movements in deferred income tax assets and liabilities during the year are shown below:

Deferred income tax assets Group	**Share-based payments £m**	**Fair value adjustments £m**	**Accelerated tax depreciation £m**	**Other £m**	**Total £m**
At 1 July 2011	0.8	4.1	0.1	1.4	6.4
Income/(expense) taken to income statement	0.5	0.9	(0.2)	(1.2)	–
Income recognised in equity	1.2	–	–	–	1.2
Transfer to deferred income tax liabilities	–	–	0.1	–	0.1
At 30 June 2012	2.5	5.0	–	0.2	7.7
Income taken to income statement	–	–	–	0.2	0.2
Adjustment in respect of prior years	–	–	–	(0.4)	(0.4)
Income recognised in equity	–	–	–	0.2	0.2
Transfer to deferred income tax liabilities	–	(5.0)	–	–	(5.0)
At 30 June 2013	**2.5**	**–**	**–**	**0.2**	**2.7**

25 Deferred income tax continued

Deferred income tax liabilities Group	Fair value £m	Retirement benefit obligations £m	Accelerated tax depreciation £m	Other £m	Total £m
At 1 July 2011	–	(0.8)	–	(0.1)	(0.9)
Expense taken to income statement	–	(1.7)	–	–	(1.7)
Adjustment in respect of prior years	–	–	–	–	–
Income recognised in equity	–	2.5	–	–	2.5
Transfer from deferred income tax assets	–	–	(0.1)	–	(0.1)
At 30 June 2012	–	–	(0.1)	(0.1)	(0.2)
Expense taken to income statement	(2.0)	(1.8)	(0.1)	–	(3.9)
Adjustment in respect of prior years	(4.6)	–	(0.2)	–	(4.8)
Income recognised in equity	–	1.7	–	0.1	1.8
Transfer from deferred income tax assets	5.0	–	–	–	5.0
At 30 June 2013	**(1.6)**	**(0.1)**	**(0.4)**	**–**	**(2.1)**

Deferred income tax assets Company	Other £m	Share-based payments £m	Total £m
At 1 July 2011	–	0.8	0.8
Income taken to income statement	–	0.5	0.5
Income recognised in equity	–	1.2	1.2
At 30 June 2012	–	2.5	2.5
Income recognised in equity	0.2	–	0.2
At 30 June 2013	**0.2**	**2.5**	**2.7**

26 Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group and Company operate within financial risk policies and procedures approved by the board. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group's and Company's financial instruments principally comprise bank borrowings, cash and liquid resources, receivables and payables, available for sale financial assets and interest rate swaps that arise directly from its operations and its acquisitions.

Capital risk management

The Group's and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. The Group held net debt at 30 June 2013 and had gearing of 3%.
The Group held net cash at 30 June 2012 hence gearing was nil at that time.

26 Financial Instruments continued

Financial risk factors

(a) Market risk

(i) Foreign exchange risk

All material activities of the Group take place within the UK and consequently there is little direct exchange risk other than payments to overseas suppliers who require settlement in their currency. If there is any material foreign exchange exposure, the Group's policy is to enter into forward foreign currency contracts. The Group and Company have no material currency exposure at 30 June 2013 (2012: Nil).

(ii) Price risk

The Group is affected by the level of UK house prices. These are in turn affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence and availability of land with planning. Whilst it is not possible to fully mitigate such risks the Group continues to monitor its geographical spread within the UK concentrating its operations in areas that management believe minimise the effect of local microeconomic fluctuations. As at 30 June 2013, if UK house price inflation or the discount rate used had been 1% lower or higher respectively, and all other variables held constant, the Group's house price linked financial instruments, which consist entirely of shared equity receivables held as available for sale financial assets, would decrease in value, excluding any effect of current or deferred tax by £1.6 million or £1.5 million respectively.

The Group is not exposed to equity securities price risk as investments held by the Group are classified on the consolidated balance sheet as available for sale. The Group and Company are not exposed to commodity price risk.

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from movement in cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group policy is to accept a degree of interest rate risk as long as the effect of various changes in rates remains within prescribed ranges. Details of the interest rate swaps entered into by the Group are set out below.

The Group analyses its interest rate exposure on a dynamic basis. On a regular basis the Group calculates the impact on the income statement of a defined interest rate shift on the Group's borrowing position.

Based on the forecasts performed, the impact on post tax profit and equity of a 1% decrease or increase in interest rates for a year would be a maximum increase of £1.2 million (2012: £0.8 million) or decrease of £1.2 million (2012: £0.8 million), respectively.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables (including shared equity receivables) and committed transactions. The Group has a credit risk exposure to the providers of its banking facilities. These are primarily provided by HSBC Bank plc, The Royal Bank of Scotland plc and Barclays Bank plc, being three of the UK's leading financial institutions. Further details of credit risk relating to trade and other receivables are disclosed in note 18. No credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance of any counterparties including in respect of receivables not yet due.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group finances its operations through a mixture of retained profits and bank borrowings. The contracting operations of the Group generally generate cash. The housebuilding operations, however, utilise cash and any future downturn in the housebuilding market may require additional borrowings in addition to retained earnings to finance the maintenance of the land bank and associated work in progress. Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities (see below) and cash and cash equivalents (note 19) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practices and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. On a daily basis throughout the year, the bank balances or borrowings in all the Group's operating companies are aggregated into a total cash or borrowings figure in order that the Group can obtain the most advantageous interest rate.

In accordance with IAS 39, 'Financial instruments: recognition and measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

26 Financial Instruments continued

Financial liabilities – derivative financial liabilities

The fair value of interest rate swaps is detailed below:

Group and Company	Liabilities £m
At 30 June 2013	
Non-current	**(1.1)**
At 30 June 2012	
Non-current	(1.6)

During the year ending 30 June 2012 the Group entered into a five year interest rate swap contract. The notional principal amount of the outstanding interest rate swap contracts at 30 June 2013 was £75 million (2012: £75 million). At 30 June 2013, the fixed interest rate is 1.5% (2012: 1.5%). The five year swap is designated as a hedge and changes in fair value are recognised directly in reserves.

Fair values of non-derivative financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at the prevailing interest rate. The fair value of current borrowings equals their carrying amounts as the impact of discounting is not significant.

Fair value of other financial assets and financial liabilities	Note	**2013** Book value £m	**2013** Fair value £m	2012 Book value £m	2012 Fair value £m
Primary financial instruments held or issued to finance the Group's operations:					
Short-term borrowings	23	**72.3**	**72.3**	73.3	73.3
Available for sale financial assets	14	**26.8**	**26.8**	26.5	26.5
Trade and other payables	20	**606.1**	**606.1**	581.7	581.7
Trade and other receivables	18	**273.4**	**273.4**	266.8	266.8
Cash and cash equivalents	19	**57.9**	**57.9**	95.8	95.8
Other non-current liabilities	24	**91.2**	**91.2**	83.0	83.0

Prepayments and accrued income are excluded from the trade and other receivables balances and statutory liabilities and payments received on account on construction contracts are excluded from trade and other payables balances, as only this analysis is required for financial instruments.

There is no difference between the book value and the fair value of the Company's other financial assets and financial liabilities.

Borrowing facilities

The Group had the following undrawn committed borrowing facilities available at 30 June which are restricted by the value of developments available to be secured under the terms of the facility:

	2013 Floating rate £m	2012 Floating Rate £m
Expiring:		
Between one and two years	**250.6**	–
In more than two years	**–**	237.7
	250.6	237.7

In May 2011 the Group agreed a four year £325 million revolving credit facility with HSBC Bank plc, Barclays Bank plc and The Royal Bank of Scotland plc. The facility provides long-term finance and bonding facilities and is subject to covenants over interest cover, gearing, adjusted gearing taking account of land creditor debt and minimum consolidated tangible assets as well as security against the Group's housebuilding development sites. Interest is calculated by aggregating margin, LIBOR and relevant costs.

26 Financial Instruments continued

Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June:

	2013 Total £m	2012 Total £m
Assets		
Available-for-sale financial assets		
– Level 3: Shared equity receivables	**24.9**	24.3
– Level 2: Equity securities	**1.9**	2.2
Total	**26.8**	26.5
Liabilities		
Liabilities at fair value through income statement		
– Level 2: Derivatives used for hedging	**1.1**	1.6
Total	**1.1**	1.6

In the current year the Group has reviewed the fair value hierarchy applied to the measurement of the fair value of our available for sale financial assets and concluded that the assets should be classified as Level 3 rather than as Level 2, as previously classified. The previous year has been restated to reflect this.

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

- Level 1 – Quoted market prices or dealer quotes in active markets for similar instruments.
- Level 2 – The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Level 3 – Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. The fair value of available for sale financial assets is set out in note 14.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Company's only liabilities that are measured at fair value are derivatives used for hedging, as shown in the table above.

27 Ordinary shares and share premium

Group and Company	Number of shares	Ordinary shares £m	Share premium £m	Total £m
At 1 July 2011	81,849,466	40.9	190.8	231.7
Allotted under share option schemes	3,793	–	–	–
At 1 July 2012	81,853,259	40.9	190.8	231.7
Allotted under share option schemes	16,836	–	0.1	0.1
At 30 June 2013	**81,870,095**	**40.9**	**190.9**	**231.8**

Number of shares refers to 50 pence ordinary shares, which are issued and fully paid. There are no shares issued but not fully paid.

At 30 June 2013 the total number of shares outstanding under the SAYE share option scheme was 1,300,745 (2012: 823,916) and under the long-term incentive plans was 2,038,384 (2012: 2,124,645) as detailed below:

SAYE share option scheme

Shares under option	Year of grant	Exercise price per share	Exercise period ending
411,021	2011	271p	30.06.14
286,223	2011	271p	30.06.16
403,333	2013	657p	30.06.16
200,168	2013	657p	30.06.18
1,300,745			

Long-term incentive plans

Shares awarded	Year of grant	Share price at grant	Vesting date
862,619	2011	329p	28.09.13
689,492	2012	457p	22.09.14
445,815	2013	729p	26.09.15
40,458	2013	843p	26.09.15
2,038,384			

28 Share-based payments

The Company operates performance related share incentive plans for executives, details of which are set out in the directors' remuneration report. The Company also operates sharesave schemes. The total charge for the year relating to employee share-based payment plans was £3.8 million (2012: £8.5 million), all of which related to equity settled share-based payment transactions. After deferred tax, the total charge was £3.8 million (2012: £8.0 million).

The performance period for the awards made under the Company's long-term incentive plan on 10 March 2009 ended on 30 June 2011, and the awards vested in March 2012. This award was subject to a relative total shareholder return condition and two underpins based on cash performance and absolute share price performance. Following consultation with major shareholders, the remuneration committee exercised its discretion for the assessment of the share price target, using an approach consistent with the averaging period used for assessment of the relative total shareholder return condition. Full details are set out in the 2012 Annual Report.

The decision to use an alternative averaging period to that originally envisaged in the grant date valuation gave rise to an additional IFRS 2 fair value accounting charge of £5.1 million in the financial year to 30 June 2012, which had no incremental effect on either cash or the balance sheet. There is no impact in the financial year to 30 June 2013.

Savings related share options

The Company operates an HM Revenue & Customs approved sharesave scheme under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at grant, in either three or five years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. These funds are used to fund the option exercise. This scheme is open to all employees. No performance criteria are applied to the exercise of sharesave options.

The options were valued using the binomial option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	Share price at grant date	Exercise price	Contract date	Expected volatility	Option life (years)	Risk free rate	Dividend yield	Employee turnover before vesting	Fair value per option
09.11.06	1,086p	738p	01.01.07	33%	5	4.8%	1.7%	10%	501p
30.11.07	918p	912p	01.01.08	31%	5	4.6%	2.4%	10%	272p
19.11.10	280p	271p	01.01.11	55%	3	1.6%	4.5%	10%	93.5p
19.11.10	280p	271p	01.01.11	47%	5	2.4%	4.5%	10%	90.0p
14.11.12	711p	657p	01.01.13	31%	3	0.5%	4.2%	10%	135.5p
14.11.12	711p	657p	01.01.13	46%	5	0.9%	4.2%	10%	222.2p

The expected volatility is based on historical volatility in the movement in the share price over the last three or five years up to the date of grant depending on the option life. The expected life is the average expected period to exercise. The risk free rate is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life. A reconciliation of savings related share awards over the year to 30 June 2013 is shown below:

	2013		2012	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 July	**823,916**	**309p**	1,079,230	369p
Awards	**621,896**	**657p**	–	–
Forfeited	**(28,677)**	**330p**	(20,559)	327p
Cancelled	**(36,563)**	**451p**	(37,620)	398p
Expired	**(62,991)**	**747p**	(193,342)	621p
Exercised	**(16,836)**	**298p**	(3,793)	271p
Outstanding at 30 June	**1,300,745**	**450p**	823,916	309p
Exercisable at 30 June	**7,839**	**375p**	1,388	648p

The weighted average fair value of awards granted during the year was 164p (2012: Nil). There were 16,836 share options exercised during the year ended 30 June 2013 (2012: 3,793) and the weighted average share price at the date of exercise was 833p. The weighted average remaining contractual life is two years eight months (2012: two years eight months).

Performance related long-term incentive plans

The Company operates performance related share incentive plans for executives, details of which are set out in the directors' remuneration report. The awards that vest are satisfied by the transfer of shares for no consideration.

28 Share-based payments continued

The options were valued using a Monte Carlo model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	Share price at grant date	Vesting period/Option life months	Risk free rate	Dividend yield	Fair value per option
10.03.09	250p	36	1.7%	2.5%	72p
11.09.09	507p	36	5.0%	2.1%	368p
28.09.10	328.5p	36	1.1%	3.8%	196p
22.09.11	457.3p	36	0.8%	3.5%	279p
26.09.12	728.5p	36	0.3%	4.1%	771p
01.02.13	843.0p	32	0.5%	3.6%	936p

The expected volatility is based on historical volatility in the movement in the share price of the Company and its comparator group and the correlations between them over the last three years. The expected life is the average expected period to exercise. The risk free rate is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life. A reconciliation of performance related share awards over the year to 30 June is shown below:

	2013 Number	2012 Number
Outstanding at 1 July	**2,124,645**	2,279,552
Granted	**957,666**	2,017,975
Expired	**–**	(869,152)
Forfeited	**(24,753)**	–
Exercised	**(1,019,174)**	(1,303,730)
Outstanding at 30 June	**2,038,384**	2,124,645
Exercisable at 30 June	**–**	–

The weighted average fair value of awards granted during the year was 784p (2012: 279p). There were 1,019,174 options exercised during the year ended 30 June 2013 (2012: 1,303,730). The weighted average remaining contractual life is Nil as the shares are exercised on the day that they vest (2012: Nil).

29 Other reserves

	Group £m	**Company £m**
At 1 July 2011 and 30 June 2012	5.3	3.0
Reclassification of gains to income statement	(0.5)	–
At 30 June 2013	**4.8**	**3.0**

The Group other reserves relates to a merger reserve amounting to £4.7 million (2012: £4.7million) and the movement on available for sale financial assets amounting to £0.1 million (2012: £0.6 million).

30 Retained earnings

	Notes	Group £m	Company £m
At 1 July 2011		218.1	186.1
Profit/(loss) for the year		49.3	(8.9)
Actuarial (losses)/gains recognised in the retirement benefit obligations	31	(10.7)	1.2
Deferred tax on movements in equity	25	3.7	–
Dividends paid	7	(16.8)	(16.8)
Share-based payments	28	8.5	8.5
Purchase of own shares		(9.1)	(9.1)
Movement in fair value of derivative financial instruments		(1.6)	(1.6)
Issue of shares	27	–	–
At 30 June 2012		241.4	159.4
Profit for the year		58.2	3.0
Actuarial (losses) recognised in the retirement benefit obligations	31	(6.5)	–
Deferred tax on movements in equity	25	2.0	0.2
Dividends paid	7	(26.9)	(26.9)
Share-based payments	28	3.8	3.8
Purchase of own shares		(7.7)	(7.7)
Movement in fair value of derivative financial instruments		0.5	0.5
At 30 June 2013		**264.8**	**132.3**

The cumulative amount of goodwill arising on acquisition and written off directly against reserves is £9.5 million (2012: £9.5 million). At 30 June 2013, the Galliford Try Employee Share Trust (the Trust) held 878,353 (2012: 1,040,223) shares. The nominal value of the shares held is £0.4 million (2012: £0.5 million). 400,000 shares were acquired during the year (2012: 1,000,000) at a cost of £3.9 million (2012: £5.3 million) and a further £3.8 million (2012: £3.8 million) was paid in relation to other share related transactions. 561,870 (2012: 650,466) shares were transferred during the year. The cost of funding and administering the Trust is charged to the income statement of the Company in the period to which it relates. The market value of the shares at 30 June 2013 was £8.2 million (2012: £6.6 million). No shareholders (2012: None) have waived their rights to dividends.

31 Retirement benefit obligations

All staff employees are entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a company contribution based on a scale dependent on the employee's age and the amount they choose to contribute. Since 1 July 2013 all non-participating and newly employed staff have been auto-enrolled into the separate stakeholder plan and are entitled to increase their contribution rates in line with existing members. Since 1 April 2009, the Group has operated a pension salary sacrifice scheme which means that all employee pension contributions are paid as employer contributions on their behalf.

The Group operates three defined benefit pension schemes that pay out pensions at retirement based on service and final pay: the Galliford Try Final Salary Pension Scheme, the Galliford Group Special Scheme and the Kendall Cross (Holdings) Ltd Scheme. The accounting numbers consolidate these three arrangements. The Group's principal funded pension scheme is the Galliford Try Final Salary Pension Scheme, with assets held in separate trustee administered funds, which was closed to all future service accrual on 31 March 2007.

Pension costs for the schemes were as follows:

	2013 £m	2012 £m
Defined benefit schemes – Expense recognised in the income statement	**0.2**	0.1
Defined contribution schemes	**12.6**	14.2
Total included within employee benefit expenses (note 3)	**12.8**	14.3

Of the total charge for all schemes £7.0 million (2012: £6.1 million) and £5.6 million (2012 £8.1 million) were included, respectively, within cost of sales and administrative expenses. £0.2m (2012: £0.1m) was included within net finance costs.

31 Retirement benefit obligations continued

Defined benefit schemes

An independent actuary performs detailed triennial valuations together with periodic interim reviews. The most recent completed formal valuation of the Galliford Try Final Salary Pension Scheme was carried out as at 1 July 2009 by Mercer the scheme actuary, using the projected unit method. The formal actuarial valuation as at 1 July 2012 for the Galliford Try Final Salary Pension Scheme is currently ongoing. The accounting results for the Galliford Try Final Salary Pension Scheme have been calculated based on the liabilities calculated for the preliminary 1 July 2012 actuarial valuation results. The mortality tables used for the Galliford Try Final Salary Pension Scheme have been aligned with those provisionally agreed for the 2012 valuation – updating the assumptions in this way has led to an increase in the obligations at 30 June 2013 of around £4.5 million.

The deficit recovery funding plan agreed with the Trustees in 2009 required the Company to pay contributions of £583,333 per calendar month until 31 July 2013, and then £416,667 per calendar month until 28 February 2019. The Galliford Try Final Salary Pension Scheme closed to future accrual with effect from 31 March 2007.

The most recent actuarial valuation of the Galliford Group Special Scheme was prepared using the attained age method as at 1 April 2010. A deficit recovery funding plan was agreed with the Trustees to meet the funding shortfall which requires the Company to pay contributions of £16,000 per calendar month until 30 September 2013. The next valuation of the scheme is due to be carried out as at 1 April 2013.

The Kendall Cross (Holdings) Limited Scheme is funded and provides benefits based on final pensionable salaries. The scheme was closed to new members and to future accrual for existing members prior to the date of the acquisition by Galliford Try plc in November 2007. The most recent actuarial valuation of the Scheme was prepared as at 14 November 2011. A deficit recovery funding plan was agreed with the trustees with requires the Company to pay contributions of £15,300 per month from April 2013.

Principal assumptions

The valuation of the Group's pension schemes have been updated to 30 June 2013 and all three schemes are consolidated for disclosure purposes below. The principal actuarial assumptions used in the calculation of the disclosure items are as follows:

	2013	2012
Rate of increase in pensionable salaries	**n/a**	n/a
Rate of increase in pensions in payment	**3.30%**	2.90%
Discount rate	**4.50%**	4.50%
Retail price inflation	**3.40%**	2.90%
Consumer price inflation	**2.40%**	1.90%

For the Galliford Try Final Salary Pension Scheme, the life expectancies as at 30 June 2013 are based on S1PA tables (90% scaling factor applied for males), with a future improvement in mortality assumption in line with CMI 2011 tables, with a long-term rate of improvement of 1.5% p.a. The life expectancies as at 30 June 2012 were based on S1PA tables (90% scaling factor applied for males), with a future improvement in mortality assumption in with medium cohort improvements with an underpin of 1.25% for males and 1.0% for females.

	2013	2012
Male member age 65 (current life expectancy)	**23.8**	22.7
Male member age 45 (life expectancy at age 65)	**25.9**	25.1
Female member age 65 (current life expectancy)	**25.3**	24.1
Female member age 45 (life expectancy at age 65)	**27.5**	25.9

31 Retirement benefit obligations continued

Assets in the Scheme

The fair value of the assets, long-term rate of return expected and present value of the obligations at 30 June of the Group's defined benefit arrangements are as follows:

	2013			2012		
	Return	**Value £m**		Return	Value £m	
Equities	**7.15%**	**38.9**	**21%**	6.95%	42.3	24%
Gilts	**3.15%**	**73.9**	**39%**	2.95%	64.0	37%
Bonds	**4.50%**	**61.5**	**32%**	4.50%	57.8	33%
Cash and other[1]	**0.50%–4.50%**	**14.3**	**8%**	0.50%–4.50%	9.4	6%
		188.6	**100%**		173.5	100%
Present value of defined benefit obligations		**(188.1)**			(173.7)	
Surplus/(deficit) in scheme recognised as non-current asset/(liability)		**0.5**			(0.2)	

1 Other assets includes monies held within a deposit administration policy held with Legal and General.

Where investments are held in bonds, gilts and cash, the expected long-term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date. A higher rate of return is expected on equity investments, which is based on more realistic future expectations than on the returns that have been available historically. The overall expected long-term rate of return on assets of 4.20% (2012: 4.50%) is the average of these rates taking into account the underlying asset portfolio of the pension scheme.

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of scheme liabilities to changes in the principal assumptions is set out below.

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1%	Decrease by £3.6 million
Rate of inflation	Increase by 0.1%	Increase by £2.2 million
Increase in pension payments	Increase by 0.1%	Increase by £1.6 million
Life expectancy	Increase by one year	Increase by £5.2 million

Accounting results

The amounts recognised in the income statement are as follows:

	2013 £m	2012 £m
Finance cost	**7.7**	8.4
Expected return on scheme assets	**(7.5)**	(8.3)
Net finance costs	**0.2**	0.1
Expense recognised in the income statement	**0.2**	0.1

The actual return on scheme assets was of £14.0 million (2012: £13.9 million).

The amounts recognised in the statement of comprehensive income are as follows:

	2013 £m	2012 £m
Total amount of actuarial (losses) in the year	**(6.5)**	(10.7)
Cumulative actuarial (losses)	**(34.4)**	(27.9)

31 Retirement benefit obligations continued

Movement in present value of defined benefit obligations	2013 £m	2012 £m
At 1 July	**173.7**	155.2
Interest cost	**7.7**	8.4
Experience (gains)/losses	**(4.6)**	2.2
Impact of change in assumptions	**17.5**	14.0
Benefit payments	**(6.2)**	(6.1)
At 30 June	**188.1**	173.7

Movement in fair value of scheme assets	2013 £m	2012 £m
At 1 July	**173.5**	158.4
Expected return on scheme assets	**7.5**	8.3
Actual return less expected return on scheme assets	**6.5**	5.6
Employer contributions	**7.3**	7.3
Benefit payments	**(6.2)**	(6.1)
At 30 June	**188.6**	173.5

Contributions for the new financial year remain under negotiation and are expected to reduce compared to the year to 30 June 2013.

History of experience gains and losses:	2013	2012	2011	2010	2009
Fair value of plan assets	**188.6**	173.5	158.4	146.5	122.0
Present value of defined benefit obligation	**(188.1)**	(173.7)	(155.2)	(163.8)	(149.5)
Surplus/(deficit) in scheme recognised as non-current asset/(liability)	**0.5**	(0.2)	3.2	(17.3)	(27.5)
Difference between the expected and actual return on assets:					
Amount (£m)	**6.5**	5.6	10.7	15.0	(19.3)
Percentage of assets	**3**	3	7	10	(16)
Experience gains and (losses) on scheme liabilities:					
Amount (£m)	**4.6**	(2.2)	(0.6)	9.9	(1.6)
Percentage of present value of defined benefit obligations	**2**	(1)	0	6	(1)
Total amount recognised in statement of comprehensive income:					
Amount (£m)	**(6.5)**	(10.7)	12.7	4.8	(6.5)
Percentage of present value of liabilities	**(3)**	(6)	8	3	(4)

32 Financial and capital commitments

The Group had no commitments for subordinated debt to joint ventures or other investments at 30 June 2013 (2012: £nil).

Galliford Try plc, together with certain of its subsidiaries, has entered into non-cancellable contracts for the operational leasing of land and buildings and plant and machinery. The leases have various terms, escalation clauses and renewal rights. The maximum commitments for payments under these contracts are as follows:

	2013		2012	
	Property £m	**Vehicles, plant and equipment £m**	Property £m	Vehicles, plant and equipment £m
Amounts due:				
Within one year	**3.2**	**7.5**	3.5	8.8
Later than one year and less than five years	**11.6**	**7.0**	12.4	15.8
After five years	**14.5**	**0.1**	12.5	1.2
	29.3	**14.6**	28.4	25.8

Galliford Try plc, together with certain of its subsidiaries, has entered into arrangements with HSBC Bank plc, The Royal Bank of Scotland plc and Barclays Bank plc to guarantee the borrowings of Group companies. Fixed charges have been given to these banks over certain of the Group's developments.

33 Guarantees and contingent liabilities

Galliford Try plc has entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued on behalf of Group undertakings, including joint arrangements and joint ventures, in the normal course of business amounting to £155.2 million (2012: £135.3 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. 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.

34 Related party transactions

Group

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

	Sales to related parties		Purchases from related parties		Amounts owed by related parties		Amounts owed to related parties	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Trading transactions								
Joint ventures	**21.8**	27.2	**0.4**	0.2	**22.0**	16.7	**6.8**	5.3
Jointly controlled operations	**30.7**	32.7	**–**	0.1	**–**	–	**–**	–

	Interest income from loans to related parties		Loans to related parties		Loans from related parties		Injection of equity funding	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Non-trading transactions								
Joint ventures	**7.5**	–	**50.0**	58.2	**–**	–	**–**	0.1
Jointly controlled operations	**–**	–	**–**	–	**–**	–	**–**	–

Services are sold to related parties based on terms that would be available to unrelated third parties. Receivables are due within six years (2012: seven years) and are unsecured and interest rates vary from bank base rate plus 1.75% to 10%. Payables are due within one year (2012: one year) and are interest free.

Company

Transactions between the Company and its subsidiaries which are related parties, which are eliminated on consolidation, are disclosed as follows:

	Interest income from loans to related parties		Amounts due to related parties		Amounts due from related parties		Capital contributions to related parties	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Non-trading transactions								
Subsidiary undertakings	**–**	–	**184.3**	146.6	**78.1**	62.2	**–**	0.3

The Company has provided performance guarantees in respect of certain operational contracts entered into between joint ventures and a Group undertaking.

The Company has entered into a financial guarantee in respect of its joint venture Linden/Downland Graylingwell LLP. The maximum amount payable under the terms of this guarantee is £7.5 million.

35 Post balance sheet events

No matters have arisen since the year end that require disclosure in the financial statements.

Five year record

	2009 £m	2010 £m	2011 £m	2012 £m	**2013** **£m**
Revenue	1,461.2	1,221.9	1,284.2	1,504.1	**1,467.3**
Profit before exceptional items	24.5	26.1	35.1	63.1	**74.1**
Exceptional items	(51.4)	(6.9)	6.6	–	**–**
Profit/(loss) before taxation	(26.9)	19.2	41.7	63.1	**74.1**
Tax	9.1	(8.4)	(8.9)	(13.8)	**(15.9)**
Profit/(loss) after taxation attributable to shareholders	(17.8)	10.8	32.8	49.3	**58.2**
Fixed assets, investments in joint ventures and available for sale financial assets	18.4	25.4	32.5	41.9	**42.5**
Intangible assets and goodwill	123.2	121.9	124.0	126.8	**128.4**
Net current assets	269.2	346.4	277.4	354.2	**379.0**
Long-term receivables	52.3	49.4	53.5	43.6	**48.4**
Long-term payables and provisions	(168.5)	(119.9)	(32.3)	(88.1)	**(96.9)**
Net assets	294.6	423.2	455.1	478.4	**501.4**
Share capital	18.9	40.9	40.9	40.9	**40.9**
Reserves	275.7	382.3	414.2	437.5	**460.5**
Shareholders' funds	294.6	423.2	455.1	478.4	**501.4**
Dividends per share (pence)	10.9	12.5	16.0	30.0	**37.0**
Basic earnings per share (pence)	(34.4)	14.7	40.3	60.9	**71.7**
Diluted earnings per share (pence)	(34.4)	14.7	39.4	59.7	**69.8**

All dividend and earnings per share figures above, for the year 2009, have been restated for the effect of the share consolidation and rights issue.

Shareholder information

Financial calendar 2013

Half year results announced	20 February
Interim dividend paid	10 April
Full year results announced	17 September
Ex dividend date	16 October
Final dividend record date	18 October
Annual General Meeting	19 November
Final dividend payment	29 November

Shareholder enquiries

The Company's registrars are Equiniti Limited. They will be pleased to deal with any questions regarding your shareholding or dividend payments. Please notify them if you change your address or other personal information. Call the shareholder contact centre on 0871 384 2030 (calls to this number cost 8 pence per minute plus network extras. Lines open from 8.30am to 5.30pm, Monday to Friday. Overseas shareholders should call +44 121 415 7047) or, alternatively, write to them at:

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

You can find a number of shareholder services online via their website at www.shareview.co.uk/myportfolio, 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 email 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% with a minimum charge of £50 for telephone dealing and a minimum charge of £45 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. You will need your shareholder reference number as shown on your share certificate. Share dealing services are also widely provided by other organisations. The Company is listed on the London Stock Exchange under the code GFRD and the SEDOL and ISIN references are B3Y2J50 and GB00B3Y2J508.

Group website

You can find out more about the Group on our website 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, look at the financial reports and presentations as well as search frequently asked questions and answers on shareholding matters. There is also further advice for shareholders regarding unsolicited boiler room frauds.

The Company's up to date share price can also be obtained by calling the voice activated Cityline on 09058 171690 (calls charged at 75 pence per minute from a landline).

Company contact

Contact with existing and prospective shareholders is welcomed by the Company. If you have any questions please contact the company secretary, either at the registered office or via email (kevin.corbett@gallifordtry.co.uk).

Analysis of shareholdings

at 30 June 2013

Size of shareholding	% of holders	Number of holders	% of shares	Number of shares
1 – 10,000	91.70	3,822	5	4,282,775
10,001 – 50,000	4.08	170	4	3,697,527
50,001 – 500,000	3.26	136	31	25,132,101
500,001 – Highest	0.96	40	60	48,757,692

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Peel Hunt LLP
Jefferies Hoare Govett

Bankers
HSBC Bank plc
Barclays Bank plc
The Royal Bank of Scotland plc

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Financial Advisers
Rothschild

Auditors
PricewaterhouseCoopers LLP

Notes

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