GALLIFORD TRY PLC - HALF YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2015
DISCIPLINED GROWTH AND DIVIDEND PROGRESSION IN LINE WITH STRATEGY

Financial	H1 2016	H1 2015	Change
• Revenue [1]	**£1,264.9m**	**£1,124.6m**	+12%
• Group revenue [1]	**£1,182.3m**	**£1,085.4m**	+9%
• Profit before tax	**£52.9m**	**£42.5m**	+24%
• Earnings per share	**52.2p**	**42.0p**	+24%
• Dividend per share	**26.0p**	**22.0p**	+18%
• Net debt	**£95.7m**	**£35.9m**	-£59.8m
• Group return on net assets [2]	**21.7%**	**20.1%**	+1.6 ppts
• Profit before tax, pre-exceptional [3]	**£52.9m**	**£45.9m**	+15%
• Earnings per share, pre-exceptional [3]	**52.2p**	**45.5p**	+15%

Group

- Record half year profit with interim dividend up 18%.
- Net debt of £95.7 million (H1 2015: £35.9 million), reflecting additional investment in Linden Homes in accordance with strategy.
- Plans include opening a further Linden Homes business in Yorkshire and a Galliford Try Partnerships business in Bristol.
- Continued encouraging progress of disciplined growth strategy to 2018.

Linden Homes

- Significant progress on margins with operating margin rising to 17.0% (H1 2015: 15.1%).
- Revenue up 5% to £362.7 million (H1 2015: £346.1 million) from 1,357 unit completions, 1,171 units net of joint venture partner share (H1 2015: 1,364 and 1,278 respectively).
- Total sales currently reserved, contracted and completed up 17% at a record £793 million (H1 2015: £677 million).
- Landbank of 12,800 plots (of 15,500 total Group landbank) with land market continuing to be positive (H1 2015: 12,600 and 14,300 respectively).
- Process rationalisation on track to generate annual savings of £5 million, with the effect at least earnings neutral in the current financial year.

Galliford Try Partnerships

- Revenue of £150.2 million is slightly below the prior period (H1 2015: £157.6 million), with a strong improvement in mixed tenure revenues outweighed by lower contracting revenue, owing to delays in procurement by registered providers immediately following the Summer Budget changes.
- Operating margin increased to 3.0% (H1 2015: 2.3%) reflecting higher proportion of mixed tenure.
- Strong contracting order book, up 35% at £875 million (H1 2015: £650 million).
- Total sales currently reserved, contracted and completed up 13% at £79 million (H1 2015: £70 million).
- Landbank of 2,700 plots, with a range of further opportunities being pursued (H1 2015: 1,700).

Construction

- Revenue increased by 22% to £738.6 million (H1 2015: £604.8 million).
- Margin of 1.2% (H1 2015: 1.0%) in line with our expectations as we make progress concluding legacy contracts whilst seeing improved margins on new work.
- Order book increased to £3.7 billion (H1 2015: £3.25 billion). 99% projected revenue now secured for the current financial year with 71% secured for 2017 (31 December 2014: 100% and 75% respectively).
- Cash balance of £154.7 million remains robust (H1 2015: £158.0 million).

Peter Truscott, Chief Executive, commented:

"We are very pleased with the strong performance in the six months to 31 December 2015, with the Group performing in line with expectations.

Linden Homes has made strong progress on margins as well as increased outlet numbers and unit sales per outlet. Our Partnerships business continues to see good demand for contracting in the affordable housing market, as registered provider clients assimilate the recent changes to their income profile; and importantly the mixed tenure development business is growing strongly. The construction market continues to improve, although at a slower rate than anticipated; we have nevertheless further improved our order book to £3.7 billion, with good visibility on projected revenue for this and the next financial year. Build cost increases have moderated and availability of skilled labour has improved across all regions.

Looking forward, we are encouraged by the start we have made to the second half of the year. Market conditions for Linden Homes have improved further since the turn of the year, and the pipeline for our Partnerships business continues to grow, while our Construction business has good visibility on revenue for the next financial year. We have increased the interim dividend by 18%, reflecting our continuing confidence in the delivery of our disciplined growth strategy."

For further enquiries:

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Galliford Try will hold its half year results presentation for analysts and institutional investors at 09:30 am on Thursday 25 February 2016 at RBS, 3rd Floor Conference Centre, 250 Bishopsgate, London, EC2M 4AA. A live audio webcast will be available at www.gallifordtry.co.uk/investors with a recording available later. A video interview with Graham Prothero, Finance Director, on the results will be available at www.gallifordtry.co.uk.

[1] *'Revenue' includes share of joint ventures' revenue of £82.6 million (H1 2015: £39.2 million). 'Group revenue', where stated, excludes share of joint ventures.*

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

[3] *Exceptional costs in 2014 of £3.4 million relate to the integration of Miller Construction.*

STRATEGY TO 2018

Targeting disciplined growth across all businesses, delivering strong shareholder returns

Across all of our businesses we have a plan for disciplined growth to 2018. We remain on track to deliver our objectives whilst considering the longer term aims for each of the businesses.

Group

The Group's strategy is to more than double FY13's profit before tax of £74.1 million and earnings per share of 71.7 pence by 2018, with a greater increase in the dividend.

The Group is successfully addressing the challenge of resourcing its growth strategy, increasing headcount to 5,703.

The Group is focusing on improving return on capital and targeting period-end gearing of no more than 30%, with average and peak levels well below covenant levels.

In a land market that remains positive, we have acquired a 15,500 unit landbank, across Linden Homes and Galliford Try Partnerships; it is intended that this will provide a 3½ - 4 year supply.

Linden Homes

Linden Homes is on track to achieve revenue growth and we expect operating margin to rise to 18% by 2018. For the half year to 31 December 2015 we achieved a margin of 17.0% versus 15.1% in the first half of the previous year.

Galliford Try Partnerships

Our Partnerships business continues to perform well as we respond to the strong demand for affordable housing. By 2018 we anticipate achieving revenue in excess of £400 million, and are now targeting 25% of this total from the sale of low cost homes and the remainder from the contracting business. We expect the blended operating margin to increase to at least 4.0%. We are considering how we might accelerate our progress in this marketplace. As part of the future growth strategy and to improve the margin further, we are considering increasing the investment in the business beyond the planned £30 million.

Construction

Our Construction business continues to progress towards its revenue target of £1.5 billion and is now likely to achieve this earlier than 2018.

Across all our Construction businesses we will maintain focus on risk management and continue to prioritise margin and strict cash management. We expect margins to rise to 2.0% by 2018.

INTERIM DIVIDEND

In line with strategy and reflecting the Group's strong performance during the half year to 31 December 2015 the directors have declared an interim dividend of 26.0 pence per share (H1 2015: 22.0 pence) which will be paid on 7 April 2016 to shareholders on the register at close of business on 29 March 2016.

FINANCIAL REVIEW

Group revenue for the half year to 31 December 2015 was up 9% at £1,182.3 million (H1 2015: £1,085.4 million). Revenue (including share of joint ventures) was up 12% to £1,264.9 million (H1 2015: £1,124.6 million).

The Group achieved a profit from operations (stated before finance costs, amortisation, exceptional items, tax and share of joint ventures' interest and tax) of £65.9 million up 19% against the same period last year driven primarily by improvement in revenue and margin in Linden Homes. Profit before tax and exceptional items was up 15% at £52.9 million (H1 2015: £45.9 million), and post exceptional profit before tax was up 24% at £52.9 million (H1 2015: £42.5 million). Earnings per share for the period was 52.2 pence (H1 2015: pre-exceptional 45.5 pence; post-exceptional 42.0 pence).

The taxation expense of £10.1 million reflects an estimated effective rate of 19.0% (H1 2015: 19.0%) for the full financial year to 30 June 2016. We believe our effective tax rate will continue to be just below the headline rate of corporation tax for the foreseeable future.

The Group maintained its strong focus on cash management throughout the period. Net debt at 31 December 2015 was £95.7 million (H1 2015: £35.9 million), which represents gearing of 16.8%. The increase of £78.4 million since 30 June 2015 principally reflects additional investment in working capital within Linden Homes of £80.1 million. Average debt over the six months to 31 December 2015 was £194 million compared to £137 million in the equivalent period last year and £168 million in the full year. The net working capital employed in Linden Homes was £640.2 million (H1 2015: £579.4 million). We continue to benefit from deferred payments for land acquisition: land creditors reduced to £342.7 million (H1 2015: £277.9 million) from the unusually high level of £390.9 million at 30 June 2015. Construction's cash balance of £154.7 million (H1 2015: £158.0 million) remains robust, representing 10.5% of annualised turnover.

LINDEN HOMES

	H1 2016	H1 2015
Revenue £m	**362.7**	346.1
Profit from operations £m	**61.5**	52.1
Operating profit margin %	**17.0**	15.1

Housing market conditions, both private and affordable, remain good in all regions. Mortgage availability and affordability continues to improve and benefit from Government initiatives. Whilst the planning environment remains favourable, detailed planning consents can still be subject to delay.

Revenue during the six months to 31 December 2015 increased to £362.7 million (H1 2015: £346.1 million). Profit from operations was £61.5 million up 18% on last year. Within this total, affordable sales of £23 million were lower than the previous period (H1 2015: £42 million), as a consequence of the uneven completion profile of these transactions. Unit completions were 1,357, and 1,171 net of joint venture partners' share (H1 2015: 1,364 and 1,278 respectively). The total includes 1,124 private and 233 affordable sales (H1 2015: 984 and 380 respectively).

Average selling price on private sales increased by 8% to £334,000 (H1 2015: £310,000). The average selling price for affordable sales was £110,000 (H1 2015: £121,000) leading to a combined average selling price up 14% at £295,000 (H1 2015: £259,000). Cancellation levels remained around the long term average at 17% (H1 2015: 19%).

The average number of outlets has increased from 58 (6 months ended 31 December 2014) and 62 (12 months ended 30 June 2015) to 76 for the half year to 31 December 2015.

During the six months to 31 December 2015 we achieved a rate of sale of 0.57 unit sales per outlet per week (H1 2015: 0.51). Since 1 January 2016 we have achieved an excellent rate of sale of 0.67 unit sales per outlet per week.

The business continues to generate recurring revenues from land sales to both third parties and joint ventures. During the six months to 31 December 2015 we sold £5.6 million (H1 2015: £9.7 million). The operating margin of 17.0% includes the effect of these land sales. Excluding land sales, the operating margin in the period was 15.8 % (H1 2015: 12.9%).

Linden Homes will open a further business in Yorkshire during 2016. The business is implementing initiatives to rationalise operating processes targeting a reduction in overheads by approximately £5 million on an annualised basis. The effect is expected to be at least earnings neutral in the current financial year with the full savings expected for FY 2017.

Sales reserved, exchanged or completed are at £793 million (H1 2015: £677 million) of which £620 million is for the current financial year representing 71% of projected sales for the year (H1 2015: £540 million, 69%).

Linden Homes has 100% of land secured for the financial year to 30 June 2017 and 75% secured for 2018 (H1 2015: 100% and 70% respectively). Our total landbank including Galliford Try Partnerships is 15,500 plots (H1 2015: 14,300). Our strategic land totals 1,700 acres, from which we expect to generate around 9,000 plots. The land market continues to be benign.

GALLIFORD TRY PARTNERSHIPS

	H1 2016	H1 2015
Revenue £m	**150.2**	157.6
Profit from operations £m	**4.5**	3.6
Operating profit margin %	**3.0**	2.3

We continue to make strong progress in the affordable sector following the Government's rent reform announcements, benefitting from our long term relationships with purchasing clients, our strong mixed tenure proposition and renegotiation of affordable obligations within planning agreements. We expect affordable volumes to increase in the second half as clients restore activity. We continue to see public land releases coming to market, providing opportunities for both our Galliford Try Partnerships and Linden Homes businesses.

Galliford Try Partnerships' revenue was lower than the prior period at £150.2 million (H1 2015: £157.6 million). Revenue from mixed tenure development increased strongly to £29.7 million (H1 2015: £17.7 million). Contracting revenue at £120.5 million was below the prior year (H1 2015: £139.9 million) as a result of delays to procurement by registered providers following the Summer Budget changes.

We continue to see a high level of opportunities in both contracting and mixed tenure. The recent changes to the funding environment for registered providers are prompting an increased interest in working with strong private sector partners. We continue to focus on growing the blended margin by increasing the proportion of mixed tenure business. Along with the planned opening of a sixth office in Bristol during this calendar year, we are also considering further options to accelerate the growth of the business.

Galliford Try Partnerships was successful in securing places on the £600 million North Yorkshire Extra Care framework, as well as the £800 million Hyde Group Housing framework in the South East. Increasing its presence in the extra care market Partnerships was awarded over £65 million of such contracts for registered providers and Local Authorities. The business achieved detailed planning consent on over 500 mixed tenure homes in the six month period from July 2015.

Partnerships' contracting order book has increased 35% to £875 million (H1 2015: £650 million), mixed tenure sales reserved, exchanged or completed are £79 million (H1 2015: £70 million) and the landbank is 2,700 plots (H1 2015: 1,700).

CONSTRUCTION

	H1 2016	H1 2015
Revenue £m	**738.6**	604.8
Profit from operations £m	**8.5**	5.9
Operating profit margin %	**1.2**	1.0

Revenue of £738.6 million and margin of 1.2% are in line with our expectations. The construction market continues to improve although at a slower rate than anticipated. We are seeing an increase in the number of opportunities and an increasing use of two-stage tendering. Our cash balance held at 31 December 2015 was £154.7 million (H1 2015: £158.0 million).

We continue to focus on risk management, margin and targeting work with acceptable returns. New projects are being won at appropriate margin and include inflation allowances. Our total order book is up 14% at £3.7 billion (H1 2015: £3.25 billion) and comprises 19% in the regulated sector, 71% in public and 10% in the private sector. We have now secured 99% of our projected revenue for the current financial year and 71% for our next financial year (H1 2015: 100% and 75% respectively).

The improvement in demand is slightly slower than we had hoped, but we are nevertheless encouraged by market conditions and an increase in opportunities. A selection of project wins in our Building and Infrastructure businesses in the period are summarised below.

Building

Profit from operations of £3.7 million was achieved on revenue of £517.8 million, representing a margin of 0.7% (H1 2015: £3.2 million, £413.3 million and 0.8% respectively). We are now largely complete on site on our legacy contracts, and are working through the remaining final accounts. These projects, won in a more difficult economic climate, continue to constrain our result. Margins on new work are more robust, with cost estimates reflecting the inflationary conditions.

The Building business serves a range of clients across the whole of the UK including a substantial presence in Scotland.

Building continued to expand their framework strategy, securing a place on the £650 million South West and £350 million South East Next Generation Estates regional frameworks for the MOD and appointment to the Southern Construction framework. Our Education frameworks continue to provide a healthy pipeline of work and we are now a key contractor to the Education Funding Agency. The Commercial building sector in the South East remains buoyant with the recent award of Forbury Place in Reading and the Scottish Hub operations are busy in education and healthcare, augmented by the award of the £55 million Anderson High School in the Shetlands and the £72 million East Lothian Community Hospital.

Building's order book is currently £2,403 million (H1 2015: £2,080 million).

Infrastructure

Profit from operations was £4.8 million on revenue of £220.8 million, representing a margin of 2.2% (H1 2015: £2.7 million on £191.5 million, representing a margin of 1.4%).

Infrastructure carries out civil engineering projects, primarily in highways, rail and aviation, environmental, water and waste, power and security markets.

The Infrastructure market outlook remains good across transport, energy and water. We have been allocated circa £180 million of Smart Motorway work under the Highways England framework, the water frameworks in England and Scotland are well under way and we have been awarded a £75 million package of biomass energy plants. The Manchester Airport Group, Network Rail and Environment Agency frameworks all continue to provide good workstreams.

Infrastructure's order book currently stands at £1,312 million (H1 2015: £1,170 million).

PPP INVESTMENTS

Revenue was £12.9 million on which the loss from operations was £1.7 million (H1 2015: revenue £15.9 million and loss from operations £0.6 million).

PPP Investments specialises in delivering major building and infrastructure projects through public private partnerships. The business leads bid consortia and arranges finance, making equity investments and managing construction through to operations.

PPP Investments continue to be active in Scotland on both hub and PPP/NPD (Non Profit Distribution model) projects. The recent resolution of a public sector accounting classification issue, which had been affecting closure of several PPP contracts in Scotland, sees the business well placed to progress a number of closes in the current financial year.

The business continues to monitor PF2 opportunities in England and has been working closely with the Education Funding Agency on both our existing PF2 project, PSBP North East, and on providing benchmarking information regarding the value being provided under this programme, and is well placed to participate in any future phases of PF2.

During the period, PPP Investments achieved financial close on Anderson High School in Shetland and handed over a number of completed projects including Inverness College, Alford High School and the first ever school under the PF2 programme in England - Hylton Castle Primary School.

HEALTH, SAFETY AND ENVIRONMENT

Health and safety remains of paramount importance and the Group is committed to achieving industry leading health, safety and environmental standards. Our systems are fully accredited to both BS 18001 and ISO 14001 and are subject to regular third party independent audits. Our bespoke and award-winning behavioural safety programme 'Challenging Beliefs, Affecting Behaviour' continues to be developed across the Group and its supply chain, with over 1,000 behavioural 'coaches' now trained. We continue to look at further ways to address the challenge of improving health and safety performance, and have this year introduced mandated national safety shutdown days, 'back to basics' and 'Golden Rules' campaigns and implemented a strict drugs and alcohol testing policy.

SUSTAINABILITY

Sustainability continues to underpin the Group's approach, with each business committed to achieving stakeholder-aligned targets in relation to six fundamental areas – Health & Safety, Environment & Climate Change, Our People, Communities, Customers and Supply Chain. Notable Group accolades include on-going membership of the FTSE4Good index, and an improved CDP carbon disclosure score. Linden Homes achieved a Silver Award in both the NextGeneration Sustainability Benchmark and What House? Sustainable Developer of the Year category whilst Construction projects were awarded a Green Apple Award and a Silver Award at the International CSR Awards.

BOARD

As previously announced Greg Fitzgerald has assumed the role of Non-Executive Chairman from 1 January 2016 until the Annual General Meeting in November 2017 whereupon Peter Ventress, Deputy Chairman and Senior Independent Director, will become Chairman.

As announced separately today, after 20 years with the company and acquired businesses, Ken Gillespie Chief Operating Officer has indicated to the Board his wish to retire from the Group in February 2017. The Construction business will continue to be led by Bill Hocking, who has been Managing Director of Construction since joining from Skanska UK Plc on 1 September 2015. Bill will become Chief Executive of Construction & Investments from 1 August 2016, whilst Ken's remaining responsibilities will be transferred over the coming twelve months. Ken will step down from the Plc Board on 31 July 2016. The Board thanks Ken for his excellent leadership and significant contribution to the Construction & Investments business during his tenure.

OUTLOOK

We are very pleased with the strong performance in the six months to 31 December 2015 with the Group performing in line with expectations.

Linden Homes has made strong progress on margins as well as increased outlet numbers and unit sales per outlet. Our Partnerships business continues to see good demand for contracting in the affordable housing market, as registered provider clients assimilate the recent changes to their income profile; and importantly the mixed tenure development business is growing strongly. The construction market continues to improve, although at a slower rate than anticipated; we have nevertheless further improved our order book, with good visibility on projected revenue for this and the next financial year. Build cost increases have moderated and availability of skilled labour has improved across all regions.

Looking forward, we are encouraged by the start we have made to the second half of the year. Market conditions for Linden Homes have improved further since the turn of the year, and the pipeline for our Partnerships business continues to grow, while our Construction business has good visibility on revenue for the next financial year. We have increased the interim dividend by 18%, reflecting our continuing confidence in the delivery of our disciplined growth strategy.

Condensed consolidated income statement
for the half year ended 31 December 2015 (unaudited)

	Notes	**Half year to 31 December 2015**	Half year to 31 December 2014	Half year to 31 December 2014	Half year to 31 December 2014	Year to 30 June 2015 (audited)	Year to 30 June 2015 (audited)	Year to 30 June 2015 (audited)
		Total	Pre-exceptional items	Exceptional items	Total	Pre-exceptional items	Exceptional items	Total
		£m	£m	£m	£m	£m	£m	£m
Group revenue	3	**1,182.3**	1,085.4	-	1,085.4	2,348.4	-	2,348.4
Cost of sales		**(1,063.4)**	(971.0)	-	(971.0)	(2,081.2)	-	(2,081.2)
Gross profit		**118.9**	114.4	-	114.4	267.2	-	267.2
Administrative expenses		**(69.2)**	(64.4)	(3.4)	(67.8)	(144.2)	(3.7)	(147.9)
Share of post tax profits from joint ventures		**9.9**	1.4	-	1.4	5.0	-	5.0
Profit before finance costs		**59.6**	51.4	(3.4)	48.0	128.0	(3.7)	124.3
Profit from operations	3	**65.9**	55.3	(3.4)	51.9	138.9	(3.7)	135.2
Share of joint ventures' interest and tax		**(4.2)**	(1.8)	-	(1.8)	(6.6)	-	(6.6)
Amortisation of intangibles		**(2.1)**	(2.1)	-	(2.1)	(4.3)	-	(4.3)
Profit before finance costs		**59.6**	51.4	(3.4)	48.0	128.0	(3.7)	124.3
Finance income	4	**1.7**	1.7	-	1.7	4.6	-	4.6
Finance costs	4	**(8.4)**	(7.2)	-	(7.2)	(14.9)	-	(14.9)
Profit before income tax		**52.9**	45.9	(3.4)	42.5	117.7	(3.7)	114.0
Income tax expense	5	**(10.1)**	(8.7)	0.6	(8.1)	(22.5)	0.8	(21.7)
Profit for the period		**42.8**	37.2	(2.8)	34.4	95.2	(2.9)	92.3
Earnings per share								
- Basic	6	**52.2p**	45.5p		42.0p	116.3p		112.8p
- Diluted	6	**51.5p**	44.6p		41.3p	114.4p		110.9p

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

Condensed consolidated statement of comprehensive income
for the half year ended 31 December 2015 (unaudited)

	Notes	**Half year to 31 December 2015** £m	Half year to 31 December 2014 £m	Year to 30 June 2015 (audited) £m
Profit for the period		**42.8**	34.4	92.3
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Actuarial gains/(losses) recognised on retirement benefit obligations	14	**3.0**	(6.0)	(5.8)
Deferred tax on items recognised in equity that will not be reclassified		**(1.2)**	1.8	1.2
Current tax through equity		**-**	-	0.5
Total items that will not be reclassified to profit or loss		**1.8**	(4.2)	(4.1)
Items that may be reclassified subsequently to profit or loss				
Movement in fair value of derivative financial instruments:				
- Movement arising during the financial year		**(0.9)**	(1.1)	(0.4)
- Reclassification adjustments for amounts included in profit or loss		**0.2**	-	0.1
Deferred tax on items recognised in equity that may be reclassified		**-**	-	1.0
Total items that may be reclassified subsequently to profit or loss		**(0.7)**	(1.1)	0.7
Other comprehensive income/(expense) for the period net of tax		**1.1**	(5.3)	(3.4)
Total comprehensive income for the period		**43.9**	29.1	88.9

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

Condensed consolidated Balance Sheet
at 31 December 2015 (unaudited)

	Notes	**31 December 2015** £m	31 December 2014 £m	30 June 2015 (audited) £m
Assets				
Non-current assets				
Intangible assets		**18.8**	23.1	20.9
Goodwill	8	**135.5**	129.4	135.5
Property, plant and equipment		**23.8**	12.7	20.8
Investments in joint ventures		**19.2**	5.9	9.2
Financial assets				
- Available for sale financial assets	15	**11.3**	33.2	11.0
Trade and other receivables	10	**35.6**	41.2	28.3
Retirement benefit asset	14	**7.3**	-	1.2
Deferred income tax assets		**1.8**	1.9	3.0
Total non-current assets		**253.3**	247.4	229.9
Current assets				
Inventories		**-**	0.8	0.3
Developments	9	**961.9**	894.6	979.4
Trade and other receivables	10	**735.1**	538.2	711.5
Cash and cash equivalents	11	**83.7**	123.8	164.9
Total current assets		**1,780.7**	1,557.4	1,856.1
Total assets		**2,034.0**	1,804.8	2,086.0
Liabilities				
Current liabilities				
Financial liabilities				
- Borrowings	11	**(0.2)**	(24.7)	(0.3)
Trade and other payables	12	**(1,069.0)**	(956.3)	(1,079.8)
Current income tax liabilities		**(11.7)**	(10.9)	(14.5)
Provisions for other liabilities and charges		**(0.4)**	(0.6)	(0.4)
Total current liabilities		**(1,081.3)**	(992.5)	(1,095.0)
Net current assets		**699.4**	564.9	761.1
Non-current liabilities				
Financial liabilities				
- Borrowings	11	**(179.2)**	(135.0)	(181.9)
- Derivatives financial liabilities	15	**(1.0)**	(1.1)	(0.3)
Retirement benefit obligations	14	**-**	(2.2)	-
Other non-current liabilities	13	**(200.7)**	(143.7)	(237.7)
Provisions for other liabilities and charges		**(1.8)**	(2.1)	(1.9)
Total non-current liabilities		**(382.7)**	(284.1)	(421.8)
Total liabilities		**(1,464.0)**	(1,276.6)	(1,516.8)
Net assets		**570.0**	528.2	569.2
Equity				
Ordinary shares		**41.1**	41.1	41.1
Share premium		**191.8**	191.8	191.8
Other reserves		**4.8**	4.8	4.8
Retained earnings		**332.3**	290.5	331.5
Total equity attributable to owners of the Company		**570.0**	528.2	569.2

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

Condensed consolidated statement of changes in equity
for the half year ended 31 December 2015 (unaudited)

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Half year ended 31 December 2015						
At 1 July 2015		**41.1**	**191.8**	**4.8**	**331.5**	**569.2**
Profit for the period		**-**	**-**	**-**	**42.8**	**42.8**
Other comprehensive income		**-**	**-**	**-**	**1.1**	**1.1**
Total comprehensive income for the period		**-**	**-**	**-**	**43.9**	**43.9**
Transactions with owners:						
Dividends	7	**-**	**-**	**-**	**(37.9)**	**(37.9)**
Share-based payments		**-**	**-**	**-**	**1.4**	**1.4**
Purchase of own shares		**-**	**-**	**-**	**(6.6)**	**(6.6)**
At 31 December 2015		**41.1**	**191.8**	**4.8**	**332.3**	**570.0**
Half year ended 31 December 2014						
At 1 July 2014		41.1	191.8	4.8	296.5	534.2
Profit for the period		-	-	-	34.4	34.4
Other comprehensive (expense)		-	-	-	(5.3)	(5.3)
Total comprehensive income for the period		-	-	-	29.1	29.1
Transactions with owners:						
Dividends	7	-	-	-	(31.3)	(31.3)
Share-based payments		-	-	-	2.1	2.1
Purchase of own shares		-	-	-	(5.9)	(5.9)
At 31 December 2014		41.1	191.8	4.8	290.5	528.2
Year ended 30 June 2015 (audited)						
At 1 July 2014		41.1	191.8	4.8	296.5	534.2
Profit for the period		-	-	-	92.3	92.3
Other comprehensive (expense)		-	-	-	(3.4)	(3.4)
Total comprehensive income for the year		-	-	-	88.9	88.9
Transactions with owners:						
Dividends	7	-	-	-	(49.3)	(49.3)
Share-based payments		-	-	-	3.9	3.9
Purchase of own shares		-	-	-	(8.5)	(8.5)
At 30 June 2015		41.1	191.8	4.8	331.5	569.2

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

Condensed consolidated statement of cash flows
for the half year ended 31 December 2015 (unaudited)

	Notes	**31 December 2015 £m**	31 December 2014 £m	30 June 2015 (audited) £m
Cash flows from operating activities				
Continuing operations				
Profit before finance costs		**59.6**	47.9	124.3
Adjustments for:				
Depreciation and amortisation		**4.4**	3.7	8.4
(Profit)/loss on sale of available for sale financial assets		**-**	(1.8)	(7.0)
Share-based payments		**1.4**	2.1	3.9
Share of post tax profits from joint ventures		**(9.9)**	(1.3)	(5.0)
Movement on provisions		**(0.1)**	(0.2)	(0.6)
Other non-cash movements		**0.1**	0.6	0.7
Net cash generated from operations before pension deficit payments and changes in working capital		**55.5**	51.0	124.7
Deficit funding payments to pension schemes		**(3.2)**	(2.8)	(6.2)
Net cash generated from/(used in) operations before changes in working capital		**52.3**	48.2	118.5
Decrease/(increase) in inventories		**0.3**	(0.5)	-
Decrease/(increase) in developments		**17.5**	(47.4)	(101.6)
(Increase) in trade and other receivables		**(30.9)**	(39.0)	(190.0)
(Decrease)/increase in trade and other payables		**(48.9)**	50.4	240.9
Net cash (used in)/generated from operations		**(9.7)**	11.7	67.8
Interest received	4	**1.7**	1.0	3.6
Interest paid	4	**(6.8)**	(6.2)	(11.7)
Income tax (paid)		**(12.9)**	(8.1)	(20.1)
Net cash (used in)/generated from operating activities		**(27.7)**	(1.6)	39.6
Cash flows from investing activities				
Dividends received from joint ventures		**-**	-	0.4
Acquisition of available for sale financial assets		**(1.2)**	(1.8)	(1.4)
Proceeds from available for sale financial assets		**0.9**	4.2	12.8
Business combinations		**-**	(16.6)	(21.6)
Cash acquired with acquired subsidiary undertakings		**-**	23.6	23.6
Acquisition of property, plant and equipment		**(5.3)**	(1.4)	(6.7)
Proceeds from sale of property, plant and equipment		**-**	-	0.1
Net cash (used in)/generated from investing activities		**(5.6)**	8.0	7.2
Cash flows from financing activities				
Purchase of own shares		**(6.6)**	(5.9)	(8.5)
(Repayment of)/increase in borrowings		**(3.4)**	14.2	35.5
Dividends paid to Company shareholders		**(37.9)**	(31.3)	(49.3)
Net cash (used in) financing activities		**(47.9)**	(23.0)	(22.3)
Net (decrease)/increase in cash and cash equivalents		**(81.2)**	(16.6)	24.5
Cash and cash equivalents at beginning of period		**164.9**	140.4	140.4
Cash and cash equivalents at end of period	11	**83.7**	123.8	164.9

Notes to the condensed consolidated half year financial statements
for the half year ended 31 December 2015 (unaudited)

1. Basis of preparation

The Company is a public limited company incorporated in England and Wales and domiciled in the UK. The address of its registered office is Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL. The Company has its primary listing on the London Stock Exchange. This condensed consolidated half year financial information was approved for issue on 25 February 2016.

This condensed consolidated half year financial information does not comprise statutory financial statements within the meaning of Section 434 of the Companies Act 2006. Statutory financial statements for the year ended 30 June 2015 were approved by the board of directors on 16 September 2015 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

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

This condensed consolidated half year financial information for the half year ended 31 December 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim financial reporting" as adopted by the European Union. The condensed consolidated half year financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

The Group's activities, together with the factors likely to affect the future development, performance and position of the business are set out in this half year report. The annual financial statements for the year ended 30 June 2015 included the Group's objectives, policies and processes for managing capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

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

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

2. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2015, as described in those financial statements.

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

(ii) The Group has adopted the amendment to IAS 19 'Employee Benefits' on defined benefit pension plans and the 2014 annual improvements. None of the changes has had a significant impact on the financial statements of the Group.

Notes to the condensed consolidated half year financial statements
for the half year ended 31 December 2015 (unaudited)

3. Segmental reporting

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

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

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

Primary reporting format - business segments

Half year ended 31 December 2015

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

Half year ended 31 December 2014

	Linden Homes £m	Galliford Try Partnerships £m	Construction Building £m	Construction Infrastructure £m	Construction Total £m	PPP Investments £m	Central Costs £m	Total £m
Group revenue and share of joint ventures' revenue	346.1	157.6	413.3	191.5	604.8	15.9	0.2	1,124.6
Share of joint ventures' revenue	(16.5)	(5.3)		(5.5)	(5.5)	(11.9)	-	(39.2)
Group revenue	329.6	152.3	413.3	186.0	599.3	4.0	0.2	1,085.4
Segment result:								
Profit/(loss) from operations before share of joint ventures' profit	49.0	3.4	3.2	2.7	5.9	(0.5)	(5.7)	52.1
Share of joint ventures' profit	3.1	0.2	-	-	-	(0.1)	-	3.2
Profit/(loss) from operations *	52.1	3.6	3.2	2.7	5.9	(0.6)	(5.7)	55.3
Exceptional items	-	-	(3.4)	-	(3.4)	-	-	(3.4)
Share of joint ventures' interest and tax	(1.8)	-	(0.1)	-	(0.1)	0.1	-	(1.8)
Profit/(loss) before finance costs, amortisation and taxation	50.3	3.6	(0.3)	2.7	2.4	(0.5)	(5.7)	50.1
Finance income	1.2	-	0.2	0.2	0.4	-	0.1	1.7
Finance (costs)	(19.9)	0.1	(0.7)	-	(0.7)	-	13.3	(7.2)
Profit/(loss) before amortisation and taxation	31.6	3.7	(0.8)	2.9	2.1	(0.5)	7.7	44.6
Amortisation of intangibles	(0.5)	-	(1.1)	-	(1.1)	-	(0.5)	(2.1)
Profit before taxation	31.1	3.7	(1.9)	2.9	1.0	(0.5)	7.2	42.5
Income tax expense								(8.1)
Profit for the year								34.4

Year ended 30 June 2015 (audited)

	Linden Homes £m	Galliford Try Partnerships £m	Construction Building £m	Construction Infrastructure £m	Construction Total £m	PPP Investments £m	Central Costs £m	Total £m
Group revenue and share of joint ventures' revenue	779.0	329.4	906.9	386.3	1,293.2	28.8	0.3	2,430.7
Share of joint ventures' revenue	(47.4)	(10.8)	(1.1)	(9.9)	(11.0)	(13.1)	-	(82.3)
Group revenue	731.6	318.6	905.8	376.4	1,282.2	15.7	0.3	2,348.4
Segment result:								
Profit/(loss) from operations before share of joint ventures' profit	113.9	8.5	7.7	7.7	15.4	3.7	(14.2)	127.3
Share of joint ventures' profit	10.4	0.9	0.3	-	0.3	-	-	11.6
Profit/(loss) from operations *	124.3	9.4	8.0	7.7	15.7	3.7	(14.2)	138.9
Exceptional items	-	-	(3.7)	-	(3.7)	-	-	(3.7)
Share of joint ventures' interest and tax	(6.0)	(0.5)	-	-	-	(0.1)	-	(6.6)
Profit/(loss) before finance costs, amortisation and taxation	118.3	8.9	4.3	7.7	12.0	3.6	(14.2)	128.6
Finance income	4.2	-	-	0.8	0.8	-	(0.4)	4.6
Finance (costs)	(42.7)	(0.3)	(0.8)	-	(0.8)	(0.6)	29.5	(14.9)
Profit/(loss) before amortisation and taxation	79.8	8.6	3.5	8.5	12.0	3.0	14.9	118.3
Amortisation of intangibles	(1.0)	-	(2.2)	-	(2.2)	-	(1.1)	(4.3)
Profit before taxation	78.8	8.6	1.3	8.5	9.8	3.0	13.8	114.0
Income tax expense								(21.7)
Profit for the year								92.3

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

Exceptional items of £3.4 million in the half year ended 31 December 2014 and £3.7 million in the year ended 30 June 2015 relate to the integration of Miller Construction which was acquired in July 2014. The exceptional costs comprise mainly redundancy and other restructuring costs.

Inter-segment revenue, which is priced on an arms length basis, is eliminated from Group revenue above. In the half year to 31 December 2015 this amounted to £46.5 million (31 December 2014: £47.5 million; 30 June 2015: £97.9 million) of which £24.2 million (31 December 2014: £21.0 million; 30 June 2015: £43.1 million) was in Building, £21.7 million (31 December 2014: £25.9 million; 30 June 2015: £53.5 million) was in Infrastructure, and £0.6 million (31 December 2014: £0.6 million; 30 June 2015: £1.3 million) was in central costs.

Half year ended 31 December 2015

	Linden Homes £m	Galliford Try Partnerships £m	Construction Building £m	Construction Infrastructure £m	Construction Total £m	PPP Investments £m	Central Costs £m	Total £m
Balance Sheet								
Net cash/(debt)	(640.2)	(2.6)	106.0	48.7	154.7	(4.1)	396.5	(95.7)
Borrowings								179.4
Other net assets								1,950.3
Total assets								**2,034.0**
Half year ended 31 December 2014								
Balance Sheet								
Net cash/(debt)	(579.4)	18.0	115.1	42.9	158.0	(1.6)	369.1	(35.9)
Borrowings								135.0
Other net assets								1,705.7
Total assets								1,804.8
Year ended 30 June 2015 (audited)								
Balance Sheet								
Net cash/(debt)	(560.1)	15.0	127.6	45.1	172.7	1.0	354.1	(17.3)
Borrowings								181.9
Other net assets								1,921.4
Total assets								2,086.0

4 Net finance costs

Group	**Half year to 31 December 2015 £m**	Half year to 31 December 2014 £m	Year to 30 June 2015 (audited) £m
Interest receivable on bank deposits	**0.1**	0.2	0.1
Interest receivable from joint ventures	**1.5**	0.4	3.5
Net finance income on retirement benefit obligations	**0.1**	0.1	0.2
Unwind of discount on shared equity receivables	**-**	0.7	0.8
Other	**-**	0.3	-
Finance income	**1.7**	1.7	4.6
Interest payable on borrowings	**(7.3)**	(5.6)	(12.3)
Unwind of discounted payables	**(1.1)**	(1.0)	(2.0)
Other	**-**	(0.6)	(0.6)
Finance costs	**(8.4)**	(7.2)	(14.9)
Net finance costs	**(6.7)**	(5.5)	(10.3)

Notes to the condensed consolidated half year financial statements
for the half year ended 31 December 2015 (unaudited)

5. Income tax expenses

The taxation expense on profit for the period of 19.0% (31 December 2014: 19.0%) reflects the estimated effective tax rate for the full financial year to 30 June 2016.

6. Earnings per share

Basic and diluted earnings per share

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

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

	Half year to 31 December 2015			Half year to 31 December 2014			Year to 30 June 2015 (audited)		
	Earnings £m	**Weighted average number of shares**	**Per share amount pence**	Earnings £m	Weighted average number of shares	Per share amount pence	Earnings £m	Weighted average number of shares	Per share amount pence
Basic EPS									
Earnings attributable to ordinary shareholders pre exceptional items	**42.8**	**81,931,402**	**52.2**	37.2	81,818,306	45.5	95.2	81,833,586	116.3
Earnings attributable to ordinary shareholders post exceptional items	**42.8**	**81,931,402**	**52.2**	34.4	81,818,306	42.0	92.3	81,833,586	112.8
Effect of dilutive securities:									
Options		**1,127,943**			1,510,332			1,400,331	
Diluted EPS	**42.8**	**83,059,345**	**51.5**	34.4	83,328,638	41.3	92.3	83,233,917	110.9

7. Dividends

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

	Half year to 31 December 2015		Half year to 31 December 2014		Year to 30 June 2015 (audited)	
	£m	**pence per share**	£m	pence per share	£m	pence per share
Previous year final	**37.9**	**46.0**	31.3	38.0	31.3	38.0
Current period interim	**-**	**-**	-	-	18.0	22.0
Dividend recognised in the year	**37.9**	**46.0**	31.3	38.0	49.3	60.0

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

	Half year to 31 December 2015		Half year to 31 December 2014		Year to 30 June 2015 (audited)	
	£m	**pence per share**	£m	pence per share	£m	pence per share
Interim	**21.4**	**26.0**	18.0	22.0	18.0	22.0
Final	**-**	**-**	-	-	37.9	46.0
Dividend relating to the year	**21.4**	**26.0**	18.0	22.0	55.9	68.0

The interim dividend for 2016 of 26.0 pence per share was approved by the board on 25 February 2016 and has not been included as a liability as at 31 December 2015. This interim dividend will be paid on 7 April 2016 to shareholders who are on the register at the close of business on 29 March 2016.

8. Goodwill

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

The goodwill is attributable to the following business segments:

	Half year to 31 December 2015	Half year to 31 December 2014	Year to 30 June 2015 (audited)
	£m	£m	£m
Linden Homes	**52.5**	52.2	52.5
Galliford Try Partnerships	**5.8**	5.8	5.8
Building	**40.0**	34.2	40.0
Infrastructure	**37.2**	37.2	37.2
	135.5	129.4	135.5

As stated in the annual financial statements for the year ended 30 June 2015, detailed impairment reviews were carried out for all business segments. Consideration has been given as to whether any events have occurred since the year ended 30 June 2015 which would give rise to an impairment and none have been identified.

9. Developments

	31 December 2015	31 December 2014	30 June 2015 (audited)
	£m	£m	£m
Land	**708.5**	660.1	745.4
Work in progress	**253.4**	234.5	234.0
	961.9	894.6	979.4

10. Trade and other receivables

	31 December 2015	31 December 2014	30 June 2015 (audited)
	£m	£m	£m
Amounts falling due within one year:			
Trade receivables	**204.5**	209.8	178.2
Less: Provision for impairment of receivables	**(0.4)**	(2.6)	(1.6)
Trade receivables - net	**204.1**	207.2	176.6
Amounts recoverable on construction contracts	**238.0**	152.1	260.4
Amounts due from joint venture undertakings	**169.8**	76.9	161.2
Other receivables	**47.7**	70.0	46.4
Prepayments and accrued income	**75.5**	32.0	66.9
	735.1	538.2	711.5
Amounts falling due after more than one year:			
Amounts due from joint venture undertakings	**35.1**	40.6	27.8
Other receivables	**0.5**	0.6	0.5
	35.6	41.2	28.3

11. Cash and cash equivalents

	31 December 2015	31 December 2014	30 June 2015 (audited)
	£m	£m	£m
Cash and cash equivalents excluding bank overdrafts	**83.7**	123.8	164.9
Current borrowings	**(0.2)**	(24.7)	(0.3)
Non-current borrowings	**(179.2)**	(135.0)	(181.9)
Net (debt)	**(95.7)**	(35.9)	(17.3)

12. Trade and other payables

	31 December 2015	31 December 2014	30 June 2015 (audited)
	£m	£m	£m
Payments received on account on construction contracts	**49.2**	29.4	32.1
Trade payables	**265.4**	289.2	270.6
Development land payables	**173.6**	141.9	190.2
Amounts due to joint venture undertakings	**41.4**	7.6	15.9
Other taxation and social security payable	**16.2**	18.6	25.2
Other payables	**19.8**	11.8	3.3
Accruals and deferred income	**503.4**	457.8	542.5
	1,069.0	956.3	1,079.8

13. Other non-current liabilities

	31 December 2015	31 December 2014	30 June 2015 (audited)
	£m	£m	£m
Development land payables	**169.1**	136.0	200.7
Other payables	**0.5**	0.5	3.4
Accruals and deferred income	**31.1**	7.2	33.6
	200.7	143.7	237.7

14. Retirement benefit obligations

The amounts recognised in the balance sheet are as follows:

	31 December 2015	31 December 2014	30 June 2015 (audited)
	£m	£m	£m
Fair value of plan assets	**218.6**	222.3	220.1
Present value of defined benefit obligations	**(211.3)**	(224.5)	(218.9)
Surplus/(deficit) in scheme recognised as non-current asset/(liability)	**7.3**	(2.2)	1.2

The principal actuarial assumptions used to calculate the liabilities as at 31 December 2015 have been set in a consistent manner to those adopted at 30 June 2015. These assumptions will change as market conditions change over time.

An actuarial gain of £3.0 million (31 December 2014: loss of £6.0 million; 30 June 2015: loss of £5.8 million) has been taken to the condensed consolidated statement of comprehensive income.

15. Financial instruments

The Group's activities expose it to a variety of financial risks. The condensed consolidated half year financial statements do not include all financial risk management information and disclosures required in the annual financial accounts; they should be read in conjunction with the Group's financial statements for the year ended 30 June 2015.

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

Financial liabilities - derivative financial liabilities

The fair value of interest rate swaps is detailed below:

	31 December 2015 £m	31 December 2014 £m	30 June 2015 (audited) £m
Non-current liabilities	**1.0**	1.1	0.3

Fair value estimation

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

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

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

	31 December 2015			31 December 2014			30 June 2015 (audited)		
	Level 2 £m	**Level 3 £m**	**Total £m**	Level 2 £m	Level 3 £m	Total £m	Level 2 £m	Level 3 £m	Total £m
Assets									
Available -for-sale financial assets									
- Shared equity receivables	**-**	**0.7**	**0.7**	-	20.0	20.0	-	0.8	0.8
- Equity securities	**10.6**	**-**	**10.6**	13.2	-	13.2	10.2	-	10.2
Total	**10.6**	**0.7**	**11.3**	13.2	20.0	33.2	10.2	0.8	11.0
Liabilities									
Derivatives used for hedging	**(1.0)**	**-**	**(1.0)**	(1.1)	**-**	(1.1)	(0.3)	**-**	(0.3)
Total	**(1.0)**	**-**	**(1.0)**	(1.1)	-	(1.1)	(0.3)	-	(0.3)

There were no transfers between levels during the period. The valuation techniques used to derive Level 2 fair values are consistent with those set out in the 30 June 2015 financial statements. Level 3 fair values are determined using valuation techniques that include inputs not based on observable market data.

Fair value measurements using significant unobservable inputs (Level 3)

	31 December 2015	31 December 2014	30 June 2015 (audited)
Opening balance	**0.8**	22.3	22.3
Unwind of discount on shared equity receivables	**-**	0.7	0.8
Impairment	**-**	(0.7)	(0.5)
Disposals	**(0.1)**	(2.3)	(21.8)
Closing balance	**0.7**	20.0	0.8

The valuation process for Level 3 is consistent with that disclosed in the 30 June 2015 audited report.

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

The total impact in the period of Level 3, taken to the income statement, is £Nil (31 December 2014: gain £0.1 million; 30 June 2015: charge £0.1 million) in cost of sales and £Nil (31 December 2014: £0.6 million; 30 June 2015: £0.8 million) in finance income.

Notes to the condensed consolidated half year financial statements
for the half year ended 31 December 2015 (unaudited)

16. Guarantees and contingent liabilities

Galliford Try plc has entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued in the normal course of business on behalf of Group undertakings, including joint arrangements and joint ventures, amounting to £306.2 million (31 December 2014: £329.7 million; 30 June 2015: £312.3 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. While the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Group's financial position.

17 Related parties

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

Group

	Sales to related parties			Purchases from related parties			Amounts owed by related parties			Amounts owed to related parties		
	31 Dec 2015 £m	31 Dec 2014 £m	30 Jun 2015 (audited) £m	**31 Dec 2015 £m**	31 Dec 2014 £m	30 Jun 2015 (audited) £m	**31 Dec 2015 £m**	31 Dec 2014 £m	30 Jun 2015 (audited) £m	**31 Dec 2015 £m**	31 Dec 2014 £m	30 Jun 2015 (audited) £m
Trading transactions												
Joint ventures	**26.1**	18.0	97.6	**-**	7.2	-	**13.4**	53.0	86.4	**12.7**	7.6	6.7
Jointly controlled operations	**12.2**	9.7	22.4	**0.2**	-	1.5	**2.5**	3.2	8.5	**28.7**	-	7.9

	Interest and dividend income from related parties			Loans to related parties		
	31 Dec 2015 £m	31 Dec 2014 £m	30 Jun 2015 (audited) £m	**31 Dec 2015 £m**	31 Dec 2014 £m	30 Jun 2015 (audited) £m
Non-trading transactions						
Joint ventures	**1.5**	0.4	3.3	**188.8**	61.3	94.1

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties which may have a material impact on the Group's performance in the second half of the financial year remain the same as those outlined on pages 14 and 15 of the Group's annual report and financial statements for the year ended 30 June 2015. These can be summarised as health, safety, environmental and community; people; supply chain; macro environment; markets; and corporate.

Forward looking statements

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

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

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

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

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

The directors of Galliford Try plc are:

Greg Fitzgerald	Non executive Chairman
Peter Truscott	Chief Executive
Graham Prothero	Finance Director
Ken Gillespie	Chief Operating Officer
Peter Ventress	Deputy Chairman and Senior Independent Director
Andrew Jenner	Non executive director
Ishbel Macpherson	Non executive director
Terry Miller	Non executive director
Gavin Slark	Non executive director

Signed on behalf of the board

Peter Truscott
Chief Executive

Graham Prothero
Finance Director

25 February 2016

Independent review report to Galliford Try plc

Report on the condensed consolidated half year financial statements

Our conclusion

We have reviewed Galliford Try plc's condensed consolidated half year financial statements (the "interim financial statements") in the half year report of Galliford Try plc for the 6 month period ended 31 December 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 31 December 2015;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

PricewaterhouseCoopers LLP
Chartered Accountants
London

25 February 2016

a) The maintenance and integrity of the Galliford Try plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.