3 MARCH 2022

GALLIFORD TRY HOLDINGS PLC

HALF YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Continuing strong financial and operational performance

- **Profit before tax increased to £7.1m** (H1 2021: £4.1m) before exceptional costs[1].
- **Revenue increased 10% to £594m** (H1 2021: £542m).
- **Divisional operating margin increased to 2.2%** (H1 2021: 1.6%)[2].
- **Strong balance sheet**, with average month-end cash for the period of £180m (H1 2021: £158m) and PPP asset portfolio of £48m (June 2021: £49m).
- **Positive outlook** supported by high quality and sector focused order book of £3.4bn (H1 2021: £3.3bn) with 95% and 81% of projected FY22 and FY23 revenue secured.
- **Interim dividend up 83%** to 2.2p per share (H1 2021: 1.2p), with improved future dividend cover now set at 2.0x annual earnings.
- **Enlarged Environment business** has successfully integrated the nmcn water business acquired in October 2021, enhancing service delivery and capabilities.
- **Delivering on our Sustainable Growth Strategy** and on track for our financial targets to 2026 and carbon reduction commitments.

	H1 2022 Pre-exceptional[1]	H1 2022 Post-exceptional[1]	H1 2021[3]
Revenue	**£594m**	£594m	£542m
Operating profit/(loss) before amortisation	**£6.9m**	£(2.8)m	£3.9m
Divisional operating margin[2]	**2.2%**	n/a	1.6%
Profit/(loss) before tax	**£7.1m**	£(2.6)m	£4.1m
Earnings/(loss) per share	**5.9p**	(1.2)p	3.4p
Interim dividend per share	**2.2p**	2.2p	1.2p
Average month end cash	**£180m**	£180m	£158m
Order book	**£3.4bn**	£3.4bn	£3.3bn

1. H1 2022 £9.7m exceptional items relate to the acquisition of nmcn's water business (£6.3m) and the implementation of cloud-based ERP systems (£3.4m). There were no exceptional items in H1 2021.
2. Operating margin is defined as pre-exceptional operating profit before amortisation as a percentage of revenue.
3. H1 2021 financial information relates to continuing operations, unless otherwise stated.

Bill Hocking, Chief Executive, commented:

"The Group has continued to perform well in the first half of the financial year, successfully managing industry-wide material shortages and inflation. I am pleased to report that we are making good progress against our Sustainable Growth Strategy, and our target of 3% divisional operating margin across Building and Infrastructure.

The acquisition of nmcn's water businesses is fully aligned with our strategy and offers significant opportunity for our growing Environment business - enhancing our water, engineering, off-site build and asset optimisation capabilities.

I am excited about the future given our excellent people, strong balance sheet, market leading sector positions, investment in supplier relationships and high-quality order book. The Group continues to trade well and is well placed to continue to deliver strong performance and long-term sustainable value for all our stakeholders."

Enquiries to:

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This announcement contains inside information. The person responsible for making this announcement on behalf of Galliford Try is Kevin Corbett, General Counsel & Company Secretary.

Galliford Try's next Trading Update is scheduled for 14 July 2022. A two-hour business presentation for analysts and investors, focusing on selected key sectors, is being planned for May 2022, and further details will be published in due course.

Presentations

A conference call for analysts and institutional investors will be held at 09:30am GMT today, Thursday 3 March 2022. To register for this event please follow this link:

https://webcasting.brrmedia.co.uk/broadcast/61fa51a103a82511450ab572

Should you wish to ask a question, please dial-in on +44 (0)330 336 9601 using confirmation code 5532111, as it will not be possible to submit a question via the webcast link.

An open presentation and Q&A session for retail investors will be held on 7 March 2022 at 2.30pm GMT. Investors can register for the event via this link https://www.investormeetcompany.com/galliford-try-holdings-plc/register-investor

STRATEGY

In September 2021 we set out our Sustainable Growth Strategy which balances financial targets with wider commitments and aspirations to create long term value for all our stakeholders. The Group will deliver sustainable and profitable revenue growth through:

- our continued focus on the public and regulated sectors, and work with high-quality private sector clients, and
- delivering for our clients through our regional building businesses and national highways and environment businesses.

Our Sustainable Growth Strategy is supported by current market conditions and benefits from our continuing focus on risk management. We are making good progress against our financial targets to 2026, which we set out at the Full Year 2021 results in September 2021:

Divisional operating margin	3.0% across Building and Infrastructure, with a focus on bottom line growth
Revenue	growing towards £1.6bn, through disciplined contract selection and sustainable profitable growth
Cash	strong balance sheet and operating cash generation
Dividends	sustainable dividends, with dividend cover of 2.0 times annual earnings

The Group's strategic priorities are a progressive culture, socially responsible delivery, focus on quality and innovation, and sustainable financial returns. Our clear strategy will:

- retain our strong platform for sustainable growth, with a particular focus on our progressive culture, appropriate risk management and commercial discipline;
- improve our operational performance and drive margin progression; and
- deliver strong predictable cash flows, margin growth and sustainable returns.

RISK MANAGEMENT AND ORDER BOOK

Fundamental to the Group's strategy is management's focus on commercial discipline and appropriate risk management, and this is reflected in the quality of contracts in our order book. Over 87% of the contracts in our order book are sourced from frameworks, which provide a pipeline of work with repeat clients using established terms and conditions.

At 31 December 2021 the Group had a high-quality order book of £3.4bn (H1 2021: £3.3bn) of which 90% is in the public and regulated sectors and 10% is in the private sector. 95% of projected revenue for the current financial year is secured, and 81% is secured for the next financial year (H1 2021: 96% and 76% respectively).

OUTLOOK

The Group continues to trade well, delivering controlled growth and margin improvement in line with our plan to operate sustainably and deliver increased shareholder value.

Our strong financial position, disciplined approach to bidding and project management, and active engagement with our supply chain have proved particularly important during the recent period of industry-wide materials shortages and inflation. We are continuing to manage these challenges effectively and without any material impact on trading.

We are encouraged by the pipeline of new opportunities across our chosen sectors, which align with our Sustainable Growth Strategy. We have a strong track record and focus on the public and regulated sectors, are well placed to benefit from increasing Government investment in economic and social infrastructure, and our pipeline of work with high quality private sector clients remains robust.

The Group's strong balance sheet continues to be a differentiator, supporting our ability to win high quality contracts and framework positions as well as providing confidence to our supply chain. We are well positioned to capitalise on current market conditions and are operating in sectors with significant future opportunities.

DIVIDEND AND CAPITAL ALLOCATION

The Board continues to prioritise maintaining a strong balance sheet with key capital allocation objectives being:

- ***Supporting operational requirements and strategic opportunities***
  A strong balance sheet is an important element in delivering the Group's Sustainable Growth Strategy, as it provides a competitive advantage in the market, supports the Group's disciplined approach, and provides confidence to our clients and supply chain. Furthermore, and as demonstrated by the recent acquisition of the water businesses of nmcn, a strong cash balance sheet enables the Group to react quickly to strategic opportunities, including bolt-on acquisitions that enhance our capabilities and increase future value.

- ***Mitigating the effect of future market downturns***
  The current outlook across our markets remains very encouraging and supports our strategy, but the Group ensures that it is prepared for any adverse change in market conditions that may arise. Our strong balance sheet is particularly important for the Group to continue to operate its disciplined approach to contract selection and focus on operating margin, irrespective of any short term economic concerns. The recent inflationary pressures clearly demonstrate the value and importance of the Group's risk management framework and focus.

- ***Paying sustainable dividends to shareholders***
  The Board understands the importance of dividends to shareholders, and in setting its dividend considers the Group's profitability, its strong balance sheet, high quality order book and longer term prospects. Consistent with this approach the Group expects dividend per share to increase in line with earnings, with dividend cover of 2.0 times annual earnings (improved compared to the previously stated cover range of 2.0 to 2.5 times earnings).

We continue to assess the cash requirements of the business to ensure the Group remains well positioned to deliver on its Sustainable Growth Strategy and has sufficient funds to invest in the business. Given the capital allocation priorities and requirements set out above, the Board does not expect the average month-end cash requirements of the Group to increase at the same rate as either revenue or profit before tax as we deliver our financial targets to June 2026. If average month-end cash sustainably increases above the level required, then the Board will consider making additional returns to shareholders.

In the context of the framework set out above, the directors have reviewed the Group's pre-exceptional results and the encouraging outlook for the current financial year and have declared an interim dividend of 2.2p per share which will be paid on 8 April 2022 to shareholders on the register at the close of business on 11 March 2022.

OPERATING SUSTAINABLY

Operating sustainably is at the heart of our strategy, as is responding to stakeholder needs and creating long-term value. This comes from the recognition that being sustainable makes us more efficient, helps us to win work, engages our employees and benefits communities and the environment.

We have continued to make significant progress across all six pillars of our sustainability agenda, which are mapped to the UN Sustainable Development Goals:

Health, safety and wellbeing
The health, safety and wellbeing of our staff, subcontractors, suppliers, clients and the public remains the Group's top priority. This was reflected in our employee survey, where our highest scoring area was health and safety, with 95% of respondents stating we give health and safety high priority. We were awarded Construction News' Health and Safety Excellence Award for our Anstey Lane project which saw no accidents or safety incidents across 93,000 hours worked.

We continue to prioritise proactive management measures in our pursuit of no harm. This is driven by our behavioural safety programme, Challenging Beliefs, Affecting Behaviour, which is based on awareness, training, coaching and visible leadership, and forms the backbone of our approach. As the business grows, we want to ensure our health and safety processes are tailored to the size and scope of our activities.

All our workplaces continue to have specific Covid-19 risk assessments to ensure works are carried out safely in accordance with the latest industry and Government guidance.

Our people
Success comes from our people, which is why we put such a focus on being a people-orientated, progressive business, driven by our values. In an increasingly competitive market for talent, we seek to retain and attract talented individuals, creating an inclusive environment where they are motivated to give their best.

In our latest 2021 employee survey, our employee advocacy score was 85%. We also achieved an excellent engagement score of 72%, which is above both the UK and construction sector benchmarks of 71% and 70% respectively.

Early careers are the focus of many of our recruitment activities, as they allow us to grow our own talent. Our Graduate Programme and apprenticeships and traineeships remain popular, with 6.2% of our workforce in early careers positions. We are a gold member of the 5% club, an organisation focused on investing in the next generation. We are continuing to address the historic under-representation of women in the construction industry with female representation across our business now at 20.6%.

Our Employee Forum, chaired by the Group's Senior Independent Director, provides direct engagement with individuals from across the Group and enables us to better understand how we can be an employer of choice. Insights from the forum have guided our approach to mental health and wellbeing and supporting staff through the pandemic.

Environment and climate change
Tackling climate change is an essential sustainability priority for us as a business and many of our clients, investors, people and regulators.

We have pledged to achieve net zero carbon across our own operations by 2030, widening that scope to include all activities by 2045 at the latest. To provide a clear route to reduce greenhouse gas emissions, we have also committed to setting and achieving a science-based target verified by the Science Based Targets initiative (SBTi). In doing so, we have joined the Business Ambition for 1.5°C to limit global warming to 1.5 degrees and the UN-backed campaign Race to Zero. In December, we were named as an official Business Champion of the Construction Leadership Council's CO2nstruct Zero programme.

We have established a cross-disciplinary Carbon Reduction Working Group which co-ordinates our carbon reduction initiatives across a range of areas including the development of carbon calculator tools, expanded scope 3 reporting, employee carbon literacy training and supply chain engagement. We are focusing on how we design, build and maintain low carbon infrastructure and buildings, consideration of appropriate materials and construction methodologies, operational energy consumption and end-of-life decommissioning, working closely with clients, designers, and our supply chain.

We are already well advanced on our carbon reduction journey across our own operations. We manage and mitigate our environmental impacts through our ISO 14001 certified management system and have further reduced carbon dioxide equivalent emissions (Scope 1, 2 and operational Scope 3) in 2021.

Clients
Delivering excellence for our clients is important to the long-term sustainability of our business. We work in partnership with our clients to deliver high-quality, sustainable buildings and infrastructure, using the latest technology and innovation to improve quality, value and productivity.

Our focus on building trusted relationships with our clients is reflected in the fact that 93% of work in our order book is repeat business. We achieve this through adherence to our Business Management System, underpinned by our accreditation to the ISO 44001 Collaborative Business Relationships Standard, placing the client at the heart of what we do.

Communities
Delivering a legacy of positive social value outcomes in the communities in which we operate is an integral part of our strategy. This is the right thing to do as a responsible business and it is also an increasingly important priority for our clients. During the year, we continued to develop the tools that we use to capture and monitor the positive social value outcomes that we are delivering to the wider community, including the impact on the local economy through job creation and spend with the local supply chain, apprenticeships, work experience, training, and volunteering.

The Group achieved an average Considerate Constructors Scheme score of 41.1 (HY 2021: 40.3), which exceeds the industry average of 38.5 (2021: 37.8).

Supply chain
As a socially responsible organisation, we are committed to maintaining relationships with our supply chain and prompt payment is at the core of that. We pay 98% of invoices within 60 days, exceeding the target of 95% set by the Prompt Payment Code (PPC).

Our Advantage through Alignment programme provides selected suppliers with greater insight into our operations and pipeline and provides access to our training programmes.

We continue to retain Gold status from the Supply Chain Sustainability School, an award-winning collaboration designed to upskill its members through free training and resources covering sustainability, off-site manufacturing and BIM.

FINANCIAL REVIEW

The Group has delivered further good operational progress and maintained its strong financial position, performing well against our Sustainable Growth Strategy and remaining on track to deliver against our financial targets to 2026, with performance for the period in line with the Board's expectations.

Revenue for the half year to 31 December 2021 increased 10% to £594.0m (H1 2021: £541.7m). This increase reflects disciplined growth in both Building and Infrastructure.

Pre-exceptional operating profit before amortisation increased to £6.9m (H1 2021: £3.9m). Building generated profit of £8.4m (H1 2021: £6.0m), representing an operating margin of 2.2% (H1 2021: 1.6%), and Infrastructure generated profit of £4.3m (H1 2021: £2.4m), representing an operating margin of 2.1% (H1 2021: 1.5%). The combined divisional operating margin was 2.2% (H1 2021: 1.6%), with the improvement progressing in line with our strategic targets. Net interest income was £1.4m (H1 2021: £1.2m).

Pre-exceptional profit before tax was £7.1m (H1 2021: £4.1m). Exceptional items of £9.7m have been incurred in the period, resulting in a post-exceptional loss before tax of £2.6m. As set out in note 5 to the financial information, £6.3m relates to the acquisition and integration of the nmcn water businesses, acquired in October 2021, and £3.4m relates to our investment in cloud-based enterprise resource planning (ERP) systems as required by accounting guidance. There were no exceptional items in H1 2021.

The pre-exceptional taxation charge of £0.6m reflects a forecast effective tax rate of 8.9% (H1 2021: 7.1%) for the year to 30 June 2022.

Based on pre-exceptional earnings per share of 5.9p (H1 2021: 3.4p), and the outlook for the remainder of the financial year, the Board has declared an interim dividend of 2.2p (H1 2021: 1.2p).

As previously disclosed, the Group provided services in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. Our work on these contracts formally ceased following their termination in August 2018. Costs were significantly impacted by client-driven scope changes and the Group has submitted claims and variations to the value of circa £95m in respect of these costs (June 2021: £95m). The Group is progressing recovery having received extensive advice on our entitlement, and we have been successful in two adjudications supporting the validity of the Group's position. Taking into account the requirements of IFRS 15, the Group constrained the revenue recognised in prior periods to the extent that it is highly probable not to result in a significant reversal in the future. As at 31 December 2021 the Group has updated its assessed recoverability in accordance with IFRS 15 and expected credit loss provision in accordance with IFRS 9, both of which assessments are unchanged in the period.

Our strong balance sheet is important to our clients and supply chain and enables the Group to maintain appropriate discipline when bidding for new work. We are pleased to have reported further improvements in our prompt payment performance in the period to 31 December 2021, with 98% of invoices paid within 60 days and average days to pay reduced to 25.

The acquisition of nmcn's water businesses in October 2021 has resulted in an increase in intangible assets of £5.8m and in goodwill of £6.5m. The acquisition is an excellent strategic fit with our existing Environment business and has also increased our operational capabilities. The acquisition has contributed £12.7m turnover and £0.6m of pre-exceptional profit in the period. Further details are set out in note 17 to the financial information.

The Group is well capitalised, maintaining its focus on disciplined cash management in line with the Board's key capital allocation objectives. The Group operates with daily net cash, no debt facilities, and no defined benefit pension liabilities. Average month end cash balances for the first half year were strong at £180m. The Group also benefits from a PPP asset portfolio of £48.3m, reflecting a blended 7% discount rate and generating interest income as set out above.

OPERATIONAL REVIEW

Building

Building operates through 12 regional offices, serving a range of public and commercial clients across the UK, with a focus on the Education, Defence, Justice and Health sectors, where we have core and proven strengths. Building also has a substantial presence in Scotland operating as Morrison Construction. Our FM business complements these operations by providing building maintenance services and we continue to grow the capabilities of this operation.

	H1 2022	H1 2021	**Change**
Revenue (£m)	**386.2**	374.5	+3.1%
Operating profit before amortisation (£m)	**8.4**	6.0	+40%
Operating margin (%)	**2.2**	1.6	+0.6ppt
Order book (£bn)	**2.0**	2.0	- %

Building generated revenue of £386.2m (H1 2021: £374.5m). Operating profit before amortisation was £8.4m (H1 2021: £6.0m), resulting in an improved operating margin of 2.2% (H1 2021: 1.6%). The margin increase reflects encouraging performance of projects across the business and our strategy of focusing on bottom line growth.

During the first six months of the year, Building won contracts and framework positions across our chosen sectors. These appointments included:

- the new four-year £1.6bn LHC Public Buildings, Construction and Infrastructure PB3 framework which covers projects across all public sector buildings,
- a share of the £7bn Department for Education 2021 Construction Framework,
- the £55m Galashiels Community Campus on behalf of Scottish Borders Council and Hub South East, and
- a £56m private rented sector (PRS) scheme in Milton Keynes.

Building currently has an order book of £2.0bn (H1 2021: £2.0bn), including 34% in Education, 18% in Defence and Custodial, 19% in Facilities Management and 12% in Health.

Infrastructure

Infrastructure carries out civil engineering projects across the UK, primarily Highways and Environment (incorporating principally our activities in water and wastewater). This business maintains long-term relationships with customers with whom we have a strong track record, focusing on public and regulated sector work and bids with early contractor involvement.

	H1 2022	H1 2021	**Change**
Revenue (£m)	**204.4**	164.1	+24.6%
Operating profit before amortisation (£m)	**4.3**	2.4	+79.2%
Operating margin (%)	**2.1**	1.5	+0.6ppt
Order book (£bn)	**1.4**	1.3	+7.7%

Infrastructure grew revenue to £204.4m (H1 2021: £164.1m), as the AMP7 water programmes increased activity. Operating profit before amortisation and exceptional items was £4.3m (H1 2021: £2.4m), with a 2.1% operating margin (H1 2021: 1.5%).

Following the acquisition of nmcn's water businesses, in October 2021, we have restructured our Environment business to provide enhanced service delivery across UK operations including water, engineering, off-site build and asset optimisation, and asset security. The acquisition has provided the Group with additional geographic scale and increased capabilities in the water sector. We have made excellent progress on the integration in the period.

During the first six months of the year, Infrastructure won contracts and positions on frameworks worth £174m in addition to the contract positions acquired with nmcn. These appointments included our share of the £3.5bn Scheme Delivery Framework for National Highways.

Infrastructure currently has an order book of £1.4bn (H1 2021: £1.3bn) comprising £510m in Highways and £860m in Environment.

PPP Investments

PPP Investments delivers major building and infrastructure projects through public private partnerships, generating work for the wider Group in the process. The business leads bid consortia and arranges finance, making equity investments and managing construction through to operations. PPP Investments supports our Building and Infrastructure businesses and is currently increasing its co-development and investment activities in the private rental sector (PRS).

	H1 2022	H1 2021	**Change**
Revenue (£m)	**3.4**	3.1	+9.7%
Operating (loss) (£m)	**(0.5)**	(0.7)	+28.6%
Asset valuation (£m)	**48.3**	44.1	+£4.2m
Net interest income (£m)	**2.0**	1.8	+£0.2m

With the reduction in traditional PPP/PFI bidding opportunities, PPP Investments has continued to move its focus towards co-development projects. During the half year, it successfully achieved planning on its first PRS scheme, which is expected to start on site during 2022.

For the first half of 2021, revenue was £3.4m (H1 2021: £3.1m), on which the loss from operations was £0.5m (H1 2021: £0.7m loss).

At 31 December 2021 the Group directors' valuation of our PPP portfolio was £48.3m (H1 2021: £44.1m; June 2021: £49.1m), reflecting a blended 7.0% discount rate (H1 2021: 8.0%: June 2021 7.0%). These assets contribute to our balance sheet strength and generated interest income in the period of £2.0m (H1 2021: £1.8m).

Condensed consolidated income statement
for the half year ended 31 December 2021 (unaudited)

	Notes	**Half year to 31 December 2021 Pre-exceptional items £m**	**Half year to 31 December 2021 Exceptional items (note 5) £m**	**Half year to 31 December 2021 Total £m**	Half year to 31 December 2020 Total £m	Year to 30 June 2021 (audited) Total £m
Revenue	3, 4	**594.0**	**–**	**594.0**	541.7	1,124.8
Cost of sales		**(554.5)**	**(5.2)**	**(559.7)**	(508.7)	(1,049.7)
Gross profit/(loss)		**39.5**	**(5.2)**	**34.3**	33.0	75.1
Administrative expenses		**(33.8)**	**(4.5)**	**(38.3)**	(30.1)	(67.1)
Operating profit/(loss)		**5.7**	**(9.7)**	**(4.0)**	2.9	8.0
Share of post-tax profit from joint ventures		**–**	**–**	**–**	–	0.5
Finance income	6	**2.1**	**–**	**2.1**	1.9	4.1
Finance costs	6	**(0.7)**	**–**	**(0.7)**	(0.7)	(1.2)
Profit/(loss) before income tax		**7.1**	**(9.7)**	**(2.6)**	4.1	11.4
Income tax (expense)/credit	7	**(0.6)**	**1.9**	**1.3**	(0.3)	(1.0)
Profit/(loss) from continuing operations for the period		**6.5**	**(7.8)**	**(1.3)**	3.8	10.4
Loss from discontinued operations, net of income tax for the period		**–**	**–**	**–**	(2.1)	(2.7)
Profit/(loss) for the period		**6.5**	**(7.8)**	**(1.3)**	1.7	7.7
Earnings per share						
Basic						
- Profit/(loss) from continuing operations attributable to ordinary shareholders	9	**5.9p**		**(1.2)p**	3.4p	9.5p
- Profit/(loss) attributable to ordinary shareholders	9	**5.9p**		**(1.2)p**	1.5p	7.0p
Diluted						
- Profit/(loss) from continuing operations attributable to ordinary shareholders	9	**5.6p**		**(1.2)p**	3.4p	9.1p
- Profit/(loss) attributable to ordinary shareholders	9	**5.6p**		**(1.2)p**	1.5p	6.8p

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 2021 (unaudited)

	Notes	**Half year to 31 December 2021 £m**	Half year to 31 December 2020 £m	Year to 30 June 2021 (audited) £m
(Loss)/profit for the period		**(1.3)**	1.7	7.7
Other comprehensive (expense)/income:				
Items that may be reclassified subsequently to profit or loss				
Movement in fair value of PPP and other investments – continuing operations	11	**(0.4)**	3.6	7.3
Total items that may be reclassified subsequently to profit or loss		**(0.4)**	3.6	7.3
Other comprehensive (expense)/income for the period net of tax		**(0.4)**	3.6	7.3
Total comprehensive (expense)/income for the period		**(1.7)**	5.3	15.0

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

Condensed consolidated balance sheet
at 31 December 2021 (unaudited)

	Notes	**31 December 2021 £m**	31 December 2020 £m	30 June 2021 (audited) £m
Assets				
Non–current assets				
Intangible assets	17	**10.3**	6.8	5.7
Goodwill	10	**83.7**	77.2	77.2
Property, plant and equipment		**3.6**	3.8	4.4
Right of use assets		**21.9**	20.0	19.5
Investments in joint ventures		**0.2**	–	0.2
PPP and other investments	11	**48.3**	44.1	49.1
Deferred income tax assets		**14.1**	7.3	14.3
Total non–current assets		**182.1**	159.2	170.4
Current assets				
Trade and other receivables	12	**235.1**	230.9	243.3
Current income tax assets		**8.0**	15.8	8.8
Cash and cash equivalents		**211.1**	211.1	216.2
Total current assets		**454.2**	457.8	468.3
Total assets		**636.3**	617.0	638.7
Liabilities				
Current liabilities				
Trade and other payables	13	**(487.2)**	(471.9)	(485.4)
Lease liabilities		**(8.5)**	(8.2)	(7.3)
Total current liabilities		**(495.7)**	(480.1)	(492.7)
Non–current liabilities				
Lease liabilities		**(13.4)**	(11.2)	(11.9)
Total non–current liabilities		**(13.4)**	(11.2)	(11.9)
Total liabilities		**(509.1)**	(491.3)	(504.6)
Net assets		**127.2**	125.7	134.1
Equity				
Ordinary shares		**55.5**	55.5	55.5
Other reserves		**118.4**	85.7	118.4
Retained earnings		**(46.7)**	(15.5)	(39.8)
Total shareholders' equity		**127.2**	125.7	134.1

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 2021 (unaudited)

	Notes	Ordinary shares £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
As at 31 December 2021					
At 30 June 2021		**55.5**	**118.4**	**(39.8)**	**134.1**
Loss for the period		**–**	**–**	**(1.3)**	**(1.3)**
Other comprehensive expense		**–**	**–**	**(0.4)**	**(0.4)**
Total comprehensive expense for the period		**–**	**–**	**(1.7)**	**(1.7)**
Transactions with owners:					
Dividends	8	**–**	**–**	**(3.9)**	**(3.9)**
Share–based payments		**–**	**–**	**0.7**	**0.7**
Purchase of own shares		**–**	**–**	**(2.0)**	**(2.0)**
At 31 December 2021		**55.5**	**118.4**	**(46.7)**	**127.2**
As at 31 December 2020					
At 30 June 2020		55.5	85.7	(20.7)	120.5
Profit for the period		–	–	1.7	1.7
Other comprehensive income		–	–	3.6	3.6
Total comprehensive income for the period		–	–	5.3	5.3
Transactions with owners:					
Share–based payments		–	–	0.3	0.3
Purchase of own shares		–	–	(0.4)	(0.4)
At 31 December 2020		55.5	85.7	(15.5)	125.7
As at 30 June 2021 (audited)					
At 30 June 2020		55.5	85.7	(20.7)	120.5
Profit for the year		–	–	7.7	7.7
Other comprehensive income		–	–	7.3	7.3
Total comprehensive income for the year		–	–	15.0	15.0
Transactions with owners:					
Dividends	8	–	–	(1.3)	(1.3)
Purchase of shares		–	–	(1.1)	(1.1)
Share–based payments – continuing operations		–	–	1.0	1.0
Recycling of retained earnings to merger reserve on reversal of impairment of investment in Galliford Try Limited		–	32.7	(32.7)	–
At 30 June 2021		55.5	118.4	(39.8)	134.1

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 2021 (unaudited)

	Half year to 31 December 2021 £m	Half year to 31 December 2020 £m	Year to 30 June 2021 (audited) £m
Cash flows from operating activities			
Pre-exceptional profit for the period	**6.5**	1.7	7.7
Exceptional loss for the period	**(7.8)**	–	–
(Loss)/profit for the period	**(1.3)**	1.7	7.7
Adjustments for:			
Loss from discontinued operations	**–**	2.1	2.7
Income tax (credit)/expense– continuing operations	**(1.3)**	0.3	1.0
Net finance income – continuing operations	**(1.4)**	(1.2)	(2.9)
Depreciation and amortisation	**7.7**	7.4	13.3
Share-based payments	**0.8**	0.3	1.0
Share of post-tax profits from joint ventures	**–**	–	(0.5)
Decrease in provisions	**–**	(0.3)	(0.3)
Net cash generated from operations before changes in working capital	**4.5**	10.3	22.0
Decrease in trade and other receivables	**14.7**	17.8	9.4
(Decrease)/Increase in trade and other payables	**(20.1)**	(0.8)	27.4
Net cash (used in)/generated from operations	**(0.9)**	27.3	58.8
Interest received	**2.1**	1.9	4.1
Interest paid	**(0.7)**	(0.7)	(1.2)
Net surplus returned on wind up of defined benefit pension scheme	**–**	1.0	1.0
Income tax received	**2.0**	4.5	4.5
Net cash generated from operating activities from continuing operations	**2.5**	34.0	67.2
Net cash used in operating activities from discontinued operations	**–**	(2.6)	(3.6)
Net cash generated from operating activities	**2.5**	31.4	63.6
Cash flows from investing activities			
Dividends received from joint ventures and associates	**–**	–	0.5
Amounts received from joint ventures	**3.9**	–	–
Amounts advanced to joint ventures	**–**	(1.0)	(5.2)
Acquisition of PPP and other investments	**–**	–	(1.9)
Proceeds from disposal of PPP and other investments	**0.4**	0.2	0.7
Acquisition of subsidiary net of cash received	**(0.3)**	–	–
Acquisition of property, plant and equipment	**(0.6)**	(0.7)	(2.1)
Net cash generated from/(used in) investing activities from continuing operations	**3.4**	(1.5)	(8.0)
Net cash used in investing activities from discontinued operations	**–**	(10.0)	(23.7)
Net cash generated from/(used in) investing activities	**3.4**	(11.5)	(31.7)
Cash flows from financing activities			
Repayment of lease liabilities	**(5.1)**	(5.6)	(10.5)
Purchase of own shares	**(2.0)**	(0.4)	(1.1)
Dividends paid to Company shareholders	**(3.9)**	–	(1.3)
Net cash used in financing activities	**(11.0)**	(6.0)	(12.9)
Net (decrease)/increase in cash and cash equivalents	**(5.1)**	13.9	19.0
Cash and cash equivalents at beginning of period	**216.2**	197.2	197.2
Cash and cash equivalents at end of period	**211.1**	211.1	216.2

1 Basis of preparation

Galliford Try Holdings plc is a public limited company incorporated in England and Wales and domiciled in the UK. The address of its registered office is Blake House, 3 Frayswater Place, Cowley, Uxbridge, Middlesex, UB8 2AD. The Company has its listing on the London Stock Exchange. This condensed consolidated half year financial information was approved for issue on 3 March 2022.

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 2021 were approved by the board of directors on 16 September 2021 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 2021 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim financial reporting". The condensed consolidated half year financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2021, which have been prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The group transitioned to UK-adopted international accounting standards in its consolidated financial statements from the period commencing on 1 July 2021. There was no impact or changes in accounting policies from the transition.

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 2021 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.

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2021. The Group follows and applies the agenda decisions of the IFRS Interpretations Committee (IC) where relevant to the Group and as soon as is practicable after the decision is issued. In particular, the Group has incurred material customisation and configuration costs associated with a cloud computing agreement during the period. The IFRS IC issued a relevant agenda decision in March 2021 which the Group has followed leading to these costs being expensed in the period (see note 5).

There are no new material accounting standards that have impacted on the Group's reported results in the period.

Critical accounting estimates and judgements

With the exception of the judgements and estimates involved in the acquisition of the nmcn water business (note 17), the Group's other principal judgements and key sources of estimation uncertainty remain unchanged since the year-end. The principal judgements and key sources of estimation uncertainty are set out in note 1 on pages 103 – 104 of the annual financial statements for the year ended 30 June 2021.

The Group's five largest unagreed variations and claims positions as at 31 December 2021 are summarised in aggregate below, the most significant of which relates to three contracts with entities owned by a major infrastructure fund of a blue-chip listed company (note 12). Of these five projects, one is materially complete:

	£m
Overall contract value (including total estimated end of contract variations and claims after IFRS 15 constraints)	672.8
Revenue in the period	44.1
Total estimated end of contract variations and claims before IFRS 15 constraints	193.7
Total estimated end of contract variations and claims after IFRS 15 constraints	64.8

These five positions represent the most significant estimates of revenue.

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, segmental 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 of the resulting Group to be Building, Infrastructure, PPP Investments and Central (primarily representing central overheads).

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.

Half year to 31 December 2021	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Revenue	**386.2**	**204.4**	**3.4**	**–**	**594.0**
Pre–exceptional operating profit/(loss) before amortisation of intangibles	**8.4**	**4.3**	**(0.5)**	**(5.3)**	**6.9**
Finance income	**–**	**0.1**	**2.0**	**–**	**2.1**
Finance costs	**(0.2)**	**(0.3)**	**–**	**(0.2)**	**(0.7)**
Pre-exceptional profit/(loss) before amortisation and taxation	**8.2**	**4.1**	**1.5**	**(5.5)**	**8.3**
Exceptional items	**–**	**(6.3)**	**–**	**(3.4)**	**(9.7)**
Amortisation of intangible assets	**(0.5)**	**(0.2)**	**–**	**(0.5)**	**(1.2)**
Profit/(loss) before taxation	**7.7**	**(2.4)**	**1.5**	**(9.4)**	**(2.6)**
Income tax credit					**1.3**
Loss for the period					**(1.3)**

Half year to 31 December 2020	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Revenue	374.5	164.1	3.1	–	541.7
Operating profit/(loss) before amortisation of intangibles	6.0	2.4	(0.7)	(3.8)	3.9
Finance income	–	0.1	1.8	–	1.9
Finance costs	(0.2)	(0.3)	–	(0.2)	(0.7)
Profit/(loss) before amortisation and taxation	5.8	2.2	1.1	(4.0)	5.1
Amortisation of intangible assets	(0.5)	–	–	(0.5)	(1.0)
Profit/(loss) before taxation	5.3	2.2	1.1	(4.5)	4.1
Income tax expense					(0.3)
Profit for the period					3.8

Year ended 30 June 2021 (audited)	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Revenue	789.2	329.2	6.4	–	1,124.8
Operating profit/(loss) before amortisation and taxation	15.9	6.0	(1.8)	(10.0)	10.1
Share of post tax profits from joint ventures	–	–	0.5	–	0.5
Finance income	–	0.1	3.9	0.1	4.1
Finance costs	(0.3)	(0.6)	–	(0.3)	(1.2)
Profit/(loss) before amortisation and taxation	15.6	5.5	2.6	(10.2)	13.5
Amortisation of intangible assets	(1.0)	–	–	(1.1)	(2.1)
Profit/(loss) before taxation	14.6	5.5	2.6	(11.3)	11.4
Income tax expense					(1.0)
Profit for the year					10.4

Inter–segment revenue, which is priced on an arm's length basis, is eliminated from revenue above. In the half year to 31 December 2021 this amounted to £18.2m (31 December 2020: £20.2m; 30 June 2021: £39.4m) for continuing operations, of which £0.1m (31 December 2020: £0.1m; 30 June 2021: £nil) was in Building, £10.8m (31 December 2020: £12.5m; 30 June 2021: £24.7m) was in Infrastructure and £7.3m (31 December 2020: £7.6m; 30 June 2021: £14.7m) was in Central costs.

3 Segmental reporting (continued)

Half year to 31 December 2021	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Balance Sheet					
Goodwill and intangible assets	**42.4**	**49.4**	**–**	**2.2**	**94.0**
Working capital employed	**(65.5)**	**(159.6)**	**42.2**	**5.0**	**(177.9)**
Net cash	**77.6**	**55.9**	**(11.2)**	**88.8**	**211.1**
Net assets/(liabilities)	**54.5**	**(54.3)**	**31.0**	**96.0**	**127.2**
Total Group liabilities					**(509.1)**
Total Group assets					**636.3**

Half year to 31 December 2020	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Balance Sheet					
Goodwill and intangible assets	43.4	37.2	–	3.4	84.0
Working capital employed	(170.2)	(28.3)	39.3	(10.2)	(169.4)
Net cash	125.7	(62.1)	(10.6)	158.1	211.1
Net (liabilities)/assets	(1.1)	(53.2)	28.7	151.3	125.7
Total Group liabilities					(491.3)
Total Group assets					617.0

Year ended 30 June 2021 (audited)	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Balance Sheet					
Goodwill and intangible assets	42.9	37.2	–	2.8	82.9
Working capital employed	(82.3)	(132.0)	40.0	9.3	(165.0)
Net cash	87.0	44.6	(10.0)	94.6	216.2
Net assets/(liabilities)	47.6	(50.2)	30.0	106.7	134.1
Total Group liabilities					(504.6)
Total Group assets					638.7

4 Revenue

Nature of revenue streams

(i) ***Building & Infrastructure segments***
Our Construction business operates nationwide, working with clients predominantly in the public and regulated sectors. Projects include the construction of assets (with services including design and build, construction only and refurbishment) in addition to the maintenance, renewal, upgrading and managing of services across utility and infrastructure assets.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
Fixed price	A number of projects within these segments are undertaken using fixed–price contracts. Contracts are typically accounted for as a single performance obligation; even when a contract (or multiple combined contracts) includes both design and build elements, they are considered to form a single performance obligation as the two elements are not distinct in the context of the contract given that each is highly interdependent on the other. The Group typically receives payments from the customer based on a contractual schedule of value that reflects the timing and performance of service delivery. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un–invoiced amounts are presented as contract assets. Management does not expect a financing component to exist.
Cost–reimbursable	A number of projects within these segments are undertaken using open–book/cost–plus/target-price (possibly with a pain/gain share mechanism) contracts. Contracts are typically accounted for as a single performance obligation with the majority of these contracts including a build phase only. The Group typically receives payments from the customer based on actual costs incurred. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un-invoiced amounts are presented as contract assets. Management does not expect a financing component to exist.
Facilities management	Contracts undertaken within the Building segment that provide full life-cycle solutions to clients, are accounted for as a single performance obligation, with revenue recognised over time and typically on a straight-line basis.

(ii) ***Investments segment***
Through public private partnerships, the business leads bid consortia and arranges finance, makes debt and equity investments (which are recycled) and manages construction through to operations.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
PPP Investments	The Group has investments in a number of PPP Special Purpose Vehicles (SPVs), delivering major building and infrastructure projects. The business additionally provides management services to the SPVs under Management Service Agreements (MSA). Revenue for these services is typically recognised over time as and when the service is delivered to the customer. Revenue for reaching project financial close (such as success fees) is recognised at a point in time, at financial close (when control is deemed to pass to the customer).

Disaggregation of revenue
The Group considers the split of revenue by operating segment to be the most appropriate disaggregation. All revenue has been derived from performance obligations settled over time.

5 Exceptional items

	Half year to 31 December 2021 £m	Half year to 31 December 2020 £m	Year to 30 June 2021 (audited) £m
Acquisition and integration related costs (note 17)[1]- cost of sales	5.2	–	–
Acquisition and integration related costs (note 17)[1]- administrative expenses	1.1	–	–
Implementation costs of cloud based arrangements[2]	3.4	–	–
Operating loss	9.7	–	–

An associated tax credit of £1.9m has been recognised.

[1] The Group acquired the Water business of nmcn plc (in administration) on 7 October 2021 and incurred acquisition and integration related costs of £6.3m. This is made up of legal and professional fees, integration and restructuring costs recognised in administrative expenses, and specific staff costs incurred during the period of site closures following nmcn plc entering administration that are recognised in cost of sales.

[2] The Group incurred £3.4m of customisation and configuration costs associated with the move to Oracle Fusion, a cloud-based computing arrangement, during the period. Taking into account the IFRIC Agenda Decision issued by the IFRS IC in March 2021, the Group has analysed the costs and concluded that these costs should be expensed in the period. In accordance with the Group's existing accounting policy, management considers that the costs should be treated as exceptional because they are significant and irregular.

Notes to the condensed consolidated half year financial statements
for the half year ended 31 December 2021 (unaudited)

6 Net finance income

Group	**Half year to 31 December 2021 £m**	Half year to 31 December 2020 £m	Year to 30 June 2021 (audited) £m
Interest receivable on bank deposits	**0.1**	–	0.1
Interest receivable from PPP investments and joint ventures	**2.0**	1.8	3.9
Other	**–**	0.1	0.1
Finance income	**2.1**	1.9	4.1
Other (including interest on lease liabilities)	**(0.7)**	(0.7)	(1.2)
Finance costs	**(0.7)**	(0.7)	(1.2)
Net finance income	**1.4**	1.2	2.9

7 Income tax expenses

The taxation expense on profit for pre-exceptional operations for the period of 8.9% (31 December 2020: 7.1%, 30 June 2021: 8.8%) reflects the expected pre-exceptional effective tax rate for the year to 30 June 2022. The lower than standard rate reflects the anticipated utilisation of tax credits on historic contract losses.

8 Dividends

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

	Half year to 31 December 2021		Half year to 31 December 2020		Year to 30 June 2021 (audited)	
	£m	**pence per share**	£m	pence per share	£m	pence per share
Previous year net final	**3.9**	**3.5**	–	–	–	–
Current period interim	**–**	**–**	–	–	1.3	1.2
Dividend recognised in the year	**3.9**	**3.5**	–	–	1.3	1.2

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

	Half year to 31 December 2021		Half year to 31 December 2020		Year to 30 June 2021 (audited)	
	£m	**pence per share**	£m	pence per share	£m	pence per share
Interim	**2.4**	**2.2**	1.3	1.2	1.3	1.2
Final	**–**	**–**	–	–	3.9	3.5
Dividend relating to the year	**2.4**	**2.2**	1.3	1.2	5.2	4.7

The interim dividend for 2022 of 2.2p per share was approved by the board on 3 March 2022 and has not been included as a liability as at 31 December 2021. This interim dividend will be paid on 8 April 2022 to shareholders who are on the register at the close of business on 11 March 2022.

9 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.

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.

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

	Half year to 31 December 2021			Half year to 31 December 2020			Year to 30 June 2021 (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
Continuing operations									
Basic EPS – pre–exceptional Pre–exceptional earnings attributable to ordinary shareholders	**6.5**	**109,654,473**	**5.9**	3.8	110,528,919	3.4	10.4	109,976,145	9.5
Basic EPS Earnings attributable to ordinary shareholders post exceptional items	**(1.3)**	**109,654,473**	**(1.2)**	3.8	110,528,919	3.4	10.4	109,976,145	9.5
Effect of dilutive securities:									
Options	**n/a**	**6,033,488**	**n/a**	n/a	2,801,321	n/a	n/a	3,804,698	n/a
Diluted EPS – pre–exceptional	**6.5**	**115,687,961**	**5.6**	3.8	113,330,240	3.4	10.4	113,780,843	9.1
Diluted EPS	**(1.3)**	**115,687,961**	**(1.2)**	3.8	113,330,240	3.4	10.4	113,780,843	9.1

	Half year to 31 December 2021			Half year to 31 December 2020			Year to 30 June 2021 (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
Total operations									
Basic EPS – pre–exceptional Pre–exceptional earnings attributable to ordinary shareholders	**6.5**	**109,654,473**	**5.9**	1.7	110,528,919	1.5	7.7	109,976,145	7.0
Basic EPS Earnings attributable to ordinary shareholders post exceptional items	**(1.3)**	**109,654,473**	**(1.2)**	1.7	110,528,919	1.5	7.7	109,976,145	7.0
Effect of dilutive securities:									
Options	**n/a**	**6,033,488**	**n/a**	n/a	2,801,321	n/a	n/a	3,804,698	n/a
Diluted EPS – pre–exceptional	**6.5**	**115,687,961**	**5.6**	1.7	113,330,240	1.5	7.7	113,780,843	6.8
Diluted EPS	**(1.3)**	**115,687,961**	**(1.2)**	1.7	113,330,240	1.5	7.7	113,780,843	6.8

There were no discontinued operations in the current period. The discontinued operations loss per share and diluted loss per share for 31 December 2020 was 1.9p and 30 June 2021 was 2.5p and 2.3p respectively.

10 Goodwill

Goodwill is allocated to the Group's cash–generating units (CGUs) identified according to business segment. The goodwill is attributable to the following business segments:

	31 December 2021	31 December 2020	30 June 2021 (audited)
	£m	£m	£m
Building	**40.0**	40.0	40.0
Infrastructure	**43.7**	37.2	37.2
	83.7	77.2	77.2

As stated in the annual financial statements for the year ended 30 June 2021, 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 2021 which could give rise to an impairment. No impairments have been identified from these reviews.

The increase in goodwill relates to an acquisition in the period (note 17).

11 PPP and other investments

	31 December 2021 £m	31 December 2020 £m	30 June 2021 (audited) £m
At 1 July	**49.1**	40.7	40.7
Additions	**–**	–	1.9
Disposals of housebuilding divisions	**–**	–	–
Disposals and subordinated loan repayments	**(0.4)**	(0.2)	(1.0)
Movement in fair value	**(0.4)**	3.6	7.5
At 30 June	**48.3**	44.1	49.1

This portfolio reflects a blended discount rate of 7.0% (31 December 2020: 8.0%; 30 June 2021: 7.0%). A reduction/increase of 1.0% would result in an increase/decrease respectively in the fair value of approximately £4.0m.

12 Trade and other receivables

	31 December 2021 £m	31 December 2020 £m	30 June 2021 (audited) £m
Amounts falling due within one year:			
Trade receivables	**56.2**	53.7	51.8
Less: Provision for impairment of receivables	**(0.1)**	(0.3)	(0.1)
Trade receivables – net	**56.1**	53.4	51.7
Contract assets	**153.5**	147.2	159.1
Amounts due from joint venture undertakings	**2.2**	2.2	6.1
Prepayments and other receivables	**23.3**	28.1	26.4
	235.1	230.9	243.3

As previously disclosed, the Group provided services in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. Costs were significantly impacted by client-driven scope changes and the Group has submitted claims to the value of £95m in respect of these costs. Our work on these contracts formally ceased on their termination in August 2018. The Group has taken extensive advice on our entitlement and we have been successful in two adjudications supporting the validity of the Group's position. The Group is currently proceeding through arbitration in respect of the claims and variations in line with the expected timeframe. Taking into account the requirements of IFRS 15, in prior periods the Group had constrained the revenue recognised (and therefore the associated contract receivable carried) to the extent that it was highly probable not to result in a significant reversal in the future. While the Group has submitted a total claim value of £95m in respect of these costs within the Statement of Case, revenue has been constrained. We have constrained the revenue to a percentage recoverable that is lower than that successfully recovered from the adjudications and variations previously agreed on this contract. The underlying principle supporting the validity and recovery of the claims and variations is not considered to be impacted by the passage of time, which is driven by the nature of dispute resolution in this sector. It is possible that the process of the arbitration will not be concluded within the coming financial year.

Whilst the entities are owned by a major infrastructure fund of a blue-chip listed company, and we expect that the amounts will be repaid, we have assessed any expected credit loss provision in accordance with IFRS 9 to take into account their investment structure. At 31 December 2021, our assessment of the credit worthiness of the underlying contracting entities includes review of their latest audited financial statements to 31 December 2020 for which the audit opinion includes a disclaimer of opinion in relation to material uncertainties in respect of claims and the potential impact on going concern. The expected credit loss provision for this contract (amongst our overall portfolio of contracts) is discussed further in the table in note 2, within critical accounting estimates and judgments.

There has been no change to our assessment of the constrained revenue under IFRS 15 or the expected credit loss under IFRS 9 in the period to 31 December 2021. The Group continues to vigorously defend the counterclaims made by the counterparty, that we consider are without merit, and as such no amounts have been provided on the basis the Group considers the possibility of an outflow of resources to be remote.

13 Trade and other payables

	31 December 2021	31 December 2020	30 June 2021 (audited)
	£m	£m	£m
Trade payables	**73.4**	105.1	90.9
Contract liabilities	**133.4**	114.1	99.1
Other taxation and social security payable	**34.7**	8.1	30.5
Accruals and other payables	**245.7**	244.6	264.9
	487.2	471.9	485.4

14 Financial instruments

The Group's activities expose it to a variety of financial risks. The condensed consolidated half year financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements for the year ended 30 June 2021.

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

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 that are measured at fair value:

	31 December 2021		31 December 2020		30 June 2021 (audited)	
	Level 3 £m	**Total £m**	Level 3 £m	Total £m	Level 3 £m	Total £m
Assets						
Other investments						
- PPP and other investments	**48.3**	**48.3**	44.1	44.1	49.1	49.1
Total	**48.3**	**48.3**	44.1	44.1	49.1	49.1

There were no transfers between levels during the period. The valuation techniques used to derive Level 2 and 3 fair values are consistent with those set out in the 30 June 2021 financial statements. Level 3 fair values are determined using valuation techniques that include inputs not based on observable market data. For all other financial instruments, the fair value is materially in line with the carrying value.

The key assumptions used in Level 3 valuations include 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 fair value of the portfolio reflects a blended discount rate of 7.0% (31 December 2020: 8.0%; 30 June 2021: 7.0%) and is based on current market conditions. The sensitivity to discount rates is set out in note 11. If receipts were to occur earlier than expected, the fair value could increase.

15 Guarantees and contingent liabilities

Galliford Try Holdings 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, amounting to £131.9m (31 December 2020: £141.0m; 30 June 2021 £146.8m).

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.

16 Related party transactions

Since the last Group annual financial statements for the year ended 30 June 2021, there have been no significant changes to the nature of related party transactions.

17 Business combinations

On 7 October 2021, the Group acquired the water business of nmcn plc (which had been placed into administration) for £1.0m. This expanded the Group's geographical presence on key frameworks across the UK, and increased its capabilities in the water sector, in line with the Group's strategy.

The acquisition comprised of significantly all of the water business contracts and orderbook of nmcn plc and the entire share capital and control of Lintott Environmental Technologies Limited and its trading subsidiary Lintott Control Systems Limited ("Lintott"). The acquired business delivers water and wastewater projects for clients across the UK and, in combination with Lintott, enhances the design and MEICA capabilities of our Environment business which will further allow growth across these areas.

The goodwill arising from the acquisition is significantly attributable to the acquired workforce, consisting of around 900 employees, and is expected to be deductible for tax purposes in future periods.

The following table summarises the consideration paid and the provisional fair value (due to the proximity of the acquisition to the reporting period) of the assets acquired and liabilities assumed.

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Net cash and cash equivalents	0.7
Property plant and equipment	0.1
Intangible assets[1]	5.8
Right-of-use assets	1.4
Trade and other receivables[2]	10.4
Trade and other payables[3]	(22.2)
Lease liabilities	(1.4)
Net deferred tax liabilities[4]	(0.3)
Total identifiable net liabilities	**(5.5)**
Goodwill	6.5
Total	**1.0**
Consideration	
Cash	1.0
Total	**1.0**

1 Intangible assets of £5.8m comprise customer relationships, brand and technology that will be amortised over 3 -10 years.

2 Trade and other receivables include £8.1m of contract assets. The fair value of the trade receivables is considered to be equivalent to the book value acquired.

3 Trade and other payables include £19.1m of contract liabilities.

4 Deferred tax has been recognised where temporary differences arise on the fair value adjustments.

The acquisition contributed £12.7m of revenue and £0.6m of pre-exceptional profit before tax in the period to 31 December 2021. The performance of the business preceding the acquisition was impacted by nmcn plc entering administration, and accordingly it is impracticable to assess the contribution it would have made to the Group if acquired at the start of reporting period.

Acquisition related costs of £6.3m include legal and professional fees, integration and restructuring, and specific staff costs, have been treated as exceptional, being material and non-recurring/irregular items in accordance with our accounting policies (note 5).

18 Alternative performance measures

Throughout the Interim statement, the Group has presented financial performance measures which are used to manage the Group's performance. These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as they provide relevant information on the Group's performance. They are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation. An explanation of the Group's financial performance measures and appropriate reconciliations to its statutory measures are provided below.

Measuring the Group's performance
The following measures are referred to in this report:

Statutory measures
Statutory measures are derived from the Group's reported financial statements, which are prepared in accordance with International Accounting Standards adopted for use in the UK and as issued by the International Accounting Standards Board (IASB) and in line with the Group's accounting policies. The Group's statutory measures take into account all of the factors, including exceptional items which do not reflect the ongoing underlying performance of the Group.

Alternative performance measures
In assessing its performance, the Group has adopted certain non–statutory measures that more appropriately reflect the underlying performance of the Group. These typically cannot be directly extracted from its financial statements but are reconciled to statutory measures below:

a) Pre–exceptional performance
The Group adjusts for certain material items which the Board believes assist in understanding the performance achieved by the Group as this better reflects the underlying and ongoing performance of the business.

18 Alternative performance measures (continued)

b) Pre-exceptional operating profit/(loss) before amortisation and operating margin
The Group uses an operating profit measure excluding amortisation and exceptional items.

Operating margin reflects the ratio of pre-exceptional operating profit before amortisation and pre–exceptional revenue. This differs from the statutory measure of profit before finance costs which includes the share of joint ventures' interest and tax and amortisation of intangible assets. Divisional operating margin represents the combined Building and Infrastructure operating margins.

A reconciliation of the statutory measure to the Group's performance measure is shown below, based on continuing operations:

	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Half year ended 31 December 2021					
Statutory operating profit/(loss)	**7.9**	**(2.2)**	**(0.5)**	**(9.2)**	**(4.0)**
add: amortisation of intangible assets	**0.5**	**0.2**	–	**0.5**	**1.2**
exclude: exceptional items (note 5)	–	**6.3**	–	**3.4**	**9.7**
Pre-exceptional operating profit/(loss) before amortisation	**8.4**	**4.3**	**(0.5)**	**(5.3)**	**6.9**
Revenue	**386.2**	**204.4**	**3.4**	–	**594.0**
Operating margin	**2.2%**	**2.1%**	**n/a**	**n/a**	**1.2%**
Half year ended 31 December 2020					
Statutory operating profit/(loss)	5.5	2.4	(0.7)	(4.3)	2.9
add: amortisation of intangible assets	0.5	–	–	0.5	1.0
Operating profit/(loss) before amortisation	6.0	2.4	(0.7)	(3.8)	3.9
Revenue	374.5	164.1	3.1	–	541.7
Operating margin	1.6%	1.5%	n/a	n/a	0.7%
Year ended 30 June 2021 (audited)					
Statutory operating profit/(loss)	14.9	6.0	(1.8)	(11.1)	8.0
add: amortisation of intangible assets	1.0	–	–	1.1	2.1
Operating profit/(loss) before amortisation	15.9	6.0	(1.8)	(10.0)	10.1
Revenue	789.2	329.2	6.4	–	1,124.8
Operating margin	2.0%	1.8%	n/a	n/a	0.9%

c) Pre–exceptional profit before tax
The Group uses a profit before tax measure which excludes exceptional items as noted above, whereas the statutory measure includes exceptional items.

A reconciliation of the statutory measure to the Group's performance measure is shown below, based on continuing operations:

	Half year to 31 December 2021 £m	Half year to 31 December 2020 £m	Year to 30 June 2021 (audited) £m
Statutory (loss)/profit before tax	**(2.6)**	4.1	11.4
add: exceptional items (note 5)	**9.7**	–	–
Pre–exceptional profit before tax	**7.1**	4.1	11.4

18 Alternative performance measures (continued)

d) Pre–exceptional earnings per share
In line with the Group's measurement of pre–exceptional performance, the Group also presents its earnings per share on a pre–exceptional basis. This differs from the statutory measure of earnings per share which includes exceptional items.

A reconciliation of the statutory measure to the Group's performance measure is shown below, based on continuing operations:

		Half year to 31 December 2021	
	Earnings £m	**Ave number of shares**	**EPS pence**
Statutory results	**(1.3)**	**109,654,473**	**(1.2)**
Exclude: exceptional loss (note 5)	**7.8**	**n/a**	**n/a**
Pre-exceptional earnings per share	**6.5**	**109,654,473**	**5.9**

		Half year to 31 December 2020	
	Earnings £m	Ave number of shares	EPS pence
Statutory results	3.8	110,528,919	3.4
Exclude: exceptional earnings (note 5)	–	n/a	–
Pre–exceptional earnings per share	3.8	110,528,919	3.4

		Year ended 30 June 2021 (audited)	
	Earnings £m	Ave number of shares	EPS pence
Statutory results	10.4	109,976,145	9.5
Exclude: exceptional earnings (note 5)	–	n/a	n/a
Pre–exceptional earnings per share	10.4	109,976,145	9.5

19 Discontinued operations

On 3 January 2020, the Group completed the disposal of the Linden Homes and Partnerships & Regeneration divisions of Galliford Try Limited (formerly Galliford Try plc) following the implementation of a Group restructuring and scheme of arrangement under Part 26 of the Companies Act 2006 becoming effective on 2 January 2020. In addition, certain other assets and liabilities transferred to Vistry plc as part of this transaction. With effect from 8:00 a.m. on 3 January 2020, 111,053,489 Galliford Try Holdings plc shares with a nominal value of 50p each, being the entire issued share capital of Galliford Try Holdings plc, was admitted to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange with a corresponding cancellation of all shares of Galliford Try plc.

The Group has not treated any items as discontinued during the current period. The loss for comparative periods of these discontinued operations are as follows:

Half year to 31 December 2020

Loss for the period from discontinued operations	Central £m	Total £m
Revenue	–	–
Operating loss and loss before taxation	(2.6)	(2.6)
Income tax credit	0.5	0.5
Loss for the period	(2.1)	(2.1)

Year ended 30 June 2021 (audited)

Loss for the period from discontinued operations	Central £m	Total £m
Revenue	–	–
Operating loss and loss before taxation	(2.7)	(2.7)
Income tax expense	–	–
Loss for the period	(2.7)	(2.7)

These costs were primarily residual professional fees and other costs relating to the transaction and discontinued operations. The Group is not expecting to incur any further costs in respect of discontinued operations.

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 primarily the same as those outlined on pages 36 to 40 of the Group's annual report and financial statements for the year ended 30 June 2021. Those risks the Group considers to be of particular importance and highlighted as the principal risks in focus within the 30 June 2021 annual report are; work winning, project delivery, resources and compliance and cyber security. The impact of Covid-19 has also been re-assessed during the period and up to the date of approval of this interim report and note no significant impact to those risks disclosed in the Group's annual report for the year ended 30 June 2021. Further details are included in our assessment of the going concern assumption within note 1. Details of these risks along with any updates will be included in the Group's 2022 Annual Report and Accounts.

Forward looking statements

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

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the Group were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to regulation (EC) No. 1606/2002 as it applies in 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'.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 July 2021. There was no impact or changes in accounting policies from the transition.

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

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

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

The directors of Galliford Try Holdings plc are:

Peter Ventress	Non–executive Chairman
Bill Hocking	Chief Executive
Andrew Duxbury	Finance Director
Terry Miller	Senior Independent Director
Gavin Slark	Non–executive Director
Marisa Cassoni	Non–executive Director

Signed on behalf of the Board.

Bill Hocking
Chief Executive

Andrew Duxbury
Finance Director

3 March 2022

Independent review report to Galliford Try Holdings plc

Report on the condensed consolidated interim financial statements

Conclusion
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2021 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). 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 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.
As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.
This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors
The directors are responsible for preparing the half-yearly financial report in accordance with the
Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.
In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information
In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report
Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
Date 3 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).