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CONSTRUCTION

Providing construction services for the built environment, operating within key areas of expertise, with an unrivalled collaborative approach, and a total dedication to project delivery.

HOUSEBUILDING

A leading regional developer with strong local brands, specialising in individually designed developments with an expertise in brownfield, conversion and a strong focus on customer service.

HIGHLIGHTS

FINANCIAL

- Turnover steady at £347 million (2003: £354 million)
- Profit before tax up 22% at £11.7 million (2003: £9.6 million)
- Earnings per share up 19% at 3.7p (2003: 3.1p)
- Interim dividend up 9% at 0.6p per share (2003: 0.55p)
- Net debt of £10.3 million represents gearing of 13% (2003: £11.6 million, 18%)

OPERATIONAL

- Construction operating profit up 45% to £3.0 million
- Housebuilding operating profit up 8% to a record £12.1 million
- Shortlisted for United Utilities AMP4 framework
- £957 million construction order book with over 90% secured on non price competitive basis
- 79% of housebuilding sales secured for full year

£347M

HALF YEAR
TURNOVER

22%

INCREASE IN
PROFIT BEFORE TAX

CHAIRMAN'S STATEMENT

I am delighted to report record results for the first half of our financial year. Profit margins in construction have again increased and housebuilding has delivered higher profits despite slower market conditions.

FINANCIAL REVIEW

Profit before tax for the six months ended 31 December 2004 was £11.7m, an increase of 22% (2003: £9.6m) and Group turnover was steady at £347m (2003: £354m).

Strong cash flow generated from the construction division and period end completions in the housebuilding division contributed to net debt at 31 December of £10.3m, representing gearing of 13%, (£11.6m and 18% at 31 December 2003 and £12.3m and 17% at 30 June 2004). Earnings per share for the period were 3.7p compared to 3.1p for the same period last year. Shareholders funds have risen to £79.4m compared to £65.5m last year and £72.3m at 30 June 2004.

DIVIDEND

The directors have declared an interim dividend of 0.6p per share, a 9% increase on last year, which will be paid on 12 April 2005 to shareholders on the register at 18 March 2005. The directors reiterate their commitment to a progressive dividend policy that for each financial year takes into account earnings growth as well as the need for continuing investment in the business.

CONSTRUCTION

The construction division achieved an operating profit up 45% on last year to £3m on a turnover of £256m. This represents an increase in profit margin to 1.2%, in line with our objective to achieve industry upper quartile levels.

We have succeeded in positioning construction as a leading provider in a number of market sectors with good opportunities, and in securing work where the risk and rewards of the project are fairly shared between client and contractor.

Further underpinning our position as a leading contractor to the water industry, we have been shortlisted by United Utilities plc for selection as a preferred bidder partner for the delivery of water and waste water infrastructure works for AMP4 in the North West of England. An announcement on the appointment of preferred bidders is expected shortly. In joint venture with Costain and Atkins, we will, if successful, be one of two construction partners to deliver an estimated £940 million of work over a five year period commencing in April 2005, out of which we would expect to carry out around a quarter. This builds on the three year framework for projects carried out for United Utilities under AMP3. In Scotland, our three year framework agreement with Scottish Water is performing well.

In the health sector we achieved financial close on NHS LIFTs at Coventry, which has an initial contract value of £42 million and at Barnet, Enfield and Haringey with an initial contract value of £32 million. Including Liverpool and Sefton LIFT, which closed in the last financial year, we have a total of £134m of LIFT projects underway and are encouraged by the scope for further work in later phases. We are also selectively targeting the opportunities that will arise from the next release of LIFT schemes.

In education we achieved financial close on the £45m Caludon Schools PFI at Coventry. Having been appointed preferred bidder, we are working towards financial close on the £150m Northampton Schools PFI project and have been shortlisted for multi-school projects in Rochdale and Bromsgrove which each

**5 YEAR
WATER FRAMEWORK
FOR UNITED UTILITIES**

have a construction value of over £50 million. Our expertise and recent track record in this sector puts us in a good position to benefit from the Government's "Building Schools for the Future" initiative.

In October we announced that we had won a number of new affordable housing contracts that boosted our order book, which currently stands at £104 million. We are pursuing several new opportunities in this growth market, primarily through the strategic alliances we have with housing associations.

We are seeing growth in rail, with increasing demand for the buildings and infrastructure services we provide for Network Rail and the train operating companies. Our telecommunications business is benefiting from the recently increased pace of the roll out of 3G by the mobile phone operators.

In the private commercial sector, there is some evidence of an increase in activity, particularly for offices in the West End of London, an area in which we have a strong presence and where we have recently won three contracts worth £28.4 million.

Overall, we have a well balanced order book that now totals £957m, of which 84% is in the public and regulated sectors and over 90% has been secured on a non price competitive basis.

HOUSEBUILDING

The housebuilding division achieved an operating profit of £12.1m on a turnover of £91.1m. Whilst sales growth during the period was held back by the process of a return to more sustainable market conditions, completions for the half year at 387 were 5% up on the previous half year's total of 367. The average sales price remained unchanged at £228,000, reflecting our concentration on the mainstream market.

All of our regional brands have benefited from our focus on individually designed developments for the mainstream market, with a particular strength in conversions and brownfield development. We have no large apartment developments and do not depend on major consortium sites. In a purchaser driven market it is particularly clear that offering more interesting homes for sale on smaller developments gives us an advantage.

We have a long track record in converting attractive but redundant buildings into desirable homes including a number of schools and hospitals. We are currently on site with such schemes in Epsom and Shepton Mallet, and are negotiating good opportunities for the future.

In affordable housing we have built strong relationships with social housing providers to supply mixed developments which meet planning requirements for affordable homes as well as outright private purchases. A good example of this is our joint venture with Westco, part of the Devon & Cornwall Housing Group, to develop over 180 homes on the former city centre hospital site in Truro, where up to 50% of the new requirement is for affordable housing. We can bring the right architectural skills to these projects, which can often be a mixture of conversion and new build, undertake the value engineering appraisals required to meet all parties' objectives, deal with complex planning briefs and provide funding expertise. We have a number of such collaborative projects currently under development and are encouraged by the scope for increasing our activities in this area.

As part of our overall strategy on cost control we have implemented a series of initiatives to reduce our overall cost base and improve efficiencies in design and support services. We are also seeing some easing in sub-contract prices.

£957M
CONSTRUCTION
ORDER BOOK

387
HOUSEBUILDING
COMPLETIONS
IN FIRST HALF

CHAIRMAN'S STATEMENT

We have been successful in achieving a moderate increase in our landbank under our tighter investment criteria, and the number of plots currently owned or controlled at 2,464 is up 5% on a year ago. We anticipate securing in excess of a further 2,000 plots from our strategic land bank from 2006 onwards.

Since the New Year we have been encouraged by a return to a more normal sales pattern and we remain on track to achieve our planned expansion of the business in the medium term. The division has currently reserved, contracted or completed sales with a value of £166 million and has secured 79% of planned sales for the year to 30 June 2005.

DIRECTORS

We announced earlier today that Greg Fitzgerald, currently Managing director of the housebuilding division, will take over from David Calverley as Chief executive on 1 July this year. With a background in both construction and housebuilding, Greg has the ability and drive to generate increasing shareholder value. David Calverley will become Non-executive from that date, and will take over as Chairman of the Company on my retirement from the board at the annual general meeting scheduled for October this year. Chris Bucknall, currently our Senior independent non-executive director, will become Deputy chairman at the same time.

Greg Fitzgerald is an outstanding businessman and the Board is also delighted to retain the experience and skills of David Calverley in his new role. I have said before that we have a first class team and these appointments enable us to build on our proven management strength to take the business into the future.

PROSPECTS

In construction, we have a strong position in our selected markets, particularly those in the public and regulated sectors where there are good growth opportunities. Our prospects are underpinned by improving profit margins and a balanced future workload.

In housebuilding, we are encouraged by the level of sales since the New Year. Our positioning in the market, combined with some strengthening in purchaser confidence, means we are well placed to achieve our targets.

We look forward to reporting further progress at the full year.

Tony Palmer
Chairman
24 February 2005

79%

**OF PLANNED HOUSEBUILDING
SALES FOR FULL YEAR SECURED**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Half year ended 31 Dec 2004 £000	Half year ended 31 Dec 2003 £000	Year ended 30 June 2004 £000
Turnover				
Total continuing operations		347,554	356,431	695,400
Less share of joint ventures' turnover		(388)	(2,897)	(7,902)
Group turnover	1	347,166	353,534	687,498
Cost of sales		(314,876)	(325,456)	(629,197)
Gross profit		32,290	28,078	58,301
Net operating expenses		(19,567)	(17,050)	(33,850)
Group operating profit		12,723	11,028	24,451
Share of profits in joint ventures		104	445	1,324
Loss on sale of fixed asset investments		–	(22)	(27)
Profit on ordinary activities before interest	1	12,827	11,451	25,748
Net interest payable – Group		(781)	(1,392)	(2,224)
– Joint ventures		(310)	(425)	(820)
		(1,091)	(1,817)	(3,044)
Profit on ordinary activities before tax		11,736	9,634	22,704
Tax	4	(3,629)	(2,987)	(7,084)
Profit on ordinary activities after tax		8,107	6,647	15,620
Dividends	5	(1,330)	(1,198)	(3,756)
Retained profit for the period		6,777	5,449	11,864
Earnings per ordinary share		3.7p	3.1p	7.2p
Diluted earnings per share		3.5p	2.9p	6.9p
Dividend per share		0.60p	0.55p	1.70p

CONSOLIDATED BALANCE SHEET

	31 Dec 2004 £000	31 Dec 2003 £000	30 June 2004 £000
Fixed assets			
Intangible assets – goodwill	–	84	–
Tangible assets	12,011	11,703	11,936
Investments in joint ventures:			
Share of gross assets	10,596	10,749	10,739
Share of gross liabilities	(8,573)	(8,652)	(8,480)
	2,023	2,097	2,259
Investments in associates	31	48	31
Other investments	608	607	608
	14,673	14,539	14,834
Current assets			
Stocks	1,642	415	795
Developments	186,597	154,652	177,392
Debtors	86,799	115,060	107,932
Cash at bank & in hand	10,120	5,572	2,570
	285,158	275,699	288,689
Creditors: amounts falling due within one year			
Bank loans and overdrafts	(19,240)	(12,138)	(13,648)
Other amounts falling due within one year	(195,757)	(203,843)	(211,552)
Net current assets	70,161	59,718	63,489
Total assets less current liabilities	84,834	74,257	78,323
Creditors: amounts falling due after more than one year	(2,520)	(5,438)	(3,108)
Provisions for liabilities and charges	(2,928)	(3,340)	(2,928)
	79,386	65,479	72,287
Capital and reserves			
Called up share capital	11,259	11,076	11,239
Share premium account	2,246	1,824	2,196
Merger reserve	4,687	4,687	4,687
Revaluation reserve	1,907	1,910	1,909
Profit and loss account	59,287	45,982	52,256
Equity shareholders' funds	79,386	65,479	72,287

CONSOLIDATED CASH FLOW STATEMENT

	Note	Half year ended 31 Dec 2004 £000	Half year ended 31 Dec 2003 £000	Year ended 30 June 2004 £000
Net cash inflow from operating activities	6	10,529	11,833	17,107
Returns on investments and servicing of finance		(681)	(1,215)	(1,967)
Taxation		(4,546)	(2,064)	(5,620)
Capital expenditure and financial investment		(888)	(259)	(1,220)
Acquisitions and disposals		35	50	29
Equity dividends paid		(2,545)	(2,212)	(3,423)
Net cash inflow before use of liquid resources and financing		1,904	6,133	4,906
Financing				
Issue of ordinary share capital		70	75	610
Increase/(decrease) in bank loans		18,017	(15,000)	(24,151)
Repayment of loan notes		(3,820)	–	(16)
		14,267	(14,925)	(23,557)
Increase/(decrease) in cash in the period		16,171	(8,792)	(18,651)
Reconciliation of net cash flow to movement in net debt				
Increase/(decrease) in cash in period		16,171	(8,792)	(18,651)
(Increase)/decrease in debt and lease financing		(18,017)	15,000	24,167
Decrease in loan notes		3,820	–	–
Change in net debt in the period		1,974	6,208	5,516
Net debt at start of period		(12,309)	(17,825)	(17,825)
Net debt at end of period	7	(10,335)	(11,617)	(12,309)

NOTES

1 SEGMENTAL ANALYSIS

	Turnover half year ended 31 December					
	2004			2003		
	Including joint ventures £000	Joint ventures £000	Group £000	Including joint ventures £000	Joint ventures £000	Group £000
Construction	256,145	388	255,757	268,663	843	267,820
Housebuilding	91,147	–	91,147	87,578	2,054	85,524
Group	262	–	262	190	–	190
Total	347,554	388	347,166	356,431	2,897	353,534

	Profit/(loss) for half year ended 31 December	
	2004 £000	2003 £000
Construction	2,951	2,032
Housebuilding	12,097	11,161
Group	(2,221)	(1,742)
	12,827	11,451
Less: net interest payable	(1,091)	(1,817)
	11,736	9,634

The profit in respect of joint ventures amounted to £104,000 (2003: £72,000) in construction and £nil (2003: £373,000) in housebuilding.

2 BASIS OF PREPARATION

The interim financial information has been prepared on the basis of the accounting policies set out in Galliford Try plc's statutory financial statements for the year ended 30 June 2004 and in accordance with applicable UK accounting standards. All the figures are consolidated and for both the six months ended 31 December have been reviewed by the auditors.

The figures for the year ended 30 June 2004 have been extracted from the financial statements of Galliford Try plc, on which the auditors gave an unqualified audit report and which have been delivered to the Registrar of Companies. The foregoing financial information does not constitute statutory financial statements.

3 EARNINGS PER SHARE

Basic earnings per share is calculated using the profit on ordinary activities after tax and the weighted average number of ordinary shares in issue during the period less the weighted average number of ordinary shares held by the Galliford Try Employee Share Trust. For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

4 TAXATION

The tax charge for the period reflects the estimated effective rate for the full year to 30 June 2005 of 31.0% (30 June 2004: 31.0%).

5 INTERIM DIVIDEND

The directors have declared an interim dividend of 0.6p per share (2004: 0.55p) which will be paid on 12 April 2005 to shareholders on the register on 18 March 2005.

6 RECONCILIATION OF OPERATING PROFIT TO CASH FLOWS

	Half year ended 31 Dec 2004 £000	Half year ended 31 Dec 2003 £000	Year ended 30 June 2004 £000
Operating profit	12,723	11,028	24,451
Depreciation	833	808	1,642
Profit on disposal of tangible fixed assets	(20)	(144)	(150)
Charge for employee share options	252	224	82
Amortisation of goodwill	–	83	167
(Increase)/decrease in stocks	(847)	33	(347)
Increase in developments	(9,205)	(6,100)	(28,840)
Decrease in debtors	21,123	1,672	8,423
(Decrease)/increase in creditors	(14,330)	4,229	11,679
Net cash inflow from operating activities	10,529	11,833	17,107

7 ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 2004 £000	Cash flow £000	At 31 Dec 2004 £000
Cash at bank and in hand	2,570	7,550	10,120
Overdrafts	(9,844)	8,621	(1,223)
	(7,274)	16,171	8,897
Loan notes	(5,035)	3,820	(1,215)
Bank loans	–	(18,017)	(18,017)
Net debt	(12,309)	1,974	(10,335)

INDEPENDENT REVIEW REPORT TO GALLIFORD TRY PLC

INTRODUCTION

We have been instructed by the Company to review the financial information which comprises the consolidated profit and loss account, consolidated balance sheet, consolidated cash flow statement, and the related notes numbered 1 to 7. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2004.

PricewaterhouseCoopers LLP

Chartered Accountants

London

24 February 2005

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR 2005

Half year results to 31 December 2004:

Announcement 24 February

Interim dividend:

Ex dividend date 16 March

Record date 18 March

Payment date 12 April

Results for the year ended 30 June 2005:

Announcement September

Annual General Meeting October

Final dividend payment November

SHAREHOLDER ENQUIRIES

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

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA
Telephone: 0870 600 3970

You can find a number of shareholder services online via their website at www.shareview.co.uk, including the portfolio service which gives you access to more information on your investments such as balance movements, indicative share prices and information on recent dividends.

WEBSITE

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

The Company's up to date share price can also be obtained by telephoning Financial Times CityLine on 0906 843 2653 (calls charged at 60p per minute).

COMPANY CONTACT

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

REGISTRATION

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