



BARRATT
DEVELOPMENTS PLC

22 February 2017

BARRATT DEVELOPMENTS PLC
Half Year results for the six month period ended 31 December 2016

Strong half year for the Group, well on track for the full year

	Half year ended 31 December 2016	Half year ended 31 December 2015	Change
Total completions ¹ (plots)	7,180	7,626	(5.8%)
Revenue (£m)	1,816.2	1,875.5	(3.2%)
Gross margin ² (%)	20.7	18.6	2.1 ppts
Profit from operations (£m)	324.0	301.8	7.4%
Operating margin ³ (%)	17.8	16.1	1.7 ppts
Profit before tax (£m)	321.0	295.0	8.8%
Interim dividend per share (pence)	7.3	6.0	21.7%
ROCE ⁴ (%)	27.0	25.5	1.5 ppts
Net Cash ⁵ (£m)	196.7	24.2	712.8%

Highlights

- Completions outside of London at highest level for nine years; London completions were in line with planned build programme, with significant uplift expected on wholly owned sites in the second half
- Half year profit before tax for the period of £321.0m, up 8.8%
- ROCE increased by 1.5 ppts to 27.0%, reflecting our fast build and sell model
- Maintained industry-leading customer satisfaction and build quality

Current Trading

- Completion growth expected in the second half with record total forward sales (including JV's) as at 19 February 2017 up 17.0% at £3,018.2m
- Net private reservations per active outlet per average week of 0.77 (2016: 0.76)

Capital Return Plan

- Improved and extended Capital Return Plan with ordinary dividend cover re-set at 2.5 times and special dividends of £175m in November 2017 and November 2018

Commenting on the results David Thomas, Chief Executive of Barratt Developments PLC said:

“As we reported in the January trading update, we have delivered another very strong first half performance, pre-tax profits were up nearly 9% and completions outside of London at their highest level in nine years.

Whilst we have increased volumes across the UK by 55% in the last five financial years, we have maintained our commitment to build quality and customer service and we are the only major housebuilder with the HBF 5 Star Customer Satisfaction Award.

With a record forward order book, strong consumer demand and a positive lending backdrop, we remain confident in our outlook for the full year. Our confidence in the business going forward is reflected in the improved and extended Capital Return Plan.”

¹ Includes joint venture ('JV') completions in which the Group has an interest

² Gross margin is calculated as gross profit divided by revenue

³ Operating margin is calculated as profit from operations divided by revenue

⁴ Return on capital employed ('ROCE') is calculated as earnings before interest, tax, operating charges relating to the defined benefit pension scheme and operating exceptional items, divided by average net assets adjusted for goodwill and intangibles, tax, cash, loans and borrowings, retirement benefit assets/obligations and derivative financial instruments

⁵ Net cash / debt is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings and foreign exchange swaps

There will be an analyst and investor meeting at 9.00am today at Deutsche Bank, 1 Great Winchester Street, London, EC2N 2DB. The presentation will be broadcast live on the Barratt Developments corporate website, www.barrattdevelopments.co.uk, from 9.00am today. A playback facility will be available shortly after the presentation has finished.

A listen only function will also be available.

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Access code: 7318349

Further copies of this announcement can be downloaded from the Barratt Developments corporate website www.barrattdevelopments.co.uk or by request from the Company Secretary's office at: Barratt Developments PLC, Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF.

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Chief Executive's Statement

Strong half year for the Group

The Group has delivered an excellent first half performance, with year on year improvements across our key financial metrics. The fundamentals of the market remain robust, with strong demand supported by good mortgage availability and Help to Buy. Government policy remains supportive and we welcome the recent publication of the housing white paper, which will allow a full debate on addressing the country's housing needs.

Profit before tax increased by 8.8% to £321.0m (2015: £295.0m) for the period, gross margin improved by 2.1 percentage points to 20.7% and operating margin improved by 1.7 percentage points to 17.8%. ROCE to 31 December 2016 increased by 1.5 percentage points to 27.0% benefiting from further reductions in legacy assets coupled with the business continuing to drive our fast build and sell model.

Completions (including JV's) outside of London are at the highest level for nine years at 6,813 (2015: 6,784). Total completions (including JV's) for the period were 7,180 (2015: 7,626). Our regional sales performance has been very strong particularly in Scotland, the North of England, the North West and the West Midlands. Completions in London were lower at 367 (2015: 842) in line with the Group's planned build programme. The Group expects a significant increase in completions on wholly owned sites in London in the second half.

In London, for homes with higher selling price points, we have supplemented our private sales with other sales agreements: a build and sale agreement on a bespoke development of 39 apartments for a total value of £47m, completion of a 54 apartment sale at our JV sites in Fulham and Aldgate and in January we exchanged on a build and sale agreement for 118 apartments at our Nine Elms JV site.

We continue to drive efficiencies across all key aspects of our business and improving our operating margin is a key priority for the Group.

Our focus remains on delivering high quality homes alongside good operational and financial performance and attractive shareholder returns.

Capital Return Plan

The Board recognises an ongoing dividend stream as an important component of total shareholder return, alongside capital appreciation. Given the significant operational and financial improvements the Group has made over the last few years, the Board believes it is now appropriate that the Group returns a higher proportion of earnings through its ordinary dividend. Therefore, going forward the Board proposes to re-set the level of ordinary dividend cover from 3 times to 2.5 times.

When market conditions allow, ordinary dividends will be supplemented with the payment of special dividends. The Board proposes to pay special dividends of £175m in November 2017 and November 2018.

For the four years to November 2018 total dividend payments are expected to be around £1.4bn based on current analyst estimates.

Capital Return Plan ^A	Ordinary dividend £m	Special dividend £m	Total £m	Total pence per share
Year to November 2015	150.6	100.0	250.6	25.1
Year to November 2016	183.7	124.7	308.4	30.7
Year to November 2017	220.5 ^{B, C}	175.0	395.5	39.3 ^C
Year to November 2018	227.5 ^{B, C}	175.0	402.5	40.0 ^C
Total	782.3	574.7	1,357.0	135.1

A. All future ordinary and special dividends are subject to shareholder approval

B. Based on Reuters consensus estimates of earnings per share of 54.7p for FY17 and 56.4p for FY18 as at 17 February 2017 and applying a two and a half times dividend cover in line with the announced policy

C. Based upon 31 December 2016 share capital of 1,006,940,985 shares for proposed payments

In accordance with the new policy, the Board is pleased to announce an interim dividend of 7.3 pence per share (2016: 6.0 pence per share). This dividend represents one-third of the expected ordinary dividend for the financial year, based on the full year dividend being covered 2.5 times by current consensus earnings.

The interim dividend will be paid on Friday 19 May 2017 to all shareholders on the register on Friday 21 April 2017.

Committed to building more high quality homes

As the demand for housing remains strong, we have continued our disciplined investment to increase housing production, with £5.0bn approved for the purchase of over 94,000 plots of land over the last five years.

Additionally, over the last five years we have built more than 77,100 homes (including JV's) of which more than 13,800 were affordable homes (including JV's) sold to registered providers. We have invested in our employees, including 152 new apprentices, trainees, graduates and undergraduates in the period to further expand our skilled workforce, securing future delivery of supply of high quality homes.

Barratt's commitment to quality through excellence in design, build and industry-leading customer service allows us to differentiate ourselves from our competition. This commitment makes us the only national housebuilder with a HBF 5 Star Customer Satisfaction rating – awarded for the 7th consecutive year. The next largest housebuilder with a 5 Star rating builds fewer than 3,000 homes a year.

Last year we won more NHBC Pride in the Job Awards for site management than any other housebuilder for the 12th year in a row. We have also won more Building for Life Awards for excellence in design than any other housebuilder.

There remains a long term housing shortage of all tenures that can be addressed through additional supply in the right locations. We are committed to playing a leading role in addressing this issue.

Our financial results

The Group has delivered a strong first half performance supported by healthy market conditions driving robust consumer demand.

Overall our net private reservation rate was 0.68 (2015: 0.66) per active outlet per week in the half year period.

During the period, we operated from an average of 374 outlets (including JV's) (2015: 386). We have made good progress on new site openings, launching 83 new developments (including JV's) (2015: 63) in the half year. We expect to see average outlet numbers remain broadly flat for the full year when compared against the prior year.

Total completions (including JV's) were 7,180 units (2015: 7,626).

Completions (plots)	2016	2015	Variance
Private	5,561	5,993	(7.2%)
Affordable	1,221	1,114	9.6%
JV	398	519	(23.3%)
Total	7,180	7,626	(5.8%)

Total average selling price ('ASP') increased by 3.8% in the period to £263,800 (2015: £254,200). Private ASP increased by 5.4% in the period to £296,400 (2015: £281,100) benefiting from changes in mix as well as some underlying house price inflation.

Affordable housing ASP similarly increased in the period by 5.6% to £115,300 (2015: £109,200).

Our gross margin was 20.7%, up 2.1 percentage points in the period reflecting, amongst other things, new sites coming through at higher margins, mix changes and some underlying inflation. We delivered a gross profit of £375.2m (2015: £348.4m) in the half year.

Operating profit increased by £22.2m to £324.0m (2015: £301.8m). Operating margin was up by 1.7 percentage points to 17.8% (2015: 16.1%), reflecting our increased gross margin, offset by reduced levels of other income.

Net finance charges were broadly in line with the prior year at £29.4m (2015: £29.8m). We expect FY17⁶ net finance cost to be around £65m, comprising £25m of cash and £40m of non-cash.

In the half year, the Group's share of JV profit was £26.3m (2015: £22.9m). We continue to expect to deliver JV profit of around £45m for FY17. Profit before tax increased by 8.8% to £321.0m (2015: £295.0m) and the Group recognised £61.4m of tax charges at an effective rate of 19.1% (2015: 19.0%). Basic earnings per share increased by 8.4% to 25.9 pence per share (2015: 23.9 pence per share).

Delivery of our strategic objectives

Our strategic objectives remain clear – maintain disciplined growth, deliver on our targets for key financial metrics (minimum ROCE of 25% and gross margin of 20% by the end of FY17) and continue to deliver attractive cash returns. We have made good progress against these objectives during the half year and remain focused to deliver in the second half.

Land and planning

The land market remains attractive from an investment perspective and we continue to secure excellent opportunities that meet or exceed our minimum hurdle rates of 20% gross margin and 25% site ROCE⁷. In the period we approved the purchase of £328.2m (2015: £558.7m) of land, equating to 39 sites (2015: 54 sites) and 5,262 plots (2015: 10,967 plots). Whilst this is lower than historical levels for the period, it reflects our caution immediately following the EU referendum. However, we continue to expect to approve c. 15,000 plots for purchase in FY17 as a whole and remain on track to achieve our targeted land bank of at least 4.5 years owned and controlled land by the year end.

The Group continues to maintain a balanced capital structure with land and long term work in progress funded by shareholders' funds and land creditors. Land creditors as at 31 December 2016 represented 34% (2015: 36%) of our owned land bank. We continue to secure attractive deferred payment terms on land and expect land creditors as a proportion of the owned land bank to be between 30% and 35% in the medium term.

We continue to target a regionally balanced land portfolio with a supply of owned land of at least 3.5 years and a further 1.0 year of controlled land. Our target is for a shorter than sector average land bank reflecting our focus on ROCE and our fast build and sell model. As at 31 December 2016 we achieved a 4.9 years land supply (excluding JV's) including 3.4 years owned land with both outline and detailed planning consents.

Our land bank	31 December 2016	31 December 2015
Owned and unconditional land bank (plots)	52,976	52,007
Conditionally contracted land bank (plots)	24,120	19,949
Total owned and controlled land bank (plots)	77,096	71,956
Number of years' supply⁸	4.9	4.5
JV's owned and controlled land bank (plots)	4,911	6,124
Strategic land (acres)	11,400	11,500
Land bank carrying value	£2,801.3m	£2,860.1m

⁶ FY is financial year ending 30 June

⁷ Site ROCE on land acquisition is calculated as site operating profit (site trading profit less sales overheads less allocated administrative overheads) divided by average investment in site land, work in progress and equity share

⁸ Based upon completions in the 12 months ended 31 December

The transformation of our land bank from lower margin land acquired pre 2009 to more recently acquired higher margin land is well progressed. As at 31 December 2016, 94% (2015: 92%) of our owned and controlled land is land acquired post 2009. On the 269 sites that we have acquired and completed since 2009 we have achieved an average gross margin of c. 21%, and an average site ROCE of c. 36%, demonstrating sustained delivery above our hurdle rates on this more recently acquired land. We continue to reduce the absolute value of our lower margin legacy assets. The total book value is down 42% to £315.8m as at 31 December 2016 (2015: £544.4m).

We remain well positioned to benefit from Government's continuing drive to release public land with our strong track record in partnering and JV's with the public sector, as well as our leading design and sustainability credentials. We are a member of the Homes and Communities Agency Delivery Partner Panel 2 (on all four regions) and the Greater London Authority London Development Panel.

Whilst maintaining a first class operational land bank, we remain focused on securing a longer term land pipeline through the acquisition of strategic land options. In the period ended 31 December 2016, 1,407 plots (2015: 1,542 plots) were transferred from strategic land to our owned land bank. During the half year period 24% of our completions (2015: 22%) were on strategically sourced land, and we expect around 24% of completions to be delivered from strategic land in FY17.

Reflecting our success with planning over the past 12 months we are very well positioned, with 97% of expected FY18 completions (2015: 97% of FY17 completions) having outline or full planning consent.

Improving operating margin

In 2016 the Group undertook a fundamental review of our Barratt and David Wilson housing ranges. The outcome was a reduction in the number of houses in the range which will increase standardisation, simplify construction and reduce build costs whilst maintaining our high standards of design and quality.

We have a carefully managed supply chain which has proved to be very resilient. We have effectively sourced the materials required to underpin our controlled volume growth and the cost of all of our centrally procured materials is now fixed until the end of FY17 with more than 40% fixed for FY18.

On labour, we continue to see some pressure on skilled labour supply with shortages remaining location and trade specific. However, whilst labour costs are still rising, the rate of increase is moderating.

We are also seeking to increase construction efficiency and reduce demand on labour through the use of alternative build options such as timber frames, large format block and light gauge steel frames.

We expect that overall build cost inflation for FY17 will be c. 2-3% and in FY18 we expect this to be c. 3-4%.

Maintaining appropriate financial structure

Net cash as at 31 December 2016 was £196.7m (2015: £24.2m). The cash outflow from our net cash position of £592.0m as at 30 June 2016 reflects normal seasonal trends, investment in land and work in progress to deliver the Group's build programme and the payment of £248.3m of dividends in November.

The Group continues to maintain an appropriate financial structure with shareholders' funds and land creditors funding the longer term requirements of the business and with term loans and bank debt funding shorter term requirements for working capital. In December we further strengthened working capital capacity by amending and extending our existing revolving credit facility, removing the £150m stepdown in facility size previously due in December 2017 and extending our £700m facility to December 2021.

We expect to operate an annual average net debt in the range of £150m to £200m and expect a net cash position at each financial year end. We anticipate net cash in the range of £350m to £400m as at 30 June 2017.

Our Strategic Priorities

Within our business we remain focused on our strategic priorities. Each of these priorities has a work plan to drive improvements across the business and they support a set of principles which underpin all of our operations.

Health and safety

Health and safety continues to be a non-negotiable number one priority for the Group and 'Keeping people safe' is a core business principle. We are driving our 'Five Steps to Safety' initiative, which is aimed at improving engagement with our workforce and challenging unsafe attitudes and behaviours. Skill shortages and volume demands continue to put pressure on our performance in this area but we continue to strive for improved standards and the prevention of injury and ill health. In the 12 months to 31 December 2016 our reportable injury incidence rate was 369 (2015: 331), for FY16 the rate was 385 per 100,000 workers.

Customer first

We place customers at the heart of everything we do with their satisfaction being a key performance indicator at all levels of management.

We are the only major national housebuilder to be awarded a HBF 5 Star status rating for seven consecutive years, with over 90% of customers being prepared to recommend us to their friends and family.

We are continuing to improve the quality and efficiency of the ways in which we support customers through the sales process. During the half year period we have launched a range of construction and customer service initiatives to further improve the high quality of our homes. We have also developed a joint training course with the NHBC and delivered this to all Customer Care employees to increase their knowledge and capability.

We have invested in a significant piece of research to better understand customer expectations and needs throughout the customer journey and this insight is now being used to refine our policies and procedures and also to inform the development of our digital capability.

Great places

A key focus of the business continues to be securing the right land in the right place to enable the building of outstanding places to live. Our success in buying land is based on the extensive local knowledge of our land teams and the building of strong relationships with landowners combined with detailed assessments of local market conditions.

During the period we continued to make progress in terms of securing the right operational land, successfully delivering completions from public sector land, and increased investment in longer term strategic sites.

We continue to focus upon design and all of our developments are reviewed against our 'Great places' design standard at the pre-application stage. 'Great places' enables us to meet Building For Life 12, the industry standard for the design of new housing developments.

Leading construction

We put customer satisfaction at the heart of our construction processes with a focus upon getting it right first time which also drives operating efficiencies in our build process and reduces remedial costs.

Our site managers continue to lead the industry. In 2016, 80 NHBC Pride in the Job awards were won on our sites. This was the 12th year in succession that our site managers and the Group have won more of these awards than any other housebuilder.

We are implementing a number of key initiatives in terms of improving efficiency. In addition to building around 1,300 homes during FY17 using timber frames we have completed trials of light gauge steel frames and large format block which give the business additional options with similar benefits as timber frame

ensuring we are future proofing our business. We continue to trial various offsite technologies and innovative products and we are investing in research into smart technologies.

Investing in our people

We are committed to the development of our people in order to drive our success. A shortage of skilled workers means that attracting and retaining the best people is an important priority for the business. We aim to have a diverse and inclusive workforce that reflects the communities in which we operate, delivering excellence for our customers by drawing on a broad range of talents, skills and experience.

We are committed to investing in the future and continue to develop our 'Future Talent' strategy, recruiting graduates, apprentices and paid interns into our business.

We also continue to support the wider industry focus on addressing the skills shortage with the HBF, the Construction Industry Training Board and many schools and universities.

Board changes

Mark Rolfe, after more than eight years of distinguished service, stepped down from the Board on 15 November 2016. Jock Lennox, who joined the Board on 1 July 2016, took over as Chair of the Audit Committee and Richard Akers, who joined the Board on 2 April 2012, took over as Senior Independent Director.

As announced on 19 January 2017, Neil Cooper, Chief Financial Officer, left the Group by mutual agreement, effective immediately. The Board have launched a search for a new Chief Financial Officer and a further announcement will be made in due course. David Thomas, who previously held the role of Barratt CFO for six years until July 2015, has reassumed temporary responsibility for the finance function supported by both Philip Schumacher and John Flynn, the Group Financial Controller and Housebuilding Financial Controller respectively. Deputy CEO and Chief Operating Officer, Steven Boyes, will continue to support David with his ongoing executive responsibilities.

The Nomination Committee, as part of its annual review of committee memberships, assessed the composition of Nomination Committees within the FTSE 100. In the majority the Chief Executive was not a member of the Committee and consequently David Thomas, Chief Executive, agreed to step down as a member of the Nomination Committee effective from 21 February 2017. Going forward, the Nomination Committee will comprise of the Chairman and each of the Non-Executive Directors.

Current trading and outlook

The sales performance across the Group in the second half to date has been strong, with net private reservations per average week of 290 (2016: 280), resulting in average net private reservations per active outlet per average week of 0.77 (2016: 0.76).

Our total forward sales (including JV's) as at 19 February 2017 were up 17.0% on the strong prior year at a record £3,018.2m.

	19 February 2017		21 February 2016		Variance
	£m	Plots	£m	Plots	(£m) %
Private	1,945.8	5,579	1,564.1	5,169	24.4
Affordable	769.8	6,187	523.4	4,448	47.1
Wholly owned	2,715.6	11,766	2,087.5	9,617	30.1
JV	302.6	965	492.0	1,369	(38.5)
Total	3,018.2	12,731	2,579.5	10,986	17.0

The Group is confident it will deliver on its full year volume guidance. We expect to achieve modest volume growth in wholly owned completions and deliver c. 700 JV completions in FY17, helped by a strong delivery in London in the second half.

We are also on track to achieve our target ROCE of 25%, and remain focused on the delivery of a 20% gross margin for FY17, notwithstanding that the high-end London market presents some headwinds in this regard.

We remain confident in our outlook for the full year as we continue to execute our strategies aimed at ensuring disciplined growth, improving key financial metrics through a focus on efficiency and the continued delivery of attractive cash returns.

Note on forward looking statements

The Half Year results contain certain forward-looking statements about the future outlook for the Group. Although the Directors believe that these statements are based on reasonable assumptions, any such statements should be treated with caution as the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

This announcement contains inside information.

David Thomas

Chief Executive

21 February 2017

Principal risks and uncertainties

The Group's financial and operational performance and reputation is subject to a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors do not consider that the process of risk management and the principal risks and uncertainties to have changed since the publication of the Annual Report and Accounts for the year ended 30 June 2016.

Economic environment, including housing demand and mortgage availability

Changes in the UK and European macroeconomic environments, including but not limited to unemployment, flat or negative economic growth, buyer confidence, availability of mortgage finance particularly for higher loan to values including government backed schemes, interest rates, competitor pricing, falls in house prices or land values, may lead to a fall in the demand or price achieved for houses, which in turn could result in impairments of the Group's inventories, goodwill and intangible assets.

Land purchasing

The ability to secure sufficient consented land and strategic land options at appropriate cost and quality to provide profitable growth.

Liquidity

Unavailability of sufficient borrowing facilities to enable the servicing of liabilities (including pension funding) and the inability to refinance facilities as they fall due, obtain surety bonds, or comply with borrowing covenants. Furthermore, there are risks from management of working capital such as conditional contracts, build costs, joint ventures and the cash flows related to them.

Attracting and retaining high calibre employees

Inability to recruit and/or retain employees with appropriate skill sets or sufficient numbers of such employees.

Availability of raw materials, subcontractors and suppliers

Shortages or increased costs of materials and skilled labour, the failure of a key supplier or the inability to secure supplies upon appropriate credit terms could increase costs and delay construction.

Government regulation and planning policy

Inability to adhere to the increasingly stringent and complex regulatory environment, including planning and technical requirements affecting the housing market and regulatory requirements more generally.

Construction and new technologies

Failure to identify and achieve key construction milestones, due to factors including the impact of adverse weather conditions, the failure to identify cost overruns promptly, design and construction defects, and exposure to environmental liabilities, which could delay construction, increase costs, reduce selling prices and result in litigation and uninsured losses. There are also risks associated with climate change and the use of new technology in the build process e.g. materials related to carbon reduction.

Joint ventures and consortia

Large development projects, some of which involve joint ventures or consortia arrangements and/or commercial developments, are complex and capital intensive and changes may negatively impact upon cash flows or returns.

Safety, health and environmental

Health and safety or environmental breaches can result in injuries to employees, sub-contractors and site visitors, delays in construction or increased costs, reputational damage, criminal prosecution and civil litigation.

Information technology ('IT')

Failure of the Group's IT systems (whether due to cyber-attacks or other causes) in particular those relating to surveying and valuation, could adversely impact the performance of the Group.

Further details of the Group's principal risks and mitigation of the risks outlined above can be found on pages 41 to 45 of the Annual Report and Accounts for the year ended 30 June 2016, which is available at www.barrattdevelopments.co.uk.

Condensed Consolidated Income Statement
for the half year ended 31 December 2016 (unaudited)

	Notes	Half year ended 31 December 2016 £m	Half year ended 31 December 2015 £m	Year ended 30 June 2016 (audited) £m
Continuing operations				
Revenue	2.1	1,816.2	1,875.5	4,235.2
Cost of sales		(1,441.0)	(1,527.1)	(3,434.8)
Gross profit		375.2	348.4	800.4
Administrative expenses		(51.2)	(46.6)	(132.0)
Profit from operations	2.1	324.0	301.8	668.4
Finance income	5.2	1.8	3.3	5.9
Finance costs	5.2	(31.2)	(33.1)	(64.1)
Net finance costs	5.2	(29.4)	(29.8)	(58.2)
Share of post-tax profit from joint ventures		26.3	22.9	71.9
Share of post-tax profit from associates		0.1	0.1	0.2
Profit before tax		321.0	295.0	682.3
Tax	2.4	(61.4)	(56.1)	(132.0)
Profit for the period		259.6	238.9	550.3
Profit for the period attributable to the owners of the Company		259.7	238.6	550.3
(Loss)/profit for the period attributable to non-controlling interests		(0.1)	0.3	-
Earnings per share from continuing operations				
Basic	2.2	25.9p	23.9p	55.1p
Diluted	2.2	25.6p	23.6p	54.3p

The notes in sections 1 to 6 form an integral part of the condensed consolidated half yearly financial statements.

Condensed Consolidated Statement of Comprehensive Income
for the half year ended 31 December 2016 (unaudited)

	Notes	Half year ended 31 December 2016 £m	Half year ended 31 December 2015 £m	Year ended 30 June 2016 (audited) £m
Profit for the period		259.6	238.9	550.3
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss				
Actuarial (loss)/gain on defined benefit pension scheme		(23.3)	7.5	(9.0)
Fair value adjustment on available for sale financial assets		-	0.5	0.5
Tax credit/(charge) relating to items not reclassified		4.2	(1.6)	1.7
Total items that will not be reclassified to profit or loss		(19.1)	6.4	(6.8)
Items that may be reclassified subsequently to profit or loss				
Amounts deferred in respect of effective cash flow hedges		5.5	2.3	6.3
Amounts reclassified to the Income Statement in respect of hedged cash flows	5.2	(1.5)	0.2	(1.1)
Tax charge relating to items that may be reclassified		(0.9)	(0.7)	(1.2)
Total items that may be reclassified subsequently to profit or loss		3.1	1.8	4.0
Total comprehensive income recognised for the period		243.6	247.1	547.5
Total comprehensive income recognised for the period attributable to the owners of the Company		243.7	246.8	547.5
Total comprehensive (expense)/income recognised for the period attributable to non-controlling interests		(0.1)	0.3	-

The notes in sections 1 to 6 form an integral part of the condensed consolidated half yearly financial statements.

Condensed Consolidated Statement of Changes in Shareholders' Equity at 31 December 2016 (unaudited)

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Own shares £m	Share-based payments £m	Retained earnings £m	Total retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 July 2015 (audited)	99.5	219.1	1,109.0	(13.7)	(2.7)	34.0	2,257.2	2,288.5	8.9	3,711.3
Profit for the period	-	-	-	-	-	-	238.6	238.6	0.3	238.9
Amounts deferred in respect of effective cash flow hedges	-	-	-	2.3	-	-	-	-	-	2.3
Amounts reclassified to the Income Statement in respect of hedged cash flows	-	-	-	0.2	-	-	-	-	-	0.2
Fair value adjustments on available for sale financial assets	-	-	-	-	-	-	0.5	0.5	-	0.5
Actuarial gains on pension scheme	-	-	-	-	-	-	7.5	7.5	-	7.5
Tax on items above taken directly to equity	-	-	-	(0.7)	-	-	(1.6)	(1.6)	-	(2.3)
Total comprehensive income recognised for the period ended 31 December 2015	-	-	-	1.8	-	-	245.0	245.0	0.3	247.1
Dividend payments	-	-	-	-	-	-	(203.1)	(203.1)	-	(203.1)
Issue of shares	0.7	1.0	-	-	-	-	(0.6)	(0.6)	-	1.1
Share-based payments	-	-	-	-	-	6.2	-	6.2	-	6.2
Net purchase of own shares	-	-	-	-	(0.9)	-	-	(0.9)	-	(0.9)
Transfer of share-based payments charge for exercised/lapsed options	-	-	-	-	-	(10.7)	10.7	-	-	-
Tax on share-based payments	-	-	-	-	-	(4.7)	6.7	2.0	-	2.0
At 31 December 2015	100.2	220.1	1,109.0	(11.9)	(3.6)	24.8	2,315.9	2,337.1	9.2	3,763.7
Profit for the period	-	-	-	-	-	-	311.7	311.7	(0.3)	311.4
Amounts deferred in respect of effective cash flow hedges	-	-	-	4.0	-	-	-	-	-	4.0
Amounts reclassified to the Income Statement in respect of hedged cash flows	-	-	-	(1.3)	-	-	-	-	-	(1.3)
Actuarial losses on pension scheme	-	-	-	-	-	-	(16.5)	(16.5)	-	(16.5)
Tax on items above taken directly to equity	-	-	-	(0.5)	-	-	3.3	3.3	-	2.8
Total comprehensive income recognised for the period ended 30 June 2016	-	-	-	2.2	-	-	298.5	298.5	(0.3)	300.4
Dividend payments	-	-	-	-	-	-	(60.1)	(60.1)	-	(60.1)
Issue of shares	0.2	2.6	-	-	-	-	-	-	-	2.8
Share-based payments	-	-	-	-	-	6.6	-	6.6	-	6.6
Disposal of own shares	-	-	-	-	0.1	-	-	0.1	-	0.1
Transfer of share-based payments charge for exercised/lapsed options	-	-	-	-	-	(0.1)	0.1	-	-	-
Tax on share-based payments	-	-	-	-	-	(3.8)	0.5	(3.3)	-	(3.3)
At 30 June 2016 (audited)	100.4	222.7	1,109.0	(9.7)	(3.5)	27.5	2,554.9	2,578.9	8.9	4,010.2
Profit for the period	-	-	-	-	-	-	259.7	259.7	(0.1)	259.6
Amounts deferred in respect of effective cash flow hedges	-	-	-	5.5	-	-	-	-	-	5.5
Amounts reclassified to the Income Statement in respect of hedged cash flows	-	-	-	(1.5)	-	-	-	-	-	(1.5)
Actuarial losses on pension scheme	-	-	-	-	-	-	(23.3)	(23.3)	-	(23.3)
Tax on items above taken directly to equity	-	-	-	(0.9)	-	-	4.2	4.2	-	3.3
Total comprehensive income recognised for the period ended 31 December 2016	-	-	-	3.1	-	-	240.6	240.6	(0.1)	243.6
Dividend payments	-	-	-	-	-	-	(248.3)	(248.3)	-	(248.3)
Issue of shares	0.3	0.9	-	-	-	-	-	-	-	1.2
Share-based payments	-	-	-	-	-	6.1	-	6.1	-	6.1
Purchase of own shares	-	-	-	-	(3.6)	-	-	(3.6)	-	(3.6)
Transfers in respect of exercised/lapsed options	-	-	-	-	5.1	(13.9)	8.8	-	-	-
Tax on share-based payments	-	-	-	-	-	1.1	-	1.1	-	1.1
At 31 December 2016	100.7	223.6	1,109.0	(6.6)	(2.0)	20.8	2,556.0	2,574.8	8.8	4,010.3

The notes in sections 1 to 6 form an integral part of the condensed consolidated half yearly financial statements.

Condensed Consolidated Balance Sheet
at 31 December 2016 (unaudited)

	Notes	31 December 2016 £m	31 December 2015 £m	30 June 2016 (audited) £m
Assets				
Non-current assets				
Other intangible assets		100.0	100.0	100.0
Goodwill		792.2	792.2	792.2
Property, plant and equipment		9.5	10.0	9.6
Investments in joint ventures and associates		254.6	223.3	255.9
Retirement benefit assets		-	19.6	8.1
Available for sale financial assets		3.7	3.0	3.8
Trade and other receivables		2.3	2.4	1.6
Derivative financial instruments - swaps	5.1	-	5.5	11.8
		1,162.3	1,156.0	1,183.0
Current assets				
Inventories	3.1	4,539.4	4,355.0	4,326.6
Available for sale financial assets		0.6	89.3	0.8
Trade and other receivables		94.7	95.2	149.6
Cash and cash equivalents	5.1	361.7	195.6	758.0
Derivative financial instruments - swaps	5.1	16.9	-	-
		5,013.3	4,735.1	5,235.0
Total assets		6,175.6	5,891.1	6,418.0
Liabilities				
Non-current liabilities				
Loans and borrowings	5.1	(110.6)	(170.0)	(171.5)
Trade and other payables		(563.9)	(634.7)	(629.9)
Retirement benefit obligations		(10.2)	-	-
Deferred tax liabilities		(6.2)	(6.6)	(10.5)
Derivative financial instruments - swaps	5.1	(6.5)	(14.3)	(7.5)
		(697.4)	(825.6)	(819.4)
Current liabilities				
Loans and borrowings	5.1	(70.8)	(7.4)	(6.0)
Trade and other payables		(1,331.9)	(1,241.2)	(1,513.5)
Derivative financial instruments - swaps	5.1	(2.5)	-	(5.6)
Current tax liabilities		(62.7)	(53.2)	(63.3)
		(1,467.9)	(1,301.8)	(1,588.4)
Total liabilities		(2,165.3)	(2,127.4)	(2,407.8)
Net assets		4,010.3	3,763.7	4,010.2
Equity				
Share capital	5.4	100.7	100.2	100.4
Share premium		223.6	220.1	222.7
Merger reserve		1,109.0	1,109.0	1,109.0
Hedging reserve		(6.6)	(11.9)	(9.7)
Retained earnings		2,574.8	2,337.1	2,578.9
Equity attributable to the owners of the Company		4,001.5	3,754.5	4,001.3
Non-controlling interests		8.8	9.2	8.9
Total equity		4,010.3	3,763.7	4,010.2

The notes in sections 1 to 6 form an integral part of the condensed consolidated half yearly financial statements.

Condensed Consolidated Cash Flow Statement
for the half year ended 31 December 2016 (unaudited)

	Notes	Half year ended 31 December 2016 £m	Half year ended 31 December 2015 £m	Year ended 30 June 2016 (audited) £m
Profit from operations		324.0	301.8	668.4
Depreciation		2.0	1.8	4.5
Loss on disposal of fixed assets		-	-	0.2
Impairment of inventories		5.6	0.9	8.6
(Profit on redemption)/net impairment of available for sale financial assets		(1.3)	3.0	2.1
Share-based payments charge		6.1	6.2	12.8
Imputed interest on deferred term payables*	5.2	(16.5)	(18.7)	(34.5)
Imputed interest on available for sale financial assets and interest free loans*	5.2	-	1.8	2.9
Amortisation of facility fees	5.2	(1.5)	(1.5)	(2.9)
Finance income related to employee benefits	5.2	0.2	0.2	0.4
Total non-cash items		(5.4)	(6.3)	(5.9)
Increase in inventories		(218.4)	(182.3)	(161.6)
Decrease/(increase) in trade and other receivables		49.2	58.2	(0.9)
(Decrease)/increase in trade and other payables		(247.4)	(83.2)	188.5
Decrease in available for sale financial assets		1.6	12.2	100.8
Total movements in working capital		(415.0)	(195.1)	126.8
Interest paid		(13.7)	(10.0)	(26.8)
Tax paid		(61.9)	(47.2)	(109.6)
Net cash (outflow)/inflow from operating activities		(172.0)	43.2	652.9
Investing activities:				
Purchase of property, plant and equipment		(1.9)	(3.6)	(6.1)
Increase in investments accounted for using the equity method		(5.8)	(18.6)	(11.9)
Dividends received from investments accounted for using the equity method		33.5	18.3	28.1
Interest received		1.6	1.3	2.6
Net cash inflow/(outflow) from investing activities		27.4	(2.6)	12.7
Financing activities:				
Dividends paid	2.3	(248.3)	(203.1)	(263.2)
Purchase of own shares		(3.6)	(0.9)	(0.8)
Proceeds from issue of share capital		1.2	1.1	3.9
Loan repayments		(1.0)	(2.5)	(7.9)
Net cash outflow from financing activities		(251.7)	(205.4)	(268.0)
Net (decrease)/increase in cash and cash equivalents		(396.3)	(164.8)	397.6
Cash and cash equivalents at the beginning of the period		758.0	360.4	360.4
Cash and cash equivalents at the end of the period	5.1	361.7	195.6	758.0

The notes in sections 1 to 6 form an integral part of the condensed consolidated half yearly financial statements.

* The balance sheet movements in land, available for sale financial assets and certain interest free loans include non-cash movements due to imputed interest. Imputed interest is therefore included within non-cash items in the statement above.

Notes to the Condensed Consolidated Half Yearly Financial Statements for the half year ended 31 December 2016 (unaudited)

Section 1 – Basis of preparation

1.1 Cautionary statement

The Chief Executive's statement contained in this Half Yearly Financial Report, including the principal risks and uncertainties, has been prepared by the Directors in good faith based on the information available to them up to the time of their approval of this report solely for the Company's shareholders as a body, so as to assist them in assessing the Group's strategies and the potential for those strategies to succeed and accordingly should not be relied on by any other party or for any other purpose and the Company hereby disclaims any liability to any such other party or for reliance on such information for any such other purpose.

This Half Yearly Financial Report has been prepared in respect of the Group as a whole and accordingly matters identified as being significant or material are so identified in the context of Barratt Developments PLC and its subsidiary undertakings taken as a whole.

1.2 Basis of preparation

The financial information for the year ended 30 June 2016 is an extract from the published Annual Report and Accounts for that year and does not constitute statutory accounts as defined in s434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 30 June 2016, prepared under International Financial Reporting Standards ('IFRS'), on which the auditors gave an unmodified opinion, which did not draw attention to any matters by way of emphasis and did not contain a statement made under either s498 (2) or (3) of the Companies Act 2006, has been filed with the Registrar of Companies.

1.3 Going concern

In determining the appropriate basis of preparation of the condensed consolidated half yearly financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Group's business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Chief Executive's statement. The material financial and operational risks and uncertainties that impact upon the Group's performance are outlined in the principal risks and uncertainties section of this Half Yearly Financial Report and their relevance to the Group's strategy and mitigation of those risks together with the financial risks including liquidity risk, market risk, credit risk and capital risk are outlined respectively on pages 41 to 45 and on pages 142 to 145 of the Group's Annual Report and Accounts for the year ended 30 June 2016, which is available at www.barrattdevelopments.co.uk.

The financial performance of the Group is dependent upon the wider economic environment in which the Group operates. As explained in the principal risks and uncertainties, factors that particularly impact upon the performance of the Group include changes in the macroeconomic environment including buyer confidence, availability of mortgage finance for the Group's customers and interest rates. In forming their conclusion, the Directors have considered all currently available information about the potential future outcomes of events and changes in conditions that are reasonably possible at the time of making this statement. In doing this they have concluded that no material uncertainties exist.

The Group has total committed facilities and private placement notes of £848.3m. The maturity of these facilities range from August 2017 to December 2021, with the £700.0m revolving credit facility maturing in December 2021. The committed facilities and private placement notes provide sufficient headroom above our current forecast debt requirements. In addition to these committed borrowing facilities the Group has secured £22.4m of financing from the Government's 'Get Britain Building' and 'Growing Places Fund' schemes. These funds are repayable between 31 March 2017 and 31 March 2018. Further committed loan facilities of £4.6m are available under agreements with local government which are due to be repaid between March 2018 and March 2020.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the condensed consolidated half yearly financial statements, that it is appropriate to adopt the going concern basis of accounting for the foreseeable future, being at least

twelve months from the date of these condensed consolidated half yearly financial statements. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated half yearly financial statements.

1.4 Accounting policies

The unaudited condensed consolidated half yearly financial statements have been prepared using accounting policies consistent with IFRS as adopted by the European Union ('EU') and in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU.

The unaudited condensed consolidated half yearly financial statements have been prepared using accounting policies and methods of computation consistent with those applied in the preparation of the Group's Annual Report and Accounts for the year ended 30 June 2016.

New standards, amendments and interpretations that have been published and are therefore mandatory for the Group's accounting periods beginning on or after 1 July 2016 and later periods are disclosed on page 116 of the Annual Report and Accounts for the year ended 30 June 2016. None of the amendments and interpretations adopted in the period have had any impact on the profit and loss and net assets or required any additional disclosure in these condensed consolidated half yearly financial statements.

Section 2 – Results for the year and utilisation of profits

2.1 Segmental analysis

The Group consists of two separate segments for management reporting and control purposes, being housebuilding and commercial development. The Group presents its segmental information on the basis of these operating segments. As the Group operates in a single geographic market, Great Britain, no geographical segmentation is provided.

	Half year ended 31 December 2016			Half year ended 31 December 2015			Year ended 31 June 2016 (audited)		
	House-building £m	Commercial development £m	Total £m	House- building £m	Commercial development £m	Total £m	House- building £m	Commercial development £m	Total £m
Consolidated Income Statement:									
Revenue	1,789.8	26.4	1,816.2	1,824.8	50.7	1,875.5	4,153.3	81.9	4,235.2
Profit from operations	318.9	5.1	324.0	296.3	5.5	301.8	662.4	6.0	668.4
Profit from operations including post- tax profit/(loss) from joint ventures and associates	346.1	4.3	350.4	319.5	5.3	324.8	734.8	5.7	740.5
Finance income			1.8			3.3			5.9
Finance costs			(31.2)			(33.1)			(64.1)
Profit before tax			321.0			295.0			682.3
Tax			(61.4)			(56.1)			(132.0)
Profit for the period			259.6			238.9			550.3

Profit from operations includes £0.3m (31 December 2015: £0.2m; 30 June 2016: £0.8m) relating to forfeited deposits and £16.4m (31 December 2015: £19.8m; 30 June 2016: £51.6m) of other income. Other income principally comprises management fees receivable from joint ventures, the sale of freehold reversions, ground rents and property management income.

	31 December 2016			31 December 2015			30 June 2016 (audited)		
	House- building £m	Commercial development £m	Total £m	House- building £m	Commercial development £m	Total £m	House- building £m	Commercial development £m	Total £m
Balance Sheet:									
Segment assets	5,806.8	37.6	5,844.4	5,698.2	37.2	5,735.4	5,648.0	42.2	5,690.2
Elimination of intercompany balances			(30.5)			(39.9)			(30.2)
			5,813.9			5,695.5			5,660.0
Cash and cash equivalents			361.7			195.6			758.0
Consolidated total assets			6,175.6			5,891.1			6,418.0
Segment liabilities	(1,881.4)	(64.1)	(1,945.5)	(1,854.4)	(75.7)	(1,930.1)	(2,114.3)	(72.4)	(2,186.7)
Elimination of intercompany balances			30.5			39.9			30.2
			(1,915.0)			(1,890.2)			(2,156.5)
Loans and borrowings			(181.4)			(177.4)			(177.5)
Deferred tax liabilities			(6.2)			(6.6)			(10.5)
Current tax liabilities			(62.7)			(53.2)			(63.3)
Consolidated total liabilities			(2,165.3)			(2,127.4)			(2,407.8)

2.2 Earnings per share

Basic earnings per share is calculated by dividing the profit for the half year attributable to ordinary shareholders of £259.7m (31 December 2015: £238.6m; 30 June 2016: £550.3m) by the weighted average number of ordinary shares in issue during the half year, excluding those held by the Employee Benefit Trust which were treated as cancelled, which was 1,003.0m (31 December 2015: 996.3m; 30 June 2016: 998.7m) shares.

Diluted earnings per share is calculated by dividing the profit for the half year attributable to ordinary shareholders of £259.7m (31 December 2015: £238.6m; 30 June 2016: £550.3m) by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive share options from the start of the year, giving a figure of 1,015.1m (31 December 2015: 1,012.3m; 30 June 2016: 1,013.0m) shares.

The earnings per share from continuing operations were as follows:

	Half year ended 31 December 2016	Half year ended 31 December 2015	Year ended 30 June 2016 (audited)
	pence	pence	pence
Basic earnings per share	25.9	23.9	55.1
Diluted earnings per share	25.6	23.6	54.3

2.3 Dividends

	Half year ended 31 December 2016	Half year ended 31 December 2015	Year ended 30 June 2016 (audited)
	£m	£m	£m
Amounts recognised as distributions to equity shareholders:			
Final dividend for the year ended 30 June 2016 of 12.3p per share	123.6	-	-
Special dividend for the year ended 30 June 2016 of 12.4p per share	124.7	-	-
Interim dividend for the year ended 30 June 2016 of 6.0p per share	-	-	60.1
Final dividend for the year ended 30 June 2015 of 10.3p per share	-	103.1	103.1
Special dividend for the year ended 30 June 2015 of 10.0p per share	-	100.0	100.0
Total dividends distributed to equity shareholders in the period	248.3	203.1	263.2
Proposed interim dividend for the year ending 30 June 2017 of 7.3p per share (year ended 30 June 2016: 6.0p per share)	73.5	60.1	-

The interim dividend of 7.3 pence per share was approved by the Board on 21 February 2017 and has not been included as a liability as at 31 December 2016.

2.4 Tax

The corporation tax charge comprises of the best estimate of the expected annual effective corporation tax rate applied to the half year profit before tax plus the impact of rate changes and prior year adjustments. The effective rates are as follows:

	Half year ended 31 December 2016	Half year ended 31 December 2015	Year ended 30 June 2016 (audited)
Effective rate of corporation tax for the period	19.1%	19.0%	19.3%
Effective rate of corporation tax for the period excluding the impact of rate changes and prior year adjustments	19.5%	19.7%	19.7%

As at 31 December 2016 the Group recognised a deferred tax liability of £6.2m (31 December 2015: £6.6m; 30 June 2016: £10.5m).

Section 3 – Working capital

3.1 Inventories

	31 December 2016	31 December 2015	30 June 2016 (audited)
	£m	£m	£m
Land held for development	2,801.3	2,860.1	2,880.2
Construction work in progress	1,673.8	1,448.8	1,386.3
Part-exchange properties and other inventories	64.3	46.1	60.1
	4,539.4	4,355.0	4,326.6

The Directors consider all inventories to be essentially current in nature although the Group's operational cycle is such that a proportion of inventories will not be realised within twelve months. It is not possible to determine with accuracy when specific inventory will be realised as this will be subject to a number of issues such as consumer demand and the timing of achievement of planning permissions.

During the half year, the Group conducted a review of the net realisable value of specific sites identified as at high risk of impairment. Due to performance variations and changes to viability on individual sites, there were gross impairment charges of £6.7m and gross impairment reversals of £1.1m resulting in a net impairment charge of £5.6m (31 December 2015: £0.9m; 30 June 2016: £8.6m) included within profit from operations.

The value of inventories expensed in the half year ended 31 December 2016 and included in cost of sales was £1,351.5m (31 December 2015: £1,430.2m; 30 June 2016: £3,233.7m).

Section 4 – Business combinations and other investing activities

4.1 Investments accounted for using the equity method

The Group entered into no new joint ventures during the period.

Section 5 – Capital structure and financing

5.1 Net cash

Drawn debt and net cash at the period end are shown below:

	31 December 2016	31 December 2015	30 June 2016 (audited)
	£m	£m	£m
Cash and cash equivalents	361.7	195.6	758.0
Drawn debt			
<i>Non-current borrowings</i>			
Term loans	(89.4)	(89.5)	(90.9)
Government loans	(21.2)	(26.6)	(21.0)
Private placement notes	-	(53.9)	(59.6)

Total non-current borrowings	(110.6)	(170.0)	(171.5)
Current borrowings			
Bank overdrafts	(0.4)	(1.5)	–
Government loans	(5.8)	(5.9)	(6.0)
Private placement notes	(64.6)	–	–
Total current borrowings	(70.8)	(7.4)	(6.0)
Total borrowings being total drawn debt	(181.4)	(177.4)	(177.5)
Derivative financial instruments			
Foreign exchange swaps	16.4	6.0	11.5
Net cash	196.7	24.2	592.0

Included within non-current borrowings are prepaid facility arrangement fees of £10.8m (31 December 2015: £10.9m; 30 June 2016: £9.5m). The Group includes foreign exchange swaps within net cash as these swaps were entered into to hedge the foreign exchange exposure on the Group's US Dollar denominated private placement notes. The Group's foreign exchange swaps have both an interest rate and an exchange rate element, but only the exchange rate element on the notional amount of the swap is included within the net cash note.

The Group's derivative financial instruments at the period end are shown below:

	31 December 2016	31 December 2015	30 June 2016 (audited)
	£m	£m	£m
Foreign exchange swap – exchange rate element	16.4	6.0	11.5
Foreign exchange swap – interest rate element	0.5	(0.5)	0.3
Non-current asset	–	5.5	11.8
Current asset	16.9	–	–
Interest rate swaps – non-current liability	(6.5)	(14.3)	(7.5)
Interest rate swaps – current liability	(2.5)	–	(5.6)
Total liability	(9.0)	(14.3)	(13.1)
Net derivative financial instruments	7.9	(8.8)	(1.3)

Movement in net cash is analysed as follows:

	Half year ended 31 December 2016	Half year ended 31 December 2015	Year ended 30 June 2016 (audited)
	£m	£m	£m
Net (decrease)/increase in cash and cash equivalents	(396.3)	(164.8)	397.6
Net loan drawdown including foreign exchange loss and fees	(3.9)	(0.9)	(1.0)
Foreign exchange gain on swaps	4.9	3.4	8.9
Movement in net cash in the period	(395.3)	(162.3)	405.5
Opening net cash	592.0	186.5	186.5
Closing net cash	196.7	24.2	592.0

5.2 Net finance costs

	Half year ended 31 December 2016	Half year ended 31 December 2015	Year ended 30 June 2016 (audited)
	£m	£m	£m
Recognised in the Income Statement:			
Finance income			
Finance income on short term bank deposits	(0.6)	(0.2)	(0.7)
Imputed interest on available for sale financial assets and interest free loans	-	(1.8)	(2.9)
Finance income related to employee benefits	(0.2)	(0.2)	(0.4)
Other interest receivable	(1.0)	(1.1)	(1.9)
	(1.8)	(3.3)	(5.9)
Finance costs			
Interest on loans and borrowings	6.4	6.8	14.1
Imputed interest on deferred term payables	16.5	18.7	34.5
Amounts reclassified to the Income Statement in respect of hedged cash flows	(1.5)	0.2	(1.1)
Foreign exchange losses on US Dollar debt	4.9	3.4	8.9
Amortisation of facility fees	1.5	1.5	2.9
Other interest payable	3.4	2.5	4.8
	31.2	33.1	64.1
Net finance costs	29.4	29.8	58.2

The weighted average interest rates paid (excluding amortised fees and non-utilisation fees) were as follows:

	31 December 2016	31 December 2015	30 June 2016 (audited)
	%	%	%
Bank loans excluding swap interest	N/A	2.1	2.1
Net swap payment	5.4	5.2	5.2
Government loans	2.0	2.2	2.2
Term loans	4.5	4.7	4.7
Private placement notes	8.1	8.1	8.2

5.3 Financial instruments' fair value disclosures

The fair values of financial assets and liabilities are determined as follows:

- The fair value of the available for sale financial assets portfolio has been calculated on a loan by loan basis using the present value of the expected future cash flows of each loan. The fair values of other non-derivative financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments. Other financial liabilities are subsequently measured at amortised cost using the 'effective interest rate' method.
- All of the Group's interest rate and cross currency swaps are designated as cash flow hedges. Derivative financial instruments are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The carrying values and fair values of financial assets and liabilities are as follows:

	Half year ended 31 December 2016		Half year ended 31 December 2015		Year ended 30 June 2016 (audited)	
	£m		£m		£m	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
Financial assets						
Derivative financial instruments	16.9	16.9	5.5	5.5	11.8	11.8
Cash and cash equivalents	361.7	361.7	195.6	195.6	758.0	758.0
Trade and other receivables	62.4	62.4	60.1	60.1	106.9	106.9
Non-current available for sale financial assets	3.7	3.7	3.0	3.0	3.8	3.8
Current available for sale financial assets	0.6	0.6	89.3	89.3	0.8	0.8
Total financial assets	445.3	445.3	353.5	353.5	881.3	881.3
Financial liabilities						
Derivative financial instruments	9.0	9.0	14.3	14.3	13.1	13.1
Bank overdrafts	0.4	0.4	1.5	1.5	-	-
Trade and other payables	1,650.8	1,638.1	1,687.1	1,664.7	1,883.2	1,870.2
Loans and borrowings	182.1	181.4	178.8	177.4	179.0	177.5
Total financial liabilities	1,842.3	1,828.9	1,881.7	1,857.9	2,075.3	2,060.8

The following table provides an analysis of financial assets and financial liabilities that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between levels during the half year.

	Half year ended 31 December 2016		
	£m	Fair value measurements at 31 December 2016 using:	
		Level 2 £m	Level 3 £m
Financial assets			
Derivative financial instruments	16.9	16.9	-
Non-current available for sale financial assets	3.7	-	3.7
Current available for sale financial assets	0.6	-	0.6
	21.2	16.9	4.3
Financial liabilities			
Derivative financial instruments	9.0	9.0	-
	9.0	9.0	-

5.4 Share capital

	31 December 2016	31 December 2015	30 June 2016 (audited)
Allotted and issued ordinary shares (£m):			
10p each fully paid	100.7	100.2	100.4
Allotted and issued ordinary shares (number):			
10p each fully paid	1,006,940,985	1,002,277,333	1,003,607,066

	Half year ended 31 December 2016 number	Half year ended 31 December 2015 number	Year ended 30 June 2016 (audited) number
Options over the Company's shares granted during the period:			
Long Term Performance Plan ("LTPP")	2,594,923	1,880,862	1,880,862
Savings-Related Share Option Scheme ("Sharesave")	-	-	1,782,338
CFO Scheme	-	121,880	121,880
Deferred Bonus Plan ("DBP")	520,442	305,468	305,468
	3,115,365	2,308,210	4,090,548

	Half year ended 31 December 2016 number	Half year ended 31 December 2015 number	Year ended 30 June 2016 (audited) number
Allotment of shares during the period:			
At the beginning of the period	1,003,607,066	995,452,663	995,452,663
Issued to satisfy early exercise under Sharesave schemes	48,368	53,503	106,614
Issued to satisfy exercises under matured Sharesave schemes	406,225	693,820	1,968,683
Issued to satisfy vesting of LTPP awards	2,126,790	4,620,159	4,620,159
Issued to satisfy exercises under the DBP	471,535	1,457,188	1,458,947
Issued to the Employee Benefit Trust	281,001	-	-
	1,006,940,985	1,002,277,333	1,003,607,066

Employee Benefit Trust

The own shares reserve represents the cost of shares in Barratt Developments PLC purchased in the market and held by the Barratt Developments PLC Employee Benefit Trust (the 'EBT') on behalf of the Company in order to satisfy options and awards that have been granted under the Barratt Developments PLC Executive and Employee Share Option Plans, Long Term Performance Plans and Deferred Bonus Plans. These ordinary shares do not rank for dividend and do not count in the calculation of the weighted average number of shares used to calculate earnings per share until such time as they are vested to the relevant employee.

	31 December 2016	31 December 2015	30 June 2016 (audited)
Ordinary shares in the Company held in the EBT (number)	1,567,202	1,486,849	1,367,707
Market value of shares held in the EBT at 462.4p (31 December 2015: 626.0p; 30 June 2016: 405.4p) per share	£7,246,742	£9,307,675	£5,544,684

During the period the EBT purchased 664,653 (31 December 2015: nil; 30 June 2016: 150,000) shares and 2,879,326 (31 December 2015: nil; 30 June 2016: nil) shares were issued to the EBT. The EBT disposed of 3,344,484 (31 December 2015: 373,222; 30 June 2016: 642,364) shares in settlement of exercises under the Long Term Performance Plan, the Deferred Bonus Plan, the CFO scheme, the Senior Management Share Option Plan 2009/10 and the Senior Management Incentive Scheme.

Section 6 – Contingencies, related parties, seasonality and principal risks

6.1 Contingent liabilities

6.1.1 Contingent liabilities related to subsidiaries

Certain subsidiary undertakings have commitments for the purchase of trading stock entered into in the normal course of business.

In the normal course of business the Group has given counter-indemnities in respect of performance bonds and financial guarantees, which at 31 December 2016 amounted to £456.4m (31 December 2015: £601.1m; 30 June 2016: £482.0m), and confirm that the possibility of cash outflow is considered minimal and no provision is required.

As disclosed in the Group's Annual Report and Accounts for 30 June 2016 following correspondence with an industry wide final salary pension scheme, there is a risk of an obligation arising in respect of pension scheme funding pursuant to s75 of the Pensions Act 1995 for employees of a subsidiary who left the Group following disposal of its business and assets. The Directors consider that whilst it is increasingly probable that a liability could result in the future; at present the amount of any such provision cannot be reliably estimated given the fundamental uncertainties underlying any such calculation. No provision has been recognised in relation to this matter at 31 December 2016.

The Group is currently engaging with legal and professional advisors in its efforts to understand the position of the Trustee's and how they might reach a reliable estimate of any potential liability following a court determination scheduled to take place in late Spring. The Group will then re-consider its options in respect of any obligation arising in this matter. Therefore disclosure on this matter is made in accordance with Note 6.1.3 below.

6.1.2 Contingent liabilities related to joint ventures and associates

The Group has given counter-indemnities in respect of performance bonds and financial guarantees to its joint ventures totalling £66.5m (31 December 2015: £56.7m; 30 June 2016: £56.5m). The Group has also provided principal guarantees of £9.0m (31 December 2015: £9.0m; 30 June 2016: £9.0m), and cost and interest overrun guarantees in relation to the borrowings of a number of the Group's London joint ventures. At 31 December 2016, no cost or interest overruns had been incurred (31 December 2015: £nil; 30 June 2016: £nil). The Group's maximum exposure under these cost and interest overrun guarantees is estimated at £18.4m as at 31 December 2016.

At 31 December 2016, the Group has an obligation to repay £0.9m (31 December 2015: £0.9m; 30 June 2016: £0.9m) of grant monies received by a joint venture upon certain future disposals of land.

The Group has also given a number of performance guarantees in respect of the obligations of its joint ventures, requiring the Group to complete development agreement contractual obligations in the event that the joint ventures do not perform as required under the terms of the related contracts.

6.1.3 Contingent liabilities related to legal claims

Provision is made for the Directors' best estimate of all known legal claims and all legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed, or a sufficiently reliable estimate of the potential obligations cannot be made.

There was no contingent liability in respect of such claims at 31 December 2016.

6.2 Related party transactions

Related party transactions for the period to 31 December 2016 are detailed below:

6.2.1 Transactions between the Group and its joint ventures

The Group has principally entered into transactions with its joint ventures in respect of development management/other services (with charges made based on the utilisation of these services) and funding. These transactions totalled £6.2m (31 December 2015: £7.2m; 30 June 2016: £14.3m) and £1.0m (31 December 2015: £0.7m; 30 June 2016: £1.3m) respectively. In addition, one of the Group's subsidiaries, BDW Trading Limited, contracts with a number of the Group's joint ventures to provide construction services.

The total amount of LLP capital, outstanding loans and interest due to the Group from its joint ventures at 31 December 2016 was £191.3m (31 December 2015: £189.7m; 30 June 2016: £185.3m). The amounts outstanding are unsecured and will be settled in cash. In addition loans of £13.3m (31 December 2015: £9.2m; 30 June 2016: £47.6m) were owed by the Group to its joint ventures.

The amount of other outstanding payables to the Group from its joint ventures at 31 December 2016 was £0.1m (31 December 2015: £0.9m; 30 June 2016: £0.4m).

The Group's contingent liabilities relating to its joint ventures are disclosed in note 6.1.2.

6.2.2 Transactions between the Group and its associates

There were no outstanding loans due to the Group from its associates at 31 December 2016 or during either comparative period. Other amounts due to the Group from its associates amounted to £nil (31 December 2015: £nil; 30 June 2016: £nil). The Group's contingent liabilities relating to its associates are disclosed in note 6.1.2.

6.2.3 Transactions between the Group and its Directors

The Board and certain members of senior management are related parties within the definition of IAS 24 (Revised) 'Related Party Disclosures' and Chapter 11 of the UK Listing Rules.

Other than as described below transactions between the Group and key management personnel in the first half of the year ending 30 June 2017 were limited to those relating to remuneration, previously disclosed as part of the Director's Remuneration report within the Group's Annual Report and Accounts for 30 June 2016 and as outlined in note 5.4 above. Options granted to senior management are disclosed in aggregate in note 5.4. There have been no other material changes to the arrangements between the Group and key management personnel.

6.2.4 Property purchases by related parties

During the half year ended 31 December 2016, the Group entered into the following transactions which, for the purposes of IAS 24 are considered to be 'related party transactions':

In December 2016, David Thomas, Chief Executive, exchanged and completed on a Barratt showhome at a BDW Trading Limited site. Details of the transaction are as included on page 99 of the Group's Annual Report and Accounts for 30 June 2016. Payment for the property was made in accordance with the Group's normal terms of trading. As at 31 December 2016, there was no outstanding balance on this transaction.

In December 2016, a connected person of David Thomas, Chief Executive, exchanged on a David Wilson house from BDW Trading Limited. Details of the transaction are as included on page 99 of the Group's Annual Report and Accounts for 30 June 2016. The property exchanged on 29 December 2016 and a balance of £490,500 remained outstanding which is due to be paid on legal completion, which is now expected to be in April 2017, in accordance with the Group's normal terms of trading.

The transactions were conducted in the ordinary course of business at a fair and reasonable market price based on independent market valuations and similar comparable transactions. They have been subject to the usual level of scrutiny and review applied to proposed purchases by other employees, and have included a review by Internal Audit, the Company Secretary and the Group's legal advisers.

The Company's shareholders approved the transactions at the 2016 Annual General Meeting.

There have been no 'smaller related party transactions' as defined in Listing Rule 11.1.10R for the period ended 31 December 2016.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge these condensed consolidated half yearly financial statements have been prepared in accordance with IAS 34 as required by DTR 4.2.4R. They also confirm that to the best of their knowledge that the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and DTR 4.2.8R (disclosure of related party transactions and changes thereto).

The Directors of Barratt Developments PLC during the half year were:

J M Allan, Chairman

D F Thomas, Chief Executive

N Cooper, Chief Financial Officer (resigned 19 January 2017)

S J Boyes, Chief Operating Officer and Deputy Chief Executive

M E Rolfe, Senior Independent Director (resigned 16 November 2016)

R J Akers, Senior Independent Director

T E Bamford, Non-Executive Director

N Bibby, Non-Executive Director

J F Lennox, Non-Executive Director (appointed 1 July 2016)

The Half Yearly Financial Report was approved by the Board on 21 February 2017.

D F Thomas

Chief Executive

Independent review report to Barratt Developments PLC

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 2016 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in shareholders' equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 6.2. We have read the other information contained in the Half Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Half Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1.4, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half Yearly Financial Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 31 December 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom
21 February 2017