21 February 2018

BARRATT DEVELOPMENTS PLC

Half year results for the six month period ended 31 December 2017

Strong first half performance

£m unless otherwise stated[1,2]	Half year ended 31 December 2017	Half year ended 31 December 2016	Change
Total completions (plots)[3]	7,324	7,180	2.0%
Revenue	1,988.0	1,816.2	9.5%
Profit from operations	355.2	324.0	9.6%
Operating margin (%)	17.9	17.8	0.1 ppts
Profit before tax	342.7	321.0	6.8%
Interim dividend per share (pence)	8.6	7.3	17.8%
ROCE (%)	28.3	27.0	1.3 ppts
Net Cash	165.9	196.7	(15.7%)

Highlights

- Strong operational and financial performance driven by good customer demand
- The UK's largest housebuilder with total completions[3] for the first half at 7,324 plots
- Good growth in profit before tax, up 6.8% to £342.7m with ROCE up by 1.3 ppts to 28.3%
- Approved the purchase of £641.2m (2016: £328.2m) of land reflecting confidence in the market, excellent land opportunities and commitment to disciplined volume growth
- Continued focus on industry-leading customer satisfaction and build quality demonstrated by winning the 2017 Large Builder NHBC Supreme National Award
- New Cambridgeshire division to open, helping to meet high demand for new homes in the region

Current trading

- Net private reservations up 6.5% at a very strong 0.82 (2017: 0.77) per active outlet per average week
- Total forward sales[3] up 2.0% to £3,077.9m as at 18 February 2018 (19 February 2017: £3,018.2m)

Capital Return Plan

- Extended Capital Return Plan with ongoing commitment to ordinary dividend cover at 2.5 times and intention to pay special dividends of £175m in November 2018 and £175m in November 2019

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

"With good consumer demand, a healthy forward order book and a robust balance sheet, overall we have had a strong first half and we continue to deliver against our operational and financial objectives.

As the UK's largest housebuilder, we enter our 60th year increasing our housing output, creating jobs and supporting economic growth across the country.

Having built more than 450,000 homes since 1958, Barratt remains focused on quality, design and industry-leading customer service while delivering homes the country needs."

Note on forward looking statements

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1 Refer to Glossary for definition of key financial metrics
2 Unless otherwise stated, all numbers quoted exclude joint ventures
3 Including JV's in which the Group has an interest

Certain statements in this document may be forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Accordingly undue reliance should not be placed on forward looking statements.

This announcement contains inside information. The person responsible for arranging for the release of this announcement on behalf of Barratt Developments PLC is Chloé Barnes (Head of Investor Relations).

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

Dial in: 0800 376 7922

International dial in: +44 (0) 207 192 8000

Conference ID: 4073718

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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Financial reporting calendar

The Group's next scheduled announcement of financial information is the trading update on 10 May 2018. Please note that, unlike in previous years, Barratt Developments does not intend to provide a trading update between the AGM trading update, scheduled for 17 October 2018, and the announcement of Interim results on 6 February 2019.

Chief Executive's Statement

Record first half profit

The Group has delivered a strong operational and financial performance in the first half, including an increase in completion volumes and a record first half profit before tax. There is high demand for new housing across the country, supported by attractive market fundamentals.

We remain committed to growing the business whilst maintaining our industry leading standards of quality and customer service. Total completions (including JV's) for the period were 7,324 plots (2016: 7,180 plots), in-line with our expectations of delivering modest growth in FY18. Our regional business continues to perform exceptionally well, delivering its highest number of completions for a decade.

We remain focussed on operational improvement. Operating margin increased by 0.1 ppts to 17.9% in the half year benefitting from both sites purchased at improved margins and increases in our new product ranges, partly offset by continued headwinds in the high end central London market.

We delivered a record first half profit before tax, increasing by 6.8% to £342.7m (2016: £321.0m) for the period, and increased our ROCE by 1.3 ppts to 28.3% (2016: 27.0%).

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

For the 13th consecutive year, we achieved more NHBC Pride in the Job Awards for site management than any other housebuilder. Furthermore, the site manager at our Forest Chase, Leicester development won the National Supreme Award in the Large Builder category. We are the only major housebuilder to be rated five star for customer satisfaction for eight consecutive years and we continue to focus upon quality of design and placemaking across our developments through our Great Places design standard.

We are pleased to announce the opening of a new division in Cambridgeshire. The new division will help Barratt to continue to grow volumes and to meet the high demand for new homes in the region. The Cambridgeshire division will be creating around 50 new jobs over the next three years, with hundreds more supported in the supply chain and through local sub-contractors.

2018 marks Barratt's 60th anniversary and we are proud to say that since we began in 1958 we have built more than 450,000 homes across the country.

Committed to building more high quality homes

As the UK's largest housebuilder, we remain committed to building more homes, and to playing our part in addressing industry-wide skills challenges. We are investing further in our award winning apprenticeships and recruiting and training skilled workers from outside of the building industry.

We are also implementing a number of key initiatives in terms of improving efficiency and growing volumes in the future. In addition to building around 1,270 homes during FY17 using timber frames, we have completed trials of light gauge steel frames and large format blocks with positive results. These provide similar benefits to timber frame, such as increased build speed and reducing our reliance on certain traditional construction methods. We continue to trial various new offsite technologies, including offsite concrete garages and offsite ground floor foundation systems. We are also researching and applying smart technologies to better understand the needs of our customers in the future.

Our financial results

The Group has delivered a strong first half performance with good customer demand for high quality new homes supported by a positive market backdrop.

Overall our net private reservation rate was 0.68 (2016: 0.68) per active outlet per week in the half year period, in-line with a strong prior year.

During the period, we operated from an average of 376 outlets (including JV's) (2016: 374 outlets). We have made good progress on new site openings, launching 93 new outlets (including JV's) (2016: 83) in the half year. We continue to expect to see average active outlet numbers grow modestly for the full year.

Total completions (including JV's) were 7,324 units (2016: 7,180 units).

Completions (plots)	**2017**	**2016**	**Variance**
Private	5,715	5,561	2.8%
Affordable	1,229	1,221	0.7%
JV	380	398	(4.5%)
Total (including JV's)	**7,324**	**7,180**	**2.0%**

Total ASP increased by 6.5% in the period to £281,000 (2016: £263,800). Private ASP increased by 6.1% in the period to £314,600 (2016: £296,400) benefiting from changes in mix as well as some underlying house price inflation. We expect FY18 ASP to be at similar levels to the half year. Outside of London, our private ASP was £301,700 (2016: £286,000). Affordable housing ASP increased in the period by 8.2% to £124,700 (2016: £115,300), due to mix changes.

Our adjusted gross margin was 20.8% (2016: 20.7%) reflecting the benefit from our new product ranges and sites that we have purchased at improved margins, partly offset by the continued headwinds in the high end central London market. After adjusting for the impact of costs associated with legacy commercial properties, we delivered a gross margin of 20.6% (2016: 20.7%) resulting in a gross profit of £410.2m (2016: £375.2m) for the half year.

Operating margin was up 0.1 ppts at 17.9% (2016: 17.8%), with operating profit increasing by £31.2m to £355.2m (2016: £324.0m).

Net finance charges were £6.2m lower than the prior year at £23.2m (2016: £29.4m) and we continue to expect FY18 net finance cost to be around £50m, comprising £15m of cash and £35m of non-cash.

In the half year, the Group's share of JV profit was £11.3m (2016: £26.3m). We continue to expect to deliver around 750 JV completions in FY18, whilst we now expect JV profit to be slightly lower at around £20m.

Profit before tax increased by 6.8% to £342.7m (2016: £321.0m) and the Group recognised £69.5m of tax charges at an effective rate of 20.3% (2016: 19.1%). Basic earnings per share increased by 4.6% to 27.1 pence per share (2016: 25.9 pence per share).

The key dimensions underpinning delivery of our strategy

Our strategic objectives remain clear – to continue to grow our business, while driving further operational improvements through the business, with a particular focus on margin, and to continue to deliver attractive cash returns. We remain committed to these objectives whilst ensuring we remain industry-leading in terms of build quality and customer service.

Land and planning

The land market remains attractive and we continue to secure excellent opportunities. In the period we approved the purchase of £641.2m (2016: £328.2m) of land, equating to 51 sites (2016: 39 sites) and 13,263 plots (2016: 5,262 plots). This is higher than historic levels but it reflects some exceptional land opportunities and underpins our volume growth aspirations. As a result we expect to approve more than 20,000 plots for purchase in FY18 as a whole. Reflecting the excellent land opportunities we have seen, we now expect the land cash spend for FY18 to be higher than previously expected at £1.1bn.

Whilst our land bank is slightly above target, our operating framework remains in place and we aim to hold around 4.5 years owned and controlled land bank. As at 31 December 2017, in-line with the prior year, we achieved a 5.0 (2016: 4.9) year land supply including 3.8 (2016: 3.4) years owned land.

Our land bank	31 December 2017	31 December 2016
Owned and unconditional land bank (plots)	64,542	52,976
Conditionally contracted land bank (plots)	19,075	24,120
Total owned and controlled land bank (plots)	**83,617**	**77,096**
Number of years' supply	**5.0**	**4.9**
JV's owned and controlled land bank (plots)	5,329	4,911
Strategic land (acres)	11,806	11,405
Land bank carrying value	£3,229.0m	£2,801.3m

Our divisional teams focus on building relationships to secure good land opportunities where people aspire to live. Our success in buying land is based on the extensive local knowledge of these teams and the strong relationships we have 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. During the half year period 28% of our completions (2016: 24%) were on strategically sourced land, and we continue to target 30% of completions from strategic land in the medium term.

The Group maintains 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 2017 represented 37% (2016: 34%) 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% at 30 June 2018.

Reflecting our success with planning over the past 12 months we are very well positioned, with 97% of expected FY19 completions (2016: 97% of FY18 completions) having outline or full planning consent.

Improving efficiency and reducing costs

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. The new housing ranges are planned for 304 sites across the country and we currently have 150 sites under construction. There were 269 units across all of our new ranges completed in the first half year. The further planned rollout of the new product ranges will increasingly benefit margin in the second half of the year and FY19.

We have also focused on improving margins through further standardisation of our layouts, ceasing the advance sale of show homes and the five year warranty, and through business process simplification.

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 FY18, and around a third fixed for FY19.

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 FY18 will be c. 3-4% and similar for FY19. We carefully control our administrative cost base and expect administrative expenses to be around £150m for FY18 (2017: £132.8m).

Maintaining an appropriate capital structure

Net cash as at 31 December 2017 was £165.9m (2016: £196.7m). Whilst this is lower than last year it reflects a greater investment in land and work in progress to deliver the Group's build programme and the higher payment of £347.9m (2016: £248.3m) of dividends in November 2017.

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 bank debt and private placement notes funding shorter term requirements for working capital.

We expect to operate a neutral cash position on average over FY18, and expect a net cash position at each financial year end. We continue to expect net cash of around £500m as at 30 June 2018.

Health and safety

Health and safety will always be the non-negotiable number one priority for the Group and 'Keeping people safe' is a core business principle. We are continually focussed on improving our processes and procedures and challenging unsafe attitudes and behaviours. We continue to develop our already established approach to safety and recognise that health requires equal focus, to ensure workers do not suffer long term issues associated with their work activities. We continue to strive for improved standards and the prevention of injury and ill health. In-line with the industry we are seeing pressures in this area and we continue to focus on driving improvements. In the 12 months to 31 December 2017, our reportable injury incidence rate was 403 (2016: 369) per 100,000 workers.

Investing in our people

We are committed to the development of our people in order to drive our success. A shortage of skilled workers in our sector means that attracting and retaining the best people is an important priority for the business. We are building 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 investing for the future and continue to develop award winning schemes including those for graduates, apprentices, and former Armed Forces personnel. Our Armed Forces Transition programme recently won Best Talent Development programme at the 2017 Training Journal Awards.

We also continue to collaborate with the wider Housebuilding industry. We actively participate in the Home Building Skills Partnership the aims of which include attracting new entrants to the industry, providing the skills for today and the future, and supporting the supply chain in attracting and developing the skills they need to support our industry.

To support our diversity and inclusion strategy we have reviewed and improved our family friendly policies and also enhanced our industry leading maternity and paternity benefits. Over 200 of our Senior Management have recently attended diversity and inclusion training and our divisions are creating local action plans.

Board changes

Tessa Bamford has notified the Board of her intention to step down from her position as a Non-Executive Director of the Company with effect from 30 June 2018, after nine years of distinguished service. Tessa has made an invaluable contribution to the Board during her tenure, and the Board are sorry to see her leave.

As announced on 2 October 2017, Sharon White joined the Board as a Non-Executive Director on 1 January 2018. Sharon White is currently the Chief Executive of Ofcom. She has over 25 years' experience in the public sector and Government, having held roles at the British Embassy in Washington, the No 10 Policy Unit, and the World Bank. Sharon has also worked in the Department for International Development, the Department of Work and Pensions, HM Treasury and the Ministry of Justice.

Capital Return Plan

In February 2017, the Board announced that, given the significant operational and financial improvements the Group has made over the last few years, it would improve and extend the existing dividend plan announced in September 2014. As a result, the Group moved the level of ordinary dividend cover from three times to two and a half times, and thereby increased the dividend payout ratio.

When market conditions allow, ordinary dividends will be supplemented with the payment of special dividends. As previously announced the Board intends to pay a special dividend of £175m in November 2018. Additionally, demonstrating the Board’s confidence in the business going forward it proposes to pay a further special dividend of £175m in November 2019.

For the five years to November 2019 total dividend payments are expected to be around £1.9bn based on current analyst estimates.

Capital Return Plan[A]	Ordinary dividend £m	Special dividend £m	Total £m	Total pence per share
Total paid[B]	**580.6**	**399.7**	**980.3**	**97.5**
Year to November 2018	262.0 [C, D]	175.0	437.0	43.2[D]
Year to November 2019	275.1 [C, D]	175.0	450.1	44.5[D]
Total proposed payment	**537.1**[C, D]	**350.0**	**887.1**	**87.7**[D]
Total	**1,117.7**	**749.7**	**1,867.4**	**185.2**

A. All future ordinary and special dividends are subject to shareholder approval
B. Comprises total dividend payments for FY15-FY17
C. Based on Reuters consensus estimates of earnings per share of 64.7p for FY18 and 68.0p for FY19 as at 15 February 2018 and applying a two and a half times dividend cover in-line with announced policy
D. Based upon 31 December 2017 share capital of 1,011,532,123 shares for proposed payments

In accordance with this policy, the Board is pleased to announce an interim dividend of 8.6 pence per share (2017: 7.3 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 18 May 2018 to all shareholders on the register on Friday 20 April 2018.

Current trading and outlook

The sales performance across the Group in the second half to date has been very strong, with net private reservations per average week of 309 (2017: 290), resulting in average net private reservations per active outlet per average week of 0.82 (2017: 0.77).

Our total forward sales (including JV's) as at 18 February 2018 were up 2.0% on the strong prior year at a £3,077.9m.

	18 February 2018		19 February 2017		Variance (£m)
	£m	**Plots**	**£m**	**Plots**	**%**
Private	1,965.7	5,852	1,945.8	5,579	1.0
Affordable	857.4	6,588	769.8	6,187	11.4
Wholly owned	**2,823.1**	**12,440**	**2,715.6**	**11,766**	**4.0**
JV	254.8	845	302.6	965	(15.8)
Total	**3,077.9**	**13,285**	**3,018.2**	**12,731**	**2.0**

The Group has had a strong start to our financial year and the outlook for the full year is in line with the Board's expectations. We continue to expect to grow volumes modestly whilst ensuring we maintain our industry leading standards of quality and service. We are delivering margin improvements through land acquisition and operational efficiencies but recognise that the continued headwinds in the high end central London market may dilute some of these percentage margin improvements as we trade out of these schemes over the next couple of years.

The Board's confidence in the Group's operational and financial performance is reflected by the proposed FY19 special dividend.

David Thomas
Chief Executive

20 February 2018

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, either separately or in combination, have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results and shareholder returns to differ materially from expected and historical results.

Reputational risk could potentially arise from a number of sources including external and internal influences relating to the housebuilding sector which when combined or over a period of time could create a new principal risk. The Group actively manages the impact of reputational risk by carefully assessing the potential impact of all the principal risks and implementing mitigation actions to minimise those risks.

The Group is committed to safeguarding the environment in which it operates and assesses climate change risks as set out in our Climate Change Policy online and our annual submission to the Carbon Disclosure Project.

The Directors do not consider 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 2017.

Further details of the Group's principal risks and mitigation of the risks outlined below can be found on pages 42 to 43 of the Annual Report and Accounts for the year ended 30 June 2017, which is available at www.barrattdevelopments.co.uk.

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 and time taken to obtain planning approval affects the housing market and generally the regulatory requirements.

Construction and new technologies

Failure to identify and achieve key construction milestones, due to factors including the impact of adverse weather conditions, 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, causing potential reputational damage, criminal prosecution and civil litigation, delays in construction or increased costs.

Information technology ('IT')
Failure of the Group's IT systems in particular those relating to surveying and valuation, could adversely impact the performance of the Group.

Condensed Consolidated Income Statement
for the half year ended 31 December 2017 (unaudited)

Continuing operations	Notes	**Half year ended 31 December 2017 £m**	Half year ended 31 December 2016 £m	Year ended 30 June 2017 (audited) £m
Revenue	2.1	**1,988.0**	1,816.2	4,650.2
Cost of sales		**(1,577.8)**	(1,441.0)	(3,718.2)
Gross profit		**410.2**	375.2	932.0
Analysed as:				
Adjusted gross profit		**413.2**	375.2	940.8
Cost associated with legacy commercial assets		**(3.0)**	-	(8.8)
Administrative expenses		**(55.0)**	(51.2)	(132.8)
Profit from operations	2.1	**355.2**	324.0	799.2
Analysed as:				
Adjusted operating profit		**358.2**	324.0	808.0
Cost associated with legacy commercial assets		**(3.0)**	-	(8.8)
Finance income	5.2	**1.7**	1.8	2.9
Finance costs	5.2	**(24.9)**	(31.2)	(62.6)
Net finance costs	5.2	**(23.2)**	(29.4)	(59.7)
Share of post-tax profit from joint ventures		**11.3**	26.3	25.4
Share of post-tax (loss)/profit from associates		**(0.6)**	0.1	0.2
Profit before tax		**342.7**	321.0	765.1
Analysed as:				
Adjusted profit before tax		**345.7**	321.0	773.9
Cost associated with legacy commercial assets		**(3.0)**	-	(8.8)
Tax	2.4	**(69.5)**	(61.4)	(149.1)
Profit for the period		**273.2**	259.6	616.0
Profit for the period attributable to the owners of the Company		**273.3**	259.7	615.8
(Loss)/profit for the period attributable to non-controlling interests		**(0.1)**	(0.1)	0.2
Earnings per share from continuing operations				
Basic	2.2	**27.1p**	25.9p	61.3p
Diluted	2.2	**26.8p**	25.6p	60.7p

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

Condensed Consolidated Statement of Comprehensive Income
for the half year ended 31 December 2017 (unaudited)

	Notes	**Half year ended 31 December 2017 £m**	Half year ended 31 December 2016 £m	Year ended 30 June 2017 (audited) £m
Profit for the period		**273.2**	259.6	616.0
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Actuarial gain/(loss) on defined benefit pension scheme		**12.8**	(23.3)	(4.4)
Tax (charge)/credit relating to items not reclassified		**(2.5)**	4.2	0.9
Total items that will not be reclassified to profit or loss		**10.3**	(19.1)	(3.5)
Items that may be reclassified subsequently to profit or loss				
Amounts deferred in respect of effective cash flow hedges		**0.8**	5.5	1.9
Amounts reclassified to the Income Statement in respect of hedged cash flows	5.2	**(0.8)**	(1.5)	10.2
Tax charge relating to items that may be reclassified		**-**	(0.9)	(2.4)
Total items that may be reclassified subsequently to profit or loss		**-**	3.1	9.7
Total comprehensive income recognised for the period		**283.5**	243.6	622.2
Total comprehensive income recognised for the period attributable to the owners of the Company		**283.6**	243.7	622.0
Total comprehensive (expense)/income recognised for the period attributable to non-controlling interests		**(0.1)**	(0.1)	0.2

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

Condensed Consolidated Statement of Changes in Shareholders’ Equity
at 31 December 2017 (unaudited)

	Share capital (note 5.4) £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 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
Profit for the period	-	-	-	-	-	-	356.1	356.1	0.3	356.4
Amounts deferred in respect of effective cash flow hedges	-	-	-	(3.6)	-	-	-	-	-	(3.6)
Amounts reclassified to the Income Statement in respect of hedged cash flows	-	-	-	11.7	-	-	-	-	-	11.7
Actuarial gains on pension scheme	-	-	-	-	-	-	18.9	18.9	-	18.9
Tax on items above taken directly to equity	-	-	-	(1.5)	-	-	(3.3)	(3.3)	-	(4.8)
Total comprehensive income recognised for the period ended 30 June 2017	-	-	-	6.6	-	-	371.7	371.7	0.3	378.6
Dividend payments	-	-	-	-	-	-	(73.4)	(73.4)	-	(73.4)
Issue of shares	0.1	1.1	-	-	-	-	-	-	-	1.2
Share-based payments	-	-	-	-	-	3.0	-	3.0	-	3.0
Transfer of share-based payments charge for exercised/lapsed options	-	-	-	-	0.7	(0.5)	(0.1)	0.1	-	0.1
Tax on share-based payments	-	-	-	-	-	(0.4)	2.8	2.4	-	2.4
At 30 June 2017 (audited)	100.8	224.7	1,109.0	-	(1.3)	22.9	2,857.0	2,878.6	9.1	4,322.2
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**273.3**	**273.3**	**(0.1)**	**273.2**
Amounts deferred in respect of effective cash flow hedges	**-**	**-**	**-**	**0.8**	**-**	**-**	**-**	**-**	**-**	**0.8**
Amounts reclassified to the Income Statement in respect of hedged cash flows	**-**	**-**	**-**	**(0.8)**	**-**	**-**	**-**	**-**	**-**	**(0.8)**
Actuarial gains on pension scheme	**-**	**-**	**-**	**-**	**-**	**-**	**12.8**	**12.8**	**-**	**12.8**
Tax on items above taken directly to equity	**-**	**-**	**-**	**-**	**-**	**-**	**(2.5)**	**(2.5)**	**-**	**(2.5)**
Total comprehensive income recognised for the period ended 31 December 2017	**-**	**-**	**-**	**-**	**-**	**-**	**283.6**	**283.6**	**(0.1)**	**283.5**
Dividend payments	**-**	**-**	**-**	**-**	**-**	**-**	**(347.9)**	**(347.9)**	**(1.4)**	**(349.3)**
Issue of shares	**0.4**	**7.4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7.8**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**5.4**	**-**	**5.4**	**-**	**5.4**
Purchase of own shares	**-**	**-**	**-**	**-**	**(3.3)**	**-**	**-**	**(3.3)**	**-**	**(3.3)**
Transfers in respect of dividends accruing to share options	**-**	**-**	**-**	**-**	**-**	**(0.6)**	**0.6**	**-**	**-**	**-**
Transfers in respect of exercised/lapsed options	**-**	**-**	**-**	**-**	**3.2**	**(12.3)**	**9.1**	**-**	**-**	**-**
Tax on share-based payments	**-**	**-**	**-**	**-**	**-**	**(1.6)**	**3.0**	**1.4**	**-**	**1.4**
At 31 December 2017	**101.2**	**232.1**	**1,109.0**	**-**	**(1.4)**	**13.8**	**2,805.4**	**2,817.8**	**7.6**	**4,267.7**

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

Condensed Consolidated Balance Sheet
at 31 December 2017 (unaudited)

	Notes	**31 December 2017 £m**	31 December 2016 £m	30 June 2017 (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		**9.7**	9.5	9.5
Investments in joint ventures and associates		**228.3**	254.6	213.1
Retirement benefit assets		**34.8**	-	13.6
Available for sale financial assets		**3.3**	3.7	3.5
Trade and other receivables		**2.3**	2.3	2.3
		1,170.6	1,162.3	1,134.2
Current assets				
Inventories	3.1	**4,994.9**	4,539.4	4,475.4
Available for sale financial assets		**0.2**	0.6	0.4
Trade and other receivables		**143.6**	94.7	204.5
Cash and cash equivalents	5.1	**378.0**	361.7	784.4
Derivative financial instruments - swaps	5.1	**-**	16.9	13.2
		5,516.7	5,013.3	5,477.9
Total assets		**6,687.3**	6,175.6	6,612.1
Liabilities				
Non-current liabilities				
Loans and borrowings	5.1	**(191.7)**	(110.6)	(1.4)
Trade and other payables	3.2	**(688.0)**	(563.9)	(596.9)
Retirement benefit obligations		**-**	(10.2)	-
Deferred tax liabilities		**(20.1)**	(6.2)	(8.0)
Derivative financial instruments - swaps	5.1	**-**	(6.5)	-
		(899.8)	**(697.4)**	**(606.3)**
Current liabilities				
Loans and borrowings	5.1	**(20.4)**	(70.8)	(72.5)
Trade and other payables	3.2	**(1,437.6)**	(1,331.9)	(1,534.2)
Derivative financial instruments - swaps	5.1	**-**	(2.5)	(5.8)
Current tax liabilities		**(61.8)**	(62.7)	(71.1)
		(1,519.8)	(1,467.9)	(1,683.6)
Total liabilities		**(2,419.6)**	(2,165.3)	(2,289.9)
Net assets		**4,267.7**	4,010.3	4,322.2
Equity				
Share capital	5.4	**101.2**	100.7	100.8
Share premium		**232.1**	223.6	224.7
Merger reserve		**1,109.0**	1,109.0	1,109.0
Hedging reserve		**-**	(6.6)	-
Retained earnings		**2,817.8**	2,574.8	2,878.6
Equity attributable to the owners of the Company		**4,260.1**	4,001.5	4,313.1
Non-controlling interests		**7.6**	8.8	9.1
Total equity		**4,267.7**	4,010.3	4,322.2

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

Condensed Consolidated Cash Flow Statement
for the half year ended 31 December 2017 (unaudited)

	Notes	**Half year ended 31 December 2017 £m**	Half year ended 31 December 2016 £m	Year ended 30 June 2017 (audited) £m
Profit from operations		**355.2**	324.0	799.2
Depreciation		**1.9**	2.0	4.1
Impairment of inventories		**5.1**	5.6	13.5
Profit on redemption of available for sale financial assets		**(1.3)**	(1.3)	(2.6)
Impairment of investment in entities accounted for using the equity method		**2.1**	-	1.0
Share-based payments charge		**5.4**	6.1	9.1
Imputed interest on deferred term payables*	5.2	**(17.7)**	(16.5)	(32.5)
Amortisation of facility fees	5.2	**(1.1)**	(1.5)	(3.3)
Finance income related to employee benefits	5.2	**0.3**	0.2	0.4
Total non-cash items		**(5.3)**	(5.4)	(10.3)
Increase in inventories		**(524.6)**	(218.4)	(162.3)
Decrease/(increase) in trade and other receivables		**52.5**	49.2	(66.7)
Decrease in trade and other payables		**(5.6)**	(247.4)	(9.7)
Decrease in available for sale financial assets		**1.7**	1.6	3.3
Total movements in working capital		**(476.0)**	(415.0)	(235.4)
Interest paid		**(5.9)**	(13.7)	(23.2)
Tax paid		**(67.8)**	(61.9)	(141.7)
Net cash (outflow)/inflow from operating activities		**(199.8)**	(172.0)	388.6
Investing activities:				
Purchase of property, plant and equipment		**(2.1)**	(1.9)	(4.0)
Increase in investments accounted for using the equity method		**(16.6)**	(20.9)	(54.9)
Repayment of amounts invested in entities accounted for using the equity method		**5.5**	15.1	37.2
Dividends received from investments accounted for using the equity method		**4.5**	33.5	85.1
Interest received		**1.4**	1.6	2.5
Net cash (outflow)/inflow from investing activities		**(7.3)**	27.4	65.9
Financing activities:				
Dividends paid to equity holders of the Company	2.3	**(347.9)**	(248.3)	(321.7)
Dividends paid to non-controlling interests		**(1.4)**	-	-
Purchase of own shares		**(3.3)**	(3.6)	(3.6)
Proceeds from disposal of own shares		**-**	-	0.1
Proceeds from issue of share capital		**7.8**	1.2	2.4
Loan repayments		**(49.2)**	(1.5)	(105.6)
Drawdown of loans including issue of sterling USPP		**200.6**	0.5	0.3
Cancellation of swaps		**(5.9)**	-	-
Net cash outflow from financing activities		**(199.3)**	(251.7)	(428.1)
Net (decrease)/increase in cash and cash equivalents		**(406.4)**	(396.3)	26.4
Cash and cash equivalents at the beginning of the period		**784.4**	758.0	758.0
Cash and cash equivalents at the end of the period	5.1	**378.0**	361.7	784.4

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

* The balance sheet movements in land 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 2017 (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 2017 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 2017, 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 40 to 44 and on pages 152 to 155 of the Group's Annual Report and Accounts for the year ended 30 June 2017 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 £900.0m. The maturity of these facilities range from December 2022 to August 2027, with the £700.0m revolving credit facility maturing in December 2022 and the £200.0m sterling US private placement notes maturing in August 2027. 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 £17.0m of financing from the Government's 'Get Britain Building' Scheme repayable on 31 March 2018. Further committed loan facilities of £4.8m 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 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 2017.

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 2017 and later periods are disclosed on page 125 of the Annual Report and Accounts for the year ended 30 June 2017. During the period the Amendments to IAS 7 (Statement of Cash Flows) have been adopted resulting in enhanced disclosures of changes in financial liabilities in note 5.1.

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 2017			Half year ended 31 December 2016			Year ended 31 June 2017 (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	**1,951.7**	**36.3**	**1,988.0**	1,789.8	26.4	1,816.2	4,589.1	61.1	4,650.2
Profit from operations before adjusted items	**352.4**	**5.8**	**358.2**	318.9	5.1	324.0	797.8	10.2	808.0
Adjusted item*	**-**	**(3.0)**	**(3.0)**	-	-	-	-	(8.8)	(8.8)
Profit from operations	**352.4**	**2.8**	**355.2**	318.9	5.1	324.0	797.8	1.4	799.2
Profit from operations including post-tax profit/(loss) from joint ventures and associates	**363.3**	**2.6**	**365.9**	346.1	4.3	350.4	824.3	0.5	824.8
Finance income			**1.7**			1.8			2.9
Finance costs			**(24.9)**			(31.2)			(62.6)
Profit before tax			**342.7**			321.0			765.1
Tax			**(69.5)**			(61.4)			(149.1)
Profit for the period			**273.2**			259.6			616.0

* During the period an amount of £3.0m (31 December 2016: £nil; 30 June 2017: £8.8m) was provided in respect of

impairment costs associated with legacy commercial assets. These costs have been disclosed as adjusted in the Condensed Consolidated Income Statement.

Profit from operations includes £0.2m (31 December 2016: £0.3m; 30 June 2017: £0.7m) relating to forfeited deposits and £21.3m (31 December 2016: £16.4m; 30 June 2017: £45.9m) of other income. Other income principally comprises management fees receivable from joint ventures and the sale of freehold reversions.

	31 December 2017			31 December 2016			30 June 2017 (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	**6,298.3**	**29.3**	**6,327.6**	5,806.8	37.6	5,844.4	5,821.4	27.6	5,849.0
Elimination of intercompany balances			**(18.3)**			(30.5)			(21.3)
			6,309.3			5,813.9			5,827.7
Cash and cash equivalents			**378.0**			361.7			784.4
Consolidated total assets			**6,687.3**			6,175.6			6,612.1
Segment liabilities	**(2,071.6)**	**(72.3)**	**(2,143.9)**	(1,881.4)	(64.1)	(1,945.5)	(2,081.9)	(76.3)	(2,158.2)
Elimination of intercompany balances			**18.3**			30.5			21.3
			(2,125.6)			(1,915.0)			(2,136.9)
Loans and borrowings			**(212.1)**			(181.4)			(73.9)
Deferred tax liabilities			**(20.1)**			(6.2)			(8.0)
Current tax liabilities			**(61.8)**			(62.7)			(71.1)
Consolidated total liabilities			**(2,419.6)**			(2,165.3)			(2,289.9)

2.2 Earnings per share

Basic earnings per share is calculated by dividing the profit for the half year attributable to ordinary shareholders of £273.3m (31 December 2016: £259.7m; 30 June 2017: £615.8m) 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 1,009.5m (31 December 2016: 1,003.0m; 30 June 2017: 1,004.3m) shares.

Diluted earnings per share is calculated by dividing the profit for the half year attributable to ordinary shareholders of £273.3m (31 December 2016: £259.7m; 30 June 2017: £615.8m) 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 1,020.2m (31 December 2016: 1,015.1m; 30 June 2017: 1,014.7m) shares.

The earnings per share from continuing operations were as follows:

	Half year ended 31 December 2017 pence	Half year ended 31 December 2016 pence	Year ended 30 June 2017 (audited) pence
Basic earnings per share	**27.1**	25.9	61.3
Diluted earnings per share	**26.8**	25.6	60.7

2.3 Dividends

	Half year ended 31 December 2017 £m	Half year ended 31 December 2016 £m	Year ended 30 June 2017 (audited) £m
Amounts recognised as distributions to equity shareholders:			
Final dividend for the year ended 30 June 2017 of 17.1p per share	**172.9**	-	-
Special dividend for the year ended 30 June 2017 of 17.3p per share	**175.0**	-	-
Interim dividend for the year ended 30 June 2017 of 7.3p per share	**-**	-	73.4
Final dividend for the year ended 30 June 2016 of 12.3p per share	**-**	123.6	123.6
Special dividend for the year ended 30 June 2016 of 12.4p per share	**-**	124.7	124.7
Total dividends distributed to equity shareholders in the period	**347.9**	248.3	321.7
Proposed interim dividend for the year ending 30 June 2018 of 8.6p per share (year ended 30 June 2017: 7.3p per share)	**87.0**	73.4	-

The interim dividend of 8.6 pence per share was approved by the Board on 20 February 2018 and has not been included as a liability as at 31 December 2017.

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 2017	Half year ended 31 December 2016	Year ended 30 June 2017 (audited)
Effective rate of corporation tax for the period	**20.3%**	19.1%	19.5%
Effective rate of corporation tax for the period excluding the impact of rate changes and prior year adjustments	**18.7%**	19.5%	19.6%

As at 31 December 2017 the Group recognised a deferred tax liability of £20.1m (31 December 2016: £6.2m; 30 June 2017: £8.0m).

Section 3 – Working capital

3.1 Inventories

	31 December 2017 £m	31 December 2016 £m	30 June 2017 (audited) £m
Land held for development	**3,229.0**	2,801.3	2,895.6
Construction work in progress	**1,704.4**	1,673.8	1,509.1
Part-exchange properties and other inventories	**61.5**	64.3	70.7
	4,994.9	4,539.4	4,475.4

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 £1.6m resulting in a net impairment charge of £5.1m (31 December 2016: £5.6m; 30 June 2017: £13.5m) included within profit from operations.

The value of inventories expensed in the half year ended 31 December 2017 and included in cost of sales was £1,453.9m (31 December 2016: £1,351.5m; 30 June 2017: £3,509.6m).

3.2 Trade and other payables

	31 December 2017	31 December 2016	30 June 2017 (audited)
	£m	£m	£m
Non-current liabilities			
Land payables	**639.4**	481.4	560.1
Other payables	**48.6**	82.5	36.8
	688.0	563.9	596.9
Current liabilities			
Trade payables	**328.2**	324.6	376.6
Land payables	**546.0**	480.2	503.9
Accruals and deferred income	**400.5**	362.8	450.8
Other tax and social security	**12.6**	11.9	12.7
Other payables	**150.3**	152.4	190.2
	1,437.6	1,331.9	1,534.2

Section 4 – Business combinations and other investing activities

4.1 Investments accounted for using the equity method

In December 2017 Wichelstowe LLP was incorporated as a 50:50 joint venture between BDW Trading Limited (a subsidiary of the Group) and Swindon Borough Council. During January 2018 agreements have been entered into with Swindon Borough Council to develop approximately 250 hectares at Wichelstowe, South of Swindon through this joint venture. The scheme will deliver around 2,670 new homes over the next 20 years and includes two primary schools, a secondary school and an extensive area of open space.

Section 5 – Capital structure and financing

5.1 Net cash

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

	31 December 2017 £m	31 December 2016 £m	30 June 2017 (audited) £m
Cash and cash equivalents	**378.0**	361.7	784.4
Drawn debt			
Borrowings			
Term loans	**-**	(100.0)	-
Government loans	**(21.8)**	(27.1)	(21.4)
Sterling US Private Placement Notes	**(200.0)**	-	-
US Dollar Private Placement Notes	**-**	(64.7)	(61.6)
Bank overdrafts	**(0.2)**	(0.4)	-
Prepaid fees	**9.9**	10.8	9.1
Total borrowings being total drawn debt	**(212.1)**	(181.4)	(73.9)
Derivative financial instruments			
Foreign exchange swaps	**-**	16.4	13.2
Net cash	**165.9**	196.7	723.7
Total borrowings at the period end are analysed as:			
Non-current borrowings	**(191.7)**	(110.6)	(1.4)
Current borrowings	**(20.4)**	(70.8)	(72.5)
Total borrowings being drawn debt	**(212.1)**	(181.4)	(73.9)

In previous periods the Group included 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 had both an interest rate and an exchange rate element, but only the exchange rate element on the notional amount of the swap was included within the net cash note.

On 22 August 2017 the Group issued a Sterling US Private Placement (USPP) of £200.0m. The issuance has a ten year maturity with a fixed coupon of 2.77%.

In addition, on 22 August 2017 the Group, utilising the break clause, cancelled the £25.0m 2022 interest rate swap at fair value.

On 23 August 2017 the Group repaid its US $80.0m USPP which had a fixed rate of 8.14%.

In December 2017 the Group's £700.0m revolving credit facility was extended from December 2021 to December 2022.

Movement in net cash, including a reconciliation of liabilities arising from financing activities, is as follows:

	Half year ended 31 December 2017	Half year ended 31 December 2016	Year ended 30 June 2017 (audited)
	£m	£m	£m
Net (decrease)/increase in cash and cash equivalents	**(406.4)**	(396.3)	26.4
Repayment/(drawdown) of borrowings:			
Loan drawdowns	**(0.6)**	(0.5)	-
Loan repayments	**-**	-	105.6
Repayment of US Dollar USPP	**48.4**	-	-
Issue of sterling USPP	**(200.0)**	-	-
Other movements in borrowings:			
Movement in prepaid fees	**0.8**	1.3	(0.4)
Foreign exchange loss on US Dollar USPP	**(0.8)**	(4.7)	(1.6)
Foreign exchange gain on swaps	**0.8**	4.9	1.7
Movement in net cash in the period	**(557.8)**	(395.3)	131.7
Opening net cash	**723.7**	592.0	592.0
Closing net cash	**165.9**	196.7	723.7

5.2 Net finance costs

	Half year ended 31 December 2017	Half year ended 31 December 2016	Year ended 30 June 2017 (audited)
	£m	£m	£m
Recognised in the Income Statement:			
Finance income			
Finance income on short term bank deposits	**(0.7)**	(0.6)	(0.7)
Finance income related to employee benefits	**(0.3)**	(0.2)	(0.4)
Other interest receivable	**(0.7)**	(1.0)	(1.8)
	(1.7)	(1.8)	(2.9)
Finance costs			
Interest on loans and borrowings	**4.7**	6.4	12.0
Imputed interest on deferred term payables	**17.7**	16.5	32.5
Amounts reclassified to the Income Statement in respect of hedged cash flows	**0.8**	(1.5)	10.2
Foreign exchange losses on US Dollar debt	**(0.8)**	4.9	1.7
Amortisation of facility fees	**1.1**	1.5	3.3
Other interest payable	**1.4**	3.4	2.9
	24.9	31.2	62.6
Net finance costs	**23.2**	29.4	59.7

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

	31 December 2017	31 December 2016	30 June 2017 (audited)
	%	%	%
Bank loans excluding swap interest	**-**	-	1.7
Net swap payment	**-**	5.4	5.4
Government loans	**1.8**	2.0	1.9
Term loans	**-**	4.5	4.4
Private placement notes	**3.2**	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.

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

	Half year ended 31 December 2017 £m		Half year ended 31 December 2016 £m		Year ended 30 June 2017 (audited) £m	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
Financial assets						
Derivative financial instruments	**-**	**-**	16.9	16.9	13.2	13.2
Cash and cash equivalents	**378.0**	**378.0**	361.7	361.7	784.4	784.4
Trade and other receivables	**93.2**	**93.2**	62.4	62.4	149.8	149.8
Non-current available for sale financial assets	**3.3**	**3.3**	3.7	3.7	3.5	3.5
Current available for sale financial assets	**0.2**	**0.2**	0.6	0.6	0.4	0.4
Total financial assets	**474.7**	**474.7**	445.3	445.3	951.3	951.3
Financial liabilities						
Derivative financial instruments	**-**	**-**	9.0	9.0	5.8	5.8
Bank overdrafts	**0.2**	**0.2**	0.4	0.4	-	-
Trade and other payables	**1,853.0**	**1,845.7**	1,650.8	1,638.1	1,831.7	1,828.7
Loans and borrowings	**211.9**	**211.9**	182.1	181.4	83.6	83.0
Total financial liabilities	**2,065.1**	**2,057.8**	1,842.3	1,828.9	1,921.1	1,917.5

Financial assets and liabilities that are measured subsequent to initial recognition at fair value comprise available for sale financial assets and derivative financial instruments. The remaining derivative financial instruments at 30 June 2017 have been cancelled in the period as detailed in note 5.1. The available for sale financial assets are measured according to level 3 of the fair value hierarchy, and there have been no transfers between levels during the half year.

5.4 Share capital

	31 December 2017	31 December 2016	30 June 2017 (audited)
Allotted and issued ordinary shares (£m):			
10p each fully paid	**101.2**	100.7	100.8
Allotted and issued ordinary shares (number):			
10p each fully paid	**1,012,494,276**	1,006,940,985	1,007,899,274

	Half year ended 31 December 2017 **number**	Half year ended 31 December 2016 number	Year ended 30 June 2017 (audited) number
Options over the Company's shares granted during the period:			
Long Term Performance Plan (LTPP)	**2,220,531**	2,594,923	2,594,923
Savings-Related Share Option Scheme (Sharesave)	**-**	-	2,671,967
Deferred Bonus Plan (DBP)	**567,557**	520,442	520,442
	2,788,088	3,115,365	5,787,332

	Half year ended 31 December 2017 **number**	Half year ended 31 December 2016 number	Year ended 30 June 2017 (audited) number
Allotment of shares during the period:			
At the beginning of the period	**1,007,899,274**	1,003,607,066	1,003,607,066
Issued to satisfy early exercise under Sharesave schemes	**25,779**	48,368	115,153
Issued to satisfy exercises under matured Sharesave schemes	**2,364,657**	406,225	1,297,729
Issued to satisfy vesting of LTPP awards	**1,711,888**	2,126,790	2,126,790
Issued to satisfy exercises under the DBP	**477,912**	471,535	712,296
Issued to the Employee Benefit Trust to satisfy future exercises	**14,766**	281,001	40,240
	1,012,494,276	1,006,940,985	1,007,899,274

Own shares reserve

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, Employee, and Senior Management share option plans, the LTPP and the DBP schemes.

	31 December 2017	31 December 2016	30 June 2017 (audited)
Ordinary shares in the Company held in the EBT (number)	962,153	1,567,202	1,170,233
Market value of shares held in the EBT at 647.5p (31 December 2016: 462.4p; 30 June 2017: 563.5p) per share	£6,229,941	£7,246,742	£6,594,263

During the period the EBT purchased 483,379 (31 December 2016: 664,653; 30 June 2017: 664,653) shares in the market and disposed of 706,225 (31 December 2016: 746,159; 30 June 2017: 902,367) shares in settlement of exercises under the Senior Management Share Option Plan 2009/10 and the Senior Management Incentive Scheme. A further 2,204,566 shares (31 December 2016: 2,879,326; 30 June 2017: 2,879,326) were issued to the EBT at par of which 2,189,800 (31 December 2016: 2,598,325; 30 June 2017: 2,839,086) were used to satisfy the vesting of the LTPP and the DBP schemes.

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. Management estimate that the bonds and guarantees amount to £471.6m (31 December 2016: £456.4m; 30 June 2017: £464.1m), and confirm that at the date of these condensed consolidation half yearly financial statements the possibility of cash outflow is considered remote and no provision is required.

As disclosed in the Group's Annual Report and Accounts for 30 June 2017 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 Section 75 of the Pensions Act 1995 for employees who left the Group on disposal of their 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 still cannot be reliably estimated given the fundamental uncertainties underlying any such calculation. No provision has been recognised in relation to this matter as at 31 December 2017.

The Group received notification in January 2018 that no liability exists in respect of certain employees under the Scheme. However, previous correspondence in November 2017 states that the Scheme Actuary is not currently in a position to calculate any remaining Section 75 debts due to the complexities of applying the relevant legislation to the Scheme and that the method of calculation of these potential debts is still being discussed. If and when the Company receives further notice it will be able to 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.

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 £34.6m (31 December 2016: £66.5m; 30 June 2017: £62.5m). The Group has also provided principal guarantees of £9.0m (31 December 2016: £9.0m; 30 June 2017: £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 2017, no cost or interest overruns had been incurred (31 December 2016: £nil; 30 June 2017: £nil). The Group's maximum exposure under these cost and interest overrun guarantees is estimated at £18.6m as at 31 December 2017 (31 December 2016: £18.4m; 30 June 2017: £18.1m).

At 31 December 2017, the Group has an obligation to repay £0.9m (31 December 2016: £0.9m; 30 June 2017: £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 2017.

6.2 Related party transactions

Related party transactions for the period to 31 December 2017 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 £4.5m (31 December 2016: £6.2m; 30 June 2017: £10.1m) and £0.7m (31 December 2016: £1.0m; 30 June 2017: £1.8m) 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 2017 was £212.5m (31 December 2016: £191.3m; 30 June 2017: £201.2m). The amounts outstanding are unsecured and will be settled in cash. The amount of other outstanding payables to the Group from its joint ventures at 31 December 2017 was £9.7m (31 December 2016: £0.1m; 30 June 2017: £9.1m).

Loans of £2.1m (31 December 2016: £13.3m; 30 June 2017: £1.2m) were owed by the Group to its joint ventures.

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 or other balances due to the Group from its associates at 31 December 2017 or during either comparative period. 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.

Transactions between the Group and key management personnel in the first half of the year ending 30 June 2018 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 2017 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.

There have been no 'smaller related party transactions' as defined in Listing Rule 11.1.10R for the period ended 31 December 2017.

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 are:

J M Allan, Chairman
D F Thomas, Chief Executive
S J Boyes, Chief Operating Officer and Deputy Chief Executive
J E White, Chief Financial Officer
R J Akers, Senior Independent Director
T E Bamford, Non-Executive Director
N S Bibby, Non-Executive Director
J F Lennox, Non-Executive Director
S M White, Non-Executive Director (appointed 1 January 2018)

The Half Yearly Financial Report was approved by the Board on 20 February 2018.

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 2017 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 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 2017 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

Statutory Auditor
London, United Kingdom
20 February 2018

Glossary & Definitions

Active outlet	A site with at least one plot for sale
ASP	Average selling price
DBP	Deferred Bonus Plan
DTR	Disclosure Guidance and Transparency Rules
EBT	Barratt Developments Employee Benefit Trust
EU	European Union
FY	Refers to the financial year ended 30 June
Gross margin	Gross profit divided by total revenue
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
JV's	Joint ventures
Land supply	Land supply is calculated as total owned and controlled land bank plots divided by wholly owned completions in the last 12 months
LTPP	Long Term Performance Plan
Ordinary dividend cover	Calculated as the ratio of the Group's profit or loss for the period attributable to the owners of the Company to total ordinary dividend
Net cash	Net cash / debt is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings and foreign exchange swaps
Net tangible assets	Group net assets less other intangible assets and goodwill
NHBC	National House Building Council
Operating margin	Profit from operations divided by revenue
Regional business	The Group's housebuilding business excluding London divisional offices
Return on Capital Employed ("ROCE")	Calculated as earnings before interest, tax, operating charges relating to the defined benefit pension scheme and operating adjusting or 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
Sharesave	Savings-Related Share Option Scheme
SHE	Safety, Health and the Environment
SIC	Standing Interpretations Committee
SMIS	Senior Manager Incentive Scheme
Total completions	Unless otherwise stated total completions quoted include JV's