GALIFORM Plc

HALF YEARLY REPORT FOR THE 24 WEEKS ENDED 14 JUNE 2008

HIGHLIGHTS

The first half of 2008 has seen good performance across the Group's operations in a difficult economic environment, with Howden Joinery UK depot sales continuing to grow.

Financial highlights

Good underlying performance on key measures:

- Howden Joinery UK depot revenue increased by 9.6%* to £342.6m (up 4.3%* on same depot basis). Group revenue (£354.6m) fell as a result of the planned ending of product supply to MFI;
- Profit before tax and exceptional items fell by £4.7m to £20.1m, but this reflected the £11.8m impact of adverse currency movements and 'residual' logistics costs **. Excluding these factors, profit before tax and exceptional items rose by £7.1m to £31.9m;
- Basic earnings per share before exceptional items of 2.1p (2007: 2.7p);
- Basic earnings per share of 2.4p (2007: 7.0p);
- Net cash outflow from operating activities of £26.9m included a cash flow of almost £35m in respect of a number of 'one-off' payments. Excluding these, there was a net cash inflow of £7.3m;
- Net debt of £40.9m at 14 June 2008 (29 December 2007: £3.3m) in line with expectations.

Operating highlights

We continue to strengthen our competitive position:

- 15 new Howden Joinery UK depots opened so far this year, bringing total to 451;
- Various new products introduced, including 7 new kitchen ranges;

while at the same time managing 'legacy' issues (post the ending of product supply to MFI **).

Current trading

- Howden Joinery UK depot revenue in the first period of the second half of the year (period 7) on a par with revenue achieved in the first period of the first half of 2008. Growth of 3.3% reflected strong performance in period 7 last year.

Galiform's Chief Executive, Matthew Ingle, said:

"Against a tough economic backdrop, the robustness of our business model has enabled us to deliver good results in the first half of 2008. We continue to strengthen our competitive position and focus on providing our small builder customers with improved products and service refinement, while ensuring we prudently manage the business in these economic conditions.**"**

* See Financial Review section note 1
** See Financial Review section note 2

Enquiries

Investors/analysts:

Gary Rawlinson
Head of Investor Relations +44 (0)207 404 5959 (23 July 2008 only)
+44 (0)207 535 1127
+44 (0)7989 397527

Media:

Brunswick +44 (0)207 404 5959
Susan Gilchrist
Anna Jones

SUMMARY OF GROUP RESULTS

The information presented below relates to the 24 weeks to 14 June 2008 and the 24 weeks to 16 June 2007, unless otherwise stated. There were no discontinued operations in either period.

£m unless stated	**2008**	2007
Before exceptional items unless stated		
Revenue		
- Group	354.6	429.0
- Howden Joinery UK depots	342.6	314.5
Gross profit	186.8	190.0
Gross profit margin, %	52.7	44.3
Operating profit	20.8	29.5
Profit before tax		
- excluding exceptional items	20.1	24.8
- including exceptional items[1]	21.6	24.1
Earnings per share		
- basic excluding exceptional items	2.1p	2.7p
- basic including exceptional items	2.4p	7.0p
Net (debt)/funds at end of period	(40.9)	3.7

1 Details of exceptional items are given in note 7 to the Condensed Financial Statements.

FINANCIAL REVIEW

The following discussion relates to the 24 weeks to 14 June 2008 and the 24 weeks to 16 June 2007, unless otherwise stated.

FINANCIAL RESULTS FOR FIRST HALF OF 2008

The financial performance of the Group during the first half of 2008 benefited from the strength of the Group's competitive position and the characteristics of the end-users of its products. This includes significant exposure to the tenanted housing sector, both public and private, which are subject to different economic drivers than the owner-occupied sector, and very limited exposure to the new housing market.

Sales through our Howden Joinery UK depots increased by £28.1m in 2008. Total Group revenue fell by £74.4m to £354.6m, but this reflected the termination of sales to MFI at the end of last year.

Revenue £m	**2008**	2007
Group	**354.6**	429.0
including:		
Howden Joinery UK depots	**342.6**	314.5
MFI* /Hygena Cuisines	**7.1**	111.1
* no sales in 2008		

Howden Joinery UK depot revenue increased by 9.6% (see note 1 at end of Financial Review) to £342.6m, up 4.3% on a same depot basis. The strong sales growth achieved in the first five trading periods (20 weeks) of the year moderated in the last period of the first half of 2008. However, despite a background of general economic concerns and a strong comparative period, revenue still increased by 4.5% in the sixth period this year.

Sales in the first period of the second half of the year (period 7) were on a par with those seen in the last period of the first half of 2008. The rate of growth slowed to 3.3%, but this reflected the strong performance in period 7 last year.

Gross profit fell by £3.2m to £186.8m, primarily because of the expected loss of delivery income from MFI (note: the corresponding and equal cost was in operating costs last year – see below) and the adverse effect of the exchange rate on the cost of goods purchased from European suppliers (£1:€1.28 in H1 2008, £1:€1.48 in H1 2007). The impact of these factors was offset to a large extent by purchasing efficiencies and higher depot sales.

The gross profit margin was 52.7% (2007: 44.3%). The increase reflects the ending of product sales to MFI, which were supplied 'at cost'. These sales had no impact on gross profit and thereby reduced the gross profit margin in 2007.

Excluding exceptional items, selling and distribution costs and administrative expenses increased by £5.4m.

Within this, Howden Joinery UK depot operating costs increased by £10.9m, mainly reflecting costs associated with depots opened last year, most of which were not open in the first half of 2007. Other costs associated with Howden Joinery UK depot operations rose by £2.8m.

These cost increases were offset by cost reductions elsewhere. Increased logistics (warehouse and transport) costs in relation to depot sales were more than offset by a reduction arising from the end of the supply contract with MFI. The net result of this was that logistics costs (including 'residual' costs of £5.9m – see note 2 at the end of Financial Review) fell by £4.5m. Indirect costs associated with the supply chain and corporate costs fell by £5.4m.

Operating profit before exceptionals was £20.8m (2007: £29.5m), reflecting the impact of the weaker pound against the euro and 'residual' logistics costs which together totalled £11.8m.

The net interest charge fell £4.0m to £0.7m, mainly due to decreases in the finance element of the pension charge and interest related to payments to MEP Mayflower Limited (MEP). The net result was profit before tax and exceptional items of £20.1m (2007: £24.8m).

There was an exceptional profit of £1.5m on property disposals, primarily related to a factory site in Hull.

The tax charge on profit before tax was £7.5m, an effective tax rate of 34.6%. This included a write-off of potential tax relief on share schemes. Excluding this, the underlying effective tax rate was 32.2%.

Basic earnings per share excluding exceptional items was 2.1p (2007: 2.7p) and including exceptional items was 2.4p (2007: 7.0p).

There were no discontinued operations in the first half of 2007 or 2008.

Net cash outflows from operating activities were £26.9m. This included cash expenditure in relation to the restructuring of manufacturing and logistics operations announced in June 2007 (£7.4m). It also included payments to MEP in respect of the final payment due under the terms of Galiform's agreement with MEP in relation to the disposal of the MFI retail business (£12m) and settlement of the 'closing cash adjustment' due in respect of cashflows generated by MFI between the effective date and completion date of the sale (£14.8m including interest).

Payments to acquire fixed and intangible assets totalled £10.0m (2007: £6.6m). Cash receipts from property disposals totalled £3.5m. There was a cash contribution to the Group's pension schemes, in excess of the operating charge, of £13.3m.

As a result of the above, net debt rose by £37.6m in the first half of 2008, resulting in Group net borrowings of £40.9m at 14 June 2008. At the same date, in respect of the Group's £175m bank facility (see note 22 of 2007 Annual Report and Accounts), the Group had available £102.2m of undrawn committed borrowing facilities (£93.5m at 29 December 2007).

A new triennial actuarial review of the pension schemes as at 1 April 2008 is being undertaken on behalf of the trustees. At 14 June 2008, the pension deficit shown on the balance sheet was £112.0m (29 December 2007: £83.5m). The deficit was reduced by a reduction in liabilities arising from an increase in the discount rate and the Company's contribution to clear the actuarial deficit (over a 10-year period) that was agreed in 2006. These were offset by the effect of lower than expected asset returns and changes to assumptions used to calculate liabilities.

DIVIDEND

Based on current market conditions, we are not paying an interim dividend (2007: nil), but will expect to pay a final dividend unless conditions deteriorate markedly.

Note 1: Based on 2007 'adjusted' sales, to take account of additional day's trading in first week of 2007.

Note 2: With the ending of product supply to MFI, a major restructuring of supply operations was successfully undertaken to bring the cost base in to line with the Group's new requirements. In the logistics area, a legacy of 'residual' costs remained that it was not possible to deal with immediately, arising from areas such as transport and warehouse space utilisation, but these are steadily being addressed.

OPERATIONAL REVIEW

The overriding strategic goal of Galiform was first set out in the original Howden Joinery business plan and remains unaltered. It is "To supply from local stock nationwide the small builder's routine kitchen and joinery requirements, assuring no call back quality and best local price".

Against the background of weakening consumer confidence and general concerns about economic prospects during the first half of the year, the Group continues to focus on opportunities to grow sales through improving its products and service. We continue to work to increase profitability through greater efficiencies and prudently manage cash flow. Operations throughout the Group have been reviewed so as to ensure appropriate resourcing levels.

In pursuing these goals, numerous actions have been taken, the most significant of which are as follows.

Depot network

So far this year, 15 UK depots have been opened, bringing the total to 451, and one depot has been extended. Given the uncertainty surrounding the economic outlook, we have decided to take a more cautious approach to our immediate expansion programme, and now plan to open 20 depots in total this year.

We continue to be of the view that the total number of depots can be increased to more than 600 in the UK and are ready to accelerate the opening programme at the appropriate time.

Product

We continue to review arrangements with suppliers, the benefits from which have helped offset cost pressures within our supply chain.

Investment in product development remains key to our continued success. So far this year, we have introduced seven new kitchens to our product range, improved the range of appliances on offer and enhanced the structure of our rigid cabinets. An improved range of doors and associated hardware serves to augment our existing joinery offering, in line with our customers' needs.

'Residual' costs

We continue to focus on opportunities to reduce the 'residual' logistics costs which arose from ending product supply to MFI. These costs will be reduced through the introduction of a 'traffic sharing' agreement which enables a more efficient use of our transport fleet.

Surplus property

The leasehold of a major warehouse in Northampton has been assigned to a new tenant. Two factory sites in Hull have been sold, generating proceeds of £3.5m.

Banking arrangements

A two-year extension to the Group's £175m asset-backed bank facility was agreed earlier this year, the interest rate on the loan being unchanged. Under the terms of the extension, the facility (which now expires in May 2011) can also be used more efficiently, thus increasing the amount of the facility which is available at any one time.

In addition to taking these specific actions, the Group continues to believe that the Howden Joinery business model is particularly resilient for the following reasons:

- it has a significant share of all end user markets, with the exception of new build;
- it commands exceptional customer loyalty from over 234,000 registered customers, around a third of whom have traded with us in the last month;
- its local margin drivers and 'in stock' model enable increased profit focus and effective credit control.

MEP claims

During the period, Galiform paid a total of £13.3m plus interest to MEP in final settlement of the amount due in respect of cash flows generated by MFI between 5 August and 18 October 2006. This issue was referred to in the 2007 Preliminary Results announcement, the total comprising an agreed adjustment of £4.9m, together with a further amount of £8.4m determined by an independent expert (compared with an amount of £23.4m originally claimed by MEP).

Legal proceedings relating to MEP's net asset value claim, also referred to in the 2007 Preliminary Results, are progressing. MEP has reduced its gross claim from approximately £57m to £52.9m. The claim consists of some 88 individual items, each of which has been examined in detail on Galiform's behalf by external lawyers and forensic accountants. In making its claim, MEP has only included revaluations of assets and liabilities that work in its favour (ignoring any adjustments that would reduce its claim). MEP has now conceded that offsetting items should be considered.

Unless previously settled, the matter is unlikely to come to Court until spring/summer 2009. The Board considers that MEP's total claim is grossly inflated and remains firmly of the view that only a small fraction of the amount claimed, if any, will ultimately be payable.

Guaranteed properties

At the time of the transaction to sell MFI, the Group was the guarantor on leases in relation to 56 properties occupied by MFI. By 14 June 2008, the number had reduced to 46 (50 at 29 December 2007). The current net annual rent payable on these remaining properties is £15.5m, with associated business rates of £6.5m. The leases on a further seven properties will expire by the end of 2011, the associated current net annual rent and rates totalling £3.0m.

CURRENT TRADING AND OUTLOOK

Howden Joinery UK depot sales in the first period of the second half of the year (period 7) were on a par with those seen in the last period of the first half of 2008. The rate of growth slowed to 3.3%, but this reflected the strong performance in period 7 last year.

We are not expecting the economic environment to improve in the short term and will continue to manage the business in light of prevailing conditions.

The key risk to performance in the second half of the year is the uncertainty surrounding the economic environment and, in particular, the effect this could have on trading.

Condensed consolidated income statement

	Notes	24 weeks to 14 June 2008 unaudited Before exceptional items £m	Exceptional items £m	Total £m	24 weeks to 16 June 2007 unaudited Before exceptional items £m	Exceptional items £m	Total £m	52 weeks to 29 December 2007 audited Before exceptional items £m	Exceptional items £m	Total £m
Continuing operations:										
Revenue		**354.6**	-	**354.6**	429.0	-	429.0	976.5	-	976.5
Cost of sales		**(167.8)**	-	**(167.8)**	(239.0)	-	(239.0)	(520.3)	(6.9)	(527.2)
Gross profit		**186.8**	-	**186.8**	190.0	-	190.0	456.2	(6.9)	449.3
Selling & distribution costs		**(139.8)**	-	**(139.8)**	(134.2)	(0.5)	(134.7)	(307.5)	(15.6)	(323.1)
Administrative expenses	7	**(26.3)**	-	**(26.3)**	(26.5)	-	(26.5)	(61.5)	(6.6)	(68.1)
Other operating income/(expenses)		**-**	**1.5**	**1.5**	-	(0.2)	(0.2)	-	(6.3)	(6.3)
Share of joint venture profit		**0.1**	**-**	**0.1**	0.2	-	0.2	0.9	-	0.9
Operating profit/(loss)		**20.8**	**1.5**	**22.3**	29.5	(0.7)	28.8	88.1	(35.4)	52.7
Finance income	8	**0.3**	**-**	**0.3**	0.4	-	0.4	1.3	-	1.3
Finance expense	8	**(2.5)**	**-**	**(2.5)**	(4.2)	-	(4.2)	(9.9)	-	(9.9)
Other finance income/(expense) - pensions	8	**1.5**	**-**	**1.5**	(0.9)	-	(0.9)	0.3	-	0.3
Profit/(loss) before tax		**20.1**	**1.5**	**21.6**	24.8	(0.7)	24.1	79.8	(35.4)	44.4
Tax (charge)/credit	9	**(7.5)**	**-**	**(7.5)**	(8.4)	26.0	17.6	(25.5)	34.0	8.5
Profit/(loss) after tax from continuing operations		**12.6**	**1.5**	**14.1**	16.4	25.3	41.7	54.3	(1.4)	52.9

Condensed consolidated income statement (continued)

	Notes	**24 weeks to 14 June 2008 unaudited** Before exceptional items £m	Exceptional items £m	Total £m	24 weeks to 16 June 2007 unaudited Before exceptional items £m	Exceptional items £m	Total £m	52 weeks to 29 December 2007 audited Before exceptional items £m	Exceptional items £m	Total £m
Discontinued operations:										
Loss before tax	7	**-**	**-**	**-**	-	-	-	-	(11.1)	(11.1)
Tax on loss	7	**-**	**-**	**-**	-	-	-	-	2.1	2.1
Loss after tax from discontinued operations		**-**	**-**	**-**	-	-	-	-	(9.0)	(9.0)
Profit for the period		**12.6**	**1.5**	**14.1**	16.4	25.3	41.7	54.3	(10.4)	43.9

Earnings per share:	Notes	**pence**	pence	pence
From continuing operations				
Basic earnings per 10p share	10	**2.4**	7.0	8.8
Diluted earnings per 10p share	10	**2.3**	6.8	8.6
From continuing and discontinued operations				
Basic earnings per 10p share	10	**2.4**	7.0	7.3
Diluted earnings per 10p share	10	**2.3**	6.8	7.2

Exceptional items are analysed in note 7.

Condensed consolidated balance sheet

	Notes	**As at 14 June 2008 unaudited £m**	As at 16 June 2007 unaudited £m	As at 29 December 2007 audited £m
Non current assets				
Goodwill		**2.5**	-	-
Other intangible assets		**6.6**	3.6	2.5
Property, plant and equipment	11	**90.5**	93.9	91.2
Investments		**8.0**	9.5	10.1
Deferred tax asset		**55.5**	50.7	45.6
		163.1	157.7	149.4
Current assets				
Inventories		**116.2**	111.8	101.0
Trade and other receivables		**116.1**	147.0	122.3
Other assets		**2.1**	3.2	2.4
Cash at bank and in hand		**27.3**	41.8	33.6
		261.7	303.8	259.3
Total assets classified as held for sale		**1.3**	-	3.1
Total assets		**426.1**	461.5	411.8
Current liabilities				
Trade and other payables		**(174.8)**	(267.5)	(201.1)
Current tax liability		**(8.6)**	(7.0)	(8.5)
Current borrowings		**(3.0)**	(2.2)	(3.3)
		(186.4)	(276.7)	(212.9)
Non current liabilities				
Borrowings		**(67.3)**	(39.1)	(36.0)
Pension liability	17	**(112.0)**	(78.9)	(83.5)
Deferred tax liability		**(2.9)**	(3.8)	(2.9)
Provisions	14	**(36.6)**	(19.2)	(39.4)
		(218.8)	(141.0)	(161.8)
Total liabilities		**(405.2)**	(417.7)	(374.7)
Net assets		**20.9**	43.8	37.1
Equity				
Called up share capital	12	**63.4**	63.4	63.4
Share premium account	12	**85.1**	84.9	85.0
ESOP reserve	12	**(29.0)**	(37.9)	(32.6)
Other reserves	12	**28.1**	28.1	28.1
Retained loss	12	**(126.7)**	(94.7)	(106.8)
Total equity		**20.9**	43.8	37.1

Condensed consolidated cash flow statement

	Notes	**24 weeks to 14 June 2008 unaudited £m**	24 weeks to 16 June 2007 unaudited £m	53 weeks to 29 December 2007 audited £m
Net cash flows from operating activities	13	**(26.9)**	9.6	25.7
Cash flows from investing activities				
Interest received		**0.3**	0.4	1.3
Purchase of subsidiary undertakings	18	**3.2**	-	-
Payments to acquire property, plant and equipment and intangible assets		**(10.0)**	(6.6)	(21.2)
Dividend received from joint venture		**-**	0.4	0.5
Receipts from sale of property, plant and equipment and intangible assets		**3.5**	0.1	-
Net cash used in investing activities		**(3.0)**	(5.7)	(19.4)
Cash flows from financing activities				
Interest paid		**(4.8)**	(2.1)	(8.4)
Receipts from issue of own share capital		**0.1**	1.4	1.5
Receipts from release of shares from share trust		**-**	4.6	4.9
Increase/(decrease) in loans		**31.5**	(19.1)	(24.3)
Repayment of capital element of finance leases		**(0.5)**	-	(0.3)
Decrease/(increase) in other assets		**0.3**	(0.1)	0.7
Dividends paid to Group shareholders		**(3.0)**	-	-
Net cash from/(used) in financing activities		**23.6**	(15.3)	(25.9)
Net decrease in cash and cash equivalents		**(6.3)**	(11.4)	(19.6)
Cash and cash equivalents at beginning of period	13	**33.6**	53.2	53.2
Cash and cash equivalents at end of period	13	**27.3**	41.8	33.6

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts payable on demand. These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet.

Condensed consolidated statement of recognised income and expense

	24 weeks to 14 June 2008 unaudited £m	24 weeks to 16 June 2007 unaudited £m	53 weeks to 29 December 2007 audited £m
Actuarial (loss)/gain on defined benefit pension schemes	**(43.3)**	104.2	87.2
Deferred tax on actuarial loss/gain on defined benefit pension schemes	**12.1**	(31.3)	(26.1)
Effect of change in rate of deferred tax on actuarial gains/losses	**-**	-	(3.6)
Currency translation differences	**0.2**	-	1.1
Net (loss)/income recognised directly in equity	**(31.0)**	72.9	58.6
Profit for the financial period	**14.1**	41.7	43.9
Total recognised income and expense for the period	**(16.9)**	114.6	102.5

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 General information

The results for the 24 week periods ended 14 June 2008 and 16 June 2007 are unaudited but have been reviewed by the Group's auditors, whose report forms part of this document. The information for the 52 week period ended 29 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified or modified, and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2 Accounting policies

The annual financial statements of Galiform Plc 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 had been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

The same accounting policies, presentation methods, and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, except:

- that the taxation charge for the half-year is calculated by applying the annual effective tax rate to the profit for the period;
- for the change in reporting business segments discussed in note 3;
- for the adoption of IFRS 7: Financial Instruments, Disclosures, which has no impact on this half-yearly financial report.

3 Segmental results

(a) Change in basis of segmentation

On the first day of the current period, the trade and assets of Howden Kitchens Limited, the entity which historically carried out the Group's supply and sourcing, were transferred to Howden Joinery Limited, the entity which previously sold kitchen and joinery products to the building trade. In previous periods, the business carried out by Howden Kitchens was treated as a separate operating segment, which was formerly called Supply. The Group now operates and reports as one business segment, Howden Joinery. Segmental information for previous periods has been represented on the new basis of segmentation.

(b) External revenue	**24 weeks to 14 June 2008 unaudited £m**	24 weeks to 16 June 2007 unaudited £m	52 weeks to 29 December 2007 audited £m
Continuing operations:			
Howden Joinery	**354.6**	429.0	976.5
Total revenue	**354.6**	429.0	976.5

(c) Result	**24 weeks to 14 June 2008 unaudited £m**	24 weeks to 16 June 2007 unaudited £m	52 weeks to 29 December 2007 audited £m
Continuing operations:			
Howden Joinery - result before exceptional items	**20.8**	29.5	88.1
Exceptional items - continuing operations	**1.5**	(0.7)	(35.4)
Total continuing operations - operating profit	**22.3**	28.8	52.7
Finance income	**0.3**	0.4	1.3
Finance expenses (including pension finance income/(charge))	**(1.0)**	(5.1)	(9.6)
Profit before tax - continuing operations	**21.6**	24.1	44.4
Tax on continuing operations	**(7.5)**	17.6	8.5
Profit after tax from continuing operations	**14.1**	41.7	52.9
Discontinued operations:			
Discontinued exceptional items - before tax	**-**	-	(11.1)
Tax on discontinued operations	**-**	-	2.1
Loss after tax from discontinued operations	**-**	-	(9.0)
Profit for the period after tax - continuing and discontinued operations	**14.1**	41.7	43.9

4 Seasonality of revenue

Sales of Howden Joinery are more heavily weighted to the second half of the financial year. This partly reflects the fact that there are 24 weeks in the first half of the financial year and 28 weeks in the second half. It also reflects sales in the peak October trading period. In the last two financial years, approximately 60% of sales have been in the second half of the year.

5 Write down of inventories

During the period, the Group incurred a charge of £2.4m to write inventories down to their net realisable value (24 weeks to 16 June 2007: £2.6m, 52 weeks to 29 December 2007: £16.5m).

6 Dividends

	24 weeks to 14 June 2008 unaudited £m	24 weeks to 16 June 2007 unaudited £m	52 weeks to 29 December 2007 audited £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the 52 weeks to 29 December 2007 – 0.5p (24 weeks to 16 June 2007 and 52 weeks to 29 December 2007 both nil)	**3.0**	-	-

7 Exceptional items

Exceptional items related to continuing operations charged to operating profit in the 24 weeks to 14 June 2008 are analysed as follows:

Unaudited	Other operating income £m	**Total £m**
Profit on sale of tangible fixed assets	1.5	**1.5**
Total credited to operating profit	1.5	**1.5**
Tax on exceptional items	-	**-**
Total exceptional items after tax	1.5	**1.5**

Exceptional items related to continuing operations charged to operating profit in the 24 weeks to 16 June 2007 are analysed as follows:

Unaudited	Selling and distribution costs £m	Other operating expenses £m	Total £m
Loss on sale of tangible fixed assets	-	(0.2)	(0.2)
Supply restructuring	(0.3)	-	(0.3)
IT restructuring	(0.2)	-	(0.2)
Total charged to operating profit	(0.5)	(0.2)	(0.7)
Tax credit on exceptional items			-
Total operating exceptional items after tax			(0.7)
Exceptional tax credit			26.0
Total exceptional items after tax			25.3

Exceptional items charged to the income statement in the 52 weeks to 29 December 2007 are analysed as follows:

	Cost of sales £m	Other operating expenses £m	Administration expenses £m	Selling and distribution costs £m	Total £m
Continuing operations:					
Group restructuring	6.9	7.4	6.6	15.6	36.5
Other profit and loss on disposal	-	(1.1)	-	-	(1.1)
Total charged to operating profit	6.9	6.3	6.6	15.6	35.4
Tax credit on exceptional items in continuing operations					(10.1)
Total operating exceptional items after tax					25.3
Exceptional tax credit					(23.9)
Net exceptional items in continuing operations					1.4
Discontinued operations:					
Business rates and other property costs					7.1
Professional fees associated with discontinued operations					4.0
Total discontinued exceptional items before tax					11.1
Tax on discontinued exceptional items					(2.1)
Net exceptional items in discontinued operations					9.0
Total exceptional items before tax					46.5
Tax on exceptional items					(12.2)
Exceptional tax credit					(23.9)
Total exceptional items after tax					10.4

8 Finance income, finance expenses and other finance charges

	24 weeks to 14 June 2008 unaudited £m	24 weeks to 16 June 2007 unaudited £m	53 weeks to 29 December 2007 audited £m
Finance income			
Bank interest receivable	**0.3**	0.4	1.3
Finance expenses			
Bank interest payable	**(1.9)**	(2.4)	(5.7)
Other interest (including finance lease interest)	**(0.4)**	-	(1.1)
Interest charge on remeasuring creditors to fair value	**(0.2)**	(1.8)	(3.1)
	(2.5)	(4.2)	(9.9)
Other finance income/(expense) - pensions			
Finance element of pension charge	**1.5**	(0.9)	(0.3)

9 Tax

(a) Tax in the income statement

	24 weeks to 14 June 2008 unaudited £m	24 weeks to 16 June 2007 unaudited £m	Continuing operations 52 weeks to 29 December 2007 audited £m	Discontinued operations 52 weeks to 29 December 2007 audited £m	Total 52 weeks to 29 December 2007 audited £m
Current tax					
Current year	**5.3**	4.0	10.3	(2.1)	8.2
Adjustments in respect of previous periods	**-**	-	(3.0)	-	(3.0)
Total current tax	**5.3**	4.0	7.3	(2.1)	5.2
Deferred tax					
Current year	**2.2**	4.4	9.9	-	9.9
Adjustments in respect of previous periods	**-**	(26.0)	(25.7)	-	(25.7)
Total deferred tax	**2.2**	(21.6)	(15.8)	-	(15.8)
Total tax charged/(credited) in the income statement	**7.5**	(17.6)	(8.5)	(2.1)	(10.6)

The tax charge is based on the estimated effective tax rate for the 2008 financial year of 34.6%, including a tax charge to write off potential benefits of tax relief on share schemes. Without this adjustment, the effective rate of tax for the 2008 financial year would have been estimated at 32.2%.

The rate of tax on profit before exceptional items for the 24 weeks to 14 June 2008 was 37.3% (24 weeks to 16 June 2007: 34.0%, 52 weeks to December 2007: 32.0%).

The adjustment in respect of previous periods in the comparatives for 2007 relates principally to the Group recognising £23.9m of deferred tax assets in certain of its subsidiaries. These subsidiaries had been loss making in 2006 and no deferred tax assets had previously been booked on the balance sheet.

There were no discontinued operations for the 24 weeks to 14 June 2008 and the 24 weeks to 16 June 2007.

(b) Tax related to items credited to equity

	24 weeks to 14 June 2008 unaudited £m	24 weeks to 16 June 2007 unaudited £m	Continuing operations 52 weeks to 29 December 2007 audited £m	Discontinued operations 52 weeks to 29 December 2007 audited £m	Total 52 weeks to 29 December 2007 audited £m
Deferred tax					
Actuarial (loss)/gain on pension scheme	**(12.0)**	31.3	26.1	-	26.1
Charge to equity re tax rate change	**-**	-	3.6	-	3.6
Total tax (credited)/charged to statement of recognised income and expense	**(12.0)**	31.3	29.7	-	29.7

In the 2007 Budget, the Chancellor announced his intention to abolish Industrial Building Allowances (IBAs). As at the half year-end, the legislation had not passed through the House of Commons and had therefore not been substantially enacted. Therefore, in accordance with IAS 12 'Income Taxes', we have not remeasured our current or deferred tax charge or provision in these interim results to reflect the forthcoming change.

Since the half year-end date, the legislation has been substantially enacted. The change in rate will therefore be reflected in our deferred tax balance in the accounts for the full year to 27 December 2008. If the change had been enacted before the date of these accounts, the effect on the deferred tax balance as at 14 June 2008 would be a £1.6m reduction in the deferred tax assets.

10 Earnings per share

	24 weeks to 14 June 2008 unaudited			24 weeks to 16 June 2007 unaudited			52 weeks to 29 December 2007 audited		
	Earnings £m	**Weighted average number of shares m**	**Earnings per share p**	Earnings £m	Weighted average number of shares m	Earnings per share p	Earnings £m	Weighted average number of shares m	Earnings per share p
From continuing operations									
Basic earnings per share	**14.1**	**602.0**	**2.4**	41.7	599.8	7.0	52.9	598.6	8.8
Effect of dilutive share options	**-**	**22.8**	**(0.1)**	-	13.8	(0.2)	-	13.8	(0.2)
Diluted earnings per share	**14.1**	**624.8**	**2.3**	41.7	613.6	6.8	52.9	612.4	8.6
From discontinued operations									
Basic earnings per share	**-**	**-**	**-**	-	-	-	(9.0)	598.6	(1.5)
Effect of dilutive share options	**-**	**-**	**-**	-	-	-	-	13.8	-
Diluted earnings per share	**-**	**-**	**-**	-	-	-	(9.0)	612.4	(1.5)
From continuing and discontinued operations									
Basic earnings per share	**14.1**	**602.0**	**2.4**	41.7	599.8	7.0	43.9	598.6	7.3
Effect of dilutive share options	**-**	**22.8**	**(0.1)**	-	13.8	(0.2)	-	13.8	(0.2)
Diluted earnings per share	**14.1**	**624.8**	**2.3**	41.7	613.6	6.8	43.9	612.4	7.2
From continuing operations excluding exceptional items									
Basic earnings per share	**12.6**	**602.0**	**2.1**	16.4	599.8	2.7	54.3	598.6	9.1
Effect of dilutive share options	**-**	**22.8**	**(0.1)**	-	13.8	-	-	13.8	(0.2)
Diluted earnings per share	**12.6**	**624.8**	**2.0**	16.4	613.6	2.7	54.3	612.4	8.9
From continuing and discontinued operations excluding exceptional items									
Basic earnings per share	**12.6**	**602.0**	**2.1**	16.4	599.8	2.7	54.3	598.6	9.1
Effect of dilutive share options	**-**	**22.8**	**(0.1)**	-	13.8	-	-	13.8	(0.2)
Diluted earnings per share	**12.6**	**624.8**	**2.0**	16.4	613.6	2.7	54.3	612.4	8.9

11 Property, plant and equipment

During the period, the Group spent £10.0m on additions to property, plant and equipment (24 weeks to 16 June 2007 - £6.6m; 52 weeks to 29 December 2007 - £27m). It also disposed of fixed assets with a net book value of £2.0m (24 weeks to 16 June 2007 - £0.3m; 52 weeks to 29 December 2007 - £1.1m) for proceeds of £3.5m. There are commitments to purchase property, plant and equipment of £4.1m (24 weeks to 16 June 2007 - nil; 52 weeks to 29 December 2007 - £1.3m)at the current period end .

12 Reconciliation of movement in reserves and details of shares issued

	Share capital £m	Share premium account £m	ESOP reserve £m	Other reserves £m	Retained earnings £m	Total £m
As at 29 December 2007 - audited	63.4	85.0	(32.6)	28.1	(106.8)	37.1
Profit for the period	-	-	-	-	14.1	14.1
Dividends paid	-	-	-	-	(3.0)	(3.0)
Net actuarial loss on pension schemes	-	-	-	-	(31.2)	(31.2)
Issue of new shares	-	0.1	-	-	-	0.1
Currency translation differences	-	-	-	-	0.2	0.2
Net movement in ESOP	-	-	3.6	-	-	3.6
As at 14 June 2008 - unaudited	**63.4**	**85.1**	**(29.0)**	**28.1**	**(126.7)**	**20.9**

During the current period, the Group issued 132,119 shares.

	Share capital £m	Share premium account £m	ESOP reserve £m	Other reserves £m	Retained earnings £m	Total £m
As at 30 December 2006 - audited	63.2	83.7	(43.2)	28.1	(209.3)	(77.5)
Profit for the period	-	-	-	-	41.7	41.7
Net actuarial gain on pension schemes	-	-	-	-	72.9	72.9
Issue of new shares	0.2	1.2	-	-	-	1.4
Net movement in ESOP	-	-	5.3	-	-	5.3
As at 16 June 2007 - unaudited	63.4	84.9	(37.9)	28.1	(94.7)	43.8

During the period above, the Group issued 1,855,364 shares.

	Share capital £m	Share premium account £m	ESOP reserve £m	Other reserves £m	Retained earnings £m	Total £m
As at 30 December 2006 - audited	63.2	83.7	(43.2)	28.1	(209.3)	(77.5)
Net actuarial gain on pension schemes	-	-	-	-	61.1	61.1
Effect of change in tax rate, taken through reserves	-	-	-	-	(3.6)	(3.6)
Currency translation differences	-	-	-	-	1.1	1.1
Profit for the period	-	-	-	-	43.9	43.9
Issue of new shares	0.2	1.3	-	-	-	1.5
Net movement in ESOP	-	-	10.6	-	-	10.6
As at 29 December 2007 - unaudited	63.4	85.0	(32.6)	28.1	(106.8)	37.1

During the period above, the Group issued 2,123,464 shares.

13 Notes to the cash flow statement

(a) Net cash flows from operating activities

	24 weeks to 14 June 2008 unaudited £m	24 weeks to 16 June 2007 unaudited £m	52 weeks to 29 December 2007 audited £m
Group operating profit/(loss) before tax and interest			
Continuing operations	**22.3**	28.8	52.7
Discontinued operations	**-**	-	(11.1)
	22.3	28.8	41.6
Adjustments for:			
Depreciation and amortisation included in operating profit	**8.0**	7.8	17.4
Share-based payments charge	**3.6**	0.7	5.7
Share of joint venture profits	**(0.1)**	(0.2)	(0.9)
(Profit)/loss on disposal of property, plant and equipment and intangible assets	**(1.5)**	0.2	(1.1)
Other exceptional items before tax	**-**	0.5	47.6
Operating cash flows before movements in working capital	**32.3**	37.8	110.3
Movements in working capital and exceptional items			
(Increase)/decrease in stock	**(15.2)**	14.3	25.1
Decrease/(increase) in trade and other receivables	**6.2**	(44.6)	(19.9)
(Decrease)/increase in trade and other payables	**(31.7)**	9.7	(60.0)
Difference between pensions operating charge and cash paid	**(13.3)**	(7.1)	(18.2)
Net cash flow – other exceptional items	**-**	(0.5)	(11.9)
	(54.0)	(28.2)	(84.9)
Cash generated from operations	**(21.7)**	9.6	25.4
Tax (paid)/received	**(5.2)**	-	0.3
Net cash flows from operating activities	**(26.9)**	9.6	25.7
Net cash flow from operating activities comprises:			
Continuing operating activities	**(26.9)**	9.6	25.7
Discontinued operating activities	**-**	-	-
	(26.9)	9.6	25.7

(b) Reconciliation of movement in net debt

	24 weeks to 14 June 2008 unaudited £m	24 weeks to 16 June 2007 unaudited £m	52 weeks to 29 December 2007 audited £m
Net debt at start of period	**(3.3)**	(4.1)	(4.1)
Net decrease in cash and cash equivalents	**(6.3)**	(11.4)	(19.6)
(Decrease)/increase in investments	**(0.3)**	0.1	(0.7)
(Increase)/decrease in debt	**(31.5)**	19.1	24.3
Decrease/(increase) in finance leases	**0.5**	-	(3.2)
Net (debt)/cash at end of period	**(40.9)**	3.7	(3.3)

Represented by:

Cash and cash equivalents	**27.3**	41.8	33.6
Investments	**2.1**	3.2	2.4
Bank loans	**(67.6)**	(41.3)	(36.1)
Finance leases	**(2.7)**	-	(3.2)
	(40.9)	3.7	(3.3)

(c) Analysis of net borrowings

	Cash and cash equivalents £m	Current asset investment £m	Bank loans £m	Finance leases £m	Net borrowings £m
At 29 December 2007 - audited	33.6	2.4	(36.1)	(3.2)	(3.3)
Cash flow	(6.3)	(0.3)	(31.5)	0.5	(37.6)
At 14 June 2008 - unaudited	**27.3**	**2.1**	**(67.6)**	**(2.7)**	**(40.9)**

Closing bank loans at 14 June 2008 comprise £65.8m of non-current liabilities, and £1.8m of current liabilities. Closing finance leases at 14 June 2008 comprise £1.5m of non-current liabilities, and £1.2m of current liabilities.

14 Provisions

	Property provision £m	**Other provisions £m**	**Total £m**
At 29 December 2007 - audited	38.4	1.0	39.4
Additional provision in the period	0.8	-	0.8
Provision released in the period	(0.3)	-	(0.3)
Utilisation of provision in the period	(3.1)	(0.2)	(3.3)
At 14 June 2008 - unaudited	**35.8**	**0.8**	**36.6**

The property provision mainly covers onerous leases. For any such leases, the Group provides for any shortfall between rent payable and rent receivable on any non-trading leased properties. The provision is based on the period until the end of the lease, or until the Group can cover the shortfall by subletting, assigning or surrendering the lease. None of the provisions are short term. The property provision also includes amounts for any related shortfalls in business rates on these properties, and for dilapidations.

Other provisions relate to amounts due in respect of a contractual termination.

15 Related party transactions

Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

(a) Trading transactions

During the period, Group companies entered into the following transactions with related parties who are not members of the Group:

	Howden Kitchens (Asia) Limited		
	24 weeks to 14 June 2008 unaudited £m	24 weeks to 16 June 2007 unaudited £m	52 weeks to 29 December 2007 audited £m
Sale of goods and services during the period	**-**	0.1	0.1
Purchases of goods and services during the period	**5.2**	9.9	31.6
Amounts owed to related party at period end	**-**	0.8	-
Amounts owed by related party at period end	**-**	-	0.6

Howden Kitchens (Asia) Limited was a related party because it was a joint venture. As of 7 March 2008, the Group purchased the remaining 50% of the joint venture, and from that time it became a 100% owned subsidiary. The information given above for the current period are only in respect of the time from the start of the current period until 7 March 2008.

Purchases from the related party are on the basis of cost plus a commission based on benefits achieved and throughput.

(b) Remuneration of key management personnel

This information will be disclosed in the Group's Annual Report for the year ending 27 December 2008.

16 Contingent liabilities

(a) Relating to the disposal of the MFI Retail operations

As disclosed at the time of the transaction with MEP Mayflower Limited ("MEP"), the Group was the guarantor on leases in relation to 56 properties which were held by MFI Properties Limited ("MFI Properties") and occupied by the MFI UK Retail operations ("Retail") with "rentals" being paid by Retail to MFI Properties. By 14 June 2008, this number had reduced to 46 properties. The Group's guarantees are triggered if MFI Properties Limited defaults on its obligations under the relevant leases for example because it suffers financial distress. However, under the terms of the sale of Retail to MEP, MEP have given the Group an indemnity for any costs incurred by the Group in relation to any non-payment by MFI Properties. The current annual net rentals payable by the Group in respect of these remaining properties total £15.5m, with associated business rates of £6.5m. Remaining lease terms range between 4 months and 17.4 years from 14 June 2008, with the average lease term being 7.6 years from 14 June 2008.

The Group is not aware that the purchaser or its subsidiaries is in financial distress. There is uncertainty whether the purchaser or its subsidiaries will ever suffer financial distress and thereby trigger the guarantee, and as to the actual net liability if the Group ever did have to meet the lease obligations, given that the Group would seek to mitigate any liabilities by surrendering or assigning the leases, or by subletting them to third parties.

Because of the nature of the uncertainties, as described above, the Group is unable to give an estimate of the financial effect of this contingent liability.

The Group is also exposed to potential costs in respect of certain warranties and indemnities given by Galiform Plc ("Galiform") in favour of MEP in the sale and purchase agreement ("the SPA") relating to the sale of Retail. One of the warranties given by Galiform relates to the net value of some of the assets and liabilities of MFI on the effective date of the sale (5 August 2006). Over the course of 2007, MEP made a number of notifications to Galiform alleging breach of this warranty. Each notification has been thoroughly investigated by external forensic accountants engaged by the Group.

The Group has strongly rejected MEP's allegations and MEP has begun legal proceedings against Galiform formally claiming breach of the warranty. Having taken extensive advice from external lawyers and forensic accountants, the Board of Galiform considers that the majority of MEP's total claim is without merit, and MEP has chosen, incorrectly, to ignore a substantial number of offsetting items.

To date, MEP's total gross claim amounts to approximately £52.9m. However, in light of the advice it has received, the Board is confident of the strength of its case and is firmly of the view that only a small fraction of this amount (if any) will ultimately be payable. The Group has made such provision as is considered necessary for the claim. Because of the uncertainties as to how this matter will progress, the Group is currently unable to give any details as to the expected timing of any resulting payments to MEP, if any.

Under the SPA, MEP may make claims against Galiform for breach of non-tax warranties in the SPA until 18 October 2008 (and for breach of tax warranties or any claim under the tax covenant until the sixth anniversary of the end of the accounting period of Retail in which completion of the sale of Retail occurred). The aggregate liability of Galiform in respect of the warranties that Galiform has given in the SPA and in respect of the tax covenant is capped at £49.6 million (other than in the case of fraud or in the case any claims under the warranties relating to title, capacity and authority or claims for secondary tax liabilities, for which, in each case, Galiform's liability is uncapped). In addition, under the SPA, Galiform agreed to indemnify MEP in respect of certain potential liabilities in relation to pensions, employee transfers, tax, property, and part of the pre-sale reorganisation relating to Retail. These indemnities are unlimited.

Under IAS 37: Provisions, Contingent Liabilities, and Contingent Assets, there is an obligation to disclose information about the amount of any provision made. However, IAS 37 allows a company to omit this disclosure in cases where disclosure would be expected to seriously prejudice the position of the company in a dispute with other parties on the subject matter of the provision or contingent liability. The Group considers that the provision made by the Group in respect of the claim brought by MEP for breach of the warranty referred to above falls within this exception, and therefore we are restricting our disclosure accordingly.

(b) Other guarantees

The Group has guaranteed a US$ 10.0m (2006: US$ 10.0m) letter of credit facility from Standard Chartered Bank in favour of Howden Kitchens (Asia) Limited's suppliers. This contingency would only trigger in the event that Howden Kitchens (Asia) Limited fails to honour its obligations under the terms of the facility.

Members of the Group have assigned UK property leases in the normal course of business. Should the assignees fail to fulfil any obligations in respect of these leases, members of the Group will be liable for those defaults. The number of claims arising to date has been small and the cost, which is charged to income as it arises, has not been material.

17 Retirement benefit obligations

(a) Total amounts charged in respect of pensions in the period

	24 weeks to 14 June 2008 unaudited £m	24 weeks to 16 June 2007 unaudited £m	52 weeks to 29 December 2007 audited £m
Charged/(credited) to the income statement			
Defined benefit schemes – current service cost and total operating charge	**3.5**	2.6	8.7
Defined benefit schemes - net finance (credit)/charge	**(1.5)**	0.9	(0.3)
Total net amount charged to profit before tax	**2.0**	3.5	8.4
Charged/(credited) to equity			
Defined benefit schemes - net actuarial losses/(gains) net of deferred tax	**30.8**	(72.9)	(61.1)

(b) Other information – defined benefit pension schemes

The most recent actuarial valuation was carried out at 6 April 2005 by the scheme actuary. The actuary advising the Group has subsequently rolled forward this valuation to 14 June 2008 and restated the results onto a basis consistent with market conditions at that date. The pension deficit has increased over the 24 weeks ended 14 June 2008. The following summary information analyses the main changes in greater detail.

Key assumptions used in the valuation of the schemes

	24 weeks to 14 June 2008 %	24 weeks to 16 June 2007 %	52 weeks to 29 December 2007 %
Rate of increase of pensions in payment			
Pensions with guaranteed increases (i.e. most of the pre-1997 pensions)	**3.00**	3.30	3.00
Pensions with increases capped at the lower of RPI or 5%	**4.00**	3.30	3.50
Pensions with increases capped at the lower of RPI or 2.5%	**2.50**	2.50	2.50
Rate of increase in salaries	**4.00**	4.30	3.50
Inflation assumption	**4.00**	3.30	3.50
Expected return on scheme assets	**7.39**	7.06	7.39
Discount rate	**6.40**	5.80	5.90

Balance sheet

Movements in the deficit during the period were as follows:

	24 weeks to 14 June 2008 £m	24 weeks to 16 June 2007 £m	52 weeks to 29 December 2007 £m
Deficit at start of period	**(83.5)**	(189.2)	(189.2)
Current service cost	**(3.5)**	(2.6)	(8.7)
Employer contributions	**16.8**	9.6	26.9
Other finance expense	**1.5**	(0.9)	0.3
Actuarial (losses)/gains gross of deferred tax	**(43.3)**	104.2	87.2
Deficit at end of period	**(112.0)**	(78.9)	(83.5)

Statement of recognised income and expense

Amounts taken to equity via the statement of recognised income and expense in respect of the Group's defined benefit schemes are shown below.

	24 weeks to 14 June 2008 £m	24 weeks to 16 June 2007 £m	52 weeks to 29 December 2007 £m
Actuarial (loss)/gain on scheme assets	**(46.8)**	21.4	8.2
Actuarial gain on scheme liabilities	**3.5**	82.8	79.0
Net actuarial (loss)/gain	**(43.3)**	104.2	87.2

18 Acquisitions

On 7 March 2008, the Group bought the remaining 50% of Howden Kitchens (Asia) Limited, a company registered in Hong Kong. Prior to this transaction, the Group held 50% of the share capital and voting rights of this company, and the Group accounted for the company as a joint venture. Following this transaction, Howden Kitchens (Asia) Limited is now a 100% owned Group subsidiary, and is accounted for as such.

The details of the acquisition are as follows:

	Book and fair values of the 50% share acquired £'000
Property, plant and equipment	**150**
Trade receivables	**657**
Other receivables	**17**
Cash and cash equivalents	**3,755**
Trade payables	**(2,501)**
Other payables	**(56)**
Totals	**2,022**
Provisional goodwill acquired	**2,464**
Total consideration	**4,486**

Total consideration satisfied by:

Cash paid	**4,344**
Directly attributable costs	**142**
Total consideration	**4,486**

Net cash flow arising on acquisition:

Cash consideration	**(4,344)**
Cash and cash equivalents acquired	**3,755**
Net cash outflow arising on acquisition of remaining 50% of joint venture	**(589)**
Plus: cash element of the Group's original 50% holding (see note* below)	**3,755**
Total cash inflow arising	**3,166**

Note*

Prior to acquiring the remaining 50% of the joint venture, the Group did not consolidate its proportion of the joint venture's assets and liabilities. On acquiring the remaining 50%, the Group these assets and liabilities associated with the Group's original 50% holding were now consolidated onto the Group balance sheet. Thus, the total cash inflow as a result of acquiring the remaining 50% of the joint venture includes the £3,755k acquired on 7 March 2008, as well as the additional £3,755k associated with the Group's original 50% holding, but which never previously appeared separately on the Group's balance sheet.

The provisional goodwill arising is attributable to the anticipated profitability and operating efficiencies which the acquired company is expected to contribute to the Group.

All turnover of Howden Kitchens (Asia) Limited is intra-Group turnover, so it is all cancelled out on consolidation. Howden Kitchens (Asia) Limited contributed £0.1m profit before tax to the Group in the period between the date of acquisition and 14 June 2008.

If the acquisition of Howden Kitchens (Asia) limited has been completed on the first day of the current period, Group revenues for the period would have remained unchanged, for the reason given above, and Group profit attributable to equity holders of the parent company would have been £14.2m for the current 24 week period.

There are no other significant changes in related parties since 29 December 2007.

RISKS AND UNCERTAINTIES

The Board continually assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term financial performance have not changed from those set out on pages 14 to 16 of the Group's 2007 Annual Report, a copy of which is available on the Group's website www.galiform.com. The half-year review includes consideration of uncertainties affecting the Group in the remaining 28 weeks of the year.

Certain statements in this half-year report are forward looking. Although the Group believes that the expectations reflected in these forward looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting'.
(b) The Half Yearly Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first 24 weeks and description of principal risks and uncertainties for the remaining 28 weeks of the year); and
(c) The Half Yearly Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

By order of the Board

Matthew Ingle	Mark Robson
Chief Executive Officer	Chief Financial Officer

23 July 2008

INDEPENDENT REVIEW REPORT TO GALIFROM PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 24 weeks ended 14 June 2008 which comprises the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense and related notes 1 to 18. 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 2410 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 them 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 Kingdoms' Financial Services Authority.

As disclosed in note 2, 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 24 weeks ended 14 June 2008 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 & Touche LLP
Chartered Accountants and Registered Auditor
London

23 July 2008

APPENDIX 1

FINANCIAL CALENDAR

2008

Interim Management Statement	13 November 2008
End of financial year	27 December 2008

2009

2008 Preliminary Results	5 March 2009
Interim Management Statement	30 April 2009 (provisional)
Half Yearly Report	22 July 2009 (provisional)
Interim Management Statement	12 November 2009 (provisional)