

08 September 2011

Redrow plc

Full Year Results for the 12 months to 30 June 2011

Financial Results

	2011	2010
Revenue	£452.7m	£396.9m
Operating Profit	£31.2m	£12.7m
Operating Margin	6.9%	3.2%
Profit before tax	£25.3m	£0.7m
Legal Completions (homes)	2,626	2,587
Average Selling Price	£164,800	£149,300
Net Debt	£75.4m	£47.1m
Gearing	16%	11%

Financial highlights

- Revenues up 14% to £452.7m
- Average selling prices of private homes (87.5% of completions) up 12.5% to £174,100 (2010: £154,800)
- Legal completions increased to 2,626 from 2,587
- Gross margin rose to 14.2% (2010: 10.5%) on changes to mix and tight control of build costs
- Operating profit increased 146% to £31.2m, generating an operating margin of 6.9% (2010: 3.2%) in spite of significant investment and additional overhead of our new London Division
- Pre-tax profit rose to £25.3m (2010: £0.7m) with adjusted EPS (excluding the impact of deferred tax rate change) of 6.0p (2010: 0.2p)
- Balance sheet remains robust. Net debt increased during the year to £75.4m (2010: £47.1m) with gearing increasing to 16% (2010: 11%); increase due to investment in London and land bank
- No dividend declared for full year in line with stated policy
- Current trading in line with expectations

Operational highlights

- New Heritage Collection 36% of private turnover for year as a whole; H2 increased to 41% representing over 50% of reservations by value
- New Heritage ASP up 11% to £201,000
- Full-year land bank of 11,190 plots, with forward land bank at just over 22,000 plots
- New London Division established with five sites secured (342 plots and gross development value of approximately £200m)
- Disposal of Scottish business completed
- Year end private order book increased (excluding Scotland) by 17% to £114m

Steve Morgan, Chairman of Redrow, said:

“Redrow has delivered another robust performance improving both revenue and profitability, in spite of the difficulties facing the homebuilding industry. Through decisive management action, particularly the introduction of the New Heritage Collection, we have been able to increase average selling prices and margins by changing mix and keeping costs under control.

The outlook for the industry remains challenging due to the lack of mortgages, particularly for first time buyers. With five new jobs being created for every new home built, it is strongly in our country’s interest to resolve the mortgage issue, which would once again enable the housing industry to provide urgently needed new homes and a major stimulus to the economy.

Redrow has demonstrated over the last two years that we have been able to grow the business substantially by changing Group strategy. The nature of our land acquisitions over recent times will continue to drive the average selling price in an upwards direction. Other than a marked deterioration in the general economy and the housing market in particular, I feel confident that Redrow will make further progress during the current year.”

Enquiries:

Redrow plc

Steve Morgan, Chairman	01244 527411
Barbara Richmond, Group Finance Director	01244 527411

Tulchan Communications

Susanna Voyle/Lucy Legh	020 7353 4200
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There will be an analyst and investor meeting at 9.00 am at JPMorgan Cazenove, 20 Moorgate, London EC2R 6DA. Coffee will be served from 8.45 am.

A live audio webcast and slide presentation of this event will be available at 9.00am on www.redrow.co.uk. Participants can also dial in to hear the presentation live at 9.00 am on

UK Access Number: + 44 (0)20 3140 0722
UK Toll Free Number: 0800 368 1916
US Access Number: + 1 718 705 7514
US Toll Free Number: 1855 716 1594

Playback will be available by phone on the following dial-in numbers:

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US Toll Free Number: +1 877 846 3918
Conference Reference: 379340#

CHAIRMAN'S STATEMENT

Introduction

In spite of the difficulties facing the home building industry Redrow has delivered a robust performance with pre-tax profits improving from £0.7m to £25.3m. The principal constraint was, once again, the availability of mortgages, particularly for first time buyers. Although Redrow has returned to its traditional position of a middle market home builder, our customers in turn are dependent on the stimulus first time buyers give to the market.

Financial Results

Group revenue increased by 14% in the year to 30 June 2011. This was largely due to a 10.4% increase in our average selling price from £149,300 to £164,800, together with a 1.5% increase in legal completions from 2,587 to 2,626. The average selling price of private homes – 87.5% of completions – increased by 12.5% from £154,800 to £174,100.

Gross margin rose from 10.5% in 2010 to 14.2% primarily as a result of the change in product mix, tight control of build costs and the growing proportion of newer land at more normal margins.

Operating profit increased 146% to £31.2m, generating an operating margin of 6.9% (2010: 3.2%), in spite of the significant investment and additional overhead of our new London Division, which was set up at the beginning of the financial year.

With a much reduced interest charge following the 2009 Rights Issue, we delivered a pre-tax profit of £25.3m compared to £0.7m in 2010, and earnings per share of 4.4p (2010: 0.2p).

Our balance sheet remains strong, with net debt of £75.4m giving gearing of 16% (2010: 11%).

No dividend is being declared for the year in line with the Board's strategy of only paying a dividend once the Group has an appropriate level of earnings cover and taking into account the need to invest in land for our future development.

Structure

We have made two major changes to the structure of the Group in 2011.

Firstly, we set up a Division focused on prime London locations. London is a strong market with considerable international as well as domestic demand. In the first year of operating, we have secured five sites with a total of 342 plots and a gross development value of approximately £200m.

Secondly, in April we announced our intention to withdraw from the Scottish market in which we were a relatively small player in order to increase our investment and management focus on the rest of the business and the South East in particular. The disposal was completed at the end of June with the sale of the business at book value to Springfield plc.

Market and New Heritage

The housing market, which was particularly challenging in the first half of the financial year, improved in the second half with a stronger spring/summer season. Sales rate per outlet increased from 0.47 per week in the first half to 0.60 per week in the second half and the value

of private reservations for the same periods increased from £172m to £244m. Overall underlying selling prices remained stable throughout the financial year.

This was the first full financial year since the launch of our New Heritage Collection in February 2010 and its positive impact is clear from the results. The Collection accounted for 36% of our private turnover in 2011. In the second half, it accounted for 41% of private turnover and over 50% of private reservations by value. The average selling price of a New Heritage home increased by 11% to £201,000 as we continue to focus on delivering what Redrow has built its reputation on – good value, traditional family homes. Homes from the New Heritage Collection are achieving an average selling price around 7% higher than the equivalent size home in the old Signature range.

We have sold virtually all of the remaining plots in our Debut and In the City ranges and have now exited these product lines.

A key priority remains the opening of new sales outlets. On a like for like basis, excluding Scotland, we have increased the number of outlets by 8 to 74 and our end of year private order book increased by 17% to £114m.

Mortgages

Our cancellation rate for 2011 was 18%, similar to that of 2010. Yet again, the overwhelming cause of cancellations was mortgage issues, particularly the poor availability of high loan to value (LTV) mortgages at competitive rates. Whilst the number of high LTV mortgage products on offer has increased during the year, it is still well below historic levels and the stringency of the credit scoring by the lenders, combined with the high interest rates being charged, make them unattainable for all but the more affluent of first time buyers.

Going forward it is essential to find a balance between the regulatory risk weighting of higher LTV mortgages and the aspirations of first time buyers (FTB) who simply don't have the current average deposit requirement of 25% to purchase their first home. Historically, this gap was filled by the lender transferring the top 15-20% credit risk on its loans to a Mortgage Indemnity Guarantee (MIG) provided by a Local Government or insurance company. Generations of home buyers throughout the 20th Century benefited from this policy, with 90-95% mortgages being the norm.

Now that risk assessment and management are rightly back at the forefront of lending, the reintroduction of up to date MIG policies would ensure a better market balance between affordability for first time buyers and the risk taken by the lenders. Unless initiatives such as MIGs are reintroduced, the current low levels of turnover in the housing market are set to stay for some time.

During the 1930s and the post-war years, the significant home building activity of the time not only provided desperately needed new homes, it also provided a huge stimulus to the UK GDP during what were difficult economic periods. With five new jobs being created for every new home built, it is strongly in our country's interest to resolve the FTB mortgage issue, which would once again enable the housing industry to provide urgently needed new homes and a major stimulus to the economy.

Land and Planning

Redrow is well on the way to re-establishing itself as a premium mid market quality home builder with high specification, larger than average family homes. Accordingly, the nature and average plot cost of our land acquisitions has changed to suit this strategy.

During the year we added 2,367 plots which, after legal completions, the disposal of the Scottish business, land sales and replans has resulted in a land bank of 11,190 plots at the end of June 2011. This equates to approximately 4.5 years supply compared to 5 years in June 2010 and our target of c.4 years. The average plot cost has increased from £34,000 to £49,000 to reflect our focus in the marketplace and our investment during the year in prime London locations.

The Group's forward land bank contributed only 200 plots to current land in the year, as planning on many sites stalled due to Local Authorities delaying decisions awaiting new planning guidance from the Government. Now that this guidance is emerging we are hopeful that significant progress will be made in the current year. The forward land bank stands at just over 22,000 plots, little changed from last year.

The Government published the draft National Planning Policy Framework (NPPF) on 25 July for consultation containing 'a presumption in favour of sustainable development' as the golden thread running through the policy. We warmly welcome the objectives of the draft NPPF and fully support its general direction of travel in its attempt to strike a balance into the planning system. Hopefully the NPPF will result in a boost to the number of planning permissions being granted for housing at a time when current permissions are at worryingly low levels.

People

Redrow has made tremendous progress in the last 12 months despite the market conditions, which is a testament to the efforts of the whole Redrow team. I would like to thank all of them for their support as we continue our goal of re-establishing Redrow as the leading premier homebuilder in the UK.

Current Trading

The market remains uncertain, with sales rates broadly similar to last year at just over 0.5 sales per outlet per week. We do, however, have 4 more outlets than this time last year, excluding Scotland, which has resulted in reservations in the first nine weeks of the current year being 8% above last year's levels. Terms have been agreed on a number of new significant land opportunities, which in time will result in further increases in our average selling price.

Outlook

The outlook for the industry remains challenging, with the lack of mortgage supply and general economic uncertainty affecting what is undoubtedly a huge demand for new housing. The under-supply of housing in the UK is reaching chronic proportions as many recent reports have testified. The ongoing stability of house prices despite the economic conditions and the rising cost of renting property, underlines this point.

Redrow has demonstrated over the last two years that we have been able to grow the business substantially by changing Group strategy and particularly the introduction of the New Heritage Collection. The nature of our land acquisitions over recent times will continue to drive the average selling price in an upwards direction. Other than a marked deterioration in the general economy and the housing market in particular, I feel confident that Redrow will make further progress during the current year.

Steve Morgan
Chairman

OPERATING REVIEW

Introduction

Trading, particularly in the first half, was more challenging than most anticipated. Thankfully, the far-reaching changes we made to the operational side of the business in the previous year meant we were better placed to deal with a more challenging business environment.

Although change featured less in 2011, we did make two notable announcements that will significantly affect the direction and performance of the business in the future: the opening of a new division in London and the sale of our business in Scotland.

London accounts for a large proportion of the nation's wealth and household growth, demand in the capital has been consistently high and there are plenty of attractive development opportunities to deliver good levels of return. By contrast, despite operating in Scotland for a number of years, we were not making acceptable returns and additionally incurred disproportionate costs in connection with the different planning, building regulation and legal systems. The release of capital from the disposal of the business will support our strategy to grow in London and the South East.

Sales and Marketing

The market was weak at the start of the financial year and this remained the case throughout the first half. An opening private order book of 597 units was in line with the previous year but was 18% ahead in terms of revenue due to a higher average selling price. In the first half we reserved 985 units and £172m of turnover compared to 1,060 units and £161m in the stronger comparable period the previous year. The sales performance towards the end of the first half was also affected by unusually bad weather. Reservations per outlet per week in the first half averaged 0.47.

The year was very much one of two halves with much stronger trading in the second half. Enquiries to our website increased with the help of a regional TV campaign and site visitor levels improved, this all helped increase reservations per outlet to 0.54 for the full year. The cancellation rate in the year was 18%, broadly in line with the previous year.

Our experience during the year was one of stable prices overall. Our private average selling price increased by 13% to £174,100 due to the continuing shift in mix as a consequence of the roll out of the New Heritage Collection. The largest increases in selling price were achieved in the Midlands, North West and South Wales where we were able to bring on stream more New Heritage Collection sites sooner.

We started the year with 74 outlets. We opened 34 new outlets in the year and also closed 34, including 8 sold as part of the Scotland disposal, ending the year with 74 outlets. At the year end we were operating from 52 New Heritage outlets, c. 70% of the Group's sites and we expect to see this rise to c. 80% in the coming year.

Houses represented over 70% of legal completions in the year as a result of the switch to the New Heritage Collection and a move away from apartments. The average size of our private product increased from 892 sq ft to 956 sq ft.

We completed our 'In the City' schemes in Birmingham and carried over six plots at our remaining 'In the City' development in Barking. We also made considerable progress in

working out our last 'Debut' schemes and we ended the year with only 9 plots to sell on one site. Social housing accounted for just 13% of legal completions and 8% of residential turnover: a reduction on the previous year mainly due to the timing of social housing from new outlets coming on stream.

Part Exchange is an attractive option for many of our customers and we anticipate a higher take up of this incentive as we continue to grow the New Heritage business and raise our average selling price: Part Exchange accounted for 13% of private reservations in the financial year. Outside our Partnership scheme in Manchester, we sparingly use easi:buy, our own shared equity scheme. We have however continued to successfully use our remaining allocation of HomeBuy funds and, as a result, shared equity schemes in total were used in one form or another on 17% of private reservations. We were successful in securing an allocation of £5.5m under the FirstBuy scheme announced in the Budget, and we have already taken our first reservations under this initiative that is aimed at helping first time buyers.

Our website continues to be the predominant source of enquiries to our sites assisted by other mainstream property portals. The website recorded c.1.5m hits in the year, with visitors to the site in the second half almost double those in the first six months. Our award winning Redrow TV channel continues to expand its content and plays a key role in our overall marketing strategy.

Build Activity

Year on year build output increased as a result of the higher number of operating outlets and the larger average floor areas of those units we constructed.

Quality alongside Health and Safety, are key measures for our build teams. In terms of quality, we monitor NHBC inspection records and the number of 'Reportable Items': over the past year, the number of items per inspection reduced to 0.25 (2010: 0.26). 13 of our site managers gained NHBC Pride in the Job Awards.

We employ an external independent agency to telephone survey all our customers about six weeks after taking occupation. Over the past year we have maintained our high levels of customer satisfaction; 93% (2010: 92%) are satisfied or very satisfied with their new home and 96% (2010: 96%) would recommend us to a friend. Our leading position on customer satisfaction was also endorsed by a five star award in the most recent HBF National New Home Customer Satisfaction Survey published in March: one of only two major housebuilders to receive the highest award.

The Health and Safety of our customers, employees, contractors and suppliers is a priority for the business. Our internal Health and Safety team ensure we maintain safe working environments through regular site inspections, training and on-the-job 'toolbox talks'. It is very pleasing to report that following receipt of a Gold Award for the sixth year running for our submission to RoSPA's independent adjudication panel, our hard work in this most important part of our business has been recognised by a second consecutive RoSPA Gold Medal Award for Occupational Health and Safety.

Our Accident Incident Rate (AIR), an industry standard measure of accident occurrence, increased in the year to 685 from 426 the previous year. The rise was largely due to a higher number of minor injuries associated with manual handling and an increase in the number of workers directly employed on site to meet rising levels of output.

Build costs remained relatively stable throughout the year although there was growing pressure on the cost of those materials where the manufacturing process consumes high levels of energy. There was also some emerging price pressure on timber and timber related products. Overall the Group has managed to contain any significant increase in its build cost base by largely offsetting any rises with volume related reductions elsewhere. Wider use of the New Heritage Collection assists in expanding the use of Group-wide supplier deals and also allows us to more tightly monitor and control build costs.

Land

We focused on buying land for the New Heritage Collection during the year, and bought or acquired under contract 2,367 plots across 31 sites. We disposed of 831 plots through the sale of the Scottish Division and the land bank was further reduced by 890 plots as a consequence of re-planning some sites to more marketable lower density mixes together with a small number of strategic land sales. The net impact was to reduce the land bank to 11,190 plots (2010: 12,030) representing 4.6 years. Whilst the land bank has reduced in terms of plots, the quality has increased as we replace lower value plots with higher value land suitable for the New Heritage Collection product.

Geographically we have increased the weighting of our land bank to the south which now accounts for 36% (2010: 32%) of plots owned or under contract.

Forward land remains an important future source of land for the Group and has considerable potential to deliver a high proportion of the Group's land over the coming years. The emerging changes to the planning system coupled with a pro-growth agenda have identified opportunities to bring forward sites earlier than anticipated. However, pulling land through the planning system and finalising land owner negotiations remains a frustrating and lengthy process. At the end of the year, after transferring 207 plots to the current land bank, the forward land bank stood at 22,150 plots (2010: 21,500) of which, over 41% were allocated.

London

We formed a new division in Central London at the beginning of the financial year to explore opportunities in the Capital. London's global standing makes it a unique market in the UK and strong worldwide demand coupled with high household growth projections, make it an attractive location to expand the Group and increase its weighting in the South East.

The new team was quickly established and consists of specialists with extensive knowledge of developing in London balanced with a number of existing managers transferred from within the Group. The business acquired or contracted 342 high value plots across five sites over the course of the year.

The first site for six large houses at Ealing is well underway and we expect to be commencing construction later this calendar year on a large riverside site in Kingston. We also have planning applications running on sites at Marble Arch and Wapping where we are working jointly with Galliard.

Development in London is by its very nature complex and although the team have made an excellent start and has now relocated to larger offices, the Division is not expected to make a significant contribution to the Group's profits until 2013/14.

Harrow

Following its acquisition last year, Harrow has made good progress on managing the remediation works at Hauxton, near Cambridge and now anticipate land being released for development in 2012. Planning has been progressed on a number of other schemes and they were notably successful in securing a resolution to grant planning at South Cerney, a site acquired in the Cotswolds in the previous year.

During the year Harrow acquired one site with the development potential for 200 residential units and entered into a joint venture for the promotion and development of smaller brownfield sites in the south of England.

Harrow also manage the Group's remaining commercial interests and have overseen the disposal of £0.7m of commercial property during the year.

People

To meet the planned growth of the business we have created many new jobs and increased our directly employed workforce by over 100 to 949. Staff turnover levels remain low at 7.6%, a small increase on the previous year reflecting greater mobility in the job market.

Redrow has a committed and skilled workforce and we are determined to provide them with opportunities to develop their careers. We increased our training days by over 70% in the year to 2,267 days. We also recruited 50 apprentices and have a programme to encourage young people into the building trade.

We have reinstated our Graduate programme with an intake of 6 joining us in September. We have also recruited 7 placement students for 12 months replacing the 5 from last year who are returning to university to complete their studies.

John Tutte
Group Managing Director

FINANCIAL REVIEW

Profit before tax and earnings per share

The Group generated turnover of £452.7m in the year ended 30 June 2011 (2010: £396.9m). This was mainly the result of a 16% increase in the average selling price of our homes together with a 2% increase in residential legal completions.

Revenue (£m)	2011	2010
Residential	432.8	386.2
Land sales	18.7	8.7
Commercial	1.2	2.0
	<hr/>	<hr/>
	452.7	396.9

Land sales revenue increased by £10.0m reflecting the successful completion of a number of strategic land swaps.

The Group delivered an operating profit of £31.2m (2010: £12.7m) representing a 6.9% operating margin (2010: 3.2%). This is a significant step forward towards returning our operating margin to pre downturn levels.

Net financing costs at £5.9m were £6.1m lower than the previous year reflecting the benefits of the November 2009 Rights Issue for the full year and reduced interest rates.

The Group generated a profit before tax of £25.3m (2010: £0.7m). Basic earnings per share were 4.4p (2010: 0.2p). Basic earnings per share excluding the impact of rate changes on our deferred tax asset (see below) were 6.0p.

The Return on Capital Employed for 2011 was 6.1%, a major improvement on the 2.6% achieved in the previous year.

Tax

As a consequence of tax losses brought forward, the Group paid no corporation tax in the year and received a small refund (£0.5m) on an earlier overpayment (2010: £nil paid or received).

The Group's tax rate for the year was 27.5% (2010: 28%) before taking into account the impact of the reduction in the corporation tax rate to 26% on deferred tax assets (£4.8m (2010: £nil)).

A deferred tax asset of £63.8m (2010: £77.2m), primarily in relation to pre tax losses was carried at 26.0% at 30 June 2011 for use against future profits. Following the enactment of the 2011 Finance Bill, the corporation tax rate will fall to 25% from 1 April 2012. The carrying value of the deferred tax asset based on a 25% rate would be £61.3m.

The normalised rate of tax for the year ending 30 June 2012 is 25.75%.

Dividends

No dividends have been proposed in respect of the financial year ended 30 June 2011 (2010: nil).

Balance Sheet

Net assets at June 2011 were £458.6m (2010: £435.9m), an increase of c.5%, as a consequence of the retained profit generated in the year and the improved position of the defined benefit pension scheme under IAS 19: "Employee Benefits".

In June, the Group sold its business in Scotland to Springfield Properties plc for £49.0m. This had the impact of reducing our land holdings by £29.2m and our work in progress by £19.0m. £5.0m of the proceeds were received on completion with the balance to be received as the developments are built out by Springfield and the 831 plots sold. There was no profit or loss on this disposal.

Our investment in work in progress continues to be carefully managed and it is pleasing to report that the number of equivalent units in work in progress reduced by 11% to 1,231 units, of which 685 were unsold (2010: 796).

Trade and other receivables increased by £50.0m during the year to £69.6m. This increase related primarily to the disposal of our Scottish business.

Capital employed increased by £51.0m to £534.0m mainly due to increases in land holdings.

Our net realisable value (NRV) provision reduced by £98.6m in the year, of which £31.0m results from the Scotland disposal with the balance from legal completions and the sale of land.

Plots which have been written down and therefore have a related NRV provision decreased from c.7,500 plots at June 2010 to c.4,400 plots at June 2011.

Land creditors increased by £7.2m to £44.8m in the year as a result of 50% of land purchases in the year including some element of deferred purchase consideration offset in part by the scheduled settlement of a number of significant land creditors.

Pensions

Redrow provides both funded defined benefit pension arrangements and funded defined contribution arrangements.

As reported in previous years, the defined benefits section of the pension scheme is closed to new entrants and increases in pensionable salary are limited. 138 current staff are members of the defined benefits section of the scheme.

At 30 June 2011, the Group's financial statements showed a £5.0m surplus (2010: £4.4m deficit) in respect of the defined benefits section of the pension scheme, as calculated in accordance with IAS 19. The £9.4m improvement is due to a £9.0m increase in the market value of scheme assets.

Cash flow and Net Debt

Net debt increased by £28.3m to £75.4m during the year, with gearing increasing slightly to 16% (2010: 11%) reflecting our investment in land.

In December 2010, the Group signed a new £200m syndicated loan facility which matures in December 2014. This replaced a £250m facility due to mature in September 2011.

Financing and Treasury Management

Redrow is a UK based housebuilder and therefore the main focus of its financial risk management surrounds the management of liquidity and interest rate risk

(i) Liquidity

The Group regularly prepares and reviews its cash flow forecasts which are used to manage liquidity risks in conjunction with the maintenance of appropriate committed banking facilities to ensure adequate headroom.

Facilities are kept under regular review and the Group maintains regular contact with its banks and other financial institutions. This ensures Redrow remains attuned to new developments and opportunities and that our facilities remain aligned to our strategic and operational objectives and market conditions.

Our current banking syndicate comprises four banks and in addition to our committed facilities, Redrow also has further uncommitted bank facilities which are used to assist day to day cash management.

(ii) Interest rate risk

The Group is exposed to interest rate risk as it borrows money at floating rates. Redrow uses simple risk management products, notably sterling denominated interest rate swaps, as appropriate to manage this risk. Such products are not used for speculative or trading purposes.

Redrow regularly reviews its hedging requirements. During the year the Group's outstanding interest rate swaps matured and the Board decided, taking into account current predicted LIBOR rates and the pricing of interest rate swaps, to retain all its debt at floating rates. This decision is subject to regular review.

Financial management at Redrow is conducted centrally using policies approved by the Board.

Improvements to business processes

During the year a team from across the functions of Finance, Commercial and Construction led the implementation of changes to Redrow's business processes for internal reporting to improve the timeliness and efficiency of the internal financial management reporting cycle. This has enabled the timescale for the production of monthly management accounts to be reduced to 3 days post month end.

Barbara Richmond
Group Finance Director

Consolidated Income Statement

12 months ended 30 June		2011	2010
	Note	£m	£m
Revenue		452.7	396.9
Cost of sales		(388.4)	(355.2)
Gross profit		64.3	41.7
Administrative expenses		(33.1)	(29.0)
Operating profit before financing costs		31.2	12.7
Financial income		2.7	1.8
Financial expenses		(8.6)	(13.8)
Net financing costs		(5.9)	(12.0)
Profit before tax		25.3	0.7
Income tax (expense)	2	(11.8)	(0.2)
Profit for the period		13.5	0.5
Earnings per share			
- basic	4	4.4p	0.2p
- diluted	4	4.4p	0.2p

Consolidated Statement of Comprehensive Income

12 months ended 30 June		2011	2010
		£m	£m
Profit for the period		13.5	0.5
Other comprehensive income			
Effective portion of changes in fair value of interest rate cash flow hedges		1.1	1.8
Deferred tax on change in fair value of interest rate cash flow hedges		(0.3)	(0.5)
Actuarial gains/(losses) on defined benefit pension scheme		9.7	(7.3)
Deferred tax on actuarial gains/(losses) taken directly to equity		(2.5)	2.1
Other comprehensive income/(expense) for the period net of tax		8.0	(3.9)
Total comprehensive income/(expense) for the period		21.5	(3.4)

Balance Sheet

		As at 30 June	
	Note	2011 £m	2010 £m
Assets			
Intangible assets		1.7	1.8
Property, plant and equipment		12.9	14.6
Investments		2.6	2.2
Deferred tax assets		63.8	77.2
Retirement benefit surplus		5.0	-
Trade and other receivables		31.4	7.4
Total non-current assets		117.4	103.2
Non-current assets held for sale		1.4	2.3
Inventories	5	562.7	539.7
Trade and other receivables		38.2	12.2
Cash and cash equivalents	8	32.0	21.9
Total current assets		634.3	576.1
Total assets		751.7	679.3
Equity			
Issued capital	9	30.9	30.9
Share premium		58.7	58.7
Hedge reserve		-	(0.8)
Other reserves		7.9	7.9
Retained earnings		361.1	339.2
Total equity		458.6	435.9
Liabilities			
Bank loans	8	85.0	50.0
Trade and other payables	6	12.4	17.1
Deferred tax liabilities		1.8	0.6
Retirement benefit obligations		-	4.4
Long-term provisions		8.0	8.7
Total non-current liabilities		107.2	80.8
Bank overdrafts and loans	8	22.4	19.0
Trade and other payables	6	159.1	138.6
Derivative financial instruments		-	1.1
Current income tax liabilities		4.4	3.9
Total current liabilities		185.9	162.6
Total liabilities		293.1	243.4
Total equity and liabilities		751.7	679.3

Statement of Changes in Equity

	The Group	
	2011 £m	2010 £m
Profit for the period	13.5	0.5
Other comprehensive income/(expense) relating to the period (net)	8.0	(3.9)
Shares issued	-	150.3
Share-based payment	0.3	0.2
Movement in LTSIP/SAYE	0.9	(4.7)
Net increase in equity	22.7	142.4
Opening equity	435.9	293.5
Closing equity	458.6	435.9

The Statement of Cash Flow

		12 months ended 30 June	
	Note	2011 £m	2010 £m
Cash flow from operating activities			
Operating profit before financing costs		31.2	12.7
Depreciation and amortisation		1.3	1.4
Adjustment for non-cash items		6.9	(8.3)
Operating profit before changes in working capital and provisions		39.4	5.8
(Increase)/decrease in trade and other receivables		(10.2)	2.0
(Increase)/decrease in inventories		(71.1)	40.0
Increase/(decrease) in trade and other payables		25.1	(4.8)
(Decrease)/increase in employee benefits and provisions		(10.1)	7.0
Cash (outflow)/inflow generated from operations		(26.9)	50.0
Interest paid		(4.9)	(9.8)
Tax received		0.5	-
Net cash from operating activities		(31.3)	40.2
Cash flows from investing activities			
Sale of business/(acquisition of business)	10	5.0	(15.0)
Acquisition of property, plant and equipment		(0.7)	(1.4)
Proceeds from sale of property, plant and equipment		0.6	1.4
Interest received		1.0	-
Payments to joint ventures - continuing operations		(0.4)	-
Net cash inflow/(outflow) from investing activities		5.5	(15.0)
Cash flows from financing activities			
Issue of bank borrowings	7	85.0	50.0
Repayment of bank borrowings	7	(50.0)	(218.0)
Issue costs of bank borrowings		(2.5)	-
Purchase of own shares		-	(5.2)
Proceeds from issue of share capital		-	150.3
Net cash inflow/(outflow) from financing activities		32.5	(22.9)
Increase in net cash and cash equivalents		6.7	2.3
Net cash and cash equivalents at the beginning of the period		2.9	0.6
Net cash and cash equivalents at the end of the period	8	9.6	2.9

NOTES

1. Basis of preparation

The above results and the accompanying notes do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The Auditors have reported on the Group's statutory accounts for the year ended 30 June 2011 under s495 of the Companies Act 2006, which do not contain a statement under s498 (2) or s498(3) of the Companies Act 2006 and are unqualified. The statutory accounts for the year ended 30 June 2010 have been delivered to the Registrar of Companies and the statutory accounts for the year ended 30 June 2011 will be filed with the Registrar in due course.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies have been applied consistently in the periods presented.

2. Income Tax expense

	12 months ended 30 June	
	2011 £m	2010 £m
Current year		
UK Corporation Tax at 27.5% (2010: 28.0%)	-	-
(Over) provision in respect of prior year	-	-
	<hr/>	<hr/>
	-	-
Deferred tax		
Origination and reversal of temporary differences	7.0	0.2
Impact of change in deferred tax rate	4.8	-
	<hr/>	<hr/>
Total income tax charge in income statement	11.8	0.2
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of tax charge for the year		
Profit for the year	25.3	0.7
	<hr/>	<hr/>
Tax on total profit at 27.5% (2010: 28.0%)	7.0	0.2
Impact of change in deferred tax rate	4.8	-
Expenses not deductible for tax purposes net of rolled over capital gains	-	-
Short term temporary differences	-	-
	<hr/>	<hr/>
Tax charge for the year	11.8	0.2
	<hr/> <hr/>	<hr/> <hr/>

3. Dividends

No dividend was paid in the year ended 30 June 2011 (2010: £nil).

4. Earnings per share

The basic earnings per share calculation for the year ended 30 June 2011 is based on the weighted number of shares in issue during the period of 304.3m (2010: 275.6m) excluding those held in trust under the Redrow Long Term Incentive Plan, which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

12 months ended 30 June 2011

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	13.5	304.3	4.4p
Effect of share options and SAYE	-	0.3	-
Diluted earnings per share	13.5	304.6	4.4p

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	13.5	304.3	4.4p
Adjustment to deferred tax rate change	4.8	-	1.6p
Adjusted earnings per share	18.3	304.3	6.0p

Adjusted diluted earnings per share are 6.0p (2010: 0.2p)

12 months ended 30 June 2010

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	0.5	275.6	0.2p
Effect of share options and SAYE	-	2.1	-
Diluted earnings per share	0.5	277.7	0.2p

5. Inventories

	As at 30 June	
	2011	2010
	£m	£m
Land for development	377.8	321.5
Work in progress	161.6	202.3
Stock of showhomes	23.3	15.9
	562.7	539.7

Inventories of £415.4m net of £95.5m net realisable value provision utilisation, were expensed in the year (2010: £335.9m net of £62.4m net realisable value provision). Work in progress includes £7.2m (2010: £4.3m) in respect of part exchange properties.

Of the net realisable value provision of £158.3m (2010: £256.9m), £135.0m (2010: £233.6m) is attributed to land and £23.3m (2010: £23.3m) is attributed to work in progress.

For provisioning purposes, we classify our inventory into two categories:

Type 1: land where the construction of homes has commenced or we are proposing to develop.

Type 2: land that we have not yet concluded that we are to develop and are more likely to sell.

The net realisable value provision movement is analysed below:

	Type 1 £m	Type 2 £m	Total £m
As at 1 July 2010	192.9	64.0	256.9
Utilised during the year	(56.3)	(39.2)	(95.5)
Created during the year	32.9	16.3	49.2
Reclassified during the year	6.1	(6.1)	-
Released during the year	(43.5)	(8.8)	(52.3)
As at 30 June 2011	132.1	26.2	158.3

The net realisable value provisions of £49.2m and £52.3m created and released in the year are the result of our review at the balance sheet date in the context of prevailing market conditions and the re-assessment of selling prices and costs. They represent the creation of additional provisions against sites acquired pre June 2009 and the reduction of provisions already in place against such sites as required i.e. a reallocation of the quantum of provision amongst sites where provisions already exist.

6. Land Creditors (included in trade and other payables)

	As at 30 June	
	2011 £m	2010 £m
Due within one year	32.4	20.5
Due in more than one year	12.4	17.1
	44.8	37.6

7. Borrowings and loans

	12 months ended 30 June	
	2011 £m	2010 £m
Opening net book amount	50.0	218.0
Issue of bank borrowings	85.0	50.0
Repayment of bank borrowings	(50.0)	(218.0)
Closing net book amount	85.0	50.0

At 30 June 2011 the Group had total unsecured bank borrowing facilities of £215.0m, representing £200.0m committed facilities and £15.0m uncommitted facilities.

8. Analysis of net debt

	As at 30 June	
	2011 £m	2010 £m
Cash and cash equivalents	32.0	21.9
Bank overdrafts	(22.4)	(19.0)
	9.6	2.9
Bank loans - current liabilities	-	-
	9.6	2.9
Bank loans - non-current liabilities	(85.0)	(50.0)
	(75.4)	(47.1)

9. Share capital

	As at 30 June	
	2011	2010
	£m	£m
Authorised 480,000,000 ordinary shares of 10p each	48.0	48.0
Allotted, called up and fully paid	30.9	30.9
	<hr/> <hr/>	<hr/> <hr/>
		Number of ordinary shares of 10p each
At 30 June 2010 and 30 June 2011		<u><u>308,607,479</u></u>

10. Disposal of Scotland interests

In June 2011, the Group sold the majority of its interests in Scotland to Springfield Properties plc for £49.0m. £5.0m of proceeds were received prior to the year end with £38.8m net of land creditors included in trade receivables at 30 June 2011, £21.0m of which is due after more than one year. All proceeds are due to be received within three years of the disposal date and are secured. There was no profit or loss on this disposal.

11. Shareholder Enquiries

The Registrar is Computershare Investor Services PLC. Shareholder enquiries should be addressed to the Registrar at the following address:

Registrars Department
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

12. Annual General Meeting

The Annual General Meeting of Redrow plc will be held at De Vere St. David's Park Hotel, St. David's Park, Flintshire on 3 November 2011, commencing at 12.00 noon. A copy of this statement is available for inspection at the registered office.