

Thursday 25 February 2010

Redrow plc

Interim results for the 6 months ended 31 December 2009

Financial performance

- Group revenue up 25% at £187.2m
- Legal completions increased by 21% to 1,266
- Average selling price 3.6% higher at £145,500
- Gross margin of 7.2% (H1 09: 5.6%)
- Pre-tax loss reduced by 81% to £8.7m
- Plot cost ratio at 31 December 2009 of 18.9% (2008: 20.1%)
- Net asset value £1.41 per share
- Net debt of £49.3m, with gearing reduced to 11.3% from 73%
- Capital turn increased to 0.8 times (H1 09: 0.5 times)

Operating highlights

- Successful £150m Rights Issue to strengthen balance sheet and reduce gearing
- New strategy being implemented
 - New Heritage Collection launched
 - Existing and new sites re-planned
 - Harrow Estates acquired and integrated into Redrow
- Sales and build activity levels increased
- Restructuring of management team complete
- 1,750 plots secured since 1 July 2009
- Private reservations per outlet 0.55 (H1 09: 0.28)

Financial Results

	H1 2010	H1 2009
Legal Completions	1,266 homes	1,042 homes
Average Selling Price	£145,500	£140,500
Revenue	£187.2m	£149.5m
Loss before tax	(£8.7m)	(£46.2m)
Net Debt	£49.3m	£269.1m
Net Assets	£434.4m	£368.4m
Gearing	11.3%	73%

Steve Morgan, Chairman of Redrow plc, said:

“My first priorities on returning to Redrow were to refocus the business towards a high quality differentiated family housing product, which is where the overwhelming market demand lies. Having reduced gearing to 11%, the New Heritage Collection was launched on 11 February 2010 and brings traditional family housing back to the forefront of the Redrow product range. It has been greeted with huge enthusiasm by our customers, staff, subcontractors and suppliers alike. The only negative point is that

the roll out is being constrained by the time taken by local authorities to give planning permission on both existing and new developments.

The housing market has continued its steady recovery and as a result we have increased our legal completions by 21.5% to 1,266. However, it is difficult to see further substantial progress until mortgage availability improves significantly.

With the launch of the New Heritage Collection and our low level of gearing we are well placed to take advantage of opportunities as they arise.”

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There will be an analyst and investor meeting at 9.00am at London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. Coffee will be served from 08:30am.

A live audio webcast and slide presentation of this event will be available at 9.00am on www.redrowplc.co.uk. Participants can also dial-in to hear the presentation live at 9.00am on +44 (0)208 609 0581 or UK Toll Free 0800 358 1448.

Playback will be available by phone until 11 March 2010 on the following dial-in numbers:

+44 (0)20 8609 0289

UK Toll Free 0800 358 2189

US Toll Free 1 866 676 5865

Passcode 282447#

CHAIRMAN'S STATEMENT

In the six months to 31 December 2009 Group Revenue increased 25% to £187.2m (2008: £149.5m). This was primarily driven by a 21.5% increase in legal completions over the first half last year to 1,266. In the same period our average selling price increased by 3.6% to £145,500 (2008: £140,500).

Gross margins also improved, from 5.6% to 7.2%, as both volumes and selling prices rose.

Following the successful £150m Rights Issue, interest expense reduced by £5.3m to £7.1m. Net debt at the end of December 2009 was £49.3m (June 2009: £214.6m) as a result of both the Rights Issue and a £33m reduction in inventories. As a result the Group's gearing stood at 11% compared to 73% at the end of June 2009.

The pre tax loss for the period was £8.7m, an 81% reduction compared to the first half of 2009.

No dividend is being declared for the first half in line with the Board's stated policy of paying a dividend once the Group has an appropriate level of earnings cover.

Strategy

My first priorities on returning to Redrow were to stabilise the Group and ensure that it was on a better financial footing, while in commercial terms I was keen to refocus the business towards a high quality differentiated family housing product.

Having reduced the Group's gearing to 11% I am now keen to return Redrow to its traditional roots of family housing, which is where the overwhelming market demand lies. The design, technical and marketing teams at Redrow have risen to the challenge and have been working extremely hard, resulting in the successful launch of the New Heritage Collection on the 11th February 2010.

The New Heritage Collection, which draws its inspiration from the Arts & Crafts Movement, is currently featured in five show areas and we expect to increase this to ten by the end of April. We intend to roll out New Heritage across as many sites as possible over the next 12-18 months and most new sites are being bought with New Heritage in mind.

Coinciding with the launch of the New Heritage Collection is the introduction of our own broadband TV channel, believed to be a first for the UK housing industry. Redrow TV is dedicated to all things Redrow, keeping customers up to date with the latest news, products and development films and can be accessed via the internet or a direct link from our website.

Planning

The New Heritage Collection brings traditional family housing back to the forefront of our product range. It has been greeted with huge enthusiasm by our customers, staff, subcontractors and suppliers alike. The only negative point is that the roll out is being constrained by the time taken by local authorities to give planning permission on both existing and new developments.

Indeed, on the subject of planning, since my return to Redrow some 11 months ago, I have been dismayed by the sheer levels of bureaucracy and red tape that have crept into the planning system. The list of documents required to accompany planning

applications verges on the comical. Even the simplest of planning applications frequently takes many months to secure approval and indeed there are many examples where the months turn into years. It is reflective of the system that Redrow, as one of the UK's largest home builders, now spends more money on planning and planning related fees than it does on bricks.

The Planning Green Paper produced by the Conservative Party this week proposes a complete revolution for the planning system. It does however raise a whole different set of concerns for the industry and in particular its proposal for third party appeals is likely to result in an even more bureaucratic system.

There is no doubt that the current planning system needs substantially streamlining and speeding up. The result would be an increased supply of new housing, significantly more employment and a major stimulus to the UK economy.

Sales

The housing market has continued its steady recovery over the period and as a result we have managed to grow our legal completions to 1,266; a 21.5% increase compared to the first half of last year. By increasing construction output we have created approximately 1,150 direct and indirect jobs since my return and I am pleased to say the majority of these were people who were re-employed following lay-offs at the worst of the downturn. This job creation would have been greater but for planning delays.

Sales have grown steadily, averaging 0.55 per outlet per week over the period, which compares to 0.4 per outlet per week during the previous financial year. The Government's HomeBuy Direct scheme has been of great assistance on certain sites, particularly for first time buyers who are struggling to achieve the deposits required for the current mortgage market.

We anticipate our application for further funding under the Kickstart 2 Initiative will be approved by the Homes and Communities Agency and we look forward to working with them to deliver much needed additional housing.

Mortgage Supply

There remains a huge pent up demand for housing in the UK as for many years the industry has not come close to meeting the demands of new household formation. Aside from planning, the other significant obstacle to Redrow increasing output is the chronic shortage of available and suitable mortgage product combined with the persistent and ongoing issue of down valuations by valuers acting for the mortgage lenders. This is a particular issue for first time buyers, who desperately need the return of the 90% and 95% mortgage. Redrow's cancellation rate is running at around 18% and the overwhelming reason is due to mortgage availability and/or down valuations.

We strongly urge the Government to join with the home building industry and consider the introduction of a Government/industry insurance indemnity scheme, which would enable lenders to provide up to 95% mortgages once again. Schemes of this type were introduced in the early 1990s and played a big part in the recovery of the housing market at that time. This initiative would have the effect of freeing up the logjam in the current housing market at little cost to the public purse. The spin off for this would be the construction of more badly needed homes with the resultant job creation and stimulus to the economy.

Until the dual issues of planning and mortgage availability are resolved the house building industry has little hope of making real inroads into the country's current chronic shortage of housing.

Harrow Estates

At the time of the rights issue Redrow acquired Harrow Estates plc for £15m. This acquisition brought with it a management team with a strong track record in purchasing, remediating and obtaining planning permission on predominantly brownfield land. The acquisition of the Harrow business added five sites to Redrow's current landbank, together with options to acquire a further 1,100 plots. We expect to commence construction on the five current sites during 2010. Harrow has now been fully integrated into the Group and Redrow's commercial development team has been transferred to operate under the Harrow banner.

Both the Redrow and Harrow land teams are actively pursuing new land opportunities as the market slowly begins to recover.

Board

Since I last reported there have been several Board changes, which came in the wake of the appointment of three new independent Non-Executive Directors last August. In September 2009 Colin Lewis resigned as a Director and John Tutte was appointed Group Managing Director, assuming responsibility for the day to day operations of the Group.

In December 2009 David Arnold resigned as Finance Director of the Group and was replaced in January 2010 by Barbara Richmond. I would like to thank both Colin and David for their past efforts and to welcome Barbara to Redrow. The new and strengthened Board is working well.

Outlook

Whilst the UK housing market has stabilised, lack of mortgage availability is the biggest drag on the market. It is difficult to see any material recovery in the market from current levels until availability improves significantly.

However, with the launch of the New Heritage Collection, a low level of gearing and a strong, focused and experienced management team, Redrow is well placed to take advantage of opportunities as they arise.

Steve Morgan
Chairman

Consolidated Income Statement (Unaudited)

		6 months ended		12 months
		31 December		ended
		2009	2008	30 June
			Total	2009
			Note 17	Total
	Note	£m	£m	Note 17
				£m
Revenue		187.2	149.5	301.8
Cost of sales		(173.7)	(164.8)	(399.6)
Gross profit/(loss)		13.5	(15.3)	(97.8)
Administrative expenses		(15.1)	(18.4)	(21.2)
Operating loss before financing costs		(1.6)	(33.7)	(119.0)
Financial income		0.9	1.6	3.8
Financial expenses		(8.0)	(14.0)	(25.4)
Net financing costs		(7.1)	(12.4)	(21.6)
Share of loss of joint ventures after interest and taxation		-	(0.1)	(0.2)
Loss before tax		(8.7)	(46.2)	(140.8)
Income tax credit	4	2.4	12.9	40.4
Loss for the period		(6.3)	(33.3)	(100.4)
Loss per share from				
- basic *	6	(2.6)p	(15.9)p	(47.9)p
continuing operations	6	(2.6)p	(15.9)p	(47.9)p

Consolidated Statement of Comprehensive Income (unaudited)

		6 months ended		12 months
		31 December		ended
		2009	2008	30 June
			Total	2009
			Note 17	Total
	Note	£m	£m	£m
Loss for the period		(6.3)	(33.3)	(100.4)
Other comprehensive income				
Actuarial losses on the defined benefit pension scheme	7	(5.0)	-	(11.9)
Deferred tax on actuarial losses taken directly to equity		1.4	-	3.3
Effective portion of changes in fair value of interest rate cashflow hedges		0.7	(4.2)	(4.2)
Deferred tax on change in fair value of interest rate cashflow hedges		(0.2)	1.2	1.2
Other comprehensive expense for the period net of tax		(3.1)	(3.0)	(11.6)
Total comprehensive expense for the period		(9.4)	(36.3)	(112.0)

*Losses per share for the 6 months ended 31 December 2008 and 12 months ended 30 June 2009 have been restated due to the change in the weighted average number of shares in issue as a result of the Rights Issue (see Notes 2 and 6).

Consolidated Balance Sheet (Unaudited)

			As at 31 December	As at 30 June
	Note	2009 £m	2008 £m	2009 £m
Assets				
Intangible assets		1.8	0.3	0.3
Plant, property and equipment	8	14.0	17.3	14.5
Investments		2.2	2.3	2.1
Deferred tax assets		79.5	46.8	76.7
Retirement benefit surplus	7	-	1.9	2.8
Trade and other receivables		8.3	5.6	6.3
Total non-current assets		105.8	74.2	102.7
Non-current assets available for sale	8	2.7	2.9	3.9
Inventories	9	533.3	688.5	566.3
Trade and other receivables		6.9	8.9	13.9
Current income tax receivable		-	21.9	-
Cash and cash equivalents	11	21.8	10.2	17.5
Total current assets		564.7	732.4	601.6
Total assets		670.5	806.6	704.3
Equity				
Issued capital	13	30.9	16.0	16.0
Share premium		58.7	58.7	58.7
Hedge reserve		(1.6)	(2.1)	(2.1)
Other reserves		7.9	7.9	7.9
Retained earnings		338.5	287.9	213.0
Total equity		434.4	368.4	293.5
Liabilities				
Bank loans	11	61.1	243.8	165.2
Trade and other payables	10	20.6	19.0	26.3
Deferred tax liabilities		0.6	1.2	1.4
Retirement benefit obligations	7	2.1	-	-
Derivative financial instruments		0.1	1.0	0.7
Long-term provisions		9.2	2.6	8.9
Total non-current liabilities		93.7	267.6	202.5
Bank overdrafts and loans	11	10.0	35.5	66.9
Trade and other payables	10	126.4	133.2	135.3
Derivative financial instruments		2.1	1.9	2.2
Current income tax liabilities		3.9	-	3.9
Total current liabilities		142.4	170.6	208.3
Total liabilities		236.1	438.2	410.8
Total equity and liabilities		670.5	806.6	704.3

Consolidated Statement of Changes in Equity (Unaudited)

	Share capital £m	Share premium account £m	Hedge reserve £m	Other reserves £m	Retained earnings £m
At 1 July 2008	16.0	58.7	0.9	7.9	321.1
Loss for the period	-	-	-	-	(33.3)
Other comprehensive expense for the period	-	-	(3.0)	-	-
Movement in LTSIP/SAYE	-	-	-	-	0.1
At 31 December 2008	16.0	58.7	(2.1)	7.9	287.9
At 1 July 2008	16.0	58.7	0.9	7.9	321.1
Loss for the period	-	-	-	-	(100.4)
Other comprehensive expense for the period	-	-	(3.0)	-	(8.6)
Share based payments	-	-	-	-	0.2
Movement in LTSIP/SAYE	-	-	-	-	0.7
At 30 June 2009	16.0	58.7	(2.1)	7.9	213.0
At 1 July 2009	16.0	58.7	(2.1)	7.9	213.0
Loss for the period	-	-	-	-	(6.3)
Other comprehensive income/(expense) for the period	-	-	0.5	-	(3.6)
Net proceeds from shares issued	14.9	-	-	-	135.4
At 31 December 2009	30.9	58.7	(1.6)	7.9	338.5

Consolidated Cash Flow Statement (Unaudited)

		6 months ended 31 December	12 months ended 30 June
	Note	2009 £m	2008 £m
Cash flow from operating activities			
Operating loss before financing costs		(1.6)	(33.7)
Depreciation and amortisation		0.6	0.4
Adjustment for non-cash items		(6.1)	(0.4)
Operating loss before changes in working capital and provisions		(7.1)	(33.7)
Decrease/(increase) in trade and other receivables		5.6	4.4
Decrease in inventories		47.0	67.4
Decrease in trade and other payables		(13.9)	(86.9)
Increase/(decrease) in employee benefits and provisions		5.2	(1.6)
Cash inflow/(outflow) generated from operations		36.8	(50.4)
Interest paid		(6.7)	(10.2)
Tax received		-	13.5
Net cash inflow/(outflow) from operating activities		30.1	(47.1)
Cash flows from investing activities			
Acquisition of business	14	(15.0)	-
Acquisition of plant, property and equipment	8	(0.1)	-
Proceeds from sale of plant, property and equipment	8	1.4	1.8
Interest received		-	1.2
Payments to joint ventures - continuing operations		-	(0.3)
Net cash (outflow)/inflow from investing activities		(13.7)	2.7
Cash flows from financing activities			
Issue of bank borrowings		62.5	248.0
Repayment of bank borrowings		(218.0)	(337.5)
Issue costs of bank borrowings		-	(5.6)
Proceeds from issue of share capital	2	150.3	-
Net cash (outflow) from financing activities		(5.2)	(95.1)
Increase/(decrease) in net cash and cash equivalents		11.2	(139.5)
Net cash and cash equivalents at the beginning of the period		0.6	114.2
Net cash and cash equivalents at the end of the period		11.8	0.6

NOTES (Unaudited)

1. Accounting policies

The half-yearly financial statements have been prepared using accounting policies and presentation consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 30 June 2009, apart from the policy in respect of forward land which has been amended such that expenditure incurred on owned sites without residential planning consent is no longer provided for when incurred but is included in inventories and is subject to a regular impairment review. The impact of this change has been the release of a £0.4m provision in the six months ended 31 December 2009. The impact is not considered material and hence the prior year figures have not been restated.

a. New standards

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2009:

- IFRS 2 (amendment), 'Share-based payment transactions', effective for annual periods beginning on or after 1 January 2009. The impact is insignificant.
- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures' is effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This has been applied to the acquisition made during the period (see Note 14).
- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group has only one business and geographic segment.
- IAS 1 (revised), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The Group has elected to present two performance statements (the Consolidated income statement and the Consolidated statement of comprehensive income). In addition IAS 1 (revised) requires the statement of changes in equity to be presented as a primary statement. The other revisions to IAS 1 have not had significant impact on the presentation of the Group's financial position.
- IAS 23 (revised): Borrowing costs effective 1 January 2009. This amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the costs of the asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. Inventories which are produced in large quantities on a repetitive basis over a short period of time are not qualifying assets. This amendment is not expected to have any material impact on the Group's financial statements as the activities performed by the Group do not generally produce qualifying assets.
- IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The impact is insignificant.
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', effective for annual periods beginning on or after 1 January 2009. The interpretation clarifies the limitations on recognising defined benefit pension surpluses (and the related deferred tax liabilities) in

the balance sheet and may also require recognition of an additional liability for any committed future contributions. The impact is insignificant.

- Annual improvements to IFRSs, effective for annual periods beginning on or after 1 January 2009. This standard improves existing standards and amends 20 standards, basis of conclusions and guidance. The improvements include changes in presentation, recognition and measurement plus terminology and editorial changes. These improvements have an insignificant impact on the financial statements.
- IAS 39 (amendment), 'Eligible hedged items'. This impact is insignificant.
- IFRS 7 (amendment), 'Financial instruments: disclosures'. This impact is insignificant.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2009, but are not currently relevant for the Group:

IFRS 1 (revised) "First time adoption of IFRS"
IFRIC 12 - Service concession arrangements.
IFRIC 15 - Agreements for construction of real estates
IFRIC 16 - Hedges of a net investment in a foreign operation
IFRIC 17 - Distributions of non-cash assets to owners
IFRIC 18 - Transfer of assets from customers

The following standards, amendments to standards and interpretations have been issued, but are not yet effective for the financial year beginning 1 July 2009 and have not been adopted:

- IAS 32 (amendment), 'Financial instruments: Presentation on classification of rights issue'
- IFRS 9 - Financial instruments
- IFRIC 19 – Extinguishing financial liabilities with equity instruments
- Annual improvements 2009. This is a collection of amendments to 12 standards as part of the IASB program of annual improvements. The latest amendments were included in exposure drafts published in October 2007, August 2008 and January 2009. Most of the amendments are effective for annual periods beginning on or after 1 January 2010, although subject to EU endorsement, entities are permitted to adopt them earlier.

Basis of preparation

The condensed consolidated half-yearly financial information for the half-year ended 31 December 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly condensed consolidated report should be read in conjunction with the annual financial statements for the year ended 30 June 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

The main operation of the Group is focused on housebuilding. As it operates entirely within the United Kingdom, the Group has only one business and geographic segment.

These half-yearly financial results do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2009 were approved by the Board of Directors on 9 September 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph, and did not contain any statement under section 498 of the Companies Act 2006.

Principal risks and uncertainties

As with any business, Redrow plc faces a number of risks and uncertainties in the course of its day to day operations.

The principal risks and uncertainties facing the Group are outlined on page 22 of our Annual Report & Accounts 2009. These risks remain relevant for the remainder of the financial year and comprise: housing market conditions; liquidity and funding; responding to product changes in the housing market; key supplier or subcontractor failure; timing of procurement of land and securing planning; attracting and retaining staff; health and safety/environmental; fraud/uninsured losses and defined benefit pension scheme. A more detailed analysis of the risk factors is set out in the prospectus relating to the recent Rights Issue and acquisition of the Harrow Estates business, which was published in September 2009 and can be found on the Group's website.

2. Rights Issue

During the six months ended 31 December 2009, the Company successfully completed a 13 for 14 Rights Issue of 148,586,495 new shares at 105 pence per new share. In conjunction with this, the Group completed the acquisition of the Harrow Estates business (Note 14).

This generated £150.3m of funds net of expenses of £5.7m of which £14.9m has been credited to share capital and £135.4m to Retained earnings.

In conjunction with the Rights Issue, the Group agreed with its banking syndicate to amend the terms of the existing syndicated facility agreement including a reduction in the total facility size to £250.0m. The £250.0m is made available as a revolving credit facility for utilisation by the Group up to and including 30 September 2011.

Details of the Company's authorised and issued share capital subsequent to the Rights Issue can be found in Note 13, with details of the Group's borrowings and facilities in Note 11 and Note 12.

Further information on the Rights Issue, including the prospectus, can be found on the Group's website www.redrow.co.uk.

Ordinarily, the excess of the net proceeds over the nominal value of the share capital issued would be credited to a non-distributable share premium account. However, the Rights Issue was effected through a structure which resulted in the excess of the net proceeds over the nominal value of the share capital issued being recognised within Retained earnings under Section 612 of the Companies Act 2006.

3. Exceptional Items

There are no exceptional items in the 6 months to 31 December 2009. The exceptional items for the 6 months to 31 December 2008 and the 12 months to 30 June 2009 are comprised as follows:

	6 months ended 31 December 2008 £m	12 months ended 30 June 2009 £m
Cost of Sales		
NRV provision inventories	23.7	96.5
Onerous contract provision	-	6.7
	23.7	103.2
Administrative expenses/(credits)		
Redundancy and termination costs	3.1	4.9
Board restructuring costs	-	1.8
Impairment - surplus offices	-	1.2
Pension curtailment gain	(1.8)	(14.5)
	1.3	(6.6)
Total	25.0	96.6

4. Income taxes

Income tax credit is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2010 is 28% (2009: 28%).

5. Dividends

In line with its stated policy, the Group will not be paying an interim dividend. No dividend was paid in the 12 months ended 30 June 2009.

6. Losses per share

The basic losses per share calculation for the 6 months ended 31 December 2009 is based on the weighted number of shares in issue during the period of 242.7m (2008 (restated): 209.7m) excluding those held in trust under the Redrow Long Term Incentive Plan, which are treated as cancelled.

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

6 months ended 31 December 2009

	Losses £m	No. of shares millions	Per share pence
Basic losses per share for continuing operations post exceptional items	(6.3)	242.7	(2.6)p
Effect of share options and SAYE	-	-	-
Diluted losses per share for continuing operations post exceptional items	(6.3)	242.7	(2.6)p

6 months ended 31 December 2008 (restated)

	Losses £m	No. of shares millions	Per share pence
Basic losses per share for continuing operations post exceptional items	(33.3)	209.7	(15.9)p
Effect of share options and SAYE	-	-	-
Diluted losses per share for continuing operations post exceptional items	<u>(33.3)</u>	<u>209.7</u>	<u>(15.9)p</u>

12 months ended 30 June 2009 (restated)

	Losses £m	No. of shares millions	Per share pence
Basic losses per share for continuing operations post exceptional item	(100.4)	209.7	(47.9)p
Effect of share options and SAYE	-	-	-
Diluted losses per share for continuing operations post exceptional item	<u>(100.4)</u>	<u>209.7</u>	<u>(47.9)p</u>

The weighted average number of shares in issue and consequently the losses per share for all periods presented reflect the Rights Issue which took place during the six months ended 31 December 2009.

7. Pensions

The amounts recognised in respect of the defined benefit section of the Group's Pension Scheme are as follows:
Total amounts (charged)/credited against income during the period:

	6 months ended 31 December		12 months ended 30 June
	2009	2008	2009
	£m	£m	£m
Amounts included within the income statement			
Period operating costs			
Current service cost	(0.6)	(0.8)	(1.7)
Curtailments	-	1.8	14.5
Financing costs			
Expected return on assets	2.2	2.6	5.2
Interest cost	(1.9)	(2.4)	(4.8)
	<u>(0.3)</u>	<u>1.2</u>	<u>13.2</u>
Amounts recognised in the Consolidated statement of comprehensive income			
Actuarial (losses)	(5.0)	-	(11.9)
	<u>(5.3)</u>	<u>1.2</u>	<u>1.3</u>
Amounts recognised in the balance sheet			
Present value of the defined benefit obligation	(77.9)	(63.3)	(63.2)
Fair value of the Scheme's assets	75.8	65.2	66.0
(Liability)/asset in the balance sheet	<u>(2.1)</u>	<u>1.9</u>	<u>2.8</u>

8. Plant, property and equipment

During the period the Group disposed of office premises, held in non-current assets at June 2009 with a carrying value of £1.2m for proceeds of £1.4m. Acquisitions totalling £0.1m were made during the period.

9. Inventories

	As at 31 December		As at 30 June
	2009	2008	2009
	£m	£m	£m
Land for development	313.8	391.0	320.4
Work in progress	208.1	281.5	230.6
Stock of showhomes	11.4	16.0	15.3
	533.3	688.5	566.3

The classification between land for development and work in progress has been revised to include Stamp Duty Land tax and associated land purchase fees in land for development rather than work in progress. The impact of this reclassification is to increase land for development and decrease work in progress by £20.4m at December 2009, £20.5m at June 2009 and £21.8m at December 2008.

Land and work in progress are stated net of net realisable value provisions summarised as follows:

	Type 1	Type 2	Total
	£m	£m	£m
Provision at 1 July 2009	202.9	116.5	319.4
Utilised during period	(25.1)	-	(25.1)
Provision at 31 December 2009	177.8	116.5	294.3

A description of Type 1 and Type 2 land is included on page 63 of the Annual Report and Accounts 2009.

10. Land Creditors (included in Trade and Other Payables)

	As at 31 December		As at 30 June
	2009	2008	2009
	£m	£m	£m
Due within one year	15.4	34.2	27.1
Due in more than one year	20.6	19.0	26.3
	36.0	53.2	53.4

11. Analysis of Net Debt

	As at 31 December		As at 30 June
	2009	2008	2009
	£m	£m	£m
Cash and cash equivalents	21.8	10.2	17.5
Bank overdrafts	(10.0)	(10.5)	(16.9)
Bank loans	(62.5)	(273.0)	(218.0)
Issue costs	1.4	4.2	2.8
	(49.3)	(269.1)	(214.6)

12. Bank facilities

At 31 December 2009, the Group had total unsecured bank borrowing facilities of £280.5m, representing £250.0m committed facilities and £30.5m uncommitted facilities.

13. Share capital

	As at 31 December		As at 30 June
	2009	2008	2009
	£m	£m	£m
Authorised 480,000,000 ordinary shares of 10p each (June 2009: 330,000,000)	48.0	33.0	33.0
Allotted, called up and fully paid	30.9	16.0	16.0

	Number of ordinary shares of 10p each
Movement in the period was as follows	
At 1 July 2009	160,012,548
Share options exercised	7,675
Shares issued via Rights Issue	148,586,495
At 31 December 2009	308,606,718

The authorised share capital was increased to 480,000,000 ordinary shares on 19 October 2009.

14. Acquisition of Harrow Estates

As outlined in the Rights Issue Prospectus, in conjunction with the Rights Issue, the Company acquired on 20 October 2009 the Harrow Estates business which represented a related party transaction with Steve Morgan (see Note 16). This comprised five freehold land assets, options over further strategic land assets totalling 1,100 plots and 100% of a newly incorporated business now renamed Harrow Estates plc which held, among other assets, certain employees and the Harrow Estates name.

The table below summarises the consideration transferred to acquire the Harrow Estates business and an analysis of net assets acquired and the fair value to the Group:

	Fair value to Group £m
Inventories	14.0
Trade and other payables	(0.6)
Net assets acquired	13.4
Goodwill	1.6
Total cash consideration	15.0

The reputation Harrow Estates has as an expert in brownfield and highly contaminated sites, including remediation and master planning, stems from the ability and reputation of its' assembled workforce including their track record of delivery. It is this to which the goodwill represents.

The acquired business contributed no revenues in the period from 20 October 2009 to 31 December 2009 and generated a pre-tax loss of £0.3m representing administrative expenses (notional administrative expenses in the six months ended 31 December 2009 would have been £0.7m.)

15. Contingent Liabilities

Performance bonds, financial guarantees in respect of certain deferred land creditors and other building or performance guarantees have been entered into in the normal course of business.

16. Related parties

Within the definition of IAS 24 'Related Party Disclosures', the Board and key management personnel are related parties, being identified as the Main Board together with Group Senior Management. Summary key management remuneration is as follows:

	6 months ended 31 December		12 months ended 30 June
	2009	2008	2009
	£m	£m	£m
Short-term employee benefits	1.0	0.9	2.4
Post-employment benefits	0.1	0.2	0.3
Share-based payment charges	-	-	0.5
	1.1	1.1	3.2

During the six months to 31 December 2009, purchases of £1.3m were made from Travis Perkins plc, a company in which Paul Hampden Smith is an executive director. At 31 December 2009, an amount of £0.1m was due to Travis Perkins plc in respect of those purchases.

Related party transactions were carried out with Steve Morgan in respect of the acquisition of Harrow Estates business as referred to in Note 14 and as outlined in the Rights Issue prospectus for a total consideration of £15.0m and £0.2m primarily relating to donations to the Morgan Foundation.

The Group did not undertake any transactions with The Waterford Park Company Limited or The Waterford Park Company (Balmoral) Limited joint ventures. The Group's loans to its joint ventures are summarised below:

	6 months ended 31 December		12 months ended 30 June
	2009	2008	2009
	£m	£m	£m
Loans to joint ventures	3.1	3.0	3.1

17. Consolidated Income Statement

	6 months ended 31 December 2008			12 months ended 30 June 2009		
	Pre- exceptional items	Exceptional items Note 3	Total	Pre- exceptional items	Exceptional items Note 3	Total
	£m	£m	£m	£m	£m	£m
Revenue	149.5	-	149.5	301.8	-	301.8
Cost of sales	(141.1)	(23.7)	(164.8)	(296.4)	(103.2)	(399.6)
Gross profit/(loss)	8.4	(23.7)	(15.3)	5.4	(103.2)	(97.8)
Administrative expenses	(17.1)	1.3	(18.4)	(27.8)	6.6	(21.2)
Operating loss before financing Costs	(8.7)	(25.0)	(33.7)	(22.4)	(96.6)	(119.0)
Financial income	1.6	-	1.6	3.8	-	3.8
Financial expenses	(14.0)	-	(14.0)	(25.4)	-	(25.4)
Net financing costs	(12.4)	-	(12.4)	(21.6)	-	(21.6)
Share of loss of joint ventures after interest and taxation	(0.1)	-	(0.1)	(0.2)	-	(0.2)
Loss before tax	(21.2)	(25.0)	(46.2)	(44.2)	(96.6)	(140.8)
Income tax credit	5.9	7.0	12.9	13.4	27.0	40.4
Loss for the period	(15.3)	(18.0)	(33.3)	(30.8)	(69.6)	(100.4)
Loss per share from	(7.3)p		(15.9)p	(14.7)p		(47.9)p
continuing operations	(7.3)p		(15.9)p	(14.7)p		(47.9)p
		- basic (restated)			- diluted (restated)	

18. General Information

Redrow plc is a public limited company incorporated and domiciled in the UK and has its primary listing on the London Stock Exchange.

Given the significant change in the composition of the Board of Directors since 30 June 2009, subsequent to the finalisation of the Financial Statements for the year ended 30 June 2009 the Audit Committee requested and PricewaterhouseCoopers LLP agreed to an extension to the tenure of the audit partner. Consequently the audit partner scheduled to rotate off following the conclusion of the 30 June 2009 audit is continuing to act as audit partner for one further year, the year ending 30 June 2010, in order to provide continuity and to support the maintenance of audit quality.

The registered office address is Redrow House, St David's Park, Flintshire, CH5 3RX.

19. 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 6ZY

Independent review report to Redrow plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009, which comprises the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement and related Notes to the financial statements. 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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", 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. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009 is not prepared, in all material aspects, 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.

PricewaterhouseCoopers LLP

Chartered Accountants

24 February 2010

Manchester

Note:

- a) The maintenance and integrity of the Redrow plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.