



Wednesday 11 February 2015

Redrow plc

Interim results for the six months to 31 December 2014

REDROW DELIVERS RECORD HALF YEAR RESULTS

Financial Results

	H1 2015	H1 2014	% Change
Revenue	£560.6m	£363.0m	+54%
Operating Profit	£95.4m	£49.0m	+95%
Profit Before Tax	£91.2m	£47.5m	+92%
EPS	19.9p	10.3p	+93%
ROCE	21%	14%	+50%
Dividend per share	2p	1p	+100%

Financial highlights

- Group revenue rose 54% to a half year record of £560.6m driven by an 18% increase in legal completions and a 14% increase in private average selling price to £300,000 (2014: £262,000)
- Gross margin rose to 22.4% (2014: 20.3%)
- Record half year pre-tax profit of £91.2m, up 92%
- Earnings per share up 93% to 19.9p
- Return on capital employed improved to 21% (2014: 14%)
- Net debt reduced to £140m (June 2014: £173m) giving gearing of 18% (June 2014: 25%)
- Interim dividend of 2p per share, double that of last year

Operational highlights

- Legal completions rose 18% to 1,850 (2014: 1,565)
- Average number of outlets increased to 101 (2014: 93)
- Record number of employees at 1,550, up 900 from 2009 levels
- London Division contributed £145m of turnover, both residential and commercial (2014: £41m)
- Current land bank 16,950 plots (Dec 2013: 16,250)
- Regional private order book up 30% at £334m (Dec 2013: £256m)

Steve Morgan, Chairman of Redrow, said

“I am delighted to report Redrow has again generated outstanding results. Our policy of retaining capital to concentrate on growth continues to reap the benefit, with a further substantial rise in both turnover, up 54% and pre-tax profits, up 92%.

As a result of this strong performance, whilst we continue first and foremost to invest in the ongoing growth of the business, we have also doubled the interim dividend to 2p per share.

Whilst we are only at the beginning of the spring selling season, demand for new homes is strong and the welcomed changes to stamp duty will undoubtedly help home buyers within our market segment. We started the second half with a very strong order book and are expecting to increase the number of active outlets to 115 by June 2015, a 12% increase.

Redrow is in great shape and I am confident this will be another strong year of growth for the business.”

Enquiries:

Redrow plc

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

Tulchan Communications

Tom Buchanan/Victoria Huxster	020 7353 4200
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There will be an analyst and investor meeting at 9.00 am at The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. 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.redrowplc.co.uk. Participants can also dial in to hear the presentation live at 9.00 am on +44 (0) 20 3003 2666 or UK Toll Free 0808 109 0700; password is Redrow.

Playback will be available by phone for the next 30 days on +44 (0) 20 3350 6902 or UK Freephone 0800 640 1726; access pin 5963878#.

CHAIRMAN'S STATEMENT

At the halfway stage of the 2015 financial year I am pleased to report that Redrow has again generated outstanding six month results. Our policy over recent years of retaining capital to concentrate on growth continues to reap the benefit, with a further substantial rise in both turnover, up 54% and pre-tax profits, up 92%.

Financial Results

During the first half of the current financial year total legal completions grew by 18% to 1,850 (2014: 1,565) with private legal completions increasing by 30% to 1,654 (2014: 1,269). In the same period, the average selling price of our private homes was £300,000, an increase of 14% (2014: £262,000). This was due to a combination of geographical mix, with more completions in London and the south of England and house price inflation.

In addition, we completed the £46.8m sale of all the commercial units and reversionary interest in our development at One Commercial Street, London.

The combination of growth in revenue from homes sales and the one-off commercial sale resulted in the Group delivering record first half revenues of £560.6m, 54% higher than the same period last year (2014: £363m).

The substantial increase in turnover, combined with house price inflation being in excess of build cost inflation, improved our gross margin from 20.3% to 22.4%.

Whilst overheads rose in absolute terms to support the growth of the business, they continue to reduce as a percentage of revenues. As a consequence, our operating margin rose from 13.5% to 17% and operating profit increased by 95% to £95.4m (2014: £49m).

As expected, we did not repeat the one-off JV profit generated by our Harrow Estates subsidiary last year. However, Harrow Estates continues to make progress on a number of exciting forward land opportunities.

Net finance costs were in line with last year with a similar level of borrowing during the period. Net debt at the end of December 2014 was £140m (Dec 2013: £149m), giving gearing of 18% (2014: 23%).

Pre-tax profits were up 92% to a half year record of £91.2m (2014: £47.5m). Earnings per share increased 93% to 19.9p (2014: 10.3p).

Return on Capital Employed improved to 21% from 14%, achieving our medium term target of 20% two years earlier than anticipated. Optimising our capital structure by the balanced use of debt and equity has enabled us to generate a Return on Equity of 24.9%, a 61% increase on last year (2014: 15.5%).

As a result of this strong performance the Board has decided to pay an interim dividend of 2p per share (2014: 1p). The interim dividend will be paid on 1st May 2015 to holders of ordinary shares on the register at the close of business on 6th March 2015.

Market

The housing market has followed a normal seasonal pattern in the first half of this financial year following the very high demand in summer 2013, which was generated by the launch of Help to Buy. Sales per outlet per week for our regional business averaged 0.61 (2014: 0.68) for the six months, but excluding July and August the rate has been 0.59, which is 3.5% up

on the first half of 2014. In London, due to our current sites being almost completely sold out and new sites about to come on stream, first half reservations were just 24 compared to 138 last year.

As a result of the reduced level of London reservations, the total value of private reservations in the first half was 7% below last year, at £449m. However, excluding London, private reservations rose by 8% to £428m. Consequently, the regional private order book is up 30% at £334m and the Group total private order book is up 6% at £435m.

Throughout the 2014 financial year we experienced inflation in both build costs and house prices. However, during the first half of the current year I am pleased to report that both house prices and build costs have moderated to sustainable levels.

Our strategy is to grow the business by increasing the number of sales outlets. We were planning to have 104 active outlets at the end of December 2014 and 115 at the end of June 2015, compared to 103 in June 2014. I am pleased to report that we had 106 active outlets at the end of December 2014, slightly ahead of plan, and we remain on target to have 115 open at the end of June 2015.

Land and Planning

During the first half of the year we secured an additional 2,050 plots for our current land bank, 11% more than we legally completed, of which, over 900 were converted from our forward land bank. At the end of December our current land bank amounted to 16,950 plots, 700 higher than the same time last year.

We also added over 2,700 plots to our forward land bank in the first half, which, after allowing for transfers to current land and the latest review of planning prospects, increased the forward land bank by 1,000 plots to 29,250.

We have a strong pipeline of sites, which should enable us to continue to increase our outlets and the number of homes we build. However, despite the welcome initiatives introduced by the Government over recent years, obtaining detailed or reserved matter approvals remains a slow and tedious process and is the single biggest obstacle to the industry increasing the volume of new homes that the country needs.

People

The growth we are generating in the business has enabled us to achieve a record of which we are proud, the number of people we employ. Our directly employed workforce has now reached 1,550, up 900 from 2009 levels. We continue to develop our own talent, with 15% of our total workforce involved in structured training schemes across most disciplines. I am pleased, and indeed delighted, to say that when it comes to training and developing future talent, Redrow leads the way within the house building industry.

As a result of our continued strong growth, Barry Stiles has been promoted to Regional Chief Executive, a new post overseeing our businesses in the South West, West Country and South Wales.

I am delighted to welcome Sir Michael Lyons as a Non-Executive Director, who joined with effect from 6 January 2015. Sir Michael recently chaired the Lyons Housing Commission to produce a road map for increasing house building in this country. Prior to this, following a long and distinguished career in local government, Sir Michael was Chairman of the BBC.

Current Trading and Outlook

Although it is still relatively early days, customer traffic and sales to date in 2015 are encouraging, despite the uncertainties surrounding the forthcoming election. Demand for new homes is strong and the recent welcome changes to Stamp Duty are undoubtedly helping home buyers within our market segment.

We started the second half with a very strong sales position and, with the planned increase in the number of active outlets to 115 by June 2015, we expect to build on that order book.

Redrow is in great shape and I am confident this will be another strong year of growth for the business.

Steve Morgan
Chairman

Consolidated Income Statement (Unaudited)

		6 months ended		12 months
		31 December		ended
		2014	2013	30 June
				2014
	Note	£m	£m	£m
Revenue		560.6	363.0	864.5
Cost of sales		(435.2)	(289.4)	(677.0)
Gross profit		125.4	73.6	187.5
Administrative expenses		(30.0)	(24.6)	(50.0)
Operating profit before financing costs		95.4	49.0	137.5
Financial income		2.6	1.4	3.1
Financial costs		(6.8)	(5.7)	(10.8)
Net financing costs		(4.2)	(4.3)	(7.7)
Share of profit of joint ventures after interest and taxation		-	2.8	2.8
Profit before tax		91.2	47.5	132.6
Income tax expense	2	(18.9)	(12.1)	(29.9)
Profit for the period		72.3	35.4	102.7
Earnings per share from continuing operations				
- basic	4	19.9p	9.7p	28.3p
- diluted	4	19.9p	9.7p	28.2p

Consolidated Statement of Comprehensive Income (Unaudited)

		6 months ended		12 months
		31 December		ended
		2014	2013	30 June
				2014
	Note	£m	£m	£m
Profit for the period		72.3	35.4	102.7
Other comprehensive income				
Remeasurements of post employment benefit obligations	5	7.3	(3.6)	(7.1)
Deferred tax on remeasurements taken directly to equity		(1.5)	0.6	1.6
Other comprehensive (expense) for the period net of tax		5.8	(3.0)	(5.5)
Total comprehensive income for the period		78.1	32.4	97.2

Consolidated Balance Sheet (Unaudited)

		As at		As at
		31 December		30 June
	Note	2014	2013	2014
		£m	£m	£m
Assets				
Intangible assets		1.9	1.8	2.0
Property, plant and equipment	6	11.1	11.4	11.0
Investments		11.1	8.3	10.8
Deferred tax assets		4.5	24.2	7.5
Trade and other receivables		15.4	30.9	15.3
Total non-current assets		44.0	76.6	46.6
Non-current assets available for sale		1.0	0.9	1.0
Inventories	7	1,304.4	1,015.2	1,157.2
Trade and other receivables		35.3	19.7	42.5
Cash and cash equivalents	9	33.1	59.4	54.8
Total current assets		1,373.8	1,095.2	1,255.5
Total assets		1,417.8	1,171.8	1,302.1
Equity				
Share capital	11	37.0	37.0	37.0
Share premium account		58.7	58.7	58.7
Other reserves		7.9	7.9	7.9
Retained earnings		663.7	534.5	592.1
Total equity		767.3	638.1	695.7
Liabilities				
Bank loans	9	140.0	180.0	175.0
Trade and other payables	8	118.8	41.2	53.7
Deferred tax liabilities		0.5	0.5	0.5
Retirement benefit obligations	5	3.6	7.5	11.0
Long-term provisions		7.7	7.6	6.4
Total non-current liabilities		270.6	236.8	246.6
Bank overdrafts and loans	9	33.1	28.4	52.4
Trade and other payables	8	346.8	268.5	307.4
Total current liabilities		379.9	296.9	359.8
Total liabilities		650.5	533.7	606.4
Total equity and liabilities		1,417.8	1,171.8	1,302.1

Redrow plc Registered no. 2877315

Consolidated Statement of Changes in Equity (Unaudited)

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2013	37.0	58.7	7.9	505.6	609.2
Total comprehensive income for the period	-	-	-	32.4	32.4
Dividends paid	-	-	-	(3.7)	(3.7)
Movement in LTSIP/SAYE	-	-	-	0.2	0.2
At 31 December 2013	37.0	58.7	7.9	534.5	638.1
At 1 July 2013	37.0	58.7	7.9	505.6	609.2
Total comprehensive income for the period	-	-	-	97.2	97.2
Dividends paid	-	-	-	(7.4)	(7.4)
Movement in LTSIP/SAYE	-	-	-	(3.3)	(3.3)
At 30 June 2014	37.0	58.7	7.9	592.1	695.7
At 1 July 2014	37.0	58.7	7.9	592.1	695.7
Total comprehensive income for the period	-	-	-	78.1	78.1
Dividends paid	-	-	-	(7.4)	(7.4)
Movement in LTSIP/SAYE	-	-	-	0.9	0.9
At 31 December 2014	37.0	58.7	7.9	663.7	767.3

The Statement of Cash Flows (Unaudited)

		6 months ended 31 December		12 months ended 30 June
	Note	2014 £m	2013 £m	2014 £m
Cash flow from operating activities				
Operating profit before financing costs		95.4	49.0	137.5
Depreciation and amortisation		0.5	0.5	1.1
Adjustment for non-cash items		(2.7)	(1.9)	(4.2)
Operating profit before changes in working capital and provisions		93.2	47.6	134.4
Increase in trade and other receivables		(0.5)	(3.6)	(12.4)
Increase in inventories		(147.2)	(119.7)	(261.7)
Increase in trade and other payables		88.0	13.6	66.6
Increase/(decrease) in provisions		1.3	(0.2)	(1.4)
Cash inflow/(outflow) generated from operations		34.8	(62.3)	(74.5)
Interest paid		(2.5)	(4.1)	(8.6)
Tax paid		(0.7)	-	-
Net cash inflow/(outflow) from operating activities		31.6	(66.4)	(83.1)
Cash flows from investing activities				
Sale of business		9.0	4.7	9.5
Acquisition of software, property, plant and equipment	6	(0.4)	(0.6)	(1.0)
Interest received		0.1	0.2	0.3
Net (payments to)/receipts from joint ventures		(0.3)	7.8	5.4
Net cash inflow from investing activities		8.4	12.1	14.2
Cash flows from financing activities				
Issue of bank borrowings		140.0	180.0	175.0
Repayment of bank borrowings		(175.0)	(95.0)	(95.0)
Purchase of own shares		-	-	(5.3)
Dividends paid		(7.4)	(3.7)	(7.4)
Net cash (outflow)/inflow from financing activities		(42.4)	81.3	67.3
(Decrease)/increase in net cash and cash equivalents		(2.4)	27.0	(1.6)
Net cash and cash equivalents at the beginning of the period		2.4	4.0	4.0
Net cash and cash equivalents at the end of the period	9	-	31.0	2.4

NOTES (Unaudited)

1. Accounting policies

Basis of preparation

The condensed consolidated half-yearly financial information for the half-year ended 31 December 2014 has been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct 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 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

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 2014 were approved by the Board of Directors on 1 September 2014 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.

The principal accounting policies adopted in the preparation of this consolidated half-yearly report are included in the annual financial statements for the year ended 30 June 2014. These policies have been consistently applied to all the periods presented.

After making due enquiries and in accordance with the FRC's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the Directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

The main operation of the Group is focused on housebuilding. As it operates entirely within the United Kingdom, the Group has only one reportable business and geographic segment. There is no material difference between any assets or liabilities held at cost and their fair value.

New standards

a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2014. These new standards are not expected to have a material impact for the group:

- IFRS 10 'Consolidated financial statements' (effective 1 January 2014)
- IFRS 11 'Joint arrangements' (effective 1 January 2014)
- IFRS 12 'Disclosure of interests in other entities' (effective 1 January 2014)
- Amendments to IFRS 10, 11 and 12 on transition guidance (effective 1 January 2014)
- IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2014)
- IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2014)
- Amendment to IAS 32, 'Financial instruments: Presentation' (effective 1 January 2014)
- Amendments to IAS 36, 'Impairment of assets' (effective 1 January 2014)
- Amendment to IAS 39 'Financial instruments: Recognition and measurement' (effective 1 January 2014)

b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 July 2014 and have not been early adopted. The Group has not assessed the full impact of these standards:

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective 1 January 2016)
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation (effective 1 January 2016)
- IFRS 14, 'Regulatory deferral accounts' (effective 1 January 2016)
- Amendments to IAS 27, 'Separate financial statements' on the equity method (effective 1 January 2016)
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective 1 January 2016)
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2017)
- IFRS 9 'Financial instruments' (effective 1 January 2018)
- Amendments to IFRS 9, 'Financial instruments', regarding general hedge accounting (effective 1 January 2018)

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 pages 19 and 20 of our half-yearly report 2014/15.

2. Income taxes

Income tax charge is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year (20.75% (2014: 22.50%)) before taking into account the impact of the reduction in corporation tax rate to 21% on the deferred tax assets (£nil (2014: £2.0m)).

3. Dividends

A dividend of £7.4m was paid in the six months to 31 December 2014 (six months to 31 December 2013: £3.7m).

4. Earnings per share

The basic earnings per share calculation for the 6 months ended 31 December 2014 is based on the weighted number of shares in issue during the period of 362.9m (2014: 363.7m) 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.

6 months ended 31 December 2014

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	72.3	362.9	19.9
Effect of share options and SAYE	-	1.1	-
Diluted earnings per share	72.3	364.0	19.9

6 months ended 31 December 2013

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	35.4	363.7	9.7
Effect of share options and SAYE	-	1.3	-
Diluted earnings per share	35.4	365.0	9.7

12 months ended 30 June 2014

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	102.7	362.5	28.3
Effect of share options and SAYE	-	1.9	(0.1)
Diluted earnings per share	102.7	364.4	28.2

Basic earnings per share excluding the deferred tax rate change impact is based on earnings of £72.3m (2014: £37.4m) and £103.5m for the 12 months ended 30 June 2014.

5. Pensions

The amounts recognised in respect of the defined benefit section of the Group's Pension Scheme are as follows:

	6 months ended 31 December		12 months ended 30 June
	2014	2013	2014
	£m	£m	£m
Amounts included within the consolidated income statement			
Period operating costs			
Scheme administration expenses	(0.2)	(0.3)	(0.4)
Net interest on defined benefit liability	(0.2)	(0.1)	(0.2)
	(0.4)	(0.4)	(0.6)
Amounts recognised in the consolidated statement of comprehensive income			
Return on scheme assets excluding interest income	10.7	0.3	1.7
Actuarial losses arising from change in financial assumptions	(3.0)	(3.9)	(8.8)
Actuarial losses arising from change in demographic assumptions	(0.4)	-	-
	7.3	(3.6)	(7.1)

Amounts recognised in the consolidated balance sheet

Present value of the defined benefit obligation	(108.6)	(98.8)	(105.1)
Fair value of the Scheme's assets	105.0	91.3	94.1
Liability in the Consolidated balance sheet	(3.6)	(7.5)	(11.0)

6. Property, plant and equipment

Acquisitions totalling £0.4m were made during the period (2014: £0.6m). There was £0.3m of capital expenditure contracted at 31 December 2014 (31 December 2013: £nil).

7. Inventories

	As at 31 December		As at 30 June
	2014	2013	2013
	£m	£m	£m
Land for development	915.8	695.4	802.2
Work in progress	355.0	291.7	324.7
Stock of showhomes	33.6	28.1	30.3
	1,304.4	1,015.2	1,157.2

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

	Total £m
Provision at 1 July 2014	48.2
Utilised during period	(5.7)
Provision at 31 December 2014	42.5

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

	As at 31 December		As at 30 June
	2014	2013	2014
	£m	£m	£m
Due within one year	86.4	89.3	104.7
Due in more than one year	118.8	41.2	53.7
	205.2	130.5	158.4

9. Analysis of Net Debt

	As at		As at
	31 December		30 June
	2014	2013	2014
	£m	£m	£m
Cash and cash equivalents	33.1	59.4	54.8
Bank overdrafts	(33.1)	(28.4)	(52.4)
Net cash and cash equivalents	-	31.0	2.4
Bank loans	(140.0)	(180.0)	(175.0)
	(140.0)	(149.0)	(172.6)

10. Bank facilities

At 31 December 2014, the Group had total unsecured bank borrowing facilities of £367.5m, representing £365.0m committed facilities and £2.5m uncommitted facilities.

The Group syndicated loan facility matures in March 2018.

11. Issued Share capital

	As at		As at
	31 December		30 June
	2014	2013	2014
	£m	£m	£m
Allotted, called up and fully paid ordinary shares of 10p each	37.0	37.0	37.0

Number of ordinary shares of 10p each

At 1 July 2014 and 31 December 2014

369,799,938

12. 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.

13. 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
	2014	2013	2014
	£m	£m	£m
Short-term employee benefits	1.6	1.2	1.7
Share-based payment charges	0.7	0.6	1.4
	2.3	1.8	3.1

Related party transactions were carried out with Steve Morgan during the period for a total consideration of £0.2m (2014: £0.2m) primarily relating to donations to the Morgan Foundation.

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

	As at 31 December		As at 30 June
	2014	2013	2014
	£m	£m	£m
Loans to joint ventures	12.5	8.6	12.2

14. 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.

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

Financial Calendar

Interim dividend record date	6 March 2015
Interim dividend payment date	1 May 2015
Announcement of results for the year to June 2015	8 September 2015
Circulation of Annual Report	25 September 2015
Final dividend record date	25 September 2015
Annual General Meeting	10 November 2015
Final dividend payment date	13 November 2015

15. 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

Independent review report to Redrow plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half-yearly report of Redrow plc for the six months ended 31 December 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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 Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Redrow plc, comprise:

- the consolidated balance sheet as at 31 December 2014;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

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.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

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

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
10 February 2015
Manchester

Notes:

- (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.