Consolidated Income Statement

	Note	Unaudited 6 months ended 31 December **2018** £m	2017 £m	Audited 12 months ended 30 June 2018 £m
Revenue		**970**	890	1,920
Cost of sales		**(737)**	(672)	(1,451)
Gross profit		**233**	218	469
Administrative expenses		**(46)**	(43)	(87)
Operating profit		**187**	175	382
Financial income		**1**	2	3
Financial costs		**(3)**	(5)	(10)
Net financing costs		**(2)**	(3)	(7)
Share of profit of joint ventures after interest and taxation		**-**	4	5
Profit before tax		**185**	176	380
Income tax expense	2	**(35)**	(33)	(72)
Profit for the period		**150**	143	308
Earnings per share - basic	4	**41.5p**	39.5p	85.3p
- diluted	4	**41.4p**	39.3p	85.2p

Consolidated Statement of Comprehensive Income

	Note	Unaudited 6 months ended 31 December **2018** £m	2017 £m	Audited 12 months ended 30 June 2018 £m
Profit for the period		**150**	143	308
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations	5	**(5)**	6	22
Deferred tax on remeasurements taken directly to equity		**1**	(1)	(4)
Other comprehensive (expense)/ income for the period net of tax		**(4)**	5	18
Total comprehensive income for the period		**146**	148	326

Consolidated Balance Sheet

	Note	Unaudited As at 31 December 2018 £m	Unaudited As at 31 December 2017 £m	Audited As at 30 June 2018 £m
Assets				
Intangible assets		**2**	2	2
Property, plant and equipment		**15**	16	15
Investments		**6**	19	6
Deferred tax assets		**4**	4	4
Retirement benefit surplus	5	**16**	4	22
Trade and other receivables		**7**	10	8
Total non-current assets		**50**	55	57
Inventories	6	**2,258**	2,154	2,218
Trade and other receivables		**43**	32	42
Cash and cash equivalents	8	**102**	49	90
Total current assets		**2,403**	2,235	2,350
Total assets		**2,453**	2,290	2,407
Equity				
Retained earnings at 1 July 2018		**1,379**	1,131	1,131
Profit for the period		**150**	143	308
Other comprehensive (expense)/income for the period		**(4)**	5	18
Dividends paid		**(70)**	(41)	(74)
Movement in LTIP/SAYE		**1**	1	(4)
Retained earnings		**1,456**	1,239	1,379
Share capital	10	**37**	37	37
Share premium account		**59**	59	59
Other reserves		**8**	8	8
Total equity		**1,560**	1,343	1,483
Liabilities				
Bank loans	8	**1**	80	5
Trade and other payables	7	**143**	173	178
Deferred tax liabilities		**4**	3	5
Long-term provisions		**9**	8	9
Total non-current liabilities		**157**	264	197
Bank overdrafts and loans	8	**-**	4	22
Trade and other payables	7	**702**	642	671
Current income tax liabilities		**34**	37	34
Total current liabilities		**736**	683	727
Total liabilities		**893**	947	924
Total equity and liabilities		**2,453**	2,290	2,407

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Consolidated Statement of Changes in Equity

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2017	37	59	8	1,131	1,235
Total comprehensive income for the period	-	-	-	148	148
Dividends paid	-	-	-	(41)	(41)
Movement in LTIP/SAYE	-	-	-	1	1
At 31 December 2017 (Unaudited)	**37**	**59**	**8**	**1,239**	**1,343**
At 1 July 2017	37	59	8	1,131	1,235
Total comprehensive income for the period	-	-	-	326	326
Dividends paid	-	-	-	(74)	(74)
Movement in LTIP/SAYE	-	-	-	(4)	(4)
At 30 June 2018 (Audited)	**37**	**59**	**8**	**1,379**	**1,483**
At 1 July 2018	37	59	8	1,379	1,483
Total comprehensive income for the period	-	-	-	146	146
Dividends paid	-	-	-	(70)	(70)
Movement in LTIP/SAYE	-	-	-	1	1
At 31 December 2018 (Unaudited)	**37**	**59**	**8**	**1,456**	**1,560**

Consolidated Statement of Cash Flows

	Note	Unaudited 6 months ended 31 December 2018 £m	Unaudited 6 months ended 31 December 2017 £m	Audited 12 months ended 30 June 2018 £m
Cash flows from operating activities				
Operating profit		**187**	175	382
Depreciation and amortisation		**1**	1	3
Adjustment for non-cash items		**(1)**	(2)	(6)
Operating profit before changes in working capital and provisions		**187**	174	379
Decrease/(increase) in trade and other receivables		**1**	3	(5)
Increase in inventories		**(40)**	(111)	(175)
(Decrease)/increase in trade and other payables		**(3)**	32	76
Increase in provisions		**-**	-	1
Cash inflow generated from operations		**145**	98	276
Interest paid		**(1)**	(2)	(4)
Tax paid		**(35)**	(32)	(74)
Net cash inflow from operating activities		**109**	64	198
Cash flows from investing activities				
Acquisition of software, property, plant and equipment		**(1)**	(1)	(2)
Interest received		**-**	3	-
Net receipts from joint ventures		**-**	13	26
Net cash (outflow)/inflow from investing activities		**(1)**	15	24
Cash flows from financing activities				
Issue of bank borrowings		**1**	80	5
Repayment of bank borrowings		**(5)**	(90)	(90)
Purchase of own shares		**-**	-	(12)
Dividends paid	3	**(70)**	(41)	(74)
Net cash outflow from financing activities		**(74)**	(51)	(171)
Increase in net cash and cash equivalents		**34**	28	51
Net cash and cash equivalents at the beginning of the period		**68**	17	17
Net cash and cash equivalents at the end of the period	8	**102**	45	68

NOTES (Unaudited)

1. **Accounting policies**

Basis of preparation

The condensed consolidated half-yearly financial information for the half-year ended 31 December 2018 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 consolidated financial statements for the year ended 30 June 2018, 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. These condensed half-yearly financial statements have been reviewed, not audited. Audited statutory accounts for the year ended 30 June 2018 were approved by the Board of Directors on 3 September 2018 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 consolidated financial statements for the year ended 30 June 2018. The accounting policies are consistent with those followed in the preparation of the financial statements to the year ended 30 June 2018 with the exception of two new accounting standards which have been adopted by the Group from 1 July 2018.

IFRS 15, 'Revenue from contracts with customers' is a converged standard of IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations from the IASB and FASB on revenue recognition. The standard is more prescriptive in terms of what should be included within revenue, and is effective for the year ending 30 June 2019.

The Group currently recognises revenue in respect of the sale of residential housing, residential land and of commercial land and developments on legal completion. This will not change under IFRS 15 as control on these, including for example revenue of housing association funded contracts for homes passes on completion of the finished units.

The Group does not currently recognise revenue on the proceeds from the disposal of properties taken in part exchange against a new home. The net profit or loss on disposal is shown within gross profit. The gross proceeds and net profit/loss are immaterial. This treatment will be unchanged under IFRS 15 as the Group considers properties taken in part exchange to be incidental to its main activity and therefore outside the scope of IFRS 15.

IFRS 9 'Financial instruments' replaces the guidance in IAS 39 and is effective for the year ending 30 June 2019. It affects the classification, measurement, impairment and de-recognition of financial instruments. The Group has reviewed its existing classification and confirmed that most financial assets will continue to be recognised at amortised cost, with other financial assets being classified at fair value through the profit or loss. The Group reviews the future recoverability of debtors, most of which is from housing associations which are government funded, in assessing exposure to expected credit loss. Given the nature of the receivables and lack of significant exposure to expected credit loss, the impact on Group profits of adopting IFRS 9 is immaterial.

There were no other key judgements or estimates made in assessing the impact of IFRS 15 and 9 on the Group.

The preparation of condensed half-yearly financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may subsequently differ from these estimates. In preparing these condensed half-yearly financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 30 June 2018.

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 half-yearly 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. After considering the requirements of IFRS 15 to present disaggregated revenue, the Group does not believe there is any disaggregation criteria applicable to its one reportable business and geographic segment. There is no material difference between any assets or liabilities held at cost and their fair value.

Standards and interpretations in issue but not yet effective

IFRS 16 'Leases'. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Published January 2016, effective Annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. The Group has a number of operating leases, mainly in relation to cars and some office properties, which the Group currently anticipates will be required to be brought onto the balance sheet together with corresponding assets. The Group does not expect the net impact on profit to be significant.

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 within our half-yearly report 2019. We have reviewed the risks pertinent to our business in the six months to 31 December 2018 and which we believe to be relevant for the remaining six months to 30 June 2019. The only material changes to those outlined in our Annual Report 2018 are that economic uncertainty has increased with the possibility of a 'no-deal Brexit' and the risk of the withdrawal of the Help to Buy Scheme has receded with the extension of the scheme having been announced by the Government.

2. **Income Tax expense**

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 (19.0% (2018: 19.0%)).

3. **Dividends**

A dividend of £70m was paid in the six months to 31 December 2018 (six months to 31 December 2017: £41m).

4. **Earnings per ordinary share**

The basic earnings per share calculation for the six months ended 31 December 2018 is based on the weighted number of shares in issue during the period of 362m (31 December 2017: 362m) 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 2018 (Unaudited)

	Earnings £m	**No. of shares millions**	**Per share Pence**
Basic earnings per share	**150**	**362**	**41.5**
Effect of share options and SAYE	**-**	**1**	**(0.1)**
Diluted earnings per share	**150**	**363**	**41.4**

6 months ended 31 December 2017 (Unaudited)

	Earnings £m	No. of shares millions	Per share Pence
Basic earnings per share	143	362	39.5
Effect of share options and SAYE	-	2	(0.2)
Diluted earnings per share	143	364	39.3

12 months ended 30 June 2018 (Audited)

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	308	361	85.3
Effect of share options and SAYE	-	1	(0.1)
Diluted earnings per share	308	362	85.2

5. **Pensions**

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

	Unaudited 6 months ended 31 December		Audited 12 months ended 30 June
	2018	2017	2018
	£m	£m	£m
Amounts included within the consolidated income statement			
Period operating costs			
Scheme administration expenses	**1**	-	-
Net interest on defined benefit liability	**-**	-	-
	1	-	-
Amounts recognised in the consolidated income statement of comprehensive income			
Return on scheme assets excluding interest income	**(5)**	4	5
Actuarial gains arising from change in financial assumptions	**-**	2	11
Actuarial gains arising from change in demographic assumptions	**-**	-	1
Actuarial gains arising from experience adjustments	**-**	-	5
	(5)	6	22
Amounts recognised in the consolidated balance sheet			
Present value of the defined benefit obligation	**(112)**	(127)	(111)
Fair value of the Scheme's assets	**128**	131	133
Surplus in the consolidated balance sheet	**16**	4	22

6. Inventories

	Unaudited As at 31 December **2018**	2017	Audited As at 30 June 2018
	£m	£m	£m
Land for development	**1,460**	1,376	1,439
Work in progress	**723**	715	712
Stock of showhomes	**75**	63	67
	2,258	2,154	2,218

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

	Unaudited As at 31 December **2018**	2017	Audited As at 30 June 2018
	£m	£m	£m
Due within one year	**244**	209	209
Due in more than one year	**143**	173	178
	387	382	387

8. Analysis of Net Cash/(Debt)

	Unaudited As at 31 December **2018**	2017	Audited As at 30 June 2018
	£m	£m	£m
Cash and cash equivalents	**102**	49	90
Bank overdrafts	**-**	(4)	(22)
Net cash and cash equivalents	**102**	45	68
Bank loans	**(1)**	(80)	(5)
	101	(35)	63

9. Bank facilities

At 31 December 2018, the Group had total unsecured bank borrowing facilities of £253m, representing £250m committed facilities and £3m uncommitted facilities.

The Group's syndicated loan facility matures in December 2022.

10. Issued Share capital

	Unaudited As at 31 December **2018**	2017	Audited As at 30 June 2018
	£m	£m	£m
Allotted, called up and fully paid ordinary shares of 10p each	**37**	37	37

	Number of ordinary shares of 10p each
As at 1 July 2018 and 31 December 2018	**369,799,938**

11. 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.

12. Related parties

Key management personnel, as defined under IAS 24 'Related Party Disclosures', are identified as the Executive Management Team and the Non-Executive Directors. Summary key management remuneration is as follows:

	Unaudited 6 months ended 31 December		Audited 12 months ended 30 June
	2018	2017	2018
	£m	£m	£m
Short-term employee benefits	**3**	3	5
Share-based payment charges	**1**	1	3
	4	4	8

Related party transactions were carried out with Steve Morgan during the period for a total consideration of £0.2m (2018: £0.2m) primarily relating to donations to The Steve Morgan Foundation.

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

	Unaudited As at 31 December		Audited As at 30 June
	2018	2017	2018
	£m	£m	£m
Loans to joint ventures	**4**	14	4

13. 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	8 March 2019
Interim dividend payment date	9 April 2019
Announcement of results for the year to 30 June 2019	5 September 2019
Final dividend record date	20 September 2019
Circulation of Annual Report	23 September 2019
Annual General Meeting	6 November 2019
Final dividend payment date	13 November 2019

14. **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

Shareholder helpline: 0370 707 1257

Independent Review Report to Redrow plc

Report on the half-yearly report

Our conclusion

We have reviewed Redrow plc's half-yearly report (the "interim financial statements") in the half-yearly report of Redrow plc for the 6 month period ended 31 December 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 31 December 2018;
- 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 interim financial statements.

The 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 Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, 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.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly report, including the 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 Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the 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 Guidance and Transparency Rules sourcebook of the United Kingdom's 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.

What a review of interim 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, 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 interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Manchester
5 February 2019