






Interim Report 2005/06

REDROW

The Redrow product portfolio enables us to optimise the margins and return on capital employed inherent in our land bank as it provides a range of products designed to appeal to a broad customer base.

Signature

The *Signature* specification embraces a product range designed to reflect the ever changing needs and aspirations of today's customers, ensuring the right level of quality and choice is available in every Redrow home.

In the City

Redrow is active in many of the UK's major cities, developing prestigious city centre apartment schemes that are breaking new ground in high specification urban living.

Debut

Debut is a new way of living created using modern methods of construction and innovative design. A totally affordable concept designed to make home ownership achievable for those starting out or starting over.

Mixed Use Development

Redrow has the experience and capability to undertake mixed use schemes providing residential, commercial, retail and leisure facilities.

Urban Regeneration

Redrow's dedicated London based regeneration team aims to be at the forefront of large scale regeneration, providing individual and creative solutions to deliver sustainable new communities.

(Unaudited)

Redrow plc	6 months ended 31 December 2005	6 months ended 31 December Restated 2004	12 months ended 30 June Restated 2005
Unit completions	**2,077**	2,111	4,372
Group revenue	**£338.9m**	£373.8m	£780.4m
Profit before taxation	**£53.4m**	£68.3m	£139.0m
Profit after taxation	**£37.3m**	£47.7m	£96.5m
Earnings per share	**23.5p**	30.0p	60.7p
Dividend	**4.3p**	3.6p	10.8p
Return on capital employed	**20.4%**	27.9%	28.7%

Financial Calendar

Interim ordinary dividend to be paid	5 May 2006
Announcement of results for the year to 30 June 2006	September 2006
Circulation of Annual Report	October 2006
Annual General Meeting	November 2006

Robert Jones
Chairman

'The high quality current and forward land bank we have assembled, coupled with a product offering that maximises the profitability inherent in this land bank, gives Redrow the capability to continue to generate high quality returns'

Introduction

The Summer of 2004 witnessed significant change in the housing market, which became more challenging and competitive as overall transaction levels fell. Redrow was positioned for this adjustment through the strengthening of our forward sales position and the expansion of the number of sales outlets. This strategy has served the Group well over the last eighteen months and as we begin to see encouraging signs in the housing market, it is equally important to position Redrow for growth. This will be achieved through:

- Developing our regional structure to increase output through further investment in our current and forward land bank
- Capitalising on our skills in mixed use and regeneration projects
- Continuing to expand our *Debut* initiative to provide affordable open market homes for first time buyers

Consequently, the Board remains confident of continuing to deliver value for shareholders and confirms its intention to increase the dividend for the year to 30 June 2006 by 20% to 13.0 pence per share. The interim dividend has been increased to 4.3 pence per share (H1 2004/05: 3.6p).

In February 2006, Redrow welcomed its 50,000th customer into their new home. To recognise this significant milestone, and to further Redrow's commitment to the communities in which it operates, we have launched the Redrow Foundation. This is an independent charitable fund with the purpose of providing accommodation and related assistance to those in need.

The results for the six months to December 2005 have been prepared under International Financial Reporting Standards (IFRS). These are the first results by Redrow under IFRS and all relevant comparatives have been restated.

Financial Performance

In the first half of the financial year, Redrow delivered 2,077 legal completions (H1 2004/05: 2,111). Overall volumes were broadly maintained and completions from the core *Signature* range, which accounted for nearly 90% of first half legal completions, increased by 9% to 1,820 (H1 2004/05: 1,665) reflecting our strategy of maintaining a strong forward sales position and increasing our sales outlets. This increase partially mitigated the anticipated second half weighting on the *In the City* developments. Due to the timing of construction completion of these schemes, 152 legal completions were achieved in the first half, compared with 446 units in the corresponding period last year. It was pleasing to deliver 105 legal completions from the Group's first two *Debut* developments at Willans Green, Rugby and Buckshaw Village, Chorley in line with our expectations.

The average selling price in the six months ended December 2005 was £163,100 (H1 2004/05: £176,700) and reflected changes in both geographic and product mix. The average selling price of *Signature* homes was £165,800 compared with £168,200 last year, influenced by a reduction in the average size of homes completed. The proportion of higher priced *In the City* completions was significantly reduced and the average selling price of these properties at £189,500 (H1 2004/05: £208,500) was also lower reflecting the geographical mix. In addition, 5% of legal completions in the first half were *Debut* homes with an average selling price of £77,900. As a result of the influence of *In the City* schemes, turnover in the Homes business reduced to £338.8m (H1 2004/05: £373.1m).

The gross margin in the Homes operations for the period was 23.9%. This was 0.8% lower than in the second half of the last financial year and 1.6% lower than in the corresponding period last year, reflecting the market conditions experienced in 2005. Redrow has consistently maintained that gross margins would decline as the benefit of the significant sales price inflation of recent years within the existing land bank unwinds. Additionally, we continued to invest in our structure as part of our strategy for future growth and as a result of the impact of overhead recovery, the operating margin was 17.4% compared with 19.9% last year. Improved overhead recovery in the second half of the financial year should largely offset any further anticipated gross margin reduction in that period. The operating profit for the six months ended December 2005 in Homes was £59.1m (H1 2004/05: £74.2m). We anticipate that the operating profit for the Homes operations will be more weighted towards the second half than in 2004/05 primarily due to the timing of *In the City* completions which are virtually all forward sold.

Our mixed use and regeneration activities achieved the expected breakeven position in the first six months (H1 2004/05: £0.4m) as pre-development expenditure in Redrow Regeneration was offset by profit generated by our mixed use activities. We currently expect the second half result for mixed use and regeneration activities to be similar to the first half of this financial year.

After charging interest of £5.3m (H1 2004/05: £5.9m), the profit before tax for the six months ended December 2005 was £53.4m (H1 2004/05: £68.3m) with earnings per share at 23.5p (H1 2004/05: 30.0p). Interest cover remains strong at 11.2 times and with net debt as at 31 December 2005 of £116.1m (Dec 2004: £152.1m), gearing fell to 24% (Dec 2004: 37%). We continue to invest in our land bank and work in progress to support the future growth of our business which, coupled with the impact of the increased weighting of profits towards the second half, are the principal factors in the return on capital employed being lower at 20.4% (H1 2004/05: 27.9%).

Land

Redrow has been active in the land market in the six months to December 2005 as we secured plots to grow our regional operations with the current land bank increasing to 18,400 plots (Dec 2004: 17,500), representing over four years' supply. As the industry looks to increase sales outlets, land capable of short term conversion into an outlet continues to trade at a premium. However, we remain focused on securing plots under contract where we can use our skills to add value and, as a result, land controlled under contract increased to 3,300 plots (Dec 2004: 2,300 plots). Our land owned with planning as at December 2005 was 15,100 plots (Dec 2004: 15,200 plots) with an average plot cost of £29,400 (Dec 2004: £28,000). The competitiveness of our land bank has been sustained as this plot cost still represents only 17.3% of the estimated average selling price.

Forward land remains an integral element of our business and 36% of additions to our owned land bank were generated from this source. Forward land either with planning or as allocations totalled 8,500 plots as at December 2005 and increased by 500 plots over the same time last year despite the considerable success in conversion of plots into the current land bank. A number of major opportunities are progressing through the planning system and we are confident that forward land will make a strong contribution to our land bank over the coming years.

Redrow's land bank remains one of the most effective in the industry and 85% of 2006/07 projected legal completions are from sites owned with planning and a further 10% are from controlled sites. Over 75% of 2007/08 projected legal completions are from sites either owned or controlled providing a solid base for growth.

Sales

The Autumn 2005 market displayed a seasonal upturn but consumer confidence remained relatively weak and liquidity in the second hand market was below the levels expected in a normal housing market. We accelerated investment in work in progress and showhomes to provide our customers with greater opportunity to see the quality and range of our product offering. Redrow continued to increase its outlets which were, on average, approximately 12% higher than in the first half of the previous financial year. This was a major factor in reservations increasing by 12% as the sales rate per outlet was maintained in line with the corresponding period last year. Rather than aggressively seeking sales in a challenging market where incentives were being widely used to generate activity, we used our strong forward sales to support our sales performance. As a consequence, forward sales continued to unwind in line with our sales strategy and as at December 2005 totalled 1,816 (Dec 2004: 1,948). This still represents a strong position of over 4.5 months sales which is in excess of both Redrow and industry norms.

Web-site traffic and visitor levels in October and November were more encouraging and mortgage approval data also provided a more positive outlook as we moved into 2006. Our web-site traffic has shown a further significant increase during January and February, being 50% higher than in the corresponding period last year.

Pricing in 2006 has been more robust though customers still remain cautious. Our sales rate per outlet has increased by over 10% since the start of the new calendar year compared with the same period last year with approximately 6% more outlets in the marketplace. We now have approximately 85% of properties for 2005/06 sold on a plot specific basis and have already secured over 600 sales to take into the next financial year. Despite Government initiatives, the planning system continues to frustrate our industry and we currently expect our average number of outlets for the second half of the financial year to be slightly lower than previously anticipated, however this should be mitigated by the increased rate of sale per outlet currently being achieved.

Product and Design

A key element of Redrow's offering to our customers is the quality of the product in the widest sense. This not only encompasses the homes themselves but the totality of the development; the way the homes relate to each other, the elevational treatments and the quality of the public realm. Our objective is to deliver developments of superior design aimed at achieving enhanced sales values whilst controlling the cost base.

We continue to develop our product range to maximise the value generated from our land bank. Through ongoing re-evaluation of our housing range, we continue to drive cost out of our *Signature* and *Debut* product ranges whilst maintaining the overall quality and flexibility of design. We expect an increasing proportion of standard product to be used, with almost 85% of output in 2006/07 being either from these ranges or procured through our central project management team on our *In the City* developments.

Mixed Use and Regeneration

Our mixed use capability has historically unlocked opportunities for residential development and continues to be important in generating new opportunities. Bishopton near Glasgow, a potential development in excess of 2,000 new homes and 90 acres of commercial property, is making progress through the planning system and we will be looking to make a planning application during 2006. We are also pleased to have secured preferred developer status with English Partnerships for the £70m regeneration of part of Devonport, Plymouth which it is anticipated will include over 450 new homes together with 100,000 sq.ft. of office and retail space and additional community benefits. This, together with the emerging forward land at Exeter and Taunton, will provide us with a significant opportunity to grow our new business in the West Country.

Redrow Regeneration has continued to make excellent progress and has assembled a portfolio of potential projects with a development value of over £750m. In addition to the joint venture entered into in 2004/05 to redevelop Watford Junction railway station at an estimated development value of £500m, the company has now secured two further projects. At Barking, we are delivering a major regeneration of the Town Square which in the first phase includes the provision of approximately 250 new homes and a Life-Long Learning Centre. This whole project has a total estimated development value of £90m with the first income expected to be generated in the Summer of 2007. Redrow Regeneration has also recently secured preferred developer status with Network Rail for the £190m regeneration of Guildford Station which will include approximately 500 new homes together with 130,000 sq.ft. of office and 15,000 sq.ft. of retail space as well as significant enhancements to station facilities.

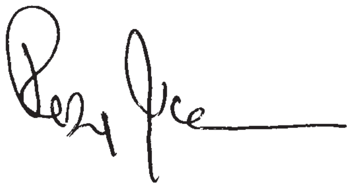
Debut by Redrow

We expect to deliver over 200 new *Debut* homes in the current financial year from our first three projects at Rugby, Chorley and Castle Vale, Birmingham. We are delighted to have now secured planning for further *Debut* developments at Stoke, St David's Park and Sittingbourne for a further 300 units. We now have planning permission for 380 units capable of delivery in 2006/07 and are progressing applications on a further 4 sites for 450 units which should provide the Group with a firm base to increase the contribution from *Debut* in future years.

We continue to evolve the product and remain convinced that *Debut* offers a significant opportunity for Redrow in a segment of the market largely unaddressed by the new homes industry. Our recent experience in Bristol supports this view as an exhibition to promote a potential new *Debut* development was attended in a single day by over 700 people. Registrations for all 106 proposed *Debut* homes were taken further underlining the demand and appeal of this innovative product.

Summary

The increase in our sales rate per outlet in the early weeks of 2006 is encouraging and we are well placed to benefit from improvements in the market over the coming months. We have continued to progress opportunities to deliver growth through our regional structure, our mixed use and regeneration skills and our *Debut* homes. The high quality current and forward land bank we have assembled, coupled with a product offering that maximises the profitability inherent in this land bank, gives Redrow the capability to continue to generate high quality returns. We remain confident in our ability to deliver value for our shareholders.



Robert Jones
Chairman

(Unaudited)

	Note	6 months ended 31 December 2005 £m	6 months ended 31 December Restated 2004 £m	12 months ended 30 June Restated 2005 £m
Continuing operations				
Revenue	2	**338.9**	373.8	780.4
Cost of sales		**(257.4)**	(278.0)	(583.7)
Gross profit	2	**81.5**	95.8	196.7
Administrative expenses	2	**(22.4)**	(21.2)	(42.7)
Operating profit before financing costs		**59.1**	74.6	154.0
Financial income		**0.2**	0.4	0.8
Financial expenses		**(5.5)**	(6.3)	(13.4)
Net financing costs	2	**(5.3)**	(5.9)	(12.6)
Share of loss of joint ventures after interest and taxation	2	**(0.4)**	(0.4)	(2.4)
Profit before tax	2	**53.4**	68.3	139.0
Income tax expense	2,3	**(16.1)**	(20.6)	(42.5)
Profit for the period	2	**37.3**	47.7	96.5
Earnings per share - basic	5	**23.5p**	30.0p	60.7p
- diluted	5	**23.4p**	29.9p	60.5p

(Unaudited)

	Note	2005 £m	Restated 2004 £m	Restated 2005 £m
		As at 31 December		As at 30 June
Assets				
Plant, property and equipment		**24.1**	22.6	24.1
Intangible assets		**0.2**	0.3	0.2
Investments		**2.4**	1.9	2.6
Deferred tax assets		**8.6**	6.9	8.1
Trade and other receivables		**0.5**	0.5	0.5
Total non-current assets		**35.8**	32.2	35.5
Inventories	6	**786.2**	730.8	761.0
Trade and other receivables		**8.4**	15.5	12.2
Derivative financial instruments		**-**	0.6	0.3
Cash and cash equivalents	8	**0.1**	0.4	23.7
Total current assets		**794.7**	747.3	797.2
Total assets		**830.5**	779.5	832.7
Equity				
Issued capital		**15.9**	15.9	15.9
Share premium		**55.1**	53.5	54.2
Hedge reserve		**(0.1)**	0.4	(0.1)
Other reserves		**7.9**	8.2	7.9
Retained earnings		**398.4**	331.3	374.6
Total equity		**477.2**	409.3	452.5
Liabilities				
Bank overdrafts and loans	8	**103.9**	108.8	103.8
Trade and other payables	7	**32.5**	27.4	47.2
Derivative financial instruments		**0.1**	-	-
Deferred tax liabilities		**1.9**	1.9	1.8
Retirement benefit obligations		**10.5**	6.7	7.9
Long-term provisions		**2.2**	2.1	2.1
Total non-current liabilities		**151.1**	146.9	162.8
Bank overdrafts and loans	8	**12.3**	43.7	23.1
Trade and other payables	7	**168.5**	155.9	170.1
Derivative financial instruments		**-**	-	0.5
Current income tax liabilities		**21.4**	23.7	23.7
Total current liabilities		**202.2**	223.3	217.4
Total liabilities		**353.3**	370.2	380.2
Total equity and liabilities		**830.5**	779.5	832.7

(Unaudited)

	6 months ended 31 December		12 months ended 30 June
	2005 **£m**	Restated 2004 £m	Restated 2005 £m
Effective portion of changes in fair value of interest rate cash flow hedges	**0.1**	(0.8)	(1.6)
Deferred tax on change in fair value of interest rate cash flow hedges	**(0.1)**	0.2	0.5
Share-based payment recognised in the income statement	**-**	-	0.2
Deferred tax on share-based payment recognised in the income statement	**-**	-	(0.1)
Actuarial (losses)/gains on defined benefit pension scheme	**(2.0)**	1.5	0.7
Deferred tax on actuarial (losses)/gains taken directly to equity	**0.6**	(0.5)	(0.2)
Net (expense)/income recognised directly in equity	**(1.4)**	0.4	(0.5)
Profit for the period	**37.3**	47.7	96.5
Total recognised income and expense for the period	**35.9**	48.1	96.0

(Unaudited)

	6 months ended 31 December		12 months ended 30 June
	2005	Restated 2004	Restated 2005
	£m	£m	£m
Profit for the period	**37.3**	47.7	96.5
Dividends on equity shares	**(11.5)**	(9.5)	(15.2)
Other recognised income and expense relating to the period (net)	**(1.4)**	0.4	(0.5)
Shares issued	**0.9**	0.2	1.0
Movement in LTSIP/SAYE	**(0.6)**	(0.2)	-
Net increase in equity	**24.7**	38.6	81.8
Opening equity	**452.5**	370.7	370.7
Closing equity	**477.2**	409.3	452.5

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)

	Note	6 months ended 31 December **2005** **£m**	Restated 2004 £m	12 months ended 30 June Restated 2005 £m
Cash flow from operating activities				
Profit for the period		**59.1**	74.6	154.0
Depreciation		**1.0**	0.8	2.2
Adjustment for non-cash items		**(2.0)**	(0.9)	(3.4)
Operating profit before changes in working capital and provisions		**58.1**	74.5	152.8
Decrease/(increase) in trade and other receivables		**3.8**	(21.3)	(1.3)
Increase in inventories		**(25.2)**	(35.3)	(65.8)
(Decrease)/increase in trade and other payables		**(17.6)**	(4.1)	13.8
Increase/(decrease) in employee benefits and provisions		**2.7**	(1.2)	-
Cash generated from operations		**21.8**	12.6	99.5
Interest paid		**(3.9)**	(4.2)	(10.6)
Tax paid		**(18.5)**	(18.2)	(39.8)
Net cash from operating activities		**(0.6)**	(9.8)	49.1
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(1.0)**	(1.2)	(5.4)
Proceeds from sale of plant and equipment		**-**	-	1.4
Interest received		**0.2**	-	0.8
Payments to joint ventures		**(0.2)**	(0.5)	(3.1)
Net cash from investing activities		**(1.0)**	(1.7)	(6.3)
Cash flows from financing activities				
Increase in/(repayment of) bank borrowings		**-**	4.5	(0.5)
Issue costs of bank borrowings		**-**	(0.8)	(0.8)
Purchase of own shares		**(0.6)**	(0.2)	(0.7)
Dividends paid		**(11.5)**	(9.5)	(15.2)
Proceeds from issue of share capital		**0.9**	0.2	1.0
Net cash from financing activities		**(11.2)**	(5.8)	(16.2)
Net (decrease)/increase in cash and cash equivalents		**(12.8)**	(17.3)	26.6
Cash and cash equivalents at the beginning of the period		**0.6**	(26.0)	(26.0)
Cash and cash equivalents at the end of the period	8	**(12.2)**	(43.3)	0.6

This section outlines the more important accounting policies which have been applied in the preparation of the consolidated financial statements presented in this document:

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Redrow plc and all its subsidiaries, together with the Group's share of the results and share of net assets of jointly-controlled entities made up to 30 June each year, i.e. the financial statements of Redrow plc and entities controlled by Redrow plc (and its subsidiaries). Control is achieved where Redrow plc has the power to govern the financial and operating policies of an entity.

a) Subsidiaries

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets represents goodwill. Goodwill is subject to an annual impairment review, with any reduction in value being taken straight to the income statement.

Adjustments are made as necessary to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

All significant inter-company transactions and balances between Group companies are eliminated on consolidation.

b) Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly-controlled entities. The Group reports its interests in jointly-controlled entities using the equity method of accounting – the Group's share of profit after tax is shown separately on the face of the income statement and its share of net assets is included within non-current assets in the balance sheet as an investment.

When the Group transacts with its jointly-controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of impairment of the asset transferred.
Where joint venture arrangements are undertaken directly, the Group's share of jointly-controlled assets and liabilities are recognised in the relevant subsidiary company and classified according to their nature.

Revenue and Profit Recognition

Revenue represents the fair value received and receivable in respect of the sale of residential housing and commercial land and developments net of value added tax and discounts. This is recognised on legal completion.

Profit is recognised on legal completion.

Net Finance Costs

Interest income is recognised on a time-apportioned basis by reference to the principal outstanding and the applicable interest rate. Borrowing costs are recognised in the income statement on an accruals basis in the period in which they are incurred.

Income Tax

Income tax comprises current tax and deferred tax.

Current tax is based on taxable profits for the year and any appropriate adjustment to tax payable in respect of prior years. Taxable profit differs from profit before taxation per the income statement as it excludes income or expenditure items which are never chargeable or allowable for tax or which are chargeable or deductible in other accounting periods.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for all temporary differences. Deferred tax is calculated at the rates expected to apply when the asset or liability is settled.

Deferred tax is credited or charged in the income statement unless it relates to items credited or charged through the statement of recognised income and expense when it is also credited or charged through that statement.

Intangible Assets – Computer Software

Acquired computer software licences are capitalised on the basis of costs incurred to bring to use the specific software and are amortised over their estimated useful lives of three years.

Property, Plant and Equipment

Freehold property comprises offices or other buildings held for administrative purposes. Freehold property is shown at cost (or deemed cost at opening balance sheet date under the IFRS 1 transitional rules) less the subsequent depreciation of buildings. Long leasehold property comprises offices. The building element of the lease is accounted for as a finance lease and the land element of the lease is accounted for as an operating lease.

All other property, plant and equipment is stated at historic cost less depreciation. Historic cost includes any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets, excluding assets in the course of construction, is charged so as to write off the cost of assets to their residual values over their estimated useful lives, on a straight line basis as follows:

Buildings	50 years
Plant & machinery	5 – 10 years
Fixtures & fittings	3 – 5 years

The gain or loss arising on the disposal of an asset represents the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

In the parent company books, the investment in its subsidiaries is held at cost.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to work in progress or income on a straight line basis over the term of the relevant lease. Leases classified as finance leases are those where substantially all of the risks and rewards of ownership pass to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition or the present value of monthly lease payments if lower. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Inventories

Inventories are stated at the lower of cost and net realisable value less cash on account.

Cost comprises land and associated acquisition costs, direct materials and sub-contract work, other direct costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the normal course of business less relevant variable marketing, selling and distribution expenses.

Employee Benefits

a) Pension Obligation

The Group operates a contributory pension scheme for all its staff. The scheme is externally invested and comprises two sections: a defined benefit section and a defined contribution section. A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement. It is funded through payments to trustee-administered funds, determined by actuarial valuations carried out on at least a triennial basis. A defined contribution plan is a pension plan under which the Group pays agreed contributions into a separate fund for each employee and any subsequent pension payable to a specific employee is determined by the amount accumulated in their individual fund.

The liability recognised in the balance sheet in respect of the defined benefit section of the scheme is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit obligation is determined using the projected unit credit method on an annual basis by an independent scheme actuary.

Under IAS 19, revised December 2004, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity as they arise in full via the statement of recognised income and expense.

Scheme service costs are charged to gross contribution and administrative expenses as appropriate and scheme finance costs are included in net financing costs.

Past service costs are recognised immediately to the extent that the benefits are already vested, or otherwise amortised on a straight line basis over the vesting period, if they are conditional on the employees remaining in service for a further period.

In respect of the defined contribution section of the scheme, contributions are recognised as an employee benefit expense when they are due. The Group has no further payment obligations in respect of the defined contribution section of the Scheme once the contributions have been paid.

b) Bonus Plans

The Group recognises a liability and an expense for bonuses where contractually obliged.

Derivative Financial Instruments

Derivative financial instruments are initially recorded at cost and are re-measured to fair value at each reporting date.

The effective portion of changes in the fair value of derivative financial instruments which are designated and which qualify as cashflow hedges are recognised directly in equity in a hedge reserve. The gains or losses relating to the ineffective portion are recognised in the income statement immediately they arise.

Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared and appropriately authorised.

1. The financial statements of the Group for the year ending 30 June 2006 will be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the European Union at 30 June 2006, the Group's first annual reporting date at which it is required to use IFRS.

   The interim financial statements have been prepared using the accounting policies which the Group intend to adopt for the year ending 30 June 2006 and are in accordance with the IFRS that are either adopted by the European Union and effective, or are expected to be effective at 30 June 2006. These accounting policies and restated comparatives are consistent with those used in the 'Transition to International Financial Reporting Standards' announcement made by the Group on 30 November 2005, a summary of which follows these notes to the interim financial statements.

   The information for the year ended 30 June 2005 does not constitute statutory accounts within the meaning of section 240 Companies Act 1985. A copy of the statutory accounts, prepared under UK GAAP, which received an unqualified audit opinion, has been delivered to the Registrar of Companies.

2a) Segmental information - Income (Unaudited)

	6 months ended 31 December		12 months ended 30 June
	2005	Restated 2004	Restated 2005
	£m	£m	£m
Turnover			
Homes	**338.8**	373.1	753.8
Mixed Use & Regeneration	**0.1**	0.7	26.6
	338.9	373.8	780.4
Framing Solutions - share of joint venture	**-**	0.5	0.6
	338.9	374.3	781.0
Gross contribution	**81.1**	95.3	189.3
Overheads	**(22.0)**	(21.1)	(41.9)
Homes - operating profit	**59.1**	74.2	147.4
Mixed Use & Regeneration - operating profit	**-**	0.4	4.5
	59.1	74.6	151.9
Mixed Use & Regeneration - Share of joint venture operating loss	**-**	-	2.1
Operating profit before financing costs	**59.1**	74.6	154.0
Net financing costs	**(5.3)**	(5.9)	(12.6)
	53.8	68.7	141.4
Share of loss of joint ventures after interest and taxation	**(0.4)**	(0.4)	(2.4)
Profit before tax	**53.4**	68.3	139.0
Income tax expense	**(16.1)**	(20.6)	(42.5)
Profit for the period	**37.3**	47.7	96.5

	As at 31 December		As at 30 June
		Restated	Restated
	2005	2004	2005
	£m	£m	£m

2b) Segmental information - Balance sheet (Unaudited)

Segment assets			
Homes	**814.3**	752.5	790.8
Mixed Use & Regeneration	**14.5**	24.8	17.1
	828.8	777.3	807.9
Eliminations	**(0.2)**	(0.1)	(0.5)
	828.6	777.2	807.4
Cash and cash equivalents	**0.1**	0.4	23.7
Consolidated total assets	**828.7**	777.6	831.1
Segment liabilities			
Homes	**235.5**	203.0	249.3
Mixed Use & Regeneration	**1.8**	14.8	4.5
	237.3	217.8	253.8
Eliminations	**(0.2)**	(0.1)	(0.5)
	237.1	217.7	253.3
Borrowings	**116.2**	152.5	126.9
Consolidated total liabilities	**353.3**	370.2	380.2
Framing Solutions - share of joint venture	**1.8**	1.9	1.6
Total equity	**477.2**	409.3	452.5

3. The taxation charge reflects the estimated effective rate for the full year to 30 June 2006.

4. The final dividend for the year ended 30 June 2005 of 7.2p per share (2004: 6.0p) was approved by shareholders at the Annual General Meeting on 9 November 2005, paid on 18 November 2005 and a charge of £11.5m (2004: £9.5m) has been taken to reserves.

   The Directors have declared an interim dividend of 4.3p per share (2004: 3.6p) which was approved by the Board on 6 March 2006. This gives an interim dividend of £6.9m (2004:£5.7m) which will be paid on 5 May 2006 to shareholders whose names are on the Register of Members at the close of business on 17 March 2006. The shares will become ex-dividend on 15 March 2006.

   In accordance with IAS 10 "Events After The Balance Sheet Date" the interim dividend has not been included as a liability as at 31 December 2005.

5. The basic earnings per share calculation for the half year ended 31 December 2005 is based on the weighted number of shares in issue during the period of 159.1m (2004: 158.5m) excluding those held in trust under the Redrow Long Term Incentive Plan, which are treated as cancelled. The equivalent weighted average number of shares in issue for the year ended 30 June 2005 was 158.9m. 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. Inventories (Unaudited)

	As at 31 December	
		Restated
	2005	2004
	£m	£m
Land for development	**453.6**	436.4
Work in progress	**319.2**	286.3
Stock of showhomes	**13.4**	8.1
	786.2	730.8

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

	As at 31 December	
		Restated
	2005	2004
	£m	£m
Due within one year	**49.7**	37.4
Due in more than one year	**32.5**	27.4
	82.2	64.8

8. Analysis of net debt (Unaudited)

	As at 31 December	
	2005	2004
	£m	£m
Cash and cash equivalents	**0.1**	0.4
Bank overdrafts and loans		
- current liabilities	**(12.3)**	(43.7)
	(12.2)	(43.3)
- non-current liabilities	**(103.9)**	(108.8)
	(116.1)	(152.1)

Transition to IFRS

In preparation for the adoption of IFRS, Redrow plc published its 'Transition to International Financial Reporting Standards' document in November 2005. This included a summary of principal impacts and restated financial information for the year ended 30 June 2005 and six months ended 31 December 2004 which have been reproduced here.

Summary of the Principal Impacts

The principal impacts in respect of the transition to IFRS upon the previously reported UK GAAP financial statements of Redrow plc are:

1. IAS 19 : Employee Benefits
2. IAS 2 : Inventories
3. IAS 39 : Financial Instruments
4. IFRS 2 : Share-based Payment
5. IAS 10 : Events after the Balance Sheet Date
6. IAS 38 : Intangible Assets
7. IAS 31 : Interests in Joint Ventures

1. IAS 19: Employee Benefits

Defined contribution pension schemes are unaffected by IAS 19.

In respect of its defined benefit pension scheme, Redrow plc is required under IAS 19 to recognise the net surplus or deficit in the scheme on its balance sheet. IAS 19 also requires that a provision be made in respect of holiday pay due to employees, where the holiday year-end does not coincide with that of the financial year-end.

The impact on the opening balance sheet at 1 July 2004 is to recognise a net deficit of £6.1m representing a gross deficit of £7.9m in respect of the pension deficit, a £0.8m provision in respect of holiday pay and a deferred tax asset of £2.6m.

The principal components of the defined benefit pensions charge to the consolidated income statement are the current service cost and finance costs. Current service cost has been included in administrative expenses to the extent that it exceeds the UK GAAP charge, resulting in an increase in administrative expenses of £0.4m and an increase in finance costs of £0.3m in the year ended 30 June 2005.

Actuarial gains of £0.7m in the year ended 30 June 2005 have been taken directly to reserves as permitted under IAS 19 (December 2004 amendment) via the statement of recognised income and expense.

At 30 June 2005, the restated IFRS balance sheet recognised a net deficit of £6.1m with both pension deficit and holiday pay provisions unchanged.

2. IAS 2: Inventories

In accordance with IAS 2, all marketing and selling costs are excluded from the cost of inventories and are expensed as incurred.

Under UK GAAP, Redrow plc included certain direct selling costs in arriving at the cost of work in progress, as permitted under SSAP 9. The impact of this change on the opening balance sheet at 1 July 2004 is to reduce work in progress by £9.6m and create a deferred tax asset of £2.9m. The overall impact on net assets is a reduction of £6.7m.

The adoption of IFRS will generally lead to earlier recognition of direct selling costs than was the case under UK GAAP. This arises because previously, direct selling costs were reflected within the reported gross profit of each home as it legally completed. Since selling costs are usually borne prior to legal completion, recognition of these costs as incurred will be reflected earlier.

There was a £0.9m impact on the reported cost of sales for the year ended 30 June 2005 as a result of the adoption of IAS 2. Due to the product mix and number of new developments being marketed in the financial year ending June 2006, the implementation of IAS 2 is likely to have a slightly larger impact upon cost of sales than in the previous year when compared with the Group's treatment under UK GAAP.

At 30 June 2005, the restated IFRS balance sheet showed a £10.5m reduction in work in progress partly offset by the creation of a £3.2m deferred tax asset resulting in a £7.3m reduction in net assets.

3. IAS 39: Financial Instruments: Recognition and Measurement

i) Land Creditors

In accordance with IAS 39, the deferred payments arising from land creditors are to be held at discounted present value, hence recognising a financing element on the deferred settlement terms. The liability is then increased to the settlement value over the period of the deferral. The value of the discount is expensed through net financing costs in the consolidated income statement.

The impact on the opening balance sheet at 1 July 2004 was to reduce land creditors by £3.2m, reduce the land balance by £8.4m, recognise a deferred tax asset of £1.6m and reduce opening reserves by £3.6m.

The IFRS treatment of land creditors has an impact on the timing of the costs charged to the income statement. This will generally result in the finance element in respect of the land creditor being expensed in advance of the compensating improvement in gross profit as a result of legal completions generally continuing beyond the settlement date of the land creditor for the majority of projects.

Cost of sales for the year ended 30 June 2005 reduced by £1.2m with net financing costs increasing by £2.5m as a result of the timing of the value of discount being expensed.

At 30 June 2005, the revised IFRS balance sheet had a reduction in land creditors of £5.5m, a decrease in the value of land held in stock of £12.0m, a deferred tax asset of £1.9m and a reduction in reserves of £4.6m.

ii) Financial Instruments and Trade Receivables

Under IAS 39, the fair value of the Group's cashflow hedging arrangements must be recognised in the balance sheet. Any gains or losses on the fair value of the cashflow hedging arrangements are taken to reserves until they are realised. Long term trade debtors are to be held at discounted present value, hence recognising a financing element. The debtor is then increased to settlement value over the period of the deferred terms.

The impact on the opening balance sheet at 1 July 2004 was to recognise a £1.4m asset in respect of derivative financial instruments, a £0.4m deferred tax liability and a £1.0m hedge reserve. Trade receivables reduce by £0.2m with an associated £0.1m deferred tax asset and a £0.1m reduction in retained earnings.

At 30 June 2005, the IFRS revised balance sheet impact was a £0.2m reduction in net assets following a net £1.1m charge direct to the hedge reserve via the statement of recognised income and expense.

4. IFRS 2: Share-based Payment

In accordance with IFRS 2, a charge has been recognised for share options granted on or after 7 November 2002. The charge is spread over the vesting period, with adjustments made to reflect the actual and expected number of shares vesting at the year-end. The Black Scholes option pricing model has been used to determine the extent of the charge.

The impact on the opening balance sheet as at 1 July 2004 was a £0.1m increase in deferred tax assets.

The impact on the income statement for the year ended 30 June 2005 was an increase in administrative expenses of £0.2m.

At 30 June 2005, the IFRS revised balance sheet impact was a £0.2m increase in deferred tax assets.

5. IAS 10: Events After the Balance Sheet Date

Under IAS 10, the declaration of a dividend after the reporting date is no longer an adjusting post balance sheet event as it was under UK GAAP. Accordingly, the final dividends for the years ended 30 June 2004 and 30 June 2005 do not constitute a liability at the respective balance sheet dates under IAS 10.

The impact on the opening balance sheet as at 1 July 2004 was a £9.5m increase in net assets.

The impact on the balance sheet at 30 June 2005 was an increase in net assets of £11.5m.

6. IAS 38: Intangible Assets

Under IAS 38, eligible software development costs that were previously held within tangible fixed assets under UK GAAP must now be classified as intangible fixed assets. As this is a balance sheet re-categorisation, with no change in depreciation rates, there is no impact on the income statement.

The impact on the opening balance sheet as at 1 July 2004 was a reduction of £0.4m of plant, property and equipment with a corresponding £0.4m increase in intangible assets.

The impact on the balance sheet as at 30 June 2005 was a reduction of £0.2m of plant, property and equipment with a corresponding increase of £0.2m in intangible assets.

7. IAS 31: Interests in Joint Ventures

Redrow intends to account for jointly-controlled entities using the equity method of accounting. Under IAS 31, such an approach requires the results of jointly-controlled entities to be reflected as a separate item on a post tax basis and disclosed immediately before profit before tax. This contrasts with UK GAAP, where the results are disclosed at an operating profit level with the jointly-controlled entities' financing costs and tax charges included within the corresponding headings for the Group income statements.

Reconciliation of Profit (Unaudited)

6 months to 31 December 2004	Previously Reported Under UKGAAP	IAS 19 Employee Benefits	IAS 2 Inventories	IAS 39 Land Creditors	IFRS 2 Share -based Payment	Effect of Transition To IFRS	Restated Under IFRS
Summary of Principal Impacts paragraph		1	2	3i	4		
	£m	£m	£m	£m	£m	£m	£m
Continuing operations							
Revenue	373.8	-	-	-	-	-	373.8
Cost of sales	(278.7)	-	0.1	0.6	-	0.7	(278.0)
Gross profit	**95.1**	**-**	**0.1**	**0.6**	**-**	**0.7**	**95.8**
Administrative expenses	(20.9)	(0.2)	-	-	(0.1)	(0.3)	(21.2)
Operating profit before financing costs	**74.2**	**(0.2)**	**0.1**	**0.6**	**(0.1)**	**0.4**	**74.6**
Financial income	0.4	-	-	-	-	-	0.4
Financial expenses	(4.9)	(0.1)	-	(1.3)	-	(1.4)	(6.3)
Net financing costs	**(4.5)**	**(0.1)**	**-**	**(1.3)**	**-**	**(1.4)**	**(5.9)**
Share of loss of joint ventures after interest and taxation	(0.4)	-	-	-	-	-	(0.4)
Profit before tax	**69.3**	**(0.3)**	**0.1**	**(0.7)**	**(0.1)**	**(1.0)**	**68.3**
Income tax expense	(20.9)	0.1	-	0.2	-	0.3	(20.6)
Profit for the period	**48.4**	**(0.2)**	**0.1**	**(0.5)**	**(0.1)**	**(0.7)**	**47.7**
Earnings per share - basic	30.5p						30.0p
- diluted	30.4p						29.9p

Reconciliation of Profit (Unaudited)

12 months to 30 June 2005	Previously Reported Under UKGAAP	IAS 19 Employee Benefits	IAS 2 Inventories	IAS 39 Land Creditors	IFRS 2 Share -based Payment	Effect of Transition To IFRS	Restated Under IFRS
Summary of Principal Impacts paragraph		1	2	3i	4		
	£m	£m	£m	£m	£m	£m	£m
Continuing operations							
Revenue	780.4	-	-	-	-	-	780.4
Cost of sales	(584.0)	-	(0.9)	1.2	-	0.3	(583.7)
Gross profit	**196.4**	**-**	**(0.9)**	**1.2**	**-**	**0.3**	**196.7**
Administrative expenses	(42.1)	(0.4)	-	-	(0.2)	(0.6)	(42.7)
Operating profit before financing costs	**154.3**	**(0.4)**	**(0.9)**	**1.2**	**(0.2)**	**(0.3)**	**154.0**
Financial income	0.8	-	-	-	-	-	0.8
Financial expenses	(10.6)	(0.3)	-	(2.5)	-	(2.8)	(13.4)
Net financing costs	**(9.8)**	**(0.3)**	**-**	**(2.5)**	**-**	**(2.8)**	**(12.6)**
Share of loss of joint ventures after interest and taxation	(2.4)	-	-	-	-	-	(2.4)
Profit before tax	**142.1**	**(0.7)**	**(0.9)**	**(1.3)**	**(0.2)**	**(3.1)**	**139.0**
Income tax expense	(43.4)	0.2	0.3	0.3	0.1	0.9	(42.5)
Profit for the period	**98.7**	**(0.5)**	**(0.6)**	**(1.0)**	**(0.1)**	**(2.2)**	**96.5**
Earnings per share - basic	62.1p						60.7p
- diluted	61.9p						60.5p

Reconciliation of Equity (Unaudited)

As at 1 July 2004

	Previously Reported Under UK GAAP	IAS 19 Employee Benefits	IAS 2 Inventories	IAS 39 Land Creditors	IAS 39 Financial Instruments	IFRS 2 Share -based Payment	IAS 10 Dividend	IAS 38 Intangible Assets	Effect of Transition To IFRS	Restated Under IFRS
Summary of Principal Impacts paragraph		1	2	3i	3ii	4	5	6		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets										
Plant, property and equipment	22.5	-	-	-	-	-	-	(0.4)	(0.4)	22.1
Intangible assets	-	-	-	-	-	-	-	0.4	0.4	0.4
Investments	1.8	-	-	-	-	-	-	-	-	1.8
Deferred tax assets	-	2.6	2.9	1.6	0.1	0.1	-	-	7.3	7.3
Derivative financial instruments	-	-	-	-	0.5	-	-	-	0.5	0.5
Trade and other receivables	0.5	-	-	-	(0.2)	-	-	-	(0.2)	0.3
Total non-current assets	**24.8**	**2.6**	**2.9**	**1.6**	**0.4**	**0.1**	**-**	**-**	**7.6**	**32.4**
Inventories	713.4	-	(9.6)	(8.4)	-	-	-	-	(18.0)	695.4
Trade and other receivables	11.1	-	-	-	-	-	-	-	-	11.1
Derivative financial instruments	-	-	-	-	0.9	-	-	-	0.9	0.9
Cash and cash equivalents	1.2	-	-	-	-	-	-	-	-	1.2
Total current assets	**725.7**	**-**	**(9.6)**	**(8.4)**	**0.9**	**-**	**-**	**-**	**(17.1)**	**708.6**
Total assets	**750.5**	**2.6**	**(6.7)**	**(6.8)**	**1.3**	**0.1**	**-**	**-**	**(9.5)**	**741.0**
Equity										
Issued capital	15.9	-	-	-	-	-	-	-	-	15.9
Share premium	53.2	-	-	-	-	-	-	-	-	53.2
Hedge reserve	-	-	-	-	1.0	-	-	-	1.0	1.0
Other reserves	8.2	-	-	-	-	-	-	-	-	8.2
Retained earnings	299.3	(6.1)	(6.7)	(3.6)	(0.1)	0.1	9.5	-	(6.9)	292.4
Total equity	**376.6**	**(6.1)**	**(6.7)**	**(3.6)**	**0.9**	**0.1**	**9.5**	**-**	**(5.9)**	**370.7**
Liabilities										
Bank overdrafts and loans	104.7	-	-	-	-	-	-	-	-	104.7
Trade and other payables	29.7	-	-	(2.6)	-	-	-	-	(2.6)	27.1
Deferred tax liabilities	1.7	-	-	-	0.4	-	-	-	0.4	2.1
Retirement benefit obligations	-	7.9	-	-	-	-	-	-	7.9	7.9
Long-term provisions	2.2	-	-	-	-	-	-	-	-	2.2
Total non-current liabilities	**138.3**	**7.9**	**-**	**(2.6)**	**0.4**	**-**	**-**	**-**	**5.7**	**144.0**
Bank overdrafts and loans	27.2	-	-	-	-	-	-	-	-	27.2
Trade and other payables	187.2	0.8	-	(0.6)	-	-	(9.5)	-	(9.3)	177.9
Tax liabilities	21.2	-	-	-	-	-	-	-	-	21.2
Total current liabilities	**235.6**	**0.8**	**-**	**(0.6)**	**-**	**-**	**(9.5)**	**-**	**(9.3)**	**226.3**
Total liabilities	**373.9**	**8.7**	**-**	**(3.2)**	**0.4**	**-**	**(9.5)**	**-**	**(3.6)**	**370.3**
Total equity and liabilities	**750.5**	**2.6**	**(6.7)**	**(6.8)**	**1.3**	**0.1**	**-**	**-**	**(9.5)**	**741.0**

Reconciliation of Equity (Unaudited)

As at 31 December 2004

	Previously Reported Under UK GAAP	IAS 19 Employee Benefits	IAS 2 Inventories	IAS 39 Land Creditors	IAS 39 Financial Instruments	IAS 10 Dividend	IAS 38 Intangible Assets	Effect of Transition To IFRS	Restated Under IFRS
Summary of Principal Impacts paragraph		1	2	3i	3ii	5	6		
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets									
Plant, property and equipment	22.9	-	-	-	-	-	(0.3)	(0.3)	22.6
Intangible assets	-	-	-	-	-	-	0.3	0.3	0.3
Investments	1.9	-	-	-	-	-	-	-	1.9
Deferred tax assets	-	2.2	2.9	1.7	0.1	-	-	6.9	6.9
Trade and other receivables	0.7	-	-	-	(0.2)	-	-	(0.2)	0.5
Total non-current assets	**25.5**	**2.2**	**2.9**	**1.7**	**(0.1)**	**-**	**-**	**6.7**	**32.2**
Inventories	749.2	-	(9.5)	(8.9)	-	-	-	(18.4)	730.8
Trade and other receivables	15.5	-	-	-	-	-	-	-	15.5
Derivative financial instruments	-	-	-	-	0.6	-	-	0.6	0.6
Cash and cash equivalents	0.4	-	-	-	-	-	-	-	0.4
Total current assets	**765.1**	**-**	**(9.5)**	**(8.9)**	**0.6**	**-**	**-**	**(17.8)**	**747.3**
Total assets	**790.6**	**2.2**	**(6.6)**	**(7.2)**	**0.5**	**-**	**-**	**(11.1)**	**779.5**
Equity									
Issued capital	15.9	-	-	-	-	-	-	-	15.9
Share premium	53.5	-	-	-	-	-	-	-	53.5
Hedge reserve	-	-	-	-	0.4	-	-	0.4	0.4
Other reserves	8.2	-	-	-	-	-	-	-	8.2
Retained earnings	341.7	(5.3)	(6.6)	(4.1)	(0.1)	5.7	-	(10.4)	331.3
Total equity	**419.3**	**(5.3)**	**(6.6)**	**(4.1)**	**0.3**	**5.7**	**-**	**(10.0)**	**409.3**
Liabilities									
Bank overdrafts and loans	108.8	-	-	-	-	-	-	-	108.8
Trade and other payables	29.9	-	-	(2.5)	-	-	-	(2.5)	27.4
Deferred tax liabilities	1.7	-	-	-	0.2	-	-	0.2	1.9
Retirement benefit obligations	-	6.7	-	-	-	-	-	6.7	6.7
Long-term provisions	2.1	-	-	-	-	-	-	-	2.1
Total non-current liabilities	**142.5**	**6.7**	**-**	**(2.5)**	**0.2**	**-**	**-**	**4.4**	**146.9**
Bank overdrafts and loans	43.7	-	-	-	-	-	-	-	43.7
Trade and other payables	161.4	0.8	-	(0.6)	-	(5.7)	-	(5.5)	155.9
Tax liabilities	23.7	-	-	-	-	-	-	-	23.7
Total current liabilities	**228.8**	**0.8**	**-**	**(0.6)**	**-**	**(5.7)**	**-**	**(5.5)**	**223.3**
Total liabilities	**371.3**	**7.5**	**-**	**(3.1)**	**0.2**	**(5.7)**	**-**	**(1.1)**	**370.2**
Total equity and liabilities	**790.6**	**2.2**	**(6.6)**	**(7.2)**	**0.5**	**-**	**-**	**(11.1)**	**779.5**

Reconciliation of Equity (Unaudited)

As at 30 June 2005

	Previously Reported Under UK GAAP	IAS 19 Employee Benefits	IAS 2 Inventories	IAS 39 Land Creditors	IAS 39 Financial Instruments	IFRS 2 Share -based Payment	IAS 10 Dividend	IAS 38 Intangible Assets	Effect of Transition To IFRS	Restated Under IFRS
Summary of Principal Impacts paragraph		1	2	3i	3ii	4	5	6		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets										
Plant, property and equipment	24.3	-	-	-	-	-	-	(0.2)	(0.2)	24.1
Intangible assets	-	-	-	-	-	-	-	0.2	0.2	0.2
Investments	2.6	-	-	-	-	-	-	-	-	2.6
Deferred tax assets	-	2.6	3.2	1.9	0.2	0.2	-	-	8.1	8.1
Trade and other receivables	0.7	-	-	-	(0.2)	-	-	-	(0.2)	0.5
Total non-current assets	**27.6**	**2.6**	**3.2**	**1.9**	**-**	**0.2**	**-**	**-**	**7.9**	**35.5**
Inventories	783.5	-	(10.5)	(12.0)	-	-	-	-	(22.5)	761.0
Trade and other receivables	12.2	-	-	-	-	-	-	-	-	12.2
Derivative financial instruments	-	-	-	-	0.3	-	-	-	0.3	0.3
Cash and cash equivalents	23.7	-	-	-	-	-	-	-	-	23.7
Total current assets	**819.4**	**-**	**(10.5)**	**(12.0)**	**0.3**	**-**	**-**	**-**	**(22.2)**	**797.2**
Total assets	**847.0**	**2.6**	**(7.3)**	**(10.1)**	**0.3**	**0.2**	**-**	**-**	**(14.3)**	**832.7**
Equity										
Issued capital	15.9	-	-	-	-	-	-	-	-	15.9
Share premium	54.2	-	-	-	-	-	-	-	-	54.2
Hedge reserve	-	-	-	-	(0.1)	-	-	-	(0.1)	(0.1)
Other reserves	7.9	-	-	-	-	-	-	-	-	7.9
Retained earnings	381.0	(6.1)	(7.3)	(4.6)	(0.1)	0.2	11.5	-	(6.4)	374.6
Total equity	**459.0**	**(6.1)**	**(7.3)**	**(4.6)**	**(0.2)**	**0.2**	**11.5**	**-**	**(6.5)**	**452.5**
Liabilities										
Bank overdrafts and loans	103.8	-	-	-	-	-	-	-	-	103.8
Trade and other payables	52.4	-	-	(5.2)	-	-	-	-	(5.2)	47.2
Deferred tax liabilities	1.8	-	-	-	-	-	-	-	-	1.8
Retirement benefit obligations	-	7.9	-	-	-	-	-	-	7.9	7.9
Long-term provisions	2.1	-	-	-	-	-	-	-	-	2.1
Total non-current liabilities	**160.1**	**7.9**	**-**	**(5.2)**	**-**	**-**	**-**	**-**	**2.7**	**162.8**
Bank overdrafts and loans	23.1	-	-	-	-	-	-	-	-	23.1
Trade and other payables	181.1	0.8	-	(0.3)	-	-	(11.5)	-	(11.0)	170.1
Derivative financial instruments	-	-	-	-	0.5	-	-	-	0.5	0.5
Tax liabilities	23.7	-	-	-	-	-	-	-	-	23.7
Total current liabilities	**227.9**	**0.8**	**-**	**(0.3)**	**0.5**	**-**	**(11.5)**	**-**	**(10.5)**	**217.4**
Total liabilities	**388.0**	**8.7**	**-**	**(5.5)**	**0.5**	**-**	**(11.5)**	**-**	**(7.8)**	**380.2**
Total equity and liabilities	**847.0**	**2.6**	**(7.3)**	**(10.1)**	**0.3**	**0.2**	**-**	**-**	**(14.3)**	**832.7**

Officers and Advisers

Company Secretary
Graham A Cope

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St. David's Park
Flintshire
CH5 3RX
Registered No. 2877315

Registrars
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

Shareholder Information

Dividend Reinvestment Plan ("the Plan")

The Company offer a dividend reinvestment plan that gives Shareholders the opportunity to use their cash dividend to buy ordinary Redrow shares through a special low-cost dealing arrangement.

The Plan is run by Computershare Investor Services PLC ("Computershare") and for further information on the Plan and how to join, please contact Computershare at PO Box 1064,
The Pavilions, Bridgwater Road, Bristol BS99 3EB
(Telephone Number: 0870 702 0000) or the Company Secretary.

Monthly Purchase Plan ("the Scheme")

The Company operates through Lloyds TSB Registrars ("Lloyds") a monthly purchase plan which enables Shareholders to invest in Redrow plc. You can invest from £25 each month into the scheme which Lloyds will use to buy shares which are held by Lloyds nominee with dividends added to your monthly payment and reinvested to buy more shares.

For further information on the Scheme or how to join, please contact Lloyds TSB Registrars, Redrow Monthly Purchase Plan,
PO Box No: 28448, Edinburgh EH4 1WZ
(Telephone Number: 0870 606 0268) or the Company Secretary.

REDROW

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