

## Consolidated Income Statement (Unaudited)

		6 months ended 31 December Restated		12 months ended 30 June Restated
	Note	2007	2006	2007
		£m	£m	£m
Revenue	2	353.1	387.7	834.3
Cost of sales		(287.6)	(302.4)	(651.3)
<b>Gross profit</b>		<b>65.5</b>	85.3	183.0
Administrative expenses		(20.6)	(23.6)	(46.4)
<b>Operating profit before financing costs</b>	2	<b>44.9</b>	61.7	136.6
Financial income		2.1	0.3	1.6
Financial expenses		(10.8)	(7.2)	(16.9)
<b>Net financing costs</b>	2	<b>(8.7)</b>	(6.9)	(15.3)
Share of loss of joint ventures after Interest and taxation	2	(0.4)	(0.1)	(0.2)
<b>Profit before tax from continuing operations</b>	2	<b>35.8</b>	54.7	121.1
Income tax expense	2, 3	(10.6)	(16.4)	(36.1)
<b>Profit for the period from continuing operations</b>	2	<b>25.2</b>	38.3	85.0
Discontinued operations	12	(1.9)	(0.4)	(0.6)
<b>Profit for the period</b>	2	<b>23.3</b>	37.9	84.4
<b>Earnings per share from continuing operations</b>				
Basic earnings per share	5	15.8p	24.0p	53.3p
Diluted earnings per share	5	15.8p	23.9p	53.2p
<b>Earnings per share including discontinued operations</b>				
Basic earnings per share	5	14.6p	23.8p	52.9p
Diluted earnings per share	5	14.6p	23.7p	52.8p

**Consolidated Statement of Recognised Income and Expense (Unaudited)**

	6 months ended 31 December		12 months ended 30 June
	2007 £m	2006 £m	2007 £m
Effective portion of changes in fair value of interest rate cash flow hedges	(1.2)	0.4	1.3
Deferred tax on change in fair value of interest rate cash flow hedges	0.4	(0.1)	(0.4)
Actuarial gains/(losses) on defined benefit pension scheme	0.2	(2.4)	5.8
Deferred tax on actuarial gains/(losses) taken directly to equity	(0.1)	0.7	(1.7)
Net expense recognised directly in equity	(0.7)	(1.4)	5.0
Profit for the period	23.3	37.9	84.4
<b>Total recognised income and expense for the period</b>	<b>22.6</b>	<b>36.5</b>	<b>89.4</b>

## Consolidated Balance Sheet (Unaudited)

	Note	As at		As at
		2007	2006	2007
		£m	£m	£m
<b>Assets</b>				
Intangible assets		0.4	0.3	0.3
Plant, property and equipment		24.6	25.7	24.6
Investments		1.7	2.5	3.7
Deferred tax assets		3.6	3.6	3.4
Derivative financial instruments		0.1	0.5	0.6
Retirement benefit surplus		7.1	-	6.1
Trade and other receivables		4.7	1.4	4.1
<b>Total non-current assets</b>		<b>42.2</b>	<b>34.0</b>	<b>42.8</b>
Inventories	6	1,020.3	915.0	988.7
Investments		0.9	-	-
Trade and other receivables		18.4	33.2	28.5
Derivative financial instruments		0.5	0.3	1.1
Cash and cash equivalents	9	2.5	3.6	12.2
<b>Total current assets</b>		<b>1,042.6</b>	<b>952.1</b>	<b>1,030.5</b>
<b>Total assets</b>		<b>1,084.8</b>	<b>986.1</b>	<b>1,073.3</b>
<b>Equity</b>				
Issued capital	10	16.0	16.0	16.0
Share premium		58.3	56.3	58.1
Hedge reserve		0.4	0.6	1.2
Other reserves		7.9	7.9	7.9
Retained earnings		505.6	455.6	494.6
<b>Total equity</b>	11	<b>588.2</b>	<b>536.4</b>	<b>577.8</b>
<b>Liabilities</b>				
Bank loans	9	209.9	177.1	169.7
Trade and other payables	7	31.2	37.3	48.8
Deferred tax liabilities		3.0	1.5	3.0
Retirement benefit obligations		-	2.6	-
Derivative financial instruments		0.1	-	-
Long-term provisions		2.2	4.5	3.4
<b>Total non-current liabilities</b>		<b>246.4</b>	<b>223.0</b>	<b>224.9</b>
Bank overdrafts and loans	9	30.6	15.7	20.1
Trade and other payables	7	205.4	197.4	233.8
Derivative financial instruments		0.1	-	-
Current income tax liabilities		14.1	13.6	16.7
<b>Total current liabilities</b>		<b>250.2</b>	<b>226.7</b>	<b>270.6</b>
<b>Total liabilities</b>		<b>496.6</b>	<b>449.7</b>	<b>495.5</b>
<b>Total equity and liabilities</b>		<b>1,084.8</b>	<b>986.1</b>	<b>1,073.3</b>

## Consolidated Cash Flow Statement (Unaudited)

		6 months ended 31 December		12 months ended 30 June
	Note	2007 £m	2006 £m	2007 £m
<b>Cash flow from operating activities</b>				
Operating profit before financing costs		<b>44.9</b>	61.7	136.6
Depreciation and amortisation		<b>0.9</b>	1.1	2.3
Adjustment for non-cash items		<b>(2.2)</b>	(3.5)	3.1
<b>Operating profit before changes in working capital and provisions</b>		<b>43.6</b>	59.3	142.0
Decrease/(increase) in trade and other receivables		<b>9.5</b>	(8.3)	(6.3)
Increase in inventories		<b>(31.6)</b>	(65.4)	(139.1)
(Decrease)/increase in trade and other payables		<b>(45.4)</b>	1.4	49.6
Decrease in retirement benefit provision and other provisions		<b>(2.2)</b>	(5.9)	(15.7)
<b>Cash generated from operations</b>		<b>(26.1)</b>	(18.9)	30.5
Interest paid		<b>(8.6)</b>	(5.6)	(13.9)
Tax paid		<b>(13.1)</b>	(17.3)	(35.2)
<b>Net cash from operating activities</b>		<b>(47.8)</b>	(41.8)	(18.6)
<b>Cash flows from investing activities</b>				
Acquisition of plant, property and equipment		<b>(1.7)</b>	(2.9)	(5.2)
Proceeds from sale of plant, property and equipment		<b>0.8</b>	-	2.6
Interest received		<b>1.5</b>	0.1	0.9
Payments to joint ventures - continuing operations		<b>(0.2)</b>	-	(1.8)
Payments to joint ventures - discontinued operations		<b>(0.4)</b>	(0.4)	(0.5)
<b>Net cash from investing activities</b>		<b>-</b>	(3.2)	(4.0)
<b>Cash flows from financing activities</b>				
Issue of bank borrowings	8	<b>139.0</b>	87.5	170.0
Repayment of bank borrowings	8	<b>(99.0)</b>	(42.0)	(132.0)
Issue costs of bank borrowings		<b>(0.1)</b>	-	(0.1)
Purchase of own shares		<b>-</b>	(0.5)	(0.5)
Dividends paid	4	<b>(12.5)</b>	(13.9)	(26.3)
Proceeds from issue of share capital		<b>0.2</b>	0.1	1.9
<b>Net cash from financing activities</b>		<b>27.6</b>	31.2	13.0
<b>Decrease in net cash and cash equivalents</b>		<b>(20.2)</b>	(13.8)	(9.6)
Net cash and cash equivalents at the beginning of the period		<b>(7.9)</b>	1.7	1.7
<b>Net cash and cash equivalents at the end of the period</b>	9	<b>(28.1)</b>	(12.1)	(7.9)

## NOTES (Unaudited)

### 1. Accounting Policies

The above results, Responsibility Statement and accompanying notes are extracted from the condensed consolidated half-yearly financial information for the half year ended 31 December 2007. These results do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 30 June 2007 were approved by the Board of Directors on 10 September 2007 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 237 of the Companies Act 1985.

The half-yearly financial statements have been prepared using accounting policies and presentation consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 30 June 2007, apart from the following changes:

#### a. Revenue Recognition

Sales of residential land holdings have historically not represented a material part of the Group's strategy and, because of this, have not been included within revenue for the Homes' business. With the increased focus on optimising the Group's land bank through land sales and swaps which may form a more frequent part of ordinary trading for Redrow, we have amended our revenue recognition policy to include residential land sales revenue within revenue for the Homes' business. The change in accounting policy does not affect reported cash flows and earnings. The impact is to increase reported revenue by £6.8m (2006: £21.5m).

#### b. Financial Instruments

The Group adopted IFRS 7 'Financial Instruments: disclosures' on 1 July 2007. IFRS 4, 'Insurance Contracts', revised implementation guidance, is effective when an entity adopts IFRS 7. As this half-yearly report contains only condensed financial statements, and as there are no material financial instrument related transactions in the period, full IFRS 7 disclosures are not required at this stage. The full IFRS 7 disclosures, including the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1, will be given in the annual financial statements.

#### c. New Standards

In addition to the above the following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ending 30 June 2008:

**IFRIC 10**, 'Interims and Impairment', effective for annual periods beginning on or after 1 November 2006. This interpretation has not had any impact on the timing or recognition of impairment losses as the Group already accounted for such amounts using principles consistent with IFRIC 10.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ending 30 June 2008 and have not been early adopted.

**IFRIC 14**, IAS 19 - 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' effective for annual periods beginning on or after 1 January 2008.

2a. **Segmental information - Income**

	6 months ended 31 December		12 months ended 30 June
	2007	Restated 2006	Restated 2007
	£m	£m	£m
<b>Revenue</b>			
Homes - home sales	<b>319.1</b>	359.6	757.0
- land sales	<b>6.8</b>	21.5	38.6
	<b>325.9</b>	381.1	795.6
Mixed Use & Regeneration	<b>27.2</b>	6.6	38.7
	<b>353.1</b>	387.7	834.3
Homes – gross profit	<b>61.8</b>	82.0	174.7
Homes – administrative expenses	<b>(19.9)</b>	(22.7)	(45.0)
Homes – operating profit	<b>41.9</b>	59.3	129.7
Mixed Use & Regeneration – operating profit	<b>2.4</b>	2.2	6.6
	<b>44.3</b>	61.5	136.3
Add back share of joint venture operating losses	<b>0.6</b>	0.2	0.3
<b>Operating profit before financing costs</b>	<b>44.9</b>	61.7	136.6
Net financing costs	<b>(8.7)</b>	(6.9)	(15.3)
	<b>36.2</b>	54.8	121.3
Share of loss of joint ventures after interest and taxation	<b>(0.4)</b>	(0.1)	(0.2)
<b>Profit before tax from continuing operations</b>	<b>35.8</b>	54.7	121.1
Income tax expense	<b>(10.6)</b>	(16.4)	(36.1)
<b>Profit for the period from continuing operations</b>	<b>25.2</b>	38.3	85.0
Discontinued operations	<b>(1.9)</b>	(0.4)	(0.6)
<b>Profit for the period</b>	<b>23.3</b>	37.9	84.4

## 2b. Segmental information – Balance Sheet

	As at 31 December		As at 30 June
	2007 £m	2006 £m	2007 £m
<b>Segment assets</b>			
Homes	1,066.7	955.4	1,018.3
Mixed Use & Regeneration	25.2	28.4	43.2
Framing Solutions – share of joint venture	0.9	1.8	1.8
	<b>1,092.8</b>	<b>985.6</b>	<b>1,063.3</b>
Elimination of inter-segment items	(10.5)	(3.1)	(2.2)
	<b>1,082.3</b>	<b>982.5</b>	<b>1,061.1</b>
Cash and cash equivalents	2.5	3.6	12.2
<b>Consolidated total assets</b>	<b>1,084.8</b>	<b>986.1</b>	<b>1,073.3</b>
<b>Segment liabilities</b>			
Homes	245.1	239.5	269.8
Mixed Use & Regeneration	7.4	6.9	21.4
	<b>252.5</b>	<b>246.4</b>	<b>291.2</b>
Elimination of inter-segment items	(10.5)	(3.1)	(2.2)
	<b>242.0</b>	<b>243.3</b>	<b>289.0</b>
Borrowings	240.5	192.8	189.8
<b>Consolidated total liabilities</b>	<b>482.5</b>	<b>436.1</b>	<b>478.8</b>
Current income tax liabilities	14.1	13.6	16.7
<b>Total equity</b>	<b>588.2</b>	<b>536.4</b>	<b>577.8</b>

## 3. Income Taxes

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2008 is 29.5%, taking into consideration the reduction in the corporation tax rate from 30% to 28% from 1 April 2008.

## 4. Dividends

	6 months ended 31 December		12 months ended 30 June
	2007 £m	2006 £m	2007 £m
Amounted recognised as distributions to equity holders in the period:			
2006 final dividend paid of 8.7p per share	-	13.9	13.9
2007 interim dividend paid of 7.8p per share	-	-	12.4
2007 final dividend paid of 7.8p per share	12.5	-	-
	<b>12.5</b>	<b>13.9</b>	<b>26.3</b>

The Directors have declared an interim dividend of 9.3p per share (2006: 7.8p) which was approved by the board on 27 February 2008. This gives an interim dividend of £14.9m (2006: £12.4m) which will be paid on 2 May 2008 to shareholders whose names are on the Register of Members at the close of business on 7 March 2008. The shares will become ex-dividend on 5 March 2008.

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 2007.

## 5. Earnings per share

The basic earnings per share calculation for the 6 months ended 31 December 2007 is based on the weighted number of shares in issue during the period of 159.8m (2006: 159.4m) 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 2007

	Earnings £m	No. of shares millions	Per share pence
<b>Basic earnings per share for continuing operations</b>	<b>25.2</b>	<b>159.8</b>	<b>15.8</b>
<b>Effect of share options and SAYE</b>	<b>-</b>	<b>0.1</b>	<b>-</b>
<b>Diluted earnings per share for continuing operations</b>	<b>25.2</b>	<b>159.9</b>	<b>15.8</b>

Basic earnings per share including discontinued operations is 14.6p (diluted - 14.6p).

### 6 months ended 31 December 2006

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share for continuing operations	38.3	159.4	24.0
Effect of share options and SAYE	-	0.4	(0.1)
Diluted earnings per share for continuing operations	38.3	159.8	23.9

Basic earnings per share including discontinued operations is 23.8p (diluted - 23.7p).

### 12 months ended 30 June 2007

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share for continuing operations	85.0	159.5	53.3
Effect of share options and SAYE	-	0.4	(0.1)
Diluted earnings per share for continuing operations	85.0	159.9	53.2

Basic earnings per share including discontinued operations is 52.9p (diluted - 52.8p).



6. **Inventories**

	As at 31 December		As at 30 June
	2007	2006	2007
	£m	£m	£m
Land for development	<b>646.6</b>	576.5	641.4
Work in progress	<b>358.3</b>	323.8	333.1
Stock of showhomes	<b>15.4</b>	14.7	14.2
	<b>1,020.3</b>	915.0	988.7

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

	As at 31 December		As at 30 June
	2007	2006	2007
	£m	£m	£m
Due within one year	<b>61.4</b>	52.9	75.4
Due in more than one year	<b>31.2</b>	37.3	48.8
	<b>92.6</b>	90.2	124.2

8. **Borrowings and loans**

	6 months ended 31 December		12 months ended 30 June
	2007	2006	2007
	£m	£m	£m
Opening net book amount	<b>170.0</b>	132.0	132.0
Issue of bank borrowings	<b>139.0</b>	87.5	170.0
Repayment of bank borrowings	<b>(99.0)</b>	(42.0)	(132.0)
Closing net book amount	<b>210.0</b>	177.5	170.0

At 31 December 2007, the Group had total unsecured bank borrowing facilities of £525.0m, representing £480.0m committed facilities and £45.0m uncommitted facilities.

9. **Analysis of net debt**

	As at 31 December		As at 30 June
	2007	2006	2007
	£m	£m	£m
Cash and cash equivalents	<b>2.5</b>	3.6	12.2
Bank overdrafts and loans			
- current liabilities	<b>(30.6)</b>	(15.7)	(20.1)
	<b>(28.1)</b>	(12.1)	(7.9)
- non-current liabilities	<b>(209.9)</b>	(177.1)	(169.7)
	<b>(238.0)</b>	(189.2)	(177.6)

## 10. Share capital

	As at 31 December		As at 30 June
	2007	2006	2007
	£m	£m	£m
Authorised			
330,000,000 ordinary shares of 10p each	<b>33.0</b>	33.0	33.0
Allotted, called up and fully paid	<b>16.0</b>	16.0	16.0

	Number of ordinary shares of 10p each
Movement in the period was as follows	
At 1 July 2007	159,827,039
Share options exercised	58,682
<b>At 31 December 2007</b>	<b>159,885,721</b>

## 11. Reconciliation of movements in consolidated equity

	6 months ended 31 December		12 months ended 30 June
	2007	2006	2007
	£m	£m	£m
Profit for the period	<b>23.3</b>	37.9	84.4
Dividends on equity shares	<b>(12.5)</b>	(13.9)	(26.3)
Other recognised income and expense relating to the period (net)	<b>(0.7)</b>	(1.4)	5.0
Shares issued at a premium	<b>0.2</b>	0.1	1.9
Movement in LTSIP/SAYE	<b>0.1</b>	(0.1)	(1.0)
Net increase in equity	<b>10.4</b>	22.6	64.0
Opening equity	<b>577.8</b>	513.8	513.8
<b>Closing equity</b>	<b>588.2</b>	536.4	577.8

## 12. Discontinued operations - disposal of interest in joint venture

On 3 January 2008, the Group completed the disposal of its interest in its Framing Solutions joint venture. The loss on disposal has been included in the half-yearly results for the period and disclosed accordingly as discontinued operations. Financial information relating to the business for the period is as follows:

	6 months ended 31 December		12 months ended 30 June
	2007	2006	2007
	£m	£m	£m
Revenue	1.6	1.8	3.9
Expenses	(2.2)	(2.3)	(4.8)
Loss before tax	(0.6)	(0.5)	(0.9)
Tax on loss	0.2	0.1	0.3
Loss after tax on discontinued operations	(0.4)	(0.4)	(0.6)
Loss on disposal	(2.0)	-	-
Tax on disposal	0.5	-	-
	(1.5)	-	-
Share of loss after interest and taxation on Framing Solutions joint venture	(1.9)	(0.4)	(0.6)

Investing cash flows for discontinued operations amounted to an outflow of £0.4m in the period.

The Group reported net loans outstanding at December 2007 with Framing Solutions of £nil (December 2006: £1.2m, June 2007: £1.4m).

The Group undertook transactions with its Framing Solutions joint venture in the normal course of business during the financial period. This consisted of the purchase of lightweight steel frames totalling £2.4m (2006: £2.9m). At the end of the period, the balance owed to Framing Solutions by the Group was £1.7m (2006: £1.5m).

## 13. Shareholder Enquiries

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

Registrars Department  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 7NH