

Consolidated Income Statement

		12 months ended 30 June	
	Note	2006 £m	2005 £m
Revenue	2	770.1	780.4
Cost of sales		(592.0)	(583.7)
Gross profit		178.1	196.7
Administrative expenses		(45.3)	(42.7)
Operating profit before financing costs	2	132.8	154.0
Financial income		0.6	0.8
Financial expenses		(12.1)	(13.4)
Net financing costs	2	(11.5)	(12.6)
Share of loss of joint ventures after interest and taxation	2	(0.8)	(2.4)
Profit before tax	2	120.5	139.0
Income tax expense	3	(36.4)	(42.5)
Profit for the period		84.1	96.5
Earnings per share			
Basic earnings per share	5	52.9p	60.7p
Diluted earnings per share	5	52.7p	60.5p

Consolidated Balance Sheet

		As at 30 June	
	Note	2006 £m	2005 £m
Assets			
Intangible assets		0.4	0.2
Plant, property and equipment		23.8	24.1
Investments		2.4	2.6
Deferred tax assets		5.0	8.1
Derivative financial instruments		0.2	-
Trade and other receivables		0.8	0.5
Total non-current assets		32.6	35.5
Inventories	6	849.6	761.0
Trade and other receivables		25.5	12.2
Derivative financial instruments		0.2	0.3
Cash and cash equivalents	8	24.5	23.7
Total current assets		899.8	797.2
Total assets		932.4	832.7
Equity			
Issued capital		16.0	15.9
Share premium		56.2	54.2
Hedge reserve		0.3	(0.1)
Other reserves		7.9	7.9
Retained earnings		433.4	374.6
Total equity		513.8	452.5
Liabilities			
Bank loans	8	131.5	103.8
Trade and other payables	7	41.9	47.2
Deferred tax liabilities		1.6	1.8
Retirement benefit obligations		8.6	7.9
Long-term provisions		4.4	2.1
Total non-current liabilities		188.0	162.8
Bank overdrafts and loans	8	22.8	23.1
Trade and other payables		185.6	170.1
Derivative financial instruments		-	0.5
Current income tax liabilities		22.2	23.7
Total current liabilities		230.6	217.4
Total liabilities		418.6	380.2
Total equity and liabilities		932.4	832.7

Consolidated Cash Flow Statement

		12 months ended 30 June	
	Note	2006 £m	2005 £m
Cash flow from operating activities			
Operating profit before financing costs		132.8	154.0
Depreciation and amortisation		2.3	2.1
Adjustment for non-cash items		(7.4)	(3.3)
Operating profit before changes in working capital and provisions		127.7	152.8
Increase in trade and other receivables		(13.6)	(1.3)
Increase in inventories		(88.6)	(65.8)
Increase in trade and other payables		10.2	13.8
Increase in employee benefits and provisions		3.0	-
Cash generated from operations		38.7	99.5
Interest paid		(8.9)	(10.6)
Tax paid		(34.7)	(39.8)
Net cash from operating activities		(4.9)	49.1
Cash flows from investing activities			
Acquisition of plant, property and equipment		(2.2)	(5.4)
Proceeds from sale of plant and equipment		-	1.4
Interest received		0.5	0.8
Payments to joint ventures		(0.6)	(3.1)
Net cash from investing activities		(2.3)	(6.3)
Cash flows from financing activities			
Increase in/(repayment of) bank borrowings		27.5	(0.5)
Issue costs of bank borrowings		-	(0.8)
Purchase of own shares		(2.9)	(0.7)
Dividends paid		(18.4)	(15.2)
Proceeds from issue of share capital		2.1	1.0
Net cash from financing activities		8.3	(16.2)
Increase in net cash and cash equivalents		1.1	26.6
Net cash and cash equivalents at the beginning of the period		0.6	(26.0)
Net cash and cash equivalents at the end of the period	8	1.7	0.6

Consolidated Statement of Recognised Income and Expense

	12 months ended 30 June	
	2006 £m	2005 £m
Effective portion of changes in fair value of interest rate cash flow hedges	0.6	(1.6)
Deferred tax on change in fair value of interest rate cash flow hedges	(0.2)	0.5
Actuarial (losses)/gains on defined benefit pension scheme	(2.8)	0.7
Deferred tax on actuarial (losses)/gains taken directly to equity	0.8	(0.2)
Net expense recognised directly in equity	(1.6)	(0.6)
Profit for the period	84.1	96.5
Total recognised income and expense for the period	82.5	95.9

Reconciliation of Movements in Consolidated Equity

	12 months ended 30 June	
	2006 £m	2005 £m
Profit for the period	84.1	96.5
Dividends on equity shares	(18.4)	(15.2)
Other recognised income and expense relating to the period (net)	(1.6)	(0.6)
Shares issued	2.1	1.0
Movement in LTSIP/SAYE	(4.9)	0.1
Net increase in equity	61.3	81.8
Opening equity	452.5	370.7
Closing equity	513.8	452.5

NOTES

1. Basis of Preparation

The above results and the accompanying notes do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. They are taken from the full accounts which have received an unqualified report by the Auditors and will be filed with the Registrar of Companies.

2. Segmental Information

2a) Income Statement

	12 months ended	
	2006	2005
	£m	£m
Revenue		
Homes	765.5	753.8
Mixed Use & Regeneration	4.6	26.6
	770.1	780.4
Profit before tax		
Homes	133.8	147.4
Mixed Use & Regeneration	0.7	4.5
Framing Solutions - operating loss	(0.8)	(1.2)
	133.7	150.7
Jersey provision	(2.0)	-
	131.7	150.7
Add back share of joint venture operating losses	1.1	3.3
Operating profit before financing costs	132.8	154.0
Net financing costs	(11.5)	(12.6)
	121.3	141.4
Share of loss of joint ventures after interest and taxation	(0.8)	(2.4)
Profit before tax	120.5	139.0

Segmental Information continued

2b) Balance Sheet

	As at 30 June	
	2006 £m	2005 £m
Segment assets		
Homes	884.9	790.8
Mixed Use & Regeneration	23.0	17.1
Framing Solutions - share of joint venture	1.6	1.6
	909.5	809.5
Elimination of inter-segment items	(1.6)	(0.5)
	907.9	809.0
Cash and cash equivalents	24.5	23.7
Consolidated total assets	932.4	832.7
Segment liabilities		
Homes	254.8	249.3
Mixed Use & Regeneration	11.1	4.5
	265.9	253.8
Elimination of inter-segment items	(1.6)	(0.5)
	264.3	253.3
Borrowings	154.3	126.9
Consolidated total liabilities	418.6	380.2
Total equity	513.8	452.5

3. Income Tax Expense

	12 months ended	
	2006	2005
	£m	£m
Current year		
UK Corporation Tax at 30% (2005: 30%)	33.2	43.6
Over provision in respect of prior year	(0.2)	(0.2)
	33.0	43.4
Deferred tax		
Origination and reversal of temporary differences	3.4	(0.9)
	36.4	42.5
Reconciliation of tax expense for the year		
Tax on total profits @ 30% (2005: 30%)	36.2	41.7
Over provision in respect of prior year	(0.2)	(0.2)
Tax effect of share of losses in joint ventures	0.3	1.0
Expenses not deductible for tax purposes net of rolled over capital gains	0.2	0.3
Short term temporary differences	(0.1)	(0.3)
	36.4	42.5

4. Dividends

The final dividend of 8.7p will be recommended to shareholders for approval at the Annual General Meeting on 7 November 2006. This dividend will be paid on 17 November 2006 to shareholders whose names are on the Register of Members at close of business on 22 September 2006. The shares will become ex-dividend on 20 September 2006. This dividend, when added to the interim, makes a total dividend for the year of 13.0p (2005: 10.8p).

5. Earnings Per Share

The calculation of the basic earnings per share of 52.9p (2005: 60.7p) is based on Group profit for the period of £84.1m (2005: £96.5m) and on the weighted average number of 10p ordinary shares in issue of 159.1m (2005: 158.9m). The average reflects an adjustment in respect of surplus shares held in trust under the Redrow Long Term Share Incentive Plan.

Diluted earnings per share has been calculated based on the weighted average number of 10p ordinary shares in issue of 159.5m (2005: 159.4m).

6. Inventories

	As at 30 June	
	2006 £m	2005 £m
Land for development	523.0	459.6
Work in progress	312.4	290.4
Stock of showhomes	14.2	11.0
	<u>849.6</u>	<u>761.0</u>

7. Amounts Due in Respect of Development Land

	As at 30 June	
	2006 £m	2005 £m
Due within one year	36.4	31.6
Due in more than one year	41.9	47.2
	<u>78.3</u>	<u>78.8</u>

8. Analysis of Net Debt

	As at 30 June	
	2006 £m	2005 £m
Cash and cash equivalents	24.5	23.7
Bank overdrafts and loans	(22.8)	(23.1)
Net cash and cash equivalents	<u>1.7</u>	<u>0.6</u>
Bank loans	<u>(131.5)</u>	<u>(103.8)</u>
Net debt	<u>(129.8)</u>	<u>(103.2)</u>

9. Annual General Meeting

The Annual General Meeting of Redrow plc will be held at St. David's Park Hotel, St. David's Park, Flintshire on 7 November 2006, commencing at 12.00 noon. A copy of this statement is available for inspection at the registered office.