Consolidated Income Statement

	Note	2008 pre-exceptional item £m	2008 exceptional item £m	**2008 Total £m**	Restated 2007 Total £m
		12 months ended 30 June			
Revenue		650.1	-	**650.1**	834.3
Cost of sales	6	(529.6)	(259.4)	**(789.0)**	(651.3)
Gross (loss)/profit		120.5	(259.4)	**(138.9)**	183.0
Administrative expenses		(36.0)	-	**(36.0)**	(46.4)
Operating (loss)/profit before financing costs		84.5	(259.4)	**(174.9)**	136.6
Financial income		4.5	-	**4.5**	1.6
Financial expenses		(22.5)	-	**(22.5)**	(16.9)
Net financing costs		(18.0)	-	**(18.0)**	(15.3)
Share of loss of joint ventures after interest and taxation		(1.0)	-	**(1.0)**	(0.2)
(Loss)/profit before tax from continuing operations		65.5	(259.4)	**(193.9)**	121.1
Income tax credit/(expense)	3	(19.5)	75.4	**55.9**	(36.1)
(Loss)/profit for the period from continuing operations		46.0	(184.0)	**(138.0)**	85.0
Discontinued operations	12	(1.9)	-	**(1.9)**	(0.6)
(Loss)/profit for the period		44.1	(184.0)	**(139.9)**	84.4
Earnings per share from continuing operations					
Basic earnings per share	5	28.8p		**(86.3p)**	53.3p
Diluted earnings per share	5	28.8p		**(86.3p)**	53.2p
Earnings per share including discontinued operations					
Basic earnings per share	5	27.6p		**(87.5p)**	52.9p
Diluted earnings per share	5	27.6p		**(87.5p)**	52.8p

Consolidated Statement of Recognised Income and Expense

	12 months ended 30 June	
	2008	2007
	£m	£m
Effective portion of changes in fair value of interest rate cash flow hedges	**(0.4)**	1.3
Deferred tax on change in fair value of interest rate cash flow hedges	**0.1**	(0.4)
Actuarial (losses)/gains on defined benefit pension scheme	**(8.3)**	5.8
Deferred tax on actuarial (losses)/gains taken directly to equity	**2.3**	(1.7)
Net (expense)/income recognised directly in equity	**(6.3)**	5.0
(Loss)/profit for the period	**(139.9)**	84.4
Total recognised income and expense for the period	**(146.2)**	89.4

Consolidated Balance Sheet

	Note	As at 30 June 2008 £m	2007 £m
Assets			
Intangible assets		**0.4**	0.3
Plant, property and equipment		**22.7**	24.6
Investments		**2.0**	3.7
Deferred tax assets		**32.4**	3.4
Derivative financial instruments		**0.5**	0.6
Retirement benefit surplus		**-**	6.1
Trade and other receivables		**5.4**	4.1
Total non-current assets		**63.4**	42.8
Inventories	6	**755.9**	988.7
Trade and other receivables		**13.5**	28.5
Derivative financial instruments		**0.8**	1.1
Current income tax receivables		**35.5**	-
Cash and cash equivalents	9	**127.1**	12.2
Total current assets		**932.8**	1,030.5
Total assets		**996.2**	1,073.3
Equity			
Issued capital	10	**16.0**	16.0
Share premium		**58.7**	58.1
Hedge reserve		**0.9**	1.2
Other reserves		**7.9**	7.9
Retained earnings		**321.1**	494.6
Total equity	11	**404.6**	577.8
Liabilities			
Bank loans	9	**337.5**	169.7
Trade and other payables	7	**24.1**	48.8
Deferred tax liabilities		**1.0**	3.0
Retirement benefit obligations		**0.2**	-
Long-term provisions		**2.1**	3.4
Total non-current liabilities		**364.9**	224.9
Bank overdrafts and loans	9	**12.9**	20.1
Trade and other payables	7	**213.8**	233.8
Current income tax liabilities		**-**	16.7
Total current liabilities		**226.7**	270.6
Total liabilities		**591.6**	495.5
Total equity and liabilities		**996.2**	1,073.3

Consolidated Cash Flow Statement

	Note	12 months ended 30 June **2008** **£m**	2007 £m
Cash flow from operating activities			
Operating (loss)/profit before financing costs		**(174.9)**	136.6
Depreciation and amortisation		**2.1**	2.3
Adjustment for non-cash items		**(10.4)**	3.1
Operating (loss)/profit before changes in working capital and provisions		**(183.2)**	142.0
Decrease/(increase) in trade and other receivables		**13.7**	(6.3)
Decrease/(increase) in inventories		**232.8**	(139.1)
(Decrease)/increase in trade and other payables		**(46.7)**	49.6
Increase/(decrease) in employee benefits and provisions		**5.0**	(15.7)
Cash generated from operations		**21.6**	30.5
Interest paid		**(18.0)**	(13.9)
Tax paid		**(24.4)**	(35.2)
Net cash from operating activities		**(20.8)**	(18.6)
Cash flows from investing activities			
Acquisition of plant, property and equipment		**(2.4)**	(5.2)
Proceeds from sale of plant, property and equipment		**3.1**	2.6
Interest received		**1.8**	0.9
Payments to joint ventures - continuing operations		**(1.0)**	(1.8)
Payments from/(to) joint ventures - discontinued operations		**0.6**	(0.5)
Net cash from investing activities		**2.1**	(4.0)
Cash flows from financing activities			
Issue of bank borrowings	8	**266.5**	170.0
Repayment of bank borrowings	8	**(99.0)**	(132.0)
Issue costs of bank borrowings		**-**	(0.1)
Purchase of own shares		**-**	(0.5)
Dividends paid	4	**(27.3)**	(26.3)
Proceeds from issue of share capital		**0.6**	1.9
Net cash from financing activities		**140.8**	13.0
Increase/(decrease) in net cash and cash equivalents		**122.1**	(9.6)
Net cash and cash equivalents at the beginning of the period		**(7.9)**	1.7
Net cash and cash equivalents at the end of the period	9	**114.2**	(7.9)

NOTES

1. **Accounting Policies**

a. 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.

The auditors have reported on the Group's statutory accounts for each of the years 2007/08 and 2006/07 under S235 of the Companies Act 1985, which do not contain statements under S237(2) or S237(3) of the Companies Act 1985 and are unqualified. The statutory accounts for 2006/07 have been delivered to the Registrar of Companies and the statutory accounts for 2007/08 will be filed with the Registrar in due course.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The accounting policies set out below represent an extract of the policies set out in the consolidated financial statements. Other than as set out here, there have been no changes in accounting policy in the year.

b. 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. With the increased focus on optimising the Group's land bank through land sales and land 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. This change in accounting policy does not affect reported cash flows and earnings. The impact is to increase reported revenue by £29.3m (2007: £38.6m). The comparative figures for the year ended 30 June 2007 have been restated to reflect this change in policy.

c. Financial Instruments

The Group adopted IFRS 7 'Financial Instruments: Disclosures' on 1 July 2007. IFRS 7 and the complementary amendment to IAS 1 'Presentation of financial statements - capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group or Company's financial instruments, or the disclosures relating to taxation and trade and other payables.

d. Segmental Reporting

The Group previously disclosed separate business segments. As a result of operational changes made during the year, the Group now has only one business and geographic segment.

e. Exceptional Items

Exceptional items are those which, in the opinion of the Board, are material by size or nature, non-recurring and of such significance that they require separate disclosure on the face of the income statement.

f. 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 subcontract 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, excluding borrowing costs.

In order to better assess net realisable value as at 30 June 2008, the Group has differentiated its inventories into two categories:

a) Type 1 - land where the construction of homes had commenced at the year end and which was generally short to medium term in its development horizon. This category represented circa 5,400 plots or approximately 36% of the Group's land bank at 30 June 2008.

b) Type 2 - land where housebuild had not commenced and land could be identified as a distinct parcel. This land is more generally medium to long term in time horizon and its end use by the Group is less certain. This category represented circa 9,500 plots or approximately 64% of the Group's land bank at 30 June 2008.

Net realisable value for land where construction of homes had commenced at the year end (Type 1) was assessed by estimating selling prices and cost (including sales and marketing expenses), taking into account current market conditions.

Land where housebuild had not commenced (Type 2) is of such a medium to long term nature, particularly in the light of current levels of activity in the housing market, that no specific plans have been agreed in relation to the timing of these sites coming into development. Whilst no specific sites had been identified for sale in the open market at the balance sheet date, it is not expected that a significant number of these sites will come into development over the next 12 months. As a consequence, net realisable value of this land was assessed by re-appraising the land using current selling prices and costs for the proposed development and assuming an appropriate financial return to reflect the current housing market conditions and the prevailing financing environment.

A full review of all inventories was undertaken on the basis outlined above as at 30 June 2008 which resulted in a £259.4m exceptional net realisable value provision.

This provision will be closely monitored for adequacy and appropriateness as regards under and over provision to reflect circumstances at future balance sheet dates. Any material change to the underlying provision will be reflected through cost of sales as an exceptional item.

g. 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.

2. **Segmental information**

As discussed in the Chief Executive and Finance Director's business review, given the disposal of the Group's interest in the Framing Solutions light steel frame manufacturing joint venture, the operational changes the Group made during the year in respect of Redrow Regeneration plc and the fact that the Group now manages this element, together with its commercial activities, as an integral part of its Homes development business, the Group has decided that it is more appropriate to report a single business segment going forward. This represents a change in policy during the year ended 30 June 2008.

As the Group operates entirely within the United Kingdom and Jersey, there are no separate segments, either business or geographic requiring disclosure.

Homes land sales generated a gross profit of £17.0m (2007: £15.1m).

3. **Income Tax (credit)/expense**

	12 months ended 30 June			
	2008 pre-exceptional item	2008 exceptional item	**2008 Total**	Restated 2007
	£m	£m	**£m**	£m
Current year				
UK Corporation Tax at 29.5% (2007: 30%)	19.1	(46.3)	**(27.2)**	34.6
(Over)/under provision in respect of prior year	(0.1)	-	**(0.1)**	0.5
	19.0	(46.3)	**(27.3)**	35.1
Deferred tax				
Origination and reversal of temporary differences	0.5	(29.1)	**(28.6)**	1.0
	19.5	(75.4)	**(55.9)**	36.1
Reconciliation of tax (credit)/expense for the year				
(Loss)/profit for the year	65.5	(259.4)	**(193.9)**	121.1
Tax on total (loss)/profit @29.5% (2007: 30%)	19.3	(76.5)	**(57.2)**	36.3
(Over)/under provision in respect of prior year	(0.1)	-	**(0.1)**	0.5
Tax effect of share of losses in joint ventures	0.4	-	**0.4**	0.3
Expenses not deductible for tax purposes of net of rolled over capital gains	0.1	-	**0.1**	0.2
Short term temporary differences	(0.2)	1.1	**0.9**	(1.2)
	19.5	(75.4)	**(55.9)**	36.1

The presentation of 2007 figures has been restated to exclude the impact of discontinued operations.

4. **Dividends**

	12 months ended 30 June	
	2008	2007
	£m	£m
Amounts recognised as distributions to equity holders in the period:		
2007 final dividend paid of 7.8p per share (2006: 8.7p)	**12.5**	13.9
2008 interim dividend paid of 9.3p per share (2007: 7.8p)	**14.8**	12.4
	27.3	26.3

5. **Earnings per share**

The basic earnings per share calculation for the year ended 30 June 2008 is based on the weighted number of shares in issue during the period of 159.9m (2007: 159.5m) 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.

12 months ended 30 June 2008

	Earnings £m	**No. of shares millions**	**Per share pence**
Basic earnings per share for continuing operations pre-exceptional item	**46.0**	**159.9**	**28.8**
Effect of share options and SAYE	**-**	**-**	**-**
Diluted earnings per share for continuing operations	**46.0**	**159.9**	**28.8**

Basic and diluted earnings per share including discontinued operations is 27.6p pre-exceptional item.

	Earnings £m	**No. of shares millions**	**Per share pence**
Basic earnings per share for continuing operations after exceptional item	**(138.0)**	**159.9**	**(86.3)**
Effect of share options and SAYE	**-**	**-**	**-**
Diluted earnings per share for continuing operations	**(138.0)**	**159.9**	**(86.3)**

Basic and diluted earnings per share including discontinued operations is (87.5p) post-exceptional item.

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 pre and post exceptional item is 52.9p (diluted - 52.8p).

6. Inventories

	As at 30 June 2008 £m	2007 £m
Land for development	**385.4**	641.4
Work in progress	**350.6**	333.1
Stock of showhomes	**19.9**	14.2
	755.9	988.7

An exceptional net realisable value provision was recognised in the year in the sum of £259.4m. This represented a £223.4m provision against land and a £36.0m provision against work in progress. The breakdown of this provision between land and work in progress for Type 1 and Type 2 is detailed below:

	Land £m	WIP £m	Total £m
Type 1	27.8	13.5	41.3
Type 2	195.6	22.5	218.1
	223.4	36.0	259.4

Type 1 land: land where the construction of homes had commenced at the year end.

Type 2 land: land where housebuild had not commenced and land could be identified as a distinct parcel.

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

	As at 30 June 2008 £m	2007 £m
Due within one year	**68.5**	75.4
Due in more than one year	**24.1**	48.8
	92.6	124.2

8. Borrowings and loans

	12 months ended 30 June 2008 £m	2007 £m
Opening net book amount	**170.0**	132.0
Issue of bank borrowings	**266.5**	170.0
Repayment of bank borrowings	**(99.0)**	(132.0)
Closing net book amount	**337.5**	170.0

At 30 June 2008, the Group had total unsecured bank borrowing facilities of £515.0m, representing £480.0m committed facilities and £35.0m uncommitted facilities.

9. Analysis of net debt

	As at 30 June 2008 £m	2007 £m
Cash and cash equivalents	**127.1**	12.2
Bank overdrafts and loans		
- current liabilities	**(12.9)**	(20.1)
	114.2	(7.9)
- non-current liabilities	**(337.5)**	(169.7)
	(223.3)	(177.6)

Cash generated pre land payments, tax and dividends in 2007/08 was as follows:

	£m
Land payments	**122.9**
Tax paid	**24.4**
Dividends paid	**27.3**
	174.6
Movement in net debt	**(45.7)**
	128.9

10. Share capital

	As at 30 June 2008 £m	2007 £m
Authorised		
330,000,000 ordinary shares of 10p each	**33.0**	33.0
Allotted, called up and fully paid	**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	184,974
At 30 June 2008	**160,012,013**

11. Reconciliation of movements in consolidated equity

	12 months ended 30 June 2008 £m	2007 £m
(Loss)/profit for the period	**(139.9)**	84.4
Dividends on equity shares	**(27.3)**	(26.3)
Other recognised income and expense relating to the period (net)	**(6.3)**	5.0
Shares issued at a premium	**0.6**	1.9
Movement in LTSIP/SAYE	**(0.3)**	(1.0)
Net increase in equity	**(173.2)**	64.0
Opening equity	**577.8**	513.8
Closing equity	**404.6**	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 disclosed accordingly as discontinued operations. Financial information relating to the business for the period prior to disposal was as follows:

	12 months ended 30 June	
	2008	2007
	£m	£m
Revenue	**1.6**	3.9
Expenses	**(2.2)**	(4.8)
Loss before tax	**(0.6)**	(0.9)
Tax on loss	**0.2**	0.3
Loss after tax on discontinued operations	**(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)**	(0.6)

13. **Post balance sheet events**

(i) Refinancing

On 4 September 2008, the Group successfully concluded its planned refinancing to replace its existing facilities which were due to mature in Autumn 2009.

The new facilities consist of an unsecured £175m amortising term loan which is scheduled to be fully repaid by March 2011 and an unsecured £275m revolving credit facility due to mature in September 2011. These facilities are provided by the six relationship banks who made available our existing facilities.

(ii) Restructuring

Following the 30 June 2008 year end, the Group entered into consultation with staff to make significant reductions in headcount including the closure of two operating company offices.

The purpose of this restructuring was to better align the Group's cost base to the prevailing housing market conditions.

The consultations were concluded in late July when a phase redundancy programme commenced which is scheduled to conclude by the end of September. This will result in a headcount reduction of in excess of 350 personnel. Following the restructuring the two operating company offices will become vacant in due course.

It is anticipated that the restructuring will deliver annualised cash savings of circa £15.1m and an annualised reduction in administrative costs of circa £7.5m.

The cost of implementation is estimated to amount to £3.0m which will represent an exceptional charge in the year ending 30 June 2009.

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

15. **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 5 November 2008, commencing at 12.00 noon. A copy of this statement is available for inspection at the registered office.