REDROW

The New Heritage Collection

Half-yearly Report
2010/11

OUR PRIDE~YOUR JOY

Redrow's decision to return to its traditional values with the introduction of The New Heritage Collection has proved a success for the business. In H1 2010/11 revenues improved by 15% and profit before tax was £8.5m compared to a loss of £8.7m in the first half of last year.

H1 2010/11 Key figures

	6 months ended 31 December 2010 £m	6 months ended 31 December 2009 £m	12 months ended 30 June 2010 £m
Revenue	216.1	187.2	396.9
Operating profit/(loss) from continuing operations	12.1	(1.6)	12.7
Profit/(loss) before taxation from continuing operations	8.5	(8.7)	0.7
Net assets	442.3	434.4	435.9
	Pence	Pence	Pence
Profit/(loss) per share from continuing operations	1.1	(2.6)	0.2

Financial Calendar

Interim Management Statement	April 2011
Announcement of results for the year to 30 June 2011	September 2011
Circulation of Annual Report	October 2011
Annual General Meeting	November 2011

OUR PRIDE~YOUR JOY

One year on from its launch, Redrow's New Heritage Collection is still ensuring our homes stand out against the competition.

With exteriors inspired by the timeless architecture of the Arts & Crafts era, combined with modern, high specification interiors, The New Heritage Collection has met with customer approval all around the country.

Homes from the collection are now available at more than 50% of Redrow's developments across the UK and their strong kerb appeal, convivial layouts and quality fixtures and fittings have helped us to improve our average selling price.

Customer focus groups at locations across England, Scotland and Wales have uncovered widespread approval for exteriors that are full of character and have well equipped kitchens with top brand name appliances all included, plus open plan living spaces where families can come together to eat, watch TV or simply socialise.

The reassurance that we are providing what customers truly want in their home – something that looks traditional, but is designed internally to match their lifestyles – is the inspiration behind our latest marketing campaign: Our Pride ~ Your Joy.

Everyone connected with Redrow - our staff, consultants, suppliers and the tradespeople we engage – are proud to provide quality homes, designed and built by people who care; so that our customers can enjoy living in a home that looks good, feels good, is easy to look after and efficient to run.

A selection of our employees, contractors and customers have recently featured in the Our Pride ~ Your Joy campaign – sharing their thoughts and admiration for Redrow's New Heritage Collection in television commercials, national press advertisements, promotional emails and testimonial footage on our own, award winning broadband television channel, Redrow.TV.

Their comments reinforce the quality not only of our homes but also the whole experience of buying from Redrow and the high level of customer service we provide.

The New Heritage Collection continues to be rolled out at newly acquired locations and will be introduced on new phases of existing Redrow developments. We have 84 fully furnished show homes open at 36 different locations, enabling customers to truly appreciate the quality, space and lifestyle benefits of these distinctive homes. Film footage on Redrow.TV – winner of Best Marketing Initiative at the 2010 Housebuilder Awards for excellence and innovation – also allows prospective purchasers to view our show homes from the comfort of their own home, at work or on their mobile; anywhere, in fact, where they have access to the internet.

■ Dibbin Brook development, Wirral.

■ Interior from The New Heritage Collection.

The range of home styles in The New Heritage Collection has also evolved so that more people can enjoy life in a Redrow home.

With an emphasis on predominantly two-storey, detached family homes, the collection has always included smaller terraced and semi-detached properties to suit first time buyers, single purchasers, young families and people looking to downsize. Now we've extended the range upwards to include some very large, extremely luxurious designs with an even higher specification.

These premium designs vary in size from 2,254 sq ft for the Sandringham to a massive 2,767 sq ft for the top of the range Highgrove. They boast superior styling and wow-factor kitchens with beautifully fitted furniture, silestone quartz worktops, a full range of integrated appliances including range cookers and American larder style fridge-freezers, plus built-in book shelves and wine coolers.

Bathrooms ooze style and luxury with Villeroy & Boch sanitaryware, including two wash-basins in the main en-suite, and marble or natural limestone ceramic tiling. The Buckingham and Highgrove house designs are lavishly appointed with en-suite facilities in four of the five bedrooms. Master bedrooms feature walk-in wardrobes and dressing areas, while there are fitted wardrobes in every other bedroom.

Trademark features of The New Heritage Collection and its Arts & Crafts influence are still very evident in the traditional looking exteriors, including dropped eaves, projecting plinths, bays and other distinctive window styles, arched porch ways, use of larch lap boarding and tile-hanging on bays, plus decorative brick lintels.

Whether customers are purchasing a three or four bedroom family home that's at the core of our range, stepping onto the property ladder or downsizing to one of our smaller homes, or enjoying a lavish lifestyle in our largest, highest specification designs, Redrow is proud to share the joy of The New Heritage Collection with every single one of them.

Further information:
www.redrow.co.uk
www.redrow.tv

Chairman's statement

Steve Morgan Chairman

I am pleased to report that in the first half of the financial year Redrow continued to make good progress.

The housing market during the second half of 2010 was overshadowed by economic uncertainty, tax rises and Government cutbacks. Yet, in spite of the challenging conditions, Redrow's decision to return to our traditional values with the introduction of the New Heritage Collection proved to be a great success for the business.

For the first six months to December 31st 2010, revenues improved by 15% to £216.1m (2009: £187.2m), mainly due to a 16% increase in the average selling price of our private homes to £170,500. When social housing revenues are included, the average selling price increased by 13% to £163,700. The number of legal completions increased by 3.6% over the same period to 1,312.

On the back of increased revenue and selling prices, gross margin rose from 7.2% to 13.4%. Operating profit for the first six months was £12.1m compared to a £1.6m loss in the first half of the previous year, producing an operating margin of 5.6%.

Interest expenses reduced by almost 50% to £3.6m (2009: £7.1m) resulting in a pre tax profit for the six month period of £8.5m, compared to a loss of £8.7m in the first half of last year.

No dividend has been declared for the first half in line with the Board's stated policy of only paying a dividend once the Group has an appropriate level of earnings cover and taking into account the need to invest in land for future development.

Market and New Heritage

The housing market was particularly challenging during the second half of 2010. Redrow, however, has continued to make progress on the back of the launch of the New Heritage Collection. With its high levels of quality, design and specification, demand for New Heritage has been strong. Overall, during the first half reservation rates reduced to 0.47 per sales outlet per week, compared to 0.55 during the same period last year. However this figure was distorted by the negative impact of the severe weather conditions experienced across the country towards the end of November and throughout December.

The impact of the New Heritage Collection is being increasingly felt in the Group's performance. In the first half New Heritage homes accounted for 30% of the Group's turnover and 34% of private reservations. The average selling price for the Collection was £196,000, around 7% higher than equivalent size homes in the previous Signature range. With new sites being launched on a regular basis, New Heritage features on 50% of our developments at the time of writing and should rise to around 70% of our total outlets by June 2011.

Opening new outlets remains a key objective, with 28 mainly New Heritage Collection sites due to open in the second half of the year. After forecast closures this will increase our total number of active outlets to 90 by the June year end.

Mortgages

The switch to New Heritage means Redrow is increasingly focussed on middle market homes, with less emphasis on the first-time buyer market. However we remain concerned about the impact on the market as a whole of the historically low turnover in first-time buyer housing transactions. There are many more would-be middle market purchasers who are unable to proceed due to the lack of first time buyers in the housing chain.

The unprecedented low turnover in first time buyer housing transactions is primarily caused by the chronic shortage of affordable high-loan-to-value mortgage products in the market. Nobody wants to see the return of the irresponsible lending of a few years ago. Nevertheless 90%+ mortgages, which previous generations of first-time buyers were able to take for granted, are now prohibitive on the grounds of both availability and cost. With only six lenders covering around 90% of the total mortgage market there is an overwhelming need for increased competition.

House building is capable of providing a huge stimulus to the UK economy, with five British jobs being created for every new home built. In these times of huge economic uncertainty there are considerable gains to be had by resolving the mortgage crisis. An increase in turnover of housing transactions to more normal levels would generate significant revenues for the Government, reduce unemployment and enable the home building industry to start making inroads into the UK's chronic housing shortage.

Land and Planning

During a period of uncertainty in the planning system we have been pleased with Local Authorities' response to the New Heritage Collection and we have made good progress on obtaining planning permissions on those sites where the principle of development has been previously agreed.

1,452 new plots have been secured during the first half, which, after legal completions, land sales and replans, has resulted in a current land bank of 13,140 plots, broadly similar in number terms to June 2010. Although the number of plots in the current land bank has remained stable, the quality of the land bank has increased significantly as new land has been purchased, in the main, for New Heritage.

A new regional office in Central London has been established, with the intention of concentrating on prime London opportunities. I am pleased to report that we have secured our first three sites, with a total of 244 plots, which, when completed, will have a development value of approximately £150 million.

Average selling prices across the new sites will be significantly ahead of the plots that have been sold. Excluding London, the average plot cost is now £38,000 (June 2010: £34,000). When London sites are included the average plot cost increases to £43,000.

Harrow Estates is now fully integrated into the Group. The five sites acquired at the time of the takeover are all contributing to the

Chairman's statement

various Redrow regions. Planning permission has been obtained at the large former chemical site at Cambridge and remediation of the site is well under way. Two further brownfield sites in Leeds and the Cotswolds are at the advanced stage of planning, albeit planning negotiations are proving difficult. The Harrow team is currently progressing a number of opportunities and has disposed of one office building during the period.

Although we have long been critical of the unwieldy and grossly bureaucratic old planning system, we still have major concerns as regards the Coalition Government's Localism Agenda. In our experience, many local authorities are using Localism as an excuse to substantially reduce housing numbers and slow down the planning process even further.

The Government contends that the New Homes Bonus will prove to be the catalyst to encourage Local Authorities to speed up the planning process and to approve more new homes. Unfortunately our experience on the ground does not support that view. Instead we are increasingly being met by a reduction in planned numbers for new homes and grossly unrealistic expectations of what we are expected to deliver in the way of planning gain.

We remain in uncertain times and, due to a combination of affordable first time buyer mortgages and planning uncertainty, the house building industry is being prevented from providing the stimulus to the economy that it should be delivering.

Outlook

Redrow has been transformed over the last two years. The New Heritage Collection is proving to be an aspirational product for our customers and it has undoubtedly played a major part in repositioning the Redrow brand and lifting the Group's margins.

By the June year end we will have worked our way through all bar the last handful of our old Debut and In the City product, which has been holding back the Group's average selling price.

House prices have been stable for some considerable time now and we do not share the pessimism of some commentators that there will be a major fall in house prices during the coming year.

While it is still too early to call the spring market the second half has started encouragingly. Reservations in the first six weeks are comfortably ahead of the same period last year, averaging 0.65 sales per outlet per week. These figures must be treated with a degree of caution however as they undoubtedly include some "catch up" from the December freeze. Nevertheless it is also encouraging to note that visitor levels are the highest recorded during the same period for several years.

Given the improved quality of our land bank, the roll out of the New Heritage Collection and the unquestionable housing shortage, I feel that Redrow is in good shape to continue to make progress.

Steve Morgan
Chairman

Responsibility statement

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7. and DTR 4.2.8, namely:

(i) an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(ii) material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

During the period since the approval of the Redrow plc Annual Report and Accounts for the year ended 30 June 2010, there have been no changes in the directorate.

The Directors of Redrow plc as at the date of this statement are:

Steve Morgan
Alan Jackson
John Tutte
Barbara Richmond
Paul Hampden Smith
Debbie Hewitt

By order of the Board

Graham Cope
Company Secretary
16 February 2011
Redrow plc
Redrow House
St David's Park
Flintshire
CH5 3RX

Independent review report to Redrow plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010, which comprises the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement and related Notes to the financial statements. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Manchester
16 February 2011

Note:

a) The maintenance and integrity of the Redrow plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

(Unaudited) Continuing operations	Note	6 months ended 31 December 2010 £m	6 months ended 31 December 2009 £m	12 months ended 30 June 2010 £m
Revenue		216.1	187.2	396.9
Cost of sales		(187.1)	(173.7)	(355.2)
Gross profit		**29.0**	**13.5**	**41.7**
Administrative expenses		(16.9)	(15.1)	(29.0)
Operating profit/(loss) before financing costs		**12.1**	**(1.6)**	**12.7**
Financial income		0.2	0.9	1.8
Financial expenses		(3.8)	(8.0)	(13.8)
Net financing costs		(3.6)	(7.1)	(12.0)
Profit/(loss) before tax		**8.5**	**(8.7)**	**0.7**
Income tax (charge)/credit	2	(5.0)	2.4	(0.2)
Profit/(loss) for the period		**3.5**	**(6.3)**	**0.5**
Profit/(loss) per share from continuing operations - basic	4	**1.1p**	**(2.6)p**	**0.2p**
- diluted	4	**1.1p**	**(2.6)p**	**0.2p**

Consolidated statement of comprehensive income

(Unaudited)	Note	6 months ended 31 December 2010 £m	6 months ended 31 December 2009 £m	12 months ended 30 June 2010 £m
Profit/(loss) for the period		**3.5**	**(6.3)**	**0.5**
Other comprehensive income				
Actuarial gains/(losses) on the defined benefit pension scheme	5	2.9	(5.0)	(7.3)
Deferred tax on actuarial gains/(losses) taken directly to equity		(0.8)	1.4	2.1
Effective portion of changes in fair value of interest rate cash flow hedges		0.9	0.7	1.8
Deferred tax on change in fair value of interest rate cash flow hedges		(0.3)	(0.2)	(0.5)
Other comprehensive income/(expense) for the period net of tax		**2.7**	**(3.1)**	**(3.9)**
Total comprehensive income/(expense) for the period		**6.2**	**(9.4)**	**(3.4)**

Consolidated balance sheet

(Unaudited)

	Note	As at 31 December 2010 £m	As at 31 December 2009 £m	As at 30 June 2010 £m
Assets				
Intangible assets		1.9	1.8	1.8
Plant, property and equipment	6	14.5	14.0	14.6
Investments		2.2	2.2	2.2
Deferred tax assets		71.2	79.5	77.2
Trade and other receivables		9.3	8.3	7.4
Total non-current assets		**99.1**	**105.8**	**103.2**
Non-current assets available for sale	6	1.4	2.7	2.3
Inventories	7	577.9	533.3	539.7
Trade and other receivables		3.9	6.9	12.2
Cash and cash equivalents	9	14.3	21.8	21.9
Total current assets		**597.5**	**564.7**	**576.1**
Total assets		**696.6**	**670.5**	**679.3**
Equity				
Issued capital	11	30.9	30.9	30.9
Share premium		58.7	58.7	58.7
Hedge reserve		(0.2)	(1.6)	(0.8)
Other reserves		7.9	7.9	7.9
Retained earnings		345.0	338.5	339.2
Total equity		**442.3**	**434.4**	**435.9**
Liabilities				
Bank loans	9	62.5	61.1	50.0
Trade and other payables	8	10.7	20.6	17.1
Deferred tax liabilities		0.6	0.6	0.6
Retirement benefit obligations	5	1.5	2.1	4.4
Derivative financial instruments		-	0.1	-
Long-term provisions		8.5	9.2	8.7
Total non-current liabilities		**83.8**	**93.7**	**80.8**
Bank overdrafts and loans	9	3.3	10.0	19.0
Trade and other payables	8	162.5	126.4	138.6
Derivative financial instruments		0.3	2.1	1.1
Current income tax liabilities		4.4	3.9	3.9
Total current liabilities		**170.5**	**142.4**	**162.6**
Total liabilities		**254.3**	**236.1**	**243.4**
Total equity and liabilities		**696.6**	**670.5**	**679.3**

Consolidated statement of changes in equity

(Unaudited)

	Share capital £m	Share premium account £m	Hedge reserve £m	Other reserves £m	Retained earnings £m
At 1 July 2009	16.0	58.7	(2.1)	7.9	213.0
Total comprehensive income/(expense) for the period	-	-	0.5	-	(9.9)
Net proceeds from shares issued	14.9	-	-	-	135.4
At 31 December 2009	**30.9**	**58.7**	**(1.6)**	**7.9**	**338.5**
At 1 July 2009	16.0	58.7	(2.1)	7.9	213.0
Total comprehensive income/(expense) for the period	-	-	1.3	-	(4.7)
Share based payments	-	-	-	-	0.2
Movement in LTSIP/SAYE	-	-	-	-	(4.7)
Net proceeds from shares issued	14.9	-	-	-	135.4
At 30 June 2010	**30.9**	**58.7**	**(0.8)**	**7.9**	**339.2**
At 1 July 2010	30.9	58.7	(0.8)	7.9	339.2
Total comprehensive income for the period	-	-	0.6	-	5.6
Movement in LTSIP/SAYE	-	-	-	-	0.2
At 31 December 2010	**30.9**	**58.7**	**(0.2)**	**7.9**	**345.0**

Consolidated cash flow statement

(Unaudited)	Note	6 months ended 31 December 2010 £m	6 months ended 31 December 2009 £m	12 months ended 30 June 2010 £m
Cash flow from operating activities				
Operating profit/(loss) before financing costs		12.1	(1.6)	12.7
Depreciation and amortisation		0.6	0.6	1.4
Adjustment for non-cash items		2.0	(6.1)	(8.3)
Operating profit/(loss) before changes in working capital and provisions		**14.7**	**(7.1)**	**5.8**
Decrease in trade and other receivables		6.3	5.6	2.0
(Increase)/decrease in inventories		(38.2)	47.0	40.0
Increase/(decrease) in trade and other payables		18.7	(13.9)	(4.8)
(Decrease)/increase in employee benefits and provisions		(3.1)	5.2	7.0
Cash (outflow)/inflow generated from operations		**(1.6)**	**36.8**	**50.0**
Interest paid		(3.3)	(6.7)	(9.8)
Tax received		0.5	-	-
Net cash (outflow)/inflow from operating activities		**(4.4)**	**30.1**	**40.2**
Cash flows from investing activities				
Acquisition of business		-	(15.0)	(15.0)
Acquisition of plant, property and equipment	6	(0.6)	(0.1)	(1.4)
Proceeds from sale of plant, property and equipment	6	0.6	1.4	1.4
Net cash inflow/(outflow) from investing activities		**-**	**(13.7)**	**(15.0)**
Cash flows from financing activities				
Issue of bank borrowings		65.0	62.5	50.0
Repayment of bank borrowings		(50.0)	(218.0)	(218.0)
Issue costs of bank borrowings		(2.5)	-	-
Purchase of own shares		-	-	(5.2)
Proceeds from issue of share capital		-	150.3	150.3
Net cash inflow/(outflow) from financing activities		**12.5**	**(5.2)**	**(22.9)**
Increase in net cash and cash equivalents		**8.1**	**11.2**	**2.3**
Net cash and cash equivalents at the beginning of the period		2.9	0.6	0.6
Net cash and cash equivalents at the end of the period		**11.0**	**11.8**	**2.9**

Notes to the financial statements (unaudited)

Note 1. Accounting policies

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 2010.

New Standards

a) Standards and interpretations in issue, effective 2010, but not relevant

IFRS 1 – First time adoption of IFRS
IFRIC 19 – Extinguishing financial liabilities with equity instruments

b) Standards and interpretations in issue but not yet effective or early adopted

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2013
- IAS 24 (revised), 'Related party disclosures', effective for annual periods beginning on or after 1 January 2011
- IFRS 7 (amendment), 'Financial instruments: Disclosures', effective for annual periods beginning on or after 1 July 2011
- IFRIC 14 (amendment), 'Prepayments of a minimum funding requirement', effective for annual periods beginning on or after 1 January 2011
- Annual improvements 2010, effective for annual periods beginning on or after 1 January 2011

Basis of preparation

The condensed consolidated half-yearly financial information for the half-year ended 31 December 2010 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly condensed consolidated report should be read in conjunction with the annual financial statements for the year ended 30 June 2010, which have been prepared in accordance with IFRSs as adopted by the European Union.

The main operation of the Group is focused on housebuilding. As it operates entirely within the United Kingdom, the Group has only one business and geographic segment.

These half-yearly financial results do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2010 were approved by the Board of Directors on 8 September 2010 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph, and did not contain any statement under section 498 of the Companies Act 2006.

Notes to the financial statements (unaudited)

Note 2. Income Taxes

Income tax charge is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year (27.75% (2010: 28.0%)) before taking into account the impact of the reduction in corporation tax rate to 27% on the deferred tax assets (£2.6m (2010: £nil)).

Note 3. Dividends

In line with its stated policy, the Group will not be paying an interim dividend. No dividend was paid in the 12 months ended 30 June 2010.

Note 4. Earnings per Share

The basic earnings per share calculation for the 6 months ended 31 December 2010 is based on the weighted number of shares in issue during the period of 308.5m (2009: 242.7m) 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 2010	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share for continuing operations	3.5	308.5	1.1p
Effect of share options and SAYE	-	0.3	-
Diluted earnings per share for continuing operations	3.5	308.8	1.1p

6 months ended 31 December 2009	Losses £m	No. of shares millions	Per share pence
Basic losses per share for continuing operations	(6.3)	242.7	(2.6)p
Effect of share options and SAYE	-	-	-
Diluted losses per share for continuing operations	(6.3)	242.7	(2.6)p

12 months ended 30 June 2010	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share for continuing operations	0.5	275.6	0.2p
Effect of share options and SAYE	-	2.1	-
Diluted earnings per share for continuing operations	0.5	277.7	0.2p

Note 5. Pensions

The amounts recognised in respect of the defined benefit section of the Group's Pension Scheme are as follows: Total amounts (charged)/credited against income during the period:

	6 months ended 31 December 2010 £m	6 months ended 31 December 2009 £m	12 months ended 30 June 2010 £m
Amounts included within the consolidated income statement			
Period operating costs			
Current service cost	(0.7)	(0.6)	(1.1)
Financing costs			
Expected return on assets	2.3	2.2	4.3
Interest cost	(2.2)	(1.9)	(3.9)
	(0.6)	(0.3)	(0.7)
Amounts recognised in the Consolidated statement of comprehensive income			
Actuarial gains/(losses)	2.9	(5.0)	(7.3)
	2.3	(5.3)	(8.0)
Amounts recognised in the consolidated balance sheet			
Present value of the defined benefit obligation	(85.0)	(77.9)	(81.1)
Fair value of the Scheme's assets	83.5	75.8	76.7
(Liability) in the consolidated balance sheet	(1.5)	(2.1)	(4.4)

Note 6. Plant, Property and Equipment

During the period the Group disposed of office premises, held in non-current assets at 30 June 2010 with a carrying value of £0.6m for proceeds of £0.6m. Acquisitions totalling £0.6m were made during the period. There was £nil of capital expenditure contracted at 31 December 2010 (2009: £nil).

Note 7. Inventories

	As at 31 December 2010 £m	As at 31 December 2009 £m	As at 30 June 2010 £m
Land for development	362.3	313.8	321.5
Work in progress	194.2	208.1	202.3
Stock of showhomes	21.4	11.4	15.9
	577.9	533.3	539.7

Notes to the financial statements (unaudited)

Note 7. Inventories (continued)

Land and work in progress are stated net of net realisable value provisions summarised as follows:

	Type 1 £m	Type 2 £m	Total £m
Provision at 1 July 2010	192.9	64.0	256.9
Utilised during period	(26.0)	-	(26.0)
Created during the period	15.4	0.2	15.6
Reclassified during the period	(1.3)	1.3	-
Released during the period	(13.0)	(2.6)	(15.6)
Provision at 31 December 2010	**168.0**	**62.9**	**230.9**

A description of Type 1 and Type 2 land is included on page 55 of the Annual Report and Accounts 2010.

Note 8. Land Creditors (Included In Trade And Other Payables)

	As at 31 December 2010 £m	As at 31 December 2009 £m	As at 30 June 2010 £m
Due within one year	32.4	15.4	20.5
Due in more than one year	10.7	20.6	17.1
	43.1	36.0	37.6

Note 9. Analysis of Net Debt

	As at 31 December 2010 £m	As at 31 December 2009 £m	As at 30 June 2010 £m
Cash and cash equivalents	14.3	21.8	21.9
Bank overdrafts	(3.3)	(10.0)	(19.0)
Bank loans	(65.0)	(62.5)	(50.0)
Issue costs	2.5	1.4	-
	(51.5)	(49.3)	(47.1)

Note 10. Bank Facilities

At 31 December 2010, the Group had total unsecured bank borrowing facilities of £215.0m, representing £200.0m committed facilities and £15.0m uncommitted facilities.

The Group signed a new £200m syndicated loan facility in December 2010 which matures in December 2014.

Note 11. Share Capital

	As at 31 December 2010 £m	As at 31 December 2009 £m	As at 30 June 2010 £m
Authorised			
480,000,000 ordinary shares of 10p each (June 2010: 480,000,000)	48.0	48.0	48.0
Allotted, called up and fully paid	30.9	30.9	30.9

	Number of ordinary shares of 10p each
At 1 July 2010 and 31 December 2010	**308,607,479**

Note 12. Contingent Liabilities

Performance bonds, financial guarantees in respect of certain deferred land creditors and other building or performance guarantees have been entered into in the normal course of business.

Note 13. Related Parties

Within the definition of IAS 24 'Related Party Disclosures', the Board and key management personnel are related parties, being identified as the Main Board together with Group Senior Management. Summary key management remuneration is as follows:

	6 months ended 31 December 2010 £m	6 months ended 31 December 2009 £m	12 months ended 30 June 2010 £m
Short-term employee benefits	0.6	1.0	1.7
Post-employment benefits	-	0.1	0.1
Share-based payment charges	0.2	-	0.4
	0.8	1.1	2.2

During the six months to 31 December 2010, purchases of £1.9m (2009: £1.3m) were made from Travis Perkins plc, a company in which Paul Hampden Smith is an executive director. At 31 December 2010, an amount of £0.1m (2009: £0.1m) was due to Travis Perkins plc in respect of those purchases.

Related party transactions were carried out with Steve Morgan for a total consideration of £0.2m (2009: £0.2m) primarily relating to donations to the Morgan Foundation.

Notes to the financial statements (unaudited)

The Group did not undertake any transactions with The Waterford Park Company Limited or The Waterford Park Company (Balmoral) Limited joint ventures. The Group's loans to its joint ventures are summarised below:

	6 months ended 31 December 2010 £m	6 months ended 31 December 2009 £m	12 months ended 30 June 2010 £m
Loans to joint ventures	3.2	3.1	3.2

Note 14. General Information

Redrow plc is a public limited company incorporated and domiciled in the UK and has its primary listing on the London Stock Exchange.

The registered office address is Redrow House, St David's Park, Flintshire, CH5 3RX.

Risks Review

The following table sets out the principal risks and uncertainties identified by the Company as having the potential to affect its future performance.

Risk	Description	How we manage our risks
Housing market conditions	The conditions within the UK housing market are fundamental to Redrow's business performance. The availability of mortgage finance and the extent of down valuations are key issues in the current environment	▪ Close monitoring of, and proactive management response to, lead indicators of the housing market ▪ Regional spread of operations diversifies risk to local markets ▪ Proactive approach to the management of the mortgage valuation process
Land procurement	The timing of future land purchases and the ability to purchase land suitable for our product are fundamental to the Group's future performance	▪ Close monitoring of market conditions by experienced management team ▪ Strong and knowledgeable land, planning and technical teams with good local knowledge
Appropriateness of product and marketing	The failure to design and build a desirable product for our customers at the right cost could lead to relative underperformance in our business	▪ Our product is kept under constant review to ensure it is appropriate for the market ▪ The product mix on the new sites is extensively considered by management and if appropriate, adjusted to market conditions ▪ Design is an integral element of our business
Planning and regulatory environment	The inability to obtain detailed planning consents and the timeliness of consents on key sites may adversely impact upon anticipated production	▪ Strong planning and technical teams with good local knowledge ▪ Well prepared, high quality planning submissions addressing local concerns and demonstrating good design ▪ Broad spread of developments going through the planning system at any one time
Liquidity and funding	The group requires appropriate facilities for its short term liquidity and long term funding needs	▪ Bank facilities with appropriate covenants and headroom for a range of market conditions ▪ Regular contact and communication with shareholders and relationship banks ▪ Regular updates of strategic plans including profitability and cash flow projections ▪ Capital structure regularly reviewed
Attracting and retaining staff	The loss of key staff and/or our failure to attract high quality employees will inhibit Redrow's ability to achieve its business objectives	▪ Remuneration packages are benchmarked at local and national levels to ensure that they are competitive ▪ In-house training centre provides a central focus for training activities across all disciplines ▪ Structured training programmes include apprentice schemes

Risks Review

Risk	Description	How we manage our risks
Health and safety/ environment	A significant Health and Safety or environmental incident or general deterioration in standards could put people and/or the environment at risk as well as damaging Redrow's reputation	■ Dedicated Health and Safety team operates across the Group to ensure appropriate standards are applied with regular on site inspections and audits ■ Group has established an Environmental Management System and has introduced a site Environmental audit process ■ All staff receive appropriate training through our in-house programme
Key supplier or subcontractor failure	The failure of a key supplier or subcontractor to perform due to financial failure or contraction of production capability could disrupt Redrow's ability to deliver homes on programme	■ Use of suppliers and subcontractors with strong track record and reputation ■ Close monitoring of supplier and subcontractor performance through six monthly assessment of performance and financial strength
Fraud/ uninsured losses	A significant fraud or uninsured loss could damage the financial performance of the business	■ Systems, policies and procedures designed to segregate duties and minimise opportunity for fraud ■ Regular management reporting and challenge ■ Internal Audit reviews ■ Regular review of insurance programme

REDROW plc
Redrow House, St. David's Park,
Flintshire CH5 3RX
Telephone: 01244 520044
Facsimile: 01244 520720
E-mail: groupservices@redrow.co.uk
www.redrow.co.uk