

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**12 MONTHS ENDED 30 JUNE 2004**

	Note	<b>Continuing Operations</b>	
		<b>2004</b>	2003
		<b>£m</b>	£m
<b>Turnover</b> - total	2	<b>670.3</b>	608.3
- share of joint venture		<b>(0.4)</b>	(0.4)
<b>Group turnover</b>		<b>669.9</b>	607.9
Cost of sales		<b>(497.0)</b>	(457.7)
<b>Gross Profit</b>		<b>172.9</b>	150.2
<b>Net operating expenses</b>	2	<b>(39.0)</b>	(35.7)
Operating profit	2	<b>133.9</b>	114.5
Share of operating loss of joint venture		<b>(1.2)</b>	(0.8)
Operating profit including share of joint venture		<b>132.7</b>	113.7
Interest payable	2	<b>(8.6)</b>	(7.6)
Profit on ordinary activities before taxation	2	<b>124.1</b>	106.1
Tax on profit on ordinary activities	3	<b>(37.2)</b>	(31.8)
Profit on ordinary shares after taxation		<b>86.9</b>	74.3
Dividends	4	<b>(14.3)</b>	(11.9)
<b>Retained profit</b>		<b>72.6</b>	62.4
<b>Earnings per ordinary share</b>			
- basic	5	<b>54.8p</b>	46.9p
- diluted	5	<b>54.6p</b>	46.8p
<b>Dividend per ordinary share</b>	4	<b>9.0p</b>	7.5p

The Group has no material recognised gains or losses other than as shown above.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historic cost equivalents.

**CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2004**

	Note	As at 30 June 2004 £m	Restated As at 30 June 2003 £m
<b>Fixed assets</b>			
Tangible assets		22.5	16.5
Investment in joint venture		1.8	2.1
Other investments		-	0.1
		<b>24.3</b>	18.7
<b>Current assets</b>			
Stocks and work in progress	7	713.4	579.0
Debtors		11.6	11.0
Bank and cash deposits	8	1.2	6.2
		<b>726.2</b>	596.2
<b>Creditors</b>			
Creditors due within one year		(235.6)	(174.5)
Creditors due after more than one year		(134.4)	(134.7)
Provisions for liabilities and charges		(3.9)	(3.7)
		<b>(373.9)</b>	(312.9)
<b>Net assets</b>		<b>376.6</b>	302.0
<b>Capital and Reserves</b>			
Called up share capital		15.9	15.9
Share premium account		53.2	52.3
Revaluation reserve		0.3	0.3
Revaluation of shares in subsidiary companies		-	-
Capital redemption reserve		7.0	7.0
Consolidation reserve		0.9	0.9
Profit and loss account		299.3	225.6
<b>Equity shareholders' funds</b>	6	<b>376.6</b>	302.0

**CONSOLIDATED CASH FLOW STATEMENT**  
**12 MONTHS ENDED 30 JUNE 2004**

	Note	2004 £m	2003 £m
<b>Cash inflow from operating activities</b>	10	<b>24.5</b>	59.6
<b>Returns on investments and servicing of finance</b>			
Net interest paid		(8.0)	(7.3)
Issue costs of new bank borrowings		-	(0.5)
<b>Net cash (outflow) from returns on investments and servicing of finance</b>		<b>(8.0)</b>	(7.8)
<b>Corporation tax paid</b>		<b>(34.1)</b>	(29.2)
<b>Capital expenditure and financial investment</b>			
Net (purchases)/sales of tangible fixed assets		(7.1)	(2.4)
Payment to joint venture		(0.5)	(2.7)
<b>Acquisitions</b>			
Net overdrafts acquired		-	(7.9)
<b>Dividends paid</b>		<b>(12.7)</b>	(10.4)
<b>Net cash (outflow) before financing</b>		<b>(37.9)</b>	(0.8)
<b>Financing and liquid resources</b>			
Issue of ordinary share capital		0.5	0.3
Cash deposits - restricted use		(0.6)	(0.6)
Net movement in bank borrowings		10.0	55.0
<b>Net cash inflow from financing</b>		<b>9.9</b>	54.7
<b>(Decrease)/Increase in cash in period</b>		<b>(28.0)</b>	53.9
Cash deposits - restricted use		0.6	0.6
Net movement in bank borrowings		(10.0)	(55.0)
Net movement in issue costs of bank borrowings		(0.1)	0.4
<b>Change in net (debt)</b>		<b>(37.5)</b>	(0.1)
Net (debt) at start of period		(93.2)	(93.1)
<b>Net (debt) at end of period</b>		<b>(130.7)</b>	(93.2)

## 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 based on the full accounts which have received an unqualified report by the auditors and will be filed with the Registrar of Companies. The Group has adopted UITF Abstract 38 'Accounting for ESOP Trusts' which also amended UITF 17 'Employee Share Schemes' and as a result, the comparative figures for 2003 have been restated (see Note 6).

### 2. Segmental information

	2004 £m	Restated 2003 £m
<b>Turnover</b>		
Homes	662.7	596.0
Commercial	7.2	11.9
	<u>669.9</u>	<u>607.9</u>
Share of Framing Solutions JV	0.4	0.4
	<u>670.3</u>	<u>608.3</u>
<b>Profit on ordinary activities before taxation</b>		
Homes	131.2	111.5
Commercial	2.7	3.0
	<u>133.9</u>	<u>114.5</u>
Share of Framing Solutions JV	(1.2)	(0.8)
	<u>132.7</u>	<u>113.7</u>
Interest	(8.6)	(7.6)
	<u>124.1</u>	<u>106.1</u>
<b>Net assets</b>		
Homes	487.1	376.9
Commercial	18.4	16.2
Share of Framing Solutions JV	1.8	2.1
	<u>507.3</u>	<u>395.2</u>
Net (debt)	(130.7)	(93.2)
	<u>376.6</u>	<u>302.0</u>

In 2004, net operating expenses were comprised of £39.7m administrative expenses and other operating income of £0.7m in respect of the sale of an office.

In 2003, net operating expenses were comprised entirely of administrative expenses.

### 3. Tax on Profit on Ordinary Activities

	2004 £m	2003 £m
<b>Current year</b>		
UK corporation tax at 30% (2003:30%)	36.8	30.1
Under provision in respect of prior year	0.4	-
Share of Framing Solutions' taxation credit	(0.4)	(0.2)
	<u>36.8</u>	<u>29.9</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	0.4	1.9
	<u>37.2</u>	<u>31.8</u>
<b>Reconciliation of current taxation charge</b>		
Tax on total profits @ 30% (2003:30%)	37.2	31.8
Under provision in respect of prior year	0.4	-
Origination and reversal of timing differences	(0.4)	(1.9)
Rolled over capital gains net of expenses not deductible for tax purposes	(0.4)	-
Current tax charge	<u>36.8</u>	<u>29.9</u>

### 4. Dividends

The final dividend of 6.0p will be recommended to shareholders for approval at the Annual General Meeting on 3 November 2004. This dividend will be paid on 19 November 2004 to shareholders whose names are on the Register of Members at close of business on 24 September 2004. The shares will become ex-dividend on 22 September 2004. This dividend, when added to the interim, makes a total dividend for the year of 9.0p (2003: 7.5p).

### 5. Earnings per share

The calculation of the basic earnings per share of 54.8p (2003: 46.9p) is based on Group profit on ordinary activities after taxation of £86.9m (2003: £74.3m) and on the weighted average number of 10p ordinary shares in issue of 158.6m (2003:158.3m). 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 in accordance with FRS 14 based on the weighted average number of 10p ordinary shares in issue of 159.2m (2003:158.8m).

### 6. Reconciliation of movement in equity shareholders' funds

	2004 £m	Restated 2003 £m
Opening shareholders' funds	302.0	239.2
Retained profit for the period	72.6	62.4
Shares issued	0.9	0.5
Credit in respect of LTSIP	1.6	0.1
Contribution to QUEST	(0.5)	(0.2)
<b>Closing shareholders' funds</b>	<u>376.6</u>	<u>302.0</u>

The change in accounting policy resulting from the adoption of UITF 38 and the amended UITF 17 has resulted in the comparative figures for 2003 being restated as follows:

	<b>Shareholders' Funds £m</b>
At 1 July 2003 as previously reported	301.3
Shares owned by Employee Benefit Trust	(0.5)
Credit in respect of UITF 17 amounts expensed	1.2
At 1 July 2003 as restated	<u>302.0</u>

**7. Stocks and work-in-progress**

	<b>2004 £m</b>	<b>2003 £m</b>
Land held for development	<b>419.0</b>	327.3
Work-in-progress	<b>316.4</b>	257.9
Stock of showhomes	<b>7.0</b>	9.4
	<u><b>742.4</b></u>	<u>594.6</u>
Cash on account	<b>(29.0)</b>	(15.6)
	<u><b>713.4</b></u>	<u>579.0</u>

**8. Bank and cash deposits**

Bank and cash deposits at 30 June 2004 of £1.2m (2003:£6.2m) represent balances on deposit accounts.

**9. Amounts due in respect of development land**

	<b>2004 £m</b>	<b>2003 £m</b>
Due within one year	<b>56.1</b>	35.2
Due after more than one year	<b>29.7</b>	40.1
	<u><b>85.8</b></u>	<u>75.3</u>

10. **Analysis of cash flow from operating activities**

	2004 £m	2003 £m
Total operating profit	132.7	113.7
Add back share of joint venture operating loss	1.2	0.8
Group operating profit	<u>133.9</u>	114.5
Depreciation, including profits and losses on disposal of fixed assets	1.1	1.7
Increase in stock and work-in-progress	(134.4)	(61.1)
Movement in debtors, creditors and provisions	<u>23.9</u>	4.5
Cash inflow from operating activities	<u><u>24.5</u></u>	<u><u>59.6</u></u>

11. **Half Year Comparison**

	6 months to 30 June 2004	6 months to 31 December 2003
Unit sales	<u>2,288</u>	<u>1,996</u>
Turnover	<u>£m 359.3</u>	<u>£m 311.0</u>
Operating profit	72.1	60.6
Interest	<u>(4.7)</u>	<u>(3.9)</u>
	<u><u>67.4</u></u>	<u><u>56.7</u></u>

12. **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 3 November 2004, commencing at 12.00 noon. A copy of this statement is available for inspection at the registered office.