



 **REDROW**

Annual Report and Accounts 2012

Introduction

At Redrow we take pride in delivering quality homes to our customers and value to our shareholders.



Financial Highlights for 2012

Revenue

£478.9m

+£26.2m +6%

Profit before tax

£43.0m

+£17.7m +70%

Adjusted earnings per share *

10.8p

+80%

Return on capital employed

8.7%

+43%

* Excludes deferred tax rate change impact

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Redrow online

An online, interactive version of our Report can be found at redrowplc.co.uk/investorrelations



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A snapshot of our three years to June 2012



The New Heritage Collection launch at Bonhams, London ↑

MARCH 2009

Return of founder Steve Morgan

SEPTEMBER 2009

Rights issue to re-establish appropriate capital structure

FEBRUARY 2010

Launch of the New Heritage Collection of family homes

AUGUST 2010

Establish London division

DECEMBER 2010

Acquired first London site

↓ The Walpole Collection, Ealing, London



Land at Woodford, Manchester ↑

JUNE 2011

Sale of Scottish business

DECEMBER 2011

6 London sites acquired in total with GDV (Gross Development Value) of £300m

FEBRUARY 2012

HBF 5 star Customer Service award won for the second year running

APRIL/MAY 2012

Further capital raised following strategic review of land opportunities

JUNE 2012

70% increase in profit before tax

↓ Kingston Riverside, Kingston upon Thames



Why Redrow

We have a strong balance sheet to underpin our performance and allow us to take advantage of opportunities



↑ Bob Sayers, Redrow's Health & Safety Director receiving the RoSPA Gold Medal Award

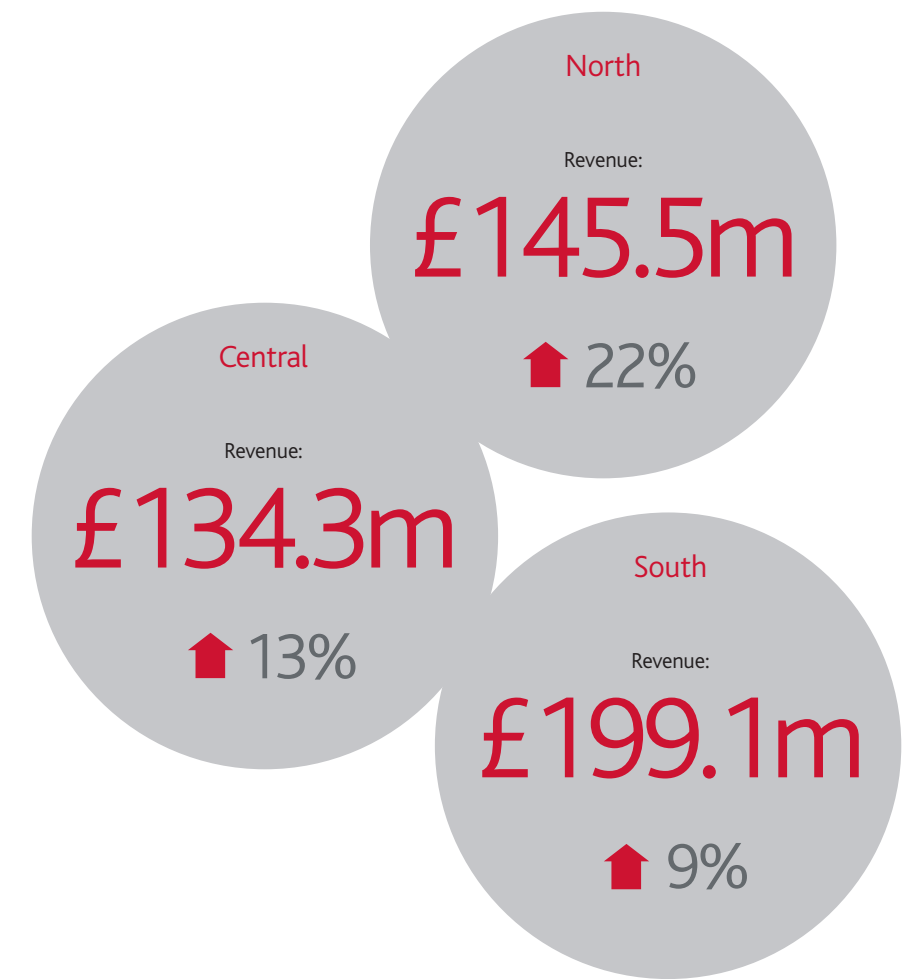
Read more on Page 20

We retain an entrepreneurial spirit and the confidence to trust our instincts

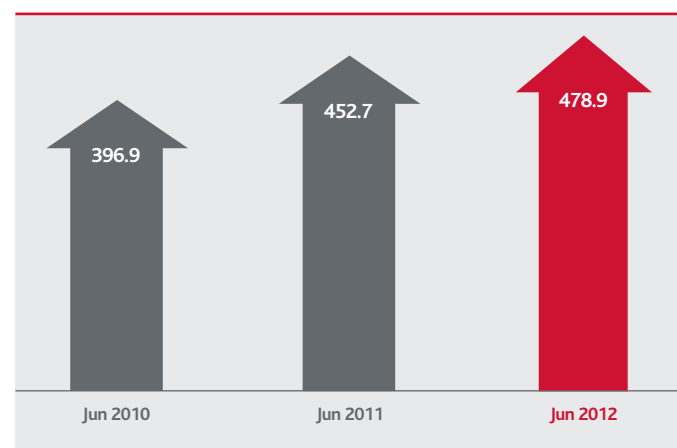
We are committed to high standards of Health and Safety on our developments

We build quality homes recognisable by their distinctive design and attention to detail

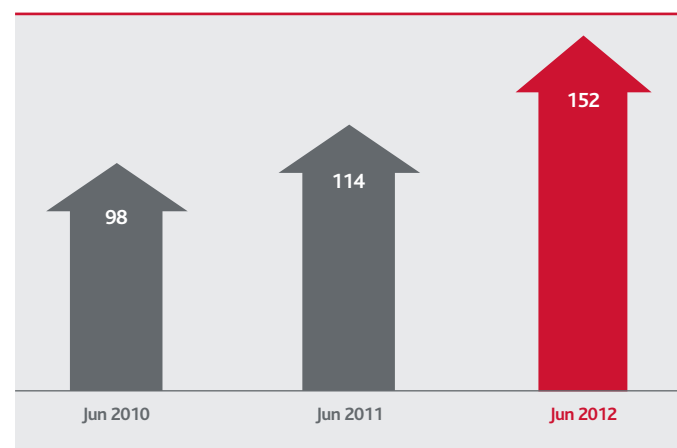
We are committed to making our business successful now and in the future



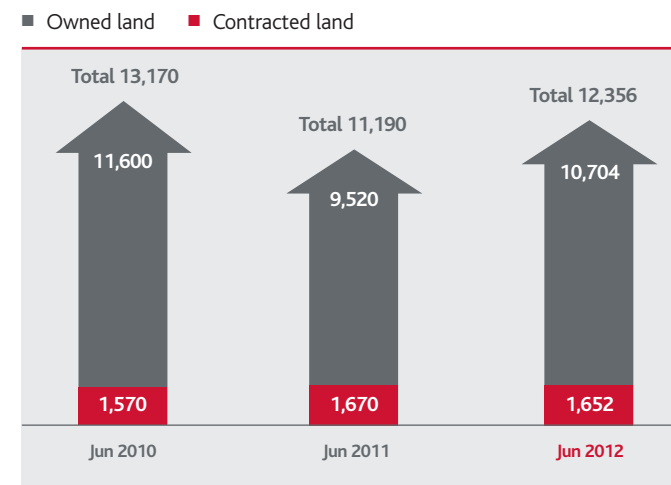
Our revenue (£m)



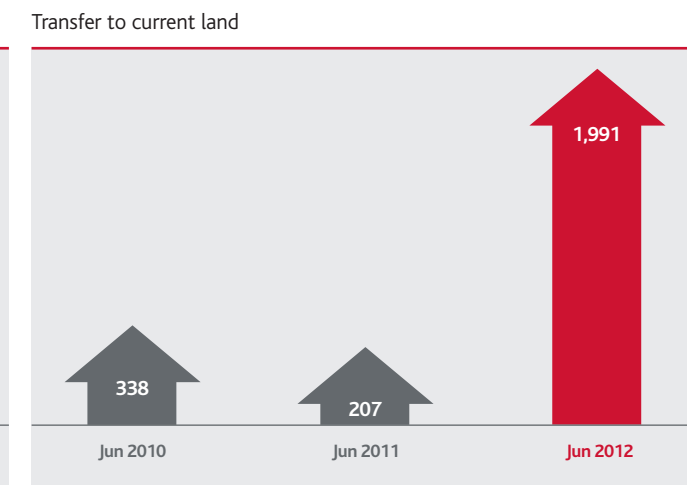
Our order book (£m)



Total current land (No. of plots)

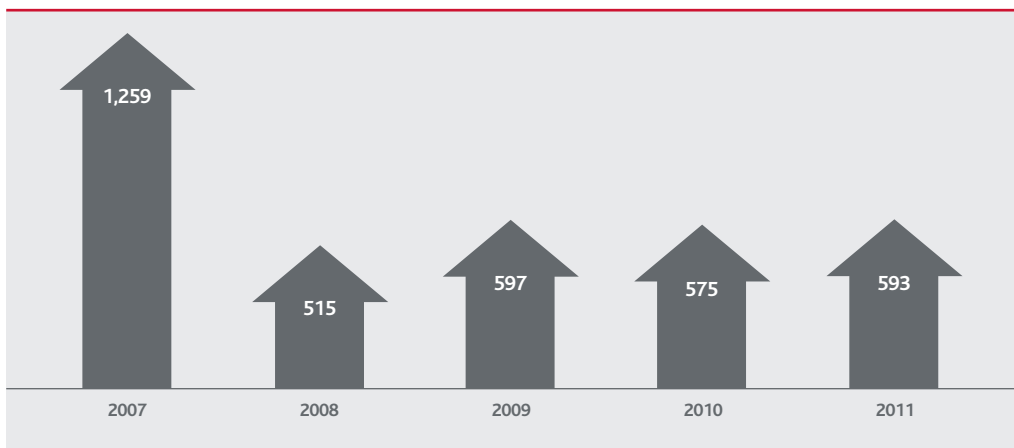


Total forward land pull through (No. of plots)



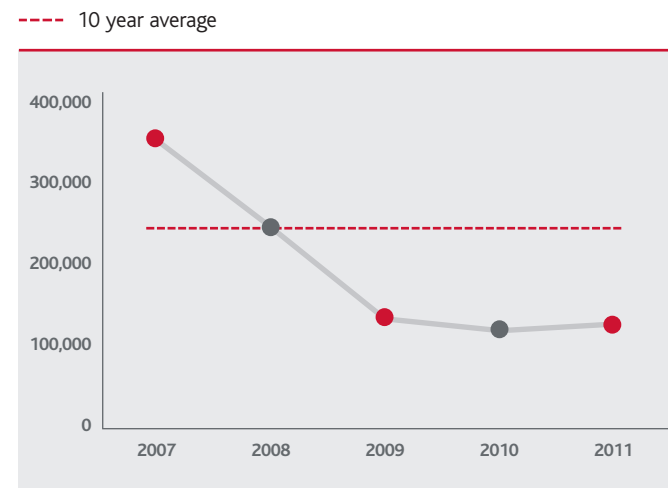
Our markets - a year in view

Mortgage approvals
No. ('000)



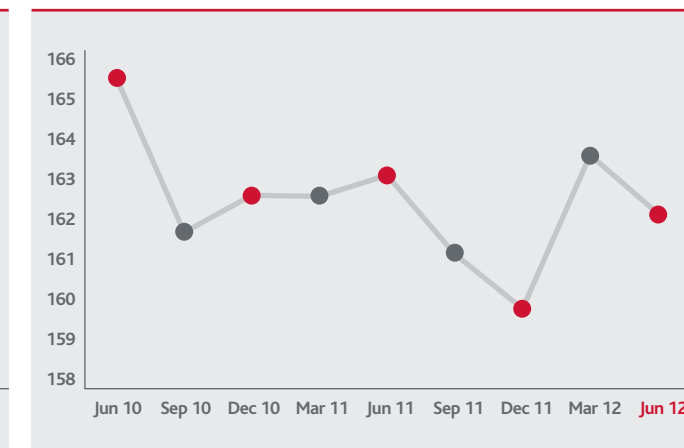
Source: Bank of England

Gross mortgage lending
£(m)



Source: Bank of England

House prices
Halifax House Price Index Average Price (£'000)



Source: Halifax

OCTOBER 2011

The Office for National Statistics published its 2010-based population projections which showed the UK population is projected to rise by 4.9m from an estimated 62.3m by 2020 and to 73.2m over the 25 year period to mid-2035. Natural increase accounted for 56% of the projected increase.

NOVEMBER 2011

Localism Bill received Royal Assent and became the Localism Act 2011. It included wide ranging powers and governance for local authorities, community engagement, planning and housing including the abolition of the regional tier plans, community infrastructure levy (CIL), neighbourhood planning and consultation, local plan reform, community right to build and community right to buy.

NOVEMBER 2011

Government launched £400m 'Get Britain Building Fund' to get build started on stalled sites with planning permission.

Government launched 'Growing Places Fund' a £500m investment fund for LEP's and Local Authorities to boost local economies and address local housing supply.

MARCH 2012

NewBuy was introduced in a bid to kick-start the housing market, with participating lenders providing up to 95% mortgages for buyers who meet their qualifying criteria. The lenders are protected by a Mortgage Indemnity Guarantee (MIG) jointly funded by housebuilders and the Government.

Read more on Page 21

MARCH 2012

The National Planning Policy Framework (NPPF) was published revoking and replacing over a thousand pages of planning policy with around fifty pages. The NPPF is the most significant change in planning policy for over a decade and introduces a presumption in favour of sustainable development. In assessing and determining development proposals local planning authorities should apply the presumption particularly if a local authority cannot demonstrate a five year housing land supply.

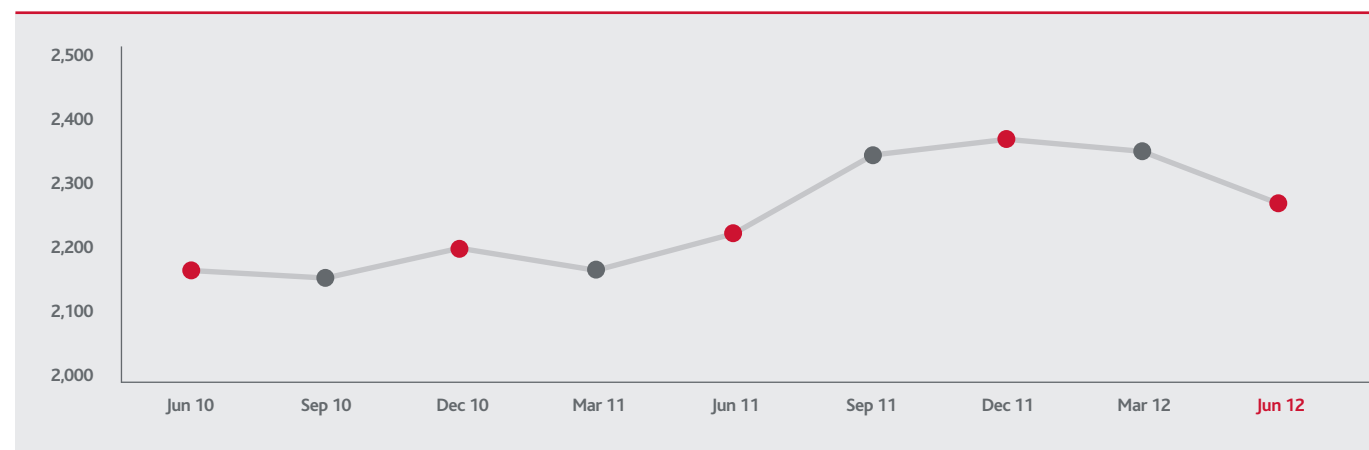
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SEPTEMBER 2012

On 5 September 2012 the Government announced a major housing and planning package "Housing and Growth" which included measures to stimulate the economy by supporting local economic growth and removing barriers that stop local businesses creating jobs and getting Britain building again. Measures included increasing investment in the private rented sector, affordable housing guarantees, helping first time buyers, accelerating large housing schemes, getting surplus public sector land back into use, reducing planning delays, reducing the cumulative burden of red tape, helping home owners improve their homes and getting empty offices back into use.

Unemployment (England & Wales)

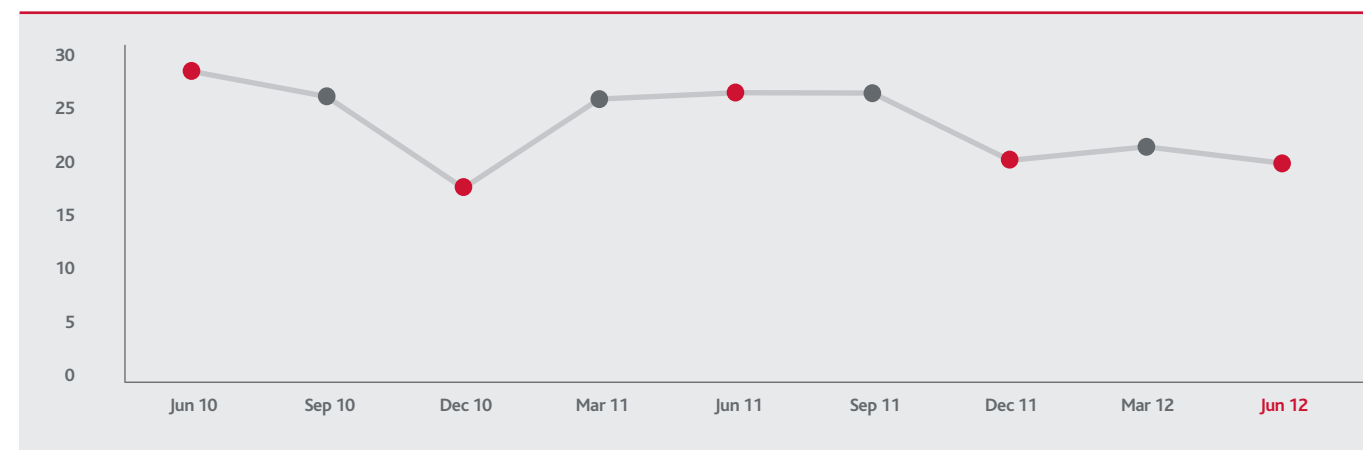
No. Unemployed ('000)



Source: Office of National Statistics

NHBC Build Starts (England & Wales)

No. ('000)



Source: Office of National Statistics

←
The Buckingham
housetype from
the New Heritage
Collection



Chairman's statement

The New Heritage Collection is now firmly established as our primary brand and accounted for 67% of our private turnover during the year.



→
Steve Morgan
Chairman

Introduction

I am pleased to report that the Group has delivered its third consecutive year of significant growth in profitability despite the challenging market conditions. During the year we have further strengthened the balance sheet through a £78m share placing and open offer, which was concluded in May 2012.

Financial Results

Group revenue increased 5.8% to £479m for the financial year, predominantly due to a 15% increase in our average selling price from £164,800 to £189,900. The average selling price of private homes increased by 17% to £204,100. Legal completions for the year were marginally up to 2,458. In the year to 2011 we completed 2,424 homes, excluding the Scottish operation which was sold during that year.

Gross margins rose from 14.2% to 17.3% due to an increasing proportion of our sales being generated from sites purchased since the downturn, on which more normal margins are being generated, together with improved product mix and stable build costs. We also benefited from £12.2m of land and freehold reversion sales at very good margins.

As a result of the increasing gross margins and land sale contribution, operating profit rose 54% to £48m, representing a 10% margin (2011: 6.9%). This was achieved despite the ongoing overhead investment in our new London Division.

The higher operating profit, combined with the lower interest expense, resulted in a pre-tax profit up 70% to £43m and an adjusted earnings per share up 80% to 10.8p (2011: 6.0p). As reported in the placing and open offer document issued in April 2012, the Board is not proposing a dividend for the 2012 financial year but, subject to economic circumstances, the Board intends to resume the payment of dividends in the current financial year.

Market

The housing market has been stable throughout the last financial year. Sales rate per outlet per week increased from 0.54 in 2011 to 0.58 in 2012. Excluding London, the value of private reservations rose by 4% from £416m to £434m, due a change in mix towards larger family homes.

The New Heritage Collection is now firmly established as our primary brand and accounted for 67% of our private turnover during the year (2011: 35%). The average selling price of a New Heritage home is now £215,100, an increase of 7% on the previous year.

The opening of new outlets remains a priority and we ended the year with 82 outlets, up from 74 last year. We are planning a further increase to over 90 outlets by the end of the current financial year.

Chairman's statement

(continued)

We completed the first two houses in our London Division at Ealing and commenced construction on our first two major flatted schemes, One Commercial Street in Aldgate and Kingston Riverside in Kingston upon Thames. The sales launch of the two schemes were successfully received both in the UK as well as overseas and I am pleased to report that at the end of June we had over 70 reservations across the two sites with a total value of £34m.

Balance Sheet

In May 2012 we further strengthened our balance sheet with the successful placing and open offer, which raised a net £78m. This had the effect of reducing our gearing to just 2% by the year end. Gearing has risen substantially during the current financial year as we continue to invest in the business by increasing the work in progress in London and taking advantage of appropriate land opportunities.

Land and Planning

We enjoyed a number of land successes during the year and have secured a total of 4,100 plots, largely on the back of a significant 2,000 plot contribution from forward land. The land bank at the end of June 2012 equates to 12,350 plots (June 2011: 11,190 plots). The average plot cost is £50,000, including central London and £44,000, excluding central London. The increase in average plot cost over the last few years reflects Redrow's continuing movement to re-establish ourselves as a premium mid-market home builder of larger than average, high specification, homes.

Despite the increasing land bank the Group still retains several sites where it is not economic to develop. We strongly welcome, therefore, the Government's housing initiative announced two weeks ago which relaxes the requirement for affordable housing on those sites where viability is in question. This, together with other initiatives, particularly the extension of FirstBuy, will, I believe, have a positive effect on the delivery of new homes. Planning remains a major obstacle to development despite the Government's best efforts with the publication of the National Planning Policy Framework. The Government is determined that planning ceases to be a major obstacle to growth and we strongly welcome the recent initiatives.

As stated above, the Group's forward land bank contributed 2,000 plots to current land. Several new opportunities have been secured and the forward land bank now stands at 22,800 plots, an increase of 650 plots over last year. Of this total, 8,700 plots have been allocated in adopted or emerging Local Plans.

Mortgages

Unfortunately mortgage availability, or should I say, lack of it, remains the main drag to housing market recovery. The spring saw the introduction of the Government sponsored NewBuy scheme, a Mortgage Indemnity Guarantee (MIG) which provides purchasers of new homes with the ability to secure a 95% mortgage. The initiative has been strongly welcomed by the industry; unfortunately, however, the rates being offered by lenders still do not reflect the lower risk profile of the scheme and as such NewBuy has not yet enjoyed the success it deserves.

In more normal times new home sales have fluctuated between 11-15% of total housing transactions; ironically, during the last four years, that percentage has increased. The new homes market needs a buoyant second hand market in order to obtain a meaningful growth and deliver the increasing numbers that the Government, and indeed the country, desperately needs. In order for the housing market to make a full recovery there would need to be a MIG similar to NewBuy available to the second hand market.

People

Since my return to the business just over three years ago we have initiated the reintroduction of apprentices of all types, a graduate training programme and numerous management trainee programmes. This represents a large investment in our people and just over 11% of our total workforce are now trainees. I am delighted that Redrow is once again at the forefront of our industry for training its people.

Redrow has continued to make excellent progress during the last year, primarily due to the ongoing efforts of our people. I would like to thank them for their hard work during the year and their continued support in the successful delivery of our strategic goals.

Current Trading and Outlook

Reservations per outlet in the current year are running fractionally ahead of last year at 0.55 sales per outlet (2011: 0.54). In the year to date we have been selling on an average of 84 outlets (2011: 73) and as a result we have secured 507 private reservations in the first 11 weeks, some 16% ahead of last year.

Despite the encouraging start to the year and the recent Government Housing and Growth announcement, the outlook for the industry remains challenging. Supply of mortgages, although slightly improved on last year, remains a significant constraint, as does public confidence due to the country's fragile economic state. Nevertheless, we have an excellent product range and a strong pipeline of new sites, which gives me every confidence that Redrow will continue along its path of improving performance.

Steve Morgan

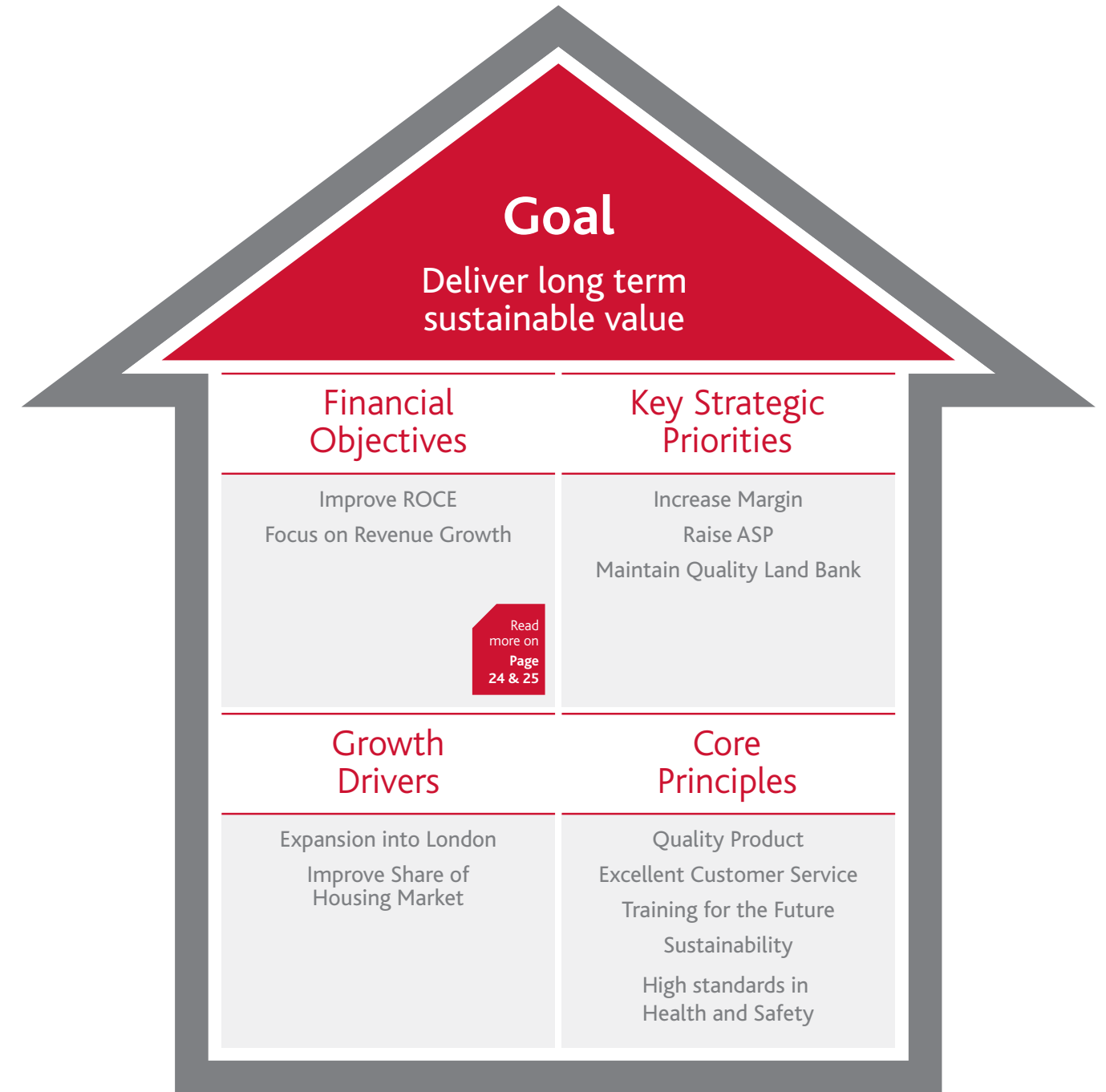
Chairman

18 September 2012



Our strategy

Our aim is to be the premium brand in the sector, by delivering a high quality product to our customers.



←
The Ruthin housetype from the New Heritage Collection

Our Business Model



Key Performance Indicators (KPI's)

Land and planning				
Why this matters The land bank is the foundation for our future business performance	How we performed <ul style="list-style-type: none"> We increased our current land bank to support future growth This represents a threefold increase in the number of outlets pulled through This represents a net increase of 640 plots 	How we measure it <ul style="list-style-type: none"> The number of plots in the current land bank No. of plots pulled through from forward land bank to current land bank in year The number of plots in the forward land bank 	2012 12,356 plots	2011 11,190 plots
			1,991 plots	207 plots
			22,790 plots	22,150 plots
Outlets				
Why this matters Outlets define our potential to reach customers	How we performed <ul style="list-style-type: none"> We increased our outlets in the year The value of our order book increased by over 33% year on year We increased our rate per week 	How we measure it <ul style="list-style-type: none"> The average number of developments on which we are actively selling The value of private homes reserved or exchanged at the end of the period that are due to legally complete in the future Private reservation rate achieved per outlet per week 	2012 73	2011 70¹
			£152m	£114m
			0.58	0.54
Return on capital employed (ROCE)				
Why this matters We monitor how effectively we use our capital base with the objective of delivering ROCE in excess of our comparable cost of capital	How we performed <ul style="list-style-type: none"> We improved our performance by 43% in the year 	How we measure it <ul style="list-style-type: none"> Operating profit as a percentage of the average of opening and closing capital employed 	2012 8.7%	2011 6.1%
Earnings per share (EPS)				
Why this matters Redrow regards growth in Earnings per Share as an important objective for our shareholders	How we performed <ul style="list-style-type: none"> We improved our performance significantly in the year 	How we measure it <ul style="list-style-type: none"> Profit attributable to ordinary equity shareholders divided by the weighted average number of ordinary shares in issue during the year Adjusted prior to deferred tax rate change 	2012 9.7p	2011 4.4p
			10.8p	6.0p

¹ Comparator excludes Scotland

Net asset value per share				
Why this matters We monitor how effective our operations have been in generating shareholder value	How we performed <ul style="list-style-type: none"> We increased our net asset value by 5% in the year 	How we measure it <ul style="list-style-type: none"> Net assets divided by number of ordinary shares in issue 	2012 £1.52	2011 £1.45*
Customers				
Why this matters We aim to provide our customers with a home they are proud of and to deliver improving levels of customer service that enhance our reputation in the marketplace	How we performed <ul style="list-style-type: none"> We maintained our high customer satisfaction and recommendation levels in the year 	How we measure it <ul style="list-style-type: none"> The percentage of customers who are satisfied with their overall purchase experience including quality of their home The percentage of customers who would recommend Redrow to a friend 	2012 94%	2011 93%
			97%	96%
Build				
Why this matters We aim to build our homes well and safely and therefore monitor construction quality and accident rates	How we performed <ul style="list-style-type: none"> There was a 24% improvement in reportable item performance The 27% reduction in the accident rate reflects the impact of new initiatives aimed at reducing slip and trip injuries 	How we measure it <ul style="list-style-type: none"> The average number of reportable items per NHBC inspection Accident incident rate 	2012 0.19	2011 0.25
			495	685
Employees				
Why this matters Redrow looks to be regarded as an employer of choice in the industry and therefore we monitor our staff turnover	How we performed <ul style="list-style-type: none"> Increase reflects increased mobility in job market We increased our training days in the year 	How we measure it <ul style="list-style-type: none"> Number of staff leaving as a proportion of total staff No. of training days 	2012 10.4%	2011 7.6%
			2,302 days	2,267 days

* Adjusted for recent share issue

Operating review

The market recovered at the start of the calendar year and we had considerably more success opening new outlets.

A closing private order book of

£152m



→ **John Tutte**
Group Managing Director



The Average Selling price of the New Heritage Collection increased by

7%

← Hedera Green, Royston, Hertfordshire

→ Branwell Gardens, Guiseley, Yorkshire



↓ Steeple Chase, Calne, Wiltshire

The Group Accident Incident rate fell by

27%

Introduction

The strong financial performance in 2012 is a measure of the success of the strategic changes implemented across the business in 2010 and 2011, particularly the introduction of the New Heritage Collection which has been central to the Group's growth in turnover, average selling price and profit. The average selling price, including social housing, has increased from £137,400 in 2009 to £189,900 in 2012 with private housing rising to £204,100 as a result of building larger and higher specified homes in better locations. The average selling price is set to increase further, albeit at a slower pace, as we continue to open new outlets in higher priced areas and completions come through in the London division.

Build costs remained relatively stable throughout the year with price pressures on certain materials being offset by economies elsewhere. Operating expenses increased largely due to investment in overheads in the London division and to a lesser extent, elsewhere to meet the growth in outlets.

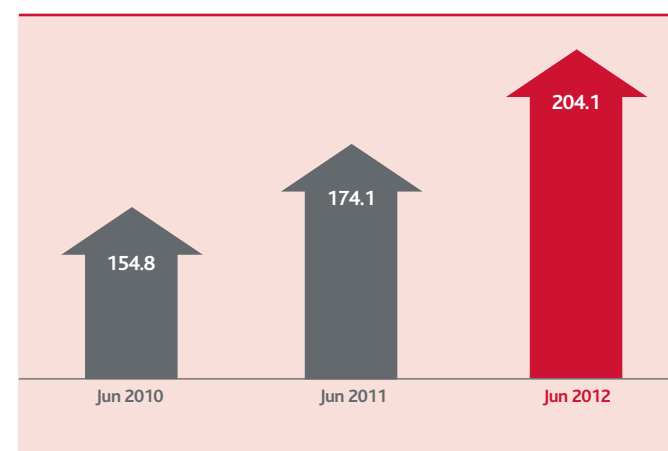
Sales and Marketing

The first-half of the year was challenging for two reasons, there was a slower than expected upturn in the autumn sales market and bringing new outlets on-stream proved to be frustrating. The volume of reservations was fairly flat compared to the previous year and the number of outlets remained stubbornly static: in the first-half we opened five new outlets and closed six. In spite of this, the value of reservations was comfortably ahead due to the increase in average selling price.

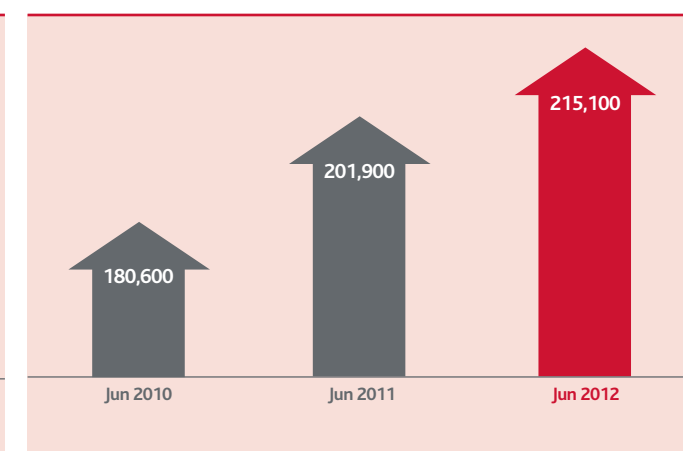
The second-half saw a change in fortunes. The market recovered at the start of the calendar year and we had considerably more success opening new outlets: in the second-half we opened 24 and closed 15.

In the first-half we secured £180m of reservations and averaged 0.50 reservations per outlet per week, by comparison in the second-half we took £292.0m of reservations and averaged 0.66 per outlet per week. We closed the year with a private order

Private Average Selling Price (£'000)



New Heritage Collection Private Average Selling Price (£)



Operating review

(continued)

book of £152m including £34m of reservations on outlets in the London division: like-for-like, the value of the order book closed 4% ahead.

There was relatively strong revenue growth across all regions. The North performed particularly well and grew to represent 30% of the Group's turnover, slightly ahead of the Central region: the South remained the largest region representing 42% of turnover.

The use of Part Exchange continues to increase as we shift more of the business towards the trade-up market; in 2012 it accounted for 16% of private sales. We maintain tight management controls over Part Exchange and held £9.7m of stock at the year-end (2011: £7.2m). We also continued to use 'shared equity' in 2012 particularly through the Government sponsored HomeBuy and FirstBuy schemes and where we have partnership arrangements with local authorities. We also introduced NewBuy, the Government-backed mortgage indemnity scheme, immediately following its launch in March. The take-up so far has been disappointing with just 63 customers choosing to use the scheme with many more discouraged by the high interest rates charged by most of the participating lenders.

Published national house price indices reported prices falling slightly over the year with some regions fairing worse than others. Our experience was that prices were generally stable across much of our operating area. The cancellation rate was 18% and in-line with the previous year.

Digital marketing is now the dominant source of enquiries and leads into the business. We launched an upgraded website in the second-half which helped to increase enquiries and leads to our developments. The new website is more interactive, easier to navigate and contains significantly more video content with links to our own internet TV channel, RedrowTV.

Product and Design

Apartments accounted for less than 10% of private sales turnover in 2012 (2011: 19.7%) as the revenue from houses increased by 23% to represent over 90% of sales. This trend will reverse over time as more apartment schemes come on-stream, particularly in and around London.

Social housing accounted for 13.5% of unit sales and just 7% of revenue, similar to the previous year: we expect to see levels of social housing gradually increase as new sites come on-stream. The average selling price of social housing completions was £98,700 (2011: £100,000).

The New Heritage Collection accounted for 67% of private revenue in 2012 compared to 35% in the previous year, a proportion that is expected to rise further. The average selling price of the New Heritage Collection increased by 7% to £215,100 in 2012.

We continue to fine-tune the New Heritage Collection in response to customer feedback and opportunities to make build cost savings without compromising the appeal and quality of the product. We have also expanded the Collection to ensure we are able to offer a wider choice of types across all price ranges.

Our new Regent Collection is an attractive higher density product designed to be plotted more formally, particularly in urban areas. The Regent Collection has traditional Regency styled elevations complemented by interiors designed for modern-day living. We expect to have our first schemes underway in 2013.

Quality with Responsibility

At the heart of our operation is a determination to safely and responsibly build homes of the highest standard for our customers. We closely monitor and measure quality, Health and Safety, our impact on the environment and levels of customer satisfaction.

Our key quality measure in addition to our own inspection regime, is the number of NHBC 'Reportable Items' per inspection: in 2012 this was 0.19 (2011: 0.25). The number of our Site Managers winning NHBC Pride in the Job Awards rose to a record 14.

By all measures we improved our Health and Safety performance in what was a busy year for the build teams. Reportable and First Aid accidents decreased by over 20% of which only eight were classified as 'major', a 27% decrease. The Group Accident Incident Rate (AIR) also fell by 27% and is below the construction industry average. The Group was awarded its third Gold Medal by RoSPA for achieving seven consecutive Gold Awards. The Gold Medal is widely recognised as the most prestigious Health and Safety award.

We take seriously our responsibility to minimise the impact of our business on the environment. We regularly monitor our carbon footprint and look at ways to ensure any increase in emissions is at a slower pace than the overall growth in output of the business. We responsibly procure materials and last year we maintained our excellent performance in buying our timber from well managed sources: 99.3% of timber products used on our sites were classified 'Licensed Source – Credibly Certified' by WWF.

NewBuy 95% Mortgages

Redrow was one of the first home builders to offer NewBuy, the Government backed initiative. This was launched in March this year in order to help kick-start the housing market, with participating lenders providing up to 95% mortgages for buyers who meet their qualifying criteria. The lenders are protected by a Mortgage Indemnity Guarantee (MIG) jointly funded by Redrow and the Government.

The scheme is aimed to improve liquidity in the market, particularly helping those buying a home for the first time or with low levels of equity in their current home. NewBuy is available on all new Redrow homes in England priced up to £500,000.



↑ Redrow Customers Holly and Shaun Murdoch moved from a two-bedroom rented flat, into a brand new four-bedroom home on Redrow's development in St. Neots, Cambridgeshire with only a 5% deposit using the NewBuy scheme

We continued to maintain high levels of customer satisfaction throughout the year. Our own independent telephone surveys that managed to obtain feedback from over 70% of our customers, recorded 94% (2011: 93%) were very satisfied or satisfied with their new home and 97% (2011: 96%) would recommend us to a friend. Our leading customer satisfaction position was further endorsed by once again receiving a five star award in the most recent HBF National New Home Customer Satisfaction Survey. Amongst many other awards received in the year, we were voted 'Best Large Housebuilder' by What House?

Land and Planning

We added 3,642 plots to the owned land bank in the year which after deducting legal completions, increased the owned land bank to 10,704 (2011: 9,520). At the end of the year we held 1,652 plots under contract, a similar level to the previous year (2011: 1,670). The Current land bank remains weighted to the south representing 43% of plots owned or held under contract.

We had a very successful year in pulling-through plots from the Forward into the Current land bank. We transferred 1,991 plots

(2011: 207) to the Current land bank across nine sites. We also added over 2,600 plots through options or freehold purchases after taking into account a strategic review that identified a number of sites where the prospects for delivery had deteriorated. At the end of the year we held c.22,800 plots in the Forward land bank that are either allocated or have a realistic prospect of coming forward. Although pulling through Forward land remains a lengthy and unpredictable process, we expect to have another successful year in 2013.

The National Planning Policy Framework (NPPF) was introduced earlier in the year and sets out to deliver a more efficient locally based planning system. Central to its success will be the extent to which local authorities embrace the policy and timely produce Local Development Frameworks that recognise the underlying level of demand for housing in their areas. We are optimistic the NPPF will lead to a better planning system; meanwhile, there are grey areas over interpretation that will only be resolved through the appeals process. We have already had appeals successfully upheld and have a number of decisions pending.

Operating review

(continued)

London

The London division achieved its first completions in 2012 at Ealing and commenced construction at One Commercial Street, Aldgate and at Kingston Riverside. It also gained planning permission to convert Connaught Place, W2 into a development of luxury apartments.

One Commercial Street is a mixed-use high rise scheme consisting of retail and office space and residential apartments. The residential element was successfully launched overseas in the Far East earlier in the year and was 40% sold at the year-end. Completions are expected to come through in 2014.

Kingston Riverside was successfully launched in the UK in the late spring and is selling steadily to the local market. Kingston Heights, a further phase that targets a different market segment is expected to be launched in 2013.

The London division remains on-track to contribute to Group profits in financial year 2014 with the first legal completions expected from Kingston in the first-half of that year.

Harrow

Harrow performed strongly in the year making good progress on planning, bringing forward sites for development and acquiring new land.

Planning permission for c.350 plots was achieved at appeal on the option it holds at Horsforth, Leeds and it has a number of other sites pending decisions. It also completed the remediation of the South Cerney site in the Cotswolds which has now been transferred to the Homes' division. Physical remediation works are complete at Hauxton near Cambridge and currently the subject of on-going monitoring. The site is held under an Option which is expected to be exercised in 2013.

The business has acquired a further four sites with capacity for c.1,000 plots. Most notable of the acquisitions is the Woodford Aerodrome near Stockport where consent is being sought to create a new Garden Village of 550 homes on the land we own together with supporting community infrastructure.

Harrow oversees the Group's modest legacy of commercial interests and managed to achieve a small number of disposals during the year.

Apprentices Case Study

Redrow has 69 apprentices at June 2012, 21% of whom are studying towards an advanced level within their respective trades. These consist of 25 prospective bricklayers, carpenters, plumbers and electricians who joined the programme during the year to June 2012 and we plan a further intake of 20 in September 2012.

Many of our successful apprentices are offered permanent positions with our subcontractors on completion of their apprenticeships. A number are accepted onto our trainee assistant site manager programme, which produced six assistant site managers this year.



↑ Some of this year's new intake of 20 apprentices, bringing the number recruited in the last 10 years to more than 250

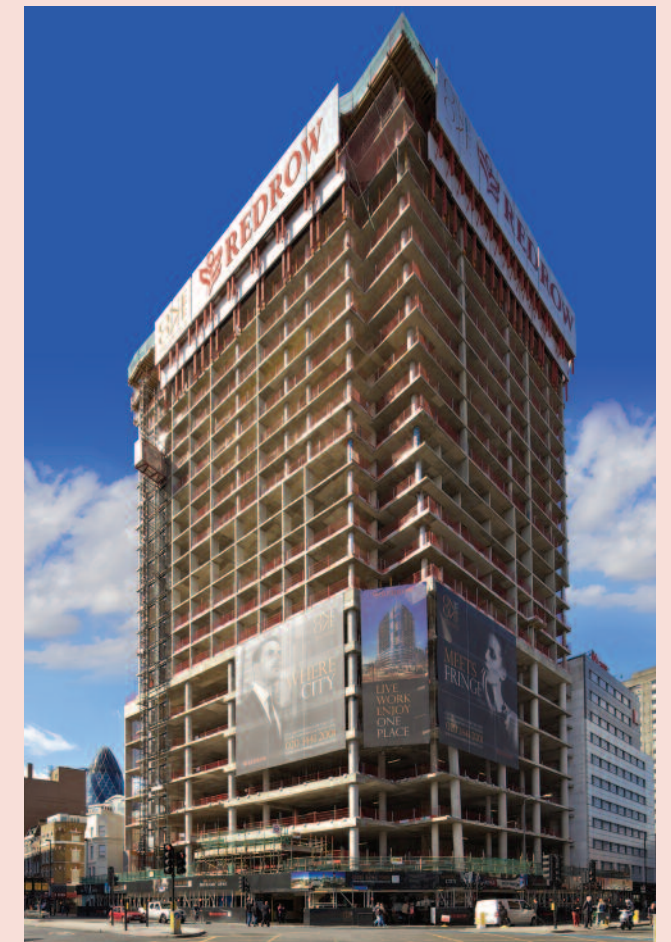
One Commercial Street, London

Redrow made a dramatic entry into the prime London residential market with the launch of its One Commercial Street development in Aldgate, one of London's up and coming hotspots.

The site was acquired in January 2012 and is located on the edge of the City of London, in Zone 1 and is a distinctive landmark 21 storey building. The ground to 6th floor contains over 100,000 sq. ft. of Retail and Commercial space. Floors 7 to 11 are occupied by 70 Affordable homes and floors 12 to 21 will be 137 Private properties. The private dwellings are a collection of studios, 1, 2 and 3 bedroom luxury apartments and penthouses. In addition the site benefits from secure basement car parking.

Redrow acquired the site in a partially completed state. The concrete frame of the building had been constructed by the previous owners to the 11th floor with Redrow recommencing work on site in March 2012. Completion of the building is anticipated in the summer of 2014.

Following a successful launch in the Far East in February this year, over 40% of the private properties were exchanged for sale. One Commercial Street was then launched in the UK at a spectacular event at The Gherkin. A contract with Network Stadium Housing Association Ltd for the Affordable apartments was exchanged in March 2012.



↑ One Commercial Street, Aldgate

People

We continue to create new jobs to meet the planned growth of the business. Our directly employed workforce has increased to 952 (2011: 888), including five Graduate Trainees and 69 Apprentices at June 2012 as we expand opportunities for young people to join our industry. We plan a further intake of five Graduate Trainees and 20 Apprentices in September 2012.

We are committed to having a skilled workforce and developing our future managers and leaders from within the business. We

have a dedicated training team based at our purpose built facility in the Midlands and completed 2,302 days of training in the year (2011: 2,267).

John Tutte
Group Managing Director
18 September 2012

Financial review

It is pleasing to report that operating margin has increased by over threefold between 2010 and 2012 as we continue to make significant strides forward in returning our operating margin to pre downturn levels.

The Group generated turnover of
£478.9m



Barbara Richmond
Group Finance Director



The Return on Capital Employed for 2012 is 43% higher than 2011 levels at
8.7%

The Lodge housetype at Wrea Green, Preston, Lancashire

Bagley Green, Wellington, Somerset



The Cambridge housetype at Cawston Grange, Rugby, West Midlands

Earnings per share* increased by 80% to
10.8p



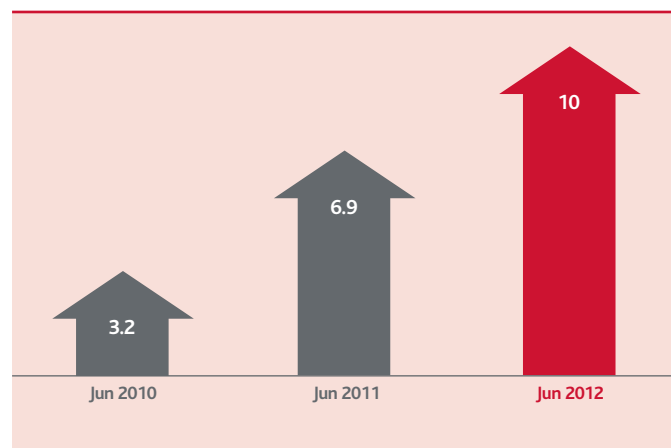
Profit before tax and earnings per share

The Group generated turnover of £478.9m in the year ended 30 June 2012 (2011: £452.7m). This reflected a 15% increase in the average selling price of our homes.

Revenue (£m)	2012	2011
Residential	466.7	432.8
Land sales	10.5	18.7
Commercial	1.7	1.2
Total	478.9	452.7

The Group delivered an operating profit of £48.0m (2011: £31.2m), an increase of 54% on prior year levels and representing a 10% operating margin (2011: 6.9%).

Operating Margin (%)



It is pleasing to report that operating margin has increased over threefold between 2010 and 2012 as we continue to make significant strides forward in returning our operating margin to pre downturn levels.

Net financing costs at £5.0m were £0.9m lower than the previous year reflecting lower bank interest costs as a result of lower average gearing levels throughout the year.

The Group generated a profit before tax of £43.0m, a 70% increase on the prior year (2011: £25.3m). Basic earnings per share were 9.7p (2011: 4.4p). Basic earnings per share excluding the impact of rate changes on our deferred tax assets were up 80% to 10.8p (2011: 6.0p).

EPS Growth* and ROCE

— per cent — pence



* Excludes deferred tax rate change impact

Financial review

(continued)

The Return on Capital Employed for 2012 at 8.7% is 43% higher than 2011 levels and we continue to focus on improving this key performance indicator.

Tax

As a consequence of tax losses brought forward, the Group again paid no corporation tax in the year (2011: £0.5m refund on earlier overpayment). This situation is expected to continue in 2013.

The Group's tax rate for the year was 25.5% (2011: 27.5%) before taking into account the reduction in the corporation tax rate to 24% on deferred tax assets (£3.5m (2011: £4.8m)).

A deferred tax asset of £51.8m (2011: £63.8m) was carried at 24% at 30 June 2012, primarily in relation to brought forward tax losses, for use against future profits. A corporation tax rate of 23% applicable from 1 April 2013 was substantively enacted on 3 July 2012. The carrying value of the deferred tax asset based on a 23% rate would be £49.6m. The £2.2m difference between this number and the closing balance will be charged to the Consolidated Income Statement in the first half of the 2013 financial year.

The normalised rate of tax for the year ending 30 June 2013 is projected to be 23.75% based on rates which are currently substantively enacted.

Dividends

No dividends have been proposed in respect of the financial year ended 30 June 2012 (2011: nil). However, in line with the statement made in the prospectus for the Firm Placing and Open Offer, subject to economic circumstances, we intend to resume dividend payments in the 2013 financial year.

Balance Sheet

Net assets at June 2012 were £561.5m (2011: £458.6m), a 22% increase as follows:

	£m
Net assets at 1 July 2011	458.6
Net proceeds of Firm Placing and Open Offer	78.0
Profit for the period	30.2
IAS19 actuarial losses net of tax	(6.0)
Movement in share based payment	0.7
	561.5

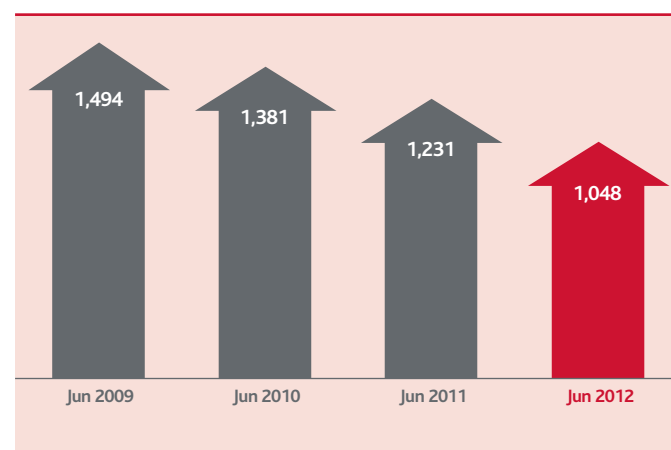
In May, the Group successfully completed a Firm Placing and Open Offer for 14,902,867 and 46,289,592 new shares respectively at 130 pence per new share. This generated £78.0m of funds net of £1.6m expenses of which £6.1m has been credited to Share capital and £71.9m to Retained earnings.

The net asset value per share at the end of June 2012 was £1.52, an increase of 5% on the prior year (2011: £1.45) adjusting for the recent share issue.

Our investment in land increased by £138.1m in the year to £515.9m reflecting a 12% increase in plots owned with residential planning permission and targeted investment in strategic land.

Our investment in work in progress continues to be carefully managed with the number of equivalent units in work in progress excluding London reducing for the third consecutive year to 1,048 units (a 15% reduction on June 2011 levels).

Equivalent units of work in progress (No.)

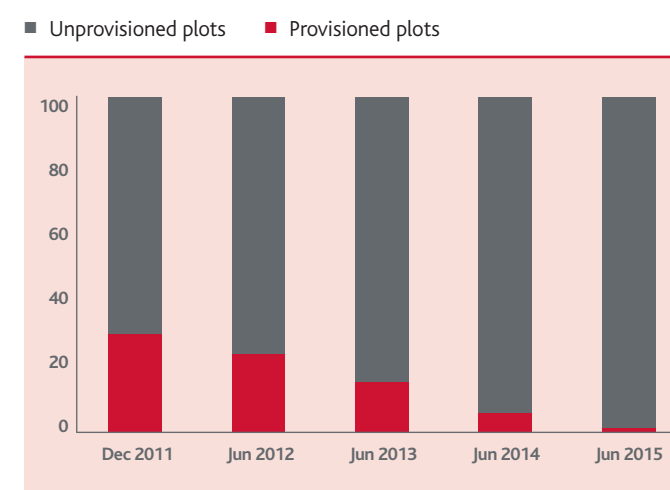


Trade and other receivables decreased by £16.4m during the year to £53.2m. The decrease related primarily to the receipt of £12.3m of deferred consideration from the disposal of our Scotland business which took place in June 2011.

Capital employed increased by £41.5m to £575.5m mainly due to increases in land holdings.

Our net realisable value (NRV) provision reduced by £46.8m to £111.5m in the year due to legal completions and land sales.

Profile of provisioned plots (%)



Land creditors increased by £63.5m to £108.3m in the year as a result of c.60% of land purchases in the year including some element of deferred purchase consideration.

Pensions

Redrow closed both the defined benefit and defined contribution sections of The Redrow Staff Pension Scheme (The Scheme) to future accrual with effect from 1 March 2012. New pension benefits from this date are being provided via the Redrow Group Personal Pension Plan (GPP) which is a type of defined contribution plan.

As at 30 June 2012, the Group's financial statements showed a £2.6m deficit (2011: £5.0m surplus) in respect of the defined benefits section of The Scheme, as calculated in accordance with IAS19. The £7.6m movement from last year is due to an increase in defined benefit obligations resulting from changes in bond yields.

Cash flow and Net Debt

Net debt decreased by £61.4m to £14.0m during the year, with gearing at 2% at the year-end (2011: 16%). This reflects the timing of the receipt of proceeds from the Firm Placing and Open Offer in May. Gearing has increased since June 2012 and is expected to rise going forward due to investment in new land to grow the business.

Financing and Treasury Management

Redrow is a UK based housebuilder and therefore the main focus of its financial risk management surrounds the management of liquidity and interest rate risk.

(i) Liquidity

The Group regularly prepares and reviews its cash flow forecasts which are used to manage liquidity risks in conjunction with the maintenance of appropriate committed banking facilities to ensure adequate headroom.

Facilities are kept under regular review and the Group maintains regular contact with its banks and other financial institutions. This ensures Redrow remains attuned to new developments and opportunities and that our facilities remain aligned to our strategic and operational objectives and market conditions.

Our current banking syndicate comprises four banks and in addition to our committed facilities, Redrow also has further uncommitted bank facilities which are used to assist day to day cash management.

(ii) Interest rate risk

The Group is exposed to interest rate risk as it borrows money at floating rates. Redrow uses simple risk management products, notably sterling denominated interest rate swaps, as appropriate to manage this risk. Such products are not used for speculative or trading purposes.

Redrow regularly reviews its hedging requirements. During the year the Board decided, taking into account current predicted LIBOR rates and the pricing of interest rate swaps, to take out £20m of two year sterling interest rate swaps. They have a neutral value at 30 June 2012.

Financial management at Redrow is conducted centrally using policies approved by the Board.

Barbara Richmond
Group Finance Director
18 September 2012

Risks

Lending criteria and deposit requirements for mortgages remain key issues in the current environment.

Risk	Description	How we manage our risks	Change
<ul style="list-style-type: none"> ■ Availability of mortgage finance 	Lending criteria and deposit requirements for mortgages remain key issues in the current environment	<ul style="list-style-type: none"> ■ Proactively engage with Government, lenders and insurers to encourage a return to normal market conditions in the new and second hand housing market ■ Proactive approach to the management of the mortgage valuation process ■ Participate in the development and introduction of NewBuy 	➔
<ul style="list-style-type: none"> ■ Housing market conditions 	The conditions within the UK housing market are fundamental to Redrow's business performance	<ul style="list-style-type: none"> ■ Close monitoring of, and proactive management response to, lead indicators of the housing market ■ Regional spread of operations diversifies risk to local markets 	➔
<ul style="list-style-type: none"> ■ Planning and regulatory environment 	The ability to respond and adapt to the changing planning and regulatory environment is key to Redrow's future business performance	<ul style="list-style-type: none"> ■ Close monitoring of planning environment by experienced management team ■ Local knowledge of Divisional planning and technical teams ■ Well prepared, high quality planning submissions addressing local concerns and demonstrating good design 	➔
<ul style="list-style-type: none"> ■ Land procurement 	The ability to purchase land suitable for our products and the timing of future land purchases are fundamental to the Group's future performance	<ul style="list-style-type: none"> ■ Clearly defined strategy and long term focus on forward land ■ Close monitoring of market conditions by experienced management team ■ Strong and knowledgeable land, planning and technical teams with good local knowledge 	➔
<ul style="list-style-type: none"> ■ Appropriateness of product 	The failure to design and build a desirable product for our customers at the appropriate price may undermine Redrow's ability to fulfil its business objectives	<ul style="list-style-type: none"> ■ Our product and product mix on sites is kept under review to ensure it is appropriate for the market ■ Design is an integral element of our business ■ We proactively seek to understand customer requirements and explain the advantages of new homes 	➔

Note: Change arrows reflect movement in underlying risks

Risk	Description	How we manage our risks	Change
<ul style="list-style-type: none"> ■ Liquidity and funding 	The Group requires appropriate facilities for its short term liquidity and long term funding needs	<ul style="list-style-type: none"> ■ Bank facilities with appropriate covenants and headroom for a range of market conditions ■ Capital structure regularly reviewed ■ Regular contact and communication with shareholders and relationship banks ■ Regular preparation of strategic plans 	⬇
<ul style="list-style-type: none"> ■ Health and safety/ environment 	A significant Health and Safety or environmental incident may put people, the environment and Redrow's reputation at risk	<ul style="list-style-type: none"> ■ Dedicated Health and Safety team operates across the Group to ensure appropriate standards are applied ■ Regular site inspections and audits ■ All staff receive appropriate training through in-house and external programmes ■ Close monitoring of environmental regularity requirements by experienced management 	➔
<ul style="list-style-type: none"> ■ Attracting and retaining staff 	The loss of key staff and our failure to attract high quality employees may inhibit Redrow's ability to achieve its business objectives	<ul style="list-style-type: none"> ■ Structured training programmes ■ Remuneration strategy regularly reviewed ■ Graduate training programme ■ Apprentice training programme 	➔
<ul style="list-style-type: none"> ■ Key supplier, main contractor or subcontractor failure 	The failure of a key supplier, main contractor or subcontractor may disrupt Redrow's ability to manage its production process in an efficient and cost effective way	<ul style="list-style-type: none"> ■ Use of suppliers, main contractors and subcontractors with strong track record and reputation ■ Close monitoring of supplier, main contractor and subcontractor quality and performance through annual assessments ■ Monitoring of new product innovation in the market place 	➔
<ul style="list-style-type: none"> ■ Fraud/uninsured losses 	A significant fraud or uninsured loss could damage the financial performance of the business	<ul style="list-style-type: none"> ■ Systems, policies and procedures designed to segregate duties and minimise opportunity for fraud ■ Business process reviews ■ Regular management reporting and challenge ■ Regular review of insurances and insurance strategy 	➔

Read more on Page 22 & 35

Corporate Responsibility review

Redrow has a long track record of engagement in policy development within the housebuilding industry.

99.3%

of timber products from licensed source, progressing to certification or credibly certified

The Factory Youth Zone in North Manchester were awarded £25,000 for three years from The Redrow Foundation to help provide a range of sporting, recreational and entertainment opportunities for local young people



8,191

pallets collected from sites, 195 tonnes of timber recycled

Acorn Children's Hospice in the West Midlands received a donation from The Redrow Foundation in support of their 'Now Is The Time' appeal



Good urban design is at the heart of a sustainable community development, providing identity, creating a sense of place and promoting community spirit



92%

of site waste diverted from landfill



This year has seen an unprecedented level of Government dialogue with the industry on a range of proposed changes to key standards, policies and regulations, crucial to the future delivery of new homes and closely linked to sustainable performance. Redrow has a long track record of engagement in policy development within the housebuilding industry and once again we have been heavily involved in contributing to collective industry response to no less than 14 consultations as well as making our own formal submissions and lobbying at all levels.

National Planning Policy Framework

Foremost amongst these is the National Planning Policy Framework (NPPF), which was published in March. Constituting the biggest change to England's planning policy for many years, at the heart of the document is a presumption in favour of sustainable development, an expanded definition of sustainability and acknowledgement of the role to be played by planning in mitigating and adapting to climate change, making

reference to the five 'guiding principles' for sustainable development set out in the Government's strategy document 'Securing the Future – delivering UK sustainable development strategy':

- living within the planet's environmental limits
- ensuring a strong, healthy and just society
- achieving a sustainable economy
- promoting good governance
- using sound science responsibly

The 'Framework' reinforces the effective re-use of brownfield land provided that it is not of high environmental value. It promotes good, energy efficient design and clearly spells out to all involved the need for proactive engagement to deliver the vision of sustainability promoted by the policy.

These are values well established in Redrow's own policy development and reflected in our in-house expertise and our products. We look forward to practical and positive engagement with planning authorities as the new framework is implemented and await publication of the revised Building For Life standards which will potentially offer an improved tool with which our stakeholders can measure the sustainability of our developments.

Foul and Surface Water Drainage

Views were also sought by English and Welsh Governments on measures arising from the Flood and Water Management Act 2010 concerning adoption procedures and new national build standards for foul water sewers and lateral drains, and in England only, implementation of mandatory Sustainable Drainage Systems. The consultation highlighted impracticalities and inconsistencies within the drafting and as a result of the depth of concern raised by the industry, the Department for

Environment, Food and Rural Affairs (DEFRA) delayed implementation of new standards in England in order to further assess the measures proposed.

Irrespective of the issues identified, the Welsh Government intends to push ahead with implementation of new foul water construction standards in October 2012. Redrow will of course engage with the water companies to implement the proposals as smoothly as possible and try to ensure that consistency is maintained with English standards and construction of much needed new homes in Wales is not unnecessarily delayed.

Energy and Zero Carbon

The third major strand of consultation has concerned various aspects of energy policy associated with the Government's stepped programme towards the Zero Carbon Homes target of 2016.

Corporate Responsibility review

(continued)

Minor changes were proposed to the Standard Assessment Procedure (SAP), the UK Government's recommended method for measuring the energy rating of residential buildings, in support of the Green Deal, but, urgently required revisions previously identified by the Zero Carbon Hub were deferred, a delay potentially compromising the Government's own timescale to Zero Carbon.

An extensive consultation was also published on proposals for the 2013 Building Regulations Part L (Conservation of Fuel and Power) posing a number of serious challenges for both builders and manufacturers. Because of the pace of change of regulation there is currently a lack of robust "in the field" corroborative data normally associated with technical development of any product.

We are keen to ensure that the homes we build exceed our customers' expectations and together with many within the industry, Redrow is supporting a call to Government to thoroughly test the adequacy of the software tools and data inputs which shape our specifications before setting new performance targets.

The outcomes from these consultations will be published in due course and detailed dialogue with the Government on these important sustainability matters seems set to continue into 2013. Redrow contributed to work co-ordinated by the Home Builders federation (HBF) highlighting potential improvements which could be delivered in the accuracy and robustness of outputs as well as submitting our own consultation response.

Similar ongoing engagement is anticipated this year with the Welsh Government, which took over responsibility for building regulations in Wales from the UK Government on 31 December 2011. During the year we raised concerns with senior Assembly Ministers over the cumulative impact of policy proposals and the associated effects on scheme viability which have the potential to seriously challenge the delivery of new homes in Wales.

We will be submitting a response to the Welsh Government consultation in respect of the first planned change to the Building Regulations under devolution which involve new carbon emissions targets announced for Part L (Conservation of fuel and power). The consultation was launched at the end of July and will close in October.

Equally as important as our involvement in shaping future policy is our commitment to progressive delivery on all aspects of corporate responsibility in our day-to-day business activity. Amongst many examples of our success this year we can list, the

Redrow Graduate Programme, another set of award winning health and safety statistics and excellent customer survey results. Elsewhere we have made refinements to data capture for our carbon footprint reporting, introduced initiatives to reduce energy consumption in our offices as well as the homes we build, engaged with WRAP (Waste and Resources Action Programme) to seek improvements in waste reduction through design and procurement, and as ever, have been involved in many initiatives at local level to support those communities in which we work.

Health and safety

We have maintained our high standards in this most important area of the business and have been rewarded with the presentation of a RoSPA Gold Medal Award for Occupational Health and Safety for the third consecutive year. This follows receipt of a Gold Award for our submission for the seventh consecutive year from RoSPA's independent adjudication body.

David Rawlins, awards manager at the Royal Society for the Prevention of Accidents (RoSPA), a safety charity with a 95-year history, said, "The RoSPA Award programme provides well-deserved recognition for the winners and spurs on other organisations to raise their standards of accident and ill health prevention. We congratulate Redrow Homes on its success and encourage it, and all other winners, to remain committed to safety and health, an approach that is well recognised to be good for workers and the bottom line."

Amongst the key performance indicators underpinning this performance we can include:

- An Accident Incident Rate (AIR) which has decreased from 685 to 495 a 27% reduction mainly due to new initiatives aimed at reducing slip and trip injuries
- No Enforcement Notices
- No Prohibition Notices
- No Improvement Notices
- 99.7% of persons on Redrow sites including relevant employees have a CSCS card

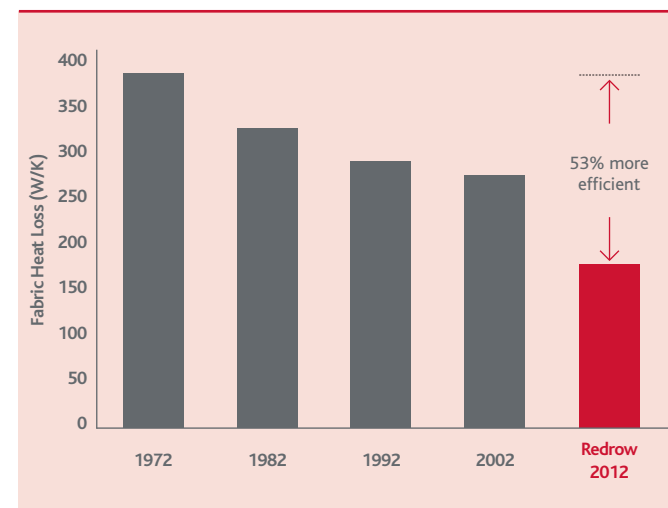
Heat Loss Performance

Reduction in energy consumption is clearly a growing concern for all of us, not least because of escalating fuel prices. Work undertaken by the Building Research Establishment (BRE) on the heat loss from the average dwelling since the 1970's illustrates the considerable reduction achieved by new homes in comparison to the average older home. Redrow's average

product built to 2010 standards offers a 53% improvement over homes built in the 1970's and a 35% improvement over homes built just 10 years ago, providing our customers with potential for significant fuel bill savings which cannot practically or cost effectively be matched in refurbished older homes.

The NHBC Foundation and Zero Carbon Hub recently calculated that living in an energy efficient four bedroomed detached home built to these standards could be 55% cheaper to run compared to an 'upgraded' Victorian home, saving £1,312/annum.

Heat Loss for the Average Dwelling (Fabric Heat Loss (W/K))



Thermal Imaging

In our effort to continually improve our products we have instituted a thermal imaging test programme to assess our construction details, enabling us to focus on potential areas for further performance enhancement and research appropriate solutions.

Carbon Footprint

For the fifth year Redrow has voluntarily submitted carbon footprint data to the Carbon Disclosure Project (CDP) with continuous refinements in data collection enabling us to reduce the uncertainty in our reporting to CDP's category of 'more than 5%, but less than 10%'. The results for the financial year ending June 2011 show that our Scope 1 and 2 emissions have increased by 11.8% reflecting increased output activity associated with the gradual recovery from recession, generating

increases in site related fuel consumption. However, overall carbon emissions have to some extent been offset by reductions in Scope 2 emissions resulting from ongoing energy saving initiatives. For instance, at our head office at St David's Park a combination of changes to the lighting system initiated during refurbishment three years ago, together with subsequent systematic replacement of worn out lamps with low energy alternatives and a programme of modernising and rationalisation of printing and photocopying devices has delivered a reduction of around 15% in electricity consumption, a saving of 46 tonnes of CO2 and a cost saving of approx. £7k/annum.

To maximise energy savings around the company, the first of a series of energy audits have been undertaken at our Eastern and South Midlands divisional offices as well as St David's Park identifying a number of measures which could deliver additional savings of around £11k/annum and 36 tonnes CO2e/annum.

Energy audits for all our offices are programmed to be complete by late summer, 2012.

Scope 1 and Scope 2 Carbon Emissions Tonnes per Annum (DEFRA Definitions)



Energy saving lamps have also been introduced into our show homes and marketing suites, producing typical savings of around £1,400/annum/outlet.

Corporate Responsibility review

(continued)

Sustainable Procurement

In conjunction with the Global Forest Trade Network (GFTN) we have continued to work with our supply chain to ensure our purchasing policy is adhered to and procurement levels are maintained. In the calendar year ending 2011, we achieved further improvement with 99.3% of timber products used on our sites classified 'Licensed Source, Progressing to Certification or Credibly Certified'. The priorities included within our agreed Action Plan for 2012 are:

- On-going review and development of process, specification and procedures in order to tighten procurement, particularly plywood products
- Maintain communication with the roof truss industry to promote the benefits of FSC certification
- Continue dialogue with paper suppliers on bringing the remaining element of non-FSC paper into line cost effectively
- Maintain the focus of Buyers within Redrow to ensure they maintain contact with local suppliers
- Ensure our new buying system software aids control of timber procurement with improved real time reporting and cumulative performance data for suppliers

In support of our timber procurement policy and as part of an initiative to reduce packaging and timber waste we have joined forces with Scott ELM, a division of the newly rebranded Scott Group, to launch a specialist pallet repatriation service for all our building projects across the UK.

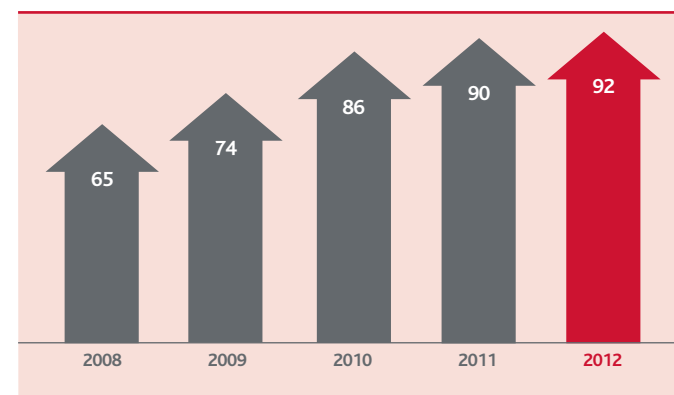
All suppliers to Redrow are required to mark pallets with an identifier that will enable Scott ELM to return them to source. In the calendar year ending 2011, the first full year of operation of the scheme, 8,191 pallets were collected from our sites and 195 tonnes of timber were recycled.

Waste Management

Momentum was also maintained in our site waste management activity, where site waste diverted from landfill now exceeds 92%, a 2% improvement over last year.

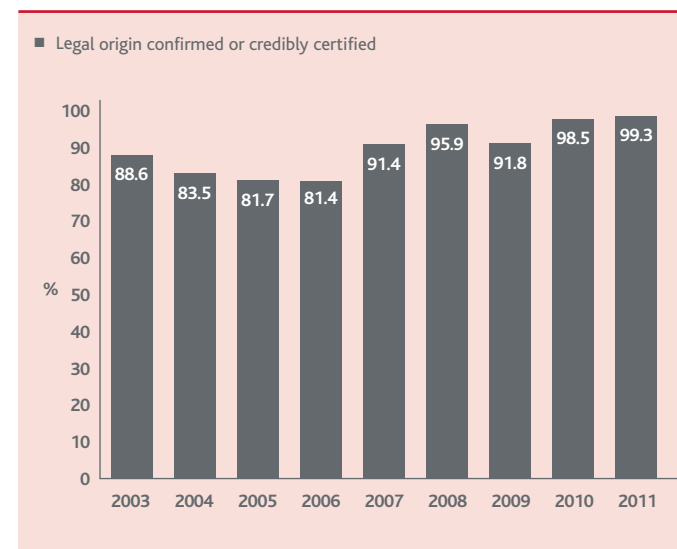
In the financial year ending June 2012 we produced 8.7 tonnes of waste/100 m² of developed floor area against an industry average Environmental Performance indicator (EPI) of 19.2 m³/100 m² which equates to just under 12 tonnes/100m² of developed floor area.

Site waste diverted from landfill (%)



To assist us in identifying ways in which we could further reduce and divert waste from landfill through design, during the year we took the opportunity to engage with Waste and Resources Action Programme (WRAP) in a Housing Design Review Workshop which at the same time gave useful insight into WRAP's Design Review Methodology which we can employ in the future. WRAP is funded by all four governments across the UK to run programmes designed to focus on preventing waste.

Usage of Timber (GFTN categories)



Graduates in Construction

"The fact that over a million 16 to 24 year olds in the UK are out of work is a disgrace. At Redrow we're doing our bit to help through initiatives like apprenticeships and graduate training programmes..."

Steve Morgan, Chairman - February 2012



Redrow's Graduates undertook an intensive project for the Liverpool Habitat for Humanity charity as part of their programme

Redrow recognises the importance of investing in people for the future of the business. We strongly believe that well trained employees have been, and will continue to be, essential to our success. Our strong track record in training and developing the skills of our employees contributed to Redrow's inclusion in Building magazine's 2011 Good Employer Guide, a list of the top 61 construction or construction related businesses to work for in the UK. Judges described career progression as one of Redrow's 'standout benefits'.

A crucial element of our policy is our commitment to attract and train youngsters both through the apprenticeship route and the academic route via our Graduate Training Programme and currently 1 in 7 of our employees are aged 24 or under. These schemes are demanding and designed to be challenging to encourage candidates to meet their full potential in their careers as exemplified by the Graduate Training Programme.

This intensive 15 month programme affords insight into all aspects of the business, enabling a holistic understanding and presenting opportunities for early responsibility and equal chance of success for young women. As a result places are sought after and competition is tough.

The recruitment process involves a telephone interview and verbal and numeric on-line tests. Candidates are then invited to an assessment day at which they will be interviewed, take a 2¼ hour exam and engage in a group debate. This is followed by a final interview and presentation to the Managing Director of the prospective Redrow division within which they will work. To give some perspective to this process there were in excess of 600 applications for this year's intake of six places.

Successful graduates then benefit from working in a live environment as part of a divisional team. They gain experience in each Divisional and Group discipline, undertake training courses and are tasked with specific assignments. Throughout the process their progress is monitored and reviewed.



At the end of the 15 month programme the graduates will have a broad based and in-depth understanding of the business and the interactions within it. They will have been able to combine the core skills learned at university with practical applications and developed maturity and discipline but they will also bring the enthusiasm and fresh thinking required to push Redrow forward.

"This scheme is all about home growing talent, educating them in the 'Redrow Way' and also gives young people the opportunity to become managers of the future."

Steve Morgan, Chairman - February 2012

Corporate Responsibility review

(continued)

Liverpool Habitat for Humanity



↑ Grant Strong adds the finishing touches to the Marketing Suite



↑ Philippa Vickery and Leanne Allen tending to the landscaping of the new Marketing area



↑ Two of Habitats younger residents, Vanessa and Floyd meet Redrow's health & safety mascot Buster Bear

One of the intensive projects undertaken by this year's Graduate Trainee intake has involved working with Liverpool Habitat for Humanity (LHFH), in Granby-Toxteth. The charity is responsible for 32 low-cost homes off Kingsley Road, mostly built by volunteers including the future home owners themselves. The Graduates' task was to transform an unoccupied house into a marketing area for would-be home owners, incorporating office space for LHFH staff and a viewing gallery where children can learn about construction and see progress on site from the safety of an upstairs bedroom, whilst externally, the gardens were landscaped. Much needed marketing material and signage was also procured.

The task involved co-ordinated teamwork, testing communication, negotiation and programming skills as well as hands on work painting and landscaping and gave valuable experience of the supply side of the business as materials, services and gifts in kind were sought from a raft of Redrow suppliers.

Three weeks of preparation were permitted to plan the work and source materials which in itself was a challenge as they work in different Redrow divisions. They then came together in Liverpool for four days of intensive work to put all their plans into practice.

Liza Parry, executive director for LHFH, said: "This has been fantastic for us and the new marketing suite will be a major asset for the charity. We've recently formed a new partnership with Cosmopolitan Housing Association, which is helping to fund construction of our remaining 23 homes; we've had the Territorial Army on site helping to dig drains and build a road to service the homes; and now we have a clean, attractive and welcoming environment in which we can talk to prospective home owners, take them through the plans and hopefully sign them up to start helping to build their own home."

LHFH is an affiliate of the international Habitat for Humanity organisation, a global charity that is supported in the UK by the Home Builders' Federation. The international charity has built more than 500,000 homes around the world, has projects in approximately 80 different countries and is dedicated to the elimination of housing poverty.

In Liverpool, families are able to reduce the cost of home ownership by investing 500 hours of 'sweat equity', physically working on site, in lieu of a £10,000 cash down-payment. The charity is actively recruiting home owners for the 23 of its 32 homes still to be built, on land that was donated by the Roman Catholic Archdiocese.

Following the workshop WRAP provided us with guidance for enhancements to procurement documentation and have undertaken a Net Waste Tool assessment of three housetypes from the New Heritage Collection. The resulting reports will identify the forecast waste and possible cost savings and can then become drivers to monitor subcontract skip waste.

Customer Satisfaction

Delighting our customers with the quality of their new homes and their buying experience in its entirety is one of Redrow's principal objectives.

2011 saw recognition of the quality of our New Heritage Collection with receipt of the Gold award in the Best Large Housebuilder in the What House? awards. The judges' commentary made special reference to the high specification interiors and kerb appeal of our products and noted that "The New Heritage Collection has sold by the simple expedient of being what the buyers want".

Our efforts were further rewarded by our customers who indicated their appreciation in the annual HBF Customer Satisfaction Survey in which we retained our top 5 star rating showing that over 90% of our customers were satisfied with the quality of their new home and would recommend us to a friend. Some of our customers also played an important role in contributing to our marketing campaign 'Our Pride ~ Your Joy' which scooped Best marketing Initiative in the 2011 Housebuilder Awards.

Nature Conservation

One of the major concerns communities have when we work in their neighbourhoods is the conservation of wildlife and associated habitats within the area of development, a responsibility which Redrow takes very seriously. Our scheme at Buckley, North Wales demonstrates how involved these works often are.

The site, which will deliver around 300 new homes formerly consisted of three main areas, a brickworks building and yard, a clay pits/quarry area, and a site of special scientific interest (SSSI)/special area of conservation (SAC) part of which is occupied by a large lagoon produced as a result of quarrying activities.

Working closely with Flintshire County Council, the Countryside Council for Wales, Welsh Assembly Government and local wildlife groups, detailed mitigation measures and long term management proposals have been prepared recognising the

sensitivity of the site and providing benefits for a wide range of species including birds, bats, badgers and amphibians. The three phase programme will provide 47 new ponds with an overall total habitat of over 1Ha, designed to provide a greatly enhanced breeding habitat for the newts, as well as incorporating areas of woodland and terrestrial habitat.

Community Engagement

Our pride is not limited to the quality of our products and service, it also extends to our involvement within the community at grass roots level in schemes like Liverpool Habitat for Humanity supporting local people and organisations as well as the development of local infrastructure.

For the first time, this year the trustees of the Redrow Foundation invited staff across the Group to nominate registered charities in keeping with the Foundation's stated charitable objectives.

As a result a total of £93,000 was donated this year to a variety of organisations, bringing the cumulative total of contribution made to date by the Foundation to over £390,000.

Board of Directors



Steve Morgan, 59
Chairman

Steve Morgan founded Redrow in 1974 and led the business from a small civil engineering contractor to become one of the UK's leading home builders. He floated the Company in 1994 and eventually stepped down as Chairman in November 2000, returning to the helm in March 2009. Steve is also Chairman of the Bridgemere Group of Companies, which includes Wolverhampton Wanderers, Carden Leisure and Trinity Aviation. Steve is a Fellow of the Chartered Institute of Building and holds four Honorary Degrees. He was awarded an OBE in 1992.

John Tutte, 56
Group Managing Director

John Tutte joined the Board of Redrow in July 2002. In September 2009 he was promoted to Group Managing Director. He qualified in civil engineering and has amassed more than 30 years' experience within the industry, having previously held the position as Chief Executive of Wilson Connolly plc.

Barbara Richmond, 52
Group Finance Director

Barbara joined the Board of Redrow in January 2010. Bringing with her a proven track record, with almost 20 years' experience as Group Finance Director at a number of UK listed companies including Inchcape plc, Croda International PLC and Whessoe plc. She has a strong background in both manufacturing and retail as well as having completed a number of major acquisitions and disposals throughout her career. She is a Fellow of the Institute of Chartered Accountants in England and Wales and a graduate of the University of Manchester.

Alan Jackson, 69
Non-Executive Deputy Chairman and Senior Independent Director

Alan Jackson joined the Redrow Board in August 2009. He has a wealth of experience in executive and non-executive roles and is currently the Non-Executive Chairman of The Restaurant Group plc. He is also a Non-Executive Director of Playtech plc.

Paul Hampden Smith, 51
Non-Executive Director

Appointed to the Redrow Board in August 2009. Paul Hampden Smith is a Fellow of the Institute of Chartered Accountants. He has been Group Finance Director of Travis Perkins plc since 1996 and was previously Chairman of the Audit Committee at DX Services plc and Polestar UK Limited.

Debbie Hewitt, 49
Non-Executive Director

Debbie joined the Redrow Board in August 2009. She has a wealth of experience in executive and non-executive roles. She is currently the Non-Executive Chairman of Moss Bros plc, Evander Group and Whitestuff. She is also Non-Executive Director of HR Owen plc, NCC plc, BGL and Domestic & General. She was awarded the MBE in 2011 for services to business and the public sector.

Graham Cope, 48
Company Secretary

Graham Cope joined Redrow as Head of Legal in November 2002 and was appointed Company Secretary two months later. He has over 20 years' experience in the housebuilding sector, either working in-house or for clients in private practice. He qualified as a Solicitor in 1989 and is a member of the Law Society.

Committee members key

A	Main Board member
B	Member of the Remuneration Committee
C	Member of the Audit Committee
D	Member of the Corporate Responsibility Committee
E	Member of the Nomination Committee

Corporate Governance statement

The Board is committed to maintaining high standards of corporate governance.

Governance Framework

The Board is committed to complying with corporate governance guidelines and to maintaining high standards of corporate governance.

The Financial Reporting Council introduced in June 2010 a new governance code entitled 'The UK Corporate Governance Code' ("the Code"). This statement, unless specifically stated, refers to the Code, and the Company sets out details below of how it has applied the principles of good governance as set out in Section 1 of the Code.

The Directors have considered the contents and requirements of the Code and believe that throughout the year ended 30 June 2012 the Company has been compliant.

The Board

Composition of the Board

The Board comprises an Executive Chairman, two further Executive Directors and three independent Non-Executive Directors. There have been no changes to the composition of the Board since the publication of the 2011 Annual Report and Accounts.

A summary of the composition of the Board and its committees during the year is set out in Table 1.

Steve Morgan as Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The role of John Tutte as Group Managing Director ensures that there is a clear division of responsibilities at the head of the Company between the running of the Board and the operational responsibility for the running of the Company's business as required by the Code.

All Non-Executive Directors holding office during the year ended 30 June 2012 were considered to be independent.

The Company Secretary acts as secretary to the Board and its Committees and his appointment and removal is a matter for the Board as a whole. The Company Secretary is a member of the Group Senior Management team and all Directors have access to his advice and services. In certain circumstances, Board Committees and individual Directors may wish to take independent professional advice in connection with their responsibilities and duties and, in this regard, the Company will meet the reasonable costs and expenses incurred.

Table 1 – List of Directors holding office during the year ended 30 June 2012

	Position	Number of years on board in most recent appointment	Independent	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Responsibility Committee
Executive Directors							
Steve Morgan	Chairman (i)	3					
John Tutte	Group Managing Director	10					
Barbara Richmond	Group Finance Director	2					
Non-Executive Directors							
Alan Jackson	Non-Executive Deputy Chairman and Senior Independent Director	2	●	●	●	Chairman	Chairman
Debbie Hewitt	Non-Executive Director	2	●	●	Chairman	●	
Paul Hampden Smith	Non-Executive Director	2	●	Chairman	●	●	

(i) Steve Morgan is the founder of Redrow and rejoined the Board on 23 March 2009, after an absence of over 8 years, and became Chairman on 1 July 2009.

Board responsibilities and processes

The Board met regularly and frequently, no less than six times during the year and maintains a close dialogue as appropriate between meetings. Board meetings are held at Head Office or at divisional offices when visits are frequently made to a selection of developments accompanied by the local management team. Board papers are distributed in advance of the meetings to allow adequate time for review and preparation and include key strategic, operational and financial information. Attendance by individual directors at Board and Committee meetings held during the year ended 30 June 2012 is set out in Table 2.

Details of internal control and risk management processes are included in the Audit Committee report on pages 44 to 46.

Board balance and independence

The Board considers that it is of a size and has a balance of skills, knowledge and experience that is appropriate for its business. The Executive team provides the Board with an appropriate view of the detail of the business and the benefit of their significant collective experience of the UK house building industry and that enables it and its committees to discharge their respective duties and responsibilities effectively. The Non-Executive Directors bring a depth of experience and understanding from outside the Group which enables them to challenge and help develop proposals on the Group's strategy.

Details of the Directors' respective experience is set out in their profiles on pages 38 to 39.

Under the Code, at least half the Board, excluding a Non-Executive Chairman, should comprise independent Non-Executive Directors. The Board currently comprises three Executive and three Non-Executive directors, in compliance with the Code.

Table 1 on page 40 provides a summary of the Company's assessment of the independence of the Directors.

The Board considers that each Director is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

Appointments and re-elections to the Board

The Board has a Nomination Committee whose terms of reference include making recommendations to the Board on the appointment of Executive and Non-Executive Directors. There were no new appointments to the Board during the financial year ended 30 June 2012. The Nomination Committee report can be found on page 47.

The Board has a formal schedule of matters reserved specifically for its decision.

The matters reserved include:

- Approval of Redrow's long term objectives and strategy;
- Approval of the Annual Report and Accounts, preliminary and half-yearly financial statements, interim management statements, trading updates and the recommendation of dividends;
- Approval of any significant changes in accounting policies or practices;
- Any changes relating to capital structure;
- Approval of treasury policies;
- Ensuring the maintenance of a sound system of internal control and risk management;
- Approval of corporate acquisitions or disposals, significant land purchases or contracts;
- Changes to the size, structure and composition of the Board;
- Approval of significant policies, including Redrow's health & safety policy; and
- Review of overall corporate governance arrangements.

Under the Company's Articles of Association, all Directors are subject to re-election at their first general meeting after appointment. The Board however complies with the provisions of the Code on Re-election and accordingly all Directors will be submitting themselves for re-election at the AGM. Details of the appropriate AGM resolutions can be found on page 96.

The Board's policy on the term of appointment for a Non-Executive Director is that it is not normally expected that a Non-Executive Director will serve more than six years.

Professional development and performance evaluation

The Board recognises that a structured appraisal process and good training are important requirements across the Group. The Board receives regular presentations and briefings from those responsible for key Group disciplines. In addition, the Board maintains close relationships with Divisional management teams.

Corporate Governance statement

(continued)

Table 2 - Attendance record of Directors at meetings during the year ended 30 June 2012

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Responsibility Committee
Total number of meetings in the year ended 30 June 2012	7	4	3	1	3
Executive Directors					
Steve Morgan	7/7				
John Tutte	7/7				
Barbara Richmond	7/7				
Non-Executive Directors					
Alan Jackson	7/7	3/4	3/3	1/1	3/3
Debbie Hewitt	7/7	4/4	3/3	1/1	
Paul Hampden Smith	7/7	4/4	3/3	1/1	

All Directors undertake a comprehensive induction programme following their first appointment. The programme for Non-Executive Directors is specifically designed to encompass the full breadth of business and includes visits to operating businesses.

During the year, formal appraisals of the Group Managing Director and Group Finance Director were undertaken by the Chairman.

All independent Non-Executive Directors had an annual appraisal conducted by the Non-Executive Deputy Chairman.

The Board undertakes a formal annual review of its own effectiveness. For the year ended June 2012, this was undertaken using a formal questionnaire completed by each Director and the responses were considered collectively by the Board.

Directors' remuneration

The Board has a Remuneration Committee whose terms of reference include the review of Main Board remuneration policy and agreement of the terms of employment and the granting of bonuses, share options or share incentive plans relating to the Group's Senior Management.

The Remuneration report can be found on pages 49 to 56.

Capital Structure

During the year the Company undertook a Firm Placing and Open Offer. Information on this and the capital structure of the Company is included in the Directors' report on page 59.

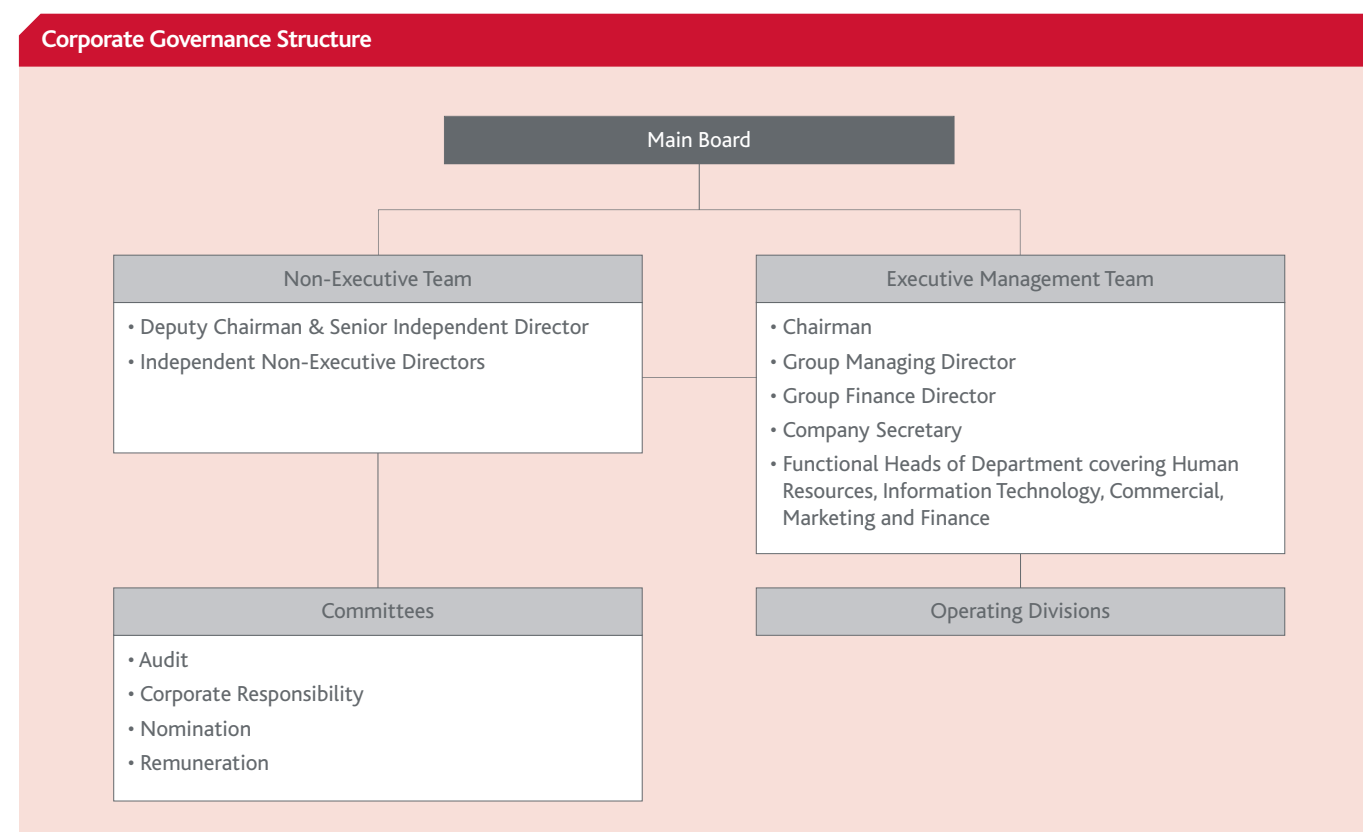
Relations with Shareholders

The Group announces its financial results half-yearly and immediately following their publication undertakes formal presentations to equity analysts. A formal presentation was also made in April 2012 in respect of the Firm Placing and Open Offer proposals. These presentations are available on the Company's website. In addition, the Group published an Interim Management Statement in November 2011 and April 2012.

During the year ended June 2012, the Chairman, the Group Managing Director, and the Group Finance Director together with the Senior Independent Director also held a number of meetings with significant Shareholders.

Following the full year and half-yearly results' announcements in September 2011 and February 2012, the Chairman, the Group Managing Director and the Group Finance Director met current or potential significant Shareholders. This embraced visits to London and feedback from these meetings is independently collated and disseminated to the Board.

The Annual General Meeting (AGM) takes place at a venue close to the Group's Head Office. All Directors attended the AGM on 3 November 2011. The AGM represents an opportunity for all Shareholders attending to table questions formally during the meeting and informally afterwards to the Company's Directors. In addition an EGM was held on 15 May 2012.



Formal notification of the AGM, through the Annual Report and Accounts, is sent to Shareholders at least 21 working days in advance. It is Company policy to propose a separate resolution at the AGM on each substantive issue including the opportunity to approve the Remuneration report.

Redrow's website, redrowplc.co.uk, gives access to current financial and corporate information.

Graham Cope

Company Secretary
18 September 2012

Audit Committee report

The Audit Committee's principal responsibilities lie in reviewing the Group's financial reporting, overseeing the appointment and work of the external Auditors and reviewing Redrow's internal control processes.

Current Members of the Audit Committee

- Paul Hampden Smith, Chairman of the Audit Committee (pictured)
- Alan Jackson
- Debbie Hewitt



The Audit Committee's principal responsibilities lie in reviewing the Group's financial reporting, overseeing the appointment and work of the external Auditors and reviewing Redrow's internal control processes. The terms of reference of the Committee, which are in compliance with the Combined Code, are kept under review. The terms of reference are available at redrowplc.co.uk.

All the members of the Committee are independent and the Board believes the Committee has the appropriate level of expertise to fulfil its terms of reference.

The Committee held four meetings during the financial year ended June 2012 and holds further meetings as appropriate.

The Group Finance Director was invited and attended each meeting as did the external Auditors. On each occasion the Committee had the opportunity to meet the external Auditors without any Executive Director being present.

The Committee receives regular updates on changes to accounting standards and best practice in financial reporting and corporate governance. The Committee invites other individuals to attend the meetings to provide technical support and advice as appropriate. In addition, individual members are encouraged to attend external seminars and courses on areas relevant to their membership of the Committee. The Committee addressed a wide variety of issues in its meetings, including:

Month	Principal Activities
November 2011	<ul style="list-style-type: none"> ■ A review of the proposed External Audit strategy for 2011/2012 and associated fees; ■ A review of the effectiveness of the external audit process; ■ A review of the independence and objectivity of the external Auditors; and ■ A review of the Committee's effectiveness.
February 2012	<ul style="list-style-type: none"> ■ A review of the 2011/12 half-yearly accounts including a report from the External Auditors; ■ A review of the Terms of Reference of the Committee; and ■ A review of the proposed Audit Committee timetable for calendar year 2012.
June 2012	<ul style="list-style-type: none"> ■ A review of the appropriateness of the Group's accounting policies; ■ A review of the Group's Whistleblowing policy; ■ A review of internal controls across the whole business; and ■ An update on Internal Audit and a review of the Internal Audit timetable for 2012/2103.
September 2012	<ul style="list-style-type: none"> ■ A review of the full year 2011/12 results including the Annual Report and Accounts and a report from the External Auditors; and ■ Consideration of the Group risk assessment process and a going concern review.

The Group has a widely publicised whistleblowing policy which enables employees and other stakeholders e.g subcontractors, to raise concerns in confidence. The Committee has arranged to receive reports on all occasions when such issues are raised under this policy.

Audit Independence

PricewaterhouseCoopers LLP (PwC) were appointed Auditors in 2003 having succeeded PricewaterhouseCoopers who were appointed in 1987. The current Audit Partner from PwC commenced his tenure following the conclusion of the 30 June 2010 audit.

The Committee has a formal policy in respect of the work of the external Auditors. The purpose of this policy is to ensure that the Auditor's objectivity and independence is maintained by ensuring both that the nature of any non-audit work undertaken and the level of fees paid does not compromise the Auditor's position. Appointments in respect of non-audit work require the prior approval of the Committee within an established budget. In addition, no work can be undertaken by the external Auditors in any area where there is any identifiable risk that the work of an individual within the external audit firm or the external audit firm generally could conflict or compromise the quality, objectivity or independence of any audit or compliance work undertaken for the Group.

The main non-audit work historically undertaken related to information provided to the Company by PwC in their capacity as Scheme Actuary of the Redrow Staff Pension Scheme. No such work was undertaken in this financial year following the disposal by PwC of its actuarial business to Xafinity Consulting Limited. The Company retains a separate actuary to provide it with advice on pension matters.

The external Auditors are not indemnified by the Company nor has the Company purchased liability insurance for them.

Internal Controls

The Board of Directors recognises its overall responsibility for the Group's system of internal control and for monitoring its effectiveness. There is an ongoing process for identifying, evaluating and managing significant risks. However, in reviewing the effectiveness of internal control, such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

Key business activities including finance, land acquisition, product design, procurement and information technology are controlled

The key features of the Group's internal controls are as follows:

- Defined authorisation levels exist over key areas such as land purchase, the placing of orders and contracts and staff recruitment;
- A comprehensive prioritised risk register which is regularly reviewed and presented to the Audit Committee;
- The Group's management information systems provide weekly updates on key statistics and information in respect of sales and production and the content of these weekly reports is regularly reviewed to ensure it remains appropriate;
- Redrow has an in-house health and safety department and places great emphasis on the importance of health and safety and environmental management. The department works closely with the operating companies to ensure that training is provided to employees and subcontractors, best practice is shared and appropriate actions are taken to comply with health and safety best practice and legislation throughout the organisation;
- The Board requires each Director in its operating divisions to complete an annual statement on Corporate Governance and related party transactions. The statement is designed to provide assurance that Group policies and procedures are being implemented and complied with in all material respects. In addition, key functional directors complete a Principal Controls Self Assessment Questionnaire which is reviewed by the Board to assist in improvements in the control framework;
- A weekly business report (WBR) comprising sales funnel information, gross margins and order book is produced for the Group, each division and each site and circulated across the Group;
- A monthly reporting pack is circulated in advance and reviewed at each of the Main, Executive and Divisional board meetings. Annual budgets are set, with actual performance compared against the annual budget;
- Preparation and regular updates of Strategic Plans;
- A policy and procedures manual which covers all the significant aspects of the Group's operations and describes the systems and controls that are to be applied; and
- Daily statements of a reconciled cash position identifying significant payments are prepared, rolling cashflow forecasts are prepared and forecast banking covenant compliance is tested.

Audit Committee report

(continued)

by the Executive Directors. All activity is organised within a defined structure with formal lines of responsibility, designated authority levels and a structured reporting framework. A formalised reporting structure is established within Redrow. The Executive Directors, the Company Secretary and functional heads of department meet monthly to discuss the Group's key issues, risks and opportunities. The operating companies hold monthly board meetings which are attended on a rotational basis by the Executive Directors.

The Group formally reviews its prioritised risk register. In addition, the Executive Board, through its regular meetings, reviews key areas of risk on an ongoing basis and considers whether the internal controls identified in relation to those risks remain appropriate.

Insurance

The Board has appointed an experienced broker to advise on and co-ordinate all insurance matters across the Group and they liaise closely with appropriate Redrow personnel at Head Office and within the divisions and report directly to the Group Finance Director.

Risk Management and Internal Audit

The Group's risk register defines controls as prevent or detect and identifies owners of each high level risk. Feedback on the risks and controls is actively encouraged and is facilitated by links on the Group's intranet to ensure the risks listed remain relevant and accurate. The register itself is regularly maintained and is reviewed by the Committee annually.

The internal audit strategy is discussed and agreed with the Committee and PwC. Suggested control improvements and any control weaknesses identified are followed up as appropriate. The cornerstone of the Internal Audit work undertaken is the Business Process Reviews. A risk based programme was designed based on the risk register. The Business Process Review programme looks to provide assurance to the Group, by testing internal controls and reviewing specific risks, as well as seeking out best practice and sharing it across the Group and identifying business process improvements. Committee Members receive an Executive Summary of each Business Process Review report.

Paul Hampden Smith
Chairman of the Audit Committee
18 September 2012

Nomination Committee report

Current Members of the Nomination Committee

- Alan Jackson, Chairman of the Nomination Committee (pictured)
- Paul Hampden Smith
- Debbie Hewitt



The Nomination Committee's terms of reference are kept under regular review being last considered in June 2012 and are published on the Group's website.

The Committee has met once during the year ended 30 June 2012 following the publication of the 2011 Annual Report and Accounts and its principal business can be summarised as follows:

1. To consider the proposed re-election of Steve Morgan as Executive Chairman at the AGM on 12 November 2012 in compliance with the 'The UK Corporate Governance Code' ("the Code") introduced in June 2010 and after due consideration to recommend his re-election to the Board;
2. To consider the proposed re-election of John Tutte as an Executive Director at the AGM on 12 November 2012 in compliance with the Code and after due consideration to recommend his re-election to the Board;
3. To consider the proposed re-election of Barbara Richmond as an Executive Director at the AGM on 12 November 2012 in compliance with the Code and after due consideration to recommend her re-election to the Board;
4. To consider the proposed re-election of Alan Jackson as Non-Executive Deputy Chairman and Senior Independent Director at the AGM on 12 November 2012 in compliance with the Code and after due consideration to recommend his re-election to the Board;

5. To consider the proposed re-election of Paul Hampden Smith as Non-Executive Director at the AGM on 12 November 2012 in compliance with the Code and after due consideration to recommend his re-election to the Board; and
6. To consider the proposed re-election of Debbie Hewitt as Non-Executive Director at the AGM on 12 November 2012 in compliance with the Code and after due consideration to recommend her re-election to the Board.

The Directors were not present and did not vote when their individual proposals were discussed.

Alan Jackson
Chairman of the Nomination Committee
18 September 2012

Corporate Responsibility Committee report

Current Members of the Corporate Responsibility Committee

- Alan Jackson, Chairman of the Corporate Responsibility Committee (pictured)
- Nigel Smith, Redrow Research and Sustainability Director



The Corporate Responsibility Committee's terms of reference are kept under regular review being last reviewed in May 2012 and are published on the Group's website.

The Committee met three times during the year ended 30 June 2012 and its principal business can be summarised as follows:

1. A review of the terms of reference of the Committee;
2. A review of the Company's Environmental Management Standards;
3. Review of external environmental benchmarking reporting and an update on the Next Generation UK Homebuilders Sustainability Rankings for 2011;
4. Update on the Carbon Disclosure Project, and the Renewable Heat Initiative;
5. A review of the Flood and Water Management Act 2010 and its impact together with updates on the responses provided to the numerous Consultations which have been issued during the period in respect of the proposed changes under the Act;
6. Updates on the Devolution of Building Regulations to the Welsh Assembly Government and attendance and engagement with the Community Engagement Forum;

7. Update on changes to Part L 2013 of the Building Regulations, the Standard Assessment Procedure 2012 ("SAP") and Energy Performance Certificates ("EPC's") and their impact;
8. Review of site waste management benchmarking and procedures; and
9. A briefing on the RICS Guidance Note on the Value of Sustainable Features.

The Corporate responsibility review on pages 30 to 37 provides further information on areas of work monitored by the Committee.

Alan Jackson
Chairman of the Corporate Responsibility Committee
18 September 2012

Directors' Remuneration report

Current Members of the Remuneration Committee

- Debbie Hewitt, Chairman of the Remuneration Committee (pictured)
- Paul Hampden Smith
- Alan Jackson



This report has been prepared in accordance with the requirements of Schedule 8 to the Accounting Regulations under the Companies Act 2006 and The Listing Rules. The Financial Reporting Council introduced in June 2010 a new governance code entitled 'The UK Corporate Governance Code' ("the Code"). This report, unless specifically stated, refers to the Code, and describes how the Board has applied the principles relating to Directors' remuneration in the Code. As required by the Companies Act 2006, a resolution to approve this report will be put to Shareholders for approval at the Annual General Meeting to be held on 12 November 2012.

Remuneration Committee

The Remuneration Committee is comprised solely of Non-Executive Directors and comprises Debbie Hewitt as Chairman, Alan Jackson and Paul Hampden Smith. Details of Committee attendance has been set out on page 42.

The Committee has agreed terms of reference detailing its authority and responsibilities. The terms of reference of the Committee are kept under regular review and were subject to a comprehensive update in line with best practice in 2012. They are published on the Group's website and include:

- determining and approving the remuneration policy in respect of the Executive Chairman, Steve Morgan the Executive Directors namely, John Tutte the Group Managing Director and Barbara Richmond the Finance Director and the Company Secretary, Graham Cope ("the Senior Executives"), taking into account the context of the Company's overall approach to remuneration for all employees and within this policy determining the total individual remuneration package of each Senior Executive;

- determining performance targets and the extent of their achievement for both annual and long term incentive awards operated by the Company affecting Senior Executives; and
- monitoring and approving the level and structure of remuneration of the Managing Directors immediately below the Senior Executives.

The Committee meets as often as is required but at least twice per year. The Committee met three times during the course of the financial year ended 30 June 2012.

During the year the Committee consulted with Deloitte LLP on a range of remuneration matters. Deloitte LLP also provides the Company with advice on taxation matters but do not have any other connection with the Company.

The Committee addressed a variety of matters in its meetings during the year, including:

Month	Principal Activities
July 2011	<ul style="list-style-type: none"> ■ Confirmation of 2010/11 Annual Cash Bonus payments and targets for 2011/12; ■ Setting the targets for the LTSIP 2011; and ■ Adoption of Terms of Reference.
April 2012	<ul style="list-style-type: none"> ■ Consideration of Senior Executive salaries; ■ Review of pension entitlements of Senior Executives following closure of

Directors' Remuneration report

(continued)

- the Defined Benefit Section of the Redrow Staff Pension Scheme; and
- Review of the effect of the Firm Placing and Open Offer on Share Schemes.

- June 2012
- Review of Terms of Reference of Committee;
 - Committee Self-Assessment; and
 - Salary Review of the Senior Executives.

Executive Remuneration at a Glance

Components of reward

Fixed component	Base salary Benefits in kind Pension & retirement benefits
Variable component	Annual bonus Long Term Share Incentive Plan (LTSIP) Save as You Earn Option Scheme (SAYE)

Remuneration Policy

The Committee considers that in framing its remuneration policy it has given full consideration to the provisions of Section 1 and Schedule A of the Code.

The Committee aims to ensure that the Group provides competitive but cost effective remuneration packages at all levels in order to reward, retain and motivate staff who are expected to meet high levels of performance, as well as ensuring overall remuneration is competitive and that it attracts and retains a high calibre of employee.

The Remuneration Committee recognises the importance of aligning the interests of shareholders and employees to create maximum levels of shareholder value.

Consistent with this policy, the remuneration packages awarded to Senior Executives are intended to reward them for their current achievements, whilst also encouraging a focus on the medium and long term strategy and performance of the

Company. Remuneration packages are designed to ensure that an appropriate level of performance related remuneration is provided. The performance related elements have clearly defined and stretching quantitative and qualitative targets that link rewards to business performance in the short, medium and long term. Those elements which are performance related are set out in further detail below.

Elements of the Remuneration Package

The main components of the remuneration package provided to an Executive are as follows:

(i) Base salary

Salaries are reviewed as appropriate and at least once per annum.

The Remuneration Committee considered that Senior Executive salaries would be increased in line with the increases awarded at the same time to the general employee population of the Company.

The Committee agreed to increase Steve Morgan's notional fees from 1 July 2012 from £425,000 to £435,000 (2.4%) (see page 54); Barbara Richmond's salary from 1 July 2012 from £257,000 to £265,000 (3.1%) and John Tutte's salary from 1 July 2012 from £385,000 to £395,000 (2.6%).

(ii) Pension and retirement benefits

Following the closure of the Defined Benefit Section of the Redrow Staff Pension Scheme to future accrual with effect from 1 March 2012, John Tutte became a deferred member of the Scheme. The Remuneration Committee gave John Tutte the option of joining the new Redrow Group Personal Pension Plan or having a pension related salary supplement. John Tutte elected to receive in lieu a pension allowance supplement from 1 March 2012, equivalent to 20% of salary. This supplement will not be considered in the calculation of any future bonuses.

Barbara Richmond was not a member of the Redrow Staff Pension Scheme and instead receives a pension allowance supplement equivalent to 20% of salary. This supplement will not be considered in the calculation of any future bonuses.

Steve Morgan is a pensioner member of the Redrow Staff Pension Scheme.

John Tutte and Barbara Richmond are also covered by fixed term group income protection and death in service benefit.

(iii) Benefits in kind

These primarily relate to a fully expensed car or cash equivalent car allowance and private medical insurance.

(iv) Annual bonuses

Following changes implemented during the financial year ended June 2012, the Senior Executives had the potential to earn a cash bonus equivalent to a maximum of 100% of their base salary, subject to meeting targets relating to performance on and above budget of PBT, ROCE, land bank and forward sales.

The Committee feels that this combination of measures represents an appropriate balance between "backward looking" financial performance and "forward looking" measures, which support value creation over the medium to long term. The potential payable was weighted equally across the four measures.

In addition, as reported last year, the Senior Executives will be required to defer 50% of any bonus earned by receiving nil cost options in lieu of cash, half of which will vest after one year and the remaining half after two years. No matching shares will be awarded. The Committee believes that the introduction of deferral into share options brings our framework into line with best practice and it will help us to increase share ownership throughout the executive team (including at levels below the main board, where a similar scheme will be applied). The Committee has retained the discretion under the rules put in place to prevent vesting or exercise and "clawback" in the event of gross misconduct or the material misstatement of accounts. Taking into account this deferral, the maximum annual cash bonus potential will be 50% of salary, with an equal amount awarded in share options.

The Senior Executives were awarded 100% of base salary for the performance against the bonus targets for the period ended June 2012, 50% of which was paid in cash in September 2012 and the remaining 50% of which were deferred by the granting of options at a price set by reference to the average share price of the three days trading following the announcement of the Company's Preliminary Results on the 19 September 2012. These options will vest, as described above, over a one and two year period and will have no further performance conditions to vest, except the Executive has to be employed by the Company and not under notice. Dividends equivalents, should dividends be paid, will be paid in respect of these options for the vesting periods.

The Committee has also determined that the annual bonus for the forthcoming financial year will continue to be assessed using the following four metrics – PBT, ROCE, land bank and forward sales, with equal weighting given to each metric.

(v) Long Term Incentives

LTSIP 2012 grant vesting in September 2015

Following the review in 2011 of the Executive Remuneration Framework, the Committee felt that the quantum of the long term incentive arrangements remains appropriate and as a result each Senior Executive, with the exception of Steve Morgan, will be awarded a grant of nil cost options under the LTSIP with a value equivalent to 100% of their 2011 base salary.

The Committee decided that the award would, as last year, be based on performance of EPS and ROCE, pre exceptional, with up to 50% of any award relating to performance of each of the criteria. The Committee believes that these two measures are transparent, are easy to understand, track and communicate, are cost effective to measure and fundamentally aligned to the strategic ambitions that have been communicated to the market:

- EPS ensures that the team delivers strong "bottom line" profitability and growth for shareholders.
- ROCE provides balance by requiring that profit is delivered efficiently from a capital perspective.

The Remuneration Committee does however have complete discretion to adjust the number of any shares vesting from the award if it considers that performance is not sufficiently reflective of the general growth created by the market.

EPS for the year ending June 2015 ("x")

Award	
Nil	$x < 24p$
10.0% to 30% on sliding scales	$24p \leq x \leq 27p$
+30% to 49.9% on sliding scales	$27p < x < 30p$
50%	$x \geq 30p$

ROCE for the year ending June 2015 ("y")

Award	
Nil	$y < 14\%$
10.0% to 30% on a sliding scale	$14\% \leq y \leq 16\%$
+30% to 49.9% on a sliding scale	$16\% < y < 18\%$
50%	$y \geq 18\%$

LTSIP Phantom Share Scheme 2012

Due to the size of Steve Morgan's shareholding, the Remuneration Committee has decided to grant him a phantom option under the LTSIP. This option will be paid out in cash. In all other respects Steve Morgan's option mirrors the terms and conditions of the LTSIP awarded to the other Senior Executives.

Directors' Remuneration report

(continued)

If for any reason Steve Morgan's shareholding reduces, the Committee reserves the right to terminate the Phantom Scheme and replace it with the LTSIP awarded to the other Senior Executives.

LTSIP 2011 grant vesting in September 2014

John Tutte and Barbara Richmond were awarded a grant of nil cost options under the LTSIP with a value equivalent to 100% of their base salaries as at 1 July 2010.

The options will vest three years from the date of grant of the option, subject to the satisfaction of performance conditions. The award was based on ROCE (50%) and EPS (50%) with the following performance criteria:

EPS for the year ending June 2014 (x)*

Award	
Nil	x < 14.2p
10.0% to 20% on sliding scales	14.2p ≤ x ≤ 15.9p
+20% to 49.9% on sliding scales	15.9p < x < 17.5p
50%	x ≥ 17.5p

ROCE for the year ending June 2014 (y)

Award	
Nil	y < 12%
10.0% to 20% on a sliding scale	12% ≤ y ≤ 14%
+20% to 49.9% on a sliding scale	14% < y < 16%
50%	y ≥ 16%

LTSIP Phantom Share Scheme 2011

As above, due to the size of Steve Morgan's shareholding, the Remuneration Committee granted him a phantom option under the LTSIP to be paid out in cash but otherwise mirroring the terms and conditions of the LTSIP awarded to the other Senior Executives.

LTSIP 2010 grant vesting in February 2014

John Tutte and Barbara Richmond were awarded a grant of nil cost options under the LTSIP with a value equivalent to 125% of their base salaries as at 1 July 2009 and January 2010 respectively. The options will vest three years from the date of grant of the option, subject to the satisfaction of performance conditions. The award was split between ROCE (30%), EPS (30%) and TSR (40%) with the following performance criteria:

EPS for the year ending June 2013 (x)*

Award	
Nil	x < 14.2p
10.0% to 29.9% on sliding scales	14.2p ≤ x ≤ 17.5p
30%	x > 17.5p

ROCE for the year ending June 2013 (y)

Award	
Nil	y < 13.5%
10.0% to 29.9% on sliding scales	13.5% ≤ y ≤ 17.5%
30%	y > 17.5%

TSR for the year ending June 2013 (z)

Award	
Nil	z < index
15% to 39.9% on a sliding scale	index ≤ z ≤ index + 10.0%
40%	z > index + 10.0%

LTSIP Phantom Share Scheme 2010

As above, due to the size of Steve Morgan's shareholding, the Remuneration Committee granted him a phantom option under the LTSIP to be paid out in cash but otherwise mirroring the terms and conditions of the LTSIP awarded to the other Senior Executives.

LTSIP 2009 grant vesting in December 2012

In accordance with the performance conditions attached to the 2009 LTSIP grant, the performance conditions were not achieved and, the Remuneration Committee confirmed that all of the 2009 LTSIP options will lapse in December 2012.

LTSIP 2008 vesting in November 2013

Following the changes to the LTSIP approved at the 2008 AGM, Group Managing Director John Tutte was awarded a grant of nil cost options under the LTSIP with a value equivalent to 200% of his base salary as at 1 July 2008.

The options will vest five years from the date of grant of the option, subject to the satisfaction of performance conditions. The award was based on ROCE (33.33%), EPS (33.33%), and TSR (33.33%) with the following performance criteria:-

EPS for the year ending June 2012 (x)

Award	
Nil	x < 13.0p
10.0% to 29.9% on sliding scales	13.0p ≤ x < 19.0p
30.0%	x ≥ 19.0p

ROCE for the year ending June 2012 (y)

Award	
Nil	y < 13.0%
10.0% to 29.9% on a sliding scale	13.0% ≤ y < 17.5%
30.0%	y ≥ 17.5%

TSR for the year ending June 2012 (z)

Award	
Nil	z < index
15.0% to 39.9% on a sliding scale	index ≤ z ≤ index + 10.0%
40.0%	z > index + 10.0%

(vi) The CSOP

Following approval at the AGM on 5 November 2008, the Company granted options over 18,292 shares to each of its then Executive Directors under the approved Company Share Option Plan, which is approved by HM Revenue & Customs for tax purposes. These options dated 21 November 2008 become exercisable five years from the date of grant of the option on 21 November 2013 subject to the performance condition being satisfied. The performance condition is the achievement of earnings per share target of 19.25p in the financial year ending 30 June 2013.

John Tutte is the only Director who participates in this Scheme as all other awardees have since left the Company.

(vii) SAYE

In addition to their remuneration package, all employees are entitled to participate in the Save As You Earn (SAYE) scheme under which employees are granted options and encouraged to save in order to invest in Company shares.

The Senior Executives, with the exception of Steve Morgan, are encouraged to participate in the SAYE scheme as a means of increasing their shareholdings.

(viii) Share Ownership Guidelines

The importance of encouraging share ownership is recognised by the Committee. Both John Tutte and Barbara Richmond are expected to build and retain a shareholding in the Group at least equivalent to 100% of base salary and the Company Secretary is encouraged to have a shareholding of 75% of base salary.

Directors' Service Agreements

The service agreements of the Executive Directors provide for formal notice to be served to terminate the agreement, by either the Company or the Director. The notice required is six months for Steve Morgan and twelve months for John Tutte. Barbara Richmond is required to give the Company six months notice whilst the Company is required to give Barbara Richmond twelve months notice.

The agreements do not include provision for pre-determined compensation for early termination and mitigation will be applied to any compensation payments where considered justified by the Remuneration Committee. No additional compensation or extended notice period is included within the service agreements in the event of a change of control. The service agreements of the Executive Directors are rolling contracts which were entered into on the following dates and had the following unexpired notice periods as at 30 June 2012:

Name	Contract Date	Notice Period
Steve Morgan	23/03/09	6 months
John Tutte	14/09/09	12 months
Barbara Richmond	18/01/10	12 months

The Non-Executive Directors' terms of appointment, with maturity dates, are detailed in formal letters of appointment as follows:

Name	Letter of appointment		
	Position	Dated	Matures
Alan Jackson	Deputy Chairman and Senior Independent Director	19/08/12	18/08/13
Debbie Hewitt	Non-Executive	19/08/12	18/08/13
Paul Hampden Smith	Non-Executive	19/08/12	18/08/13

* Amended to reflect Firm Placing and Open Offer share issue.

Directors' Remuneration report

(continued)

Directors' remuneration for period 2011/12

The following tables and notes constitute the audited part of the Directors' Remuneration report.

Directors' detailed emoluments	Basic salary and fees £000	(ii) Benefits £000	(ii) Car allowance £000	Pension allowance £000	Bonus £000	Total 2012 £000	Total 2011 £000
Executive Directors							
Steve Morgan (i)	15	4	-	-	-	19	18
John Tutte	385	1	15	26	193	620	532
Barbara Richmond	257	14	-	51	129	451	407
Non-Executive Directors							
Alan Jackson	90	-	-	-	-	90	90
Debbie Hewitt	45	-	-	-	-	45	45
Paul Hampden Smith	45	-	-	-	-	45	45
	837	19	15	77	322	1,270	1,137

- (i) Steve Morgan draws a nominal salary of £15,000 per annum which he donates via Payroll Giving to the Morgan Foundation. The Company also made a donation to the Morgan Foundation, a UK registered charity of which Steve Morgan is a trustee (£622,500 in the year ended 30 June 2012 (2011: £564,000); the donation amount is calculated based upon a notional £425,000 salary and cash bonus percentage consistent with that earned by John Tutte and Barbara Richmond). Further details are given in the Directors' report on page 58 and in note 22 to the financial statements.
- (ii) Benefits in kind represent fully expensed cars and private health insurance.

Pension Scheme

Details of the Executive Directors' pension entitlements are as follows:

Disclosure required by Part 15 to the Companies Act 2006

Defined Benefit accrued entitlements

Director	Accrued benefit at 30 June 2012 £	Additional accrued benefits earned in the year £	Transfer value of accrued benefit at 30 June 2011 £	Transfer value of accrued benefit at 30 June 2012 £	Change in transfer value less directors' contributions £
John Tutte	50,364	5,334	529,673	943,706	397,018

Disclosure required under the Listings Regulations

Defined Benefit accrued entitlements

Director	Accrued benefit at 30 June 2012 £	Additional accrued benefit over year net of inflation £	Transfer value of change in accrued benefit less directors' contributions £
John Tutte	50,364	2,992	39,056

The accrued pension shown above is the amount of pension entitlement that would be paid each year on retirement at age 65 based on service to 29 February 2012. The Scheme closed to the accrual of future benefits with effect from 1 March 2012. The transfer value shown above has been calculated on the basis of actuarial advice in accordance with relevant legislation, less Directors' contributions. The transfer values represent the present value of future payments from the Scheme rather than remuneration currently due to the individual and cannot be meaningfully aggregated with annual remuneration.

The following table sets out those share options held by Directors under SAYE, CSOP and LTSIP schemes. The options granted in respect of the LTSIP schemes were granted at nil cost to the Directors and were awarded in respect of past performance with future performance conditions attached. All options are in respect of shares in Redrow plc. Once the award has vested the exercise of the share options is unconditional.

Interests in share options

Directors' interests in share options

Scheme	Options held at 1 July 2011	Options granted in year	Options exercised in year	Options lapsed	Options held at 30 June 2012	Exercise price £	From	To
John Tutte								
SAYE 2008	9,025	-	(9,025)	-	-	1.06	01/01/12	01/07/12
SAYE 2011	-	9,453	-	-	9,453	0.95	01/01/15	01/07/15
LTSIP 2008 †	471,512	-	-	-	471,512	-	21/11/13	20/11/18
CSOP 2008	23,981	-	-	-	23,981	1.25	21/11/13	20/11/18
LTSIP 2009 ††	229,007	-	-	-	229,007	-	22/12/12	21/12/19
LTSIP 2010 †††	365,131	-	-	-	365,131	-	18/02/14	20/04/24
LTSIP 2011 ††††	-	323,834	-	-	323,834	-	21/09/14	20/09/24
	1,098,656	333,287	(9,025)	-	1,422,918			
Barbara Richmond								
LTSIP 2009 ††	358,423	-	-	-	358,423	-	25/02/13	24/02/20
SAYE 2010	9,146	-	-	-	9,146	0.98	01/01/14	01/07/14
LTSIP 2010 †††	243,421	-	-	-	243,421	-	18/02/14	20/04/24
LTSIP 2011 ††††	-	215,889	-	-	215,889	-	21/09/14	20/09/24
	610,990	215,889	-	-	826,879			

† The performance conditions attached to the exercise of share options granted under the LTSIP 2008 are ROCE, growth in EPS and generation of Total Shareholder Return. The performance condition end date is 30 June 2013.

†† The performance conditions attached to the exercise of share options granted under the LTSIP 2009 are ROCE, growth in EPS and generation of Total Shareholder Return. The performance condition end date is 30 June 2012.

††† The performance conditions attached to the exercise of share options granted under the LTSIP 2010 are ROCE, growth in EPS and generation of Total Shareholder Return. The performance condition end date is 30 June 2013.

†††† The performance conditions attached to the exercise of share options granted under the LTSIP 2011 are ROCE and growth in EPS. The performance condition end date is 30 June 2014.

Directors' Remuneration report

(continued)

No other Directors have been granted share options in shares of the Company. The mid-market price of Redrow plc shares at 30 June 2012 was 120.9p and the range during the year was 103.5p to 135.3p.

Gains made by Directors on share options

John Tutte exercised SAYE share options during the year and retained the shares. The notional gain is outlined in the table below and is calculated as at the exercise date.

Executive Director	Share option scheme	No. of shares exercised	Date of exercise	Mid price on date of exercise (pence)	Notional gain on exercise (£000)
John Tutte	SAYE 2008	9,025	10/01/12	116.4	1

Directors' contingent interests in share options

No Director has a contingent interest in share options as at 30 June 2012 or 30 June 2011.

Directors' interests in shares (This section does not constitute an auditable part of the Remuneration report)

The Directors' interests in the original shares of the Company were:

Beneficial:	18 September 2012 No.	30 June 2012 No.	30 June 2011 No.
Executive Directors			
Steve Morgan ¹	149,486,045	149,486,045	92,436,874
John Tutte	158,334	158,334	128,657
Barbara Richmond	89,819	89,819	70,512
Non-Executive Directors			
Alan Jackson	22,177	22,177	19,285
Debbie Hewitt	21,605	21,605	18,787
Paul Hampden Smith	52,900	52,900	46,000

¹ Includes shares held by Bridgemere

By order of the Board

Debbie Hewitt

Chairman of the Remuneration Committee
18 September 2012

Directors' report

The Directors have pleasure in presenting to the members their report and the audited financial statements for the 12 months ended 30 June 2012.

Principal Activities and Business Review

The principal activity of the Group is residential development which includes mixed use development. Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

Revenue and profit on ordinary activities before taxation from continuing operations are stated at £478.9m and £43.0m respectively.

In the current environment, the Board considers that shareholders are best served by retaining cash within the business and therefore does not propose making a final dividend payment.

The information that fulfils the requirements of the business review can be found in the Chairman's statement and the Operating review and Financial review on pages 8 to 29. This includes a review of the key risks facing the business and a review of the key performance indicators of the business and future developments. Details of the financial risk management objectives and policies and associated risk exposure is given in note 14: Financial Risk Management.

Potential Offer

On 31 August 2012, Bridgemere Securities Limited, Toscafund Asset Management LLP and Penta Capital LLP announced that they had made an initial approach to the independent Directors and were considering the possibility of making an offer for Redrow. It was noted in the announcement that the approach was at a preliminary stage and that there could be no certainty that an offer will ultimately be made for Redrow. Redrow also released an announcement on 31 August 2012 confirming the initial approach and noting that the Company would establish a committee of independent Directors to consider the approach. These announcements were sent to shareholders on 3 September 2012 and are available on the Company's website. The committee of Independent Directors has now been established and further announcements will be made in due course.

Going Concern

The Directors have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in October 2009.

The current economic conditions and uncertainty in the housing market create uncertainties for the business, and a description of the Group's principal risks and uncertainties and the arrangements to manage these risks are set out on pages 28 to 29. The Group's business activities, together with the factors likely to affect its future performance, are set out in the Business review section on pages 8 to 37. The Group's management of exposure to financial risk, including liquidity, interest rate risk and credit risk, is disclosed in note 14 to the financial statements together with details of the Group's banking facilities and capital management policies and processes.

As explained in the Financial review on pages 24 to 27, the Group maintains adequate committed banking facilities which comprise an unsecured £200m revolving credit facility due to mature in December 2014. As stated in note 14 to the financial statements, at 30 June 2012, the Group had £170m of undrawn committed borrowing facilities available.

The Directors have reviewed the Group's financial forecasts for the period to 31 December 2013 and associated financial covenants and have considered various downside sensitivities reflecting the potential impact of a further reasonably foreseeable deterioration in economic conditions. This review confirmed headroom within both financial covenants and facilities, subject to the business undertaking identified mitigating actions which lie within the Group's control. The principal sensitivity relates to the impact of market conditions on profitability and in turn on the Group's net asset position relative to the covenanted level.

After making appropriate enquiries, the Directors consider they have a reasonable expectation for stating that the Group and the Company have adequate resources to continue trading for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Significant Interests

As at 18 September 2012, the Company has been advised of the following notifiable interests of 3% or more in its ordinary shares:

Name	No. of shares held	% of issued share capital
Bridgemere (incl. Steve Morgan)	149,486,045	40.42%
Toscafund	51,016,111	13.80%
FIL Limited	15,450,460	4.18%
BlackRock Inc	15,277,577	4.13%
Norges Bank	15,077,934	4.08%
Legal & General		
Investment Management	12,146,138	3.28%

The persons set out in the table above have notified the Company pursuant to Rule 5 of the Disclosure and Transparency Rules of their interests in the ordinary share capital of the Company.

At 18 September 2012, no change in these holdings had been notified nor, according to the registrar of members, did any other shareholder at that date have a notifiable holding of issued share capital.

Directors' report

(continued)

Directors

The Directors of the Company during the year and up to the date of signing are listed on page 54 of the Directors' Remuneration report and are also listed together with their biographical details on pages 38 and 39.

Formal appraisals of Executive Directors were undertaken during the financial year. All the Non-Executive Directors underwent an annual appraisal conducted by the Non-Executive Deputy Chairman. The Board confirms that Steve Morgan, John Tutte and Barbara Richmond, who stand for re-appointment as Executive Directors, and Alan Jackson, Debbie Hewitt and Paul Hampden Smith who stand for re-appointment as a Non-Executive Directors, continue to be effective and demonstrate the appropriate commitment to their roles.

The Executive Directors have formal service agreements. Termination of their employment may be effected by 12 months notice given by the Company except for Steve Morgan where the notice period is six months.

The Non-Executive Directors have fixed term service agreements outlining their duties and responsibilities.

Details of Directors' service agreements are given in the Directors' Remuneration report on page 53.

Directors' Interests

Related party transactions are disclosed in note 22 to the financial statements. A summary of remuneration provided to key management personnel is provided in note 7c.

The Directors' interests in the ordinary shares of the Company are given in the Directors' Remuneration report on pages 55 to 56. There has been no change in the Directors' interests between 30 June 2012 and 18 September 2012.

Charitable and Political Donations

The Group made no political donations but paid £625,000 in charitable donations during the year being £623,000 in respect of National charities and £2,000 in support of local charities. The Group and its employees are actively involved in fundraising activities for specific charities. The Group made a £622,500 donation during the year to the Morgan Foundation, a UK registered charity of which Steve Morgan is a trustee. This is included within the charitable donations in respect of National charities noted above.

Employees

Redrow places considerable importance on the provision of training and development; training@redrow, a purpose built in-house training facility at Tamworth, completed over 2,302 training days during the year ended 30 June 2012 including those which support the Group induction process.

The Group supports the employment of disabled persons wherever possible through recruitment and by the retention and retraining of those who become disabled during their employment.

The Directors recognise the importance of good communications with employees. Companies within the Group are encouraged to make their employees aware of the financial and economic factors affecting their respective companies and the Group. This is assisted through the medium of regular management meetings, staff publications and the Redrow intranet.

Employee share ownership is encouraged through savings related schemes.

Creditor Payment Policy

The Group values its relationships with suppliers and subcontractors. It is the policy to agree credit terms prior to commencement of trading. Subject to any items of genuine dispute, it is policy to pay creditors within the terms agreed. At June 2012, the Group had 48 days' (2011: 39 days') purchases outstanding in respect of payments to suppliers and the Company had nil days' purchases outstanding in respect of payments to suppliers (2011: nil).

Research and Development

The Group has a centralised Product Development Team charged with identifying and evaluating new construction techniques and products. Environmental and sustainability issues play a prominent role in its activities. The charge to the income statement in respect of research and development in the year was £0.3m (2011: £0.3m).

Environment

Redrow recognises its responsibilities to the community as a whole and has adopted an environmental strategy which is a core part of the Group's objectives. Further details are provided in the Corporate responsibility review on pages 30 to 37 and also on our website at redrowplc.co.uk.

Significant Agreements

The Company's banking arrangements are terminable upon a change of control of the Company. There are no contractual or other arrangements essential to the business which require disclosure under the Companies Act 2006.

Independent Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as external Auditors will be proposed at the Annual General Meeting on 12 November 2012.

Provision of information to auditors:

In the case of each Director in office at the date the Directors' report is approved, confirm that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Capital Structure

The Company has an authorised share capital of 480,000,000 ordinary shares of 10p each of which 369,799,938 have been issued. The Company has one class of ordinary shares which carry ordinary rights to dividends (subject to the Company's Articles of Association). Each share carries the right to one vote at general meetings of the Company.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Authority was given to the Directors at last year's AGM to allot unissued shares up to an aggregate nominal amount of £10,286,915 equivalent to approximately 33% of the Company's issued share capital and up to a further aggregate nominal amount of £10,285,915 in connection with an offer by way of a rights issue. As this authority expires at the forthcoming AGM the Directors will be seeking new authorities as set out in the Notice of Meeting and as referred to below.

Voting and Transfer of Shares

The Company's Articles of Association do not contain any specific restrictions on the size of a shareholder's holding or on the transfer of shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

The Company's Articles of Association do not contain and the Company is not aware of any restrictions on voting rights including any limitations on voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights and arrangements by which, with the Company's co-operation, financial rights carried by securities are held by a person other than the holder of the securities.

The voting rights attaching to the shares held by the Company's Employee Benefit Trust are exercisable by Abacus Trust Company (Isle of Man), the trustee of the Trust.

Notice of Annual General Meeting

Pages 96 to 99 set out the Notice of Annual General Meeting and details the resolutions proposed together with explanatory notes.

To the extent that the Directors' report makes reference to information contained in other sections of the Annual Report, such information will be regarded as forming part of the Directors' report.

By order of the Board
Graham Cope
 Company Secretary
 Redrow plc
 Registered no. 2877315
 18 September 2012

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed below confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and result of the Group and Company; and
- the Directors' report contained on pages 57 to 59 includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

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

Steve Morgan, Chairman
 Alan Jackson, Deputy Chairman and Senior Independent Director
 John Tuttle, Group Managing Director
 Barbara Richmond, Group Finance Director
 Debbie Hewitt, Non-Executive Director
 Paul Hampden Smith, Non-Executive Director

By order of the Board
Graham Cope
 Company Secretary
 18 September 2012
 Redrow plc
 Redrow House
 St. David's Park
 Flintshire
 CH5 3RX

Independent Auditors' report to the members of Redrow plc

We have audited the financial statements of Redrow plc for the year ended 30 June 2012 which comprise the Consolidated income statement, the Consolidated Group and Company statement of comprehensive income, the Group and parent company Balance sheets, the Group and parent company Statement of changes in equity and the Group and parent company Statement of cash flows, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 60, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2012 and of the Group's profit and Group's and parent company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 40 to 46 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 57, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to Shareholders by the Board on Directors' remuneration.

Ian Morrison (Senior Statutory Auditor)
 for and on behalf of PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors
 Manchester
 18 September 2012

Consolidated income statement

12 months ended 30 June

	Note	2012 £m	2011 £m
Revenue		478.9	452.7
Cost of sales		(396.1)	(388.4)
Gross profit		82.8	64.3
Administrative expenses		(34.8)	(33.1)
Operating profit before financing costs	2	48.0	31.2
Financial income	3	2.4	2.7
Financial expenses	3	(7.4)	(8.6)
Net financing costs		(5.0)	(5.9)
Share of loss of joint ventures after interest and taxation	10	-	-
Profit before tax		43.0	25.3
Income tax (expense)	4	(12.8)	(11.8)
Profit for the period		30.2	13.5
Earnings per share - basic	6	9.7p	4.4p
- diluted	6	9.7p	4.4p

Consolidated statement of comprehensive income

12 months ended 30 June

	Note	The Group		The Company	
		2012 £m	2011 £m	2012 £m	2011 £m
Profit/(loss) for the period		30.2	13.5	(6.0)	(5.4)
Other comprehensive income/(expense)					
Effective portion of changes in fair value of interest rate cash flow hedges		-	1.1	-	1.1
Deferred tax on change in fair value of interest rate cash flow hedges		-	(0.3)	-	(0.3)
Actuarial (losses)/gains on defined benefit pension scheme	7e	(7.9)	9.7	(7.9)	9.7
Deferred tax on actuarial (losses)/gains taken directly to equity		1.9	(2.5)	1.9	(2.5)
Other comprehensive (expense)/income for the period net of tax		(6.0)	8.0	(6.0)	8.0
Total comprehensive income/(expense) for the period	18	24.2	21.5	(12.0)	2.6

Balance sheets

As at 30 June

	Note	The Group		The Company	
		2012 £m	2011 £m	2012 £m	2011 £m
Assets					
Intangible assets	8	1.8	1.7	-	-
Property, plant and equipment	9	12.1	12.9	-	-
Investments	10	9.3	2.6	0.1	0.1
Deferred tax assets	11	51.8	63.8	3.9	2.1
Retirement benefit surplus	7	-	5.0	-	5.0
Trade and other receivables	12	26.0	31.4	-	-
Total non-current assets		101.0	117.4	4.0	7.2
Non-current assets held for sale	9	1.4	1.4	-	-
Inventories	13	708.2	562.7	-	-
Trade and other receivables	12	27.2	38.2	419.1	391.8
Current income tax receivables	4	-	-	8.3	6.5
Cash and cash equivalents	14	37.4	32.0	-	7.3
Total current assets		774.2	634.3	427.4	405.6
Total assets		875.2	751.7	431.4	412.8
Equity					
Share capital	17	37.0	30.9	37.0	30.9
Share premium account	18	58.7	58.7	58.6	58.6
Hedge reserve	18	-	-	-	-
Other reserves	18	7.9	7.9	7.0	7.0
Retained earnings	18	457.9	361.1	276.1	216.2
Total equity		561.5	458.6	378.7	312.7
Liabilities					
Bank loans	14	30.0	85.0	30.0	85.0
Trade and other payables	15	40.6	12.4	-	-
Deferred tax liabilities	11	0.7	1.8	-	-
Retirement benefit obligations	7	2.6	-	2.6	-
Long-term provisions	16	8.2	8.0	-	-
Total non-current liabilities		82.1	107.2	32.6	85.0
Bank overdrafts and loans	14	21.4	22.4	3.5	-
Trade and other payables	15	210.2	163.5	16.6	15.1
Total current liabilities		231.6	185.9	20.1	15.1
Total liabilities		313.7	293.1	52.7	100.1
Total equity and liabilities		875.2	751.7	431.4	412.8

The financial statements on pages 62 to 95 were approved by the Board of Directors on 18 September 2012.

Directors
S P Morgan B M Richmond

Redrow plc Registered No. 2877315

Statement of changes in equity

12 months ended 30 June

	Note	The Group		The Company	
		2012 £m	2011 £m	2012 £m	2011 £m
Total comprehensive income/(expense) relating to the period (net)		24.2	21.5	(12.0)	2.6
Shares issued	18	78.0	-	78.0	-
Share-based payment	18	0.3	0.3	-	-
Movement in LTSIP/SAYE	18	0.4	0.9	-	-
Net increase in equity		102.9	22.7	66.0	2.6
Opening equity		458.6	435.9	312.7	310.1
Closing equity		561.5	458.6	378.7	312.7

As permitted by section 408 of the Companies Act 2006, the income statement of Redrow plc is not presented as a part of these financial statements.

The consolidated profit/(loss) on ordinary activities after taxation for the financial year, excluding intra-Group dividends, is made up as follows:

	2012 £m	2011 £m
Holding company	(6.0)	(5.4)
Subsidiary companies	36.2	18.9
	30.2	13.5

The statement of cash flows

12 months ended 30 June

	Note	The Group		The Company	
		2012 £m	2011 £m	2012 £m	2011 £m
Cash flow from operating activities					
Operating profit/(loss) before financing costs		48.0	31.2	(0.2)	(0.4)
Depreciation and amortisation		1.3	1.3	-	-
Adjustment for non-cash items		(3.1)	(2.8)	(0.6)	0.6
Operating profit/(loss) before changes in working capital and provisions		46.2	29.7	(0.8)	0.2
Decrease/(increase) in trade and other receivables		6.3	(10.2)	(27.3)	(11.9)
(Increase) in inventories		(145.5)	(71.1)	-	-
Increase in trade and other payables		75.2	25.1	1.4	0.2
Increase/(decrease) in provisions		0.2	(0.4)	-	-
Cash (outflow) generated from operations		(17.6)	(26.9)	(26.7)	(11.5)
Interest paid		(3.6)	(4.9)	(7.1)	(6.1)
Tax received		-	0.5	-	-
Net cash from operating activities		(21.2)	(31.3)	(33.8)	(17.6)
Cash flows from investing activities					
Sale of business		12.3	5.0	-	-
Sale of subsidiary to other Group company		-	-	-	-
Acquisition of property, plant and equipment		(0.7)	(0.7)	-	-
Proceeds from sale of property, plant and equipment		-	0.6	-	-
Interest received		-	1.0	-	-
Payments to joint ventures - continuing operations		(6.7)	(0.4)	-	-
Net cash inflow from investing activities		4.9	5.5	-	-
Cash flows from financing activities					
Issue of bank borrowings		30.0	85.0	30.0	85.0
Repayment of bank borrowings		(85.0)	(50.0)	(85.0)	(50.0)
Issue costs of bank borrowings		-	(2.5)	-	(2.5)
Purchase of own shares		(0.3)	-	-	-
Proceeds from issue of share capital		78.0	-	78.0	-
Net cash inflow from financing activities		22.7	32.5	23.0	32.5
Increase/(decrease) in net cash and cash equivalents		6.4	6.7	(10.8)	14.9
Net cash and cash equivalents at the beginning of the period		9.6	2.9	7.3	(7.6)
Net cash and cash equivalents at the end of the period	19	16.0	9.6	(3.5)	7.3

Accounting policies

Both the consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and effective at 30 June 2012, and in accordance with IFRIC interpretations and the Companies Act 2006 as it applies to companies reporting under IFRS and Article 4 of the IAS Regulation and in accordance with the historical cost convention as modified by the revaluation of derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Whilst these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates (refer to note 1).

The financial statements have been prepared on a going concern basis.

The principal accounting policies have been applied consistently in the periods presented and are outlined below:

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Redrow plc and all its subsidiaries, together with the Group's share of the results and share of net assets of jointly controlled entities i.e. the financial statements of Redrow plc and entities controlled by Redrow plc (and its subsidiaries). Control is achieved where Redrow plc has the power to govern the financial and operating policies of an entity. Redrow plc's accounting reference date is 30 June. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is to 1 July 2012 (2011: 3 July 2011). For ease of reference all references to the year or 12 months and financial position are for the year ended 30 June and as at 30 June.

The Group has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to present Redrow plc's Company Income Statement. The profit/(loss) for the financial year is dealt with in the Statement of Changes in Equity.

a) Subsidiaries

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets represents goodwill. Goodwill is subject to an annual impairment review, with any reduction in value being taken straight to the income statement.

Adjustments are made as necessary to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

All inter-company transactions and balances between Group companies are eliminated on consolidation.

b) Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using the equity method of accounting - the Group's share of profit after tax is shown separately on the face of the income statement and its share of net assets is included within non-current assets in the balance sheet as an investment.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of impairment of the asset transferred. Where joint venture arrangements are undertaken directly, the Group's share of jointly controlled assets and liabilities are recognised in the relevant subsidiary company and classified according to their nature.

Revenue and Profit Recognition

Revenue represents the fair value received and receivable in respect of the sale of residential housing and land and of commercial land and developments net of value added tax and discounts. This is recognised on legal completion.

Profit is recognised on legal completion.

Segmental Reporting

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. This is consistent with the information provided for internal reporting purposes to the Chief Operating decision maker (the Board). The Group has no key customers.

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.

Net Financing Costs

Interest income is recognised on a time apportioned basis by reference to the principal outstanding and the effective interest rate. Interest costs are recognised in the income statement on an accruals basis in the period in which they are incurred.

Income and Deferred Tax

Income tax comprises current tax and deferred tax.

Current tax is based on taxable profits for the year and any appropriate adjustment to tax payable in respect of prior years. Taxable profit differs from profit before tax as shown in the income statement as it excludes income or expenditure items which are never chargeable or allowable for tax or which are chargeable or deductible in other accounting periods.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for all temporary differences. Deferred tax is calculated at the rates enacted at the balance sheet date.

Deferred tax is credited or charged in the income statement, statement of consolidated statement of comprehensive income, or retained earnings as appropriate.

Intangible Assets – Computer Software

Acquired computer software licences are capitalised on the basis of costs incurred to bring to use the specific software and are amortised over their estimated useful lives of three years. These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Property, Plant and Equipment

Freehold property comprises offices or other buildings held for administrative purposes. Freehold property is shown at cost less the subsequent depreciation of buildings.

All other property, plant and equipment is stated at historic cost less depreciation. Historic cost includes any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets, is charged so as to write off the cost of assets to their residual values over their estimated useful lives, on a straight line basis as follows:

Buildings	50 years
Plant & machinery	5 – 10 years
Fixtures & fittings	3 – 5 years

The assets useful lives are reviewed and adjusted if appropriate at each balance sheet date.

These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable. The gain or loss arising on the disposal of an asset represents the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Non-current Assets Held for Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at management's best estimate of realisable value less estimated costs necessary to make the sale.

Investment in Subsidiary Companies

In the parent company books, the investment in its subsidiaries is held at cost less any impairment.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to work in progress or income on a straight line basis over the term of the relevant lease. Leases classified as finance leases are those where substantially all of the risks and rewards of ownership pass to the lessee. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

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.

The Group differentiates its inventories into two categories:

- Type 1: land where generally the construction of homes had commenced at the year end and which was generally short to medium term in its development horizon. This category also includes undeveloped land on which housebuild had not commenced at 30 June 2012 but which the Group believes it is more likely to develop than to sell undeveloped.
- 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 the Group believes it is more likely to be sold undeveloped.

Accounting policies *(continued)*

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.

The net realisable value of land where housebuild had not commenced (Type 2) and is more likely to be sold undeveloped 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. This net realisable value represents valuing the land at the amount the Group estimates it could be sold for at the balance sheet date less estimated costs necessary to make the sale.

This net realisable value provision will be closely monitored for adequacy and appropriateness as regards under and over provision to reflect circumstances at future balance sheet dates. This will include consideration of the continued appropriateness of the allocation of sites between Type 1 and Type 2. Any material change to the underlying provision will be reflected through cost of sales as an exceptional item.

Forward Land

Expenditure relating to forward land excluding owned sites without residential planning consent but including options, fees etc is provided for when incurred. After exercise of an option and acquisition of land following the securing of planning permission, the provisions relating to that land are released. Expenditure incurred on owned sites without residential planning consent is included in inventories and is subject to a regular impairment review.

Employee Benefits

a) Pension obligation

The Group operates two pension schemes for its staff. The Redrow Staff Pension Scheme (the 'Scheme') closed to the accrual of new benefits with effect from 1 March 2012, with new benefits now being provided via the Redrow Group Personal Pension Plan (the 'GPP'). The Scheme is externally invested and comprises two sections: a defined benefit section and a defined contribution section. A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement. It is funded through payments to trustee administered funds, determined by actuarial valuations carried out on at least a triennial basis. A defined contribution plan is a pension plan under which the Group pays agreed contributions into a separate fund for each employee and any subsequent pension payable to a specific employee is determined by the amount accumulated in their individual fund. The GPP is also a type of defined contribution plan.

The asset/(liability) recognised in the balance sheet in respect of the defined benefit section of the scheme is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit obligation is determined using the projected unit credit method on an annual basis by an independent scheme actuary.

Under IAS 19, revised December 2004, the Group has taken the option to allow actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions to be charged or credited to equity as they arise in full via the statement of comprehensive income.

Scheme service costs are charged to cost of sales and administrative expenses as appropriate and scheme finance costs are included in net financing costs. Past service costs are recognised immediately to the extent that the benefits are already vested, or otherwise amortised on a straight line basis over the vesting period, if they are conditional on the employees remaining in service for a further period.

In respect of the defined contribution section of the Scheme and the GPP, contributions are recognised as an employee benefit expense when they are due. The Group has no further payment obligations in respect of the above once the contributions have been paid.

b) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged.

c) Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based payments'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002, which had not vested as of 1 July 2004. Equity settled share-based payments are measured at fair value on the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before normal retirement date by redundancy. These benefits are recognised by the Group in the period in which it becomes demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

Financial Instruments

a) Land creditors

Deferred payments arising from land creditors are held at discounted present value using the effective interest method, in accordance with IAS 39. The difference between the fair value and the nominal value is amortised over the deferral period via financing costs.

The interest rate applied is an equivalent loan rate available on the date of the land purchase.

b) Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recorded at fair value and the fair value is remeasured to fair value at each reporting date.

The Group's use of financial derivatives is governed by an interest rate risk management framework adopted by the Board which sets parameters to ensure an appropriate level of hedging is maintained to manage interest rate risk in respect of borrowings.

The policy prohibits any trading in derivative financial instruments or their use for speculative purposes.

The effective portion of changes in the fair value of derivative financial instruments which are designated and which qualify as cash flow hedges are recognised directly in equity in a hedge reserve. The gains or losses relating to the ineffective portion are recognised in the income statement immediately they arise.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables include 'trade receivables' and 'other receivables' and cash and cash equivalents in the balance sheet.

Trade receivables are held at discounted present value less any impairment. The amount is then increased to settlement value over the settlement period via financing income.

d) Cash and Cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand, forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

e) Borrowings and Trade payables

Interest bearing borrowings and trade payables are recorded at the proceeds received, net of transaction costs incurred and subsequently at amortised cost. Any difference between the proceeds, net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings.

Onerous Contracts

Onerous contracts are contracts in which the unavoidable costs in meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made to reflect management's best current estimate of the least net cost of either fulfilling or exiting the contract.

Share Capital

Ordinary shares are classed as equity.

Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared and paid.

Impact Of New Standards And Interpretation

a) New Standards

Revised IAS 24, 'Related party disclosures' issued in November 2009 and superseding IAS 24, 'Related party disclosures', issued in 2003. The revised IAS24 is required to be applied from 1 January 2011.

b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 July 2011 but not currently relevant to the group

'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. The amendments should be applied retrospectively to the earliest comparative period presented.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. Not relevant for the Group.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2011 and not early adopted

IAS 19 (revised 2011) 'Employee benefits'. This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The changes will affect most entities that apply IAS 19. They could significantly change a number of performance indicators and might also significantly increase the volume of disclosures. This is effective for annual periods beginning on or after 1 January 2013. The Group will adopt this for the first time for the year beginning 1 July 2013, subject to endorsement by the EU.

IFRS 9 'Financial instruments' on classification and measurement of financial assets. This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the

Accounting policies *(continued)*

cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Effective for periods beginning on or after 1 January 2013. The Group have not assessed the full impact of this standard, and will adopt this for the first time for the year beginning 1 July 2013, subject to endorsement by the EU.

IFRS 10 'consolidated financial statements'. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. Effective for periods beginning on or after 1 January 2013. The Group have not assessed the full impact of this standard, and will adopt this for the first time for the year beginning 1 July 2013, subject to endorsement by the EU.

IFRS 11 'joint arrangements'. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Effective for periods beginning on or after 1 January 2013. The Group have not assessed the full impact of this standard, and will adopt this for the first time for the year beginning 1 July 2013, subject to endorsement by the EU.

IFRS 12 'Disclosure of interests in other entities'. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Not expected to be relevant to the Group, but is effective 1 January 2013.

IFRS 13 'Fair Value Measurement'. This standard will impact the disclosure of fair value measurements and is effective for periods beginning on or after 1 January 2013. The Group will adopt this for the first time for the year beginning 1 July 2013, subject to endorsement by the EU.

Notes to the financial statements

Note 1. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management consider the key sources of estimation uncertainty and critical accounting judgements relate to:

Carrying value of inventories

The Group carries inventories at the lower of cost and net realisable value less cash on account.

Due to the nature of development timescales, it is routinely necessary to estimate costs to complete and future revenues and to allocate non-unit specific development costs between units legally completing in the current financial year and in future periods.

A full review of the net realisable value of inventories was undertaken by the Group as at 30 June 2012.

In respect of land where the construction of homes had commenced or undeveloped land that the Group believes it is more likely to develop than sell undeveloped (Type 1 land), the Group estimated selling prices and costs of its homes under construction. These estimates were based on a combination of experience to date, local market research and management experience.

In respect of land where housebuild had not commenced, land could be identified as a distinct parcel and the Group believes it is more likely to be sold undeveloped (Type 2 land), the Group judged it appropriate to assess the net realisable value of the undeveloped land. It prepared estimates using a land appraisal methodology reflecting land as a residual value and used an appropriate financial return to take into account the current housing market conditions and the prevailing financing environment. The estimates reflected management's estimate at the balance sheet date of home selling prices and costs and current estimate of the market required rate of return.

The categorisation of undeveloped land between land the Group believes it is more likely to develop (Type 1 land) and land the Group believes it is more likely to sell undeveloped (Type 2 land) is based on the Group's current judgement of its medium term land requirements and prevailing market conditions. The Directors regularly consider which element of the Group's land bank they intend to develop and that which they do not. Land which is not intended for development is generally considered as available to swap or sell.

Pensions

The Group has utilised assumptions including a rate of return on assets, mortality assumptions and a discount rate having been advised by its actuary. To the extent that such assumed rates are different from what actually transpires, the retirement benefit obligations of the Group would change.

Notes to the financial statements *(continued)***Note 2. Operating Profit Before Financing Costs**

	Note	2012 £m	2011 £m
Operating profit before financing costs is stated			
After crediting:			
Rental income		0.2	0.1
Profit on disposal of property, plant and equipment		-	-
After charging:			
Inventories expensed in the year	13	373.2	415.4
Depreciation	9	1.2	1.2
Amortisation	8	0.1	0.1
Loss on disposal of property, plant and equipment		-	-
Operating leases - plant and machinery		1.5	1.3
- other		0.3	0.2
Research and development expenditure		0.3	0.3
Auditors' remuneration - fees payable to Company's auditor for audit services		0.1	0.2
- fees payable to Company's auditor for other services		0.1	-

Fees payable to Company's auditor for audit services comprise:

- (i) Fees payable for the audit of parent company and consolidated financial statements £30,000 (2011: £30,000) and
- (ii) Fees payable for the audit of the Company's subsidiaries pursuant to legislation £100,000 (2011: £120,000).

Auditors' remuneration for non-audit services comprised £20,000 (2011: £20,000) in respect of an independent review of the half-yearly financial statements and £120,000 in respect of the preparation of a working capital report in conjunction with the Firm Placing and Open Offer in May 2012 (2011: £nil).

Note 3. Net Financing Costs

	2012 £m	2011 £m
Interest payable on other bank loans	(4.2)	(6.1)
	(4.2)	(6.1)
Net interest paid on pension scheme	-	(0.1)
Imputed interest on deferred land creditors	(3.2)	(2.4)
Financial expense	(7.4)	(8.6)
Net interest received on pension scheme	0.2	-
Other interest receivable	2.2	2.7
Financial income	2.4	2.7
Net financing costs	(5.0)	(5.9)

Interest expense includes £nil in respect of the amortisation of the issue costs of bank borrowings (2011: £2.5m).

Note 4. Income Tax Expense

	2012 £m	2011 £m
Current tax charge		
UK Corporation Tax at 25.5% (2011: 27.5%)	-	-
(Over) provision in respect of prior year	-	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	9.3	7.0
Impact of changes in deferred tax rate	3.5	4.8
Total income tax charge in income statement	12.8	11.8
Reconciliation of tax charge for the year		
Profit before tax	43.0	25.3
Tax calculated at UK corporation tax rate of 25.5% (2011: 27.5%)	11.0	7.0
Impact of change in deferred tax rate	3.5	4.8
Tax effect of share of losses in joint ventures	-	-
Expenses not deductible for tax purposes net of rolled over capital gains	-	-
Short term temporary differences	(1.7)	-
Tax charge for the year	12.8	11.8
Deferred tax recognised directly in equity		
Relating to pension scheme	1.9	(2.5)
Relating to fair value adjustment on interest rate swaps	-	(0.3)
	1.9	(2.8)

Current income tax receivable in the Company is £8.3m (2011: £6.5m).

Notes to the financial statements (continued)

Note 5. Dividends

No dividend was paid in the year ended 30 June 2012 (2011: £nil).

Note 6. Earnings Per Ordinary Share

The basic earnings per share calculation for the year ended 30 June 2012 is based on the weighted number of shares in issue during the period of 311.9m (2011: 304.3m) excluding those held in trust under the Redrow Long Term Incentive Plan (4.3m shares (2011: 4.3m shares)), 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 2012

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	30.2	311.9	9.7p
Effect of share options and SAYE	-	0.4	-
Diluted earnings per share	30.2	312.3	9.7p

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	30.2	311.9	9.7p
Adjustment to deferred tax rate change	3.5	-	1.1p
Adjusted earnings per share	33.7	311.9	10.8p

Adjusted diluted earnings per share are 10.8p (2011: 6.0p).

12 months ended 30 June 2011

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	13.5	304.3	4.4p
Effect of share options and SAYE	-	0.3	-
Diluted earnings per share	13.5	304.6	4.4p

Note 7. Employees

a. Cost (including Directors)

	2012 £m	2011 £m
Salaries and wages	33.4	32.3
Social security	4.0	3.7
Pensions	2.8	2.8
Share-based payments	0.8	1.4
	41.0	40.2

Included in salaries and wages are £0.2m of redundancy and termination payment costs (2011: £0.1m).

b. Number

	2012 No.	2011 No.
The average number of persons employed by the Group was:		
Directors and administrative staff	408	361
Other personnel	559	572
	967	933

c. Key Management remuneration

Key management personnel, as defined under IAS 24 (Related Party Disclosures), are identified as the Main Board together with Group Senior Management.

Summary key management remuneration is as follows:

	2012 £m	2011 £m
Salaries and short term employee benefits	1.6	1.4
Post-employment benefits	-	-
Share-based payments	0.6	0.6
	2.2	2.0

In addition, the Redrow Staff Pension scheme paid £10,403 (2011: £10,000) to Steve Morgan in his capacity as an active Scheme pensioner.

Detailed disclosure of Directors' emoluments and interests in shares are included in the Directors' Remuneration report on pages 54 to 56, which form part of these financial statements.

d. Share-based payments

Save As You Earn Share Option Scheme

The Redrow plc Save As You Earn scheme is open to all employees and share options can be exercised either 3 or 5 years after the date of grant, depending on the length of the savings contract. The Save As You Earn schemes are not subject to performance conditions.

The Save As You Earn schemes have been valued using the Black-Scholes pricing model.

	2012	2011
Options granted during the year	1,181,685	1,054,055
Date of grant	1 January 2012	1 January 2011
Fair value at measurement date	£0.74	£0.48/£0.55
Share price	£1.19	£1.23
Exercise price	£0.95	£0.98
Expected volatility	47%	47.0%
Option life (contract length)	3/5/7 years	3/5 years
Expected dividend	1.3%	1.7%
Risk free interest rate	1.5%	1.43%/1.43%

The expected volatility on Save As You Earn schemes is based on the historic volatility of the Group's share price over periods equal to the length of the savings contract.

Notes to the financial statements (continued)

Long Term Share Incentive Scheme

Except in specified circumstances, options granted under the scheme are exercisable between 3 and 10 years after the date of grant.

Options granted under the LTSIP on the 21 September 2011 were granted to a limited number of Senior Executives. The scheme is discussed in greater detail within the Remuneration report.

The Long Term Share Incentive schemes have been valued using the Black-Scholes pricing model, with the exception of the TSR element of the options granted on 20 April 2011, 25 February 2010, 22 December 2009 and 21 November 2008, for which a simulation model provided by external consultants has been used.

	2012	2011
Options granted during the year	721,070	637,649 and 175,377
Date of grant	21 September 2011	18 February 2011 & 20 April 2011
Fair value at measurement date	£1.06	£0.62/£1.21
Share price	£1.10	£1.26
Exercise price	£0.00	£0.00
Expected volatility	N/A [†]	47.0%
Option life	3 years	3 years
Expected dividend	1.3%	1.7%
Risk free interest rate	N/A [†]	1.43%

The fair value at measurement date of the LTSIP granted on 21 September 2011 comprises £1.06 in respect of non-market based performance conditions (18 February 2011 and 20 April 2011 comprises £0.62 in respect of the TSR element, and £1.21 in respect of non-market based performance conditions).

The expected volatility of the Long Term Share Incentive scheme is based on the historic volatility of the Group's share price over a period equivalent to that of the options' vesting. The expected volatility of the TSR element of the options granted on 20 April 2011 was based on the historic volatility of Redrow and its peer group companies (being the comparator group as defined in the Directors' Remuneration report).

[†] For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

Company Share Option Plan

Grants under the CSOP were limited to Senior Management. Except in specified circumstances, options granted to those other than the Executive Directors are exercisable between 3 and 10 years after the date of grant and are not subject to performance conditions. Except in specified circumstances, options granted to the Executive Directors are exercisable between 5 and 10 years after the date of grant and are subject to performance conditions.

The CSOP scheme has been valued using a simulation model provided by external consultants. No CSOP options were granted in 2012 or 2011.

A dividend yield of 1.3% has been used in the SAYE, LTSIP and CSOP valuations.

Share Options Outstanding

The following share options were outstanding at 30 June 2012:

Type of scheme	Date of Grant	Number of options 2012	Number of options 2011	Exercise price
Long Term Share Incentive	28 September 2001	-	1,552	-
Long Term Share Incentive	23 September 2002	541	541	-
Long Term Share Incentive	30 June 2003	161	161	-
Long Term Share Incentive	25 June 2004	145	145	-
Long Term Share Incentive	28 September 2004	-	1,552	-
Long Term Share Incentive	24 June 2005	120	120	-
Long Term Share Incentive	21 November 2008	-	611,401	-
Long Term Share Incentive	22 December 2009	389,312	389,312	-
Long Term Share Incentive	25 February 2010	358,423	358,423	-
Long Term Share Incentive	18 February 2011	637,649	637,649	-
Long Term Share Incentive	20 April 2011	175,377	175,377	-
Long Term Share Incentive	21 September 2011	721,070	-	-
Company Share Option Plan	21 November 2008	803,336	963,204	£1.25
Save As You Earn	2 January 2006	-	8,077	£2.63
Save As You Earn	2 January 2007	-	4,285	£3.82
Save As You Earn	2 January 2008	7,440	40,667	£2.26
Save As You Earn	1 January 2009	243,405	853,445	£1.06
Save As You Earn	1 January 2010	145,286	204,307	£1.42
Save As You Earn	1 January 2011	742,838	974,655	£0.98
Save As You Earn	1 January 2012	1,094,026	-	£0.95

The total share options outstanding at 30 June 2012 under the Long Term Share Incentive Plan, Company Share Option Plan and the Save As You Earn schemes represent 1.4% of the issued share capital (2011: 1.7%).

Notes to the financial statements *(continued)*

Movements In The Year

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2012	Number of options 2012	Weighted average exercise price 2011	Number of options 2011
Long Term Share Incentive scheme:				
Outstanding at the beginning of the year	-	2,176,233	-	1,465,195
Forfeited during the year	-	(611,401)	-	(101,988)
Exercised during the year	-	(3,104)	-	-
Granted during the year	-	721,070	-	813,026
Outstanding at the end of the year	-	2,282,798	-	2,176,233
Exercisable at the end of the year	-	967	-	4,071
Company Share Option Plan:				
Outstanding at the beginning of the year	£1.25	963,204	£1.25	1,033,147
Forfeited during the year	£1.25	(159,868)	£1.25	(69,943)
Outstanding at the end of the year	£1.25	803,336	£1.25	963,204
Exercisable at the end of the year	£1.25	755,374	-	-
Save As You Earn scheme:				
Outstanding at the beginning of the year	£1.09	2,085,436	£1.27	1,595,375
Forfeited during the year	£1.17	(530,378)	£1.38	(552,397)
Exercised during the year	£1.23	(503,748)	£1.26	(11,597)
Granted during the year	£0.95	1,181,685	£0.98	1,054,055
Outstanding at the end of the year	£1.13	2,232,995	£1.09	2,085,436
Exercisable at the end of the year	£1.06	48,908	-	-

The weighted average share price at the date of exercise of share options exercised during the year was £1.23 (2011: £1.26).

The options outstanding at 30 June 2012 had a range of exercise prices of £nil to £2.26 (2011: £nil to £3.82) and a weighted average remaining contractual life of 4.7 years (2011: 5.5 years).

The expected life used in the models has been adjusted, based on best estimates, to reflect exercise restrictions and behavioural considerations.

The charge to income in relation to equity settled share-based payments in the year is £0.8m (2011: charge: £1.4m).

e. Retirement benefit schemes

The Redrow Staff Pension Scheme (the "Scheme") comprises two sections: a funded, self-administered, defined benefit section and a funded defined contribution section. The defined benefit section was closed to all new entrants from July 2006, having been closed to all but a limited number of agreed new entrants from October 2001. Both sections of the Scheme were closed to future accrual with effect from 1 March 2012.

The total pension charge for the year was £10.7m (2011: credit of £6.9m). A charge of £8.5m related to the defined benefit section of the Scheme (2011: credit of £8.7m), with £0.6m being charged to the income statement (2011: charge of £1.0m) and a charge of £7.9m to the statement of comprehensive income (2011: credit of £9.7m). The charge arising from the defined contribution section was £2.2m (2011: £1.8m).

Triennial Valuation

A full independent triennial actuarial valuation of the defined benefit section of the Scheme was undertaken at 1 July 2011. The method used was the Projected Unit Method. In the opinion of the Actuary, there was a deficit of £9.8m in the defined benefit section of the Scheme, with the value of the Scheme's assets representing 90% of the Scheme's liabilities. As at 1 July 2011 the value of the defined benefit section of the Scheme's assets was £83.7m. The previous triennial valuation was undertaken as at 1 July 2008 and reported a surplus of £9.9m.

Defined Benefit Scheme – IAS 19 Valuation

Redrow has a policy of recognising all actuarial gains and losses for its defined benefit plan in the period in which they occur, outside the income statement, in the statement of comprehensive income.

This disclosure relates to the defined benefit section of the Scheme. The Scheme's assets are held separately from the assets of Redrow and are administered by the trustees and managed professionally.

The latest formal actuarial valuation of the defined benefit section was carried out at 1 July 2011. This valuation has been updated to 30 June 2012 by a qualified actuary for the purposes of these accounts.

The Group expects to contribute £1.1m to the Scheme in the year ending 30 June 2013.

Notes to the financial statements *(continued)*

The major financial assumptions used in arriving at the IAS 19 valuation were:

	2012	2011
Long term rate of increase in pensionable salaries	n/a	2.4%
Rate of increase of benefits in payment (lesser of 5% per annum and RPI) ¹	3.1%	3.8%
Rate of increase of benefits in payment (lesser of 2.5% per annum and RPI) ²	2.2%	2.4%
Discount rate	4.6%	5.8%
Inflation assumption - RPI	3.2%	3.9%
- CPI	2.2%	2.9%
Expected return on assets	5.4%	6.1%

¹ In respect of pensions in excess of the guaranteed minimum pension earned prior to 30 June 2006.

² In respect of pensions in excess of the guaranteed minimum pension earned after 30 June 2006. Other pension increases are valued in a consistent manner.

The expected return on assets assumption has been derived by considering the appropriate return for each of the main asset classes listed on page 81. The yields assumed on bond type investments are based on published redemption yields at the balance sheet date. The assumed return on equities, property and diversified growth funds reflects an assumed allowance for the out-performance of these asset classes over UK Government bonds in the long term. The rates of return are shown net of investment manager expenses.

The mortality tables used in the actuarial valuation were as follows (which make allowance for projected further improvements in mortality):

For male members: SIN X A CMI_2010 1% Long Term Trend

The life expectancies implied by these tables for typical members are:

Pensioner currently aged 65: Male 22.4 years
Future pensioner when aged 65: Male 23.1 years

It has been assumed that the majority of members will commute part of their pension in return for a tax free cash sum on retirement.

The Scheme closed to future benefit accrual on 29 February 2012. Prior to the closure, active members received Pensionable Salary increases which were capped each year at the Retail Price Index ('RPI') or 2.5% if lower. Deferred pensions are assumed to increase in line with the Consumer Price Index ('CPI'). At the date the Scheme closure was effected, the best estimate of future CPI was almost identical to the salary growth assumption, hence the closure does not result in any curtailment item.

An enhanced transfer value exercise was completed during Spring 2012. Approximately £3.5m was paid in transfer values to settle the benefits of approximately 70 members. The liability under IAS19 of these members was approximately £3.2m. Therefore the exercise resulted in a settlement loss of £0.3m.

The total assets, the split between the major asset classes in the Scheme, the present value of the Schemes' liabilities and the amounts recognised in the balance sheet are shown below:

	The Group and Company	
	2012	2011
	£m	£m
Equities	18.2	21.2
Property	6.3	6.0
Gilts	17.7	17.4
Corporate bonds	17.5	16.0
High yield bonds	6.9	6.7
Diversified growth funds	17.2	16.4
Cash	0.1	0.1
Insurance policies	1.9	1.9
Total market value of assets	85.8	85.7
Present value of obligations	(88.4)	(80.7)
(Deficit)/surplus in the Scheme	(2.6)	5.0

The total amounts credited/(charged) against income in the year were as follows:

	The Group and Company	
	2012	2011
	£m	£m
Amounts included within the income statement:		
Administrative expenses		
Current service cost	(0.5)	(0.9)
(Losses)/gains on curtailments and settlements	(0.3)	-
Financing costs		
Expected return on assets	4.8	4.3
Interest cost	(4.6)	(4.4)
	(0.6)	(1.0)
Amounts recognised in the statement of comprehensive income:		
Actuarial (losses)/gains	(7.9)	9.7
	(8.5)	8.7
Cumulative amount of (losses) recognised in the statement of comprehensive income since 1 July 2004	(22.0)	(14.1)

Notes to the financial statements (continued)

The amount included in the balance sheet arising from the surplus/(deficit) in respect of the Group's defined benefit section is as follows:

	The Group and Company	
	2012 £m	2011 £m
Balance sheet surplus/(deficit)		
At start of year	5.0	(4.4)
Amounts (charged)/credited against statement of comprehensive income	(8.5)	8.7
Employer contributions paid	0.9	0.7
At end of year	(2.6)	5.0
Changes in the present value of the defined benefit obligation:		
At start of year	80.7	81.1
Current service cost	0.5	0.9
Interest cost	4.6	4.4
Member contributions	0.3	0.5
Losses/(gains) on curtailments and settlements	0.3	-
Benefit payments, group life insurance death in service premiums and administration costs	(5.6)	(1.7)
Actuarial losses/(gains) on liabilities	7.6	(4.5)
At end of year	88.4	80.7
Changes in the fair value of the Scheme's assets:		
At start of year	85.7	76.7
Normal employer contributions	0.9	0.7
Member contributions	0.3	0.5
Expected return on assets	4.8	4.3
Benefit payments, group life insurance death in service premiums and administration costs	(5.6)	(1.7)
Actuarial (losses)/gain on assets	(0.3)	5.2
At end of year	85.8	85.7

The actual return on the plan assets was a profit of £4.5m (2011: profit of £9.5m).

A five year history of experience adjustments is set out below:

	2012	2011	2010	2009	2008
Present value of defined benefit obligation (£m)	88.4	80.7	81.1	63.2	72.4
Present value of Scheme assets (£m)	85.8	85.7	76.7	66.0	72.2
Scheme (deficit)/surplus (£m)	(2.6)	5.0	(4.4)	2.8	(0.2)
Experience adjustments on Scheme liabilities over the year excluding change in assumptions (£m)	0.6	-	0.4	(0.2)	0.4
Percentage of Scheme liabilities	0.7%	-	0.5%	(0.3%)	0.6%
Experience (loss)/gain on Scheme assets over the year (£m)	(0.3)	5.2	6.7	(12.8)	(7.7)
Percentage of Scheme assets	(0.3%)	6.1%	8.7%	(19.4%)	(10.7%)

Note 8. Intangible Assets

Group	Goodwill £m	Software £m	Total £m
Cost			
At 1 July 2010	1.5	1.1	2.6
Additions	-	-	-
At 30 June 2011	1.5	1.1	2.6
Additions	-	0.2	0.2
At 30 June 2012	1.5	1.3	2.8
Accumulated amortisation			
At 1 July 2010	-	0.8	0.8
Charge	-	0.1	0.1
At 30 June 2011	-	0.9	0.9
Charge	-	0.1	0.1
At 30 June 2012	-	1.0	1.0
Net book value			
At 30 June 2012	1.5	0.3	1.8
At 30 June 2011	1.5	0.2	1.7
At 30 June 2010	1.5	0.3	1.8

Note 9. Property, Plant and Equipment

Group	Freehold property £m	Plant & machinery £m	Fixtures & fittings £m	Total £m
Cost				
At 1 July 2010	14.4	3.9	5.3	23.6
Additions	0.1	0.1	0.5	0.7
Disposals	(1.2)	(0.3)	(0.8)	(2.3)
At 30 June 2011	13.3	3.7	5.0	22.0
Additions	-	-	0.5	0.5
Disposals	-	(0.1)	-	(0.1)
At 30 June 2012	13.3	3.6	5.5	22.4
Accumulated depreciation				
At 1 July 2010	2.4	2.5	4.1	9.0
Charge	0.5	0.3	0.4	1.2
Disposals	(0.2)	(0.1)	(0.8)	(1.1)
At 30 June 2011	2.7	2.7	3.7	9.1
Charge	0.3	0.3	0.6	1.2
Disposals	-	-	-	-
At 30 June 2012	3.0	3.0	4.3	10.3
Net book value				
At 30 June 2012	10.3	0.6	1.2	12.1
At 30 June 2011	10.6	1.0	1.3	12.9
At 30 June 2010	12.0	1.4	1.2	14.6

There was £nil of capital expenditure contracted at 30 June 2012 (2011: £nil).

The carrying value of non-current assets held for sale at 30 June 2012 was £1.4m (2011: £1.4m).

Notes to the financial statements (continued)

Note 10. Investments**a. Investments**

	The Group		The Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Joint ventures	9.3	2.6	-	-
Subsidiary companies	-	-	0.1	0.1
	9.3	2.6	0.1	0.1

b. Investments in joint ventures

	The Group		The Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Share of joint venture net assets:				
Current assets	12.0	4.1	-	-
Current liabilities	(3.0)	(3.4)	-	-
Non-current liabilities	(10.0)	(1.7)	-	-
Net (liabilities)	(1.0)	(1.0)	-	-
Loans from Group companies	10.3	3.6	-	-
	9.3	2.6	-	-
Share of post-tax losses from joint ventures:				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross loss	-	-	-	-
Administrative expenses	-	-	-	-
Operating profit/(loss)	-	-	-	-
Finance costs	-	-	-	-
Result before tax	-	-	-	-
Taxation	-	-	-	-
	-	-	-	-

The Group's principal joint venture investments are:

- (i) Its 50% shareholding in the ordinary share capital of The Waterford Park Company Limited, a company incorporated in Great Britain with a 30 June year end. The Waterford Park Company Limited was formed to pursue the potential redevelopment of Watford Junction railway station.
- (ii) Its 50% shareholding in the ordinary share capital of Redmira Limited, a company incorporated in Great Britain with a 30 June year end. Redmira Limited was formed to pursue potential redevelopment opportunities in the South East of England.

c. Investments in subsidiary undertakings

	The Company £m
At 1 July 2011 and 30 June 2012	0.1

The principal subsidiary company is Redrow Homes Limited. All subsidiary companies are incorporated in Great Britain except Redrow Homes (Park Heights) Limited which is incorporated in Jersey. A full list of subsidiary undertakings as at 30 June 2012 will be appended to the Company's next annual return. The capital of all the subsidiary companies, consisting of ordinary shares, is wholly owned. HB (HDG) Limited is directly owned by Redrow plc.

In the opinion of the Directors the carrying value of the Company's investment in subsidiary undertakings is supported by their underlying net assets.

Note 11. Deferred Tax Assets And Liabilities

The following are the deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior year:

	Employee benefits £m	Imputed interest £m	Hedge reserve £m	Share- based payment £m	Short term temporary differences £m	Losses carried forward £m	Total £m
Deferred tax assets							
At 1 July 2010	1.4	2.4	0.3	0.3	0.7	72.1	77.2
Charge to income	-	(0.2)	-	(0.2)	-	(11.5)	(11.9)
Charge to equity	(1.2)	-	(0.3)	-	-	-	(1.5)
At 1 July 2011	0.2	2.2	-	0.1	0.7	60.6	63.8
Credit/(charge) to income	-	0.2	-	-	1.7	(14.5)	(12.6)
Credit to equity	0.6	-	-	-	-	-	0.6
At 30 June 2012	0.8	2.4	-	0.1	2.4	46.1	51.8
	Employee benefits £m	Imputed interest £m	Hedge reserve £m	Share- based payment £m	Short term temporary differences £m	Losses carried forward £m	Total £m
Deferred tax liabilities							
At 1 July 2010	-	-	-	-	(0.6)	-	(0.6)
Credit to income	-	-	-	-	0.1	-	0.1
Charge to equity	(1.3)	-	-	-	-	-	(1.3)
At 1 July 2011	(1.3)	-	-	-	(0.5)	-	(1.8)
Charge to income	-	-	-	-	(0.2)	-	(0.2)
Credit to equity	1.3	-	-	-	-	-	1.3
At 30 June 2012	-	-	-	-	(0.7)	-	(0.7)

The Group has no material unrecognised deferred tax assets.

The deferred tax balances in the Company relate to a deferred tax asset arising on retirement benefit obligations of £3.9m (2011: £2.1m).

The Group has considered carefully the extent to which it is probable that future taxable profit will be available resulting in taxable amounts against which the carried forward tax losses could be utilised. The basis for supporting the recognition of the deferred tax asset is as follows:

- (i) Historic profitability
The Group floated in May 1994 and, prior to the financial year ended June 2008, had never made a loss before tax since flotation or during the five years prior to flotation provides evidence of historic profitability.
- (ii) Identifiable causes of the losses and likelihood of reoccurrence
The carried forward tax losses arise primarily from the exceptional net realisable value provisions created in 2008 and 2009 and to a lesser extent the trading losses in 2009 arising from the challenging housing market conditions. The provisions principally arise from the reductions in house prices and the reduced rate of sales which have reduced land values. Whilst the housing market remains uncertain, short of a collapse of market conditions from those experienced to date during 2012, material provisioning is not anticipated to reoccur regularly into the future.
- (iii) Financial forecasts demonstrating a return to profitability
The Group's medium term financial forecasting model has been reviewed. This forecasts increased profitability building on the profitable performance in 2011 and 2012 and the deferred tax asset being utilised in the medium term.

A corporation tax rate of 23% from 1 April 2013 was substantively enacted on 3 July 2012. The carrying value of the £51.8m deferred tax asset at June 2012 at 23.0% would be £49.6m.

Notes to the financial statements (continued)

Note 12. Trade And Other Receivables

	The Group		The Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Non-current assets				
Trade receivables (net)	25.7	31.1	-	-
Other receivables	0.3	0.3	-	-
	26.0	31.4	-	-
Current assets				
Trade receivables (net)	21.2	27.2	-	-
Amounts due from subsidiary companies	-	-	419.1	391.8
Other receivables	3.8	7.2	-	-
Prepayments and accrued income	2.2	3.8	-	-
	27.2	38.2	419.1	391.8

Trade receivables due after more than one year are stated after an allowance of £7.6m has been made (2011: £6.0m) in respect of estimated irrecoverable amounts. This allowance is based on an estimate of default rates. £1.7m provision was made during the year (2011: £1.6m). £0.1m was utilised (2011: £0.1m). It is not considered that a material amount of current asset trade receivables are overdue for payment.

Trade and other receivables due in 1 to 2 years are £10.5m (2011: £9.8m), due between 2 and 5 years are £2.4m (2011: £11.1m) and due in more than 5 years are £13.1m (2011: £10.2m). The Group holds a charge over the underlying assets. Trade receivables include £26.5m re the Scotland disposal (2011: £38.8m). At the balance sheet date, there is no material difference between the fair value of trade and other receivables and their carrying values as shown in the balance sheet.

Note 13. Inventories

	The Group		The Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Land for development	515.9	377.8	-	-
Work in progress	183.3	170.0	-	-
Stock of showhomes	21.8	23.3	-	-
	721.0	571.1	-	-
Payments on account	(12.8)	(8.4)	-	-
	708.2	562.7	-	-

Inventories of £373.2m net of £46.7m net realisable value provision utilisation, were expensed in the year (2011: £415.4m net of £95.5m net realisable value provision). Work in progress includes £9.7m (2011: £7.2m) in respect of part exchange properties. Land held for development in the sum of £95.5m is subject to a legal charge as security in respect of deferred consideration (2011: £35.7m).

The carrying value of undeveloped land where net realisable value has been determined on the basis of a sale of land in its current state is £nil (2011: £5.9m). Of the net realisable value provision of £111.5m (2011: £158.3m), £88.2m (2011: £135.0m) is attributed to land and £23.3m (2011: £23.3m) is attributed to work in progress. The allocation of land between Type 1 and Type 2 is described in the Inventories accounting policy.

As discussed in note 1, the Group considers the carrying value of inventories to be a critical accounting judgement.

The net realisable value provision movement is analysed below:

	Type 1 £m	Type 2 £m	Total £m
As at 1 July 2011	132.1	26.2	158.3
Utilised during the year	(40.3)	(6.4)	(46.7)
Created during the year	21.3	0.8	22.1
Reclassified during the year	6.3	(6.3)	-
Released during the year	(17.7)	(4.5)	(22.2)
As at 30 June 2012	101.7	9.8	111.5

The net realisable value provisions of £22.1m and £22.2m created and released in the year are the result of our review at the balance sheet date in the context of prevailing market conditions and the re-assessment of selling prices and costs. They represent the creation of additional provisions against sites acquired pre June 2009 and the reduction of provisions already in place against such sites as required i.e. a reallocation of the quantum of provision amongst sites where provisions already exist.

Note 14. Financial Risk Management

The Group's financial instruments comprise cash and cash equivalents, bank loans and overdrafts, derivative financial instruments and various items included within trade receivables and trade payables which arise during the normal course of business.

The tables below provide a summary of financial assets and liabilities by category.

The accounting policies for financial instruments have been applied to the following items:

The Group	2012 Loans & receivables £m	2011 Loans & receivables £m
Assets per the balance sheet		
Non current trade and other receivables	26.0	31.4
Current trade and other receivables	25.0	34.4
Cash and cash equivalents	37.4	32.0
	88.4	97.8

	2012 Liabilities at fair value through the income statement £m	2012 Other financial liabilities at amortised cost £m	2012 Total £m	2011 Liabilities at fair value through the income statement £m	2011 Other financial liabilities at amortised cost £m	2011 Total £m
Liabilities per the balance sheet						
Bank loans & overdrafts	-	51.4	51.4	-	107.4	107.4
Trade payables and other payables	-	114.8	114.8	-	98.2	98.2
Land creditors	108.3	-	108.3	44.8	-	44.8
	108.3	166.2	274.5	44.8	205.6	250.4

Notes to the financial statements (continued)

The Company

	2012 Loans & receivables £m	2011 Loans & receivables £m
Assets per the balance sheet		
Cash and cash equivalents	-	7.3
Amounts due from subsidiary companies	419.1	391.8
	419.1	399.1

	2012 Other financial liabilities £m	2012 Total £m	2011 Other financial liabilities £m	2011 Total £m
Liabilities per the balance sheet				
Bank loans & overdrafts	33.5	33.5	85.0	85.0
Amounts due to subsidiary companies	13.2	13.2	13.1	13.1
	46.7	46.7	98.1	98.1

Fair values of financial assets and liabilities are determined by reference to the rates at which they could be exchanged between knowledgeable and willing parties. Where no such price is readily available then fair value is determined by discounting net forward cash flows at a risk adjusted rate.

All financial assets and liabilities (measured at fair value) are categorised at level 2 within the hierarchical classification of IFRS 7 Revised.

The Group's activities expose it to a variety of financial risks.

Financial risk management is conducted centrally using policies approved by the Board. Market risk is negligible due to the Group's limited exposure to equity securities (some limited exposure arises through the Pension Scheme's investment portfolio) and the associated price risk. Its foreign exchange exposure is negligible given the nature of the Group's business and its exclusive UK activities.

a. Liquidity risk and interest rate risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. Liquidity risks are managed through the regular review of cash forecasts and by maintaining adequate committed banking facilities to ensure appropriate headroom.

At 30 June 2012, the Group had total unsecured bank borrowing facilities of £202.5m, representing £200.0m committed facilities and £2.5m uncommitted facilities.

The Group's cash surpluses arise from the short term timing differences. As a consequence the Group does not consider it bears significant risk of changes to income and cashflows as a result of movements on interest rates on its interest bearing assets.

The Group is exposed to interest rate risk as it borrows money at floating rates. The Group's interest rate risk arises primarily from long term borrowings. In order to manage its interest rate risk, the Group enters into simple risk management products, almost exclusively interest rate swaps. All interest rate swaps are sterling denominated. The swaps are arranged so as to match with those of the underlying borrowings to which they relate. There was no ineffectiveness to be recorded in respect of these cashflow hedges in 2012 or 2011. As noted in the Financial review on page 27 during the year the Board decided, taking into account the current predicted LIBOR rates and the pricing of interest rate swaps, to take out £20.0m of 2 year sterling denominated interest rate swaps.

The following table shows the profile of interest bearing debt together with its effective interest rates, after taking account of interest rate swaps as at the balance sheet date and the periods in which they will reprice:

	Effective interest rate %	2012			Effective interest rate %	2011			
		Total £m	0-1 year £m	1-2 years £m		2-5 years £m	Total £m	0-1 year £m	1-2 years £m
Bank overdraft	2.5	21.4	21.4	-	2.5	22.4	22.4	-	-
Bank loans - fixed rate	-	20.0	-	-	-	-	-	-	-
Bank loans - floating rate	5.2	10.0	-	-	5.4	85.0	-	-	85.0
		51.4	21.4	-		107.4	22.4	-	85.0

The notional principal amounts in respect of the interest rate swaps together with their maturities are given in the table below.

	Balance at 30 June £m	0-1 year £m	1-2 year £m
2012	20.0	-	20.0
2011	-	-	-

At 30 June 2012, the fixed interest rates varied from 0.985% to 1.045% excluding borrowing margin and the floating rates were 3 month LIBOR. The swaps have a neutral value at 30 June 2012.

For the year ended 30 June 2012, it is estimated that a general increase of 1% in interest rates applying for the full year would decrease the Group's profit before tax by £0.7m (2011: £0.5m).

b. Maturity of bank loans and borrowings

The maturity of bank loans and borrowings is as below:

The Group	Bank overdraft 2012 £m	Bank loans 2012 £m	Bank overdraft 2011 £m	Bank loans 2011 £m
Due within one year	21.4	-	22.4	-
Due between one and two years	-	-	-	-
Due between two and five years	-	30.0	-	85.0
	21.4	30.0	22.4	85.0
The Company	Bank overdraft 2012 £m	Bank loans 2012 £m	Bank overdraft 2011 £m	Bank loans 2011 £m
Due within one year	3.5	-	-	-
Due between one and two years	-	-	-	-
Due between two and five years	-	30.0	-	85.0
	3.5	30.0	-	85.0

The Company was fully compliant with its banking covenants as at 30 June 2012.

At the year end, the Group and Company had £170.0m (2011: £115.0m) of undrawn committed bank facilities available.

There is no material difference between the fair value of the bank overdrafts and bank loans and their carrying values as shown in the balance sheet.

Notes to the financial statements (continued)

c. Amounts due in respect of development land

The Group's policy permits land purchases to be made on deferred payment terms. In accordance with IAS 39, the deferred creditor is recorded at fair value and nominal value is amortised over the deferment period via financing costs, increasing the land creditor to its full cash settlement value on the payment date.

The interest rate used for each deferred payment is an equivalent loan rate available on the date of land purchase, as applicable to a loan lasting for a comparable period of time to that deferment.

The maturity profile of the total contracted cash payments in respect of amounts due in respect of land creditors at the balance sheet date is as follows:

	Balance at 30 June £m	Total contracted cash payment £m	Due less than one year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m
2012	108.3	114.2	67.7	43.1	3.4
2011	44.8	48.3	32.5	4.5	11.3

d. Maturity of Trade and other payables

These represent current liabilities due within one year.

e. Credit risk

Credit risk arises from cash and cash equivalents, including call deposits with banks and financial institutions, derivative financial instruments and trade receivables. It represents the risk of financial loss where counterparties are unable to meet their obligations.

Credit risk is managed centrally in respect of cash and cash equivalents and derivative financial instruments. In respect of placing deposits with banks and financial institutions and funds, individual risk limits are approved by the Board. The table below shows the cash and cash equivalents as at the balance sheet date:

	The Group		The Company	
	2012 £m	2011 £m	2012 £m	2011 £m
A -	37.4	32.0	-	7.3
	37.4	32.0	-	7.3

No credit limits were exceeded during the reporting period or subsequently and the Group does not anticipate any losses from non-performance by these counterparties.

There is no specific concentration of credit risk in respect of home sales as the exposure is spread over a number of customers. In respect of trade receivables, the amounts presented in the balance sheet are stated after adjusting for any doubtful receivables, based on the judgement of the Group's management through using both previous experience and knowledge of the current position of any more substantial debtors.

f. Capital management

The Group defines total capital as equity plus net debt where net debt is calculated as total borrowings less cash and cash equivalents.

The Group monitors capital on the basis of the level of returns achieved on its capital base and, with respect to its financing structure, the gearing ratio. This is defined as net debt divided by equity.

The Group's objective in managing capital is to safeguard its ability to continue as a going concern in order to deliver value to its shareholders and other stakeholders. The Group operates within policies outlined by the Board in order to maintain an appropriate funding structure. The Board keeps the Group's capital structure under review.

No dividends were paid in the year. The Board has a policy of only paying a dividend once the Group has an appropriate level of earnings cover.

The total capital levels and gearing ratios as at 30 June 2012 and 30 June 2011 are as follows:

	2012 £m	2011 £m
Total borrowings	51.4	107.4
Less cash and cash equivalents	(37.4)	(32.0)
Net debt	14.0	75.4
Equity	561.5	458.6
Total capital	575.5	534.0
Gearing ratio	2%	16%

g. Fair values

At 30 June 2012 there is no material difference between the fair value of financial instruments and their carrying values in the balance sheet.

Note 15: Trade And Other Payables

	The Group		The Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Non-current liabilities				
Amounts due in respect of development land	40.6	12.4	-	-
	40.6	12.4	-	-
Current liabilities				
Trade payables	109.4	88.4	-	-
Amounts due in respect of development land	67.7	32.4	-	-
Amounts owed to subsidiary companies	-	-	13.2	13.1
Other payables	5.4	9.8	-	-
Other taxation and social security	1.4	1.3	-	-
Accruals and deferred income	26.3	31.6	3.4	2.0
	210.2	163.5	16.6	15.1

Note 16. Long Term Provisions

The Group	Onerous contracts £m	Other £m	Total £m
At 1 July 2011	6.7	1.3	8.0
Provisions created during the year	0.3	0.1	0.4
Provisions released during the year	-	-	-
Provisions utilised during the year	-	(0.2)	(0.2)
At 30 June 2012	7.0	1.2	8.2

Provisions relate to onerous contracts (in place at June 2009 and viewed as onerous) and maintenance and sundry remedial costs in respect of development activities, which it is assessed will be utilised within four years.

Notes to the financial statements (continued)

Note 17. Share Capital

	2012 £m	2011 £m
Authorised		
480,000,000 ordinary shares of 10p each (2011: 480,000,000)	48.0	48.0
Allotted, called up and fully paid	37.0	30.9
		Number of ordinary shares of 10p each
1 July 2011		308,607,479
Shares issued re Firm Placing and Open Offer		61,192,459
At 30 June 2012		369,799,938

Options granted to Directors and employees under the LTSIP, the CSOP and the SAYE schemes are set out in Note 7d.

On 15 May 2012 the Company issued 61,192,459 new ordinary shares at 130 pence per share through a firm placing and open offer. Net proceeds were £78.0m, being gross proceeds on issue of £79.6m less expenses of £1.6m.

The placing was effected through a structure which resulted in the excess of the net proceeds over the nominal value of the share capital being recognised within retained earnings under section 612 of the Companies Act 2006.

The placing shares rank pari passu in all respects with the existing issued shares.

Note 18. Share Capital, Share Premium Account And Reserves

The Group	Share capital £m	Share premium account £m	Hedge reserve £m	Other reserves £m	Retained earnings £m
At 1 July 2010	30.9	58.7	(0.8)	7.9	339.2
Total comprehensive income	-	-	0.8	-	20.7
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	-	-
Share-based payment	-	-	-	-	0.3
Credit in respect of LTSIP/SAYE	-	-	-	-	0.9
At 30 June 2011	30.9	58.7	-	7.9	361.1
Total comprehensive income	-	-	-	-	24.2
Shares issued	6.1	-	-	-	71.9
Dividends paid	-	-	-	-	-
Share-based payment	-	-	-	-	0.3
Movement in respect of LTSIP/SAYE	-	-	-	-	0.4
At 30 June 2012	37.0	58.7	-	7.9	457.9

Hedge Reserve

The hedge reserve comprises the effective portion of the gain or loss arising from the fair value of cash flow hedging transactions entered into by the Group that have not yet crystallised.

Other Reserves

Other reserves consists of a £7.0m Capital Redemption reserve (2011: £7.0m) and a £0.9m Consolidation reserve (2011: £0.9m).

Undistributable Reserves

The hedge reserve and other reserves are not available for distribution.

The Company	Share capital £m	Share premium account £m	Hedge reserve £m	Other reserves £m	Retained earnings £m
At 1 July 2010	30.9	58.6	(0.8)	7.0	214.4
Total comprehensive income	-	-	0.8	-	1.8
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	-	-
Dividends received from subsidiary companies	-	-	-	-	-
At 30 June 2011	30.9	58.6	-	7.0	216.2
Total comprehensive income	-	-	-	-	(12.0)
Shares issued	6.1	-	-	-	71.9
Dividends paid	-	-	-	-	-
Dividends received from subsidiary companies	-	-	-	-	-
At 30 June 2012	37.0	58.6	-	7.0	276.1

Hedge Reserve

The hedge reserve comprises the effective portion of the gain or loss arising from the fair value of cash flow hedging transactions entered into by the Company that have not yet crystallised.

Other Reserves

Other reserves consists of a £7.0m Capital Redemption reserve (2011: £7.0m).

Undistributable Reserves

The hedge reserve and other reserves are not available for distribution.

Notes to the financial statements (continued)

Note 19. Movement In Net (Debt)/Cash

	At 1 July 2011 £m	Cash flow £m	Other movements £m	Net movement in the year £m	At 30 June 2012 £m
The Group					
Cash and cash equivalents	32.0	8.5	(3.1)	5.4	37.4
Bank overdrafts	(22.4)	1.0	-	1.0	(21.4)
	9.6	9.5	(3.1)	6.4	16.0
Bank loans	(85.0)	55.0	-	55.0	(30.0)
Issue costs	-	-	-	-	-
	(75.4)	64.5	(3.1)	61.4	(14.0)
The Company					
Cash and cash equivalents	7.3	(6.7)	(0.6)	(7.3)	-
Bank overdrafts	-	(3.5)	-	(3.5)	(3.5)
	7.3	(10.2)	(0.6)	(10.8)	(3.5)
Bank loans	(85.0)	55.0	-	55.0	(30.0)
Issue costs	-	-	-	-	-
	(77.7)	44.8	(0.6)	44.2	(33.5)

Note 20. Operating Lease Commitments

	2012 £m	2011 £m
Within one year	1.4	1.4
Within one to five years	1.8	1.9
Later than 5 years	0.8	0.4

Note 21. Contingent Liabilities

The Company has guaranteed the bank borrowings of its subsidiaries. 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 22. Related Party Transactions

Within the definition of IAS 24 (Related Party Disclosures), the Board and key management personnel are related parties. Detailed disclosure of the remuneration of the Board is given in the Directors' Remuneration report on pages 49 to 56. A summary of remuneration provided to key management personnel is provided in note 7c.

In addition, related party transactions were carried out with parties related to Steve Morgan during the year totalling £0.7m (Company £0.7m), primarily relating to the donation to the Morgan Foundation as described in the Directors' Remuneration report on page 54 and in respect of the Group, in addition relating to services provided by Harrow Estates plc on an arm's length basis under promotional agreements forming part of the acquisition of the Harrow business.

As at 30 June 2012, an amount of £nil was due to Harrow Estates plc under normal trading terms.

During the year, the Group made purchases of £4.5m (2011: £3.7m) (£nil (2011: £nil) for the Company) from Travis Perkins plc, a company in which Paul Hampden Smith is an Executive Director. As at 30 June 2012 an amount of £0.2m (2011: £0.2m) was due to Travis Perkins plc in respect of those purchases.

There have been no other material transactions with key management personnel. There is no other difference between transactions with key management personnel of the Company and the Group.

The Company funds the operating companies through both equity investment and loans at commercial rates of interest. In addition, the Company provides its subsidiaries with the services of Senior Management, for which a recharge is made to those subsidiary companies based upon utilisation of services.

The amount outstanding from subsidiary undertakings at 30 June 2012 was £419.1m (2011: £391.8m). The amount owed to subsidiary undertakings at 30 June 2012 was £13.2m (2011: £13.1m).

The Company provided the Group's defined benefit pension scheme, as detailed in note 7e. Expected service costs were charged to the operating businesses at cost. There is no contractual arrangement or stated policy relating to the charge. Experience and actuarial gains are recognised in the Company, via the statement of comprehensive income.

The Group did not undertake any transactions with The Waterford Park Company Limited or Redmira Limited joint ventures. The Group's loans to its joint ventures are disclosed in note 10.

Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of Redrow plc will be held at De Vere, St. David's Park Hotel, St. David's Park, Flintshire on Monday 12 November 2012 at 12 noon for the following purposes. All resolutions will be proposed as ordinary resolutions except numbers 11 and 12 which will be proposed as special resolutions.

Resolution 1 - Annual Report & Accounts

To receive and adopt the Directors' report and the financial statements for the year ended 30 June 2012, together with the Auditors' report.

Resolution 2 - Re-appointment of Director

To re-appoint Steve Morgan as a Director.

Resolution 3 - Re-appointment of Director

To re-appoint John Tutte as a Director.

Resolution 4 - Re-appointment of Director

To re-appoint Barbara Richmond as a Director.

Resolution 5 - Re-appointment of Director

To re-appoint Alan Jackson as a Director.

Resolution 6 - Re-appointment of Director

To re-appoint Debbie Hewitt as a Director.

Resolution 7 - Re-appointment of Director

To re-appoint Paul Hampden Smith as a Director.

Resolution 8 - Re-appointment of Auditors

To re-appoint PricewaterhouseCoopers LLP as external Auditors to the Company, to hold office until the end of the next general meeting at which financial statements are laid before the Company and to authorise the Directors to fix their remuneration.

Resolution 9 - Directors' Remuneration report

To approve the Directors' Remuneration report for the year ended 30 June 2012.

Resolution 10 - Authority to allot shares

That the directors, in place of any existing authority conferred upon them for the purpose of section 549/551 of the Companies Act 2006, be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all powers of the Company to allot and to make offers or agreements to allot shares or convert any securities into shares:

(i) up to an aggregate nominal amount of £12,326,665;

(ii) up to a further aggregate nominal amount of £12,326,665 in connection with an offer by way of a rights issue.

Provided that this authority shall (unless previously revoked or renewed) expire on the date of the next Annual General Meeting of the Company (or 31 December 2013 whichever may be the earlier) but so that the Company may, before such expiry, make an offer or agreement which

would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority had not expired.

Resolution 11 - Authority to disapply pre-emption rights

That, subject to the passing of Resolution 10 as set out above, the Directors be given power pursuant to Resolution 10 to make allotments of equity securities (as defined in section 560(1) of the Companies Act 2006) pursuant to the authority contained in the said Resolution 10 and to sell shares which are held in treasury wholly for cash as if section 561(1) of the said Act did not apply to such allotments or sale provided that this power shall be limited to:

(i) allotments of equity securities in connection with a rights issue, being an offer of equity securities by way of rights to ordinary shareholders of the Company in proportion (as nearly as may be) to their holdings subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of or the requirements of any recognised regulatory body or stock exchange in any territory; and

(ii) any other allotments for cash or equity securities or sale of shares held in treasury up to a maximum nominal amount of £1,849,000;

and shall (unless previously revoked or renewed) expire on the date which is the earlier of the next Annual General Meeting of the Company or 31 December 2013 save that the said power shall permit the Company to make an offer or enter into an agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if such power conferred had not expired. For the purposes of this Resolution, the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

Resolution 12 – Calling of a general meeting other than an AGM

That a general meeting other than the Annual General Meeting may be called on not less than 14 clear days' notice.

18 September 2012

Registered office:

Redrow House

St. David's Park

Flintshire

CH5 3RX

Registered in England No. 2877315

By order of the Board

Graham Cope

Company Secretary

Notes:

(i) A shareholder entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

(ii) A form of proxy is enclosed which, if required, should be completed in accordance with the instructions set out therein and returned so as to reach the Company's Registrars not later than 48 hours before the time of the meeting or any adjourned meeting. Completion of a form of proxy will not preclude a shareholder from attending and voting at the meeting in person if they so wish.

(iii) All shareholders on the Register at 6pm on 10 November 2012 (or if the meeting is adjourned 48 hours before the time fixed for the meeting) and only those shareholders are entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the Register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

(iv) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

(v) Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares in the Company on 18 September 2012 is 369,799,938, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 18 September 2012 are 369,799,938.

(vi) Shareholders should note that, under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting for the financial year beginning 1 July 2011; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 July 2011 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The

Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

(vii) Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(viii) A copy of this notice and other information required by Section 311A of the Companies Act 2006 can be found at redrow.co.uk.

(ix) Under Section 338 and Section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 1 October 2012, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

(x) Copies of the Directors' service contracts will be available for inspection at the registered office during normal business hours on any business day and at the place of the Annual General Meeting for at least 15 minutes before the meeting is held until its conclusion.

Notice of annual general meeting

- (xi) The register of Directors' interests in the share capital of the Company will be available for inspection at the place of the meeting from 12 noon on 12 November 2012 until the conclusion of the meeting. None of the Directors has a service contract which cannot be terminated within one year without payment of compensation.
- (xii) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
- (xiii) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in Note (ii) above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means.
- (xiv) CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (xv) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (xvi) If you have any questions about the meeting or need any special assistance at the meeting, please contact the Company Secretary at the registered office or telephone 01244 520044 during normal business hours.

Explanatory Notes To Annual General Meeting Resolutions: Resolutions 2-7 - Re-appointment of directors

As required by the UK Corporate Governance Code, annual re-election of all directors is now required.

Resolution 8 - Re-appointment of Auditors

The Company is required to appoint Auditors at every general meeting at which the accounts are presented to shareholders. PricewaterhouseCoopers LLP were appointed at last year's Annual General Meeting and are willing to seek re-appointment this year. It is normal practice for a Company's Directors to be authorised to agree the Auditors' fees. If this resolution is passed, the Audit Committee will approve the fees for recommendation to the Board.

Resolution 9 - Directors' Remuneration report

Under the Companies Act 2006 companies are required to ask shareholders to vote on the Directors' Remuneration report. The report is contained on pages 49 to 56 of the Annual Report & Accounts.

Resolution 10 - Authority to allot shares

Shareholders are being invited to renew the authority given to Directors in previous years to allot new shares. If passed, Resolution 10 would renew this authority by authorising the Directors to allot shares up to an aggregate nominal amount of £12,326,665 or an additional £12,326,665 in respect of a Rights Issue (or 66% in the context of a rights issue). This represents 123,266,646 ordinary shares of 10p each and is equivalent to approximately 33% of the Company's current issued ordinary share capital (excluding shares held in treasury). The authority will expire on the date of the next Annual General Meeting of the Company or, if earlier, 31 December 2013.

The Company does not, as of 18 September 2012 hold any shares in treasury.

The Directors will exercise the authority to allot only when satisfied that it is in the interests of the Company to do so. They have no present intention of exercising the authority, except in connection with the issue of shares under the Company's share option schemes.

Resolution 11 - Authority to disapply pre-emption rights

The Directors may only allot shares for cash to persons who are not already shareholders in the Company if authorised to do so by the shareholders in a general meeting. This resolution renews authority for the Directors to allot shares for cash without first offering them to existing members up to an aggregate nominal amount of £1,849,000. This sum represents 18,489,997 ordinary shares of 10p each, being equivalent to approximately 5% of the Company's current issued share capital. The resolution also enables the Directors to modify the strict

requirements for a rights issue in circumstances where they consider it necessary or expedient.

In addition, if the Company has purchased its own shares and holds them in treasury, this resolution would give the Directors power to sell these shares for cash to persons other than existing shareholders, subject to the same limit that would apply to issues of shares for cash to these persons.

The authority will expire on whichever is the earlier of the conclusion of the next Annual General Meeting or 31 December 2013.

Resolution 12 – Calling of a general meeting other than an AGM

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days. AGMs of the Company will continue to be held on at least 21 clear days' notice.

Documents available for your inspection

Copies of the following documents will be available for inspection during normal business hours on Monday to Friday each week (public holiday excepted) at the company's registered office and at the office of Linklaters LLP at One Silk Street, London EC2Y 8HQ from the date of this document up to and including the date of the Annual General Meeting and at the place of the Annual General Meeting from 11.45am until the close of the meeting.

- the Articles of Association and Memorandum of the Company; and
- the service agreements and letters of appointment of the Directors.

Corporate & shareholder information

Shareholder Discounts

The Company offers a discount of 1% to shareholders off the purchase price of a new Redrow home. In order to qualify for the discount a purchaser must hold a minimum of 2,500 ordinary shares in Redrow plc for a minimum of 12 months prior to the date of reservation, subject to a cap of £5,000.

Details of our current developments are available on our website: redrowplc.co.uk

Group contacts

Officers and Advisers

Company Secretary

Graham A Cope

Registered Office

Redrow House
St. David's Park
Flintshire
CH5 3RX
Registered No. 2877315

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Stockbrokers

BofA Merrill Lynch
2 King Edward Street
London
EC1A 1HQ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Linklaters LLP
One Silk Street
London
EC2Y 8HQ

5 year summary

12 months ended 30 June

	IFRS 2012 £m	IFRS 2011 £m	IFRS 2010 £m	IFRS 2009 £m	IFRS 2008 £m
Revenue	478.9	452.7	396.9	301.8	650.1
Operating profit/(loss) before financing costs pre-exceptional item	48.0	31.2	12.7	(22.4)	84.5
Operating profit/(loss) before financing costs pre-exceptional item as a percentage of turnover	10.0%	6.9%	3.2%	(7.4%)	13.0%
Operating profit/(loss) before financing costs	48.0	31.2	12.7	(119.0)	(174.9)
Profit/(loss) for the period	30.2	13.5	0.5	(100.4)	(139.9)
Net assets	561.5	458.6	435.9	293.5	404.6
Net (debt)	(14.0)	(75.4)	(47.1)	(214.6)	(223.3)
Gearing – net (debt) as a percentage of capital and reserves	2.5%	16.4%	10.8%	73.1%	55.2%
Return on capital employed – operating profit as a percentage of opening and closing capital employed	8.7%	6.1%	2.6%	(21.0%)	(25.3%)
Number of legal completions	2,458	2,626	2,587	2,113	3,925
Earnings per ordinary share †	9.7p	4.4p	0.2p	(47.9p)	(66.7p)
Dividends per ordinary share	-	-	-	-	9.3p
Net assets per ordinary share	151.8p	148.6p	141.3p	183.4p	252.9p

† Restated in 2010 to reflect the Rights Issue



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