

Redrow plc  
HALF-YEARLY REPORT 2016



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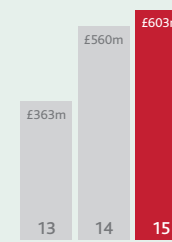
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### Risk management

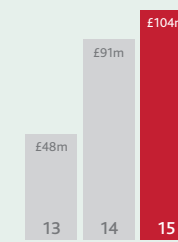
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## FINANCIAL HIGHLIGHTS



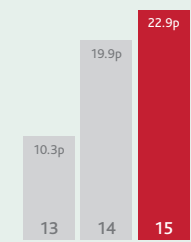
REVENUE

**£603m**  
+8%



PROFIT BEFORE TAX

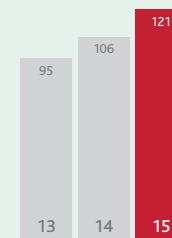
**£104m**  
+14%



ADJUSTED EARNINGS PER SHARE

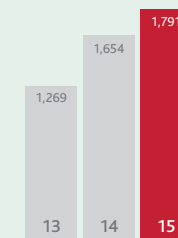
**22.9p**  
+15%

## OPERATIONAL HIGHLIGHTS



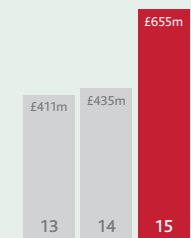
OUTLETS AT DECEMBER

**+14%**



PRIVATE LEGAL COMPLETIONS

**+8%**



PRIVATE ORDER BOOK

**+51%**





## FOCUSING ON PRODUCT, PEOPLE AND PLACES TO DELIVER BETTER RETURNS

Redrow aims to deliver excellence across all areas of our business, creating sustainable communities that enrich lives; a world-class company that our people are proud to work for; and delivering real value to our shareholders.

We work hard to create a better way to live, by focusing on three main areas: our product, our people and our places.

**Our product** leads the market in quality and innovation, with something for everyone, from one-bedroom apartments to executive family homes. From period style properties to the very cutting edge of contemporary style. We create homes that are designed for the way we live today, yet are rooted in the time-honoured traditions of craftsmanship and care. Redrow deliver more as standard, not just in our high quality construction, fixtures and

fittings, but also through intangibles such as kerb appeal and interior flow.

**Our people** are at the heart of everything we do, whether we're creating jobs and building careers, or creating homes and building communities. Our team, our partners and our customers are all very important and we work hard to ensure that everyone feels rewarded by their relationship with us. We're committed to our team, training and developing them to be high calibre professionals in their roles and creating new jobs to drive our success and help expand both the local and national economies. Redrow is committed to putting its customers first in everything we do, while never losing sight of the needs of the wider community.



**Our places** are fundamental to our success, with our land bank the foundation of our future growth and our current developments the pride of both those who created them and those who live in them. We strive to create environments that will stand the test of time and where people can appreciate and enjoy their surroundings. Throughout England and Wales, Redrow creates communities to meet the needs of the local market, with each location carefully chosen.

**Our future** will be driven by quality and innovation, engaging with all our stakeholders so that we can embrace challenges and strategic opportunities together and convert them into customer benefits that give us a genuine and sustainable competitive advantage.

We will continue to build a quality home, responsibly and sustainably, working hard to deliver on our promises, because at Redrow we believe there is a better way to live.

### REDROW HAS AGAIN GENERATED RECORD FIRST HALF RESULTS



**Steve Morgan**  
Chairman

Redrow has delivered outstanding results over the last few years and I am delighted to once again report another record first half. During the last six months we increased our legal completions by 18%, contributing to the much needed increase in new homes in England and Wales.

#### Financial Results

Homes' revenue in the first six months of the 2016 financial year increased by 14% to £584m, due to the increased number of legal completions, which were up from 1,850 to 2,178. Total Group revenue increased by 8% to £603m despite revenues from commercial and land sales being £27m lower than in the first six months last year. In the period, the average selling price of our private homes increased 2% due to the shift of our London business away from high priced Central London apartments to concentrate more on the Outer London commuter market where demand remains strong.

Outside London our private average selling price increased by 11% to £300,000 due to a combination of geographical mix change, reduction of impaired sites and price inflation. As a consequence, gross margin increased from 22.3% to 24.2%.

Overheads increased from £30m to £36m primarily as a result of the opening of two new divisions, one covering Kent and Sussex, the other to manage what will be our flagship development at Colindale in North London.

Operating profit rose by 16% to £110m (2015: £95m) and pre-tax profits increased by 14% to a first half record of £104m (2015: £91m). Earnings per share at 22.9p, were 15% higher than the previous year (2015: 19.9p).

Net debt at the end of December 2015 was £183m (June 2015: £154m), giving gearing of 20%. We expect our net debt to continue to be below our previous guidance. Given the strong earnings performance of the business, the Board has decided to pay an interim dividend of 4p per share (2015: 2p). It is also our intention, subject to shareholder approval at the Annual General Meeting, to pay a final dividend of 6p (2015: 4p) making 10p for the year, an increase of 67% on last year. The interim dividend will be paid on 31 March 2016 to holders of ordinary shares on the register at the close of business on 19 February 2016.

#### Market

Demand for new homes was strong throughout the first half and the Government's Help to Buy scheme continues to give us the confidence to substantially increase output. The only area where we have seen a slow-down is in Central London. However, this is only having a limited effect on the Group as we made the decision some time ago to re-focus our London business on Outer London where the demand is from the local market and remains robust. In the last six months 792 (44%) of our private legal completions utilised Help to Buy, up from 629 (38%) in the first half of last year. Mortgage availability and mortgage rates also continue to improve. As a result our sales per outlet per week were 0.65, up 10% on the prior year.

The value of private reservations in the first half increased by 51% from £449m to £679m resulting in a closing order book of £655m, up 51% on December last year (Dec 2014: £435m).

#### Land and Planning

During the first half we added over 5,700 plots to our current land bank, of which over 1,500 were converted from our forward land bank. These included 920 plots on our major Garden Village project at Woodford in Cheshire. At the end of December our current land bank totalled 21,435 plots, an 18% increase on the position at the end of June 2015. Since the end of December we have obtained a fully implementable planning consent on the Colindale site in North London converting a further 2,900 plots from forward to current land. Primarily, as a result of these and other successes, our forward land bank has reduced slightly.

There were also some small land sales in the first half both in Harrow Estates and in the Homes business and we completed on some freehold reversion sales.

We have invested heavily in growing our land bank over the last two years as the key to our continued growth is increasing the number of active sales outlets. Despite the significant increase in our 'consented' land bank in the first half we increased the number of outlets by just 3% to 121.

One consequence of selling faster is that sites are coming to an end quicker yet bringing new outlets on-stream continues to be delayed by the planning system. Indeed, approximately 9,000 plots or 42% of our current land bank covering over 60 new outlets, are tied up at one stage or another obtaining reserved matters approval or clearing conditions. It is imperative therefore that this part of the planning system is streamlined if the industry is to increase output to meet the country's needs.

#### People

The shortage of skilled people continues to be a constraint on output, although this situation has eased over the last six months. It is essential we encourage more young people into the industry and provide them with a route to a successful career. Redrow continues to be at the forefront of this process. We now have 304 apprentices, graduates and trainees in the business compared to 104 three years ago and expect this number to increase in line with the growth in the Group.

#### Current Trading and Outlook

Demand for new homes remains robust despite recent turmoil in the financial markets. Private reservations since the beginning of January are 10% up on last year at 455 (2015: 415). The 40% Help to Buy Equity Loan Scheme for the London market has just been launched and we eagerly await the launch of the Government's Starter Homes Initiative to help young people get on the housing ladder. We welcome both initiatives that will provide further support to those looking to buy their first home.

We have a strong pipeline of new sites in planning and our strategy to grow the business and increase the number of homes we build remains on-track.

We are therefore confident that this will be another year of significant progress for Redrow.

**Steve Morgan**  
Chairman

## RESPONSIBILITY STATEMENT

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

- (i) an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- (ii) material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

During the period since the approval of the Redrow plc Annual Report for the year ended 30 June 2015, there have been no changes in the directorate.

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

Steve Morgan  
John Tutte  
Barbara Richmond  
Debbie Hewitt  
Nicholas Hewson  
Liz Peace  
Sir Michael Lyons

### By order of the Board

#### Graham Cope

Company Secretary  
8 February 2016  
Redrow plc  
Redrow House  
St David's Park  
Flintshire  
CH5 3RX

## INDEPENDENT REVIEW REPORT TO REDROW PLC

### Report on the condensed consolidated interim financial statements

#### Our conclusion

We have reviewed Redrow plc's condensed consolidated interim financial statements (the "interim financial statements") in the half-yearly report of Redrow plc for the six month period ended 31 December 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

#### What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 31 December 2015;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Note:

- a) The maintenance and integrity of the Redrow plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Responsibilities for the condensed consolidated interim financial statements and the review

#### Our responsibilities and those of the directors

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

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

#### What a review of condensed consolidated interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

#### PricewaterhouseCoopers LLP

Chartered Accountants  
Manchester

8 February 2016

## CONSOLIDATED INCOME STATEMENT

(Unaudited) Continuing operations	Note	6 months ended 31 December 2015 £m	6 months ended 31 December 2014 £m	12 months ended 30 June 2015 £m
Revenue		603	560	1,150
Cost of sales		(457)	(435)	(876)
<b>Gross profit</b>		<b>146</b>	<b>125</b>	<b>274</b>
Administrative expenses		(36)	(30)	(61)
<b>Operating profit before financing costs</b>		<b>110</b>	<b>95</b>	<b>213</b>
Financial income		2	3	3
Financial costs		(8)	(7)	(12)
Net financing costs		(6)	(4)	(9)
<b>Profit before tax</b>		<b>104</b>	<b>91</b>	<b>204</b>
Income tax expense	2	(21)	(19)	(42)
<b>Profit for the period</b>		<b>83</b>	<b>72</b>	<b>162</b>
Earnings per share from continuing operations – basic	4	22.9p	19.9p	44.5p
– diluted	4	22.8p	19.9p	44.4p

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)	Note	6 months ended 31 December 2015 £m	6 months ended 31 December 2014 £m	12 months ended 30 June 2015 £m
Profit for the period		83	72	162
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of post employment benefit obligations	5	4	7	8
Deferred tax on remeasurements taken directly to equity		(1)	(1)	(2)
<b>Other comprehensive income for the period net of tax</b>		<b>3</b>	<b>6</b>	<b>6</b>
<b>Total comprehensive income for the period</b>		<b>86</b>	<b>78</b>	<b>168</b>

## CONSOLIDATED BALANCE SHEET

(Unaudited)	Note	As at 31 December 2015 £m	As at 31 December 2014 £m	As at 30 June 2015 £m
<b>Assets</b>				
Intangible assets		2	2	2
Property, plant and equipment	6	12	11	12
Investments		20	11	17
Deferred tax assets		4	5	5
Retirement benefit surplus	5	1	–	–
Trade and other receivables		12	15	13
<b>Total non-current assets</b>		<b>51</b>	<b>44</b>	<b>49</b>
Non-current assets held for sale		–	1	–
Inventories	7	1,621	1,305	1,500
Trade and other receivables		36	35	39
Cash and cash equivalents	9	78	33	56
<b>Total current assets</b>		<b>1,735</b>	<b>1,374</b>	<b>1,595</b>
<b>Total assets</b>		<b>1,786</b>	<b>1,418</b>	<b>1,644</b>
<b>Equity</b>				
Share capital	11	37	37	37
Share premium account		59	59	59
Other reserves		8	8	8
Retained earnings		805	663	745
<b>Total equity</b>		<b>909</b>	<b>767</b>	<b>849</b>
<b>Liabilities</b>				
Bank loans	9	215	140	150
Trade and other payables	8	105	119	84
Deferred tax liabilities		1	1	1
Retirement benefit obligations	5	–	4	3
Long-term provisions		8	8	7
<b>Total non-current liabilities</b>		<b>329</b>	<b>272</b>	<b>245</b>
Bank overdrafts and loans	9	46	33	60
Trade and other payables	8	483	329	471
Current income tax liabilities		19	17	19
<b>Total current liabilities</b>		<b>548</b>	<b>379</b>	<b>550</b>
<b>Total liabilities</b>		<b>877</b>	<b>651</b>	<b>795</b>
<b>Total equity and liabilities</b>		<b>1,786</b>	<b>1,418</b>	<b>1,644</b>

Redrow plc Registered no. 2877315

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2014	37	59	8	592	696
Total comprehensive income for the period	–	–	–	78	78
Dividends paid	–	–	–	(7)	(7)
Movement in LTSIP/SAYE	–	–	–	–	–
<b>At 31 December 2014</b>	<b>37</b>	<b>59</b>	<b>8</b>	<b>663</b>	<b>767</b>
At 1 July 2014	37	59	8	592	696
Total comprehensive income for the period	–	–	–	168	168
Dividends paid	–	–	–	(15)	(15)
Movement in LTSIP/SAYE	–	–	–	–	–
<b>At 30 June 2015</b>	<b>37</b>	<b>59</b>	<b>8</b>	<b>745</b>	<b>849</b>
At 1 July 2015	37	59	8	745	849
Total comprehensive income for the period	–	–	–	86	86
Dividends paid	–	–	–	(15)	(15)
Movement in LTSIP/SAYE	–	–	–	(11)	(11)
<b>At 31 December 2015</b>	<b>37</b>	<b>59</b>	<b>8</b>	<b>805</b>	<b>909</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)	Note	6 months ended 31 December 2015 £m	6 months ended 31 December 2014 £m	12 months ended 30 June 2015 £m
<b>Cash flow from operating activities</b>				
Operating profit before financing costs		110	95	213
Depreciation and amortisation		1	1	1
Adjustment for non-cash items		(1)	(3)	(5)
<b>Operating profit before changes in working capital and provisions</b>		<b>110</b>	<b>93</b>	<b>209</b>
Decrease/(increase) in trade and other receivables		6	–	(2)
Increase in inventories		(121)	(148)	(343)
Increase in trade and other payables		31	88	196
Increase in provisions		1	1	1
<b>Cash inflow generated from operations</b>		<b>27</b>	<b>34</b>	<b>61</b>
Interest paid		(3)	(3)	(6)
Tax paid		(21)	(1)	(22)
<b>Net cash inflow from operating activities</b>		<b>3</b>	<b>30</b>	<b>33</b>
<b>Cash flows from investing activities</b>				
Sale of business		–	9	9
Acquisition of software, property, plant and equipment	6	(1)	–	(1)
Net payments to joint ventures – continuing operations		(5)	–	(6)
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(6)</b>	<b>9</b>	<b>2</b>
<b>Cash flows from financing activities</b>				
Issue of bank borrowings		215	140	150
Repayment of bank borrowings		(150)	(175)	(175)
Purchase of own shares		(11)	–	(2)
Dividends paid	3	(15)	(7)	(15)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>39</b>	<b>(42)</b>	<b>(42)</b>
<b>Increase/(decrease) in net cash and cash equivalents</b>		<b>36</b>	<b>(3)</b>	<b>(7)</b>
Net cash and cash equivalents at the beginning of the period		(4)	3	3
<b>Net cash and cash equivalents at the end of the period</b>	9	<b>32</b>	<b>–</b>	<b>(4)</b>

The notes on pages 12 to 17 are an integral part of this condensed consolidated half-yearly report.

# NOTES TO THE FINANCIAL STATEMENTS

## (UNAUDITED)

### Note 1. Accounting Policies

#### Basis of preparation

The condensed consolidated half-yearly financial information for the half-year ended 31 December 2015 has been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly condensed consolidated report should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

These half-yearly financial results do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2015 were approved by the Board of Directors on 7 September 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph, and did not contain any statement under section 498 of the Companies Act 2006.

The principal accounting policies adopted in the preparation of this consolidated half-yearly report are included in the annual financial statements for the year ended 30 June 2015. These policies have been consistently applied to all the periods presented.

After making due enquiries and in accordance with the FRC's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the Directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

The main operation of the Group is focused on housebuilding. As it operates entirely within the United Kingdom, the Group has only one reportable business and geographic segment. There is no material difference between any assets or liabilities held at cost and their fair value.

#### New Standards

##### a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2015. These new standards are not expected to have a material impact for the Group:

- Amendment to IAS 19 regarding defined benefit plans (effective 1 February 2015).

##### b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 July 2015:

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective 1 January 2016).
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation (effective 1 January 2016).
- IFRS 14, 'Regulatory deferral accounts' (effective 1 January 2016).
- Amendments to IAS 27, 'Separate financial statements' on the equity method (effective 1 January 2016).
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective 1 January 2016).
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2017).
- IFRS 9 'Financial instruments' (effective 1 January 2018).
- Amendments to IFRS 9, 'Financial instruments', regarding general hedge accounting (effective 1 January 2018).
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative (effective 1 January 2016).
- Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception (effective 1 January 2016).
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2018).

### Note 2. Income Taxes

Income tax charge is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year (20.00% (2015: 20.75%)).

### Note 3. Dividends

A dividend of £15m was paid in the six months to 31 December 2015 (six months to 31 December 2014: £7m).

### Note 4. Earnings per share

The basic earnings per share calculation for the six months ended 31 December 2015 is based on the weighted number of shares in issue during the period of 362m (31 December 2014: 363m) excluding those held in trust under the Redrow Long Term Incentive Plan, which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

#### 6 months ended 31 December 2015

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	83	362	22.9
Effect of share options and SAYE	–	1	(0.1)
Diluted earnings per share	83	363	22.8

#### 6 months ended 31 December 2014

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	72	363	19.9
Effect of share options and SAYE	–	1	–
Diluted earnings per share	72	364	19.9

#### 12 months ended 30 June 2015

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	162	364	44.5
Effect of share options and SAYE	–	1	(0.1)
Diluted earnings per share	162	365	44.4



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(UNAUDITED)

## Note 5. Pensions

The amounts recognised in respect of the defined benefit section of the Group's Pension Scheme are as follows:

Note	6 months ended 31 December 2015 £m	6 months ended 31 December 2014 £m	12 months ended 30 June 2015 £m
<b>Amounts included within the consolidated income statement</b>			
<b>Period operating costs</b>			
Scheme administration expenses	–	(1)	(1)
Net interest on defined benefit liability	–	–	–
	–	(1)	(1)
<b>Amounts recognised in the consolidated statement of comprehensive income</b>			
Return on scheme assets excluding interest income	(1)	11	10
Actuarial losses arising from change in financial assumptions	5	(3)	(4)
Actuarial losses arising from change in demographic assumptions	–	(1)	(1)
Actuarial gains arising from experience adjustments	–	–	3
	4	7	8
<b>Amounts recognised in the consolidated balance sheet</b>			
Present value of the defined benefit obligation	(100)	(109)	(106)
Fair value of the Scheme's assets	101	105	103
<b>Surplus/(liability) in the consolidated balance sheet</b>	<b>1</b>	<b>(4)</b>	<b>(3)</b>

## Note 6. Property, Plant and Equipment

Additions totalling £1m were made during the period (2015: £nil). There was £nil of capital expenditure contracted at 31 December 2015 (31 December 2014: £nil).

## Note 7. Inventories

	As at 31 December 2015 £m	As at 31 December 2014 £m	As at 30 June 2015 £m
Land for development	1,069	916	1,020
Work in progress	494	355	426
Stock of showhomes	58	34	54
	<b>1,621</b>	<b>1,305</b>	<b>1,500</b>

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

	Total £m
Provision at 1 July 2015	28
Utilised during period	(3)
<b>Provision at 31 December 2015</b>	<b>25</b>

## Note 8. Land Creditors (Included in Trade and Other Payables)

	As at 31 December 2015 £m	As at 31 December 2014 £m	As at 30 June 2015 £m
Due within one year	183	86	182
Due in more than one year	105	119	84
	<b>288</b>	<b>205</b>	<b>266</b>

## Note 9. Analysis of Net Debt

	As at 31 December 2015 £m	As at 31 December 2014 £m	As at 30 June 2015 £m
Cash and cash equivalents	78	33	56
Bank overdrafts and loans	(46)	(33)	(60)
Net cash and cash equivalents	32	–	(4)
Bank loans	(215)	(140)	(150)
	<b>(183)</b>	<b>(140)</b>	<b>(154)</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(UNAUDITED)

## Note 10. Bank Facilities

At 31 December 2015, the Group had total unsecured bank borrowing facilities of £368m, representing £365m committed facilities and £3m uncommitted facilities.

The Group's syndicated loan facility matures in March 2020.

## Note 11. Issued Share Capital

	As at 31 December 2015 £m	As at 31 December 2014 £m	As at 30 June 2015 £m
Allotted, called up and fully paid ordinary shares of 10p each	37	37	37
		Number of ordinary shares of 10p each	
At 1 July 2015 and 31 December 2015		369,799,938	

## Note 12. Contingent Liabilities

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

## Note 13. Related Parties

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:

	6 months ended 31 December 2015 £m	6 months ended 31 December 2014 £m	12 months ended 30 June 2015 £m
Short-term employee benefits	2	2	2
Share-based payment charges	–	–	2
	2	2	4

Related party transactions were carried out with Steve Morgan during the period for a total consideration of £0.2m (2015: £0.2m) primarily relating to donations to the Morgan Foundation.

The Group did not undertake any material transactions with Menta Redrow Limited or Menta Redrow (II) Limited. The Group's loans to its joint ventures are summarised below:

	As at 31 December 2015 £m	As at 31 December 2014 £m	As at 30 June 2015 £m
Loans to joint ventures	21	12	18

## Note 14. General Information

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

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

## Financial Calendar

Interim dividend record date	19 February 2016
Interim dividend payment date	31 March 2016
Announcement of results for the year to 30 June 2016	6 September 2016
Circulation of Annual Report	23 September 2016
Final dividend record date	23 September 2016
Annual General Meeting	9 November 2016
Final dividend payment date	11 November 2016

## Note 15. Shareholder Enquiries


The Registrar is Computershare Investor Services PLC. Shareholder enquiries should be addressed to the Registrar at the following address:

Registrars Department  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

Shareholder helpline: 0370 707 1257

## RISKS AND RISK MANAGEMENT

Redrow has a risk management framework which provides a structured and consistent process for identifying, assessing and responding to risks. Risk management operates at all levels throughout the Group. The Main Board is ultimately responsible for risk management, which includes maintaining and developing an appropriate internal control framework. By reporting regularly to the Main Board and to the Audit Committee, the internal audit and the risk management functions provide support to the Main Board in maintaining effective risk management across the Group. We have reviewed the risks pertinent to our business in the six months to 31 December 2015 and which we believe to be relevant for the remaining six months to 30 June 2016. These have not changed materially from those outlined in our 2015 Annual Report.

Category	Risk	Risk Owner	Key Controls and Mitigating Strategies
 Improve Returns	<b>Housing Market conditions</b> The conditions within the UK housing market are fundamental to Redrow's business performance.	Group Chief Executive	Close monitoring of, and proactive management response to, key indicators of the housing market.  Review of weekly sales.  Monitoring of competitor performance and incentives given.  Regular review and improvement of the product range in response to changes in market conditions.
 Improve Returns	<b>Availability of mortgage finance</b> Lending criteria and deposit requirements for mortgages remain key issues in the current environment.	Group Finance Director	Proactively engage with the Government, lenders and insurers to support the new and second hand housing market.  Support Government initiatives such as Help to Buy and Help to Buy "Mortgage Guarantee".  Monitoring of consumer credit legislation.  Panel of New Build Mortgage Specialists utilised to provide an immediate update in respect of regulatory changes.
 Improve Returns	<b>Liquidity and funding</b> The Group requires appropriate facilities for its short term liquidity and long term funding needs.	Group Finance Director	Bank facilities with appropriate covenants and headroom obtained.  Capital structure regularly reviewed.  Regular communication with investors and relationship banks.  Strong forecasting and budgeting process providing a clear view of future cash flows.
 Excellent Customer Service	<b>Customer service</b> The failure of our customer services may undermine Redrow's ability to fulfil its business objectives.	Regional Chief Executive	The new Customer First business processes have been introduced to further improve our customer experience.  Improved customer engagement through My Redrow section of our website to support our customers when purchasing a new home.  Ensure high quality design to deliver sustainable communities.
 Maintain a Quality Land bank	<b>Land procurement</b> The ability to purchase land suitable for our products and the timing of future land purchases are fundamental to the Group's future performance.	Group Development Director	Clearly defined strategy and long term focus on forward land.  Close monitoring of market conditions by experienced management team.  Strong, experienced and knowledgeable land, planning and technical teams.  Utilisation of external lawyers with appropriate Professional Indemnity Insurance for larger site acquisitions.

Category	Risk	Risk Owner	Key Controls and Mitigating Strategies
 Maintain a Quality Land bank	<b>Planning and regulatory environment</b> The ability to respond and adapt to the changing planning and regulatory environment is key to Redrow's future business performance.	Group Development Director	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.
 Produce a Quality Product	<b>Appropriateness of product</b> 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.	Group Design and Technical Director	Design is an integral part of our business.  Focus on high build quality, with regular site visits being undertaken.
 Improve Returns	<b>Cyber security</b> Failure of the Group's IT systems and the security of our internal systems, data and our websites.	IT Director	Proactive management of software security updates.  Regular third party testing of the Group's cyber security systems.
 High Standards in Health & Safety	<b>Health and safety/ environment</b> A significant Health and Safety or environmental incident may put people, the environment and Redrow's reputation at risk.	Group Health and Safety Director	Dedicated Health and Safety team operating across the Group to ensure appropriate standards are applied.  Regular site visits and audits are undertaken.  All staff receive appropriate training through in-house and external programmes.  Health and Safety monitoring forms part of the monthly divisional Board reporting packs.
 Improve Returns	<b>Key supplier, main contractor or subcontractor failure</b> The failure or inability to expand capacity of a key supplier, main contractor or subcontractor may disrupt Redrow's ability to manage its production process in an efficient and cost effective manner.	Group Commercial Director	Utilisation of suppliers, main contractors and subcontractors with a strong track record and reputation.  Close monitoring of supplier, main contractor and subcontractor quality through annual assessments.  Group Monthly Product Development meetings held as a consequence of the increased regulatory environment.  The shortage of skilled trades is mitigated by the monitoring of the subcontract supply chain to maintain the appropriate number of companies for each trade.  Subcontractor utilisation on sites is monitored to ensure workload and capacity are aligned.

## RISKS AND RISK MANAGEMENT CONTINUED

Category	Risk	Risk Owner	Key Controls and Mitigating Strategies
 Training for the Future	<b>Attracting and retaining staff</b> The loss of key staff and our failure to attract high quality employees may inhibit Redrow's ability to achieve its business objectives.	Group Human Resources Director	National training centre. Remuneration strategy reviewed regularly and benchmarked to retain quality staff. Personal Development Programmes. Graduate training and undergraduate placement programmes. Apprentice training programme including office apprentices. Communication enhanced through the Employee Survey and circulation of the InSight e-magazine.
 Improve Returns	<b>Fraud/uninsured losses</b> A significant fraud or uninsured loss could damage the financial performance of Redrow.	Finance Director Operations	Systems, policies and procedures have been designed to segregate duties and minimise the opportunity for fraud. Regular Business Process Reviews undertaken to ensure compliance with policies and procedures. Divisional Action Plans have been implemented during the year as part of the Business Process Review. Timely management reporting and challenge. Business driven insurance strategy.





**Redrow plc**

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