**31 July 2013**
**Taylor Wimpey plc**
**Half year results for the period ended 30 June 2013**

**Delivering in an improving market**

**Highlights**

- Further improvement against each of our key financial objectives:
  - Group operating margin* increased to 13.1% (H1 2012: 11.0%**)
  - Group return on net operating assets*** increased to 14.3% (H1 2012: 11.9%**)
  - Tangible net asset value per share† increased by 16% to 67.2 pence (H1 2012: 58.0 pence)

- 80% increase in adjusted earnings per share to 2.7 pence (H1 2012: 1.5 pence)
- 49% reduction in net debt to £68.4 million (H1 2012: £135.2 million)
- Interim dividend of 0.22 pence per share (2012 interim: 0.19 pence)

- Strong UK operational performance:
  - UK operating profit margin* increased to 13.5% (H1 2012: 11.2%**)
  - Completed 5,191 homes at an average selling price of £188k (H1 2012: 5,083 homes at £176k)
  - Contribution per legal completion increased to £39.6k (H1 2012: £33.6k)
  - Record order book of £1.3 billion (1 July 2012: £960.1 million) up 35% in value and 24% in volume to 7,101 homes (1 July 2012: 5,720)
  - Extensive strategic landbank at c.102k plots with over 35k plots added in last three and a half years
  - Significant reduction in Injury Incidence Rate to 116 per 100,000 employees and contractors (H1 2012: 259)

Pete Redfern, Chief Executive, commented:

"During the first half of 2013, there has been meaningful improvement in the housing market, with more positive consumer sentiment, a more available and affordable mortgage market, and the presence of Government mortgage schemes, all adding to a favourable outlook. Our business is ideally positioned to perform well in this environment with a strong land position and a very effective housebuilding operation. We continue to open all new outlets with implementable planning permission."

**Financial Summary**

| Continuing operations | H1 2013 | H1 2012** | Change | FY 2012** |
|---|---|---|---|---|
| Revenue £m | 1,007.1 | 906.2 | 11.1% | 2,019.0 |
| Operating profit* £m | 132.4 | 99.2 | 33.5% | 226.1 |
| Profit before tax and exceptional items £m | 109.0 | 76.7 | 42.1% | 181.8 |
| Exceptional items before tax £m | 34.1 | 22.4 | 52.2% | 22.4 |
| Profit for the period before exceptional items £m | 87.3 | 47.2 | 85.0% | 146.6 |
| Adjusted basic earnings per share pence | 2.7 | 1.5 | 80.0% | 4.6 |

| Total Group | | | | |
|---|---|---|---|---|
| Basic earnings per share pence | 4.3 | 4.1 | 4.9% | 7.2 |
| Net debt £m | 68.4 | 135.2 | (49.4)% | 59.0 |
| Dividends per share pence | 0.22 | 0.19 | 15.8% | 0.43 |

* Operating profit is defined as profit on ordinary activities from continuing operations before finance costs and exceptional items, after share of results of joint ventures.
** 2012 has been restated following the adoption of IAS19R 'Employee Benefits', with changes in the presentation of certain costs relating to the defined benefit schemes.
*** Return on net operating assets is defined as operating profit divided by the average of the opening and closing net operating assets, which is defined as capital employed plus intangibles less tax balances.
† Tangible net assets per share is defined as net assets excluding goodwill and intangible assets divided by the number of shares in issue at the period end.

[ends]

A presentation to analysts will be made at 9.00am on 31 July 2013. This presentation will be broadcast live on http://pres.taylorwimpey.com/tw035/default.asp

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Notes to editors:

Taylor Wimpey plc is a UK-focused residential developer which also has operations in Spain. Our vision is to become the UK's leading residential developer for creating value and delivering quality.

For further information, please visit the Group's website:
http://plc.taylorwimpey.co.uk

**Group overview of continuing operations**

We have delivered a strong performance with improvements across all of our key financial metrics in the first six months of 2013. We maintain our focus on managing the business to maximise value over the housing cycle, with particular focus on investment in strategic land and the importance of developing our people.

Group revenue from continuing operations increased by 11.1% to £1,007.1 million in the first half of 2013 (H1 2012: £906.2 million).

Gross profit, before exceptional items, of £197.0 million (H1 2012: £161.7 million) increased by 21.8% including a positive contribution of £22.4 million (H1 2012: £39.4 million), relating to realisation of written down inventory above its originally estimated net realisable value, where the combination of selling prices and cost, or product improvements, have exceeded our original market assumptions. Group operating margin* increased by 210 basis points to 13.1% (H1 2012: 11.0%).

The market has been stable since 2009 and is now showing sustainable improvement. Our June 2013 net realisable value assessment of inventory has resulted in the net reversal of £34.1 million of impairment write-downs in the UK.

Group asset turn increased to 1.09 times (H1 2012: 1.08 times) as a result of improved profitability offset by lower pension deficits. Group return on net operating assets*** increased substantially by 240 basis points to 14.3% (H1 2012: 11.9%).

Net debt decreased to £68.4 million at 30 June 2013 from £135.2 million at 1 July 2012, benefiting from improved profitability despite further investment in the business.

**Strategy**

Against a backdrop of improving market conditions, we remain focused on running the business with a long term outlook with the following key drivers of value still firmly in place:

- Absolute commitment that a strong margin performance is the way to drive the best sustainable returns
- Margin underpinned by timing and quality of short term acquisitions and enhanced by extensive strategic land
- Continual improvement philosophy with a relentless focus on adding value to every existing and new site
- Significant ongoing investment in great quality people and processes

- Increasing focus on asset efficiency and maximising the returns on our land investments
- Active management of investments and structure over the housing cycle, to reduce risk and maximise returns over the long term

Our network of operational businesses across the country, including a growing London presence, are in regions supported by strong economic fundamentals. We believe our current structure is both the right one for the long term and positions us well in the current favourable short term environment.

We remain committed to delivering much needed new homes and driving the best quality returns for our shareholders.

**UK current trading and outlook**

We are operating in a much improved and healthier housing market, showing sustainable improvement, supported by the general economic improvement, better mortgage availability and the direct impact of Government schemes.

We have built on our excellent order book both in terms of quality and quantity and it currently stands at a record 7,378 homes (as at 28 July 2013) and is valued at £1.3 billion. We believe that this is broadly the optimum level for a business of our size, which affords us good visibility of our future completions, while managing customer expectations and needs. We are nearly 90% forward sold for 2013 as at 28 July 2013. As a result of the strong market conditions and the strength of the order book, we expect full year volumes to be towards the upper end of expectations. Margins in the order book are ahead of completions in the first half of 2013.

All newly opened sites continue to perform extremely well with modest price growth and a notable sales rate improvement across our main markets.

Since its implementation in April 2013, Help to Buy has continued to drive increased visitors and increased sales rates in what was already a more confident market. This will naturally accelerate the delivery of our key strategic objectives. To date customers have reserved c. 1,300 homes using the scheme with a further c. 250 going through the qualification process with the Home Buy agents.

Looking forward to 2015 and beyond, we believe that the structural undersupply of UK homes will be only partly mitigated by the slightly improved planning system which, coupled with the high level of underlying demand for our homes, will contribute to a positive trading environment.

**UK Housing**

We have delivered a strong improvement in performance during the first half of 2013. Of particular note is the ongoing progress towards our margin targets, with the operating margin up 230 basis points to 13.5% (H1 2012: 11.2%).

Net operating assets in the UK were £1,896.7 million (1 July 2012: £1,609.4 million), reflecting an investment of £147.4 million year on year in land and work in progress, funded by profitability in the period. We have increased the return on net operating assets by 280 basis points to 14.8% (H1 2012: 12.0%).

| | H1 2013 | H1 2012** | Change | FY 2012** |
|---|---|---|---|---|
| Completions | 5,191 | 5,083 | 2.1% | 10,886 |
| Average selling price £k | 188 | 176 | 6.8% | 181 |
| Revenue £m | 1,001.5 | 903.3 | 10.9% | 1,987.0 |
| Operating profit* £m | 134.8 | 100.9 | 33.6% | 224.8 |
| Operating margin % | 13.5% | 11.2% | 2.3ppts | 11.3% |
| Return on net operating assets % | 14.8% | 12.0% | 2.8ppts | 14.0 |
| Contribution per legal completion £k | 39.6 | 33.6 | 17.9% | 33.9 |
| Forward order book as a % of completions | 63.5% | 54.6% | 16.3% | 55.3 |
| Owned and controlled plots with planning or resolution to grant | 65,084 | 64,898 | 0.3% | 65,409 |
| Customer satisfaction % | 88.0% | 91.8% | (3.8)ppts | 93.2% |
| Health and safety Injury Incidence Rate(per 100,000 employees and contractors) | 116 | 259 | (55.2)% | 389 |

**Sales, completions and pricing**

We have performed consistently well in the first half of 2013, against the backdrop of an improving housing market. While not yet operating in a fully normal market, we have seen a meaningful improvement in the first six months of 2013.

In the first half of 2013, we saw improvements in all sales measures across most of our markets and a depth and strength, particularly in our Southern businesses. The London market continues to be buoyant, with UK domestic customers forming an increasing proportion of buyers, which is an encouraging sign of the wider market improvement.

During the first half of 2013, we achieved an average private net reservation rate of 0.67 per outlet per week (H1 2012: 0.60). Cancellation rates remain low at 14% (H1 2012: 15%).

We completed 5,191 homes (H1 2012: 5,083). Of this, 4,229 were private completions (H1 2012: 4,137), 930 were affordable (H1 2012: 893) and 32 were joint venture completions (H1 2012: 53).

Our average selling price of completions increased by 7% to £188k (H1 2012: £176k). The average selling price on private completions also increased by 8% to £205k (H1 2012: £189k) reflecting both the higher quality of our locations and the improving market. The average selling price on affordable completions decreased to £108k (H1 2012: £115k).

During the period we operated from an average of 312 outlets (H1 2012: 305).

A quarter of our business units now operate within the greater London area, with 16 current sites and a total of 35 in the landbank, developing a broad mix of product. Reflecting the increased importance of this, Ingrid Skinner, Managing Director of our Central London regional business, has joined our executive management team.

The total order book, excluding completions to date and joint ventures, stood at approximately £1.3 billion as at 30 June 2013 (1 July 2012: £960.1 million), up 35%, and reflects the continued strong private order book. The total order book represented 7,101 homes (1 July 2012: 5,720 homes). The order book continues to comprise a broad mix of customers and is not restricted to certain market segments.

In this improved market, our strong order book and outlet position is likely to lead to continued volume growth in the second half.

**Selecting land**

The value in our business starts with land. We operate in a cyclical market and we aim to manage our investments in line with this cycle, believing there is a time to grow the business and a time to be more cautious. We consider this to be the 'investment stage' of the cycle and as such the right time to buy land, subject to the opportunities meeting our strict evaluation criteria which includes margin, return on capital and market demand. As we highlighted in our July trading update, we have not yet seen any material change in the land market conditions; we are still operating in a benign environment with a lower level of competition than we have seen historically and as such are still able to source and secure attractive opportunities at a similar margin to acquisitions in 2012. We will, however, continue to monitor this carefully throughout the second half of the year.

We have approved 6,789 plots in the first half of 2013 (H1 2012: 6,890). Land spend, including land creditors, was £233.0 million (H1 2012: £180.0 million).

Our owned and controlled short term land portfolio comprises 65,084 plots (1 July 2012: 64,898) representing 6.0 years of supply (H1 2012: 6.2 years). We would expect landbank years to continue to reduce further over time as we deliver increased completions, to around five years, which we believe is the right long term balance and size in a planning constrained environment. The average selling price in the landbank has increased to £188k (H1 2012: £180k) reflecting the better quality locations and our optimisation of outlets which continues to be a priority.

Strategic land is our key differentiating factor, underpinning our confidence in delivering sustainable margins through the cycle by protecting the quality of the short term landbank. Throughout the downturn we maintained a focus on enhancing our strategic landbank both by the promotion of existing sites through the planning system and by the targeted addition of new potential plots and we kept our teams in place to drive this. The strategic landbank stands at 101,566 plots (1 July 2012: 91,024) with over 35k plots added in the last three and a half years.

In the first half of this year, 28% of our completions were from previously sourced strategic land (H1 2012: 24%), of which 49% was on post 2009 land (H1 2012: 35%). Our aim is to increase completions from strategic land to over 30% over the next two years. With 48% of our landbank comprising strategically sourced land (2012 H1: 43%), we are well placed to deliver on this aspiration.

**Value optimisation**

Over the last five years, we have consistently demonstrated the ability to take good land and make it great through creativity and our value improvement processes.

We balance our culture of driving continuous improvement with a desire and focus to continue to improve our asset efficiency. We have increased our asset turn to 1.10 times (H1 2012: 1.08) and routinely look at opportunities on sites which we already own, to assess possible ways of bringing forward the delivery of much needed new homes.

**Managing the planning and community engagement process**

Regardless of market segment, each home we build is aspirational for our customers and we believe that it is equally important that our developments reflect this value too, both for our customers and for existing homeowners within the local community, who are often one and the same. We have approached the Localism Act as an opportunity and we now seek to engage on each and every site throughout the life of the development. We have developed a comprehensive community engagement framework and a set of tools in order to support our regional businesses. This has become the way we do business and while we don’t always get this right, we aim to lead by example.

The National Planning Policy Framework (NPPF) has now been in operation for around 18 months. We have been able to use our expertise to navigate and benefit from this quicker than most and as such we are, in the round, seeing a slightly easier planning system in the short term. However, we are seeing an increase of the final stage pre-commencement development conditions, which we will continue to carefully monitor.

**Getting the homebuilding basics right**

The health and safety of individuals on our sites is our absolute non-negotiable priority. We are committed to providing a safe place in which our employees and sub-contractors can work and our customers can live and in this we have a responsibility to lead by example. We have achieved a significant reduction in our Injury Incidence Rate to 116 per 100,000 employees and contractors in the first half of 2013 (H1 2012: 259). Throughout the first half of the year we had a ‘Safe Working at Height’ campaign, particularly in relation to scaffolding, targeting areas of the operation that can lead to ‘slip, trip and fall’ which has seen a marked improvement in those areas.

Our commitment to build quality is reflected in our ongoing success in the National House-Building Council (NHBC) Pride in the Job Awards. Our site managers won a total of 68 Quality Awards (2012: 66), equivalent to more than 21% of our active outlets.

We have completed the roll out of our IT system across our business with all 24 regional businesses now using the same system. The system is expected to deliver significant savings through the retirement of legacy systems, as well as supporting our focus on value improvement through enhanced management information, process efficiency, reporting and analysis. We are also 75% through a hardware refresh programme which will bring our IT infrastructure up to date, increasing flexibility and efficiency.

We are starting to see the early signs of build cost movements and while this has not translated into material pricing pressure yet, we would expect this to grow in an improving market. During the first half of 2013, our new housetype range was plotted on 179 sites. We are now starting to realise the customer, process and cost benefits that we are targeting. This, in combination with our national deals and our scale, will help mitigate expected build cost inflation in the short term.

**People and skills**

We have invested a great deal in our people and skills in the last five years and will continue to do so given their vital contribution to the continued success, growth and profitability of the business. During the downturn we have seen the benefits of investment in training and development of our people and equally the need to continue to improve this.

An often overlooked but inevitable consequence of a downturn is the loss of valuable skills and talent from the industry. We have multiple training and development routes currently in place and have around 650 people enrolled in these schemes, which range from a new site manager apprentice scheme to a management trainee and graduate scheme, and this is set to increase. We were particularly pleased that our graduate programme received external recognition and we were ranked amongst the top 100 companies to work for and further listed amongst the top 10 employers within the industry category by the ‘TheJobCrowd’, a leading graduate job review website. We established a Sales Academy at the start of 2012 which has been extremely successful with over 500 sales staff enrolled. We have also identified further areas of focus for the next 18 months and have additional schemes in the pipeline, including a Production and Technical Academy which is set to open in 2014.

**The customer journey**

During the first half of 2013 we achieved a customer satisfaction rate of 88.0% (H1 2012: 91.8%). Whilst this remains high compared to historical performance, we are disappointed that this has slipped below 90%. This is an important area for us and we have an action plan in place that will be a key focus in the second half of 2013.

Approximately 37% of our customers were first time buyers (H1 2012: 37%). We were extremely pleased that our East London business was named ‘Private Developer of the Year’ at the 2013 First Time Buyer magazine Reader’s Awards.

Our customers continue to make good use of the Government schemes to get onto or move up the housing ladder. During the first six months of 2013, we supported 552 customers to purchase a home via NewBuy in England and MI New Home in Scotland (FY 2012: 546). From the very outset, consumers have been aware of the Help to Buy scheme, which has driven increased visitors across all channels and increased sales. During the first half of

2013, we completed 235 homes with Help to Buy. As the underlying economy improves, we will continue to monitor these schemes and their impact.

**Spain Housing**

The Spanish housing market continues to be challenging and certain legacy sites are difficult; as such the strategy around these sites will be reviewed in H2 2013. However, our cautious acquisition of new outlets in outstanding locations, where clear value can be demonstrated, has led to a significant increase in sales in the first half of 2013, and is anticipated to contribute positively to 2014 performance.

We completed 27 homes in Spain during the first half of 2013 (H1 2012: 13) at an average selling price of €215.8k (H1 2012: €212.9k).The order book value was £37 million at 30 June 2013 (1 July 2012: £20 million), again reflecting the positive impact of our newly opened sites and representing 174 homes (1 July 2012: 97 homes).

## Group financial performance

Group revenue from continuing operations increased by 11.1% to £1,007.1 million in the first half of 2013 (H1 2012: £906.2 million) driven by marginally higher volumes and much improved selling prices, benefiting from mix and quality of locations.

Gross profit, before exceptional items, of £197.0 million (H1 2012: £161.7 million) increased by 21.8% and includes a positive contribution of £22.4 million (H1 2012: £39.4 million), relating to realisation of written down inventory above its originally estimated net realisable value, where the combination of selling prices and cost, or mix improvements have exceeded our original market assumptions. These amounts are stated before the allocation of overhead excluded from the Group's net realisable value exercise.

Operating profit increased to £132.4 million (H1 2012: £99.2 million), delivering an operating margin of 13.1% (H1 2012: 11.0%). These improvements have been driven by the ongoing benefits of our strategy to optimise our UK residential development business.

Pre-exceptional finance costs for the period were £23.4 million (H1 2012: £22.5 million), net of interest receivable of £0.2 million (H1 2012: £0.8 million), benefiting from lower average net debt in the period and the partial high yield bond buy-back in 2012, offset by increased non-cash pension and imputed interest.

Pre-exceptional profit before tax for the period from continuing operations increased by 42.1% to £109.0 million (H1 2012: £76.7 million). The pre-exceptional tax charge was £21.7 million (H1 2012: £29.5 million) with an underlying tax rate of 19.9%, due to the benefit of utilising unrecognised non-trading losses.

This resulted in a profit, before exceptional items from continuing operations, for the period of £87.3 million (H1 2012: £47.2 million).

The Government announced a decrease in corporate tax rate from 23% to 20% which was enacted shortly after the balance sheet date. This will result in the reduction of the deferred tax asset.

In the first half of 2013 the Group has seen a sustained improvement in the UK housing market and the wider economy, with increased mortgage availability and lower interest rates and enhanced customer confidence including the recently announced Help to Buy Government scheme. At the half year the Group completed a net realisable value assessment of inventory and with the improved market conditions, and increased profitability on a number of our previously impaired sites, the Group has recorded a net reversal of £34.1 million of inventory write-downs in the UK. The net reversal in the UK consists of a reversal of previous write-downs of £65.2 million and additional write-downs to the lower of cost and net realisable value of £31.1 million.

During the period we have achieved a positive outcome against certain contractual obligations provided to the buyers of the North American business which was disposed of in July 2011. This has resulted in a provision release of £22.6 million presented as discontinued operations, with the remaining provision expected to be utilised in the next two years.

Basic earnings per share for the total Group were 4.3 pence (H1 2012: 4.1 pence). The adjusted basic earnings per share for continuing operations were 2.7 pence (H1 2012: 1.5 pence).

## Balance sheet

Net assets at 30 June 2013 were £2.2 billion (1 July 2012: £1.9 billion), equivalent to a tangible net asset value of 67.2 pence per share (1 July 2012: 58.0 pence). Net asset increase was driven by profitability in the period, net reversal of previous inventory write downs in the UK, lower pension deficit following improvements in actuarial assumptions and asset performance, and the partial release of the North American provision.

As at the balance sheet date the Group held inventory that had been written down to net realisable value of £670.5m of which the balance in the UK was £616.9 million (31 December 2012: £784.4 million). As at 30 June 2013, the associated NRV write-downs were £311.8m (2012: £396.1m) of which the balance in the UK was £266.0 million (31 December 2012: £351.5 million).

As at 30 June 2013, 19% of our short term owned and controlled land was impaired (31 December 2012: 26%).

In the half year 35% (H1 2012: 49%) of the Group's UK completions were from sites that had been previously impaired. In Spain 25 plots (H1 2012: 11) were completed that had previously been impaired. The Group forecasts that 14% of short term owned and controlled impaired plots will complete in the second half of 2013 and 18% in 2014. The impairment release of £34.1 million as at 30 June 2013 will reduce second half profitability by approximately £14 million and 2014 full year by a similar amount as the level of trading from impaired sites reduces as these are traded through.

The mortgage debtor balance was £100.2 million at 30 June 2013 (1 July 2012: £79.0 million), with the increase mainly attributable to our participation of FirstBuy in the period and the use of Taylor Wimpey shared equity in Scotland and Wales.

Our deferred tax asset declined to £281.4 million (1 July 2012: £335.4 million) with the reduction due to profitability in the period and the decrease in the defined benefit pension liability.

Net debt decreased to £68.4 million at 30 June 2013 from £135.2 million at 1 July 2012.

Land creditors have remained stable since the year end and, combined with net debt, results in adjusted gearing of 18.0% (1 July 2012: 23.4%). At 30 June 2013, the Group had total committed facilities of £849 million, providing significant financial capacity. It remains our intention to prepay the remaining £149.4 million of our £250 million 10.375% Senior Notes due 2015 on their first call date 31 December 2013 at a prepayment premium of 5.1875%. Following the repayment, the maturity date of our £100 million term loan extends to 2020. The £600 million revolving credit facility maturing in November next year will be refinanced in the second half of 2013. This facility was undrawn at the half year.

At our 2012 full year results, we highlighted that we had obtained an agreement in principle with the Trustees to merge GWSPS and TWGP&LAF pension schemes into a new scheme, the Taylor Wimpey Pension Scheme. At the same time we introduced a £100 million Pension Funding Partnership utilising show homes in a sale and leaseback structure. The scheme merger is now expected to complete in the second half of 2013, following regulatory guidance recently released by HMRC.

The IAS19 pension deficit, including the post-retirement healthcare liability of £1.7 million (1 July 2012: £1.9 million), is £175.4 million at 30 June 2013 (1 July 2012: £301.3 million). The decrease in the deficit was predominantly caused by the discount rate used in the valuation of liabilities, and improvement in asset performance partially offset by higher inflation rates.

The Group's ongoing deficit reduction payments in respect of the Defined Benefit pension schemes remain unchanged at £46 million per annum.

## Dividends

We are committed to our strategy of actively managing the business in line with the housing market cycle to maximise performance across the cycle, in particular with respect to the Group's capital structure. This is intended to balance the capital requirements of the business and returning excess capital to shareholders, whilst at all times maintaining balance sheet strength and flexibility.

Our dividend policy remains unchanged with our intention that shareholder returns will be in the form of both regular maintenance dividend payments through the cycle and additional larger returns where appropriate. We will provide a full update at our 2013 full year results.

The Board has declared an interim dividend of 0.22 pence per share. In line with the Board's policy, this interim dividend has been calculated with reference to the net asset value of the Group and is expected to represent around one-third of the total dividend for the year. This dividend will be paid on 25 September 2013 to shareholders on the register at close of business on 23 August 2013.

The Company offers shareholders the opportunity to use their dividends to purchase shares on the market under the terms of the Dividend Reinvestment Plan. Elections to join the Plan must reach the Registrar by 31 August 2013 in order to be effective for this dividend. Further details can be found on our website http://plc.taylorwimpey.co.uk

## Risks and uncertainties

As with any business, Taylor Wimpey faces a number of risks and uncertainties in the course of its day to day operations.

In summary, these risks are:

- *Impact of economic environment on mortgage availability*. Mortgage providers have been impacted by the financial crisis and the resulting requirement to increase capital (such as Basel III) reducing their ability to provide mortgages.
- *Government regulations and planning policy*. The Localism Act and the National Planning Policy Framework have introduced significant change in the planning system, which potentially increases the time to obtain planning consents.
- *Impact of market environment on demand*. Significant economic uncertainty in Europe, Government austerity measures, flat economic growth and the potential for increased unemployment could suppress demand for housing.
- *Land purchasing*. The purchase of land of poor quality or at too high a price could impact on future profitability.
- *Site and product safety*. Building sites are inherently dangerous places. Unsafe practices by our employees or sub-contractors have the potential to cause serious injury or death.
- *Material costs and availability of sub-contractors*. Supply of labour and materials has reduced as industry volumes declined over recent years. However, as market conditions recover, there will be greater demand and competition for key skills and materials which could lead to increased prices.
- *Ability to attract and retain high calibre employees*. Recruiting employees with inadequate skills or in insufficient numbers, or not being able to retain key staff could have a detrimental impact on our business.

Further detail on the relevance of these risks to our strategy, the potential impact on key performance indicators, mitigation and responsibility are provided on pages 12-13 of our Annual Report and Accounts 2012, which is available from http://plc.taylorwimpey.co.uk.

### *Cautionary note concerning forward looking statements*

This report contains certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

# Taylor Wimpey plc
# Condensed Consolidated Income Statement
For the half year ended 30 June 2013

| £ million | Note | Half year ended 30 June 2013 | Half year ended 30 June 2013 | Half year ended 30 June 2013 | Half year ended 1 July 2012 | Half year ended 1 July 2012 | Half year ended 1 July 2012 | Year ended 31 December 2012 | Year ended 31 December 2012 | Year ended 31 December 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | (Reviewed) | | | (Reviewed) Restated- Note 1 | | | (Audited) Restated- Note 1 | |
| | | Before exceptional items | Exceptional items (Note 3) | Total | Before exceptional items | Exceptional items (Note 3) | Total | Before exceptional items | Exceptional items (Note 3) | Total |
| Continuing Operations: | | | | | | | | | | |
| Revenue | | **1,007.1** | **-** | **1,007.1** | 906.2 | - | 906.2 | 2,019.0 | - | 2,019.0 |
| Cost of sales | | **(810.1)** | **34.1** | **(776.0)** | (744.5) | - | (744.5) | (1,662.7) | - | (1,662.7) |
| Gross profit | | **197.0** | **34.1** | **231.1** | 161.7 | - | 161.7 | 356.3 | - | 356.3 |
| Net operating expenses | | **(64.6)** | **-** | **(64.6)** | (63.7) | - | (63.7) | (132.6) | - | (132.6) |
| Profit on ordinary activities before finance costs | | **132.4** | **34.1** | **166.5** | 98.0 | - | 98.0 | 223.7 | - | 223.7 |
| Interest receivable | | **0.2** | **-** | **0.2** | 0.8 | - | 0.8 | 1.2 | - | 1.2 |
| Finance costs | 4 | **(23.6)** | **-** | **(23.6)** | (23.3) | 22.4 | (0.9) | (45.5) | 22.4 | (23.1) |
| Share of results of joint ventures | | **-** | **-** | **-** | 1.2 | - | 1.2 | 2.4 | - | 2.4 |
| Profit on ordinary activities before tax | | **109.0** | **34.1** | **143.1** | 76.7 | 22.4 | 99.1 | 181.8 | 22.4 | 204.2 |
| Tax (charge)/credit | 5 | **(21.7)** | **(7.9)** | **(29.6)** | (29.5) | 59.6 | 30.1 | (35.2) | 59.6 | 24.4 |
| Profit for the period from continuing operations | | **87.3** | **26.2** | **113.5** | 47.2 | 82.0 | 129.2 | 146.6 | 82.0 | 228.6 |
| Discontinued operations: | | | | | | | | | | |
| Profit for the period from discontinued operations | 8 | **22.6** | **-** | **22.6** | - | - | - | - | - | - |
| Profit for the period | | **109.9** | **26.2** | **136.1** | 47.2 | 82.0 | 129.2 | 146.6 | 82.0 | 228.6 |
| Attributable to: | | | | | | | | | | |
| Equity holders of the parent | | | | **136.1** | | | 129.2 | | | 228.6 |
| Non-controlling interests | | | | **-** | | | - | | | - |
| | | | | **136.1** | | | 129.2 | | | 228.6 |
| Basic earnings per share – total Group | 6 | | | **4.3p** | | | 4.1p | | | 7.2p |
| Diluted earnings per share – total Group | 6 | | | **4.2p** | | | 4.0p | | | 7.0p |
| Basic earnings per share – continuing operations | 6 | | | **3.6p** | | | 4.1p | | | 7.2p |
| Diluted earnings per share – continuing operations | 6 | | | **3.5p** | | | 4.0p | | | 7.0p |
| Adjusted basic earnings per share – continuing operations | 6 | | | **2.7p** | | | 1.5p | | | 4.6p |
| Adjusted diluted earnings per share – continuing operations | 6 | | | **2.7p** | | | 1.4p | | | 4.5p |

# Taylor Wimpey plc
## Condensed Consolidated Statement of Comprehensive Income
For the half year ended 30 June 2013

| £million | Half year ended 30 June 2013 (Reviewed) | Half year ended 1 July 2012 Restated Note 1 (Reviewed) | Year ended 31 December 2012 Restated Note 1 (Audited) |
|---|---|---|---|
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translation of foreign operations | **(0.1)** | (1.4) | 0.2 |
| Movement in fair value of hedging derivatives | **-** | 1.5 | - |
| **Items that will not be reclassified subsequently to profit and loss:** | | | |
| Actuarial gain/(loss) on defined benefit pension schemes | **62.8** | (101.3) | (73.3) |
| Tax on items taken directly to equity | **(8.6)** | 22.3 | 16.0 |
| Other comprehensive income/(expense) for the period net of tax | **54.1** | (78.9) | (57.1) |
| Profit for the period | **136.1** | 129.2 | 228.6 |
| Total comprehensive income for the period | **190.2** | 50.3 | 171.5 |
| Attributable to: | | | |
| Equity holders of the parent | **190.2** | 50.3 | 171.5 |
| Non-controlling interests | **-** | - | - |
| | **190.2** | 50.3 | 171.5 |

# Taylor Wimpey plc
## Condensed Consolidated Balance Sheet
As at 30 June 2013

| £ million | Note | 30 June 2013 (Reviewed) | 1 July 2012 (Reviewed) | 31 December 2012 (Audited) |
|---|---|---|---|---|
| Non-current assets | | | | |
| Other intangible assets | | **4.9** | 5.5 | 5.2 |
| Property, plant and equipment | | **7.0** | 4.5 | 7.1 |
| Interests in joint ventures | | **32.6** | 31.8 | 31.5 |
| Trade and other receivables | | **117.5** | 89.3 | 102.0 |
| Deferred tax assets | 5 | **281.4** | 335.4 | 319.6 |
| | | **443.4** | 466.5 | 465.4 |
| Current assets | | | | |
| Inventories | | **2,856.3** | 2,705.1 | 2,788.8 |
| Trade and other receivables | | **94.6** | 98.4 | 96.0 |
| Tax receivables | | **10.0** | 9.8 | 9.7 |
| Cash and cash equivalents | 7 | **181.0** | 123.8 | 190.4 |
| | | **3,141.9** | 2,937.1 | 3,084.9 |
| Total assets | | **3,585.3** | 3,403.6 | 3,550.3 |
| Current liabilities | | | | |
| Trade and other payables | | **(735.5)** | (665.1) | (772.6) |
| Tax payables | | **(8.7)** | (8.7) | (8.7) |
| Provisions | 8 | **(55.8)** | (82.2) | (84.4) |
| | | **(800.0)** | (756.0) | (865.7) |
| Net current assets | | **2,341.9** | 2,181.1 | 2,219.2 |
| Non-current liabilities | | | | |
| Trade and other payables | | **(182.4)** | (201.6) | (190.8) |
| Debenture loans | 7 | **(149.4)** | (159.0) | (149.4) |
| Bank loans | 7 | **(100.0)** | (100.0) | (100.0) |
| Retirement benefit obligations | 9 | **(175.4)** | (301.3) | (244.2) |
| Provisions | | **(5.6)** | (12.3) | (10.7) |
| | | **(612.8)** | (774.2) | (695.1) |
| Total liabilities | | **(1,412.8)** | (1,530.2) | (1,560.8) |
| Net assets | | **2,172.5** | 1,873.4 | 1,989.5 |

| £ million | | | |
|---|---|---|---|
| Share capital | **288.1** | 288.0 | 288.0 |
| Share premium account | **759.7** | 758.2 | 758.8 |
| Own shares | **(11.9)** | (13.4) | (15.9) |
| Other reserves | **44.0** | 44.6 | 44.6 |
| Retained earnings | **1,091.1** | 794.6 | 912.6 |
| Equity attributable to equity holders of the parent | **2,171.0** | 1,872.0 | 1,988.1 |
| Non-controlling interests | **1.5** | 1.4 | 1.4 |
| Total equity | **2,172.5** | 1,873.4 | 1,989.5 |

# Taylor Wimpey plc
# Condensed Consolidated Statement of Changes in Equity
For the half year ended 30 June 2013

| Reviewed half year ended 30 June 2013<br>£ million | Share capital | Share premium | Own shares | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|
| Balance as at 1 January 2013 | 288.0 | 758.8 | (15.9) | 44.6 | 912.6 | 1,988.1 |
| Exchange differences on translation of foreign operations | - | - | - | (0.1) | - | (0.1) |
| Actuarial gain on defined benefit pension schemes | - | - | - | - | 62.8 | 62.8 |
| Deferred tax charge | - | - | - | - | (8.6) | (8.6) |
| **Other comprehensive (expense)/income for the period net of tax** | **-** | **-** | **-** | **(0.1)** | **54.2** | **54.1** |
| Profit for the period | - | - | - | - | 136.1 | 136.1 |
| **Total comprehensive (expense)/income for the period** | **-** | **-** | **-** | **(0.1)** | **190.3** | **190.2** |
| New share capital subscribed | 0.1 | 0.9 | - | - | - | 1.0 |
| Utilisation of own shares | - | - | 4.0 | - | - | 4.0 |
| Share-based payment credit | - | - | - | - | 2.9 | 2.9 |
| Cash cost of share options | - | - | - | - | (1.4) | (1.4) |
| Transfer to retained earnings | - | - | - | (0.5) | 0.5 | **-** |
| Dividends approved and paid | - | - | - | - | (13.8) | (13.8) |
| **Equity attributable to parent** | **288.1** | **759.7** | **(11.9)** | **44.0** | **1,091.1** | **2,171.0** |
| Non-controlling interests | | | | | | **1.5** |
| **Total equity** | | | | | | **2,172.5** |

| Reviewed half year ended 1 July 2012<br>Restated – Note 1<br>£ million | Share capital | Share premium | Own shares | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|
| Balance as at 1 January 2012 | 287.7 | 754.4 | (8.4) | 46.7 | 753.1 | 1,833.5 |
| Exchange differences on translation of foreign operations | - | - | - | (1.4) | - | (1.4) |
| Increase in fair value of hedging derivatives | - | - | - | 1.5 | - | 1.5 |
| Actuarial loss on defined benefit pension schemes | - | - | - | - | (101.3) | (101.3) |
| Deferred tax credit | - | - | - | - | 22.3 | 22.3 |
| **Other comprehensive income/(expense) for the period net of tax** | **-** | **-** | **-** | **0.1** | **(79.0)** | **(78.9)** |
| Profit for the period | - | - | - | - | 129.2 | 129.2 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **0.1** | **50.2** | **50.3** |
| New share capital subscribed | 0.3 | 3.8 | - | - | - | 4.1 |
| Own shares acquired | - | - | (5.0) | - | - | (5.0) |
| Share-based payment credit | - | - | - | - | 1.8 | 1.8 |
| Cash cost of share options | - | - | - | - | (0.6) | (0.6) |
| Transfer to retained earnings | - | - | - | (2.2) | 2.2 | - |
| Dividends approved and paid | - | - | - | - | (12.1) | (12.1) |
| **Equity attributable to parent** | **288.0** | **758.2** | **(13.4)** | **44.6** | **794.6** | **1,872.0** |
| Non-controlling interests | | | | | | 1.4 |
| **Total equity** | | | | | | **1,873.4** |

# Taylor Wimpey plc
## Condensed Consolidated Statement of Changes in Equity (continued)
For the half year ended 30 June 2013

| Audited year ended 31 December 2012<br>Restated - Note 1<br>£ million | Share capital | Share premium | Own shares | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|
| Balance as at 1 January 2012 | 287.7 | 754.4 | (8.4) | 46.7 | 753.1 | 1,833.5 |
| Exchange differences on translation of foreign operations | - | - | - | 0.2 | - | 0.2 |
| Actuarial loss on defined benefit pension schemes | - | - | - | - | (73.3) | (73.3) |
| Deferred tax credit | - | - | - | - | 16.0 | 16.0 |
| **Other comprehensive income/(expense) for the year net of tax** | **-** | **-** | **-** | **0.2** | **(57.3)** | **(57.1)** |
| Profit for the year | - | - | - | - | 228.6 | 228.6 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **0.2** | **171.3** | **171.5** |
| New share capital subscribed | 0.3 | 4.4 | - | - | - | 4.7 |
| Own shares acquired | - | - | (10.0) | - | - | (10.0) |
| Utilisation of own shares | - | - | 2.5 | - | - | 2.5 |
| Share-based payment credit | - | - | - | - | 4.8 | 4.8 |
| Cash cost of satisfying share options | - | - | - | - | (0.7) | (0.7) |
| Transfer to retained earnings | - | - | - | (2.3) | 2.3 | - |
| Dividends approved and paid | - | - | - | - | (18.2) | (18.2) |
| **Equity attributable to parent** | **288.0** | **758.8** | **(15.9)** | **44..6** | **912.6** | **1,988.1** |
| Non-controlling interests | | | | | | 1.4 |
| **Total equity** | | | | | | **1,989.5** |

# Taylor Wimpey plc
# Condensed Consolidated Cash Flow Statement
For the half year ended 30 June 2013

| £ million | Note | Half year ended 30 June 2013 (Reviewed) | Half year ended 1 July 2012 (Reviewed) | Year ended 31 December 2012 (Audited) |
|---|---|---|---|---|
| Net cash from/(used in) operating activities | 7 | **3.5** | (5.4) | 78.4 |
| Investing activities | | | | |
| Interest received | | **0.2** | 0.1 | 0.9 |
| Dividends received from joint ventures | | **-** | 0.4 | 0.4 |
| Proceeds on disposal of property, plant and investments | | **-** | - | 0.7 |
| Purchases of property, plant and investments | | **(0.6)** | (0.1) | (3.5) |
| Purchase of software | | **(0.4)** | (0.4) | (0.8) |
| Amounts (loaned to)/repaid from joint ventures | | **(1.1)** | 0.9 | 2.1 |
| Net cash (used in)/from investing activities | | **(1.9)** | 0.9 | (0.2) |
| Financing activities | | | | |
| Dividends paid | | **(13.8)** | (12.1) | (18.2) |
| Proceeds from sale of own shares | | **5.1** | 4.1 | 4.7 |
| Cash cost of satisfying share options | | **(1.4)** | (0.6) | (0.7) |
| Purchase of own shares | | **-** | (5.0) | (7.7) |
| Repayment of debenture loans | | **-** | (5.6) | (15.2) |
| Net cash used in financing activities | | **(10.1)** | (19.2) | (37.1) |
| Net (decrease)/increase in cash and cash equivalents | | **(8.5)** | (23.7) | 41.1 |
| Cash and cash equivalents at beginning of period | | **190.4** | 147.7 | 147.7 |
| Effect of foreign exchange rate changes | | **(0.9)** | (0.2) | 1.6 |
| Cash and cash equivalents at end of period | | **181.0** | 123.8 | 190.4 |

## 1. Accounting policies

### Basis of preparation

The half year report has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) and the disclosure requirements of the Listing Rules.

The condensed set of financial statements included in this half year report has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. These should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with applicable IFRSs.

The information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498 (2) or (3) respectively of the Companies Act 2006.

The accounting policies and method of computations adopted in the preparation of the half year 2013 condensed and consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, with the exception of the application of new accounting standards.

The following new standards, amendments to standards or interpretations have been adopted by the European Union and are mandatory for the first time for the year ending on or after 1 January 2013:

IFRS 13 Fair Value Measurement - applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. It will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures.

IAS 19 (Revised 2011) Employee Benefits - outlines the accounting requirements for employee benefits. The Standard establishes the principle that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable, and outlines how each category of employee benefits are measured, providing detailed guidance in particular about post-employment benefits. This impacts the measurement of various components representing movements in the defined benefit pension obligation and associated disclosures, but not the Group' s total obligation.

The application of IAS 19 (Revised 2011) has resulted in the interest cost and expected return on assets being replaced by a net interest charge on the net defined benefit pension liability. Certain costs previously recorded as part of finance costs or other comprehensive income have now been presented within administrative expenses.

The comparative period and full year have been restated with profit being £1.1 million lower and £2.7 million lower respectively, and other comprehensive income is £1.1 million higher and £2.7 million higher including the tax impact of the changes. The Group records actuarial adjustments immediately so there has been no affect on the prior year pension deficit.

### Going concern

The Group continues to be profitable and based on the latest budgets there are sufficient resources available for the Group to continue for the foreseeable future. As such the condensed and consolidated financial statements have been prepared on a going concern basis.

### Estimates and judgements

The preparation of a condensed set of financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities at each period end. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

In preparing these condensed set of consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those applied to the Group's consolidated financial statements as at and for the year ended 31 December 2012.

The Group has considered the trading environments of the geographies it operates in. In the UK there has been improved profitability due to a strong increase in consumer confidence supported by new Government initiatives. The Group completed a net realisable value exercise as at 30 June 2013 and following the improved trading conditions net £34.1 million inventory net realisable value write-downs have been reversed.

## 2. Operating segments

The Group is organised into two operating divisions – Housing United Kingdom and Housing Spain. These divisions are the basis on which the Group reports its segment information. The prior year results have been restated to reflect the impact of IAS19R 'Employee Benefits', as explained in Note 1.

| Half year ended 30 June 2013<br>£ million | Note | Housing United Kingdom | Housing Spain | Consolidated |
|---|---|---|---|---|
| Revenue: | | | | |
| External sales | | 1,001.5 | 5.6 | 1,007.1 |
| Result: | | | | |
| Operating profit/(loss) before joint ventures and exceptional items | | 134.8 | (2.4) | 132.4 |
| Share of results of joint ventures | | - | - | - |
| Exceptional items | | 34.1 | - | 34.1 |
| Profit/(loss) on ordinary activities before finance costs, after share of results of joint ventures and exceptional items | | 168.9 | (2.4) | 166.5 |
| Net finance costs | | | | (23.4) |
| Profit on ordinary activities before tax | | | | 143.1 |
| Taxation (including exceptional tax) | | | | (29.6) |
| Result from continuing operations: | | | | 113.5 |
| Profit for the period from discontinued operations: | | | | 22.6 |
| Profit for the period – total Group | | | | 136.1 |

| As at 30 June 2013<br>£ million | Note | Housing United Kingdom | Housing Spain | Consolidated |
|---|---|---|---|---|
| Assets and liabilities: | | | | |
| Segment operating assets | | 2,995.6 | 84.7 | 3,080.3 |
| Joint ventures | | 32.4 | 0.2 | 32.6 |
| Segment operating liabilities | | (1,131.3) | (23.4) | (1,154.7) |
| Group net operating assets | | 1,896.7 | 61.5 | 1,958.2 |
| Net current taxation | | | | 1.3 |
| Net deferred taxation | | | | 281.4 |
| Net debt | | | | (68.4) |
| Net assets | | | | 2,172.5 |

| Half year ended 1 July 2012<br>Restated- Note 1<br>£ million | Housing United Kingdom | Housing Spain | Consolidated |
|---|---|---|---|
| Revenue: | | | |
| External sales | 903.3 | 2.9 | 906.2 |
| Result: | | | |
| Operating profit/(loss) before joint ventures and exceptional items | 99.7 | (1.7) | 98.0 |
| Share of results of joint ventures | 1.2 | - | 1.2 |
| Profit/(loss)on ordinary activities before finance costs, after share of results of joint ventures | 100.9 | (1.7) | 99.2 |
| Net finance costs (including exceptional finance costs) | | | (0.1) |
| Profit on ordinary activities before tax | | | 99.1 |
| Taxation (including exceptional tax) | | | 30.1 |
| Profit for the period – total Group | | | 129.2 |

## 2. Operating segments (continued)

| As at 1 July 2012<br>£ million | Note | Housing United Kingdom | Housing Spain | Consolidated |
|---|---|---|---|---|
| Assets and liabilities: | | | | |
| Segment operating assets | | 2,821.2 | 81.6 | 2,902.8 |
| Joint ventures | | 31.6 | 0.2 | 31.8 |
| Segment operating liabilities | | (1,243.4) | (19.1) | (1,262.5) |
| Group net operating assets | | 1,609.4 | 62.7 | 1,672.1 |
| Net current taxation | | | | 1.1 |
| Net deferred taxation | | | | 335.4 |
| Net debt | | | | (135.2) |
| Net assets | | | | 1,873.4 |

| For the year to 31 December 2012<br>Restated - Note 1<br>£ million | Note | Housing United Kingdom | Housing Spain | Consolidated |
|---|---|---|---|---|
| Revenue: | | | | |
| External sales | | 1,987.0 | 32.0 | 2,019.0 |
| Result: | | | | |
| Operating profit before joint ventures and exceptional items | | 222.4 | 1.3 | 223.7 |
| Share of results of joint ventures | | 2.4 | - | 2.4 |
| Profit on ordinary activities before finance costs and exceptional items and after share of results of joint ventures | | 224.8 | 1.3 | 226.1 |
| Net finance costs (including exceptional finance costs) | | | | (21.9) |
| Profit on ordinary activities before tax | | | | 204.2 |
| Taxation (including exceptional tax) | | | | 24.4 |
| Profit for the period – total Group | | | | 228.6 |

| At 31 December 2012<br>£ million | Housing United Kingdom | Housing Spain | Consolidated |
|---|---|---|---|
| Assets and liabilities: | | | |
| Segment operating assets | 2,922.6 | 76.5 | 2,999.1 |
| Joint ventures | 31.3 | 0.2 | 31.5 |
| Segment operating liabilities | (1,286.7) | (16.0) | (1,302.7) |
| Group net operating assets | 1,667.2 | 60.7 | 1,727.9 |
| Net current taxation | | | 1.0 |
| Net deferred taxation | | | 319.6 |
| Net debt | | | (59.0) |
| Net assets | | | 1,989.5 |

## 3. Exceptional items

Exceptional items from continuing operations are analysed as follows:

| £ million | Half year ended 30 June 2013 | Half year ended 1 July 2012 | Year ended 31 December 2012 |
|---|---|---|---|
| Net reversal of inventory write-downs | (34.1) | - | - |
| Finance credit (Note 4) | - | (22.4) | (22.4) |
| Tax charge/(credit) | 7.9 | (59.6) | (59.6) |
| Exceptional items | (26.2) | (82.0) | (82.0) |

In the first half of 2013 the Group has seen a sustained improvement in the UK housing market and the wider UK economy, with increased mortgage availability, lower interest rates and enhanced customer confidence. This is partly as a result of the recently announced 'Help to buy' Government scheme.

At the half year, the Group completed a net realisable value assessment of inventory. Given the improved market conditions, supporting increased profitability on a number of our previously impaired sites in the UK, a net reversal of £34.1 million of impairment write-downs has been recorded.

The net reversal in the UK consists of a reversal of previous write-downs of £65.2 million and additional write-downs to the lower of cost and net realisable value of £31.1 million on previously impaired sites. At the 2012 year end the Group identified £16.0 million of reversals of write-downs and £5.1 million of additional write-down of inventory, however due to the immaterial nature of the adjustments and the lack of evidence of a sustainable market recovery these amounts were not recorded and no net realisable value adjustments had been recorded since 2009. The reversal of £34.1 million is expected to have an impact on operating profits of approximately £14 million in both the second half of 2013 and full year 2014.

The UK net realisable value assessment of inventory is highly sensitive to small changes in judgements and the table below provides an indication of the impact to the inventory held on the balance sheet of 1% movements in selling prices and build costs.

| As at<br>£ million | +1% selling price | -1% selling price | +1% build cost | -1% build costs |
|---|---|---|---|---|
| 30 June 2013 | 17.5 | (6.3) | (5.2) | 13.4 |
| 31 December 2012 | 24.2 | (21.0) | (16.2) | 19.0 |

At the balance sheet date the Group held inventory in the UK that had been written down to net realisable value of £616.9 million (31 December 2012: £784.4 million) with associated impairments of £266.0 million (31 December 2012: £351.5 million). As at 30 June 2013 19% (2012: 26%) of our UK short term owned and controlled land is impaired.

In the half year 35% (H1 2012: 46%) of the Group's UK completions were from sites that had been previously impaired.

Only 25 plots (H1 2012: 11) were completed in Spain that had previously been impaired. In Spain there was inventory written down to net realisable value of £53.6 million as at 30 June 2013 (31 December 2012: £50.0 million).

The Group had inventory that had been written down by £396.1 million at the start of 2013. In the period the Group utilised £52.1 million through the trading of impaired inventory, reversed a further £34.1 million following the completion of the June 2013 net realisable value assessment and had a £1.9 million foreign exchange movement. As at 30 June 2013 there is inventory with write-downs of £311.8 million remaining.

The gross profit for the period includes £22.4 million (H1 2012: £39.4 million) of positive contribution, on completions from sites with previously impaired inventory. The positive contribution is the estimation difference between the realised value on completions compared to the value assumed in the net realisable value review. These amounts are stated before the allocation of overheads that are excluded from the Group's net realisable value exercise.

## 4. Finance costs

Finance costs from continuing operations are analysed as follows:

| £ million | Half year ended 30 June 2013 | Half year ended 1 July 2012 | Year ended 31 December 2012 |
|---|---|---|---|
| Interest on overdrafts, bank and other loans | 6.3 | 6.6 | 13.6 |
| Interest on debenture loans | 7.8 | 8.9 | 18.1 |
| Movement on interest rate derivatives and foreign exchange movements | (0.4) | (0.1) | 0.3 |
| | 13.7 | 15.4 | 32.0 |
| Unwinding of discount on land creditors and other payables | 4.8 | 3.6 | 4.1 |
| Notional net interest on pension liability | 5.1 | 4.3 | 9.4 |
| | 23.6 | 23.3 | 45.5 |
| Exceptional finance costs: | | | |
| Tax liability interest | - | (22.4) | (22.4) |
| | 23.6 | 0.9 | 23.1 |

## 5. Tax

The pre-exceptional tax charge of £21.7 million relates to the utilisation of the deferred tax asset against profits generated in the period.

The exceptional tax charge of £7.9 million relates to the tax associated with reversal of the net realisable value of inventory write downs recorded in the period.

Deferred tax assets have been calculated at a rate of 23% at the balance sheet date. A reduction in corporation tax rates to 20% was enacted shortly after the balance sheet date. In accordance with IAS 12 Income Taxes this rate reduction will be recognised in the full year results. Each 1% reduction is expected to result in a deferred tax charge of approximately £12.2 million.

## 6. Earnings per share

| | Half year ended 30 June 2013 | Half year ended 1 July 2012 Restated – Note1 | Year ended 31 December 2012 Restated – Note 1 |
|---|---|---|---|
| Basic earnings per share – total Group | 4.3p | 4.1p | 7.2p |
| Diluted earnings per share – total Group | 4.2p | 4.0p | 7.0p |
| | | | |
| Basic earnings per share from continuing operations | 3.6p | 4.1p | 7.2p |
| Diluted earnings per share from continuing operations | 3.5p | 4.0p | 7.0p |
| | | | |
| Basic earnings per share from discontinued operations | 0.7p | - | - |
| Diluted earnings per share from discontinued operations | 0.7p | - | - |
| | | | |
| Adjusted basic earnings per share from continuing operations | 2.7p | 1.5p | 4.6p |
| Adjusted diluted earnings per share from continuing operations | 2.7p | 1.4p | 4.5p |
| | | | |
| Weighted average number of shares for basic earnings per share – million | 3,195.4 | 3,186.3 | 3,186.4 |
| Weighted average number of shares for diluted earnings per share – million | 3,255.4 | 3,264.9 | 3,262.4 |

Adjusted basic and adjusted diluted earnings per share, which exclude the impact of exceptional items and the associated net tax charges, are shown to provide clarity on the underlying performance of the continuing Group. A reconciliation from profit from continuing operations attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below:

| £ million | Half year ended 30 June 2013 | Half year ended 1 July 2012 | Year ended 31 December 2012 |
|---|---|---|---|
| Earnings from continuing operations for basic profit per share and diluted earnings per share | 113.5 | 129.2 | 228.6 |
| Adjust for exceptional items | (34.1) | (22.4) | (22.4) |
| Adjust for exceptional tax items | 7.9 | (59.6) | (59.6) |
| Earnings from continuing operations for adjusted basic and adjusted diluted earnings per share | 87.3 | 47.2 | 146.6 |

# Taylor Wimpey plc
# Notes to the Condensed Consolidated Financial Statements (continued)
For the half year ended 30 June 2013

## 7. Notes to the cash flow statement

| £ million | Half year ended 30 June 2013 | Half year ended 1 July 2012 Restated – Note 1 | Year ended 31 December 2012 Restated – Note 1 |
|---|---|---|---|
| Profit on ordinary activities before finance costs | | | |
| - continuing | 132.4 | 98.0 | 223.7 |
| - discontinued | 22.6 | - | - |
| Adjustments for: | | | |
| Depreciation of plant and equipment and software equipment | 1.4 | 0.5 | 2.0 |
| Share-based payment charge | 2.9 | 1.8 | 4.8 |
| Profit on disposal of property and plant | - | (0.1) | (0.1) |
| Decrease in provisions | (33.7) | (0.6) | - |
| Operating cash flows before movements in working capital | 125.6 | 99.6 | 230.4 |
| Increase in inventories | (29.6) | (20.4) | (104.2) |
| Increase in receivables | (12.9) | (39.5) | (50.7) |
| (Decrease)/ increase payables | (54.5) | (12.0) | 81.6 |
| Pension contributions in excess of charge (a) | (11.0) | (14.5) | (48.4) |
| Cash generated by operations | 17.6 | 13.2 | 108.7 |
| Income taxes (paid)/received | (0.3) | (0.8) | 3.0 |
| Interest paid including exceptional charges | (13.8) | (17.8) | (33.3) |
| Net cash from/(used in) operating activities | 3.5 | (5.4) | 78.4 |

(a) Includes impact of restatement in 2012 following adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise of cash at bank and other short term highly liquid investments with an original maturity of three months or less.

Movement in net debt:

| £ million | Cash and cash equivalents | Overdrafts, banks & other loans | Debenture loans | Total net debt |
|---|---|---|---|---|
| Balance 1 January 2013 | 190.4 | (100.0) | (149.4) | (59.0) |
| Cashflow | (8.5) | - | - | (8.5) |
| Foreign exchange | (0.9) | - | - | (0.9) |
| **Balance 30 June 2013** | 181.0 | (100.0) | (149.4) | (68.4) |

| £ million | Cash and cash equivalents | Overdrafts, banks& other loans | Debenture loans | Total net debt |
|---|---|---|---|---|
| Balance 1 January 2012 | 147.7 | (100.0) | (164.6) | (116.9) |
| Cashflow | (23.7) | - | 5.6 | (18.1) |
| Foreign exchange | (0.2) | - | - | (0.2) |
| **Balance 1 July 2012** | 123.8 | (100.0) | (159.0) | (135.2) |

| £ million | Cash and cash equivalents | Overdrafts, banks& other loans | Debenture loans | Total net debt |
|---|---|---|---|---|
| Balance 1 January 2012 | 147.7 | (100.0) | (164.6) | (116.9) |
| Cashflow | 41.1 | - | 15.2 | 56.3 |
| Foreign exchange | 1.6 | - | - | 1.6 |
| **Balance 31 December 2012** | 190.4 | (100.0) | (149.4) | (59.0) |

### 8. Discontinued operations

In 2011 the Group sold the North American division. As part of the disposal the Group provided certain indemnities to the buyers with a related provision of £58.4 million. A number of these indemnities have either been settled or expired and as such the Group has released £22.6 million through discontinued operations in the period.

### 9. Pensions

The Group's significant defined benefit pension schemes were actuarially assessed for the half year 30 June 2013. The decrease in the defined benefit pension scheme deficits was predominantly caused by an increase in discount rates used to value the deficit and better than expected return on plan assets partially offset by higher inflation rates.

### 10. Financial Instruments' fair value disclosure

The Group held the following financial assets and liabilities (including financial instruments) at 30 June 2013.

| | Carrying amount | | | Fair Value | | |
|---|---|---|---|---|---|---|
| £ million | 30 June 2013 | 1 July 2012 | 31 December 2012 | 30 June 2013 | 1 July 2012 | 31 December 2012 |
| Financial Assets | | | | | | |
| Land receivables (a) | 28.0 | 33.9 | 24.0 | 28.0 | 33.9 | 24.0 |
| Trade and other receivables (a) | 53.1 | 44.5 | 46.2 | 53.1 | 44.5 | 46.2 |
| Mortgage receivables (b) | 100.2 | 79.0 | 91.4 | 100.2 | 79.0 | 91.4 |
| Financial Liabilities | | | | | | |
| Derivative financial instruments held for trading | - | - | - | - | - | - |
| Overdrafts, bank and other loans (a) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Land creditors (a) | 322.7 | 302.8 | 375.0 | 322.7 | 302.8 | 375.0 |
| Trade and other payables (a) | 516.2 | 477.4 | 519.4 | 516.2 | 477.4 | 519.4 |
| Debenture loans (c) | 149.4 | 159.0 | 149.4 | 162.7 | 175.5 | 164.6 |

(a) The Directors consider the carrying amount of the other financial assets and liabilities in the interim accounts approximates their fair value.

(b) The fair value of mortgage receivables are determined by reference to movements in publically available house price indices, being significant other observable inputs (Level 2).

(c) The fair value of debenture loans have been determined from inputs that are observable for the liability directly or indirectly, relevant for the term and currency, being quoted prices in active markets for identical assets/ liabilities (Level 1).

The Group had no financial instruments with fair values that are determined by reference to significant unobservable inputs (Level 3), nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

## 11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed within the financial statements or related notes.

## 12. Seasonality

Weekly sales rates in some of the Group's key markets historically experience significant seasonal variation, with the highest levels of reservations occurring in the spring and autumn in the UK. As such, economic weakness which affects these peak selling seasons can have a disproportionate impact on our results for the year.

This pattern of reservations tends to result in higher levels of home completions towards the end of the financial year. As a result, the Group's debt profile exhibits peaks and troughs over the course of the financial year.

## 13. Events occurring after 30 June 2013

There were no material subsequent events affecting the Group after 30 June 2013 and the date of this announcement that need to be disclosed.

## 14. Dividends

The Directors have assessed the Group's performance in the period and believe it is appropriate to pay an interim dividend in line with the dividend policy announced earlier this year with the full year 2012 results. Accordingly the Directors have approved an interim dividend of 0.22 pence per share, payable to all shareholders on the register at the close of business on 23 August 2013 which will be paid on 25 September 2013.This is expected to result in a payment of £7.2 million.

In accordance with IAS 10 'Events after the balance sheet date' the approved dividend has not been accrued in the 30 June 2013 balance sheet.

# Taylor Wimpey plc

## Statement of Directors' responsibility

For the half year ended 30 June 2013

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union.

The interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules, namely:

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

The Directors of Taylor Wimpey plc are listed in the Taylor Wimpey plc Annual Report and Accounts to 31 December 2012, with the exception of Baroness Margaret Ford of Cunninghame who was appointed on 25th April 2013.

A list of current directors is maintained on the Taylor Wimpey plc Group website: http://plc.taylorwimpey.co.uk

By order of the Board

Kevin Beeston, Chairman

Pete Redfern, Group Chief Executive

30 July 2013

# INDEPENDENT REVIEW REPORT TO TAYLOR WIMPEY plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the half year ended 30 June 2013 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement changes in equity, condensed consolidated cash flow statement and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

**Directors' responsibilities**

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

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

**Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the half year ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

**Deloitte LLP**

Chartered Accountants and Statutory Auditor

London, United Kingdom

30 July 2013