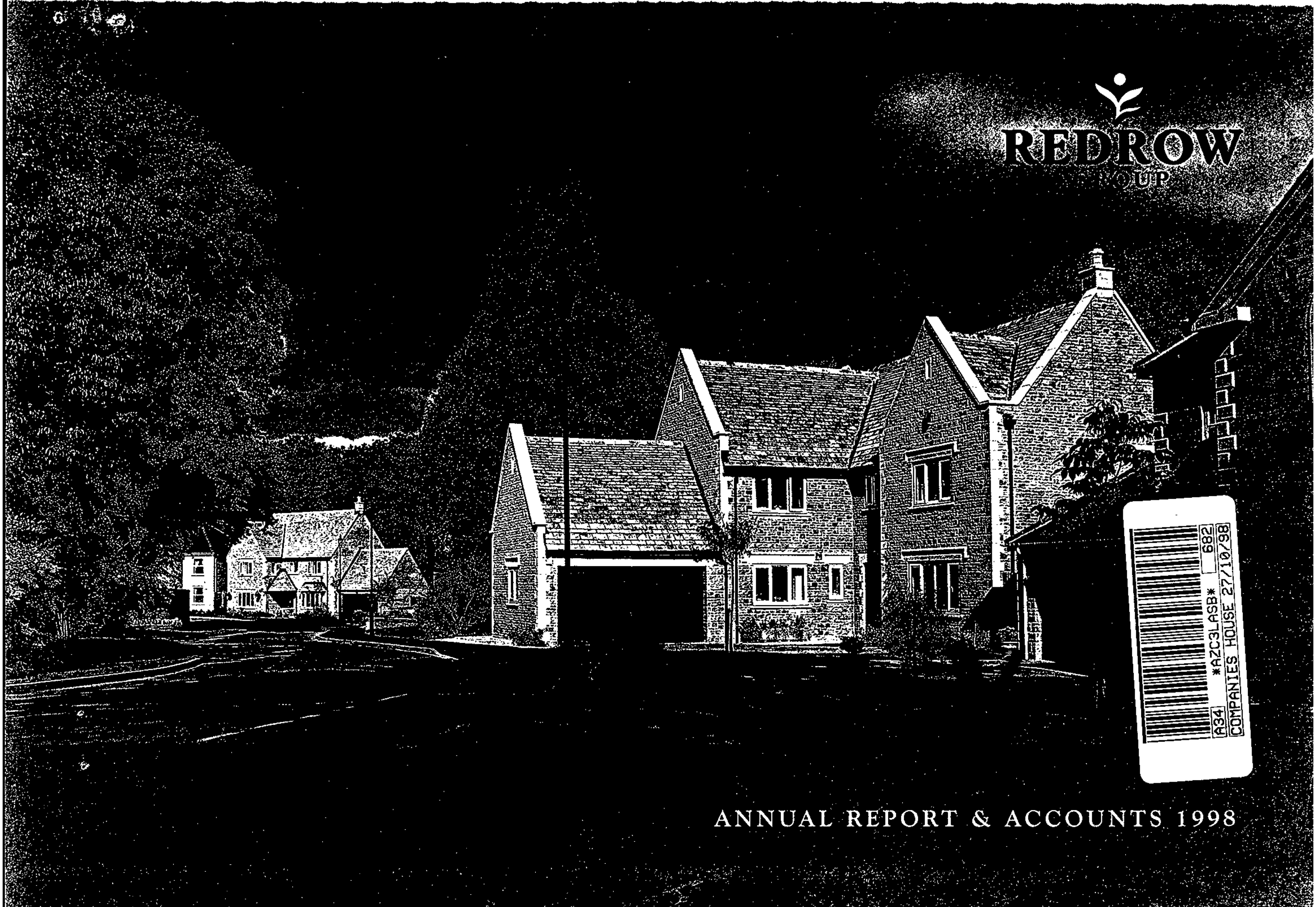
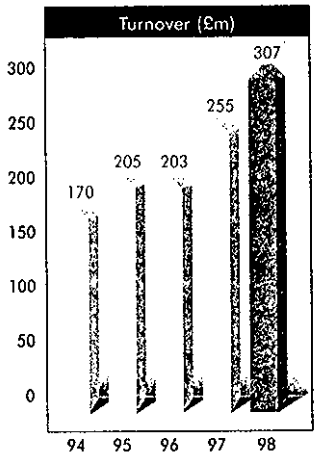


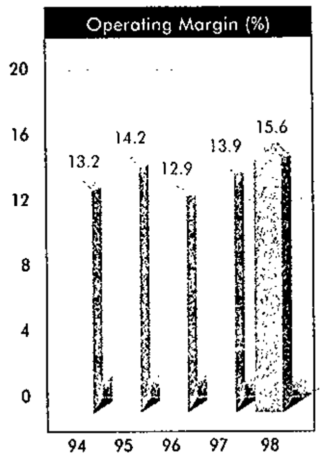
REDROW GROUP

ANNUAL REPORT & ACCOUNTS 1998

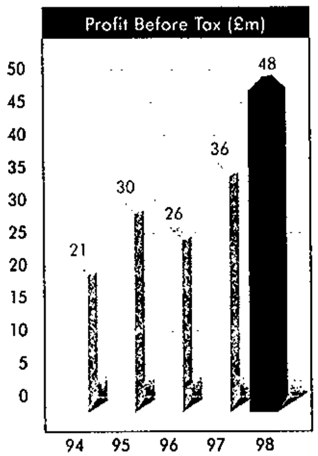
Highlights



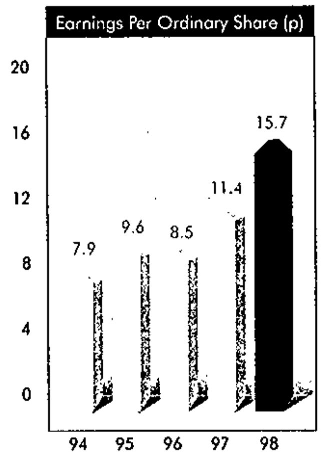
Turnover increased 21% to £307m



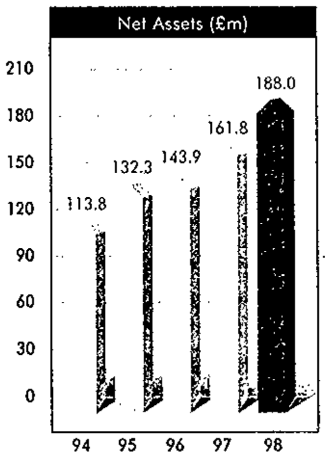
Operating margin improved to 15.6%



Profit before tax up 34% to £48.2m



Earnings per share up 38% to 15.7p



Net assets up 16% to £188.0m

Note: These figures represent continuing operations

Contents

Results in brief

Financial Summary	1998 £ million	1997 £ million	Increase
Turnover	**307.2**	254.8	21%
Operating profit	**47.8**	35.4	35%
Profit before taxation	**48.2**	36.1	34%
Net assets	**188.0**	161.8	16%
	pence	pence	
Earnings per share	**15.7**	11.4	38%
Dividends per share	**4.05**	3.6	13%

Chairman's statement

Steve Morgan, *Chairman*

The year to June 1998 has witnessed another strong performance from the Group producing yet another record set of results. Indeed, during the last 5 years the Group has achieved a compound growth rate in turnover and pre-tax profits of 22% and 29% respectively.

Turnover for the period increased by 21% to £307.2m (1997: £254.8m) producing a 35% increase in operating profits to £47.8m (1997: £35.4m). Profit before tax increased by 34% to £48.2m (1997: £36.1m) with operating margins of 15.6%. The tax charge of 26.9% reflects the utilisation of tax losses within Redrow Homes (South East). Earnings per share increased by 38% to 15.7p (1997: 11.4p).

The Group ended the year virtually ungeared with borrowings of £2.7m. However, there was net interest receivable of £0.4m during the year reflecting the Group's cash positive position for the majority of the period. Return on capital employed for the year was a highly satisfactory 28.3%.

The Board is pleased to recommend an increased final dividend of 2.7p which together with the 1.35p interim dividend makes a total for the year of 4.05p which is covered 3.9 times by earnings.

Last year I stated that house price inflation in the South East was running at uncomfortably high levels which in turn was producing cost pressures and skill shortages. I am pleased to report that activity in the South East has returned to more normal levels with the result that the market should be sustainable in the long term. Pressure on build costs which at one time were threatening margins is also easing.

Although the housing market throughout the country has undoubtedly tightened in recent months, we are maintaining our sales at similar levels to last year. Average selling prices, however, are comfortably ahead and we entered the current year with a record forward sales position of 1,093 units with a sales value of approximately £120m.

The year to June 1998 has witnessed another strong performance from the Group producing yet another record set of results

Both Redrow Homes and Harwood Homes had an excellent year producing in total 3,010 legal completions, a 14% increase on the previous year. Average selling prices increased from £93,700 to £98,400 as a result of house price increases, more completions arising in the Southern companies and the first completions from Jersey.

Redrow Homes, excluding Jersey, completed 2,587 units with an average selling price of £103,000 with all regions achieving growth in the number of legal completions. Our Park Heights development in Jersey produced 16 completions with an average selling price of £407,000.

The Heritage Range has continued to be extremely popular with our customers. There is, however, an increasing trend amongst planners to discourage the use of a standard housing range resulting in significantly more bespoke housing developments.

On the one hand these schemes are considerably more management intensive and costly to build but on the other hand this is frequently balanced by an increase in the density per acre achieved.

Over the last few years there has been substantial growth in our South East company with the result that we have now been able to split the region into two operating centres.

Harwood Homes has continued its impressive growth achieving 407 legal completions during the year at an average selling price of £58,600, all in the North West region. Several sites are being developed jointly with either the Northern or Lancashire companies which has proven to be a very successful combination. This in turn has enabled the Group to improve turnover, and hence, return on capital, on our larger land holdings. A new Midlands region was successfully established during the period although there were no legal completions. The new region is currently trading off 4 sites with several others in the pipeline and will contribute to Group profits this financial year.

Above
Squires Gate,
Wokingham, Surrey

I have been saying for sometime that the abuse of the plan led system allows Local Authorities to frustrate development through constant delays without any effective form of redress. Sadly, the situation is going from bad to worse. Like it or not there is a requirement to cater for the substantial increase in household formation in the UK. Both the Planners and the Government are fully aware of it and yet there seems little political will to address the situation. The planning delays are just as bad whether they be on brownfield or greenfield sites which makes a mockery of the Government's aim to encourage urban regeneration.

Undoubtedly the acute shortage of land caused by planning delays is playing a major part in driving open market land prices to unacceptably high levels. In response, our land buying activities during the year have been predominantly "off market" private treaty deals.

Chairman's statement – continued

Our total current land bank is 11,700 units (1997: 10,200) including 2,500 plots (1997: 1,150) where contracts are exchanged subject to planning, aptly demonstrating the growing delays in the planning system. The average plot cost has increased to £17,900 (1997: £15,650) mainly as a result of a more Southern bias of the plots purchased. This will, in turn, lead to an increase in future average selling prices.

Given the delays in the planning system it is more important than ever to have a strong forward land bank in order to secure our land supply for the future. Our forward land teams have had an excellent year in securing further sites. We estimate that our total forward land bank with realistic prospects of obtaining planning permission has increased from 18,000 plots to 22,900 plots, of which approximately 5,000 are allocated in draft Local Plans.

Redrow Commercial continued to progress producing operating profits of £2.3m from a turnover of £11.1m. The major contributor during the year was the £16m Llanelli town centre redevelopment, the second phase of which was completed in November 1997 and sold to AXA Sun Life Properties. An office development in Maidenhead was successfully completed and let to ARM plc. Several other schemes are either on site or in the pipeline which should ensure continued progression of this division.

During the year Barry Harvey as Northern Regional Chairman and Neil Fitzsimmons as Group Finance Director were appointed to the Board. I look forward to their contribution to the further success of the Group. Alun Lewis and Iain Macdonald stepped down and I would like to express my appreciation to them both for their contribution.

It is pleasing to look back on a highly successful year for the Group, a success that could not have been achieved without the loyalty, commitment and hard work of all members of the Redrow team. I would like to take this opportunity to thank them all for their efforts.

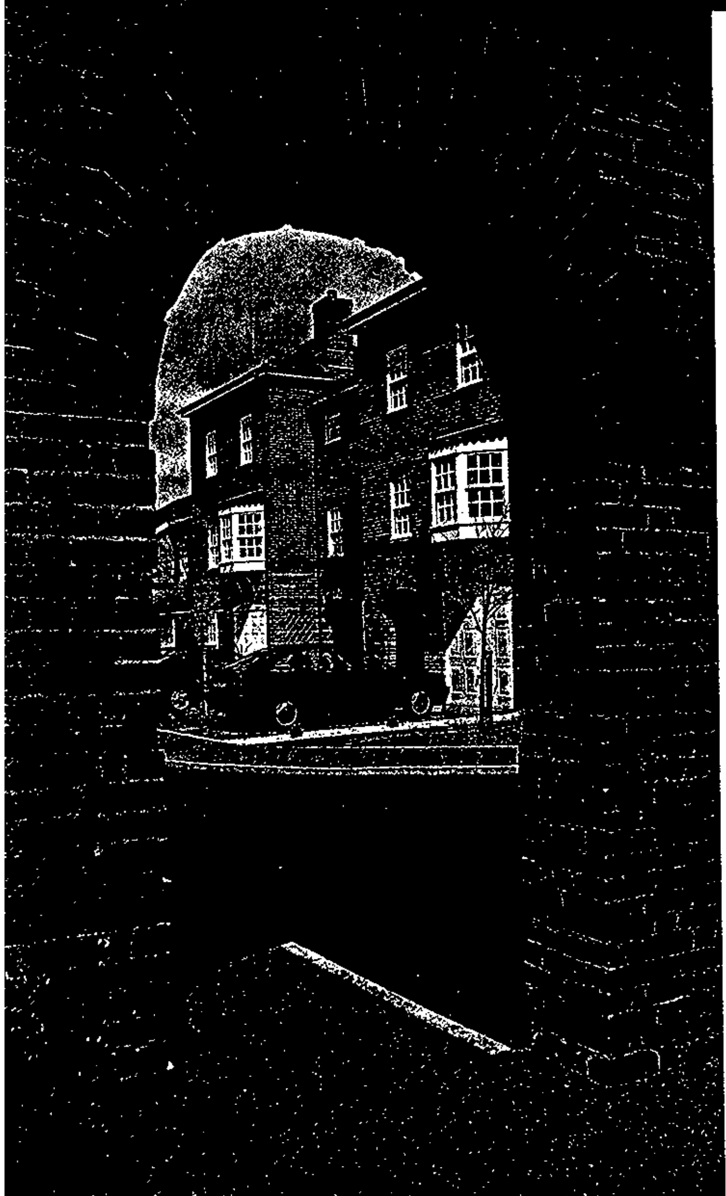
We have now entered a period where market conditions have hardened due to higher interest rates and the current economic uncertainty. Although this has taken the froth out of the market the outlook is still positive. There remains an undoubted demand for new homes and I do not foresee a return of the "boom-bust" days of the past.

We enjoy a quality land bank in quality locations with a quality product to match. We have a strong forward sales position from which I feel confident that further progress will be maintained during the current year.

Steve Morgan

Steve Morgan, *Chairman*

Managing Director's review



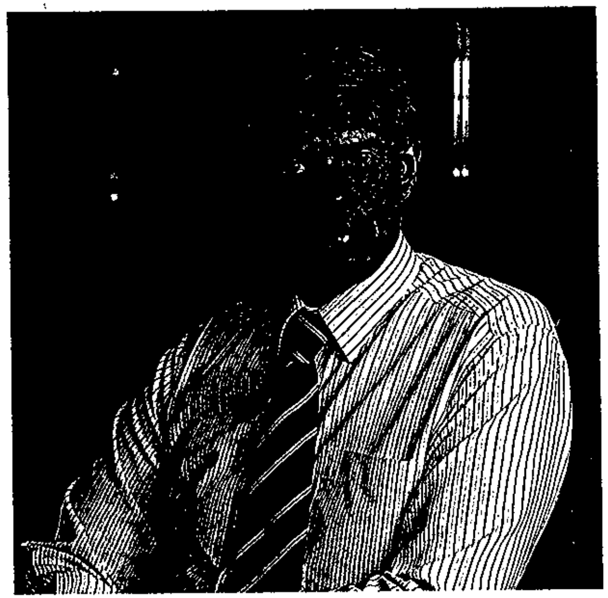
The last five years has seen the Redrow Group achieve growth in turnover from £115.9m to £307.2m with pre-tax profits more than trebling to £48.2m.

Over the same period, the Homes Division has grown, both through acquisition and organically, to become a national homebuilder. With the dual brands of Redrow and Harwood, the Division should continue to expand its market share as the new homes market becomes increasingly dominated by the major players.

Redrow Commercial continues to make progress, and whilst at present it represents only a small percentage of the overall Group results, the refocusing of the Company and the strengthening of the management team should enable further progress to be achieved.

The recent slow down in the economy has eliminated the 'froth' that had become evident within the housing market, particularly within the South East, and as such is to be welcomed.

Left
New build homes at
Marine Gate, Portsmouth



Paul L Pedley, *Managing Director*

With growth in both demographics projections and in real earnings to support the housing market, and with the existing developments secured by Redrow Commercial, the Group should continue to achieve profitable growth.

Homes Division

The Homes Division has reported record results with legal completions increasing by 14% to 3,010 units, turnover by 20% to £296.1m and operating profit by 33% to £45.5m. The two half years were largely in balance producing 1,468 and 1,542 legal completions respectively, the latter figure incorporating the maiden contribution from Redrow Homes (Jersey) where the first 16 luxury apartments at Park Heights were completed. The Division again ended the year with a record forward sales position of 1,093 units, having a combined sales value of approximately £120m.

Operating margins for the UK based companies increased from 13.8% to 15.0%. Whilst part of this increase may be attributed to improved market conditions, their continuing strength reflects the commitment of management throughout the companies, our underlying land policies and an ongoing focus to provide quality and well designed homes for our customers.

It is pleasing to report that this focus has been acknowledged by both our customers and by independent observers. During the year, Redrow Homes was presented with the 'Quality Service' Award by Midland Bank, based upon the results of customer surveys, and the 'Major Housebuilder of the Year' Award by Building Magazine, based upon the views of our peer group within the industry. Our schemes at Ebbw Vale and Northop Country Park were recognised in the Best Partnership Development and Best Luxury Development categories respectively of the 'What House' Awards. A further eight developments secured Daily Mail 'Green Leaf' Awards, recognising our commitment to the Environment, and also ten of our site managers secured NHBC Quality Awards. Despite the awards noted above, we are continuing to enhance our customer care policies and procedures, totally changing the focus from, historically, that of a builder to a modern retail organisation committed to the provision of both a quality product and quality customer care.

The improvement in the housing market over the last three years has inevitably resulted in cost pressures both in terms of labour and materials. However, with the modest slowdown previously referred to these cost pressures are slowly abating.

All the Homes companies have achieved growth during the year, and the formation of Western and Eastern regions within Redrow Homes (South East) and the launching of Harwood Homes in the Midlands will provide platforms for future expansion.

The Homes Division has reported record results with legal completions increasing by 14% to 3,010 units and operating profit by 33% to £45.5m

Above Left
Letham Rise, Dalgety Bay, Scotland

Above Right
Salisbury and Walsingham house types

Right
Reflecting local vernacular at Saxon Gate, Bury St Edmonds

WHAT HOUSE? AWARD WINNER

THE EXPRESS British HOUSEBUILDER OF THE YEAR Awards 1998 Highly Commended

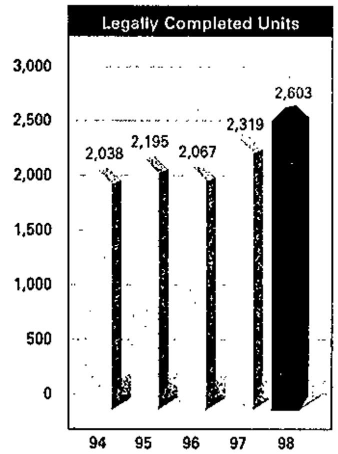
Redrow Homes

Redrow Homes has continued its controlled expansion, legally completing 2,603 units, an increase on the previous year of 12%. Particular progress has been made in both Redrow Homes (SW) and Redrow Homes (South East), and due to the growth in the latter, the Company has been divided into two operating regions.

The expansion of the Southern based companies, combined with the first legal completions in Redrow Homes (Jersey), have been significant factors in the increase of the average selling price to £105,000 in the second half of the year. The average selling price of our forward sales is showing further growth for the current year.

Whilst recording the expansion achieved within the Southern companies, it is important to recognise the contribution made by the mature Northern companies, namely Redrow Homes (Northern) and Redrow Homes (Lancashire), both of whom secured in the region of 500 legal completions and whose continuing profitability acts as a foundation on which to build the future expansion of Redrow Homes.

Strong growth in legal completions over 5 years



Redrow Homes has continued its controlled expansion, legally completing 2,603 units, an increase on the previous year of 12%

Above Left
New build homes at Oakley Hall, Cirencester

Above Middle
The popular Shelley house type from the new Heritage Range

Above Right
Spacious lounge at Millennium Wharf apartments, Docklands

Right
Woodlea Village, Meanwood, Yorkshire

Redrow Homes – continued

Left
Brookdale Park, Warrington

Above
A typical showhome interior

Right
Sympathetic refurbishment of Oakley Hall, Cirencester into luxury apartments

The number of high quality refurbishment schemes undertaken by the Division has continued to increase

'Heritage' remains the major brand within Redrow Homes, reflecting the traditional middle and upper product ranges, focusing on the provision of a quality, high specification, low maintenance home. However, the number of high quality refurbishment schemes undertaken by the Division has continued to increase, with Redrow combining 'the charm of the old with the best of the new' in a diverse range of old buildings, some of which are illustrated within this report. In addition, the Government's focus on the redevelopment of 'brownfield' sites has in itself often resulted in the design of bespoke schemes appropriate to the location, further extending the 'Redrow product range'.

Harwood Homes

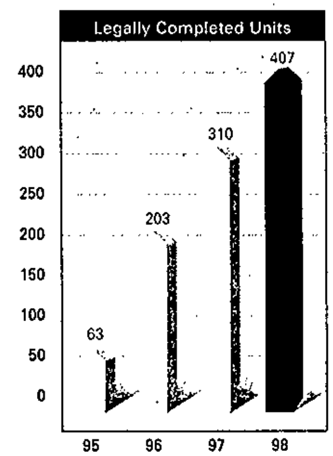
The launch in April 1998 of Harwood Homes in the Midlands was a further milestone in the development of this brand. Whilst no legal completions were secured during the financial year, Harwood Homes (Midlands) is currently trading from four outlets throughout the West Midlands, with further developments scheduled to come on stream. As a result, the company will make an important contribution to the continuing expansion of Harwood Homes during the current year.

Harwood Homes (North West) has continued its excellent growth profile, legally completing 407 units in its third full year of trading. The average selling price has increased by 12% to over £58,000, reflecting the continuing improvement in the overall mix of developments.

The formation of Harwood Homes was a significant step in the overall expansion of the Redrow Group. It recognised the importance of a clear brand strategy within the housing industry, matching the product with the expectations of our customers. The overall development of the Harwood brand will provide the Division with additional expansion opportunities into the future.

Harwood HOMES
A MEMBER OF THE REDROW GROUP

Impressive growth in legal completions



The overall development of the Harwood brand will provide the Division with additional expansion opportunities

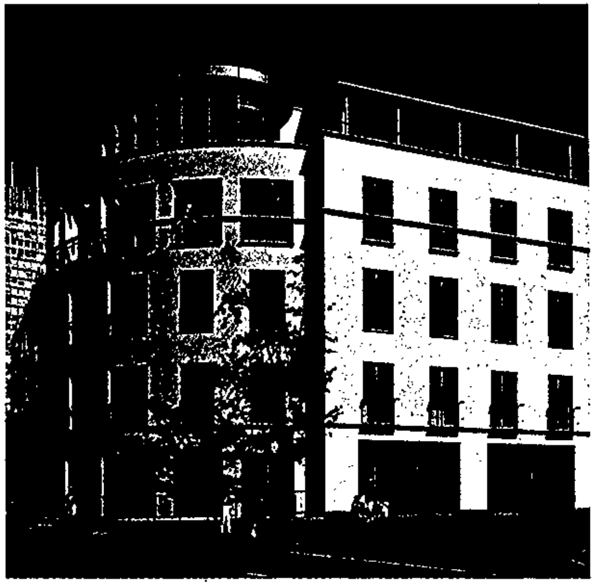
Above Left
Sandhills apartments at Wallasey, Merseyside

Above Middle
The Maple house type

Above Right
Hamstead Court, Hamstead, West Midlands

Right
A Harwood Homes showhome

Commercial Division



Computer generated image,
10 Lower Grosvenor Place,
Victoria, London

Redrow Commercial has made further progress, increasing turnover to £11.1m and reporting operating profits in excess of £2.2m.

The major development contributing to this year's result was the 130,000 sq ft town centre redevelopment project in Llanelli. The overall development was sold to Sun Life Assurance Society, now AXA Sun Life Properties and, as reported last year, the ASDA superstore upon which the scheme was anchored was legally completed in June 1997. The adjacent shopping mall was successfully completed in November 1997, having secured major tenants including Argos and JJB Sports. In addition, a small city centre office scheme in Nottingham was successfully let and sold.

During the year, progress has been made on three further schemes. Firstly, a 17,000 sq ft office refurbishment in Maidenhead where, following the completion of the construction works in April, the building was immediately let to ARM plc, and the investment should be sold during the current year.

Secondly, a 26,000 sq ft office development in Lower Grosvenor Place, London, being undertaken in joint venture with Grosvenor Developments Limited, is now under construction and lastly, a 100,000 sq ft industrial scheme in Sheffield upon which the various reclamation and enabling works have recently been completed prior to the commencement of development.

The principal focus of the company continues to be the securing of low risk developments to enable Redrow Commercial to achieve sustainable and profitable growth into the future.

Redrow Commercial has made further progress, increasing turnover to £11.1m and reporting operating profits in excess of £2.2m

Above Left
Liberty House, Maidenhead

Above Middle
Interior view of Llanelli shopping arcade

Right
Aerial view of Llanelli shopping centre

Land

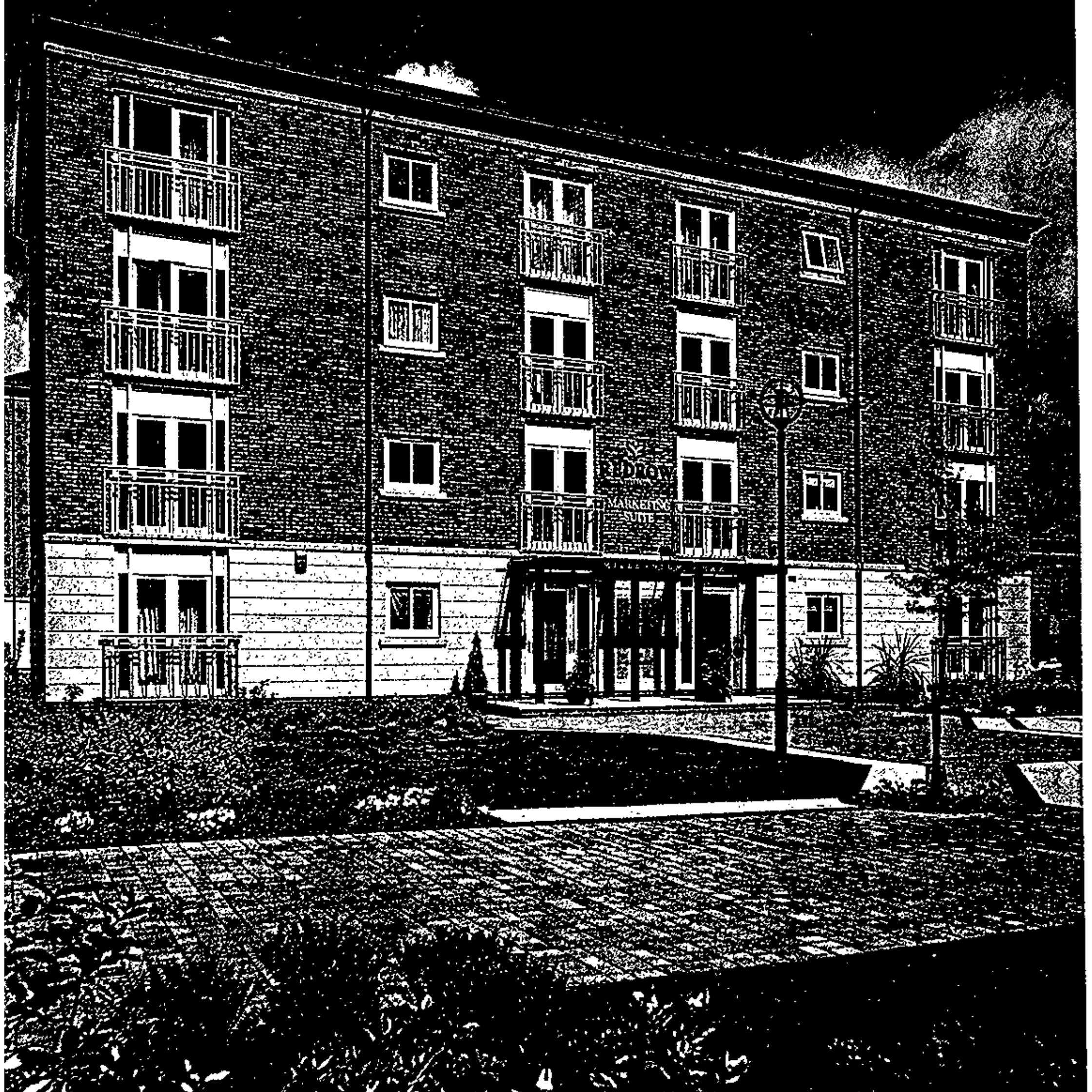
The current land bank has increased over the 12 month period from 10,150 plots to 11,700 plots

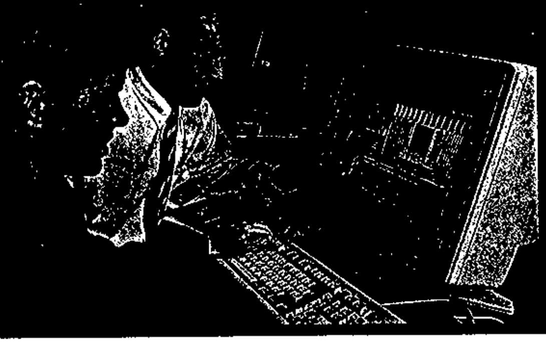
Land remains the lifeblood of the housing industry, and an adequate supply is an essential ingredient in maintaining the financial equilibrium. Through the adoption of ineffective planning policies and a focus on brownfield development without a system for delivering the appropriate planning consents, successive Governments have fuelled significant land price inflation. Whilst the formation of a task force to review 'Urban Renaissance' is to be welcomed from the viewpoint of revitalising our cities, the need to resolve significant planning delays is urgent and must be addressed as a matter of priority by this Government.

The current planning regime justifies more than ever our policy of securing land by private treaty, maintaining a strong forward land bank and controlling growth relative to the ability to expand our current land bank at a cost sustainable in relation to the sales market.

The current land bank has increased over the 12 month period from 10,150 plots to 11,700 plots, of which 9,200 are owned with planning consent, with a further 2,500 under contract awaiting, in the majority of cases, the granting of planning consent. During the year, 3,200 plots have been acquired for a total consideration of £71.5m, representing an average plot cost of £22,400. Due to the delays in the planning system previously referred to, only 300 of these plots have been sourced through the forward land route. The average plot cost of the land owned with planning consent has increased from £15,650 to £17,900, representing an increase, when compared with the annual historic sales price, from 16.7% to 18.2%. However, this increase largely reflects the redistribution of the land bank from one historically biased towards the North to one equally divided between the Northern and Southern companies, which in turn will support an increasing selling price in the future.

Forward land remains one of the cornerstones of the underlying philosophy of the Group. During the year, the forward land bank has been significantly expanded, the total acreage under control with a realistic prospect of securing planning permission increasing by over 25% to approximately 23,000 plots. These land holdings include approximately 5,000 plots which are currently allocated in draft Local Plans.





Staff

Above Left
The refurbished Gunners Row, Marine Gate, Portsmouth

Left
Luxury apartments at Millennium Wharf, Docklands

Above Right
Redrow technical staff using the latest CAD software

Whilst land may be the lifeblood of the housing industry, our employees are the force through which our profits are secured. With the growth of the Group, there is an ongoing requirement for additional professional and well trained staff. Whilst there will probably always be occasions where it is appropriate to recruit at a senior level from within the industry, the focus must be on the training and development of staff from within the Redrow Group. To further this objective, over the last two years structured training programmes have been implemented across the Group, covering all the individual disciplines together with management development. In addition, to complement the usual annual intake of apprentices, the Group will this year launch its graduate intake programme, welcoming in September twelve graduates with a wide cross section of academic qualifications.

Paul L Pedley, Managing Director

Financial review

Accounting policies and standards

The financial statements for the year ended 30 June 1998 and comparative figures for previous periods have been prepared in accordance with current financial reporting standards.

The Group has altered its accounting policy regarding goodwill to reflect the introduction of FRS 10 for which there was no effect on the current year results.

The other accounting policies remain consistent with those applied in 1997.

Trading

Group turnover increased by 21% to £307.2m as unit completions increased 14% and the overall average selling price improved from £93,700 to £98,400. In addition, turnover in the Commercial Division increased to £11.1m (1997: £7.1m).

In the Homes Division, completions were 381 up on last year at 3,010. Redrow Homes contributed 2,603 units (1997: 2,319) including 16 apartments at Park Heights, Jersey. These had an average selling price of £406,500 which contributed to an increase in the average selling price for Redrow Homes to £104,600 (1997: £99,300).

This increase was achieved despite a reduction in the average size of property reflecting a higher proportion of apartments in the London Docklands. Harwood Homes completed 407 units (1997: 310) at an average selling price of £58,600 (1997: £52,100) resulting from an improvement in the mix of sites in development and an increase in the average size of property.

Operating profit increased by 35% to £47.8m with margins improving to 15.6% (1997: 13.9%). The Commercial Division delivered an operating profit of £2.3m compared with £1.2m last year.

The UK housebuilding activities achieved operating margins of 15.0% (1997: 13.8%) due to improved gross margins which increased by 1.2%. The net level of option and pre development costs written off at £3.6m compared with £1.5m last year.

Having held cash balances throughout the first half of the year, the Group maintained a small level of gearing for much of the second half and net interest received for the year was £0.3m (1997: £0.7m) resulting in a profit before tax of £48.2m (1997: £36.1m).

Capital employed

Fixed assets increased by £3.8m as investments were made in property occupied by the Group at St David's Park and in the South East where leases on rented premises expired.

Land for development increased to £171.6m (1997: £147.1m) as plot numbers reached 9,200 (1997: 9,050). The Group maintained its policy of a 3 year landbank but the average plot cost increased to £17,900 (1997: £15,650). This uplift reflects a higher proportion of land holdings in the South but also higher average selling prices for the remaining landbank.

To enhance returns on capital employed, the Group continues to purchase land on deferred terms whenever possible. Land creditors at the year end were £30.6m (1997: £33.8m).

Work in progress investment was £94.7m (1997: £74.7m). The higher level reflected the turnover increase but also higher investment on the more capital intensive London Docklands and Jersey projects. There was a small increase in showhouse investment to £12.6m (1997: £11.4m) whilst the 40 (1997: 39) part exchange properties included in work in progress at £3.0m (1997: £2.2m) reflects the Group's limited use of this incentive.

Debtors were £7.6m (1997: £4.9m) and this year include monies repayable in respect of abnormal costs relating to a land acquisition. This sum of money is held in a stakeholder account by solicitors. Creditors increased to £105.4m (1997: £93.5m) and include an increase in both trade creditors reflecting activity levels and a higher corporation tax liability.

Overall, the Group has achieved an annual return on capital employed of 28.3% (1997: 25.5%) which remains at the forefront of the sector.

Cash flow

The Group's increased investment in land and work in progress of £45.6m was funded out of operating profits and overall, operating activities generated an inflow of £6.2m. Fixed asset investment together with tax and dividend payments resulted in a net cash outflow of £16.9m which left the Group at 30 June 1998 marginally borrowed at £2.7m. This represents gearing of only 1.4%.

Treasury

Each operating company within the Group has a bank account which is managed within an overall offset arrangement. The Head Office makes arrangements to borrow or invest the net funds at competitive rates. The Group had no exposure to interest rate swaps at 30 June 1998.

The Group maintains relationships with its lenders on a regular basis to keep them appraised of progress. There are currently £95m of committed unsecured banking facilities in place to cover potential investment and corporate opportunities. In addition, there are £50m of bonding and guarantee facilities provided by sureties in addition to the NHBC bond facility.

Taxation

The Group's effective tax rate for the year was 26.9% (1997: 29.7%) as benefits continue to be derived from losses within Redrow Homes (South East) established prior to its acquisition from Costain Group PLC. Tax losses of over £35m still remained at 30 June 1998.

Earnings per share and dividends

The increase in profit before tax and the reduction in the effective tax rate have contributed to a 38% increase in earnings per share to 15.7p (1997: 11.4p). The capital base was virtually unchanged as the weighted average number of shares in issue was 224.3m compared with 222.9m last year.

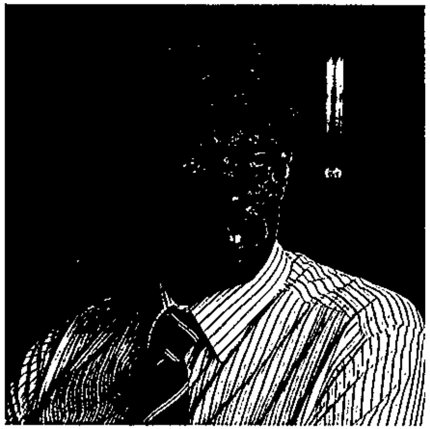
Compared with the standard rate of corporation tax of 31%, the effective tax rate provides a 0.9p benefit to earnings per share.

Subject to approval at the Annual General Meeting, a final dividend of 2.7p per share (1997: 2.4p per share) will be paid on 27 November 1998. The full year dividend will therefore be 4.05p per share (1997: 3.6p per share) representing a 12.5% increase. This gives dividend cover of 3.9 times (1997: 3.1 times) which reflects the Board's desire to maintain a progressive dividend policy.

Neil Fitzsimmons, *Finance Director*

Directors

Steve Morgan, *Chairman*



Paul Pedley, *Group Managing Director*

Neil Fitzsimmons, *Group Finance Director*

Greg Locke, *Southern Regional Chairman*

Steve Morgan OBE (Aged 45)

Chairman

Steve Morgan founded Redrow in 1974 at the age of 21. He has led the Group from being a small civil engineering contractor to the organisation that now exists. He has direct responsibility for overall strategy and is particularly involved in product development. He was awarded an OBE in 1992 for services to the construction industry.

Paul Pedley BSc, FCA (Aged 44)

Group Managing Director

Paul Pedley joined Redrow in 1985 and was appointed Finance Director in 1986. He became Deputy Chairman in 1990 and was appointed Group Managing Director in 1994. He has played a prominent part in the development of the Group, and is now responsible for the management of day-to-day operations.

Neil Fitzsimmons BA, ACA (Aged 39)

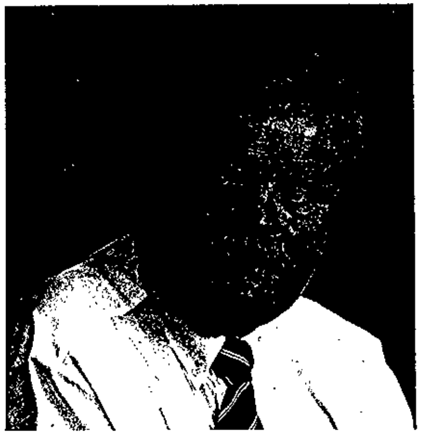
Group Finance Director

Neil Fitzsimmons joined Redrow in 1997 having previously been Group Finance Director of Raine plc from 1995 to 1997. He qualified as a Chartered Accountant with KPMG London in 1983 and has worked within the construction sector since leaving the profession in 1986. Neil joined the Group Board in June 1998.

Greg Locke ABEng (Aged 42)

Southern Regional Chairman

Greg Locke joined Redrow in 1991 to set up a new region in South Wales. He was Managing Director of Redrow Homes (SW) until 1993 when he took control of the newly acquired Redrow Homes (South East). He was promoted to Southern Regional Chairman in 1995 and joined the Group Board in March 1996.


Barry Harvey, *Northern Regional Chairman*


Bob Williams, *Non-Executive*


Robert Jones, *Non-Executive*


Jim Martin, *Non-Executive*

Barry Harvey (Aged 53)

Northern Regional Chairman

Barry Harvey rejoined Redrow in 1995 as Managing Director of Redrow Homes (Northern) and was promoted to Northern Regional Chairman in 1996. He was previously Managing Director of Redrow Homes between 1988 and 1990 and has extensive experience over a period of 28 years of the construction and housebuilding industries. Barry joined the Group Board in June 1998.

Bob Williams ARICS (Aged 48)

Non-Executive

Bob Williams joined Redrow in February 1995. He has over thirty years' experience of the property sector. In 1983 he joined Grand Metropolitan Plc and in 1986 was appointed Chairman and Managing Director of GrandMet Estates. He is currently Chairman and Chief Executive of Mill House Inns plc and a director of a number of other private businesses.

Robert Jones MA (Aged 47)

Non-Executive

Robert Jones joined Redrow in July 1997. He is a former Minister of State for Planning, Construction and Energy Efficiency and has dealt with planning issues at all levels of government. He was previously the Head of Research at the National House Building Council.

Jim Martin FCCA (Aged 55)

Non-Executive

Jim Martin joined Redrow in September 1997. He has been the Chief Executive of N Brown Group plc since 1984, having held other senior positions within the company from 1973. He previously worked for Unilever and Dunlop.

Directors' report

The Directors have pleasure in presenting to the members their report and the financial statements for the year ended 30 June 1998.

Principal activities and business review

The principal activities of the Group are housebuilding and commercial development.

Turnover and profit on ordinary activities before taxation are stated at £307,233,000 and £48,158,000 respectively. After providing for taxation of £12,974,000 and paying an interim dividend of £3,028,000, the Directors recommend a final dividend of £6,057,000 and the transfer of the balance of £26,099,000 to reserves.

A detailed review of the Group's activities during the year and of its prospects is contained within the Chairman's Statement, Managing Director's Review and Financial Review.

Statement of Directors' responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit for that period. In preparing the financial statements the Directors ensure that suitable accounting policies have been used and applied consistently, that reasonable and prudent judgements and estimates have been made and that applicable accounting standards have been followed. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. The Directors are responsible for maintaining adequate accounting records, and are also responsible for taking such steps and instituting and maintaining such systems and controls as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Going concern

The Directors are satisfied the Group has adequate resources to continue its operations and trade for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Substantial shareholding

Bridgemere Holdings Limited, a company owned by S P Morgan, holds 31.3% of the issued ordinary share capital. This holding is disclosed within the beneficial interest of S P Morgan amounting to 34.7% of the issued ordinary share capital.

The Prudential Corporation group of companies hold a 4.1% non-material interest in the issued ordinary share capital.

The Company has not received notification that any other person had, either at 30 June 1998 or 31 August 1998, more than a 3.0% material interest in the issued ordinary share capital.

Directors

The Directors are listed together with their biographical details on pages 22 and 23.

N Fitzsimmons and B K Harvey were appointed Directors on 2 June 1998.

I A Macdonald resigned as a Director on 31 December 1997 and A W Lewis resigned as a Director on 2 June 1998.

In accordance with Article 79 of the Articles of Association, N Fitzsimmons and B K Harvey will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 84 of the Articles of Association, G H Locke and R G Williams will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

The Executive Directors have formal service agreements. Termination of their employment may be effected by six months' notice given by either party.

Directors' interests

Directors' interests in Group transactions are separately disclosed in Note 21 to the financial statements.

The Directors' interests in the ordinary shares of the Company are given in the Remuneration Report on pages 29 to 32.

Fixed assets

Movements in the Group's fixed assets during the year are summarised in Note 9 to the financial statements.

Charitable and political donations

The Group made no political donations but made charitable donations of £257,453 during the year. In addition, the Group and its employees are actively involved in fund-raising activities for specific charities.

Employees

Training and career development is available, equally and without discrimination, to all levels and categories of staff.

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

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

Employee share ownership is encouraged through savings related and other employee share schemes.

Insurance of officers

The Company has maintained liability insurance for its officers throughout the year.

Creditors payment policy

It is the Group's policy to agree credit terms at the commencement of any trading relationship and thereafter pay creditors strictly within those terms.

At 30 June 1998, the Group had 44 days' purchases outstanding in trade creditors (1997: 43 days).

Year 2000

A Year 2000 programme has been established to identify the effect that the Year 2000 will have on the Group's computer systems, services and products.

The Group expects to have completed a review of its internal systems well in advance of Year 2000 and is seeking assurances from major suppliers regarding their compliance.

The cost of the Year 2000 programme is not expected to be significant.

European Monetary Union (EMU)

We are considering the implications to the business of the introduction of EMU. At this stage, the cost to the Group is not expected to be significant.

Environmental policy

The Directors recognise the importance of environmental issues and seek to protect and enhance the environment where possible.

Environmental issues are addressed at the land appraisal stage to ensure that any concerns are considered at the earliest possible opportunity and taken account of in the planning and building of the development.

Notice of Annual General Meeting

Auditors

Our auditors, Coopers & Lybrand, merged with PriceWaterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the Directors appointed the new firm PricewaterhouseCoopers as auditors. Resolution 7 set out in the Notice of Annual General Meeting on pages 47 and 48 proposes to reappoint PricewaterhouseCoopers as auditors.

Share Capital

Resolutions 8, 9 and 10 set out in the Notice of Annual General Meeting on pages 47 and 48 concern the Company's share capital.

Resolution 8 – authority to allot shares

Under the Companies Act 1985, the Directors of the Company may only allot unissued shares if authorised to do so by the shareholders in a General Meeting. Resolution 8 renews the Directors' existing authority by authorising the Directors to allot shares up to an aggregate nominal amount of £7,745,183 which such authority shall expire on the date of the next Annual General Meeting of the Company. This represents 77,451,830 ordinary shares of 10p each and is equivalent to approximately 35% of the Company's current issued ordinary share capital. Except in relation to the issue of ordinary shares arising from the exercise of options under the Company's employee share option schemes, the Directors have no present intention of issuing any of the authorised but unissued ordinary shares of the Company.

Resolution 9 – limited authority to allot shares for cash

The Directors may only allot shares for cash to persons who are not already shareholders in the Company if authorised to do so by the shareholders in a General Meeting.

This resolution renews authority for the Directors to allot shares for cash without first offering them to existing members up to an aggregate nominal amount of £1,121,618. This sum represents 11,216,180 ordinary shares of 10p each, being equivalent to approximately 5% of the Company's current issued ordinary share capital.

The resolution also enables the Directors to modify the strict requirements for a rights issue in circumstances where they consider it necessary or expedient.

The authority will expire on whichever is the earlier of the conclusion of the next Annual General Meeting or 25 February 2000.

Resolution 10 – purchase of the Company's own shares

This resolution seeks authority from shareholders for the Company to purchase up to 22,432,367 ordinary shares, an aggregate nominal amount of £2,243,237, which is equivalent to approximately 10% of the Company's issued ordinary share capital. The authority will expire at the end of next year's Annual General Meeting and the resolution specifies the maximum and minimum prices at which the shares may be bought. Other investment opportunities, appropriate gearing levels and the overall financial position of the Company will be taken into account before deciding upon this course of action. Any shares purchased in this way will be cancelled and the number of shares in issue will accordingly be reduced. The Directors have no immediate intention of exercising the proposed authority when it becomes effective, but believe that the ability of the Company to buy its own shares if, in the Directors' opinion, market prices do not reflect the Company's worth, will be in the best interests of the Company and its shareholders. The Directors intend to exercise this power only if they believe the effect of such purchases will increase earnings per ordinary share.

The authority will expire on whichever is the earlier of the conclusion of the next Annual General Meeting or 25 November 1999.

By order of the Board

R E Walker
Secretary

R E Walker

14 September 1998

Corporate governance statement

Board and Committees

The Board of Redrow Group plc comprises five Executive and three Non-Executive Directors. It is responsible to the shareholders for the management of the Company and for the protection of its assets. The Board meets regularly on a formal basis. S P Morgan is Chairman and P L Pedley is Group Managing Director.

The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees, the members of which are the following Directors:

Audit Committee
R G Williams (Chairman)
R B Jones
J Martin

Remuneration Committee
J Martin (Chairman)
R G Williams
R B Jones

Nomination Committee
R B Jones (Chairman)
S P Morgan
R G Williams
J Martin

The responsibilities of the Audit Committee include the appointment of and liaison with external auditors, the review of annual and interim financial statements, the review of the Company's statement on internal financial control and the consideration of any major findings of internal investigations.

The responsibilities of the Remuneration Committee include the agreement of terms of employment of the Directors of the Company, the granting of bonuses, share options or share incentive plans to the Directors of the Company as may be appropriate from time to time and the appointment or removal of any trustee of any pension or retirement benefit scheme of the Company and of its subsidiaries.

The responsibilities of the Nomination Committee include the identification and recommendation to the Board of suitable Executive and Non-Executive Directors.

Cadbury Report

Redrow Group plc complies with the Code of Best Practice in the Report of the Committee on the Financial Aspects of Corporate Governance.

Combined Code

The Hampel Committee published its report on Corporate Governance in January 1998. The Stock Exchange subsequently incorporated into the Listing Rules a Code of Practice based on the Cadbury, Greenbury and Hampel reports known as the Combined Code on Corporate Governance.

The Combined Code applies to accounting periods ending on or after 31 December 1998. The Board considers that it already meets the majority of the requirements and will report on compliance with the Combined Code in this statement next year.

Internal financial control

The Board of Directors recognises its overall responsibility for the Group's systems of internal control and for monitoring their effectiveness. Key business activities including land acquisition, product design, specification and information technology are controlled by the Group Executive Directors. All activity is organised within a defined structure with formal lines of responsibility and delegation of authority.

A Policy and Procedures Manual is in place which describes the systems that are applied across the Group. The Manual is regularly reviewed and updated at Group functional meetings.

The systems regarding internal financial control include:

- Defined levels of authority for the acquisition of development land.
- Annual budgets with quarterly reviews approved at Regional and Group Board level.
- Monthly consideration by the Regional and Group Boards of actual results compared with budgets and forecasts.
- Weekly distribution of sales and production statistics to the Executive Directors.
- Daily statements of reconciled cash position and cash flow projections for the consideration of the Executive Directors.

Adherence to prescribed policies and procedures and the Group's systems of internal financial control are monitored by the Group's internal audit function. Internal audit reports are distributed to the Group Board and the Group's auditors.

The Board of Directors and the Audit Committee have responsibility for reviewing the effectiveness of the systems of internal control in the context that internal financial controls can provide reasonable but not absolute assurance against material financial misstatement or loss. The Audit Committee's responsibility is achieved primarily through a review of the annual and interim financial statements, a review of the nature and scope of the external audit and the monitoring of the internal audit function and reports.

To Redrow Group plc

In addition to our audit of the financial statements, we have reviewed the Directors' statements on pages 24 and 27 on the Company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v).

Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Group's system of internal financial control or its corporate governance procedures, nor on the ability of the Group and Company to continue in operational existence.

Opinion

With respect to the Directors' statements on internal financial control on pages 27 and 28 and going concern on page 24, in our opinion the Directors have provided the disclosures required by the Listing Rules referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Directors and officers of the Company, and examination of relevant documents, in our opinion the Directors' statements on pages 27 and 28 appropriately reflect the Company's compliance with the other paragraphs of the Code specified for our review by Listing Rule 12.43(j).

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants, Manchester

14 September 1998

Remuneration report

Remuneration Committee

The Remuneration Committee has overall responsibility for remuneration policy and specific responsibility for determining the remuneration of the Group Executive Directors. All the Non-Executive Directors, who are listed on page 23, are members of the Remuneration Committee. J Martin is Chairman of the Committee.

In the view of the Committee, the Company has complied throughout the accounting period with Section A of, and in framing its remuneration policy the Committee has given full consideration to Section B of, the Best Practice Provisions annexed to the Listing Rules of the London Stock Exchange.

Remuneration policy

The Group provides competitive remuneration packages at all levels in order to attract, retain and motivate staff who are expected to meet high levels of performance.

Service contracts

Group Directors and senior executives have service agreements which may be terminated by either party by the giving of formal notice of six months and three months respectively.

Salaries

Salaries are reviewed in June and, inclusive of merit rises, were increased by an average of $4^1/_2$% as from 1 July 1998.

Senior employees receive further benefits commensurate with the needs of the job and with employment market conditions. These include fully expensed cars and private health provisions.

Executive incentive schemes

The Redrow Long Term Share Incentive Plan (the 'LTSIP') was approved by shareholders at the Company's Annual General Meeting on 17 November 1995 and was introduced for years ended 30 June 1996 onwards.

Under the LTSIP, Directors and senior executives earn performance related bonuses in Redrow shares. Performance is measured against predetermined targets appropriate to the ongoing profitability of specific business units. The shares awarded will have a value of up to 25% of salary earned during the year, subject to seniority and measured performance.

For years ended 30 June 1997 onwards, the shares will be held in trust for a minimum period of one year and thereafter will become available to the Directors and senior executives. However, they may choose to leave the shares in trust thereby earning additional incentive shares. The value of these incentive shares will depend on the value of the initial share bonus, seniority and the period of time held in trust. As a result, the initial earned share bonus could be increased between 25% and 100% in value after up to a further three years by the addition of these incentive shares.

Further details on remuneration and share options are provided in Note 7 to the financial statements.

Save As You Earn

All employees are eligible to participate in the Redrow Sharesave Scheme under which employees are periodically invited to enter into a savings contract which, on completion after three, five or seven years, can be used to exercise share options granted at the start of the contract.

Directors' emoluments

	Fees	Salary	Benefits	Bonus 1998	Bonus Deferred	1998 Total	1997 Total
	£000	£000	£000	£000	£000	£000	£000
Executive Directors							
S P Morgan	–	–	–	–	–	–	78
P L Pedley	–	230	9	49	15	303	253
N Fitzsimmons	–	10	1	1	–	12*	–
G H Locke	–	150	7	34	11	202	170
B K Harvey	–	11	1	1	–	13*	–
A W Lewis	–	96	11	18	5	130*	124
Non-Executive Directors							
R G Williams	18	–	–	–	–	18	17
R B Jones	35	–	–	–	–	35*	–
J Martin	12	–	–	–	–	12*	–
I A Macdonald	13	–	–	–	–	13*	25
	78	497	29	103	31	738	667

* The amounts stated relate to a period of service as a Director of the Company of less than twelve months.

Steve Morgan waived his emoluments as from 1 January 1997 and therefore he received no emoluments during the year.

The amounts described as bonuses comprise two components. Firstly, the value of the initial shares earned by each Director participating in the LTSIP for the year ended 30 June 1998. When a Director has served an additional year with Redrow, further incentive shares will be provided. These will be available at the end of each of the first, second and third years and as a result, the value of the initial shares could be doubled by the addition of these shares. Secondly, the value of the further incentive shares provided at the end of the first year for Directors participating in the LTSIP for the year ended 30 June 1997, identified as deferred bonus in the above table.

There were no fees paid to third parties (1997: £10,000).

Directors' interests in shares

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

Beneficial:	At 30 June 1998		At 30 June 1997	
S P Morgan	77,844,232	34.7%	77,844,232	34.7%
P L Pedley	450,000		500,000	
G H Locke	34,950		105,950	
R G Williams	1,000		1,000	
R B Jones	5,000		5,000*	
J Martin	10,000		–*	

* The interests stated represent those as at date of appointment as a Director of the Company.

There has not been any movement in the Directors' interests between 30 June 1998 and 31 August 1998.

Pursuant to the requirements of the Companies Act 1985, P L Pedley, N Fitzsimmons, G H Locke and B K Harvey are deemed to be interested in the shares held for the purposes of the LTSIP. The interest was in 811,381 ordinary shares at 30 June 1998 (229,360 at 30 June 1997) and 913,407 ordinary shares at 31 August 1998 (413,644 at 31 August 1997).

Directors' interests in share options

Director	Scheme	Options held at 1 July 1997	Options granted in year	Options exercised in year	Options held at 30 June 1998	Exercise price	Date from which exercisable	Expiry date
P L Pedley	1992	475,000	—	—	475,000	39.26p	17 Feb 1997	16 Feb 2004
	1992	50,000	—	—	50,000	126.00p	22 Nov 1998	21 Nov 2005
	LTSIP 1996	20,977	—	—	20,977	—	16 Sep 1996	15 Sep 2003
	LTSIP 1997	—	26,706	—	26,706	—	30 Jun 1998	14 Sep 2004
		545,977	26,706	—	572,683			
N Fitzsimmons	SAYE	—	5,064*	—	5,064	154.00p	1 Dec 2000	31 May 2001
		—	5,064	—	5,064			
G H Locke	1992	10,000	—	—	10,000	102.00p	1 Dec 1997	30 Nov 2004
	1992	15,000	—	—	15,000	126.00p	22 Nov 1998	21 Nov 2005
	SAYE	15,333	—	—	15,333	90.00p	1 Jun 2000	30 Nov 2000
	LTSIP 1996	9,712	—	—	9,712	—	16 Sep 1996	15 Sep 2003
	LTSIP 1997	—	19,288	—	19,288	—	30 Jun 1998	14 Sep 2004
		50,045	19,288	—	69,333			
B K Harvey	LTSIP 1997	—	11,128*	—	11,128	—	30 Jun 1998	14 Sep 2004
		—	11,128	—	11,128			

* The interests stated represent options granted prior to date of appointment as a Director of the Company.

The options stated as being exercisable from 1 December 1997 and 22 November 1998 are exercisable subject to the earnings per share performance of the Group exceeding the change in RPI by 2% per annum.

The following share options were exercised during the year:

Director	Date of exercise	Number of options	Exercise price	Mid market price on date of exercise	Gain on exercise £
A W Lewis	8 October 1997	34,200	15.53p	169.50p	52,658
	8 October 1997	33,250	25.16p	169.50p	47,993
	8 October 1997	14,250	39.26p	169.50p	18,559
		81,700			119,210

No options lapsed during the year. The mid market price of the shares at 30 June 1998 was 149½p and the range during the year was 198p (high) and 138½p (low).

Directors' contingent interests in share options

As referred to in Note 22 to the financial statements, further incentive shares may be made available to Directors and senior executives achieving further service with Redrow. The value of these further incentive shares in respect of the Directors are:

	LTSIP 96 £000	LTSIP 97 £000	LTSIP 98 £000	Total £000
P L Pedley	28	30	49	107
N Fitzsimmons	–	–	11	11
G H Locke	13	22	34	69
B K Harvey	–	12	7	19

Pension Scheme

Membership of the Redrow Staff Pension Scheme is open to all salaried staff. The Scheme is contributory at the rate of 5% of pensionable salary and can enable members to achieve the maximum pension of two-thirds of their salary after 40 years' service. The Scheme also provides substantial salary protection in the event of prolonged ill-health and lump sum and dependants' pension in the event of death in service.

Normal retirement age is 65. However, members are able to retire at 60 without an actuarial discount to their pension, subject to Board approval and adequate funding of the Scheme.

Employer contributions during the year averaged 8% of salaries.

All the Executive Directors of the Company are members of the Scheme on the same terms as other members. Details of the Executive Directors' pension entitlements are as follows:

Director	Accrued pension at 30 June 1998 £	Increase in accrued pension during the year £	Transfer value of increase £
S P Morgan	37,733	2,648	9,535
P L Pedley	42,481	5,705	16,105
N Fitzsimmons*	1,737	1,737	5,396
N Fitzsimmons – capped*	1,181	1,181	2,537
G H Locke	17,917	4,556	19,399
G H Locke – capped	10,463	1,830	4,571
B K Harvey*	4,667	1,889	12,742
B K Harvey – capped*	3,893	1,560	9,771

* The amounts stated include pension entitlement earned prior to date of appointment as a Director of the Company.

Notes:

(i) The pension entitlement shown is the amount that would be paid each year on retirement at age 65 based on service to the end of the current year.

(ii) The increase in accrued pension during the year excludes any increase for inflation.

(iii) The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11, less Director's contributions.

(iv) As N Fitzsimmons, G H Locke and B K Harvey are subject to the earnings cap, figures are also shown based on pensionable salary being restricted to £87,600. (Shown as – capped).

(v) A W Lewis, who resigned as a Director on 2 June 1998, had an accrued pension on resignation of £35,111, representing an increase during the period of £2,775, the transfer value of which was £6,004.

By order of the Board

J Martin
Chairman, Remuneration Committee

14 September 1998

Auditors' report

To The Members of Redrow Group plc

We have audited the financial statements on pages 34 to 45.

Respective responsibilities of Directors and Auditors

As described on page 24, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 June 1998 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors, Manchester

14 September 1998

Consolidated profit and loss account

12 months ended 30 June 1998	Note	1998 £000	1997 £000
Turnover – continuing operations	1	307,233	254,793
Cost of sales		(240,797)	(203,512)
Gross profit		66,436	51,281
Administrative expenses		(18,623)	(15,890)
Operating profit – continuing operations	1	47,813	35,391
Interest receivable	3	345	711
Profit on ordinary activities before taxation	1, 2	48,158	36,102
Tax on profit on ordinary activities	4	(12,974)	(10,715)
Profit on ordinary activities after taxation	2	35,184	25,387
Dividends	5	(9,085)	(8,080)
Profit retained	15, 16	26,099	17,307
Earnings per ordinary share	6	15.7p	11.4p
Dividends per ordinary share	5	4.05p	3.6p

There are no recognised gains or losses other than as shown above.

Balance sheets

As at 30 June 1998	Note	The Group 1998 £000	The Group 1997 £000	The Company 1998 £000	The Company 1997 £000
Fixed assets	9				
Tangible assets		10,919	7,132	—	—
Investments		94	94	107,611	81,568
		11,013	7,226	107,611	81,568
Current assets					
Stocks and work in progress	10	274,735	229,128	—	—
Debtors	11	7,645	4,875	78,334	69,070
Bank and cash deposits		—	14,158	10,267	18,653
		282,380	248,161	88,601	87,723
Creditors due within one year	12	(94,192)	(81,396)	(8,223)	(7,460)
Net current assets		188,188	166,765	80,378	80,263
Total assets less current liabilities		199,201	173,991	187,989	161,831
Creditors due after more than one year	13	(11,199)	(12,149)	—	—
Provisions for liabilities and charges	4	(13)	(11)	—	—
Net assets	1	187,989	161,831	187,989	161,831
Capital and reserves	14, 15				
Called up share capital		22,432	22,420	22,432	22,420
Share premium account		49,664	49,617	49,577	49,530
Revaluation reserve		320	327	—	—
Revaluation of shares in subsidiary companies		—	—	107,545	81,502
Capital redemption reserve		215	215	215	215
Consolidation reserve		893	893	—	—
Profit and loss account		114,465	88,359	8,220	8,164
Equity shareholders' funds	16	187,989	161,831	187,989	161,831

The financial statements were approved by the Board of Directors on 14 September 1998.

P L Pedley

N Fitzsimmons *Directors*

Consolidated cash flow statement

12 months ended 30 June 1998	Note	1998 £000	1997 £000
Cash inflow from operating activities	17	6,215	15,285
Returns on investments and servicing of finance			
Interest received		630	892
Interest paid		(280)	(176)
Net cash inflow from returns on investments and servicing of finance		350	716
Taxation			
Corporation tax paid		(10,706)	(7,325)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	9	(4,381)	(729)
Sale of tangible fixed assets		15	4
Net cash outflow for capital expenditure and financial investment		(4,366)	(725)
Dividends paid		(8,409)	(7,576)
Cash (outflow)/inflow before financing		(16,916)	375
Financing			
Issue of ordinary share capital		59	607
Third party loans		—	(125)
Net cash inflow from financing		59	482
(Decrease)/Increase in cash in period		(16,857)	857
Reconciliation of net cash flow to movement in net (debt)/cash	18		
(Decrease)/Increase in cash in period		(16,857)	857
Cash used to repay third party loans		—	125
Change in net cash resulting from cash flows		(16,857)	982
Net cash at 1 July		14,158	13,176
Net (debt)/cash at 30 June		(2,699)	14,158

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which are applied consistently, is set out below.

(a) **Basis of accounting**
The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain freehold properties and the investment in subsidiary and associated companies.

(b) **Basis of preparation and consolidation**
The Group financial statements incorporate the financial statements of Redrow Group plc and all its subsidiaries for the year ended 30 June 1998.

The results of subsidiaries acquired or disposed of during the year are included from or up to the date of acquisition or disposal. On the acquisition of a subsidiary, fair values are attributed to the net assets acquired. Prior to the introduction of FRS 10 'Goodwill and Intangible Assets', the difference between the consideration paid and these values was transferred to reserves. Since the introduction of FRS 10, the difference is capitalised and amortised.

Prior to the introduction of FRS 10, goodwill amounting to £420,000 was transferred to reserves.

(c) **Turnover and profit recognition**
Turnover represents sales of residential housing and commercial developments.

Profit is recognised on legal completion.

(d) **Interest on borrowings**
Interest is written off when incurred.

(e) **Fixed assets**

(1) Freehold properties are included at cost or valuation with the buildings element depreciated on a reducing balance basis at an annual rate of 2%.

(2) All other assets are depreciated on a reducing balance basis over their expected useful lives at the following principal annual rates:

Fixtures and fittings	20%-35%
Plant and machinery	20%-30%

(3) The investment in subsidiary and associated companies represents the book value of the underlying net assets, the surplus or deficit arising on the revaluation being transferred to non-distributable reserves. This basis of valuation has been adopted so as to present more fairly the investment by the Company in these companies.

(f) **Stocks and work in progress**
Stocks and work in progress are stated at the lower of cost and net realisable value, cost including materials, labour and subcontract work.

(g) **Forward land**
All expenditure relating to forward land, including options, fees etc. is written off when incurred. On exercise of an option with planning permission, the costs relating to that land are written back.

(h) **Deferred taxation**
Deferred taxation is provided at the anticipated tax rates on differences which arise from the recognition of income and expenditure in differing periods for taxation and accounting purposes, except where the deferment is expected to continue in the future.

(i) **Pension scheme**
The Group operates a contributory pension scheme for all its salaried staff. The scheme is externally invested and the funds of the scheme are administered by trustees. The Group's contributions to the scheme, which are made in accordance with the recommendations of independent actuaries, are charged against profits in accordance with Statement of Standard Accounting Practice No. 24. Further disclosures are contained within Note 7 to the financial statements.

(j) **Operating leases**
Costs in respect of operating leases are charged against profit on a straight line basis over the lease term.

Notes to the financial statements

Note 1. Segmental Information

	1998 £000	1997 £000
Turnover		
Homes	296,084	247,701
Commercial	11,149	7,092
	307,233	254,793
Operating profit		
Homes	45,539	34,182
Commercial	2,274	1,209
	47,813	35,391
Profit on ordinary activities before taxation		
Homes	45,883	34,880
Commercial	2,275	1,222
	48,158	36,102
Net assets		
Group	81,328	81,584
Homes	103,177	77,746
Commercial	3,484	2,501
	187,989	161,831

All segmental information relates to continuing operations

Note 2. Profit on Ordinary Activities

	1998 £000	1997 £000
Profit on ordinary activities before taxation is stated		
After crediting:		
Rental income	271	181
After charging:		
Depreciation	575	480
Loss on disposal of fixed assets	4	4
Plant hire	2,786	2,586
Operating leases – plant and machinery	1,446	1,130
– other	94	135
Auditors' remuneration – audit of company	6	6
– audit of subsidiary companies	62	55
– other	17	10

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of Redrow Group plc is not presented as a part of these financial statements. The consolidated profit on ordinary activities after taxation for the financial year, excluding intra-Group dividends, is made up as follows:

	1998 £000	1997 £000
Holding company	57	45
Subsidiary companies	35,127	25,342
	35,184	25,387

Note 3. Interest

	1998 £000	1997 £000
Payable on overdrafts	(249)	(163)
Payable on other loans	(31)	(13)
	(280)	(176)
Receivable	625	887
	345	711

Note 4. Tax on Profit on Ordinary Activities

	1998 £000	1997 £000
(a) UK Corporation tax at 31% (1997: 32½%)		
Current year	12,656	10,718
Prior year	316	—
Deferred taxation	2	(3)
	12,974	10,715

Tax losses exist within Redrow Homes (South East) Limited which reduce the tax liability of the Group. Under the agreement dated 16 July 1993 for the acquisition of Redrow Homes (South East) Limited from Costain Group PLC, further consideration is payable as the tax losses of that company are utilised. These amounts are included in the above figures.

At 30 June 1998, tax losses of over £35m still remained.

(b) The potential amounts of deferred taxation, for which full provision has been made in the financial statements, are:

	The Group 1998 £000	The Group 1997 £000	The Company 1998 £000	The Company 1997 £000
Capital allowances in excess of depreciation	13	11	—	—

No provision has been made for the further liability to taxation which would arise if the Group's properties were realised at the valuation included in the consolidated financial statements, since there is no intention to dispose of the properties.

(c) Movement in provision for deferred taxation	1998 £000	1997 £000
At 1 July	11	14
Profit and loss account	2	(3)
At 30 June	13	11

Note 5. Dividends

	1998 £000	1997 £000
Interim of 1.35p (1997: 1.2p) per share	3,028	2,699
Final proposed of 2.7p (1997: 2.4p) per share	6,057	5,381
	9,085	8,080

The interim dividend of £3,028,000 was paid on 22 May 1998 and the final dividend of £6,057,000 will be paid on 27 November 1998, subject to approval.

Note 6. Earnings per Ordinary Share

The calculation of earnings per ordinary share of 15.7p (1997: 11.4p) is based on Group profit on ordinary activities after taxation of £35,184,000 (1997: £25,387,000) and on the weighted average number of 10p ordinary shares of 224,285,008 (1997: 222,894,505).

Fully diluted earnings per share are not materially different from the above.

Note 7. Employees

(a) Cost (including Directors)	1998 £000	1997 £000
Salaries and wages	18,568	15,065
Social security	1,551	1,281
Pensions	817	608
	20,936	16,954

(b) Number

	1998 Number	1997 Number
The average number of persons employed by the Group was:		
Directors and administrative staff	435	386
Other personnel	591	481
	1,026	867

(c) Share options

The following share options were outstanding as at 30 June 1998:

Type of Scheme	Date of Grant	Number of Shares	Exercise price
Executive Share Option	17 August 1992	45,600	15.53p
Executive Share Option	4 August 1993	85,500	25.16p
Executive Share Option	17 February 1994	513,000	39.26p
Executive Share Option	1 December 1994	108,000	102.00p
Executive Share Option	22 November 1995	248,000	126.00p
Long Term Share Incentive	16 September 1996	93,624	—
Long Term Share Incentive	15 September 1997	304,981	—
Save As You Earn	1 August 1994	173,085	121.50p
Save As You Earn	1 June 1995	772,175	90.00p
Save As You Earn	1 December 1996	113,315	120.60p
Save As You Earn	1 December 1997	219,992	154.00p

The total share options outstanding at 30 June 1998 under the Executive Share Option, the Long Term Share Incentive and the Save As You Earn Schemes is 1.2% of the issued share capital.

Except in specified circumstances, options granted under the executive schemes are exercisable between 3 and 10 years after the date of grant. The Save As You Earn options are exercisable at the end of a three, five or seven year savings contract.

The options granted on 1 December 1994 and 22 November 1995 are exercisable subject to performance criteria being met.

(d) Pension scheme

The Redrow Staff Pension Scheme is a funded, self-administered, defined benefits scheme and is contracted-out of the State scheme. The pension charge for the year was £817,000 (1997: £608,000).

An independent actuarial valuation was undertaken as at 1 January 1997. The method used was the Projected Unit Method. The main assumptions were an investment return of 9% per annum compound, salary increases of 7½% per annum compound and mortality in accordance with experience of similar schemes. In the opinion of the Actuary, the Scheme's assets cover the benefit liabilities in accordance with the Scheme Rules and with a funding level of 155%.

Following the abolition of tax credits to Pension Schemes in the 1997 Finance Act, an independent actuarial review reported a reduction in the funding level from 155% to 128%.

As at 1 January 1998, the Scheme had 441 active and pensioner members and a market value of £16,934,000.

Note 8. Directors

Details of Directors' emoluments and interests in shares and share options are included in the Remuneration Report on pages 29 to 32.

Note 9. Fixed Assets

(a) Tangible assets – Group	Freehold property £000	Plant & machinery £000	Fixtures & fittings £000	Total £000
Cost or valuation				
At 1 July 1997	6,246	910	2,170	9,326
Additions	3,701	256	424	4,381
Disposals	–	(39)	(23)	(62)
At 30 June 1998	9,947	1,127	2,571	13,645
Depreciation				
At 1 July 1997	355	697	1,142	2,194
Charge	109	108	358	575
Disposals	–	(27)	(16)	(43)
At 30 June 1998	464	778	1,484	2,726
Net book value				
At 30 June 1998	9,483	349	1,087	10,919
At 30 June 1997	5,891	213	1,028	7,132

All assets are stated at cost with the exception of certain freehold properties which were valued as at 30 June 1989 on an open market basis. The directors are of the opinion that these valuations have not changed significantly in the intervening period.

Freehold property at 30 June 1998 of £9,947,000 comprised £650,000 stated at valuation and £9,297,000 stated at cost. The aggregate historic cost was £9,592,000 and the aggregate historic cost depreciation was £429,000.

Note 9. Fixed Assets continued

(b) Investments

	The Group 1998 £000	The Group 1997 £000	The Company 1998 £000	The Company 1997 £000
Subsidiary companies	—	—	107,611	81,568
Other investments	94	94	—	—
	94	94	107,611	81,568

(c) Investments – movements

	The Group £000	The Company £000
(1) Subsidiary companies		
At 1 July 1997	—	81,568
Increase in net asset value	—	26,043
At 30 June 1998	—	107,611
(2) Other investments		
At 1 July 1997 and 30 June 1998	94	—

(d) The Group operates within Great Britain and Jersey. The principal subsidiary companies are detailed in the Corporate Information on page 49. All are incorporated in Great Britain except for Redrow Homes (Jersey) Limited which is incorporated in Jersey.

The capital of all the subsidiary companies, consisting of ordinary shares, is wholly owned. Redrow Holdings Limited and Redrow Group Services Limited are directly owned by Redrow Group plc.

(e) At 30 June 1998, the Group held the following interests in associated companies:

Name of company	Description of shares held	Proportion of nominal value of ordinary shares held	Accounting year end
Paycause Limited	Ordinary shares of £1	33⅓%	31 March

Paycause Limited operates and is incorporated in Great Britain and is engaged in the development of land for residential purposes. It is a joint venture with Alfred McAlpine Plc (33⅓%) and Wainhomes plc (33⅓%). The Redrow shares are owned by Redrow Homes (Northern) Limited.

(f) Other investments at 30 June 1998 comprise capitalised ground rents.

Note 10. Stocks and Work in Progress

	The Group 1998 £000	The Group 1997 £000	The Company 1998 £000	The Company 1997 £000
Land for development	171,612	147,071	—	—
Work in progress	94,708	74,665	—	—
Stock of showhomes	12,577	11,367	—	—
	278,897	233,103	—	—
Cash on account	(4,162)	(3,975)	—	—
	274,735	229,128	—	—

Work in progress includes £3.0m (1997: £2.2m) in respect of part exchange properties.

Note 11. Debtors

	The Group 1998 £000	The Group 1997 £000	The Company 1998 £000	The Company 1997 £000
Trade debtors	3,717	1,262	—	—
Amounts owed by subsidiary companies	—	—	78,319	69,041
Other debtors	3,372	3,022	4	18
Prepayments	556	591	11	11
	7,645	4,875	78,334	69,070

Other debtors include an amount of £450,000 (1997: £450,000) due in more than one year.

Note 12. Creditors due within one year

	The Group 1998 £000	The Group 1997 £000	The Company 1998 £000	The Company 1997 £000
Bank borrowings	2,699	—	—	—
Trade creditors	49,703	39,990	—	—
Amounts due in respect of development land	19,419	21,606	—	—
Amounts owed to subsidiary companies	—	—	1,892	1,924
Other creditors	483	524	—	—
Advance corporation tax	2,271	2,017	—	—
Current corporation tax	10,094	8,080	67	4
Other taxation and social security	700	586	35	20
Accruals	2,766	3,212	172	131
Proposed final dividend	6,057	5,381	6,057	5,381
	94,192	81,396	8,223	7,460

Amounts payable to Costain Group PLC (Note 4) are included in current corporation tax.

Note 13. Creditors due after more than one year

	The Group 1998 £000	The Group 1997 £000	The Company 1998 £000	The Company 1997 £000
Amounts due in respect of development land	11,199	12,149	—	—

Note 14. Share Capital

	1998 £000	1997 £000
Authorised 330,000,000 ordinary shares of 10p each (1997: 280,000,000)	33,000	28,000
Allotted, called up and fully paid	22,432	22,420

	Number of ordinary shares of 10p each
Movement in the year was as follows:	
At 1 July 1997	224,204,206
Share options exercised	119,464
At 30 June 1998	224,323,670

Options granted to Directors and employees under the Executive Share Option, the Long Term Share Incentive and the Save As You Earn Schemes are set out in Note 7(c).

Note 15. Share Premium Account and Reserves

(a) Group	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Consolidation reserve £000	Profit and loss account £000
At 1 July 1997	49,617	327	215	893	88,359
Premium on shares issued	47	—	—	—	—
Profit retained	—	—	—	—	26,099
Transfer	—	(7)	—	—	7
At 30 June 1998	49,664	320	215	893	114,465

(b) Company	Share premium account £000	Revaluation of shares in subsidiary companies £000	Capital redemption reserve £000	Profit and loss account £000
At 1 July 1997	49,530	81,502	215	8,164
Premium on shares issued	47	—	—	—
Profit retained	—	—	—	56
Revaluation	—	26,043	—	—
At 30 June 1998	49,577	107,545	215	8,220

Note 16. Reconciliation of Movement in Shareholders' Funds

	1998 £000	1997 £000
Profit for the financial year	35,184	25,387
Dividends	(9,085)	(8,080)
Profit retained	26,099	17,307
Shares issued	59	607
Movement in the year	26,158	17,914
Shareholders' funds at 1 July	161,831	143,917
Shareholders' funds at 30 June	187,989	161,831

Note 17. Analysis of Cash Inflow from Operating Activities

	1998 £000	1997 £000
Operating profit	47,813	35,391
Depreciation, including profits and losses on disposals of fixed assets	579	484
Increase in stocks and work in progress	(45,607)	(45,284)
Increase in debtors	(2,775)	(2,407)
Increase in creditors	6,205	27,101
	6,215	15,285

Note 18. Analysis of Net Cash/(Debt)

	At 1 July 1997 £000	Cash flow £000	At 30 June 1998 £000
Cash at bank and in hand	14,158	(14,158)	—
Bank overdrafts	—	(2,699)	(2,699)
	14,158	(16,857)	(2,699)

Note 19. Future Capital Expenditure

There was no future capital expenditure contracted for at either 30 June 1998 or 30 June 1997.

Note 20. Leases

	1998 £000	1997 £000
Obligations under operating leases		
Expiring in under one year – land and buildings	—	100
– other	268	82
Expiring in second to fifth year – land and buildings	25	17
– other	968	527

Note 21. Related Party Transactions

During the year, there were no material related party transactions requiring disclosure under FRS 8.

Note 22. Contingent Liabilities

The Company has guaranteed the bank borrowings of its subsidiaries. Performance bonds and other building guarantees have been entered into in the normal course of business.

Under the terms of the Redrow Long Term Share Incentive Plan (the 'LTSIP'), further incentive shares up to the value of £125,000 in respect of the year ended 30 June 1996 may be made available to Directors and senior executives achieving a further five years service with Redrow. Up to £42,000 would be available at the end of each of the third, fourth and fifth years.

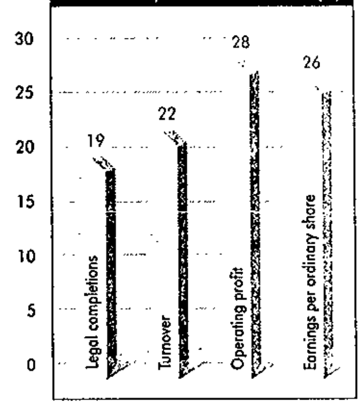
Further incentive shares up to the value of £297,000 in respect of the year ended 30 June 1997 may be made available to Directors and senior executives achieving up to a further three years service with Redrow. Up to £162,000 would be available at the end of the second and £135,000 at the end of the third years.

Further incentive shares up to the value of £432,000 in respect of the year ended 30 June 1998 may be made available to Directors and senior executives achieving up to a further three years service with Redrow. Up to £136,000 would be available at the end of the first, £160,000 at the end of the second and £136,000 at the end of the third years.

Five year summary

(Continuing operations)	1998 £000	1997 £000	1996 £000	1995 £000	1994 £000
Turnover	**307,233**	254,793	202,658	205,438	169,726
Operating profit	**47,813**	35,391	26,181	29,169	22,455
Operating profit as a percentage of turnover	**15.6%**	13.9%	12.9%	14.2%	13.2%
Profit before taxation	**48,158**	36,102	26,478	30,089	21,111
Profit before taxation as a percentage of turnover	**15.7%**	14.2%	13.1%	14.6%	12.4%
Net assets	**187,989**	161,831	143,879	132,319	113,821
Net (bank borrowings)/cash surplus	**(2,699)**	14,158	13,301	6,072	16,450
Gearing – bank borrowings (net) as a percentage of capital and reserves	**1.4%**	N/A	N/A	N/A	N/A
Return on Capital Employed – operating profit as a percentage of average net assets adjusted for bank borrowings/cash surplus	**28%**	25%	20%	26%	29%
Number of legal completions	**3,010**	2,629	2,270	2,258	2,038
Earnings per ordinary share	**15.7p**	11.4p	8.5p	9.6p	7.9p
Dividends per ordinary share	**4.05p**	3.6p	3.3p	3.15p	1.9p
Net assets per ordinary share	**83.8p**	72.2p	64.9p	59.7p	51.5p

5 Year Compound Growth Rates (%)



Notice of Annual General Meeting

Notice is hereby given

that the Annual General Meeting of Redrow Group plc will be held at St. David's Park Hotel, St. David's Park, Flintshire on 26 November 1998 commencing at 12 noon to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and the Financial Statements for the year ended 30 June 1998, together with the Report of the Auditors.

2. To declare a final dividend for the year ended 30 June 1998.

3. To re-elect Mr N Fitzsimmons as Director.

4. To re-elect Mr B K Harvey as Director.

5. To re-elect Mr G H Locke as Director.

6. To re-elect Mr R G Williams as Director.

7. To reappoint PricewaterhouseCoopers as auditors (having previously been appointed to fill the casual vacancy arising by reason of the resignation of Coopers & Lybrand) and authorise the Directors to fix their remuneration.

   [Note: Following the merger of Coopers & Lybrand and Price Waterhouse from 1 July 1998, Coopers & Lybrand resigned as auditors in favour of the new firm, PricewaterhouseCoopers, and the Directors appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation]

Special Business

To consider and, if thought fit, pass the following resolutions of which Resolution 8 will be proposed as an Ordinary Resolution and Resolutions 9 and 10 will be proposed as Special Resolutions:

8. Ordinary Resolution
   That the Directors, in place of any existing authority conferred upon them for the purpose of section 80 of the Companies Act 1985, be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot and to make offers or agreements to allot relevant securities (as defined in section 80 of the said Act) up to an aggregate nominal amount of £7,745,183 provided that this authority shall (unless previously revoked or renewed) expire on the date of the next Annual General Meeting of the Company but so that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority had not expired.

9. Special Resolution
   That, subject to the passing of Resolution 8 set out in the Notice convening the Annual General Meeting at which this resolution is to be considered and in place of any existing authority given pursuant to section 95 of the Companies Act 1985, the Directors be given power pursuant to section 95 of the Companies Act 1985 to make allotments of equity securities (as defined in section 94 of the said Act) pursuant to the authority contained in the said Resolution 8 as if section 89(1) of the said Act did not apply to such allotments provided that this power shall be limited to:

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

(ii) any other allotments for cash of equity securities up to a maximum nominal amount of £1,121,618.

and shall (unless previously revoked or renewed) expire on the date which is the earlier of the next Annual General Meeting of the Company and 25 February 2000, save that the said power shall permit the Company to make an offer or enter into an agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if such power conferred had not expired.

10. **Special Resolution**

That, pursuant to Article 10 of the Company's Articles of Association, the Company is generally and unconditionally authorised, in accordance with section 166 of the Companies Act 1985, to make market purchases (within the meaning of section 163(3) of the said Act) of ordinary shares of 10p each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Directors may from time to time determine provided that:

(a) the maximum number of ordinary shares authorised to be purchased is 22,432,367 (representing 10% of the issued ordinary share capital of the Company);

(b) the minimum price which may be paid for an ordinary share is 10p exclusive of expenses and advance corporation tax (if any) payable by the Company;

(c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased (exclusive of expenses and advance corporation tax (if any) payable by the Company); and

(d) the authority conferred shall expire at the conclusion of the next Annual General Meeting of the Company (or 25 November 1999 whichever shall be the earlier) except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board

R E Walker
Secretary

14 September 1998

Notes:

1. Proxies: A member entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.

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

2. Documents available for inspection: The Register of Directors' interests will be available for inspection at the place of the Meeting from 12 noon on 26 November 1998 until the conclusion of the Meeting.

3. Directors' Service Contracts: None of the Directors has a service contract which cannot be terminated within one year without payment of compensation.

4. The Company specifies, pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, that only those shareholders registered in the Register of Members of the Company as at 6 pm on 24 November 1998 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the Register after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

Corporate information

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Redrow House, St. David's Park
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Facsimile: 01244 520720

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Northern Region
Regional Office
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Flintshire CH5 3RX
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Facsimile: 01244 520720

Redrow Homes (Northern) Limited
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Facsimile: 01244 537540

Redrow Homes (Lancashire) Limited
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Redrow Homes (Yorkshire) Limited
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Facsimile: 0113 238 0897

Redrow Homes (Scotland) Limited
Redrow House, 1 Fullarton Court
Cambuslang Investment Park
Cambuslang, Glasgow
Strathclyde G32 8EY
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Facsimile: 0141 641 7552

Southern Region
Regional Office
Redrow House, Boundary Road
Loudwater, High Wycombe
Buckinghamshire HP10 9QT
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Facsimile: 01628 539703

Redrow Homes (South East) Limited
Western Region
Redrow House, Boundary Road
Loudwater, High Wycombe
Buckinghamshire HP10 9QT
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Facsimile: 01628 539701

Redrow Homes (South East) Limited
Eastern Region
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Hertfordshire EN8 7DD
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Facsimile: 01992 655801

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Great Park Road, Bradley Stoke
Bristol, South Gloucestershire BS32 4QG
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Facsimile: 01454 616033

Redrow Homes (Midlands) Limited
Redrow House, Kinsall Green
Wilnecote, Tamworth
Staffordshire B77 5PX
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Facsimile: 01827 262454

Redrow Homes (Jersey) Limited
Trinity Manor, Trinity
Jersey JE3 5JP
Telephone: 01534 866866
Facsimile: 01534 866889

Harwood Homes
Harwood Homes (North West) Limited
Harwood House, Clarendon Court
Carrs Road, Cheadle
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Telephone: 0161 491 5010
Facsimile: 0161 491 5080

Harwood Homes (Midlands) Limited
Midland House, New Road
Halesowen, West Midlands B63 3HY
Telephone: 0121 585 3106
Facsimile: 0121 585 3107

Redrow Commercial Developments Limited
Redrow House, St. David's Park
Flintshire CH5 3RX
Telephone: 01244 538641
Facsimile: 01244 536666

Redrow Group Services Limited
Pôche Interior Design Limited
Redrow House, St. David's Park
Flintshire CH5 3RX
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Facsimile: 01244 520580

Officers and advisers

Secretary
Rhiannon Walker BA

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Registered No. 2877315

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Manchester M1 3ED

Solicitors
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50 Stratton Street
London W1X 6NX

National developments
(September 1998)

Redrow Homes (Northern)
Backford Cross
Great Sutton
Hyde
Kingsmead, Northwich
Ledsham
Liverpool
Meols
Northern Moor
Runcorn
Sale
St. David's Park
Warrington
Wrexham

Redrow Homes (Lancashire)
Ashton-In-Makerfield
Blackburn
Blackpool
Chadderton
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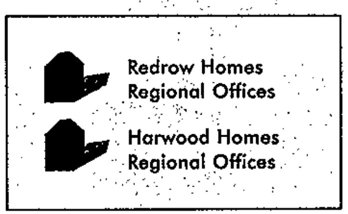

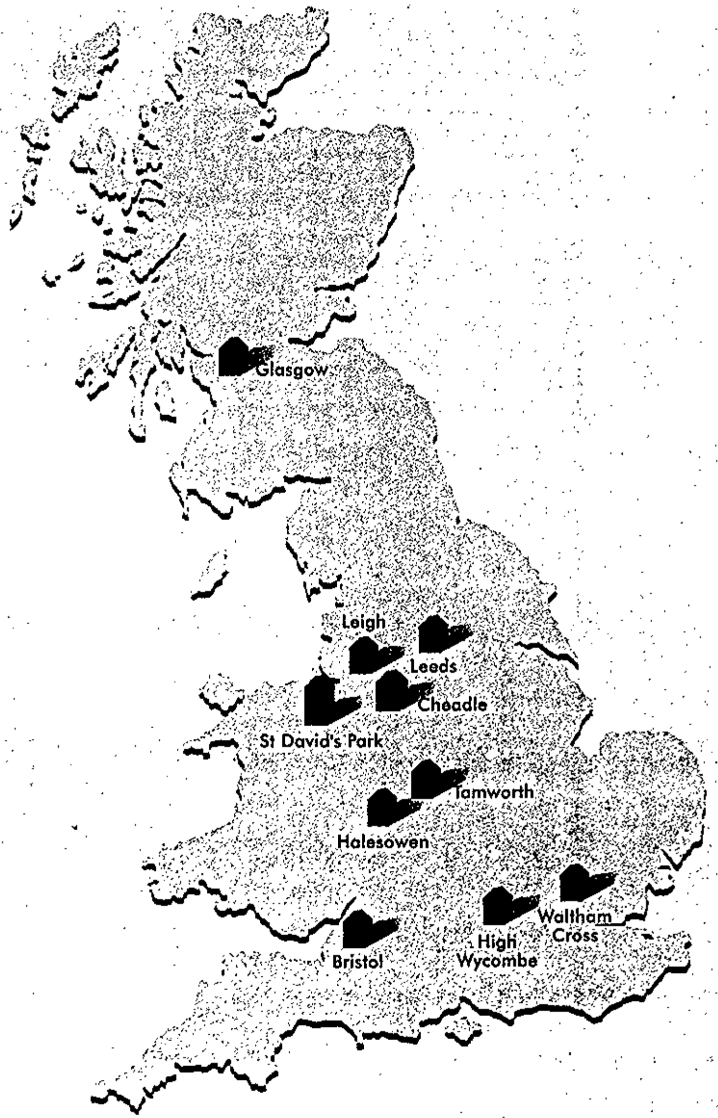

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