Embargoed: 07.00 hrs 10 September 2002

TAYLOR WOODROW plc INTERIM RESULTS STATEMENT
(for the six months to 30 June 2002)

13 per cent rise in operating profit to £122.4m with Bryant operating profit up 39 per cent

Highlights

- Operating profits up 13 per cent to £122.4 million (2001: £108.7 million)
- Profit before tax up 4 per cent to £108.1 million (2001: £103.8 million)
- Worldwide housing operating profits up 29 per cent to £108.3 million on the sale of 4,460 homes and lots
- Bryant operating profits up 39 per cent to £70.4 million (2001: £50.6 million)
- Basic earnings per share are 12.7 pence
- US housing business bolstered by the acquisition in August of Journey Homes in Phoenix, Arizona for £28.7 million
- UK business refocused
  - £21 million cost benefit in 2003 rising to £30 million in 2004, at a cost of £12 million charged in H2 2002
  - Simplified business refocused around key value added processes

Dr Robert Hawley, Chairman of Taylor Woodrow, commented:

“The first half of 2002 has been one of continued progress, reflected in the delivery of strong financial results for this period. Our refocusing will ensure we move successfully on to the next phase of our strategic journey.”

Iain Napier, Chief Executive of Taylor Woodrow, commented:

“Taylor Woodrow has undergone some fundamental changes over recent years as we realigned our business towards a strategy of stable and sustainable growth and a clear focus on house building activities in the UK, North America and other chosen markets. We are financially very strong and our construction and property expertise provides us with the competitive advantage of a broad base of skills unique amongst our house building peer group.

“We have delivered excellent results in the first half, and I am confident we will continue to make good progress to the end of 2002”.

- ends -

Shareholder Information

The interim dividend will be paid on Friday 1 November 2002 to shareholders whose names appear on the register of members at the close of business on Friday 20 September 2002.

The company offers a Dividend Re-Investment Plan which provides shareholders with a facility to use their cash dividends to purchase Taylor Woodrow plc shares in the market. Details will be sent to ordinary shareholders with the Interim Report which will be posted on 17 September 2002. Copies of the Interim Report will also be available from that date on the Company’s website taylorwoodrow.com and from the registered office at Venture House, 42-54 London Road, Staines, Middlesex, TW18 4HF.

Notes to editors

Attached is:

Group Profit & Loss Account for the half year ended 30 June 2002.
Group Balance Sheet for the half year ended 30 June 2002.
Group Cash Flow Statement for the half year ended 30 June 2002.
Notes to the Interim Accounts.

High-resolution photographs of Taylor Woodrow’s Chairman, Dr Robert Hawley and Chief Executive, Iain Napier are available to the media, free of charge at www.newscast.co.uk. For any queries, please contact Rachael Morgan (01784 428773/07904 528106).

A presentation to analysts will be made at 10.30 hrs. This presentation will be broadcast live on taylorwoodrow.com.

For further information, please contact

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Financial and business review

Financial results

Group turnover for the six months ending 30 June 2002 was £984.3 million. Operating profit rose to £122.4 million (2001: £108.7 million), up 13 per cent, with operating margins rising to 12.4 per cent (2001: 11.1 per cent).

Profit before tax rose 4 per cent to £108.1 million (2001: £103.8 million). Underlying Profit before tax, excluding asset disposals, grew by 13 per cent to £106.5m (2001: £94.5m). Basic earnings per share are 12.7 pence (2001: 13.9 pence). Annualised return on capital employed increased to 15 per cent (2001:12.2 per cent).

The Board has declared an interim dividend of 2.2 pence per share (2001: 2.0 pence), an increase of 10 per cent. This dividend will be paid on 1 November 2002 to shareholders on the register at close of business on 20 September 2002.

At 30 June 2002, total shareholders' funds were £1,389.4 million (December 2001: £1,356.2 million), equivalent to 251.5 pence per share. Net debt was £239.6 million (2001: £297.6 million). At the half year, net gearing was 17.2 per cent (2001: 21.9 per cent) giving a sound financial base for further growth.

The market

Strong market conditions have benefited our UK and North American housing businesses and, overall, we have delivered another good set of financial results.

In the UK, underlying market conditions remain favourable as demand for new housing is still under supplied. Interest rates remain at 38 year lows and levels of employment are high. Also the mortgage market is significantly more competitive than even a couple of years ago. In terms of disposable income, housing also remains relatively affordable compared to long term trends.

Whilst we have seen strong growth in selling prices this first half, many commentators are now pointing to a slowing down in sales prices in the second half. A return to more stable house price inflation seems likely.

Housing

Our housing operations worldwide, predominantly focused in the UK and North America, recorded a 29 per cent rise in operating profit to £108.3 million on the sale of 4,460 homes and lots.

Bryant Homes	***2002 - H1***	***2001 - H1***
Operating profit	*£70.4 million*	*£50.6 million*
Home completions	*2,476*	*2,121*
Lots completions	*392*	*331*
Average home selling price	*£173,000*	*£152,000*
Operating margin	*15.2%*	*14.7%*

In the UK, Bryant Homes has experienced strong growth in selling prices and volumes. Operating profit in the first half rose by 39 per cent to £70.4 million reflecting the full six months' contribution and also the Taywood Homes/Bryant merger synergies. Bryant's operating margins increased to 15.2 per cent

Our Bryant forward order book reached record levels at £399 million, 38 per cent higher than last year and we are currently experiencing high levels of visitors and rates of reservation.
In the first half of 2002, 2,476 home sales were completed and average selling prices increased to £173,000, a rise of 13.6 per cent. We remain on track to deliver 6,000 completions by the year end.

Bryant has just completed its largest ever land purchase – 193 acres, of which 60 acres is developable land, in Church Crookham, near Fleet in Hampshire. We will develop 1100 units on the site, a superstore, medical facility, schools and shops. The first sales will come on line in late 2003, early 2004.

The Bryant land bank remains strong with just under three and a half years of supply and strategic land of 13,000 acres. Overall, our total UK land bank stands at 21,842 homes, a rise of 23 per cent against June 2001.

North American housing	***2002 - H1***	***2001 - H1***
Operating profit	*£35.1 million*	*£36.1 million*
Home completions	*902*	*714*
Lot completions	*473*	*1,821*
Average home selling price	*£216,000*	*£318,000*
Operating margin	*15.9%*	*12.4%*

Reported falls in American consumer confidence are not affecting demand in our markets. Although profit performance at £35.1 million is nominally flat compared to last year, this is because of two large bulk lot sales at Mirasol in Florida and Steiner Ranch in Texas last year which contributed £6.2 million in profits.

At 30th June, the North American order book stood at £331 million. Ninety per cent of the budgeted completions for the second half of 2002 are reserved.

Following last year's disappointing performance, it is pleasing to report that our Californian operation has returned a small operating profit of £3.1 million six months ahead of schedule. We have been reinvesting capital in California buying land with planning permission in the middle market.

Our activities in Canada, which operate under the Monarch brand, enjoyed an excellent first half. The high rise city centre apartment market in Toronto remains buoyant justifying our decision to buy-out the Monarch minority in 2000 and focus our activities on the high rise market. Toronto is now one of the fastest growing cities in North America providing consistent demand.

Our North American strategy centres around our ability to identify growth markets and manage them through local, entrepreneurial teams. In August, we extended our operations in the US through the acquisition of the business and assets of Journey Homes of Phoenix, Arizona for £28.7 million. The Phoenix new home market is the second largest in the United States with some 35,000 housing starts each year.

Journey Homes is a highly respected business whose management has an excellent reputation for land acquisition and development expertise. We are currently projecting over 700 home sales in 2003.

Other housing	***2002 - H1***	***2001 - H1***
Operating profit	*£4.3 million*	*£4.3 million*
Home completions	*153*	*92*
Lot completions	*2*	*262*
Average home selling price	*£139,000*	*£154,000*
Operating margin	*19.7%*	*16.2%*

Our business in Spain and Gibraltar has continued to perform well with operating margins of just under 20 per cent.

Other businesses

Property	***2002 - H1***	***2001 - H1***
Operating profit	*£15.2 million*	*£23.7 million*
Rental income	*£8.2 million*	*£14.1 million*
Operating margin	*19.4%*	*28.8%*

Today our commercial property is almost entirely UK based following the disposal of our assets in Canada. Sales of commercial properties delivered £12 million of profits. Total operating profits fell against last year as investment rental incomes declined by 33 per cent following our planned investment property disposals.

In the second half we expect to sell another two or three commercial properties.

We sold investment property, which had a net book value of £32 million in the period, and our only significant remaining investment is St Katharine's. The sale of St Katharine's is now simply a timing issue and not a strategic issue.

Construction	***2002 - H1***	***2001 - H1***
Operating profit	*£5.3 million*	*£6.4 million*
Order book	*£593 million*	*£591 million*
Operating margin	*3.0%*	*2.9%*

The construction business, which currently accounts for only 4 per cent of operating profit, has continued to perform well in the first half with operating margins of 3 per cent. Our objective to ensure a greater percentage of its workload supports our house building and commercial property activities is on track. The proportion of work on internal projects currently stands at 20 per cent from 12 per cent last year. We intend to grow this to around 30 per cent in the next two years.

Future strategy

In March, we instigated a review of the key value drivers and structure of Taylor Woodrow. This will result in a simplification of our organisation to provide shorter reporting lines and clearer responsibilities as well as significant cost synergies. We expect to deliver savings of £21 million in 2003, rising to an annually recurring £30 million in 2004.

The company's UK operations will, in future, be organised through ten Taylor Woodrow regions combining our house building and commercial property businesses to reflect our skills in the areas of residential, mixed use and urban regeneration projects. We will continue to market homes under the Bryant brand in the UK.

Our North American and UK site based operations are unaffected by the review. The construction business will continue to operate separately but will not take on new international contracts or high risk projects where we cannot guarantee the right level of return.

The senior management structure has been streamlined and two Operations Directors now provide joint leadership of the regional network responsible for project delivery. A Commercial Director will be appointed to work with them delivering land and planning, sales and marketing and supply chain management.

As part of the refocusing, we will establish one central office, based in Solihull and all senior management will be located there, reducing on-going costs through the rationalisation of our office network. This office will open in October, with relocation completed by the end of the year.

Outlook

Taylor Woodrow has undergone some fundamental changes over recent years as we realigned our business towards a strategy of stable and sustainable growth and a clear focus on house building activities in the UK, North America and other chosen markets. We are financially very strong and our construction and property expertise provides us with the competitive advantage of a broad base of skills unique amongst our house building peer group.

The realignment of our organisation will ensure we channel our resources effectively and efficiently, work more closely to fully exploit all our expertise and invest wisely so we are always in the best position to take advantage of opportunities that may arise.

Summary Group profit and loss account for the six months to 30 June 2002

	Notes	Before goodwill amortisation £m	Goodwill amortisation £m	Six months to 30 June 2002 (unaudited) £m	Six months to 30 June 2001 (unaudited) As restated (Note 3) £m	Year to 31 December 2001 As restated (Note 3) £m
Turnover: Group and share of joint ventures				988.3	983.7	2,149.9
Less: share of joint ventures' turnover				(4.0)	(6.5)	(11.5)
Group turnover	1	984.3	-	984.3	977.2	2,138.4
Group operating profit	1	128.8	(6.4)	122.4	108.7	224.2
Share of operating profit in joint ventures		1.8	-	1.8	2.1	3.3
		130.6	(6.4)	124.2	110.8	227.5
Profit on disposal of investments and properties				1.6	9.3	7.9
Profit on ordinary activities before interest				125.8	120.1	235.4
Interest receivable				2.4	2.7	5.2
Interest payable: Group				(18.3)	(16.9)	(34.3)
Joint ventures				(1.8)	(2.1)	(4.0)
				(20.1)	(19.0)	(38.3)
Profit on ordinary activities before taxation				108.1	103.8	202.3
Tax on profit on ordinary activities	3			(37.8)	(34.2)	(64.8)
Profit on ordinary activities after taxation				70.3	69.6	137.5
Minority equity interests				(0.4)	(1.2)	(2.5)
Profit for the period				69.9	68.4	135.0
Dividends paid and proposed				(12.2)	(11.6)	(37.2)
Profit retained				57.7	56.8	97.8
Basic earnings per share	4			12.7p	13.9p	25.3p
Diluted earnings per share	4			12.7p	13.8p	25.2p
Adjusted basic earnings per share	4			12.7p	14.9p	26.4p

Group statement of total recognised gains and losses for the six months to 30 June 2002

	Notes	Six months to 30 June 2002 (unaudited) £m	Six months to 30 June 2001 (unaudited) As restated (Note 3) £m	Year to 31 December 2001 As restated (Note 3) £m
Profit for the period		69.9	68.4	135.0
Unrealised (deficit)/ surplus on revaluation of properties		-	-	(2.5)
Revaluation reversed on fixed asset properties transferred to stocks		(19.2)	-	-
Tax on realised revaluation surplus		(1.0)	(1.4)	(1.3)
		49.7	67.0	131.2
Currency translation differences on foreign currency net investments		(5.8)	13.5	(1.1)
Total recognised gains and losses relating to the period		43.9	80.5	130.1
Prior year adjustment	3	21.1		
Total recognised gains and losses recognised since last annual report		65.0		

Summary Group balance sheet
as at 30 June 2002

		30 June 2002 (unaudited) £m	30 June 2001 (unaudited) As restated (Note 3) £m	31 December 2001 As restated (Note 3) £m
Fixed assets				
Intangible assets				
Goodwill		240.5	250.3	247.0
Tangible assets				
Investment properties		228.5	285.5	259.9
Other		38.3	91.9	71.9
Investments				
Joint ventures				
Share of gross assets (30 June 2001,£36.4m 31 December 2001, £37.1m)	35.4			
Share of gross liabilities (30 June 2001,£36.1m 31 December 2001, 36.8m))	(35.0)			
		0.4	0.3	0.3
		507.7	628.0	579.1
Current assets				
Stocks		1,577.7	1,573.4	1,441.4
Debtors		215.1	217.8	210.1
Current asset investments		4.1	5.5	4.3
Cash at bank and in hand		207.9	104.4	116.5
		2,004.8	1,901.1	1,772.3
Creditors: amounts falling due within one year		(650.8)	(615.1)	(756.1)
Net current assets		1,354.0	1,286.0	1,016.2
Total assets less current liabilities		1,861.7	1,914.0	1,595.3
Non-current creditors and provisions		(472.1)	(529.2)	(238.5)
		1,389.6	1,384.8	1,356.8
Represented by:				
Capital and reserves – equity				
Called up ordinary share capital		138.1	145.1	137.9
Share premium account		591.5	590.3	590.5
Revaluation reserve		102.1	151.8	134.2
Capital redemption reserve		21.5	14.2	21.5
Profit and loss account		536.2	480.7	472.1
Shareholders' funds		1,389.4	1,382.1	1,356.2
Minority interests in equity of subsidiary undertakings		0.2	2.7	0.6
		1,389.6	1,384.8	1,356.8

Summary Group cash flow statement
for the six months ended 30 June 2002

	Six months to 30 June 2002 (unaudited) £m	Six months to 30 June 2001 (unaudited) £m	Year to 31 December 2001 £m
Group operating profit	122.4	108.7	224.2
Depreciation and amortisation	10.5	9.5	22.0
(Increase)/ decrease in stocks	(137.0)	2.4	78.6
Increase in debtors	(8.9)	(38.4)	(26.2)
Increase/ (decrease) in creditors	80.1	(31.7)	(75.7)
Exchange differences	1.7	(2.7)	(3.9)
Net cash inflow from operating activities	68.8	47.8	219.0
Net cash inflow from operating activities	68.8	47.8	219.0
Dividends from joint ventures	-	1.0	1.0
Returns on investments and servicing of finance	(9.7)	(20.3)	(39.3)
Taxation	(37.3)	(38.0)	(78.5)
Capital expenditure and financial investment	35.5	63.6	129.0
Acquisitions and disposals	-	(280.3)	(280.3)
Equity dividends paid	-	-	(36.4)
Net cash inflow/(outflow) before use of liquid resources and financing	57.3	(226.2)	(85.5)
Cash (outflow)/inflow from (increase)/decrease in liquid resources	(44.1)	71.9	50.8
Net cash inflow/(outflow) from financing	35.7	119.3	(3.0)
Increase/ (decrease) in cash in the period	48.9	(35.0)	(37.7)
Movement in net debt			
Increase/ (decrease) in cash in the period	48.9	(35.0)	(37.7)
Cash inflow from increase in debt	(34.2)	(117.5)	(45.0)
Cash outflow/(inflow) from increase/(decrease) in liquid resources	44.1	(71.9)	(50.8)
Decrease/(increase) in net debt resulting from cash flows	58.8	(224.4)	(133.5)
Debt of acquired subsidiary undertaking (excluding bank overdrafts)	-	(116.5)	(116.5)
Exchange/ other non-cash changes in net debt	(0.8)	(8.8)	(3.7)
Decrease/(Increase) in net debt in the period	58.0	(349.7)	(253.7)
Net debt at the beginning of the period	(297.6)	(43.9)	(43.9)
Net debt at the end of the period	(239.6)	(393.6)	(297.6)

Notes to the interim accounts
for the six months ended 30 June 2002

1. Segmental analysis

	2002 £m	Group turnover (by origin) Six months to 30 June 2001 £m	2002 £m	Group operating profit (by origin) Six months to 30 June 2001 £m	30 June 2002 As restated (Note 3) £m	Capital employed 31 December 2001 As restated (Note 3) £m
By activity						
Housing	726.6	673.2	108.3	83.7	1,155.7	1,129.6
Property development and investment	78.3	82.4	15.2	23.7	282.4	347.8
Construction	179.4	221.6	5.3	5.6	(49.4)	(70.0)
Continuing operations	984.3	977.2	128.8	113.0	1,388.7	1,407.4
Goodwill amortisation/goodwill – housing			(6.4)	(4.3)	240.5	247.0
			122.4	108.7	1,629.2	1,654.4
By market						
United States of America	151.3	240.0	23.5	28.8	238.0	207.5
Canada	91.2	76.6	12.6	12.2	75.2	103.1
Rest of World	48.3	73.9	13.1	12.3	(1.6)	(15.4)
Total overseas	290.8	390.5	49.2	53.3	311.6	295.2
United Kingdom	693.5	586.7	79.6	59.7	1,077.1	1,112.2
	984.3	977.2	128.8	113.0	1,388.7	1,407.4
Goodwill amortisation/goodwill – United Kingdom			(6.4)	(4.3)	240.5	247.0
			122.4	108.7	1,629.2	1,654.4
Net debt					(239.6)	(297.6)
Minority interests					(0.2)	(0.6)
Equity shareholders' funds					1,389.4	1,356.2

Turnover by origin represents sales to third parties and is not materially different from turnover to third parties by destination.

Operating profit for construction excludes its share of the construction joint ventures and interest. Profit before taxation for construction for the six months to 30 June 2002 is £8.1m (2001 interim: £8.0m) including these items.

Notes to the interim accounts
for the six months ended 30 June 2002

2. Basis of preparation of the interim accounts

The interim accounts have been prepared on a basis which is consistent with the accounting policies adopted for the year to 31 December 2001, with the exception that deferred taxation is now stated in accordance with FRS 19, “Deferred Taxation” on a full liability basis and comparative information has been restated as necessary. In accordance with our stated accounting policy, investment properties are valued annually and were last valued at 31 December 2001, fixed asset properties are valued every three years and have not been valued since 31 December 2000. Investment properties will next be valued at 31 December 2002 and fixed asset properties will be valued at 31 December 2003.

The interim accounts were approved by the board of directors on 10 September 2002.

These interim accounts do not constitute statutory accounts. Comparative figures for the year to 31 December 2001 have been extracted from the latest published accounts as restated for FRS 19 "Deferred Taxation". The report of the auditors on the 2001 annual accounts was unqualified and did not contain a statement made under section 237 (2) or section 237 (3) of the Companies Act 1985. The 2001 annual accounts have been delivered to the Registrar of Companies.

3. Tax on profit on ordinary activities

	Six months to 30 June 2002 £m	Six months to 30 June 2001 As restated £m	Year to 31 December 2001 As restated £m
United Kingdom			
Corporation tax	23.8	19.7	52.9
Deferred tax	(0.8)	(8.8)	(11.1)
Overseas tax			
Tax payable	11.4	22.7	26.1
Deferred tax	3.4	0.6	(2.9)
Joint ventures	-	-	(0.2)
	37.8	34.2	64.8

United Kingdom corporation tax has been charged at 30% (2001: 30%). The effective tax rate is higher than this rate due to higher rates of tax on overseas profits and the Bryant goodwill charge and fair value adjustments.

FRS 19 “Deferred Taxation” has been adopted with a consequent restatement of prior periods. FRS 19 requires that deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date.

The effect of the restatement in 2001 is to decrease the effective tax rate by 1.0%. This equates to £2.0m in the year to 31 December 2001 and £0.6m in the half year to 30 June 2001. The effect of the restatement in the six months to 30 June 2002 is to decrease the effective tax rate by 0.5%. This equates to £0.6m.

4. Earnings per share

	Six months to 30 June 2002 £m	Six months to 30 June 2001 As restated (Note 3) £m	Year to 31 December 2001 As restated (Note 3) £m
Earnings per share have been calculated by dividing:			
Profit for the period	69.9	68.4	135.0
by the weighted average number of shares for basic earnings per share	549.8m	492.5m	534.3m
weighted average of dilutive options	2.4m	2.3m	1.8m
weighted average of dilutive awards under the Group Executive Bonus Plan	0.4m	0.9m	0.5m
for diluted earnings per share	552.6m	495.7m	536.6m
Adjusted basic earnings per share adjusts profit for period as follows:			
add: exceptional integration costs (net of tax effect)	-	5.0	6.6
less: losses / (profits) on sale of businesses (net of tax effect)	-	-	0.3
for adjusted basic earnings per share	69.9	73.4	141.3

Independent review report to Taylor Woodrow plc

Introduction
We have been instructed by the company to review the financial information for the six months ended 30 June 2002 which comprises the summary Group profit and loss account, the Group statement of total recognised gains and losses, the summary Group balance sheet, the summary Group cash flow statement and related notes 1 to 4. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2002.

Deloitte & Touche
Chartered Accountants
London
10 September 2002