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TAYLOR WOODROW plc INTERIM RESULTS STATEMENT
(for the six months to 30 June 2004)

Highlights

- Housing operating profit, before exceptional items and goodwill amortisation, up 46% at £194.9 million (2003: £133.1 million) *
- Profit before tax, exceptional items and goodwill amortisation up 43% at £193.7million (2003: £135.0 million) **
- Profit before tax up 31% at £168.7 million (2003: £128.3 million)
- Adjusted earnings per share up 44% to 21.6 pence (2003: 15.0 pence) ***
- Interim dividend up 25% to 3.0 pence per share (2003: 2.4 pence per share)
- Amendment to the defined benefit pension scheme and adoption of FRS 17 result in one off £26.1 million exceptional gain; other exceptional item is the £41.1 million interest charge for early redemption of First Mortgage Debenture

Norman Askew, Chairman of Taylor Woodrow, said today:
“Taylor Woodrow has generated another set of strong results during a year where Wilson Connolly has been successfully integrated.”

Iain Napier, Chief Executive of Taylor Woodrow, added:
“Following interest rate rises in the UK, the housing market has reverted to a more normal level of activity and we expect to see the usual market pick up in September following the holiday period. In North America, all of our markets remain very strong. We are well positioned for further growth.”

** As detailed in Note 1 to the Financial Statements*
*** Includes £12.1 million profit on sale of St. Katharine’s Estate and excludes exceptional items and goodwill amortisation as detailed in Note 2 to Financial Statements*
**** Adjusted for exceptional items as detailed in Note 2 to Financial Statements*

ends

High resolution photographs are available to the media free of charge at www.newscast.co.uk, +44 (0)20 7608 1000.

A presentation to analysts and investors will be made at, UBS Investment Bank, 100 Liverpool Street, London at 10:00 hrs.

This presentation will be broadcast live on www.taylorwoodrow.com

The slides presented to the analysts and investors are also available on taylorwoodrow.com.

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Operating and Financial Review

Financial results

Group turnover for the six months ending 30 June 2004 was £1,435.4 million. Profit before tax rose 31 per cent to £168.7 million (2003: £128.3 million). Basic earnings per share rose 31% to 19.7 pence (2003: 15.0 pence). Annualised return on average capital employed pre goodwill and exceptional items was 20.6 per cent (2003: 20.9 per cent).

Total Housing

		H1 ’04	H1’03 *Restated*	FY ‘03 *Restated*
Turnover	£m	1,214.6	846.4	2,236.8
Average Selling Price	£k	198.1	187.8	187.9
Average Capital Employed *	£m	1,886.1	1,267.3	1,373.4
Operating Profit **	£m	194.9	133.1	356.4
Return on Average Capital Employed *♠	%	20.7	21.0	26.0
Operating Margin (%) **	%	16.0	15.7	15.9

** before average goodwill of £351.7 million (H1 ‘03: £238.0 million; FY ’03: £266.9 million)*
*** before goodwill amortisation of £10.0 million (H1 ‘03:£6.7 million; FY ’03: £15.0 million) and exceptional profits of £13.8 million (H1 ‘03:£NIL; FY ’03: losses of £20.0 million)*
♠ Return on average capital employed is calculated as operating profit pre goodwill and pre exceptional items divided by the average of opening and closing capital employed.
H1 ’03 and FY ’03 are restated for FRS 17.

Our housing businesses in the United Kingdom, North America, Spain and Gibraltar all had a strong first half of the year. Worldwide housing completions grew to 5,521 from 3,860 primarily due to the acquisition of Wilson Connolly in October 2003.

UK Housing

		H1 '04	H1 '03	FY '03
			Restated	*Restated*
Turnover	£m	822.8	492.3	1,484.6
Average Selling Price	£k	199.1	187.1	181.0
Average Capital Employed *	£m	1,496.5	893.1	1,009.7
Operating Profit **	£m	132.2	78.2	246.0
Return on Average Capital Employed *	%	17.7	17.5	24.4
Operating Margin **	%	16.1	15.9	16.6
Home Completions		3,869	2,336	7,690

** before average goodwill of £345.7 million (H1 '03: £230.9 million; FY '03: £260.2 million)*
*** before goodwill amortisation of £9.8 million (H1 '03: £6.4 million; FY '03: £14.5 million) and exceptional profits of £11.7 million (H1 '03:£NIL; FY '03:losses of £20.0 million)*

The UK housing division, which accounts for 65 per cent of Group operating profit before goodwill amortisation and exceptional items, reported good growth in operating profits in the half year. The average sales price increased by 6 per cent to £199,100 (2003: £187,100). On an average selling price per square foot basis the increase was 13%.

The integration of Wilson Connolly has proceeded to schedule. All regions achieved their targeted system integration dates during the first half. We remain firmly on track to deliver £12.5 million of synergy savings by the year end and £25.0 million in the full year 2005. During the first half of 2004, £5 million synergy benefits were realised.

At 30 June 2004 the UK Housing land bank consisted of 34,856 owned or controlled plots with at least outline planning permission, representing some 3.4 years' supply. The strategic land portfolio contains a potential further 87,250 plots.

Our UK forward order book stood at £733 million at 30 June 2004, up 93% on the same time last year.

North America Housing

		H1 '04	H1 '03 *Restated*	FY '03 *Restated*
Turnover	£m	360.5	326.0	686.3
Average Selling Price	£k	196.5	188.4	207.1
Average Selling Price	$k	357.6	307.2	339.7
Average Capital Employed *	£m	353.9	344.2	332.9
Operating Profit **	£m	53.9	44.7	90.1
Return on Average Capital Employed *	%	30.5	26.0	27.1
Operating Margin **	%	15.0	13.7	13.1
Home Completions		1,500	1,386	2,786

** before average goodwill of £6.0 million (H1 '03: £7.1 million; FY '03: £6.7 million)*

*** before goodwill amortisation of £0.2 million (H1 '03: £0.3 million; FY'03: £0.5 million) and exceptional profits of £2.1 million (H1'03: £NIL, FY'03: £NIL)*

****Note: H1 '04 US$:£ - 1.82, H1'03 US$:£ - 1.63; FY '03 US$:£ - 1.64*

In local currency terms, the North American housing business increased operating profit before goodwill amortisation and exceptional items by 35% to $98.1 million (2003: $72.9 million).

The North American housing division accounts for 26 per cent of Group operating profit before goodwill amortisation and exceptional items.

In Florida we have seen strong demand in all markets and we are on track to exceed our expectations for the full year. In particular, our new beachfront high-rise projects have sold extremely well and this will flow through to profits next year. In the first half of 2004, we completed 202 homes (2003: 210) at an average selling price of $559,800 (2003: $513,600).

In Toronto, demand remains buoyant for our traditional low-rise homes. The high-rise market is stable and we are forward sold in this business into 2005. Completions in the first half of 2004 were 617 homes (2003: 658) at an average selling price of C$289,600 (2003: C$276,000).

Our business in California has continued to perform strongly. Completions in the first half of 2004 were 273 homes (2003: 158). Average selling prices in California reduced by 9% to $772,200 (2003: $852,000), reflecting our strategy of moving towards the mid market. New projects have been performing extremely well and we are well positioned for the remainder of this year.

In Texas, both the Austin and Houston markets remained strong. Home completions in the first half of 2004 were 33 (2003: 27) at an average selling price of $449,400 (2003: $437,200). The strength of the market in Austin was reflected in an increase in lot only completions from 48 to 91.

Our Arizona business is performing ahead of expectations and achieved 375 (2003: 333) home completions. Average selling prices for the first half of the year were $172,000 (2003: $128,100) reflecting the successful introduction of mid-market product.

The North American controlled land bank, with planning permission, now contains 27,438 (owned: 13,478) lots compared to 25,758 (owned: 12,861) lots at the end of 2003, which reflects a 5.1 year supply.

At 30 June 2004, the North American forward order book stood at £646 million, up 53% on last year. All divisions are showing strong growth in their order books, which positions us very well for the second half of the year.

Spain and Gibraltar Housing

		H1 ‘04	H1 ‘03	FY ‘03
Turnover	£m	31.3	28.1	65.9
Average Selling Price	£k	187.8	195.6	185.9
Average Capital Employed	£m	35.7	30.0	30.8
Operating Profit	£m	8.8	10.2	20.3
Return on Average Capital Employed	%	49.3	68.0	65.9
Operating Margin	%	28.1	36.3	30.8
Home Completions		152	138	343

The Spain and Gibraltar business continued to perform well despite the timing and mix of completions compared to the first half of last year, generating £8.8 million of operating profit in the first half of 2004 (2003: £10.2 million).

The land bank as at 30 June 2004 represented some 1,474 plots, which reflects a 4.0 years supply.

Commercial Property

		H1 ‘04	H1 ‘03	FY ‘03
			Restated	*Restated*
Average Capital Employed	£m	135.7	96.4	112.1
Operating Profit	£m	2.9	5.3	(1.4)
Return on Average Capital Employed	%	4.3	11.0	(1.2)
Operating Margin	%	11.2	17.2	(3.0)

During the first half of the year the major commercial property scheme has been the construction of the K2 development, which has been pre let and subsequently pre sold for £117 million. We remain on schedule to complete the construction of this development by the end of 2004. Apart from mixed use schemes, the commercial property market remains quiet and our exposure limited.

Investment Property

		H1 ‘04	H1 ‘03	FY ‘03
Average Capital Employed	£m	78.1	155.3	143.3
Operating Profit	£m	1.3	3.7	9.6
Return on Average Capital Employed	%	3.3	4.8	6.7

With the sale of St Katharines Estate completed in March 2004 for £166.3 million, the average capital employed has materially diminished.

Construction

		H1 ‘04	H1 ‘03	FY ‘03
			Restated	*Restated*
Profit before tax *	£m	14.9	13.3	19.4

** Before exceptional profits of £12.3 million (H1 ‘03: £NIL; FY ’03: £NIL)*

The Construction business has continued to grow its order book, which at 30 June 2004 stood at £825 million, up 10 per cent on last year. During the year we have seen growth in our facilities management business, in general UK contracting and also in the amount of work performed supporting our house building projects which now stands at 26% of total Construction turnover. We have also been announced as the preferred bidder for the St Helens PFI Hospital which is anticipated to reach financial close in the first half of 2005.

Overview of first half

We have decided to implement FRS17 Retirement Benefits in 2004. Accordingly these financial statements have been prepared on that basis. During the period we agreed amendments to the company's pension arrangements to mitigate current and future exposures, one consequence of which has been a £26.1 million exceptional profit arising from the reduction of future pension accruals. Target pension levels however will remain unchanged with projected benefit shortfalls being met through existing defined contribution schemes. In this way we have sought to balance the interests of company and staff.

The half year also saw an exceptional charge of £41.1 million being the loss on the redemption of the First Mortgage Debenture Stock following the sale of the St Katharines Estate. £12.1 million of profit on the sale of St Katharines has been recognised in profit on disposal of investment properties along with an £8.1 million gain on the disposal of certain PFI interests.

During the six months to June 2004, there was a net inflow of cash from operating activities of £16.3 million compared to an outflow in the first half of 2003 of £98.2 million.

During the first six months of the year the company bought for treasury 8,969,104 shares for a total consideration of £25 million on a share buy back programme. In the second half of 2004, another £25 million will be repurchased.

At 30 June 2004, total shareholders' funds were £1,538.3 million (2003: £1,355.7 million), equivalent to 270.6p pence per share. Net debt was £811.2 million (2003: £417.6 million). At the half year, net gearing was 52.7 per cent (2003: 30.8 per cent), these figures have been adjusted to reflect the impact of FRS17. The implementation of FRS 17 has added 3.2% to gearing at 30 June 2004.

Outlook

In the UK, recent interest rate movements and the media debate have returned the market to more normal conditions. However the continuing undersupply of housing, good employment levels and the relative value advantage of new homes are sustaining reasonable market demand. In addition we would expect to see the normal September pick up in the market following the holiday period. Accordingly we expect to complete around 10,000 homes in the UK during 2004.

In North America we are well placed to report another strong year of profit growth and we expect to complete around 3,500 homes in 2004.

Shareholder Information

The Board has declared an interim dividend of 3.0 pence per share (2003: 2.4 pence per share), an increase of 25 per cent. This dividend will be paid on 1st November 2004 to shareholders on the register at close of business on 1st October 2004.

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 2004 interim results on 25th August 2004. Copies of the 2004 Interim report and accounts will also be available from that date on the Company's website www.taylorwoodrow.com and from the registered office at 2 Princes Way, Solihull, West Midlands, B91 3ES.

Taylor Woodrow plc Interim report 2004
Summary Group profit and loss account
for the six months to 30 June 2004

	Notes	Before goodwill amortisation and exceptional items £m	Goodwill amortisation and exceptional items (note 2) £m	**Six months to 30 June 2004 (unaudited) £m**	Six months to 30 June 2003 As restated (note 3) (unaudited) £m	Year to 31 December 2003 As restated (note 3) £m
Continuing operations						
Turnover: Group and share of joint ventures		1,436.2	-	**1,436.2**	1,060.2	2,672.9
Less: share of joint ventures' turnover		(0.8)	-	**(0.8)**	(2.7)	(3.5)
Group turnover	1	1,435.4	-	**1,435.4**	1,057.5	2,669.4
Group operating profit	1-2	203.9	16.1	**220.0**	141.4	339.5
Share of operating profit in joint ventures		0.1	-	**0.1**	1.1	1.1
		204.0	16.1	**220.1**	142.5	340.6
Profit on disposal of investments and properties		20.1	-	**20.1**	6.1	6.3
Profit on ordinary activities before interest		224.1	16.1	**240.2**	148.6	346.9
Interest receivable		2.1	-	**2.1**	1.8	4.0
Interest payable: Group	2	(30.4)	(41.1)	**(71.5)**	(18.6)	(44.2)
Joint ventures		-	-	**-**	(1.0)	(1.0)
		(30.4)	(41.1)	**(71.5)**	(19.6)	(45.2)
Other finance charges	3	(2.1)	-	**(2.1)**	(2.5)	(5.2)
Profit on ordinary activities before taxation		193.7	(25.0)	**168.7**	128.3	300.5
Tax on profit on ordinary activities	4	(58.5)	4.5	**(54.0)**	(46.3)	(100.6)
Profit on ordinary activities after taxation		135.2	(20.5)	**114.7**	82.0	199.9
Minority interests – equity and non-equity		(0.2)	-	**(0.2)**	(0.2)	(0.4)
Profit for the period		135.0	(20.5)	**114.5**	81.8	199.5
Dividends paid and proposed (including dividends on non-equity shares of £2.4m in 2004)				**(18.9)**	(13.0)	(50.4)
Difference between non-equity finance costs and the related dividends				**1.1**	-	(1.1)
Profit retained				**96.7**	68.8	148.0
Basic earnings per share	5			**19.7p**	15.0p	36.0p
Diluted earnings per share	5			**19.6p**	14.9p	35.8p
Adjusted basic earnings per share	5			**21.6p**	15.0p	38.6p
Equity dividends per share				**3.0p**	2.4p	8.9p

Taylor Woodrow plc Interim report 2004
Group statement of total recognised gains and losses
for the six months to 30 June 2004

	Notes	**Six months to 30 June 2004 (unaudited) £m**	Six months to 30 June 2003 As restated (note 3) (unaudited) £m	Year to 31 December 2003 As restated (note 3) £m
Profit for the period		**114.5**	81.8	199.5
Unrealised deficit on revaluation of properties		**-**	-	(19.3)
Revaluation reversed on properties transferred to stocks		**-**	(1.1)	(1.1)
Actuarial gains net of taxation		**-**	-	0.7
		114.5	80.7	179.8
Currency translation differences on foreign currency net investments		**(12.2)**	11.5	(2.1)
Total recognised gains and losses relating to the period		**102.3**	92.2	177.7
Prior year adjustment	3	**(117.6)**		
Total recognised gains and losses since last annual report and financial statements		**(15.3)**		

Reconciliation of movements in Group shareholders' funds
for the six months to 30 June 2004

	Notes	**Six months to 30 June 2004 (unaudited) £m**	Six months to 30 June 2003 As restated (note 3) (unaudited) £m	Year to 31 December 2003 As restated (note 3) £m
Profit for the period		**114.5**	81.8	199.5
Dividends paid and proposed on equity and non-equity shares		**(18.9)**	(13.0)	(50.4)
		95.6	68.8	149.1
Other recognised gains and losses relating to the period (net)		**(12.2)**	10.4	(21.8)
New share capital subscribed		**2.2**	1.7	173.1
Redemption of preference shares		**(100.0)**	-	-
Proceeds from sale of own shares		**0.4**	0.9	1.8
Purchase of own shares		**(23.6)**	(3.7)	(3.7)
Own shares acquired on acquisition of subsidiary		**-**	-	(0.2)
Net (decrease)/increase in shareholders' funds		**(37.6)**	78.1	298.3
Opening shareholders' funds as previously stated		**1,693.5**	1,405.9	1,393.3
Prior year adjustments	3	**(117.6)**	(128.3)	(115.7)
Opening shareholders' funds as restated		**1,575.9**	1,277.6	1,277.6
Closing shareholders' funds		**1,538.3**	1,355.7	1,575.9

Taylor Woodrow plc Interim Report 2004
Group balance sheet
as at 30 June 2004

		30 June 2004 (unaudited)	30 June 2003 As restated (note 3) (unaudited)	31 December 2003 As restated (note 3)
	£m	**£m**	£m	£m
Fixed assets				
Intangible assets				
Goodwill		**346.6**	234.5	356.7
Tangible assets				
Investment properties		**13.9**	179.7	160.2
Other		**28.0**	19.2	30.3
Investments				
Joint ventures				
Share of gross assets (30 June 2003: £0.9m; 31 December 2003: £0.9m)	0.8			
Share of gross liabilities (30 June 2003: £0.9m; 31 December 2003: £0.9m)	(0.8)			
		-	-	-
Other		**3.5**	3.4	3.3
		392.0	436.8	550.5
Current assets				
Stocks		**2,784.0**	1,876.2	2,596.7
Debtors		**286.6**	257.1	296.0
Cash at bank and in hand		**185.1**	147.0	146.5
		3,255.7	2,280.3	3,039.2
Creditors: amounts falling due within one year		**(887.9)**	(674.4)	(1,001.0)
Net current assets		**2,367.8**	1,605.9	2,038.2
Total assets less current liabilities		**2,759.8**	2,042.7	2,588.7
Creditors: amounts falling due after one year		**(1,072.1)**	(542.1)	(845.6)
Provisions for liabilities and charges		**(36.8)**	(27.5)	(36.0)
Net assets before post-retirement liability		**1,650.9**	1,473.1	1,707.1
Net post-retirement liability		**(111.7)**	(117.3)	(130.1)
Net assets		**1,539.2**	1,355.8	1,577.0
Represented by:				
Capital and reserves				
Non-equity share capital		**-**	-	10.0
Equity share capital		**146.5**	138.4	146.1
Called up ordinary share capital		**146.5**	138.4	156.1
Share premium account		**747.2**	592.3	745.7
Revaluation reserve		**-**	63.3	38.4
Capital redemption reserve		**31.5**	21.5	21.5
Other reserve		**-**	-	1.1
Profit and loss account		**651.0**	555.6	627.8
Less: Own shares		**(37.9)**	(15.4)	(14.7)
Shareholders' funds		**1,538.3**	1,355.7	1,575.9
Minority interests - equity and non-equity interests		**0.9**	0.1	1.1
		1,539.2	1,355.8	1,577.0
Shareholders' funds are analysed as:				
Equity interests		**1,538.3**	1,355.7	1,474.8
Non-equity interests		**-**	-	101.1
Total shareholders' funds		**1,538.3**	1,355.7	1,575.9

Taylor Woodrow plc Interim report 2004
Summary Group cash flow statement
for the six months to 30 June 2004

	Six months to 30 June 2004 (unaudited) £m	Six months to 30 June 2003 As restated (note 3) (unaudited) £m	Year to 31 December 2003 As restated (note 3) £m
Group operating profit	**220.0**	141.4	339.5
Depreciation and amortisation	**12.8**	9.3	21.8
Increase in stocks	**(203.4)**	(159.5)	(201.3)
Decrease/(increase) in debtors	**14.6**	(56.5)	(56.0)
(Decrease)/increase in creditors	**(25.6)**	(42.3)	142.3
Exchange adjustments	**(2.1)**	9.4	1.1
Net cash inflow/(outflow) from operating activities	**16.3**	(98.2)	247.4
Returns on investments and servicing of finance	**(84.7)**	(25.1)	(43.5)
Taxation	**(44.9)**	(34.0)	(82.4)
Capital expenditure and financial investment	**165.6**	1.3	(8.9)
Acquisitions and disposals	**-**	-	(435.2)
Equity dividends paid	**-**	-	(41.4)
Net cash inflow/(outflow) before use of liquid resources and financing	**52.3**	(156.0)	(364.0)
Cash inflow from decrease in liquid resources	**50.3**	57.5	39.8
Net cash (outflow)/inflow from financing	**(19.6)**	116.0	313.9
Increase/(decrease) in cash in the period	**83.0**	17.5	(10.3)
Movement in net debt			
Increase/(decrease) in cash in the period	**83.0**	17.5	(10.3)
Cash inflow from increase in debt	**(103.0)**	(117.1)	(210.4)
Cash inflow from decrease in liquid resources	**(50.3)**	(57.5)	(39.8)
Increase in net debt resulting from cash flows	**(70.3)**	(157.1)	(260.5)
Exchange/other non-cash changes in net debt	**2.0**	(0.1)	(222.0)
Increase in net debt in the period	**(68.3)**	(157.2)	(482.5)
Net debt at the beginning of the period	**(742.9)**	(260.4)	(260.4)
Net debt at the end of the period	**(811.2)**	(417.6)	(742.9)

1. Segmental analysis

	Group turnover (by origin)		Group operating profit (by origin)		Capital employed	
	Six months to 30 June		Six months to 30 June		30 June	31 December
	2004	2003	**2004**	2003 As restated (note 3)	**2004**	2003 As restated (note 3)
	£m	£m	**£m**	£m	**£m**	£m
By activity						
Housing	**1,214.6**	846.4	**194.9**	133.1	**1,968.1**	1,804.1
Property development and investment	**29.6**	38.3	**4.2**	9.0	**149.9**	277.6
Construction	**191.2**	172.8	**4.8**	6.0	**(114.2)**	(118.5)
	1,435.4	1,057.5	**203.9**	148.1	**2,003.8**	1,963.2
Goodwill amortisation/goodwill – housing(note 2)			**(10.0)**	(6.7)	**346.6**	356.7
Exceptional item (note 2)			**26.1**	-	**-**	-
			220.0	141.4	**2,350.4**	2,319.9
By market						
North America	**360.5**	330.3	**53.9**	46.0	**373.1**	340.3
Rest of the World	**56.3**	52.0	**12.5**	16.1	**42.7**	34.1
Total overseas	**416.8**	382.3	**66.4**	62.1	**415.8**	374.4
United Kingdom	**1,018.6**	675.2	**137.5**	86.0	**1,588.0**	1,588.8
	1,435.4	1,057.5	**203.9**	148.1	**2,003.8**	1,963.2
Goodwill amortisation/goodwill (note 2)			**(10.0)**	(6.7)	**346.6**	356.7
Exceptional item (note 2)			**26.1**	-	**-**	-
			220.0	141.4	**2,350.4**	2,319.9
Net debt					**(811.2)**	(742.9)
Minority interests					**(0.9)**	(1.1)
Shareholders' funds					**1,538.3**	1,575.9

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

Operating profit after including goodwill amortisation and exceptional item for the six months to 30 June 2004 is analysed as Housing £198.7m, Property £4.2m and Construction £17.1m and geographically as North America £55.8m, Rest of the World £12.5m and United Kingdom £151.7m (six months to 30 June 2003: Housing £126.4m, Property £9.0m and Construction £6.0m and, geographically, North America £45.7m, Rest of the World £16.1m and United Kingdom £79.6m).

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 2004 is £27.2m (2003 as restated: £13.3m) including these items.

Goodwill of £346.6m (31 December 2003 as restated: £356.7m) is in respect of United Kingdom £340.8m (31 December 2003 as restated: £350.6m) and North America £5.8m (31 December 2003: £6.1m).

The increase in operating profit of £0.7m for the six months to 30 June 2003 arising from restatement because of the adoption of FRS 17 is analysed as Construction increase £0.7m, North America decrease £0.6m and United Kingdom increase £1.3m. The decrease in capital employed of £117.6m at 31 December 2003 arising from restatement because of the adoption of FRS 17 is analysed as Housing £58.6m, Property £1.4m and Construction £66.7m totalling £126.7m before an increase in Housing goodwill of £9.1m and, geographically, as North America £0.6m and United Kingdom £126.1m before increase in goodwill of £9.1m.

2. Goodwill amortisation and exceptional items

Goodwill amortisation charged to operating profit for the six months to 30 June 2004 is £10.0m (six months to 30 June 2003: £6.7m, year to 31 December 2003: £15.0m) and this is in respect of United Kingdom £9.8m (six months to 30 June 2003: £6.4m, year to 31 December 2003: £14.5m) and North America £0.2m (six months to 30 June 2003: £0.3m, year to 31 December 2003: £0.5m).

Operating profit for the six months to 30 June 2004 is also stated after an exceptional credit of £26.1m relating to a curtailment of pensions liability, analysed as Housing £13.8m and Construction £12.3m. The curtailment is principally in respect of the Group's United Kingdom defined benefit pension arrangements and arises because defined benefit pensions will no longer be linked to final salaries but instead to 2004 salaries increased by the lowest of annual salary increase, increase in the Retail Price Index or 5%; the Group will contribute to its defined contribution pension scheme in respect of United Kingdom salaries not covered by defined benefit pension arrangements.

Profit before tax for the six months to 30 June 2004 also includes an exceptional interest charge of £41.1m being the loss on repurchase of the 9.5% first mortgage debenture stock 2014.

There were no exceptional items for the six months to 30 June 2003.

Operating profit for the year to 31 December 2003 was stated after deduction of exceptional administrative expenses of £20.0m relating to the integration of Wilson Connolly operations with Taylor Woodrow United Kingdom Housing.

The tax effect of the exceptional credit and charges noted above was 30% (note 5).

3. Basis of preparation of the interim financial statements

The interim financial statements have been prepared on a basis which is consistent with the accounting policies adopted for the year to 31 December 2003 except for the adoption of the accounting standard FRS 17 "Retirement benefits" which the Group has adopted in full from 1 January 2004. In prior years the Group complied with the transitional requirements of this standard. The Group considers that full adoption in 2004 will benefit comparability in future periods.

The adoption of FRS 17 has led to an increase of £0.7m in operating profit for the six months to 30 June 2003 and £1.7m for the year to 31 December 2003. In addition there was also an increase in finance charges of £2.5m for the six months to 30 June 2003 and £5.2m for the year to 31 December 2003. The tax impact of these changes was a decrease of £0.5m for the six months to 30 June 2003 and a decrease of £0.9m for the year to 31 December 2003. The overall effect of adopting FRS 17 was a decrease in retained profit for the financial period of £1.3m and £2.6m for the six months to 30 June 2003 and year to 31 December 2003 respectively. The adoption of this standard has resulted in a reduction of £117.6m in net assets at 31 December 2003 and £117.0m at 30 June 2003. The adjustment at 31 December 2003 includes an increase in goodwill of £9.1m as the fair value of the pensions liability (net of deferred tax) acquired with Wilson Connolly Holdings plc on 2 October 2003 has now been included on a FRS 17 basis rather than, as previously, on a SSAP 24 basis. In the summary cash flow statement the increases in operating profit noted above are matched by corresponding decreases in creditors with no changes in the net cash flows from operating activities.

The balance sheet and cash flow statement for the six months to 30 June 2003 have also been restated in respect of the adoption of UITF 38 "Accounting for ESOP Trusts" in order that they be consistent with the policies adopted for the year to 31 December 2003. Investments in the company's own shares at 30 June 2003 of £15.4m (31 December 2002: £12.6m) are shown as a deduction within shareholders' funds rather than as current asset investments and are therefore no longer shown as part of net debt with the cash outflow of £2.8m regarding them for the six months to 30 June 2003 shown as part of financing rather than within management of liquid resources.

The interim financial statements were approved by the board of directors on 3 August 2004.

These interim financial statements do not constitute statutory accounts. Comparative figures for the year to 31 December 2003 have been extracted from the latest published accounts on which the report of the auditors was unqualified and did not contain a statement made under section 237(2) or section 237(3) of the Companies Act 1985; the comparative figures have also been restated for the adoption of FRS 17 as noted above. The 2003 annual accounts have been delivered to the Registrar of Companies.

4. Tax on profit on ordinary activities

	Six months to 30 June 2004 £m	Six months to 30 June 2003 As restated (note 3) £m	Year to 31 December 2003 As restated (note 3) £m
United Kingdom tax			
Corporation tax	**29.1**	22.8	50.3
Deferred tax	**(0.2)**	0.3	5.3
Joint ventures	**-**	-	-
Overseas tax			
Current tax	**19.6**	16.6	36.0
Deferred tax	**5.5**	6.6	9.0
	54.0	46.3	100.6

United Kingdom corporation tax has been charged at 30% (2003: 30%). The effective rate is higher than this due to higher rates of tax on overseas profits and the amortisation of goodwill and fair value adjustments being disallowable for tax.

5. Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares:

	Basic			Adjusted		
	Six months to 30 June 2004 £m	Six months to 30 June 2003 As restated (note 3) £m	Year to 31 December 2003 As restated (note 3) £m	Six months to 30 June 2004 £m	Six months to 30 June 2003 As restated (note 3) £m	Year to 31 December 2003 As restated (note 3) £m
Profit for the financial period	**114.5**	81.8	199.5	**114.5**	81.8	199.5
Less: Finance costs of non-equity shares	**(1.3)**	-	(1.1)	**(1.3)**	-	(1.1)
Add/(less): Exceptional items (note 2)						
Curtailment of pensions liability				**(26.1)**	-	-
Loss on repurchase of debt				**41.1**	-	-
Integration costs				**-**	-	20.0
Less: Tax effect of exceptional items				**(4.5)**	-	(6.0)
	113.2	81.8	198.4	**123.7**	81.8	212.4

	Six months to 30 June 2004 m	Six months to 30 June 2003 m	Year to 31 December 2003 m
Weighted average number of shares:			
For basic and adjusted earnings per share	**573.6**	544.6	550.9
Weighted average of dilutive options	**3.8**	2.4	3.0
Weighted average of dilutive awards under bonus plans	**0.9**	0.4	0.5
For diluted earnings per share	**578.3**	547.4	554.4

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 2004 which comprises the summary Group profit and loss account, the Group statement of total recognised gains and losses, the reconciliation of movements in Group shareholders' funds, the Group balance sheet, the summary Group cash flow statement, and related notes 1 to 5. 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.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The 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 are 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 the 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 2004.

Deloitte & Touche LLP
Chartered Accountants
London
3 August 2004