29 July 2015
Taylor Wimpey plc
Half year results for the period ended 28 June 2015

Pete Redfern, Chief Executive, commented:

"We have used the opportunity of a stable and positive housing market to make significant progress towards our medium term financial and quality objectives. We are confident of achieving the three year financial targets that we established in 2014, and continue to invest in recruiting and developing our people and enhancing the quality of our homes.

In line with our strategy, we have proposed a cash return of £300 million to be paid in July 2016, which takes our total cash returns to shareholders since we started the programme in 2014 to £600 million."

Highlights

- Strong 2015 first half performance:
  - Completed 5,842 homes (excluding joint ventures) across the UK, with a 9.2% increase in total average selling price to £225k (H1 2014: 5,695 homes at £206k), in a resilient and growing housing market
  - Record contribution of £55.9k per completion (H1 2014: £45.3k per completion)

- Significant progress made towards the Group's three year medium term targets:
  - Operating profit* margin up 310 basis points to 19.2% (H1 2014: 16.1%)
  - Return on net operating assets** up 540 basis points to 23.2% (H1 2014: 17.8%)
  - Tangible net asset value per share† increased by 11.5% to 82.1 pence (H1 2014: 73.6 pence), with 15.6% growth in net assets before cash distributions†††
  - Converted 45% of operating profit* to operating cash flow*** (H1 2014: 27%) on a rolling 12 month basis

- Further cash return of £300 million proposed, to be paid in July 2016, 20% ahead of the 2015 payment (July 2015: £250 million), reflecting increased cash generation and profitability

- Interim maintenance dividend of 0.49 pence per share (H1 2014: 0.24 pence per share) to be paid on 2 October 2015

- Well placed to deliver further sustainable growth in returns and completions during 2015 and beyond:
  - Landbank strong at 77k plots, with over 50% sourced from the strategic land pipeline
    - Acquired 3,620 high-quality plots in the UK short term land market

    - Converted 5,666 plots from the strategic pipeline
  - Excellent order book as at 28 June 2015 representing 8,120 homes (29 June 2014: 7,587) and a record total value of £1,859 million (29 June 2014: £1,584 million)
  - Selected with partner Dorchester Regeneration by the Ministry of Defence to develop Prince Phillip Barracks in Bordon, Hampshire, which will deliver c.2,400 much needed new homes and infrastructure over 15 years

- Contributed c.£166 million to local communities in which we build across the UK via planning obligations, providing local infrastructure, affordable homes, public transport and education facilities (H1 2014: £116 million)

	H1 2015	H1 2014	Change	FY 2014
Revenue £m	1,335.3	1,190.1	12.2%	2,686.1
Operating profit* £m	255.9	192.1	33.2%	480.7
Profit before tax and exceptional items £m	238.0	178.4	33.4%	450.1
Profit for the period before exceptional items £m	190.3	140.2	35.7%	359.7
Adjusted basic earnings per share pence[††]	5.9	4.3	37.2%	11.2
Basic earnings per share pence	5.8	4.7	23.4%	11.6
Tangible net asset value per share pence[†]	82.1	73.6	11.5%	77.9
Net cash / (debt) £m	87.6	(36.2)	342.0%	112.8
Total maintenance dividends pence per share	0.49	0.24	104.2%	1.56

Market backdrop

In the first four months of 2015, despite the uncertainty in the lead up to the General Election, we saw a very stable and solid housing market in the UK, with resilient sales rates and small incremental increases in house prices.

Since May, we have seen a more significant improvement in consumer confidence and mortgage availability and cost, giving rise to a stronger second quarter, which has continued into July. Sales rates have been above expectations and sales price growth has increased.

We welcome the planning reforms announced by the Chancellor in the Summer Budget on 8 July, which demonstrate the continued commitment from the UK Government to increase the number of new homes in the UK. We believe these proposals to be directionally positive and look forward to evaluating the detail surrounding them. We are also particularly pleased to see the Government's continued focus on increasing the number of apprenticeships, which are critical to our industry, and we remain committed to playing an important role in delivering this in all areas of our business, with a number of apprenticeships and trainee programmes already underway.

Outlook

After a strong selling season in spring and early summer, we anticipate sales rates moderating in the second half of 2015, in line with the traditional seasonal selling patterns, to end the year within the range of 0.70 - 0.75 (private homes sold per site per week), that we consider to be sustainable in a 'normal' market.

We continue to monitor market conditions and assess the cyclical risks. We believe that the active management of the housing market cycle by policy makers is a significant positive for the long term health of the housebuilding industry. In the short to medium term, and with the support of low unemployment and wage growth, we anticipate that modest interest rate increases, such as those anticipated by the market, are unlikely to significantly disrupt the housing market environment.

Looking ahead, whilst there continues to be build cost pressure, particularly weighted towards labour costs, we have seen this pressure reduce over the last seven months. As set out at the beginning of the year, we continue to anticipate that underlying build costs will increase by c.5% year on year during 2015.

We are committed to returning surplus cash to shareholders on an annual basis as we convert our growing profitability into operating cash, as set out in our medium term targets. We have therefore today announced a further cash return of £300 million, equating to c.9.22 pence per share, which will, subject to shareholder approval at the 2016 AGM, be paid in July 2016. The 20% increase above the 2015 cash return reflects both our growing profitability and the reduced capital investment needed to maintain the strong position we have established in our landbank.

To date, we have committed to returning a total of £600 million to shareholders by way of three annual cash returns, in addition to the maintenance dividends, whilst at the same time we have continued to increase operating profit and improve the quality of the landbank for the future.

As at 26 July 2015, we were c.90% forward sold for private completions for 2015 with a total order book of £1,994 million (2014 equivalent period: £1,644 million), giving good visibility and security for 2015 and beyond.

- Ends -

* Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures.

** Return on net operating assets is defined as 12 month rolling operating profit divided by the average of the opening and closing net operating assets, which is defined as net assets less net cash less deferred tax balances, less any accrued dividends.

*** Operating cash flow is defined as cash generated by operations before taxation and interest paid on a rolling 12 month basis.

† Tangible net assets per share is defined as net assets before any accrued dividends excluding goodwill and intangible assets divided by the weighted average number of shares in issue during the period.

†† Adjusted basic earnings per share represents earnings, excluding exceptional items and tax on exceptional items, divided by the weighted average number of shares in issue during the period.

††† Growth in net assets before cash distributions is defined as the percentage change between closing net assets pre accrued and paid returns to shareholders on a rolling 12 month basis and closing net assets on a rolling 12 month basis from the comparative period.

A presentation to analysts and investors will be hosted by Chief Executive Pete Redfern at 9am on Wednesday 29 July 2015. This presentation will be broadcast live through our website:

www.taylorwimpey.co.uk/corporate

An archived version of the webcast will be available on our website from the afternoon of 29 July 2015.

For further information, please contact:

Taylor Wimpey plc Tel: +44 (0) 7826 874461

Pete Redfern, Chief Executive
Ryan Mangold, Group Finance Director
Debbie Sempie, Investor Relations

Finsbury Tel: +44 (0) 20 7251 3801

Faeth Birch
Anjali Unnikrishnan

Notes to editors:

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

For further information, please visit the Group's website:

www.taylorwimpey.co.uk

Follow us on Twitter @TaylorWimpeyplc

Group strategy and returns

We have a clear view on managing the balance of risk needed to maximise returns and deliver sensible growth from our investments, whilst protecting value in a cyclical industry, and in this context we are clear as to the appropriate sustainable size and scale of our business. Our long term strategy is focused on delivering sustainable growth and value generation in a balanced way through the housing cycle.

In May 2014 we announced a set of stretching financial targets for the period 2015 to 2017. Whilst recognising that we would not achieve all in the first year, we are pleased to have made significant progress towards these targets, which are to achieve each of the following over the three year period:

- An average operating profit* margin of 20%
- A return on net operating assets** of at least 20% per annum

- An average increase in net assets (including returns to shareholders) of 15% per annum

- An average conversion of at least 65% of operating profit* into operating cash flow***

Dividend and cash return policy

Our dividend policy has two elements: a maintenance dividend, which we are committed to maintaining throughout the housing cycle and which is currently set at 2% (at the top end of our 1-2% of net assets policy); and an annual cash return. A key part of our rationale is to provide investors with a significant and reliable dividend stream.

The Board has declared a 2015 interim maintenance dividend of 0.49 pence per share to be paid on 2 October 2015 to shareholders on the register at the close of business on 21 August 2015 (H1 2014 interim dividend: 0.24 pence per share).

In addition to the £300 million total cash return already paid in 2014 and 2015, we propose to return £300 million by way of a cash return in July 2016, equating to c.9.22 pence per share, subject to shareholder approval at the 2016 AGM.

In the near term, we anticipate that our cash generation will continue to grow, in line with our medium term target of converting an average of at least 65% of operating profit* into operating cash flow*** over 2015-2017. This is both as a result of our growing profitability from delivering on quality short term and strategic pipeline sites, and as our need for capital continues to reduce, having now reached our optimal landbank, and as the more capital intensive London business has now reached its natural scale.

Changes to the Management Team

Reflecting the quality of talent and development within the business, and following a review of how we structure the future operational reporting lines of the business, we are very pleased to be able to enhance our Management Team capability with internal appointments, ensuring that we are set up to operate efficiently and effectively for the future. There have also been some wider Management Team changes. Peter Truscott, Divisional Chairman South, will be leaving the business at the end of September to take up his new position as CEO of Galliford Try. Additionally, after a long and successful career with Taylor Wimpey spanning over 30 years, Peter Andrew, UK Land and Planning Director, has announced his intention to leave the business at the end of August.

We wish both Peter Truscott and Peter Andrew the very best for the future. Over the years, they have made significant contributions to both Taylor Wimpey and the industry.

Following this detailed review, and largely because of the size and scale of the business in the South, we have taken the operational decision to divide the South into two divisions from 1 August (the Central and South West Division, and the London and South East Division), and therefore introduce a third Divisional Chairman role into the senior management structure. This change is to the reporting structure only and therefore will not require any significant additional expense. The two divisions will be led by Nigel Holland and Chris Carney respectively. Nigel joined Taylor Wimpey in 1994 and has held various roles within the Group, most recently as South West Divisional Managing Director. Chris joined the business in 2006 as Group Financial Controller and, following the merger, was promoted to UK Finance Director. Chris has been Managing Director of our South Thames regional business for the last four years.

The North Division will remain unchanged under Fergus McConnell's leadership as Divisional Chairman, and Central London will remain under Ingrid Skinner's leadership as Managing Director.

Jennie Daly, UK Director of Planning, will be promoted to Land Director and join the Management Team with effect from 1 September. Jennie has significant industry experience, most notably with Redrow plc, including as Managing Director of its Harrow Estates operation.

Operational review

Taylor Wimpey plc is a UK-focused residential developer, with a small operation in Spain. The following operational review is UK only as the majority of metrics do not apply to the Spanish business. A short summary of the Spanish business follows. The Group financial review is presented at Group level, which includes Spain, unless otherwise indicated.

Joint ventures are excluded from the operational review and Group financial review, unless stated otherwise. For the purposes of clarity, joint ventures are separated out in the Group financial review.

Our key performance metrics

UK	H1 2015	H1 2014	Change	FY 2014
Contribution per legal completion £k	55.9	45.3	23.4%	49.6
Forward order book as a % of completions (as at period end)	60.9%	61.0%	(10) bps	53.7%
Owned and controlled plots with planning or resolution to grant	77,372	75,141	3.0%	75,136
Strategic land pipeline conversion plots	5,666	7,195	(21.3)%	10,779
% of completions from strategically sourced land	46%	37%	900 bps	39%
Customer satisfaction %	85%	86%	(100) bps	87%
Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors)	68	100	(32.0)%	209
Employee turnover % (voluntary, restated rolling 12 months)	13.5%	9.2%	430 bps	13.6%

Sales, completions and pricing

Private sales rates for the first half of the year (w/e 28 June 2015) were 0.78 (H1 2014: 0.71). Cancellation rates remain low, at 11% (H1 2014: 11%).

Total home completions increased by 2.6% to 5,842 in the first half of 2015, up from 5,695 in the first half of 2014, of which 19.0% were affordable housing completions (H1 2014: 16.5%). We will see additional growth in the second half of the year and we are on track to deliver increased completions for 2015 in line with previous guidance.

Average selling prices on private completions increased by 10.7% to £248k (H1 2014: £224k). This is primarily the result of the continuing underlying shift to better quality locations and capturing some modest market sales price increases. Our total average selling price increased by 9.2% to £225k (H1 2014: £206k). Contribution per completion increased by 23.4% to a record £55.9k per home (H1 2014: £45.3k).

During the first half of 2015, our London business completed 267 homes (H1 2014: 415), around 5% of total completions, at an average selling price of £521k (H1 2014: £302k). Including joint ventures, our London business completed 319 homes (H1 2014: 462).

As at 28 June 2015, our total order book represented 8,120 homes (29 June 2014: 7,587 homes), and was valued at £1,859 million (29 June 2014: £1,584 million). The average price in the private order book increased by 10.6% to £291k (29 June 2014: £263k).

During the first half of 2015, we were operating from an average of 302 outlets (H1 2014: 307). We opened 74 new outlets (H1 2014: 54) during the first six months of 2015. With the higher than expected sales rates, outlets are generally closing slightly earlier than planned, hence driving lower outlet numbers but a stronger order book.

Since Help to Buy was introduced in April 2013, we have worked with over 10,300 customers to take their first step onto or move up the housing ladder. During the first half of 2015, c.40% of total sales used the scheme, of which 77% (H1 2014: 71%) were first time buyers.

First time buyers accounted for 39% of total sales (H1 2014: 38%) in the first half of 2015. Investor sales within Taylor Wimpey continued to be at a low level, at c.7% (H1 2014: 8%), which includes buy-to-let sales. This remains significantly below peak levels reached during 2008.

Land and planning

Over the last six years, we have invested in new land in a disciplined way, at the right time and in the right locations, to create a very strong landbank in scale and quality. The current scale of the landbank, at 77k plots, is within our optimum range, and we are operating on a replacement level in the short term land market. Further growth in land is only targeted on value added strategic sites and areas where land can be added without significant capital or risk.

In the first half of 2015, we acquired 3,620 plots in the short term land market (H1 2014: 4,336 plots). As at 28 June 2015, the average selling price in the UK short term owned landbank increased by 10.2% to £237k (H1 2014: £215k), driven by the quality of additions and the continued improvement in the housing market.

We have been operating in a land market for three years where we have been able to source and invest in short term, value-creating land opportunities at investment margins of around 20% operating margin. In the first half of 2015, we have been focused on balancing these historically high margins with achieving a higher return on capital on acquisition and increasing, where possible, the investment targets on individual sites.

We have one of the largest strategic pipelines in the sector which currently stands at c.107k potential plots (29 June 2014: c.108k potential plots) and underpins the future scale, quality and profitability of our landbank. During the first six months of 2015, we continued to work with local authorities and communities to convert a further 5,666 plots from the strategic pipeline to the short term landbank (H1 2014: 7,195 plots). In the first half of 2015, 46% of our completions were sourced from the strategic pipeline (H1 2014: 37%), well in excess of our 40% target.

With the benefit of a strong landbank, we remain very selective and disciplined in the way in which we put shareholders' capital to work. We have established a dedicated team to evaluate the increasing number of land opportunities available, which have a high return potential with a lower land and capital risk funding structure. As a result of this team's work, we have been selected by the Ministry of Defence (MoD) as partners for developing Prince Phillip Barracks, an ex-army base in Bordon, Hampshire together with Dorchester Regeneration. The scheme will deliver around 2,400 homes and infrastructure over 15 years. This joint venture between Dorchester Regeneration and Taylor Wimpey draws on our land development and planning expertise, and the Development Agreement with the MoD allows us to use a funding structure that requires low upfront capital investment, offering reduced land risk and, therefore, reduced exposure to longer term market changes.

We have eight sites, similar to this, across our portfolio and view this approach as an attractive route to creating additional value and, importantly, as a means to further reduce future cyclical risk.

Build costs and efficiency

Build costs per unit increased to £118.9k (H1 2014: £109.3k). This increase was broadly spread between labour and materials, and also takes into account the increased specification needed as we continue to sell from better quality sales locations. We have, however, seen this pressure reduce through the first half of 2015 and into July. On an underlying basis (excluding house type mix impact), we continue to anticipate that underlying build costs will increase by c.5% year on year during 2015.

We continue to take steps towards achieving a smoother profile of completions through the year, which will have a significant positive impact on our internal business efficiency, delivery of good customer service and management of costs.

We have improved our UK net operating asset turn to 1.21 times (H1 2014: 1.20 times).

Quality business

We believe that the underlying quality of the business is very important and is worth investing in. This includes our non-negotiable approach to health and safety, our focus on people and our commitment to improving customer service.

Health and safety

The health and safety of individuals on our sites is, and remains, our non-negotiable top priority. We are committed to providing a safe place in which our employees and subcontractors can work and our customers can live. We have continued to keep our Annual Injury Incidence Rate for reportable injuries low, at 68 per 100,000 employees and contractors in the first half of 2015 (H1 2014: 100).

People and skills

We believe that having the right people with the right skills at all levels in our organisation is critical to building a quality business and delivering our strategy.

We are an important local employer and have grown our workforce with the improvement in the housing market. During the first half of 2015 we directly employed, on average, 4,177 people across the UK. During the period we also indirectly employed an average of 12,096 operatives to work on our sites.

Going forward, we have adjusted the methodology of the voluntary employee turnover rate to a rolling 12 month measure, which enables us to provide a more accurate representation of the changes in an increasingly competitive market. Our rolling 12 months voluntary employee turnover has increased to 13.5% in the first half of 2015 (H1 2014: 9.2%), but has remained broadly in line with 2014 as a whole (FY 2014: 13.6%).

We are pleased to report that Taylor Wimpey achieved a total of 63 Quality Awards (2014: 70) in the National House-Building Council (NHBC) Pride in the Job Awards 2015.

Our graduate scheme has also been recognised after being ranked as the ‘Best Graduate Programme in the Property and Construction Companies’ category (smaller intake) in TheJobCrowd ‘Top Companies For Graduates To Work For’ rankings. In addition we were also ranked as the 25th ‘Best Companies to Work For Overall’ (smaller intake).

During 2015, we signed up to the Change 100 programme, an internship and coaching programme to support the career development of talented university students who consider themselves disabled. We now have three summer interns working with Taylor Wimpey in various parts of the business, and we intend to continue our participation in the programme next year.

Customers

During 2014, we began an in-depth review of every aspect and stage of our customer journey, to identify areas of improvement and to deliver a better homebuying experience for our customers. During the first half of 2015, we achieved a customer satisfaction rate of 84.5% (H1 2014: 85.9%). In the last two months, we have been pleased to see an increase in our survey scores, however we recognise that, with higher benchmarks, we need to continue to do more in order to meet and exceed our customers’ expectations. Customer service remains our key priority in 2015.

Spain

The Spanish market continued to improve during the first half of 2015 and we saw meaningful increases in sales rates and pricing. Our newly acquired sites continue to perform well due to their better quality locations, driving a significant improvement in performance.

During the first half of 2015, we completed 66 homes (H1 2014: 20) at an average selling price of €284k (H1 2014: €254k). The total order book as at 28 June 2015 stood at 308 homes (29 June 2014: 284 homes). The Spanish business delivered an improved operating profit* for the first half of 2015 of £0.9 million (H1 2014: £1.9 million operating loss). Looking ahead, we remain conscious of the Southern European economic environment, but remain cautiously optimistic, given our target markets and high-quality locations.

Group financial review

Income statement

Group revenue increased by 12.2% to £1,335.3 million in the first half of 2015 (H1 2014: £1,190.1 million), from completions of 5,908 (H1 2014: 5,715). The increase was driven by much improved selling prices in the UK, up 9.2% to £225k (H1 2014: £206k), and UK volume growth of 2.6% to 5,842 completions (H1 2014: 5,695). Average selling prices on private completions increased by 10.7% to £248k (H1 2014: £224k) in the UK, with the increase both as a result of our underlying shift to better quality locations and capturing market sales price increases.

The UK land cost per unit sold, at £41.3k, is lower than in 2014, particularly reflecting the mix effect of a higher proportion of strategic pipeline and the lower number of impaired sites traded on in the period (H1 2014: £44.1k). Total UK land cost per completion as a percentage of selling prices was 18.4% (H1 2014: 21.4%).

Build cost per unit in the UK increased to £118.9k (H1 2014: £109.3k), reflecting improved quality mix driven by higher product specification and the impact of build cost inflation. Other direct costs and selling expenses per unit increased to £8.4k (H1 2014: £6.9k) as a result of greater outlet openings in the first half of 2015.

We are focused on maximising the contribution per completion as we seek to drive the quality of returns. Contribution per completion increased by 23.4% to £55.9k for the first half of 2015 (H1 2014: £45.3k), as a result of better quality locations, lower land costs and improved market conditions, offsetting build cost increases. In the first half of 2015, 62% of completions were on land acquired post-2009, where we outperformed the investment thesis by 3.8%.

Gross profit before exceptional items of £330.2 million (H1 2014: £259.4 million) increased by 27.3% and included a positive contribution of £5.6 million (H1 2014: £6.0 million). The positive contribution represents the amount of previously written down inventory allocated to a plot which has resulted in a gross profit on completion. This can be due to revenue outperformance, cost efficiencies or product mix improvements. These amounts are stated before the allocation of overheads, which are excluded from the Group’s net realisable value exercise.

In the first half of 2015, 8% (H1 2014: 16%) of the Group’s UK completions were from sites that had been previously impaired. In Spain, 14 plots (H1 2014: 12) were completed that had previously been impaired. The Group anticipates that c.7% of short term owned and controlled impaired plots will complete in the second half of 2015.

Going forward, we will detail separately the trading metrics of joint ventures. In the first half of 2015, completions from joint ventures were 53 (2014: 71) at an average selling price of £441k (H1 2014: £271k). The total order book value of joint ventures as at 28 June 2015 was £85 million (29 June 2014: £37 million) representing 186 homes (29 June 2014: 150). Our share of results of joint ventures in the first half of 2015 was £1.4 million (H1 2014: £0.8 million).

Operating profit* increased to £255.9 million (H1 2014: £192.1 million), delivering an operating profit* margin of 19.2% (H1 2014: 16.1%), an increase of 310 bps. The UK operating profit* margin in the first half of the year was 19.3% (H1 2014: 16.4%). These improvements have been driven by the ongoing benefits of the quality of our short term land acquisitions and by our conversion of the strategic pipeline.

Pre-exceptional net finance costs for the period were £17.9 million (H1 2014: £13.7 million). The positive impact of lower average borrowings and lower debt financing costs following the amend and extend agreement with lenders in February 2015 has been offset by a one-off, non-debt charge and slightly higher land creditor interest cost.

Pre-exceptional profit before tax for the period increased by 33.4% to £238.0 million (H1 2014: £178.4 million). The pre-exceptional tax charge was £47.7 million (H1 2014: £38.2 million) with an underlying tax rate of 20.0% that largely reflects the statutory corporate tax rate (H1 2014: 21.4%).

This resulted in a profit before exceptional items for the period of £190.3 million (H1 2014: £140.2 million), 35.7% up on the prior year.

Basic earnings per share was 5.8 pence (H1 2014: 4.7 pence). The adjusted basic earnings per share[††] was 5.9 pence (H1 2014: 4.3 pence), up 37.2%, reflecting the strong improvement in trading.

At the half year the Group completed a net realisable value assessment of inventory and, whilst there has been continued improvement in the UK housing market and the wider UK economy, supported by improved mortgage availability, historically low interest rates and the Help to Buy Government scheme, some adverse planning decisions and other site specific factors have resulted in the net addition to the provision against land of £0.8 million (H1 2014: £18.9 million reversal).

The net addition in the UK consists of a reversal of previous write-downs of £4.3 million (29 June 2014: £23.4 million) on a small number of previously impaired sites, and additional write-downs to the lower of cost and net realisable value of £5.1 million (29 June 2014: £4.5 million). This net addition will not affect second half profitability.

Balance sheet

Net operating assets were £2,463.8 million (31 December 2014: £2,265.0 million, 29 June 2014: £2,237.3 million), reflecting a net investment of £452.7 million (29 June 2014: £417.0 million) year on year in land and work in progress on a rolling 12 month basis, funded mostly by increased profitability. Return on net operating assets** increased by 540 basis points to 23.2% (H1 2014: 17.8%; FY 2014: 22.5%), ahead of our medium term target of 20%, reflecting improved profitability and balance sheet discipline.

Group net operating asset turn increased to 1.20 times (H1 2014: 1.18 times; FY 2014: 1.26 times), as a result of trading from better quality locations and focused land and work in progress investment.

Relative to our medium term target of adding 15% to net assets before any cash distributions to shareholders, net assets at 28 June 2015 increased by 15.6% before cash distributions[†††] and increased by 2.8% overall year on year to £2,417.0 million after cash distributions accrued or paid to shareholders (29 June 2014: £2,350.7 million; 31 December 2014: £2,535.3 million). The net asset increase was driven by profitability in the period offset by the £42.9 million maintenance dividend and the accrual of the £250 million cash return paid on 3 July 2015.

As at the balance sheet date, the Group held inventory that had been written down to net realisable value of £258.3 million (31 December 2014: £296.6 million), of which the balance in the UK was £232.6 million (31 December 2014: £269.6 million). As at 28 June 2015, the associated write-downs were £182.5 million (31 December 2014: £206.2 million) of which the balance in the UK was £139.4 million and principally related to 14 locations.

In the UK the net carrying value of land as at 28 June 2015 was £2,574 million (31 December 2014: £2,489 million), of which 77,372 short term plots represent £2,440 million (31 December 2014: £2,327 million) and the 107,358 strategic pipeline plots are carried at £134 million (31 December 2014: £162 million). As at 28 June 2015, 5% of our short term owned and controlled land was impaired (31 December 2014: 7%), with 75% of the short term owned and controlled landbank purchased after 2009 at significantly improved margins, over half of which was sourced through our strategic pipeline, resulting in a land cost to average selling price in the owned landbank of 16.4% (31 December 2014: 17.3%).

We continue to use land creditors as a means of funding land acquisitions where this makes the most commercial sense and is value enhancing for the business. Land creditors increased to £506.0 million (31 December 2014: £487.7 million) and, combined with net cash, resulted in adjusted gearing of 17.3% (31 December 2014: 14.8%).

The mortgage debtor balance was £100.7 million at 28 June 2015 (31 December 2014: £104.8 million), with the decrease partly due to a net £3.4 million of loan redemptions in the period and a fair value loss of £0.7 million (31 December 2014: £3.9 million gain).

Our net deferred tax asset declined to £115.9 million (31 December 2014: £157.5 million), due to utilisation of brought forward tax losses against taxable profits in the period. There are no further unrecognised UK trading tax losses and, based on forecast profitability, we expect the Group to have fully utilised its deferred tax asset arising from UK trading losses by the end of 2015.

Retirement benefit obligations of £196.3 million at 28 June 2015 (31 December 2014: £183.8 million) comprise a defined benefit pension liability of £194.9 million (31 December 2014: £182.4 million) and a post-retirement healthcare liability of £1.4 million (31 December 2014: £1.4 million). The pension scheme deficit has increased by £12.5 million, due to changes in actuarial assumptions, most notably the increase in the inflation rate applied to the scheme. However, this has been offset by strong asset growth and cash contributions in the period, and slightly higher discount rate. In the first half of 2015, we contributed £14.1 million in pension contributions (H1 2014: £25.3 million), which included £5.1 million from the asset backed funding structure.

Cash flow

Net cash decreased to £87.6 million at 28 June 2015 from £112.8 million at 31 December 2014. Total land spend, including land creditors and work in progress, was £256.2 million (H1 2014: £244.1 million). In the first half of 2015, we paid £5.0 million in interest costs (H1 2014: £6.2 million), £42.9 million (H1 2014: £15.2 million) in dividends and purchased £2.0 million (H1 2014: £10.0 million) of our own shares for settlement of future vesting of share schemes.

On a rolling 12 month basis, as at 28 June 2015, we generated £541.3 million of operating profit. This was deployed by increasing our investment in work in progress, as we continue to enhance the customer journey and build efficiently in advance of customer completion. During the period we increased our investment in work in progress, including increasing our presence in the central London market year on year, with work in progress in central London of £84.2 million as at 28 June 2015 (29 June 2014: £50.7 million). In addition to the increase in work in progress, we also invested in our landbank, acquiring 3,620 plots in the short term land market and settling payments due on land purchased in previous periods. In addition, we have distributed £100.4 million in dividends in the period, leading to an increase in net cash of £123.8 million.

Average net debt for the half year was £43.9 million (2014: full year £148.7 million; half year: £139.5 million).

Balance sheet strength

Given the working capital peaks and troughs during the year, we maintain headroom in our financing facilities and are operating well within that level. We will continue to use debt to efficiently balance cash resources and expect to remain broadly net cash / net debt neutral at reporting period ends.

We are pleased that the strength of the Group's balance sheet and continued strong operational and financial performance has been recognised in the continued improvement of Taylor Wimpey's corporate credit ratings, the most recent being upgraded to investment grade rating by Standard & Poor's.

Dividend and cash return

The Board has declared an interim maintenance dividend of 0.49 pence per share, to be paid on 2 October 2015 to shareholders on the register at the close of business on 21 August 2015 (2014 interim dividend: 0.24 pence per share).

This dividend will be paid as a cash dividend, and shareholders are once again being offered the opportunity to reinvest their entire dividend under the Dividend Re-Investment Plan (DRIP), details of which are available from our Registrar and will appear on our website. Elections to join the Plan must reach the Registrar by 7 September 2015 in order to be effective for this dividend. Further details can be found on our website www.taylorwimpey.co.uk

In addition, on 3 July 2015 we returned cash of £250 million by way of a special cash return, equating to 7.68 pence per share, to shareholders on the register at the close of business on 22 May 2015. In July 2016, we will return £300 million of cash to shareholders, equating to c.9.22 pence per share, subject to shareholder approval. Shareholders will be offered the opportunity to reinvest their dividends under the DRIP.

Future cash returns to shareholders will be announced on an annual basis at the half year results and will be paid the following July, subject to shareholder approval. The next update will therefore be at our 2016 half year results, on 27 July 2016, for the 2017 cash return, which will be paid in July 2017. The Board will continue to keep the quantum and structure of the return under regular review.

Principal risks and uncertainties

As with any business, Taylor Wimpey faces a number of risks and uncertainties in the course of its day to day operations. It is only by effectively identifying and managing these risks and uncertainties that we are able to deliver on our strategic objectives in the short to medium term and also through the housing cycle.

In summary, the key business risks include:

- *Government policy and planning regulations* – The implementation of recent legislation (including the Localism Act and National Planning Policy Framework) has had a positive impact on the planning system. The Community Infrastructure Levy (CIL) is a newly implemented piece of legislation in 2015 and is being taken up slowly by local authorities. Delays in planning approvals are occurring across the industry, as CIL is understood by local authorities and homebuilders alike. The UK General Election result is expected to bring stability to the sector, albeit with the effect of the devolution of powers to Scotland and the recently announced budget, changes are being monitored. These changes and uncertainties mean that there may be build delays, or rare occurrences of sites originally thought to be commercially viable which may no longer be suitable for development.
- *Impact of market environment on mortgage availability and demand* – Mortgage availability is a key constraint on demand in the UK housing market. The stricter lending rules, which came into force in 2014 following the Mortgage Market Review (MMR), and the increased likelihood of a Bank of England interest rate increasing, could translate into a decrease in the affordability of mortgages, resulting in reduced demand for housing.
- *Ability to attract and retain high-calibre employees* – As the economy improves there is an increased risk of employee turnover, resulting from increased workload, alternate career opportunities, uncompetitive reward or lack of job satisfaction; potentially leading to business disruption, process failure and knowledge drain.
- *Material costs and availability of subcontractors* – The recovery of the housing market and growth in housebuilding could reduce the availability of materials and subcontractors, resulting in either the increase in costs above expectations or build delays.
- *Site and product safety* – Building sites are inherently dangerous places. Unsafe practices by our employees or subcontractors have the potential to cause death or serious injury.
- *Land purchasing* – The purchase of land of poor quality, at too high a price, or incorrect timing of land purchases in relation to the economic cycle could impact future profitability.

Further detail on the relevance of these risks to our strategy, the potential impact on key performance indicators, mitigation and responsibility are provided on pages 28 and 29 of our Annual Report and Accounts 2014, which is available from www.taylorwimpey.co.uk

We also maintain a Sustainability and Climate Change Risk and Opportunity Register to monitor other non-financial issues that could affect the Group. More information is available in our Sustainability Report 2014 which is available at:
www.taylorwimpey.co.uk/corporate/sustainability

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

Taylor Wimpey plc
Condensed Consolidated Income Statement
For the half year ended 28 June 2015

£ million	Note	(Reviewed) Half year ended 28 June 2015 Before exceptional items	Half year ended 28 June 2015 Exceptional items (Note 3)	Half year ended 28 June 2015 Total	(Reviewed) Half year ended 29 June 2014 Before exceptional items	Half year ended 29 June 2014 Exceptional items (Note 3)	Half year ended 29 June 2014 Total	(Audited) Year ended 31 December 2014 Before exceptional items	Year ended 31 December 2014 Exceptional items (Note 3)	Year ended 31 December 2014 Total
Revenue		**1,335.3**	**-**	**1,335.3**	**1,190.1**	**-**	**1,190.1**	2,686.1	-	2,686.1
Cost of sales		**(1,005.1)**	**(0.8)**	**(1,005.9)**	**(930.7)**	**18.9**	**(911.8)**	(2,065.2)	18.7	(2,046.5)
Gross profit before positive contribution		**324.6**	**(0.8)**	**323.8**	**253.4**	**18.9**	**272.3**	605.0	18.7	623.7
Positive contribution from written down inventory		**5.6**	**-**	**5.6**	**6.0**	**-**	**6.0**	15.9	-	15.9
Gross profit		**330.2**	**(0.8)**	**329.4**	**259.4**	**18.9**	**278.3**	620.9	18.7	639.6
Net operating expenses		**(75.7)**	**-**	**(75.7)**	**(68.1)**	**-**	**(68.1)**	(142.8)	-	(142.8)
Profit on ordinary activities before finance costs		**254.5**	**(0.8)**	**253.7**	**191.3**	**18.9**	**210.2**	478.1	18.7	496.8
Interest receivable	4	**0.3**	**-**	**0.3**	**0.3**	**-**	**0.3**	0.6	-	0.6
Finance costs	4	**(18.2)**	**-**	**(18.2)**	**(14.0)**	**-**	**(14.0)**	(31.2)	-	(31.2)
Share of results of joint ventures		**1.4**	**-**	**1.4**	**0.8**	**-**	**0.8**	2.6	-	2.6
Profit on ordinary activities before tax		**238.0**	**(0.8)**	**237.2**	**178.4**	**18.9**	**197.3**	450.1	18.7	468.8
Tax (charge) / credit	5	**(47.7)**	**0.2**	**(47.5)**	**(38.2)**	**(4.1)**	**(42.3)**	(90.4)	(4.0)	(94.4)
Profit for the period		**190.3**	**(0.6)**	**189.7**	**140.2**	**14.8**	**155.0**	359.7	14.7	374.4
Attributable to:										
Equity holders of the parent				**189.7**			**155.0**			374.4
Non-controlling interests				**-**			**-**			-
				189.7			**155.0**			374.4
Basic earnings per share	6			**5.8p**			4.7p			11.6p
Diluted earnings per share	6			**5.8p**			4.7p			11.5p
Adjusted basic earnings per share	6			**5.9p**			4.3p			11.2p
Adjusted diluted earnings per share	6			**5.8p**			4.2p			11.1p

Taylor Wimpey plc
Condensed Consolidated Statement of Comprehensive Income
For the half year ended 28 June 2015

£million	Half year ended 28 June 2015 (Reviewed)	Half year ended 29 June 2014 (Reviewed)	Year ended 31 December 2014 (Audited)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(2.8)**	**(1.1)**	(1.8)
Movement in fair value of hedging derivatives and loans	**2.4**	**1.1**	1.8
Items that will not be reclassified subsequently to profit and loss:			
Actuarial (loss)/gain on defined benefit pension schemes	**(21.9)**	**15.9**	(25.9)
Tax on items taken directly to equity	**4.4**	**(4.9)**	5.2
Other comprehensive (expense)/income for the period net of tax	**(17.9)**	**11.0**	(20.7)
Profit for the period	**189.7**	**155.0**	374.4
Total comprehensive income for the period	**171.8**	**166.0**	353.7
Attributable to:			
Equity holders of the parent	**171.9**	**166.0**	353.7
Non-controlling interests	**(0.1)**	**-**	-
	171.8	**166.0**	353.7

Taylor Wimpey plc
Condensed Consolidated Balance Sheet
As at 28 June 2015

£ million	Note	28 June 2015 (Reviewed)	29 June 2014 (Reviewed)	31 December 2014 (Audited)
Non-current assets				
Other intangible assets		**2.1**	3.4	2.5
Property, plant and equipment		**18.9**	9.4	16.8
Interests in joint ventures		**36.1**	33.8	38.6
Trade and other receivables		**101.1**	113.8	111.1
Deferred tax assets	5	**117.8**	201.1	157.5
		276.0	361.5	326.5
Current assets				
Inventories		**3,755.4**	3,303.7	3,490.1
Trade and other receivables		**128.0**	138.1	102.6
Tax receivables		**0.2**	7.8	7.8
Cash and cash equivalents	7	**212.6**	63.8	212.8
		4,096.2	3,513.4	3,813.3
Total assets		**4,372.2**	3,874.9	4,139.8
Current liabilities				
Trade and other payables		**(981.8)**	(871.5)	(910.0)
Tax payables		**(0.5)**	(7.6)	(7.8)
Provisions		**(34.8)**	(25.3)	(40.4)
Accrued dividends	11	**(250.0)**	(49.7)	-
		(1,267.1)	(954.1)	(958.2)
Net current assets		**2,829.1**	2,559.3	2,855.1
Non-current liabilities				
Trade and other payables		**(361.7)**	(314.9)	(361.5)
Bank loans	7	**(125.0)**	(100.0)	(100.0)
Deferred tax liabilities	5	**(1.9)**	(1.8)	-
Retirement benefit obligations	8	**(196.3)**	(147.6)	(183.8)
Provisions		**(3.2)**	(5.8)	(1.0)
		(688.1)	(570.1)	(646.3)
Total liabilities		**(1,955.2)**	(1,524.2)	(1,604.5)
Net assets		**2,417.0**	2,350.7	2,535.3

£ million				
Share capital		**288.3**	288.3	288.3
Share premium account		**762.9**	762.9	762.9
Own shares		**(5.3)**	(22.7)	(10.8)
Other reserves		**41.5**	41.9	41.9
Retained earnings		**1,328.6**	1,279.2	1,451.9
Equity attributable to equity holders of the parent		**2,416.0**	2,349.6	2,534.2
Non-controlling interests		**1.0**	1.1	1.1
Total equity		**2,417.0**	2,350.7	2,535.3

Taylor Wimpey plc
Condensed Consolidated Statement of Changes in Equity
For the half year ended 28 June 2015

Reviewed half year ended 28 June 2015 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2015	288.3	762.9	(10.8)	41.9	1,451.9	2,534.2
Exchange differences on translation of foreign operations	-	-	-	(2.8)	-	(2.8)
Movement in fair value of hedging derivatives and loans	-	-	-	2.4	-	2.4
Actuarial loss on defined benefit pension schemes	-	-	-	-	(21.9)	(21.9)
Deferred tax credit	-	-	-	-	4.4	4.4
Other comprehensive income for the period net of tax	**-**	**-**	**-**	**(0.4)**	**(17.5)**	**(17.9)**
Profit for the period	-	-	-	-	189.7	189.7
Total comprehensive income for the period	**-**	**-**	**-**	**(0.4)**	**172.2**	**171.8**
New share capital subscribed	-	-	-	-	-	-
Purchase of own shares	-	-	(2.0)	-	-	(2.0)
Utilisation of own shares	-	-	7.5	-	-	7.5
Cash cost of satisfying share options	-	-	-	-	(6.7)	(6.7)
Share-based payment credit	-	-	-	-	2.6	2.6
Deferred tax credit	-	-	-	-	1.5	1.5
Dividends approved and paid	-	-	-	-	(42.9)	(42.9)
Dividends approved	-	-	-	-	(250.0)	(250.0)
Equity attributable to parent	**288.3**	**762.9**	**(5.3)**	**41.5**	**1,328.6**	**2,416.0**
Non-controlling interests						**1.0**
Total equity						**2,417.0**

Reviewed half year ended 29 June 2014 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2014	288.1	760.2	(18.9)	43.8	1,177.5	2,250.7
Exchange differences on translation of foreign operations	-	-	-	(1.1)	-	(1.1)
Movement in fair value of hedging derivatives and loans	-	-	-	1.1	-	1.1
Actuarial gain on defined benefit pension schemes	-	-	-	-	15.9	15.9
Deferred tax charge	-	-	-	-	(4.9)	(4.9)
Other comprehensive income for the period net of tax	**-**	**-**	**-**	**-**	**11.0**	11.0
Profit for the period	-	-	-	-	155.0	155.0
Total comprehensive income for the period	**-**	**-**	**-**	-	**166.0**	166.0
New share capital subscribed	0.2	2.7	-	-	-	2.9
Own shares acquired	-	-	(10.0)	-	-	(10.0)
Utilisation of own shares	-	-	6.2	-	-	6.2
Share-based payment credit	-	-	-	-	3.1	3.1
Cash cost of share options	-	-	-	-	(4.4)	(4.4)
Transfer to retained earnings	-	-	-	(1.9)	1.9	-
Dividends approved and paid	-	-	-	-	(15.2)	(15.2)
Dividends approved	-	-	-	-	(49.7)	(49.7)
Equity attributable to parent	**288.3**	**762.9**	**(22.7)**	**41.9**	**1,279.2**	2,349.6
Non-controlling interests						1.1
Total equity						2,350.7

Taylor Wimpey plc
Condensed Consolidated Statement of Changes in Equity (continued)
For the half year ended 28 June 2015

Audited year ended 31 December 2014 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2014	288.1	760.2	(18.9)	43.8	1,177.5	**2,250.7**
Exchange differences on translation of foreign operations	-	-	-	(1.8)	-	(1.8)
Movement in fair value of hedging derivatives and loans	-	-	-	1.8	-	1.8
Actuarial gain on defined benefit pension schemes	-	-	-	-	(25.9)	(25.9)
Deferred tax credit	-	-	-	-	5.2	5.2
Other comprehensive income for the year net of tax	**-**	**-**	**-**	**-**	**(20.7)**	**(20.7)**
Profit for the year	-	-	-	-	374.4	374.4
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**353.7**	**353.7**
New share capital subscribed	0.2	2.7	-	-	-	2.9
Own shares acquired	-	-	(10.0)	-	-	(10.0)
Utilisation of own shares	-	-	18.1	-	-	18.1
Share-based payment credit	-	-	-	-	6.2	6.2
Cash cost of satisfying share options	-	-	-	-	(14.7)	(14.7)
Transfer to retained earnings	-	-	-	(1.9)	1.9	-
Dividends approved and paid	-	-	-	-	(72.7)	(72.7)
Equity attributable to parent	**288.3**	**762.9**	**(10.8)**	**41.9**	**1,451.9**	**2,534.2**
Non-controlling interests						1.1
Total equity						**2,535.3**

Taylor Wimpey plc
Condensed Consolidated Cash Flow Statement
For the half year ended 28 June 2015

£ million	Note	Half year ended 28 June 2015 (Reviewed)	Half year ended 29 June 2014 (Reviewed)	Year ended 31 December 2014 (Audited)
Net cash from/(used in) operating activities	7	**16.6**	(21.9)	**192.7**
Investing activities				
Interest received		**0.2**	0.2	0.4
Dividends received from joint ventures		**1.1**	1.0	2.5
Proceeds on disposal of property, plant and investments		**0.1**	0.2	0.4
Purchases of property, plant and investments		**(3.2)**	(2.1)	(9.7)
Purchase of software		**(0.4)**	-	-
Amounts repaid from/(loaned to) joint ventures		**2.6**	0.7	(3.8)
Net cash generated from/ (used in) investing activities		**0.4**	-	(10.2)
Financing activities				
Dividends paid		**(42.9)**	(15.2)	(72.7)
Proceeds from sale of own shares		**-**	2.9	2.9
Net cash received from satisfying share options		**0.8**	1.8	3.4
Proceeds from borrowings		**25.0**	-	-
Purchase of own shares		**(2.0)**	(10.0)	(10.0)
Net cash used in financing activities		**(19.1)**	(20.5)	(76.4)
Net (decrease)/increase in cash and cash equivalents		**(2.1)**	(42.4)	106.1
Cash and cash equivalents at beginning of period		**212.8**	105.4	105.4
Effect of foreign exchange rate changes		**1.9**	0.8	1.3
Cash and cash equivalents at end of period		**212.6**	63.8	212.8

Taylor Wimpey plc
Notes to the Condensed Consolidated Financial Statements
For the half year ended 28 June 2015

1. Accounting policies

Basis of preparation

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

The condensed set of financial statements included in this half year report has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. These should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with applicable IFRSs.

The information for the year ended 31 December 2014 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498 (2) or (3) respectively of the Companies Act 2006.

The accounting policies and method of computations adopted in the preparation of the half year 2015 condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, with the exception of the application of new accounting standards. Taxes on profits for the six month period are accrued based on the rate expected to be applicable for the full year.

IFRIC 21 – Levies has been adopted by the European Union and is mandatory for the first time in this financial period. The adoption of the standard has not had a material impact.

No amendments to accounting standards or interpretations in the current period had a material impact.

Going concern

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

Estimates and judgements

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

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those applied to the Group's consolidated financial statements as at and for the year ended 31 December 2014.

2. Operating segments

The Group is organised into two operating divisions – Housing United Kingdom and Housing Spain. These divisions are the basis on which the Group reports its segment information.

Half year ended 28 June 2015 £ million	Housing United Kingdom	Housing Spain	Consolidated
Revenue:			
External sales	1,321.2	14.1	1,335.3
Result:			
Operating profit before joint ventures and exceptional items	253.6	0.9	254.5
Share of results of joint ventures	1.4	-	1.4
Profit on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	255.0	0.9	255.9
Exceptional items	(0.8)	-	(0.8)
Profit on ordinary activities before finance costs, after share of results of joint ventures and exceptional items	254.2	0.9	255.1
Net finance costs			(17.9)
Profit on ordinary activities before tax			237.2
Taxation (including exceptional tax)			(47.5)
Profit for the period			189.7

As at 28 June 2015 £ million	Housing United Kingdom	Housing Spain	Consolidated
Assets and liabilities:			
Segment operating assets	3,913.6	91.9	4,005.5
Joint ventures	35.9	0.2	36.1
Segment operating liabilities	(1,535.2)	(42.6)	(1,577.8)
Group net operating assets	2,414.3	49.5	2,463.8
Net current taxation			(0.3)
Net deferred taxation			115.9
Accrued dividends			(250.0)
Net cash			87.6
Net assets			2,417.0

Half year ended 29 June 2014 £ million	Housing United Kingdom	Housing Spain	Consolidated
Revenue:			
External sales	1,185.3	4.8	1,190.1
Result:			
Operating profit/(loss) before joint ventures and exceptional items	193.2	(1.9)	191.3
Share of results of joint ventures	0.8	-	0.8
Profit/(loss) on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	194.0	(1.9)	192.1
Exceptional items	18.9	-	18.9
Profit/(loss) on ordinary activities before finance costs, after share of results of joint ventures and exceptional items	212.9	(1.9)	211.0
Net finance costs			(13.7)
Profit on ordinary activities before tax			197.3
Taxation (including exceptional tax)			(42.3)
Profit for the period			155.0

Taylor Wimpey plc
Notes to the Condensed Consolidated Financial Statements (continued)
For the half year ended 28 June 2015

2. Operating segments (continued)

As at 29 June 2014 £ million	Housing United Kingdom	Housing Spain	Consolidated
Assets and liabilities:			
Segment operating assets	3,478.5	89.1	3,567.6
Joint ventures	33.6	0.2	33.8
Segment operating liabilities	(1,324.2)	(40.1)	(1,364.3)
Group net operating assets	2,187.9	49.2	2,237.1
Net current taxation			0.2
Net deferred taxation			199.3
Accrued dividends			(49.7)
Net debt			(36.2)
Net assets			2,350.7

For the year to 31 December 2014 £ million	Housing United Kingdom	Housing Spain	Consolidated
Revenue:			
External sales	2,652.4	33.7	2,686.1
Result:			
Operating profit before joint ventures and exceptional items	473.9	4.2	478.1
Share of results of joint ventures	2.6	-	2.6
Profit on ordinary activities before finance costs and exceptional items and after share of results of joint ventures	476.5	4.2	480.7
Exceptional items	18.7	-	18.7
Profit on ordinary activities before finance costs, after share of results of joint ventures and exceptional items	495.2	4.2	499.4
Net finance costs (including exceptional finance costs)			(30.6)
Profit on ordinary activities before taxation			468.8
Taxation (including exceptional tax)			(94.4)
Profit for the period			374.4

At 31 December 2014 £ million	Housing United Kingdom	Housing Spain	Consolidated
Assets and liabilities:			
Segment operating assets	3,637.1	86.0	3,723.1
Joint ventures	38.4	0.2	38.6
Segment operating liabilities	(1,460.2)	(36.5)	(1,496.7)
Group net operating assets	2,215.3	49.7	2,265.0
Net current taxation			-
Net deferred taxation			157.5
Net cash			112.8
Net assets			2,535.3

3. Exceptional items

Exceptional items are analysed as follows:

£ million	Half year ended 28 June 2015	Half year ended 29 June 2014	Year ended 31 December 2014
Net (charge)/ reversal of inventory write-downs	(0.8)	18.9	18.7
Tax credit/ (charge)	0.2	(4.1)	(4.0)
Exceptional items	(0.6)	14.8	14.7

At the half year, the Group completed a net realisable value assessment of inventory.

Whilst there has been continued improvement in the UK housing market and the wider UK economy supported by improved mortgage availability, historically low interest rates and the Help to Buy Government scheme, some adverse planning decisions and other site specific factors have resulted in the net addition to the provision against land of £0.8 million (H1 2014: £18.9 million reversal).

The net addition in the UK consists of a reversal of previous write-downs of £4.3 million (29 June 2014: £23.4 million) and additional write-downs to the lower of cost and net realisable value of £5.1 million (29 June 2014: £4.5 million) on a small number of previously impaired sites.

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

As at £ million	+1% selling price	-1% selling price	+1% build cost	-1% build costs
28 June 2015	11.9	(9.9)	(9.1)	9.9
29 June 2014	10.9	(8.2)	(7.1)	9.2

At the balance sheet date the Group held inventory in the UK that had been written down to net realisable value of £232.6 million (31 December 2014: £269.6 million) with associated write-downs of £139.4 million (31 December 2014: £158.1 million). As at 28 June 2015 5% (31 December 2014: 7%) of our UK short-term owned and controlled land is impaired.

In the half year 8% (H1 2014: 16%) of the Group's UK completions were from sites that had been previously impaired.

Only 14 plots (H1 2014: 12) were completed in Spain that had previously been impaired. In Spain there was inventory written down to net realisable value of £25.7 million as at 28 June 2015 (29 June 2014: £30.1 million) with associated write downs of £43.1 million (31 December 2014: £48.0 million).

The gross profit for the period includes £5.6 million (H1 2014: £6.0 million) of positive contribution, on completions from sites with previously impaired inventory.

4. Finance costs

Interest receivable:

£ million	Half year ended 28 June 2015	Half year ended 29 June 2014	Year ended 31 December 2014
External interest receivable	0.3	0.3	0.6

Finance costs are analysed as follows:

£ million	Half year ended 28 June 2015	Half year ended 29 June 2014	Year ended 31 December 2014
Interest on overdrafts, bank and other loans	6.1	6.9	14.4
Movement on interest rate derivatives and foreign exchange movements	0.4	0.3	0.2
	6.5	7.2	14.6
Unwinding of discount on land creditors and interest on other payables	8.2	2.9	9.1
Notional net interest on pension liability	3.5	3.9	7.5
	18.2	14.0	31.2

5. Tax

The pre-exceptional tax charge of £47.7 million (29 June 2014: £38.2 million) relates to the utilisation of the deferred tax asset against profits generated in the period. The exceptional tax credit of £0.2 million (29 June 2014: £4.1 million charge) relates to the tax associated with the write down of inventory recorded in the period.

Closing deferred tax on UK temporary differences has been calculated at the rates expected to apply for the period when the asset is realised or the liability is settled. Accordingly, the majority of temporary differences have been calculated at the rate of 20% (2014: 20%).

6. Earnings per share

	Half year ended 28 June 2015	Half year ended 29 June 2014	Year ended 31 December 2014
Basic earnings per share	5.8p	4.7p	11.6p
Diluted earnings per share	5.8p	4.7p	11.5p
Adjusted basic earnings per share	5.9p	4.3p	11.2p
Adjusted diluted earnings per share	5.8p	4.2p	11.1p
Weighted average number of shares for basic earnings per share – million	3,245.2	3,270.4	3,224.4
Weighted average number of shares for diluted earnings per share – million	3,261.8	3,328.0	3,253.1

Adjusted basic and adjusted diluted earnings per share, which exclude the impact of exceptional items and the associated net tax charges, are shown to provide clarity on the underlying performance of the Group.

A reconciliation from profit from operations attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below:

£ million	Half year ended 28 June 2015	Half year ended 29 June 2014	Year ended 31 December 2014
Profit from operations for basic earnings per share and diluted earnings per share	189.7	155.0	374.4
Adjust for exceptional net addition/ (reversal) of inventory write-downs	0.8	(18.9)	(18.7)
Adjust for exceptional tax items	(0.2)	4.1	4.0
Profit for adjusted basic and adjusted diluted earnings per share	190.3	140.2	359.7

7. Notes to the cash flow statement

£ million	Half year ended 28 June 2015	Half year ended 29 June 2014	Year ended 31 December 2014
Profit on ordinary activities before finance costs	253.7	210.2	496.8
Adjustments for:			
Depreciation of plant and equipment and amortisation of software equipment	1.9	1.7	2.9
Net additions/(reversal) of inventory write-downs	0.8	(18.9)	(18.7)
Pension overhead expenses	1.7	1.2	3.1
Pension contributions in excess of charge	(14.1)	(25.3)	(36.3)
Share-based payment charge	2.6	3.1	6.2
Profit on disposal of property and plant	(0.2)	(0.2)	(0.4)
(Decrease)/ increase in provisions	(3.4)	(3.2)	7.1
Operating cash flows before movements in working capital	243.0	168.6	460.7
Increase in inventories	(256.2)	(244.1)	(409.1)
(Increase)/ decrease in receivables	(15.0)	(20.1)	20.6
Increase in payables	49.4	79.8	135.0
Cash generated by/ (used in) operations	21.2	(15.8)	207.2
Income taxes received	0.4	0.1	0.1
Interest paid including exceptional charges	(5.0)	(6.2)	(14.6)
Net cash from/ (used in) operating activities	16.6	(21.9)	192.7

Pension contributions in excess of charge in the table above have been re-presented to be before movements in working capital. In respect of the half year to 29 June 2014 “cash received on exercise of share options” and “purchase of own shares” as presented in the condensed consolidated cashflow statement have been represented to aid comparison with the current period figures.

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

Movement in net cash / (debt):

£ million	Cash and cash equivalents	Overdrafts, banks & other loans	Total net cash/(debt)
Balance 1 January 2015	212.8	(100.0)	112.8
Cashflow	(2.1)	(25.0)	(27.1)
Foreign exchange	1.9	-	1.9
Balance 28 June 2015	212.6	(125.0)	87.6

£ million	Cash and cash equivalents	Overdrafts, banks & other loans	Total net cash/(debt)
Balance 1 January 2014	105.4	(100.0)	5.4
Cashflow	(42.4)	-	(42.4)
Foreign exchange	0.8	-	0.8
Balance 29 June 2014	63.8	(100.0)	(36.2)

£ million	Cash and cash equivalents	Overdrafts, banks & other loans	Total net cash
Balance 1 January 2014	105.4	(100.0)	5.4
Cashflow	106.1	-	106.1
Foreign exchange	1.3	-	1.3
Balance 31 December 2014	212.8	(100.0)	112.8

8. Pensions

The Group's defined benefit pension scheme was assessed at 28 June 2015 using assumptions on discount and inflation rates derived using current market yield curves. The increase in the defined benefit pension scheme deficit was predominantly caused by an increase in inflation rates to 3.05% and 2.05% (31 December 2014: 2.95% and 1.7%) for RPI and CPI respectively offset by Company cash contributions of £14.1 million (29 June 2014 £25.3 million) and an increase to the discount rate of 15bps to 3.65%.

9. Financial Instruments' fair value disclosure

The Group held the following financial assets and liabilities (including financial instruments) at 28 June 2015.

		Carrying amount			Fair Value		
£ million		28 June 2015	29 June 2014	31 December 2014	28 June 2015	29 June 2014	31 December 2014
• **Financial Assets**							
Mortgage receivables	a	100.7	111.1	104.8	100.7	111.1	104.8
Cash and cash equivalents	b	212.6	63.8	212.8	212.6	63.8	212.8
Land receivables	b	8.1	24.5	13.3	8.1	24.5	13.3
Trade and other receivables	b	80.8	65.0	44.9	80.8	65.0	44.9
• **Financial Liabilities**							
Overdrafts, bank and other loans	b	125.0	100.0	100.0	125.0	100.0	100.0
Land creditors	b	506.0	463.7	487.7	506.0	463.7	487.7
Trade and other payables	b	706.1	622.8	670.9	706.1	622.8	670.9

(a) Mortgage receivables relate to sales incentives including shared equity loans which are separated into a loan receivable and a non-closely related embedded derivative asset. The embedded derivative is measured at fair value through the income statement. The fair value of the derivative is established based on a publically available national house price index, being significant other observable inputs (level 2).

(b) The Directors consider the carrying amounts of financial assets and liabilities recognised in the condensed consolidated financial statements approximate their fair values.

Land receivables and trade and other receivables are included in the balance sheet as trade and other receivables for current and non-current amounts.

Land creditors are included in the balance sheet as trade and other payables for current and non-current amounts.

The Group has designated the carrying value of €34.0 million (2014: €34.0 million) foreign currency forward contracts as a net investment hedge. The fair value of the forward contract is based on the observable forward exchange rates at the end of the period (level 2). At the period end the carrying value is considered to approximate its fair value.

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

10. Related party transaction

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

During the period, the Group directly purchased from Travis Perkins, a company the Chief Executive is a non executive director of, goods to the value of £7.7 million (31 December 2014: £14.7 million). In addition, indirect purchases through sub-contractors amounted to £7.9 million (31 December 2014: £10.4 million). Any residual purchases made at a local level are not material to either party. All transactions were completed on an arms-length basis.

During the period the Chief Executive purchased a property for €484,500 on one of the Group's developments under the staff discount scheme. The property was sold on the same terms available to all employees pursuant to the Company's staff house purchase scheme and the transaction was approved by shareholders at the Company's 2015 annual general meeting, in accordance with the s.190 and s.191 of the Companies Act 2006 which relates to substantial property transactions between directors and companies.

During the period, Group companies' purchases from joint ventures totaled £nil (H1 2014: £nil) and sales to joint ventures totalled £3.0 million (H1 2014: £4.5 million).

11. Dividends

£ million	Half year ended 28 June 2015	Half year ended 29 June 2014	Year ended 31 December 2014
Approved and paid	42.9	15.2	72.7
Approved and accrued	250.0	49.7	-
Approved	16.1	7.8	-
Proposed	-	-	42.9

At the 2015 Company annual general meeting shareholders approved the special dividend of £250.0 million paid on 3 July 2015. This dividend was accrued as at the balance sheet date.

The Directors have assessed the Company's performance in the current period and approved an interim dividend of 0.49 pence per share in line with the Group's dividend policy. The dividend will be payable to all shareholders on the register at the close of business 21 August 2015 and will be paid on 2 October 2015. This is expected to result in a payment of £16.1 million.

In accordance with IAS 10 'Events after the balance sheet date' the approved interim dividend has not been accrued in the 28 June 2015 balance sheet.

12. Seasonality

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

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

13. Events occurring after 28 June 2015

There were no material subsequent events affecting the Group after 28 June 2015 and the date of this announcement that need to be disclosed.

Taylor Wimpey plc

Statement of Directors' responsibility

For the half year ended 28 June 2015

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

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

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

The Directors of Taylor Wimpey plc are listed in the Taylor Wimpey plc Annual Report and Accounts to 31 December 2014.

A list of current directors is maintained on the Taylor Wimpey website: www.taylorwimpey.co.uk/corporate

By order of the Board

Kevin Beeston, Chairman

Pete Redfern, Chief Executive

28 July 2015

INDEPENDENT REVIEW REPORT TO TAYLOR WIMPEY PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the half-year ended 28 June 2015 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the half-year ended 28 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

28 July 2015