27 July 2016
Taylor Wimpey plc
Half year results for the period ended 3 July 2016

Pete Redfern, Chief Executive, commented:

"We have delivered a strong operational and financial performance with continued growth in profitability, building over 6,000 new homes across the country during the first half of 2016.

One month on from the EU Referendum, current trading remains in line with normal seasonal patterns. Customer interest continues to be high, with a good level of visitors both to our developments and to our website. We are monitoring customer confidence closely across a number of metrics, including appointment bookings, and these continue to be solid. Whilst it is still too early to assess what the longer term impact from the Referendum result on the housing market may be, we are encouraged by the first month's trading and by continued competitive lending from the mortgage providers as well as the positive commentary from Government and policymakers.

With a strong order book which has grown to over £2.2 billion as at 24 July, we are c.90% forward sold for 2016. We remain fully committed to the Dividend Policy we announced earlier this year which will deliver increased returns to shareholders."

H1 2016 UK operational performance

- Completed a total of 6,019 homes, excluding joint ventures, up 3.0% (H1 2015: 5,842)
- 5.8% increase in total average selling price to £238k (H1 2015: £225k), excluding joint ventures
- 12.1% increase in profit before tax and exceptional items to £266.6 million (H1 2015: £237.9 million)
- Strong order book representing 8,683 homes (28 June 2015: 8,120) with a total value of £2,156 million (28 June 2015: £1,859 million), excluding joint ventures, which has continued to grow to £2,237 million as at 24 July (2015 equivalent period: £2,005 million)
- Short term landbank of c.78k plots with over 60% sourced from the strategic land pipeline

H1 2016 returns to shareholders announced

- Interim maintenance dividend of 0.53 pence per share (H1 2015: 0.49 pence per share) to be paid on 7 October 2016, bringing 2016 total dividends to c.£356 million or 10.91 pence per share
- Remain fully committed to the Dividend Policy announced on 17 May 2016:
    - Enhanced ordinary dividend from 2017 of approximately 5% of Group net assets and at least £150 million per annum through the cycle
    - Special dividend of £300 million (c.9.20 pence per share) to be paid in July 2017 (July 2016: £300.2 million and 9.20 pence per share)

H1 2016 Group financials

	H1 2016	H1 2015	Change	FY 2015
Revenue £m	1,457.2	1,335.3	9.1%	3,139.8
Operating profit* £m	279.1	255.9	9.1%	637.0
Operating profit* margin	19.2%	19.2%	-	20.3%
Profit before tax and exceptional items £m	266.6	238.0	12.0%	603.8
Profit for the period before exceptional items £m	213.3	190.3	12.1%	482.3
Adjusted basic earnings per share pence††	6.5	5.9	10.2%	14.9
Basic earnings per share pence	6.6	5.8	13.8%	15.1
Tangible net asset value per share pence†	88.5	82.1	7.8%	83.5
Net cash £m	116.7	87.6	33.2%	223.3
Return on net operating assets**	25.2%	23.2%	2.0ppt	27.1%

Current trading and outlook

Whilst it is still too early to assess what long term impact the EU Referendum result will have on the UK housing market, there has been no meaningful change to date, with trading in the last month at a normal seasonal range with a net private sales rate of 0.65. The net private sales rate for the year to date (w/e 24 July 2016) is 0.77 (2015 equivalent period: 0.78).

Since 24 June, the early forward confidence indicators amongst homebuyers, together with the continued competitive lending by mortgage providers, have been encouraging and support confidence in the resilience of the UK housing market. We are monitoring both our own internal measures of customer confidence and external data closely. Help to Buy has continued to be a differentiator for new build housing, and remains popular with our customers. Over the last month, the actions and commentary by the Government, Bank of England and mortgage lenders demonstrate a commitment to housing supply and a recognition that there remains a fundamental imbalance between demand and supply in the UK.

Customer interest remains high, with website visits solid and customers continuing to register interest in forthcoming developments and to make appointments to progress their home purchases. Whilst we saw a small increase in the average cancellation rate immediately following the Referendum, this remained low compared to long term historic norms and is now back in line with recent low levels.

The markets in all of our core regional geographies, which are the primary drivers of our business, continue to trade positively. Whilst the wider London market remains robust and in line with the rest of the UK, the central London market has continued to slow, particularly at the upper end of the market.

As at 24 July 2016, we were c.90% forward sold for private completions for 2016, with a total order book value of £2,237 million (2015 equivalent period: £2,005 million), excluding joint ventures.

A fundamental part of our strategy is a proactive and flexible approach to managing through the housing cycle, with a focus on creating long term value and mitigating future risk. We believe that through all market conditions, quality of location is a key determinant of a home purchase. We are currently operating from 286 high-quality outlets, in locations in villages, towns and cities where people want to live, supported by strong demographics and local economies. This approach, together with a strong balance sheet and a strong strategic land position, optimally positions us for the future to perform well through all market conditions. We remain fully committed to the Dividend Policy which we set out in May 2016 and our objective to provide a consistent and reliable income stream for investors.

* 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 net tax balances, excluding any accrued dividends.

*** Operating cash flow is defined as cash generated by operations before tax 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 number of ordinary shares in issue at the end of the period (H1 2015 divided by weighted average number of ordinary shares in issue during the period).

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

†* Net operating asset turn is defined as total revenue divided by the average of opening and closing net operating assets. Based on rolling 12 months.

†** The method of calculation is in line with the Annual Injury Incidence Rate methodology and covers the period between 1 January 2016 and 3 July 2016.

- Ends -

A presentation to analysts will be hosted by Chief Executive Pete Redfern and Group Finance Director Ryan Mangold at 9am on Wednesday 27 July 2016. This presentation will be webcast live on our website: www.taylorwimpey.co.uk/corporate

An archived version of the webcast will be available on our website in the afternoon of 27 July 2016.

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

Managing through the cycle – group strategy and returns

The business is well positioned to deliver a resilient performance through the cycle as we have consistently applied a clear set of strategic principles to all areas of our operations, the most important of which has been a focus on value and the long term. We have grown the business in a controlled way, with a strong view that there is a right scale for our business. We have invested selectively in land in high-quality locations where people want to live and this is supported by a strategic land pipeline which helps to mitigate risk and create and protect value. In addition to making progress towards all of our financial objectives, we have maintained capital discipline, returning c.£720 million to shareholders by way of total dividends since 2014. We believe that our approach to proactively managing the business through the cycle differentiates Taylor Wimpey and has positioned the business to perform well through all market conditions.

We have not seen any meaningful change in trading in the last month since the EU Referendum result, and customer confidence remains generally positive across most of our geographies. However, given the wider macro uncertainty, we are naturally cautious and believe it is prudent to take some additional steps to further mitigate downside risk, while still ensuring that the business is well placed to take advantage of opportunities which may arise. This approach is helped by the strength of our landbank, which allows us to be very selective. Immediately following the EU Referendum result, we increased our required investment margin and return expectations significantly when purchasing new land and reviewed significant work in progress and infrastructure spend. One month on, we are encouraged by the stability and resilience of the market and we believe the risk is starting to reduce.

We remain focused on the increased medium term targets announced in May 2016. Having reviewed the targets in the light of recent uncertainty, we consider that the underlying metrics remain the best measures of performance for our business, and whilst we continue to believe that these targets are stretching, at this stage we are of the view that they are appropriate management goals. These target further improvement across three key areas in the period from 2016 to 2018:

- An average annual return on net operating assets** of 30%
- An average operating profit* margin of c.22%
- A total of £1.3 billion of dividends to be paid in cash to shareholders over the period

Returns to shareholders

We have been clear that our Dividend Policy, as an output of our strategy, is inherently linked to the cyclical environment in which we operate and so comprises an ordinary dividend to be paid through all stages of the cycle and a special dividend to be paid at appropriate times in the cycle. We remain confident that we can continue to be significantly cash generative. This will enable us to sustain a significant ordinary dividend to shareholders on an annual basis through all stages of the cycle, including through a ‘normal downturn’.

Accordingly, from 2017, and as previously announced in May 2016, subject to shareholder approval each year, the Company will pay an ordinary dividend of approximately 5% of Group net assets and which will be at least £150 million per annum. This Ordinary Dividend Policy was, prior to its announcement in May, the subject of prudent and comprehensive stress testing against various downside scenarios, which also included a reduction of 20% in prices and a 30% reduction in volumes. This Ordinary Dividend Policy is intended to provide a minimum annual return to shareholders throughout the cycle. The Maintenance Dividend Policy has remained in place for 2016, including for the 2016 interim dividend, following which it will be replaced by the Ordinary Dividend Policy as outlined above.

The payment of ordinary dividends will also continue to be supplemented by additional significant special dividends at appropriate times in the cycle. Since commencing the payment of special dividends in 2014, we have returned c.£600 million of special dividends to shareholders, including £300.2 million paid to shareholders in July 2016. Our Special Dividend Policy will pay out to shareholders the free cash generated by the Group after land investment, all working capital, taxation and other cash requirements of the business in executing our strategy in the near term, and once the Group’s ordinary dividend have been met.

In 2016, shareholders will receive total dividends (including maintenance and special dividends) of c.£356 million or 10.91 pence per share.

As previously announced and subject to shareholder approval at the 2017 Annual General Meeting, we intend to pay £300 million to shareholders in July 2017 by way of a special dividend.

Accordingly, subject to shareholder approval at the 2017 Annual General Meeting, in 2017 shareholders will receive a total dividend of £450 million (c.13.8 pence per share), comprising an ordinary dividend of £150 million (c.4.6 pence per share) and a special dividend of £300 million (c.9.2 pence per share).

The Board confirms its intention to keep the mechanics of how the Company will pay special dividends, including the merits of undertaking a share buyback at some point in the future should it become appropriate to do so, under regular review.

Operational review

Taylor Wimpey plc is a UK-focused residential developer which also has operations in Spain. Our operational review is for the UK only as the majority of metrics do not apply to our Spanish business. A short summary of the Spanish business follows. The financial analysis 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 purpose of clarity, joint ventures are separated out in the Group financial review.

Our key performance metrics

UK	H1 2016	H1 2015	Change	FY 2015
Contribution per legal completion £k	59.7	55.9	6.8%	59.4
Forward order book as a % of completions (as at period end)	63.1%	60.9%	2.2ppt	56.6%
Owned and controlled plots with planning or resolution to grant	77,805	77,372	0.6%	75,710
Strategic land pipeline conversion plots	5,782	5,666	2.0%	8,660
% of completions from strategically sourced land	53%	46%	7.0ppt	47%
Customer satisfaction %	84.9%	84.5%	0.4ppt	86.3%
Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors) †**	108	68	58.8%	175
Employee turnover % (voluntary) rolling 12 months	13.3%	13.5%	(0.2)ppt	13.3%

Sales, completions and pricing

The UK housing market was positive in the first six months of 2016, with strong sales rates and solid house price growth. Overall, we estimate that market led house price growth for our regional mix was c.6% in the 12 months to 3 July 2016.

Whilst there were some regional variations, we saw a generally positive market across all geographies. Approximately 7% of our outlets are located inside the M25 which continued to have strong underlying fundamentals, particularly at the mid-price points and below. The central London market, whilst stable, was characterised by a slower sales rate, particularly at the upper end of this market.

In the first half of 2016, total home completions (excluding joint ventures) increased by 3.0% to 6,019 (H1 2015: 5,842). During the first half of 2016, we delivered 1,184 affordable homes (H1 2015: 1,112), equating to 19.7% of total completions (H1 2015: 19.0%). Our net private reservation rate for the first half of the year was 0.78 homes per outlet per week (H1 2015: 0.78). Cancellation rates remained very low at 12% (H1 2015: 11%). Average selling prices on private completions increased by 7.3% to £266k (H1 2015: £248k), once again benefiting from our focus on better quality locations. Our total average selling price increased by 5.8% to £238k (H1 2015: £225k).

First time buyers accounted for 41% of total sales (H1 2015: 39%) in the first half of 2016. Investor sales continued to be at a very low level at 4% (H1 2015: 7%).

During the first half of 2016 approximately 42% of total sales used the Help to Buy scheme, and we worked with 3,005 households to take the first step to home ownership or to move up the housing ladder (H1 2015: c.40% and 2,996). Approximately 78% of sales through Help to Buy in the first half of 2016 were to first time buyers (H1 2015: 77%). In the period, c.11% of sales in the London market used Help to Buy London, which launched in February 2016.

As at 3 July 2016 our order book represented 8,683 homes (28 June 2015: 8,120 homes) and had increased in value by 16.0% to £2,156 million (28 June 2015: £1,859 million), excluding joint ventures. The increase in the order book value was driven by strong demand in the period. We believe that the order book has broadly reached maximum scale and remains a key lever, giving us options and flexibility through all market conditions.

During the first half of 2016 we opened 59 new outlets (H1 2015: 74). As at 3 July 2016 we had 287 outlets (28 June 2015: 307) located in high-quality locations.

Customers

During the first half of 2016 we achieved a customer satisfaction score of 84.9% (H1 2015: 84.5%). We are making good progress in rolling out our new customer approach across the business with a focus on three main areas: our culture, management structure and process. We are implementing a training programme across the business, equipping those employees interacting with our customers with the right skills in order to deliver a consistently great service. We have also enhanced the structure of our Customer Service teams and completed the appointment of the newly created role of Head of Customer Services within each of our 24 regional businesses.

While still at the early stages of our business-wide rollout, with more work to do, we have received good feedback from customers and employees on our new approach. Customer service will remain a key priority for Taylor Wimpey in 2016 and on an ongoing basis.

Land and planning

Our short term landbank stands at c.78k plots, equating to c.5.8 years of supply at current completion levels. We have been broadly operating on a replacement basis in the short term landbank for a number of years and have had an extremely selective and targeted approach to further land investment. We continue to believe that the land market is structurally different in this cycle, evidenced by a land market which has remained historically benign despite house price growth. This has enabled us to continue to buy high-quality land at investment operating profit* margins of around 20%, and to increase our focus on driving a higher return on capital employed. The average cost of land as a proportion of average selling price remains low at 16.3%, affording significant protection.

In the first half of 2016 we acquired 3,110 plots in the short term land market (H1 2015: 3,620 plots), focused on where we can add value and seek to maximise the returns from our investments. In the period, we achieved a 1.7% upside to acquisition margins on completions from land acquired since 2009.

The average selling price in the UK short term owned landbank in the first half of 2016 increased by 7.2% to £254k (H1 2015: £237k), driven by the quality of additions and the improvement in the housing market.

We have the largest strategic pipeline in the sector which stood at c.104k potential plots as at 3 July 2016 (28 June 2015: c.107k potential plots). During the first six months of 2016 we converted a further 5,782 plots from the strategic pipeline to the short term landbank (H1 2015: 5,666 plots). We continue to invest in new opportunities, and in the first half of the year we added a net 2.9k new potential plots to the strategic pipeline (H1 2015: 3.4k). In the period, 53% of our completions were sourced from the strategic pipeline (H1 2015: 46%). Since 2014 we have converted over 25k plots from the strategic pipeline through the planning process, enhancing our short term landbank, both in terms of quality and margin.

We believe that the changes to the planning policy over the last five years have resulted in an improved environment. However, with scarce resources within some local authorities, we believe that we have not yet seen the full benefits flow through into the planning system. The amended Housing and Planning Act was introduced in May 2016. The detail of this legislation, including around Starter Homes, remains to be seen.

Build costs, efficiency and product

During the first half of 2016 underlying build cost per unit increased to £129.4k (H1 2015: £118.9k). In the period the improved market resulted in underlying build cost increases (excluding house type mix impact) of c.3-4% year on year (H1 2015: c.5%). This was weighted towards labour, with materials largely keeping pace with the growth of the industry. Looking forward, and as previously announced, we anticipate underlying build costs will increase by 3-4% in 2016 as the rate of inflation on labour reduces.

We have improved our UK net operating asset turn[†]* to 1.25 times (H1 2015: 1.21 times), benefitting from a low land cost as a percentage of average selling price in the short term owned landbank of 16.3% (H1 2015: 16.4%), as a result of higher margin short term landbuying and increased strategic conversion. The higher proportion of strategic land conversion results in higher work in progress spend due to these sites generally requiring greater infrastructure investment. Good progress continues to be made towards our medium term target of 30% average annual return on net operating assets** as set out in May 2016.

During the first half of 2016 we launched an open design competition with the Royal Institute of British Architects (RIBA), as part of our long term initiative, Project 2020, seeking architects to develop innovative ideas to create the house typology of the future. Project 2020 aims to explore and evaluate the potential trends of future homes. The winning team will work with us to enhance and improve the existing typology, helping to build a prototype for the future that is innovative and fully reflects customer lifestyles and expectations.

Health and safety

The health and safety of individuals on our sites will always be our top priority. Our Annual Injury Incidence Rate[†]** (AIIR) for reportable injuries per 100,000 employees and contractors was 108 in the first half of 2016, against a record low of 68 in the first half of 2015. Our AIIR for major injuries per 100,000 employees and contractors was 36 in the first half of 2016 (H1 2015: 12). Although our AIIR remains below industry levels, we are committed to reducing it further.

People and skills

During the first half of 2016 we directly employed, on average, 4,622 people across the UK (H1 2015: 4,177). Our rolling 12 months voluntary employee turnover rate remained low, relative to history, at 13.3% (H1 2015: 13.5%).

We continue to invest in the skills and development of our employees across the business and to ensure that Taylor Wimpey attracts and retains the best people in the industry through the cycle. In the first six months of 2016 we introduced a new flexible benefit package for all employees and a new approach to flexible working, with maternity, paternity and adoption policies significantly enhanced.

We are pleased to report that Taylor Wimpey achieved a total of 57 Quality Awards (2015: 63) in the National House-Building Council's (NHBC) Pride in the Job Awards 2016.

Earlier in 2016, our senior management team presented an update on our business strategy via a series of roadshow sessions across the country, available to all of our employees. Over 4,200 employees attended the sessions, which provided an update on our strategy, progress made and priorities for the future, particularly our commitment to discipline in all market conditions and driving continuous business improvement through a focus on customer service, our people and product.

Local communities and sustainability

We aim to balance the long term economic stability and growth of the Company with our responsibilities to the environment, society and the economies in which we operate.

In the first half of 2016, we contributed over £147 million to the local communities in which we build across the UK via planning obligations, providing, for example, local infrastructure, affordable homes, public transport and education facilities (H1 2015: £166 million).

<u>Spain</u>

We completed 53 homes in the first half of 2016 (H1 2015: 66) at an average selling price of €342k (H1 2015: €284k). The total order book as at 3 July 2016 was 399 homes (28 June 2015: 308 homes).

The Spanish business delivered an operating profit* of £0.3 million for the first half of 2016 (H1 2015: £0.9 million) and an operating profit* margin of 2.0% (H1 2015: 6.4%), impacted by phasing of volumes in the half year. We expect to make good progress for the year as a whole, given the strength of the order book. Looking ahead, we remain cautiously optimistic, whilst conscious of the potential implications of the wider macro European economic environment.

<u>Group financial review of operations</u>

Income statement

Revenue increased by 9.1% to £1,457.2 million in the first half of 2016 (H1 2015: £1,335.3 million) from 6,072 completions (H1 2015: 5,908). The increase was driven by improved selling prices in the UK, up 5.8% to £238k (H1 2015: £225k), and UK volume growth of 3.0% to 6,019 completions (H1 2015: 5,842). Average selling prices on private completions increased by 7.3% to £266k (H1 2015: £248k) in the UK, with this increase being a result of both our underlying shift to better quality locations and by capturing market sales price increases.

The UK land cost per unit sold, at £40.3k, is lower than the prior year (H1 2015: £41.3k). Total UK land cost per completion as a percentage of selling prices was 16.9% (H1 2015: 18.4%).

Underlying build cost per unit in the UK increased to £129.4k (H1 2015: £118.9k), driven by marginal build cost inflation, the impact of higher infrastructure costs due to a higher proportion of strategic sites and specification improvements. Other direct costs and selling expenses per unit decreased to £6.8k (H1 2015: £8.4k), due to volume growth and efficiencies.

UK contribution per completion increased by 6.8% to £59.7k for the period (H1 2015: £55.9k), continuing to benefit from improved land mix from completions in the period and improved sales prices partially offset by build cost increases.

Gross profit before exceptional items, of £363.8 million (H1 2015: £330.2 million), increased by 10.2% and included a positive contribution of £4.4 million (H1 2015: £5.6 million). Positive contribution represents previously written down inventory allocated to a plot which has subsequently 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 2016, 4% (H1 2015: 8%) of the Group's UK completions were from sites that had been previously impaired. In Spain, 11 plots (H1 2015: 14) were completed that had previously been impaired. The Group anticipates that c.5% of UK 2016 completions will come from sites that have been previously impaired.

During the period, completions from joint ventures were 25 (H1 2015: 53). The total order book value of joint ventures as at 3 July 2016 was £62 million (28 June 2015: £85 million), representing 126 homes (28 June 2015: 186). Our share of results of joint ventures in the period was a loss of £0.1 million (H1 2015: £1.4 million profit).

Operating profit* increased to £279.1 million (H1 2015: £255.9 million), delivering an operating profit* margin of 19.2% (H1 2015: 19.2%), with £10 million recognised as additional costs in relation to the remediation of certain legacy sites in the period (2015: nil).

Net finance costs for the period were £12.5 million (H1 2015: £17.9 million). Interest on overdraft, bank and other loans decreased by £0.7 million year on year.

Pre-exceptional profit before tax for the year from operations increased by 12.0% to £266.6 million (H1 2015: £238.0 million). The pre-exceptional tax charge was £53.3 million (H1 2015: £47.7 million) with an underlying tax rate of 20.0% (H1 2015: 20.0%) that largely reflects the statutory tax rate in the UK.

This resulted in a profit, before exceptional items, for the half year of £213.3 million (H1 2015: £190.3 million), 12.1% up on the prior year.

The review of land and work in progress net realisable values resulted in a release of £2.2 million against a previously impaired site. This has been recognised as an exceptional item in the period.

Basic earnings per share was 6.6 pence (H1 2015: 5.8 pence). The adjusted basic earnings per share[††] was 6.5 pence (H1 2015: 5.9 pence), up 10.2%.

Balance sheet

Net operating assets as at 3 July 2016 were £2,769.9 million (31 December 2015: £2,442.6 million), reflecting a net investment of £351.0 million (28 June 2015: £256.2 million) year on year in land and work in progress, funded mostly by increased profitability. Return on net operating assets** increased by 200 basis points to 25.2% (H1 2015: 23.2%), reflecting improved profitability while maintaining balance sheet discipline.

Group net operating asset turn[†]* increased to 1.25 times (H1 2015: 1.20 times, FY 2015: 1.33 times).

Net assets at 3 July 2016 increased by 21.9% before dividends paid and accrued in the period and 7.2% overall year on year to £2,592.2 million (31 December 2015: £2,723.3 million, 28 June 2015: £2,417.0 million). The net asset increase from 31 December 2015 was driven by profitability in the period offset by the £38.5 million maintenance dividend paid and the accrual of the £300.0 million special dividend, paid on 15 July 2016.

As at the balance sheet date, the Group held certain land and work in progress that had been written down to net realisable value of £170.5 million (2015: £175.9 million) of which the balance in the UK was £141.8 million (31 December 2015: £151.6 million). As at 3 July 2016, the associated write-downs were £159.3 million (31 December 2015: £167.7 million) of which the balance in the UK was £109.9 million and principally related to 15 locations.

As at 3 July 2016, in the UK, 4% of our short term owned and controlled land was impaired (31 December 2015: 4%), with 79% of the short term owned and controlled landbank purchased after 2009, 63% of which was sourced through our strategic pipeline, resulting in a land cost to average selling price in the short term owned landbank of 16.3% (31 December 2015: 16.3%).

We continue to use land creditors as a way of funding land acquisitions where this makes the most commercial sense and is value-enhancing for the business. Land creditors increased to £656.3 million (31 December 2015: £629.8 million) and, combined with net cash, resulted in adjusted gearing of 19.9% (31 December 2015: 14.3%). Included within the land creditor balance is £147 million of UK land overage commitments (31 December 2015: £109 million). £339 million of Group land creditors are expected to be paid within 12 months and £183 million between one and two years from balance sheet date.

The mortgage debtor balance was £88.4 million at 3 July 2016 (31 December 2015: £94.6 million), with the decrease due to redemption receipts of £10.6 million, offset by gains (including fair value adjustment) of £2.5 million and interest income of £1.9 million.

Our net deferred tax asset relates principally to our pension deficit and reduced to £53.7 million in the period (31 December 2015: £55.7 million). £8.6 million of this asset relates to the temporary differences of our Spanish business, including brought forward trading losses.

Pensions

Retirement benefit obligations of £181.1 million at 3 July 2016 (31 December 2015: £178.4 million) comprise a defined benefit pension liability of £179.8 million (31 December 2015: £177.1 million) and a post-retirement healthcare liability of £1.3 million (31 December 2015: £1.3 million). The deficit in the pension scheme has increased only marginally by £2.7 million, despite the significant financial market volatility as a result of the EU Referendum. The impact was mitigated by the hedging program that the pension scheme has in place. The £200 million buy-in completed at the end of 2014, coupled with c.60% liability hedging against interest rates and inflation risk exposure, reduced the volatility of the scheme liabilities over the period. The main drivers for the movement in the deficit since 31 December 2015 were contributions in the period partially offset by actuarial assumptions, most notably discount rates and inflation. In the first half of 2016 we contributed £14.1 million in pension contributions (H1 2015: £14.1 million).

The next triennial valuation of the pension scheme as at 31 December 2016 will be concluded during 2017.

Cash flow

Net cash increased to £116.7 million at 3 July 2016 from £87.6 million at 28 June 2015, despite returning £304.0 million to shareholders by way of dividends in the 12-month period to 3 July 2016. This improvement in net cash is largely as a result of strong performance in underlying trading and maintaining balance sheet discipline.

Net land spend, net of movement in land creditors, was £361.7 million (H1 2015: £307.5 million).

The sum of £1,067.4 million has been invested in work in progress in the period (H1 2015: £904.6 million). In the first half of 2016, we paid £4.1 million in interest costs (H1 2015: £5.0 million) and £38.5 million in dividends (H1 2015: £42.9 million).

In the 12 months to 3 July 2016 we converted 55.3% of operating profit* into operating cash flow*** (H1 2015 rolling 12 months: 44.9%).

Financing structure

On 28 June 2016 we completed a Private Placement of €100 million fixed at 2.02% for seven years, which will be used to hedge the investment in our Spanish business. Our committed borrowing facilities are currently £734 million with an average maturity of 3.9 years. Average net cash for the half year was £2.7 million (H1 2015: £43.9 million net debt; FY 2015: £94.8 million net debt).

It is pleasing to note that both Standard & Poor's and Fitch have reaffirmed their investment grades of BBB-, with both credit agencies rating our outlook as stable.

Dividends

The Board has declared that a 2016 interim dividend of 0.53 pence per share is to be paid on 7 October 2016 to shareholders on the register at the close of business on 26 August 2016 (H1 2015 interim dividend: 0.49 pence per share). This has been set in line with the current Maintenance Dividend Policy of 2% of net assets per annum.

This dividend will be paid as a cash dividend, and shareholders are once again being offered the opportunity to reinvest all of their dividend under the Dividend Re-Investment Plan (DRIP), details of which are available from our Registrar and on our website. Elections to join the Plan must reach the Registrar by 12 September 2016 in order to be effective for this dividend. Further details can be found on our website www.taylorwimpey.co.uk

In addition, on 15 July 2016, we returned £300.2 million to shareholders by way of a special dividend, equating to 9.20 pence per ordinary share.

We remain fully committed to the enhancements to the Dividend Policy we announced on 17 May 2016.

From 2017, subject to shareholder approval, the Company will pay an ordinary dividend of approximately 5% of Group net assets and which will be at least £150 million per annum. This is intended to provide a minimum annual return to shareholders throughout the cycle, including through a 'normal downturn'. This ordinary dividend will be paid equally as a final dividend (in May) and as an interim dividend (in November) each year.

As previously announced in May 2016, we intend to return £300 million to shareholders in July 2017, equating to c.9.20 pence per ordinary share, subject to shareholder approval at the 2017 AGM.

Future special dividends will be announced on an annual basis at the half year results and will be paid in the following July, subject to shareholder approval. The next update will therefore be at our 2017 half year results on 1 August 2017 for the 2018 special dividend.

The Board confirms its intention to keep the mechanics of how the Company will pay special dividends, including the merits of undertaking a share buyback at some point in the future should it become appropriate to do so, 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 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. The key business risks and uncertainties are in line with those outlined in the 2015 Annual Report, although the impact to the Group from the UK leaving the EU has been given greater prominence and added to those risks and uncertainties listed below. The key business risks, not listed in order of importance, now include:

- *Government regulations, planning policy and political pressures* - The Housing and Planning Act 2016 aims to address the disparity between demand and supply for housing in the UK, by seeking changes to the planning system and signalling potential financial considerations for some sections of our customer base. The position remains dynamic as a number of elements, particularly around the Starter Homes initiative, are still to be fully defined. As they are clarified and embedded, there could be disruption to the planning system, sales rates, site mixes and customer behaviour. We await further detail of The Neighbourhood Planning and Infrastructure Bill, when it is presented in Parliament, which aims to address delays caused by pre-commencement planning conditions, streamline the Compulsory Purchase Order process and strengthen neighbourhood planning.

- *Materials and subcontractors cost pressures* - Increased housing production could reduce the availability of materials and subcontractors and put pressure on utility firms to keep up with the pace of production. This results in build programme delays and an unexpected increase in costs.
- *Ability to attract, motivate and retain key skills* - In a buoyant housebuilding market, there is a risk of increased staff turnover in certain trades and professions, often as a result of poaching by competitors. This could lead to business disruption, process failure and knowledge drain, in addition to the cost of replacement.
- *Site and customer safety* - Building sites are inherently dangerous places. Unsafe practices by our employees or subcontractors can, if not managed properly, have the potential to cause death or serious injury.
- *Impact of market environment on mortgage availability and demand* – Mortgage availability and affordability is a key constraint on demand in the housing market. The cost of servicing a mortgage continues to be at historic lows. However, a significant increase in the cost of mortgages may result in reduced demand for housing.
- *Land availability and cost* – The purchase of land of poor quality, at too high a price, or the incorrect timing of land purchases relative to the economic cycle could impact the Group's future profitability.
- *UK leaving the EU* – Following the UK's decision to leave the EU, we will continue to monitor the impact on the economy and on our customer base. However, it is currently too early to identify the full implications of this decision. Taylor Wimpey operates mainly within the UK and the impact of imports is relatively small. However, the loss of business and consumer confidence may impact on our sales rate and sales price. This may be tempered to some extent by the current imbalance between demand and supply. Future decisions made by the Government and the Bank of England about interest rates, homebuyer initiatives, new legislation, stamp duty and freedom of movement is likely to create both risks and opportunities for homebuilders and their customers.

Further detail can be found on pages 36 and 37 of the 2015 Annual Report and Accounts.

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 such forward looking information.

Taylor Wimpey plc
Condensed Consolidated Income Statement
For the half year ended 3 July 2016

£ million	Note	Half year ended 3 July 2016 (Reviewed) Before exceptional items	Half year ended 3 July 2016 (Reviewed) Exceptional items (Note 3)	Half year ended 3 July 2016 (Reviewed) Total	Half year ended 28 June 2015 (Reviewed) Before exceptional items	Half year ended 28 June 2015 (Reviewed) Exceptional items (Note 3)	Half year ended 28 June 2015 (Reviewed) Total	Year ended 31 December 2015 (Audited) Before exceptional items	Year ended 31 December 2015 (Audited) Exceptional items (Note 3)	Year ended 31 December 2015 (Audited) Total
Continuing operations										
Revenue		**1,457.2**	**-**	**1,457.2**	**1,335.3**	**-**	**1,335.3**	3,139.8	-	3,139.8
Cost of sales		**(1,093.4)**	**2.2**	**(1,091.2)**	**(1,005.1)**	**(0.8)**	**(1,005.9)**	(2,351.8)	(0.6)	(2,352.4)
Gross profit before positive contribution		**359.4**	**2.2**	**361.6**	**324.6**	**(0.8)**	**323.8**	779.1	(0.6)	778.5
Positive contribution from written down inventory		**4.4**	**-**	**4.4**	**5.6**	**-**	**5.6**	8.9	-	8.9
Gross profit/(loss)		**363.8**	**2.2**	**366.0**	**330.2**	**(0.8)**	**329.4**	788.0	(0.6)	787.4
Net operating expenses		**(84.6)**	**-**	**(84.6)**	**(75.7)**	**-**	**(75.7)**	(155.9)	-	(155.9)
Profit/(loss) on ordinary activities before finance costs		**279.2**	**2.2**	**281.4**	**254.5**	**(0.8)**	**253.7**	632.1	(0.6)	631.5
Interest receivable	4	**0.3**	**-**	**0.3**	**0.3**	**-**	**0.3**	0.7	-	0.7
Finance costs	4	**(12.8)**	**-**	**(12.8)**	**(18.2)**	**-**	**(18.2)**	(33.9)	-	(33.9)
Share of results of joint ventures		**(0.1)**	**-**	**(0.1)**	**1.4**	**-**	**1.4**	4.9	-	4.9
Profit/(loss) on ordinary activities before tax		**266.6**	**2.2**	**268.8**	**238.0**	**(0.8)**	**237.2**	603.8	(0.6)	603.2
Tax (charge)/credit	5	**(53.3)**	**(0.4)**	**(53.7)**	**(47.7)**	**0.2**	**(47.5)**	(121.5)	8.1	(113.4)
Profit/(loss) for the period		**213.3**	**1.8**	**215.1**	**190.3**	**(0.6)**	**189.7**	482.3	7.5	489.8
Attributable to:										
Equity holders of the parent				**215.1**			**189.7**			490.1
Non-controlling interests				**-**			**-**			(0.3)
				215.1			**189.7**			489.8
Basic earnings per share	6			**6.6p**			5.8p			15.1p
Diluted earnings per share	6			**6.6p**			5.8p			14.9p
Adjusted basic earnings per share	6			**6.5p**			5.9p			14.9p
Adjusted diluted earnings per share	6			**6.5p**			5.8p			14.7p

Taylor Wimpey plc
Condensed Consolidated Statement of Comprehensive Income
For the half year ended 3 July 2016

£million	Half year ended 3 July 2016 (Reviewed)	Half year ended 28 June 2015 (Reviewed)	Year ended 31 December 2015 (Audited)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**5.8**	**(2.8)**	(1.5)
Movement in fair value of hedging derivatives and loans	**(5.1)**	**2.4**	1.5
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension schemes	**(12.2)**	**(21.9)**	(8.6)
Tax credit/(charge) on items taken directly to other comprehensive income	**2.4**	**4.4**	(0.7)
Other comprehensive expense for the period net of tax	**(9.1)**	**(17.9)**	(9.3)
Profit for the period	**215.1**	**189.7**	489.8
Total comprehensive income for the period	**206.0**	**171.8**	480.5
Attributable to:			
Equity holders of the parent	**206.1**	**171.9**	480.8
Non-controlling interests	**(0.1)**	**(0.1)**	(0.3)
	206.0	**171.8**	480.5

Taylor Wimpey plc
Condensed Consolidated Balance Sheet
As at 3 July 2016

£ million	Note	3 July 2016 (Reviewed)	28 June 2015 (Reviewed)	31 December 2015 (Audited)
Non-current assets				
Intangible assets		**3.5**	2.1	2.7
Property, plant and equipment		**20.8**	18.9	20.0
Interests in joint ventures		**41.1**	36.1	27.1
Trade and other receivables		**83.4**	101.1	95.4
Deferred tax assets	5	**53.7**	117.8	55.7
		202.5	276.0	200.9
Current assets				
Inventories	3	**4,278.5**	3,755.4	3,891.2
Trade and other receivables		**148.5**	128.0	114.0
Tax receivables		**0.2**	0.2	1.7
Cash and cash equivalents	7	**300.7**	212.6	323.3
		4,727.9	4,096.2	4,330.2
Total assets		**4,930.4**	4,372.2	4,531.1
Current liabilities				
Trade and other payables		**(1,161.1)**	(981.8)	(1,093.4)
Tax payables		**(48.3)**	(0.5)	-
Provisions		**(33.9)**	(34.8)	(31.1)
Accrued dividends	11	**(300.0)**	(250.0)	-
		(1,543.3)	(1,267.1)	(1,124.5)
Net current assets		**3,184.6**	2,829.1	3,205.7
Non-current liabilities				
Trade and other payables		**(427.2)**	(361.7)	(402.0)
Bank and other loans	7	**(184.0)**	(125.0)	(100.0)
Deferred tax liabilities	5	**-**	(1.9)	-
Retirement benefit obligations	8	**(181.1)**	(196.3)	(178.4)
Provisions		**(2.6)**	(3.2)	(2.9)
		(794.9)	(688.1)	(683.3)
Total liabilities		**(2,338.2)**	(1,955.2)	(1,807.8)
Net assets		**2,592.2**	2,417.0	2,723.3

£ million			
Equity			
Share capital	**288.4**	288.3	288.3
Share premium account	**762.9**	762.9	762.9
Own shares	**(1.6)**	(5.3)	(3.2)
Other reserves	**42.6**	41.5	41.9
Retained earnings	**1,499.0**	1,328.6	1,632.7
Equity attributable to parent	**2,591.3**	2,416.0	2,722.6
Non-controlling interests	**0.9**	1.0	0.7
Total equity	**2,592.2**	2,417.0	2,723.3

Taylor Wimpey plc
Condensed Consolidated Statement of Changes in Equity
For the half year ended 3 July 2016

Reviewed half year ended 3 July 2016 £ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2016	**288.3**	**762.9**	**(3.2)**	**41.9**	**1,632.7**	**2,722.6**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**5.8**	**-**	**5.8**
Movement in fair value of hedging derivatives and loans	**-**	**-**	**-**	**(5.1)**	**-**	**(5.1)**
Actuarial loss on defined benefit pension schemes					**(12.2)**	**(12.2)**
Deferred tax credit	**-**	**-**	**-**	**-**	**2.4**	**2.4**
Other comprehensive income/(expense) for the period net of tax	**-**	**-**	**-**	**0.7**	**(9.8)**	**(9.1)**
Profit for the period	**-**	**-**	**-**	**-**	**215.1**	**215.1**
Total comprehensive income for the period	**-**	**-**	**-**	**0.7**	**205.3**	**206.0**
New share capital subscribed	**0.1**	**-**	**-**	**-**	**-**	**0.1**
Own shares acquired	**-**	**-**	**(0.7)**	**-**	**-**	**(0.7)**
Utilisation of own shares	**-**	**-**	**2.3**	**-**	**-**	**2.3**
Cash cost of satisfying share options	**-**	**-**	**-**	**-**	**(2.4)**	**(2.4)**
Share-based payment credit	**-**	**-**	**-**	**-**	**3.6**	**3.6**
Tax charge on items taken directly to statement of changes in equity	**-**	**-**	**-**	**-**	**(1.7)**	**(1.7)**
Dividends approved and paid	**-**	**-**	**-**	**-**	**(38.5)**	**(38.5)**
Dividends approved	**-**	**-**	**-**	**-**	**(300.0)**	**(300.0)**
Equity attributable to parent	**288.4**	**762.9**	**(1.6)**	**42.6**	**1,499.0**	**2,591.3**
Non-controlling interests						0.9
Total equity						**2,592.2**

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 expense for the period net of tax	**-**	**-**	**-**	**(0.4)**	**(17.5)**	**(17.9)**
Profit for the period	-	-	-	-	189.7	189.7
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(0.4)**	**172.2**	**171.8**
New share capital subscribed	**-**	**-**	-	-	-	**-**
Own shares acquired	-	-	(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
Tax charge on items taken directly to statement of changes in equity	-	-	-	**-**	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**

Taylor Wimpey plc
Condensed Consolidated Statement of Changes in Equity (continued)
For the half year ended 3 July 2016

Audited year ended 31 December 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	-	-	-	(1.5)	-	(1.5)
Movement in fair value of hedging derivatives and loans	-	-	-	1.5	-	1.5
Actuarial loss on defined benefit pension schemes	-	-	-	-	(8.6)	(8.6)
Deferred tax charge	-	-	-	-	(0.7)	(0.7)
Other comprehensive expense for the year net of tax	**-**	**-**	**-**	**-**	**(9.3)**	**(9.3)**
Profit for the year	-	-	-	-	490.1	490.1
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**480.8**	**480.8**
New share capital subscribed	-	-	-	-	-	-
Own shares acquired	-	-	(2.0)	-	-	(2.0)
Utilisation of own shares	-	-	9.6	-	-	9.6
Cash cost of satisfying share options	-	-	-	-	(7.2)	(7.2)
Share-based payment credit	-	-	-	-	7.3	7.3
Tax credit on items taken directly to statement of changes in equity	-	-	-	-	8.3	8.3
Dividends approved and paid	-	-	-	-	(308.4)	(308.4)
Equity attributable to parent	**288.3**	**762.9**	**(3.2)**	**41.9**	**1,632.7**	**2,722.6**
Non-controlling interests						0.7
Total equity						**2,723.3**

Taylor Wimpey plc
Condensed Consolidated Cash Flow Statement
For the half year ended 3 July 2016

£ million	Note	Half year ended 3 July 2016 (Reviewed)	Half year ended 28 June 2015 (Reviewed)	Year ended 31 December 2015 (Audited)
Net cash (used in)/from operating activities	7	**(45.2)**	**16.6**	406.9
Investing activities:				
Interest received		**0.3**	**0.2**	0.6
Dividends received from joint ventures		-	**1.1**	0.8
Proceeds on disposal of property, plant and equipment		**0.3**	**0.1**	0.7
Purchases of property, plant and investments		**(1.4)**	**(3.2)**	(5.6)
Purchases of software		**(1.4)**	**(0.4)**	(1.5)
Amounts (loaned to)/repaid from joint ventures		**(14.1)**	**2.6**	15.6
Net cash (used in)/generated from investing activities		**(16.3)**	**0.4**	10.6
Financing activities:				
Dividends paid		**(38.5)**	**(42.9)**	(308.4)
Proceeds from sale of own shares		**0.1**	**-**	-
Net (cash cost)/cash received from satisfying share options		**(0.1)**	**0.8**	2.4
Proceeds from borrowings		**84.0**	**25.0**	-
Purchase of own shares		**(0.7)**	**(2.0)**	(2.0)
Net cash generated from/(used in) financing activities		**44.8**	**(19.1)**	(308.0)
Net (decrease)/increase in cash and cash equivalents		**(16.7)**	**(2.1)**	109.5
Cash and cash equivalents at beginning of period		**323.3**	**212.8**	212.8
Effect of foreign exchange rate changes		**(5.9)**	**1.9**	1.0
Cash and cash equivalents at end of period		**300.7**	**212.6**	323.3

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 2015, which have been prepared in accordance with applicable IFRSs.

The information contained in this Interim Report for the year ended 31 December 2015 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 2016 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 2015, 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.

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 2015.

2. Operating segments

IFRS 8 'Operating segments' requires information to be presented in the same basis as it is reviewed internally.

The Group operates in two countries, being the United Kingdom and Spain, both of which were previously reported as operating segments. During 2015, following a review of the operational structure of the business, the previous South Division of the UK Housing business was separated into two divisions (the Central and South West Division, and the London and South East Division) while the North Division remained unchanged. The Chairmen of the two new Divisions joined the Group Management Team alongside the Chairman of the North Division as well as the Managing Director of the Central London regional business (which sits within the London and South East Division), who also has responsibility for the Group's integrated London strategy. The information on segment performance presented to the Group's chief operating decision maker was also revised to reflect the new operating structure.

In response to these changes management has updated its identification of the Group's operating segments, determining that in the United Kingdom for management reporting and control purposes there are now four geographical operating segments, as well as an additional operating segment covering the corporate functions, Major Developments and Strategic Land. However it has been determined that it is appropriate for the London and South East Division and the Central London regional business to be aggregated as one operating segment due to the fact that they share similar economic characteristics, albeit, there are sites within prime Central London which can demonstrate different demand to those in outer boroughs and outside the M25. In making this judgement, management has taken into consideration the fact that the Group's developments within the Greater London area are undertaken by several regional businesses within the London and South East Division as well as the Central London regional business, and as such the Group's exposure to the London market extends beyond the Central London regional business. Management has also assessed that both segments have similar long term financial performance, as demonstrated by similar average gross margins, as well as that they have similar production processes, types of customers, sales channels and regulatory environments.

Segment information about these businesses is presented below:

Half year ended 3 July 2016 £ million	North Division	Central & South West Division	London & South East Division	Corporate	Spain	Total
Revenue						
External sales	**580.7**	**499.9**	**361.7**	**0.1**	**14.8**	**1,457.2**
Result						
Profit/(loss) on ordinary activities before joint ventures, finance costs and exceptional items	**136.8**	**116.2**	**60.1**	**(34.2)**	**0.3**	**279.2**
Share of results of joint ventures	**0.1**	**-**	**(0.2)**	**-**	**-**	**(0.1)**
Profit/(loss) on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	**136.9**	**116.2**	**59.9**	**(34.2)**	**0.3**	**279.1**
Exceptional items						**2.2**
Profit on ordinary activities before finance costs, after share of results of joint ventures and exceptional items						**281.3**
Net finance costs						**(12.5)**
Profit on ordinary activities before taxation						**268.8**
Taxation (including exceptional tax)						**(53.7)**
Profit for the period						**215.1**

As at 3 July 2016 £ million	North Division	Central & South West Division	London & South East Division	Corporate	Spain	Total
Assets and liabilities						
Segment operating assets	**1,230.9**	**1,356.8**	**1,654.2**	**151.6**	**141.2**	**4,534.7**
Joint ventures	**2.3**	**3.1**	**34.5**	**1.0**	**0.2**	**41.1**
Segment operating liabilities	**(365.3)**	**(541.3)**	**(549.7)**	**(276.8)**	**(72.8)**	**(1,805.9)**
Net operating assets/(liabilities)	**867.9**	**818.6**	**1,139.0**	**(124.2)**	**68.6**	**2,769.9**
Net current taxation						**(48.1)**
Net deferred taxation						**53.7**
Accrued dividends						**(300.0)**
Net cash						**116.7**
Net assets						**2,592.2**

2. Operating segments (continued)

Half year ended 28 June 2015 £ million	North Division	Central & South West Division	London & South East Division	Corporate	Spain	Total
Revenue						
External sales	511.0	447.2	362.1	0.9	14.1	1,335.3
Result						
Profit/(loss) on ordinary activities before joint ventures, finance costs and exceptional items	115.9	93.8	75.5	(31.6)	0.9	254.5
Share of results of joint ventures	-	-	1.4	-	-	1.4
Profit/(loss) on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	115.9	93.8	76.9	(31.6)	0.9	255.9
Exceptional items						(0.8)
Profit on ordinary activities before finance costs, after share of results of joint ventures and exceptional items						255.1
Net finance costs						(17.9)
Profit on ordinary activities before taxation						237.2
Taxation (including exceptional tax)						(47.5)
Profit for the period						189.7

As at 28 June 2015 £ million	North Division	Central & South West Division	London & South East Division	Corporate	Spain	Total
Assets and liabilities						
Segment operating assets	1,143.8	1,252.8	1,351.3	165.7	91.9	4,005.5
Joint ventures	1.9	2.8	30.6	0.6	0.2	36.1
Segment operating liabilities	(368.1)	(513.7)	(377.7)	(275.7)	(42.6)	(1,577.8)
Net operating assets/(liabilities)	777.6	741.9	1,004.2	(109.4)	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

2. Operating segments (continued)

For the year to 31 December 2015 £ million	North Division	Central & South West Division	London & South East Division	Corporate	Spain	Total
Revenue						
External sales	1,093.8	1,075.4	911.6	0.9	58.1	3,139.8
Result						
Profit/(loss) on ordinary activities before joint ventures, finance costs and exceptional items	251.1	243.2	198.2	(70.4)	10.0	632.1
Share of results of joint ventures	(0.1)	–	5.0	–	–	4.9
Profit/(loss) on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	251.0	243.2	203.2	(70.4)	10.0	637.0
Exceptional items						(0.6)
Profit on ordinary activities before finance costs, after share of results of joint ventures and exceptional items						636.4
Net finance costs						(33.2)
Profit on ordinary activities before taxation						603.2
Taxation (including exceptional tax)						(113.4)
Profit for the period						489.8

As at 31 December 2015 £ million	North Division	Central & South West Division	London & South East Division	Corporate	Spain	Total
Assets and liabilities						
Segment operating assets	1,198.0	1,273.8	1,417.0	148.0	86.5	4,123.3
Joint ventures	2.2	3.0	21.4	0.3	0.2	27.1
Segment operating liabilities	(387.2)	(571.7)	(444.2)	(260.6)	(44.1)	(1,707.8)
Net operating assets/(liabilities)	813.0	705.1	994.2	(112.3)	42.6	2,442.6
Net current taxation						1.7
Net deferred taxation						55.7
Net cash						223.3
Net assets						2,723.3

3. Exceptional items

Exceptional items are analysed as follows:

£ million	Half year ended 3 July 2016	Half year ended 28 June 2015	Year ended 31December 2015
Net reversal/(addition) of inventory write-downs	2.2	(0.8)	(0.6)
Tax (charge)/credit	(0.4)	0.2	8.1
Exceptional items	1.8	(0.6)	7.5

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

The majority of the impairment provision remaining is on sites which have suffered from adverse planning decisions or are impacted by other site specific factors. As a result, although the UK housing market has remained stable during the first half of 2016, with good accessibility and affordability of mortgage finance continuing to benefit our customers, there is only a net release of £2.2 million of this provision (H1 2015: £0.8 million addition).

The net release in the UK consists of reversals of previous write-downs of £4.0 million (28 June 2015: £4.3 million) and additional write-downs to the lower of cost and net realisable value of £1.8 million (28 June 2015: £5.1 million). The additional provision relates to a small number of previously impaired sites.

The Group undertakes a detailed review on a site by site basis of the net realisable value of its land and work in progress. The results from this review are sensitive to the assumptions used and we therefore also consider when the inventory is likely to be realised, whether or not there has been a sustained change in market conditions and the wider economic environment existing at the balance sheet date. As disclosed in the 2015 Annual Report, a 1% movement in revenue or build costs results in an immaterial impact on the net realisable value of land and work in progress.

At the balance sheet date the Group held land and work in progress in the UK that had been written down to net realisable value of £141.8 million (31 December 2015: £151.6 million) with associated impairments of £109.9 million (31 December 2015: £124.2 million). As at 28 June 2016, 4% (31 December 2015: 4%) of our UK short term owned and controlled land is impaired.

In the half year 4% (H1 2015: 8%) of the Group’s UK completions were from sites that had been previously impaired.

Only 11 plots (H1 2015: 14) were completed in Spain that had previously been impaired. In Spain there was inventory written down to net realisable value of £28.7 million as at 3 July 2016 (31 December 2015: £24.3 million) with associated impairments of £49.5 million (31 December 2015: £43.5 million).

The gross profit for the period includes £4.4 million (H1 2015: £5.6 million) of positive contribution, on completions from sites with previously impaired inventory.

4. Finance costs and interest receivable

Interest receivable:

£ million	Half year ended 3 July 2016	Half year ended 28 June 2015	Year ended 31 December 2015
External interest receivable	0.3	0.3	0.7

Finance costs are analysed as follows:

£ million	Half year ended 3 July 2016	Half year ended 28 June 2015	Year ended 31 December 2015
Interest on overdrafts, bank and other loans	5.4	6.1	11.6
Movement on interest rate derivatives and foreign exchange movements	(2.5)	0.4	0.7
	2.9	6.5	12.3
Unwinding of discount on land creditors and interest on other payables and other items	6.7	8.2	15.6
Notional net interest on pension liability	3.2	3.5	6.0
	12.8	18.2	33.9

5. Tax

£million	Half year ended 3 July 2016	Half year ended 28 June 2015	Year ended 31 December 2015
Tax charge comprises:			
Current tax – UK	(51.8)	-	(12.0)
Current tax – Spain	(0.2)	-	(0.7)
Total current tax	**(52.0)**	**-**	**(12.7)**
Deferred tax – UK	(1.7)	(47.5)	(108.7)
Deferred tax – Spain	-	-	8.0
Total deferred tax	**(1.7)**	**(47.5)**	**(100.7)**
Total taxation charge	**(53.7)**	**(47.5)**	**(113.4)**

The tax charge of £53.7 million (28 June 2015: £47.5 million) predominantly relates to current tax following the utilisation of the Group's UK trading losses in the prior period. Included within the total tax charge is an exceptional tax charge of £0.4 million (28 June 2015: £0.2 million credit) related to the reversal of impairment 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 UK temporary differences have been calculated at rates between 20% and 18%.

6. Earnings per share

	Half year ended 3 July 2016	Half year ended 28 June 2015	Year ended 31 December 2015
Basic earnings per share	6.6p	5.8p	15.1p
Diluted earnings per share	6.6p	5.8p	14.9p
Adjusted basic earnings per share	6.5p	5.9p	14.9p
Adjusted diluted earnings per share	6.5p	5.8p	14.7p
Weighted average number of shares for basic earnings per share – million	3,258.3	3,245.2	3,247.3
Weighted average number of shares for diluted earnings per share – million	3,276.7	3,261.8	3,278.8

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 3 July 2016	Half year ended 28 June 2015	Year ended 31 December 2015
Profit from operations for basic earnings per share and diluted earnings per share	215.1	189.7	490.1
Adjust for exceptional net (reversal)/addition of inventory write-downs	(2.2)	0.8	0.6
Adjust for tax on exceptional items	0.4	(0.2)	(0.1)
Adjust for exceptional deferred tax credit	-	-	(8.0)
Profit for adjusted basic and adjusted diluted earnings per share	213.3	190.3	482.6

7. Notes to the cash flow statement

£ million	Half year ended 3 July 2016	Half year ended 28 June 2015	Year ended 31December 2015
Profit on ordinary activities before finance costs	281.4	253.7	631.5
Adjustments for:			
Depreciation of plant and equipment and amortisation of software equipment	1.2	1.9	3.3
Net (reversal)/addition of inventory write-downs	(2.2)	0.8	0.6
Pension contributions in excess of charge to the income statement	(12.7)	(12.4)	(19.9)
Share-based payment charge	3.6	2.6	7.3
Profit on disposal of property and plant	(0.2)	(0.2)	(0.5)
Increase/(decrease) in provisions	2.6	(3.4)	(7.4)
Operating cash flows before movements in working capital	273.7	243.0	614.9
Increase in inventories	(351.0)	(256.2)	(269.1)
(Increase)/ decrease in receivables	(12.7)	(15.0)	13.0
Increase in payables	49.6	49.4	68.1
Cash (used in)/generated by operations	(40.4)	21.2	426.9
Income taxes (paid)/received	(0.7)	0.4	(5.5)
Interest paid	(4.1)	(5.0)	(14.5)
Net cash (used in)/from operating activities	(45.2)	16.6	406.9

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 2016	323.3	(100.0)	223.3
Cashflow	(16.7)	(84.0)	(100.7)
Foreign exchange	(5.9)	-	(5.9)
Balance 3 July 2016	300.7	(184.0)	116.7

£ 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
Balance 1 January 2015	212.8	(100.0)	112.8
Cashflow	109.5	-	109.5
Foreign exchange	1.0	-	1.0
Balance 31 December 2015	323.3	(100.0)	223.3

On 28 June 2016, we completed a Private Placement of €100 million fixed at 2.02%, for seven years which is used to hedge the investment in our Spanish business. Our committed borrowing facilities are currently £734 million with an average maturity of 3.9 years. Average net cash for the half year was £2.7 million (H1 2015: £43.9 million net debt; FY 2015: £94.8 million net debt).

8. Pensions

The Group's defined benefit pension scheme was assessed at 3 July 2016 using assumptions on discount and inflation rates derived using current market yield curves. The increase in the defined benefit pension scheme deficit since 31 December 2015 was predominantly caused by a decrease in the discount rate of 85bps to 2.85% and inflation to 2.70% and 1.70% (31 December 2015: 2.95% and 1.95%) for RPI and CPI respectively offset by Company cash contributions of £14.1 million (28 June 2015: £14.1 million).

9. Financial Instruments' fair value disclosure

The Group held the following financial assets and liabilities (including financial instruments) at 3 July 2016.

		Carrying amount			Fair Value		
£ million		3 July 2016	28 June 2015	31 December 2015	3 July 2016	28 June 2015	31 December 2015
Financial Assets							
Mortgage receivables	a	88.4	100.7	94.6	88.4	100.7	94.6
Cash and cash equivalents	b	300.7	212.6	323.3	300.7	212.6	323.3
Land receivables	b	24.9	8.1	17.8	24.9	8.1	17.8
Trade and other receivables	b	69.5	80.8	64.8	69.5	80.8	64.8
Financial Liabilities							
Overdrafts, bank and other loans	b	184.0	125.0	100.0	184.0	125.0	100.0
Land creditors	b	656.3	506.0	629.8	656.3	506.0	629.8
Trade and other payables	b	735.4	706.1	711.1	735.4	706.1	711.1

(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) along with other relevant assumptions relating to the future recoverability of the asset.

(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 and include £49.1 million (31 December 2015: £32.2 million) of non-financial assets.

Current and non-current trade and other payables on the balance sheet of £1,588.3 million (31 December 2015: £1,495.4 million) includes land creditors of £656.3 million (31 December 2015: £629.8 million), trade and other payables of £735.4 million (31 December 2015: £711.1 million) and non-financial liabilities of £196.6 million (31 December 2015: £154.5 million). Non-financial liabilities include customer deposits and advance receipts of £164.0 million (31 December 2015: £129.6 million).

The Group has designated a financial liability in the sum of €54 million (2015: €34.0 million) as a net investment hedge. The fair value of the financial liability is based on the observable 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 transactions

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

During the period to 3 July 2016, the Group directly purchased from Travis Perkins plc, a company of which the Chief Executive is a non executive director, goods to the value of £8.7 million (year to 31 December 2015: £17.6 million). In addition, indirect purchases through sub-contractors amounted to £9.9 million (year to 31 December 2015 £17.3 million). Any residual purchases made at a local level are not material to either party. All transactions were completed on an arms-length basis.

The Chief Executive purchased two properties from Taylor Wimpey de Espana S.A.U., a wholly owned subsidiary of the Company. The first property was purchased for €278,000 representing full market value. The second property was purchased for €350,250 under the staff discount scheme. This property was sold on the same terms available to all employees pursuant to the Company's Staff House Purchase scheme. Both of these purchases were approved by Shareholders at the Company's 2016 Annual General Meeting in accordance with s.190 and s.191 of the Companies Act 2006 which relate to substantial property transactions between directors and companies.

Ryan Mangold, a Director of the Company acquired an apartment for the sum of £648,964 on the Radius development in Osiers Road, Wandsworth. This property was sold on the same terms available to all employees pursuant to the Company's Staff House Purchase scheme. This purchase was approved by Shareholders at the Company's 2016 Annual General Meeting in accordance with s.190 and s.191 of the Companies Act 2006 which relate to substantial property transactions between directors and companies.

11. Dividends

£ million	Half year ended 3 July 2016	Half year ended 28 June 2015	Year ended 31 December 2015
Approved and paid	38.5	42.9	308.4
Approved and accrued	300.0	250.0	-
Approved	17.3	15.6	-
Proposed	-	-	38.6

At the Company's 2016 Annual General Meeting shareholders approved the special dividend of £300.0 million paid on 15 July 2016. This dividend was accrued as at the balance sheet.

The Directors have assessed the Company's performance in the current period and approved an interim dividend of 0.53 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 on 26 August 2016 and will be paid on 7 October 2016. This is expected to result in a payment of £17.3 million.

In accordance with IAS 10 'Events after the balance sheet date' the approved interim dividend has not been accrued in the 3 July 2016 balance sheet.

12. Share based payments

The Group recognised a total expense of £3.6 million to 3 July 2016 (28 June 2015: £2.6 million) in relation to equity-settled share based payment transactions.

13. 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.

14. Events occurring after 3 July 2016

There were no material subsequent events affecting the Group between 3 July 2016 and the date of this announcement that need to be disclosed.

Taylor Wimpey plc
Statement of Directors' responsibility
For the half year ended 3 July 2016

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 2015.

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, Group Chief Executive

26 July 2016

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 3 July 2016 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 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to 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 3 July 2016 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

26 July 2016