

3 March 2010

## Taylor Wimpey plc

### Results for the twelve months to 31 December 2009

#### Highlights

- Significant stabilisation in the UK and North American housing markets through 2009
- Group completions:
  - 10,186 homes in the UK at an average selling price of £160k
  - 4,755 homes in North America at an average selling price of £171k and
  - 225 homes in Spain and Gibraltar at an average selling price of £260k
- Significantly improved second half performance:
  - Group operating profit\* of £40.5 million
  - No exceptional charges
- Strong cash generation of £702.5 million before reduction in land and other creditors, up 28.5% on 2008, and £510 million (net) Placing and Open Offer
  - Net debt reduced by £778 million
  - Land and other creditors reduced by £433 million
- Tangible net assets of 47 pence per share:
  - No exceptional charges to land valuations in the second half
  - Includes £119 million deferred tax asset at the year end, primarily related to the UK pension liability
- UK build costs reduced by 4.4% in the second half of 2009, with further progress expected in 2010
- Significant progress on improving UK product mix, with replans in progress or identified for around 60% of sites with detailed planning consent
- High quality landbank maintained in the UK and North America, with over six years of supply in each market
- Group order book increased by 21% to 8,692 homes, with improving prices and margins
- Proactive plan in place for management of pension scheme liability

#### Financial Summary

	<b>FY 2009</b>	<b>FY 2008</b>
Revenue £m	2,595.6	3,467.7
Operating profit* £m	43.3	96.3
Loss before tax and exceptional items** £m	(96.1)	(74.7)
Exceptional items before tax £m	(603.8)	(1,895.0)
Loss for the period £m	(640.6)	(1,840.0)
Adjusted loss per share p***	(4.3)	(7.2)
Loss per share p***	(25.1)	(136.5)
Tangible net assets per share p****	47	120
Net debt £m	750.9	1,529.3

\* 'Operating profit' is defined as profit on ordinary activities before finance costs, exceptional items and amortisation of brands, after share of results of joint ventures.

\*\* FY 2009 exceptional items of £603.8 million include land and work in progress write downs in the UK of £445.0 million, North America of £78.7 million and Spain and Gibraltar of £3.3 million.

\*\*\* 2008 figures have been restated to reflect the issue of new shares during 2009

\*\*\*\* Tangible net assets per share is defined as net assets excluding goodwill and intangible assets divided by the number of shares in issue at the period end. The 2008 figure has been restated to reflect the Open Offer issue of new shares during 2009.

Pete Redfern, Group Chief Executive, said:

“Trading conditions for our main businesses stabilised through 2009 and we were pleased to return to operating profit in both the UK and North America in the second half of the year. Whilst we remain cautious, we are continuing to see slowly improving conditions across our main markets. Our active cost reduction, high quality landbank and strong order book position us well to increase profitability as markets recover.”

-ends-

A presentation to analysts will be made at 9.00am on 3 March 2010. This presentation will be broadcast live on <http://pres.taylorwimpey.com/tw016/default.asp>

For further information please contact:

Taylor Wimpey plc  
Pete Redfern, Group Chief Executive  
Chris Rickard, Group Finance Director  
Jonathan Drake, Investor Relations

Tel: +44 (0) 7816 517 039

Finsbury  
Faeth Birch  
Clare Hunt

Tel: +44 (0) 20 7251 3801

Notes to editors:

Taylor Wimpey plc builds homes in the UK, North America, Spain and Gibraltar. It aims to be the homebuilder of choice for customers, employees, shareholders and communities.

For further information, please visit the Group’s website:  
[www.taylorwimpeyplc.com](http://www.taylorwimpeyplc.com)

## Group results

Group revenue from continuing operations in 2009 was £2.6 billion (2008: £3.5 billion). Group completions were 15,166 (2008: 19,029), with reduced levels of legal completions recorded in both of our main markets. Whilst mortgage availability and mortgage valuations continue to adversely affect our business, the strong cash generation in 2009 compared with 2008 allowed us to focus on price improvement rather than volumes.

Group operating profit\* was £43.3 million (2008: £96.3 million), producing an operating margin\* of 1.5% (2008: 2.6%). Of this operating profit\* £14.3 million was generated by our UK business (2008: £53.0 million) and £48.1 million by our North American business (2008: £59.9 million). We recorded an operating loss\* of £1.4 million in our Spain & Gibraltar business (2008 loss: £2.4 million) and an operating loss\* of £17.7 million in our Corporate segment (2008 loss: £14.2 million). £2.8 million of the Group's operating profit\* was earned in the first half of the year and £40.5 million in the second half. The second half result included a net credit of £15.6 million relating to utilisation of inventory net realisable value write downs taken in the first half, where the selling prices have exceeded our market assumptions (2008: nil).

The Group's pre-exceptional net finance charges were £139.4 million (2008: £168.6 million) and the Group incurred a loss before tax and exceptional items from continuing operations of £96.1 million for the year to 31 December 2009 (2008 loss: £74.7 million).

The Group has recorded a total of £603.8 million of pre-tax exceptional items in 2009 (2008: £1,895.0). This results in a consolidated loss before tax of £699.9 million (2008 loss: £1,969.7 million). The pre-exceptional tax charge of £14.3 million (2008: £23.4 million) relates mainly to Canada, where the Group continues to be profit making. The exceptional tax credit was £73.6 million, comprising a UK tax credit of £25.4 million relating to the reinstatement of the pension deferred tax asset and a US tax credit of £48.2 million relating to the 5 year net operating loss carryback (2008 exceptional credit: £100.0 million comprising a net credit of £91.6 million in respect of UK inventory write downs and deferred tax movements and a net credit of £8.4 million relating to US inventory write downs made in the year).

The results of the now disposed of Construction business in Ghana are incorporated into the Corporate reporting segment.

## Outlook

Having established a secure capital structure during 2009, Taylor Wimpey is well positioned to take advantage of the opportunities that an upturn will provide. Trading in the UK has continued to be encouraging during the first two months of 2010, with the improved conditions seen in 2009 still in evidence. Supply remains constrained and the restrictions on mortgage availability, whilst still having an impact on customers' ability to fund new home purchases, are gradually easing.

The structural undersupply of new housing in the UK has been exacerbated by the downturn. Industry volumes dropped sharply to 106,894 homes in 2008 and this has fallen further in 2009 to 88,100 (source: National House-Building Council). These numbers fall dramatically short of the latest forecast for household formations of

252,000 per annum for England alone. Recent months have seen an improvement in the number of new starts, but this position of undersupply is unlikely to change significantly in the short term. The underlying demand for new housing remains strong, but many of those looking to buy homes remain unable to obtain an appropriate mortgage. When mortgage availability increases and consumer confidence returns, we will see an even greater imbalance between demand and supply, creating the potential for a significant recovery in house prices in the future.

In North America, the stability seen in the US housing market during the majority of 2009 has continued into the early months of 2010. Affordability levels remain at record highs and suggest that there is scope for house price rises once the wider economic environment stabilises. In addition, the US Government's first time buyer tax credit is likely to continue to support the market during the key spring selling season. Market conditions in Canada remain robust.

We are continuing to improve returns from our existing landbank through a combination of replans, renegotiation of existing planning commitments and redesign of product types. In the UK, we expect the first completions from our new product range during 2010 and we are targeting further build cost reduction. In addition, the strength of our order books gives us a greater ability to reduce the level of incentives on offer in 2010.

Strong landbanks in both the UK and North America mean that we can continue to be selective about new land purchases. In the UK, we have approved new land investments of c4,000 new plots since mid-2009. These plots will deliver completions at or above normal industry margins and accelerate the business's return to full profitability. We remain concerned in the UK about the availability of land coming through a very complex and convoluted planning system. During 2009 we have added new plots to our landbank in North America, reflecting the high quality of opportunities that became available.

## UK Housing

### *Financial and operational performance*

	2009	2008
Completions	10,186	13,394
Average Selling Price	£160k	£171k
Revenue	£1,700.4m	£2,390.1m
Operating profit*	£14.3m	£53.0m
Operating margin*	0.8%	2.2%
Contribution per legal completion	£12.6k	£16.5k
Forward order book as a % of completions	53.6%	31.7%
Owned and controlled plots with planning	66,089	74,917
Customer satisfaction	87.1%	79.4%
Health and safety injury frequency rate (per 100,000 hours worked)	0.226	0.296
Waste generated per home (tonnes)	4.69	5.11

UK Housing revenue was £1,700.4 million (2008: £2,390.1 million), reflecting a lower number of home completions and lower average selling prices on completions. Operating profit\* was £14.3 million (2008: £53.0 million), producing an operating margin\* of 0.8% (2008: 2.2%).

Exceptional items of £452.8 million were charged during the first half of the year (2008: £1,750.4 million). Of these, £445.0 million related to a review of the carrying value of our land and work in progress in the light of the ongoing uncertainty in the wider economy (2008: £904.4 million). Net operating assets in the UK were £1,693.1 million at 31 December 2009 (2008: £2,585.7 million).

### *Strategy*

We reduced our level of ongoing overheads significantly during 2008 to reposition the business for lower volumes and sales prices. Following the closure of a final three regional businesses in early 2009, we now operate from 23 regional offices, which gives us the capacity to deliver up to 14,000 homes per year when market conditions allow, without significant additional overhead costs.

However, in the current market conditions, we remain focused on maximising the value achieved from each home completion rather than looking to grow volumes ahead of underlying improvements in market conditions. Maximum value is being achieved through four main factors: pricing; build cost reduction; replanning; and additions to our landbank.

**Pricing:** We set prices locally and make use of a range of targeted customer incentives in order to deliver competitive offers in each local market. This approach is supported by national marketing initiatives. Having reduced our prices during 2008 to reflect the adverse market conditions, we have been able to achieve some price increases during 2009. Average selling prices on reservations increased by around 13% between January 2009 and December 2009, as a result of mix changes and underlying price improvement. Our negotiating position has been strengthened by the strong forward order book position and our tight management of work in progress. We reduced the number of unsold completed homes from 1,138 as at 31 December 2008 to 219 as at 31 December 2009.

**Build cost reduction:** Build cost has been a key area of operational focus throughout 2008 and 2009, and will remain so for 2010. There are three main areas in which we have ongoing opportunities to reduce build costs. Firstly, we are still benefiting from the savings arising from the merger in 2007, particularly in respect of reducing the costs associated with the Bryant housetypes. Secondly, the weaker market conditions have enabled us to reduce both labour and materials costs. Thirdly, we are delivering savings through value engineering of sites to reduce the level of infrastructure costs. We have achieved a reduction of 4.4% in the average build cost per square foot of private completions in the second half of 2009 compared to the first half, with further reductions expected in 2010.

**Replanning:** An ongoing process, with successes in changing the product mix on sites within the landbank to be more appropriate to the current market conditions and reducing planning obligations to make sites viable at lower average selling prices. We have identified around 60% of the plots with detailed planning in our landbank as being suitable for replanning, with around one-third of those plots having already been replanned successfully.

Additions to our landbank: We have a strong UK landbank, with 64% of our short term plots located in the south. Only 23% of the plots in our short term landbank are apartments, leaving us well placed to reduce the proportion of apartments in our completions further from the 2009 completions level of 33%. This has been achieved through a combination of a revised land purchasing strategy and replanning of the existing landbank.

Cash management remains an important discipline and we have made further progress in reducing the level of work in progress in the business.

### *Sales, completions and pricing*

We achieved substantially better sales rates in 2009, compared to the sharp decline experienced during 2008. Sales rates were much more consistent across the year and we did not experience the usual seasonal drop off in sales over the summer months. The net private sales rate per outlet per week for 2009 as a whole was 0.55, against 0.40 in 2008. Cancellation rates were also substantially improved in 2009 at 18.7% against the elevated levels of 37.5% in 2008.

We completed a total of 10,186 homes in 2009 (2008: 13,394) at an average selling price of £160k (2008: £171k), of which 8,432 were private homes (2008: 10,585) and 1,709 were affordable homes (2008: 2,751) with 45 joint venture completions (2008: 58). The average selling price of a private home was £171k (2008: £187k), whilst the average selling price of an affordable home was £108k (2008: £108k). The year on year figures for private selling prices mask the intra-year trend, which saw the average price fall to £163k for the first half of 2009, before recovering during the second half.

The timing of recovery has varied by geography, with the most robust markets being in London and the south-east, with more tentative improvements in the north of the UK. By the end of 2009, this regional variation had started to reduce. We enter 2010 with a very strong order book position. We have increased our private order book by 62% to 3,048 homes (31/12/2008: 1,887 homes). Including affordable housing reservations, our year end order book was 5,431 homes, an increase of 28% from the order book position at the end of 2008.

### *Landbank*

We suspended new land purchase commitments in late 2007 and re-entered the UK land market in the second half of 2009. We have approved new land purchase commitments for 3,003 plots at 22 new sites during 2009 on attractive terms. Our strong southerly-weighted landbank and ongoing opportunities to convert further plots from our strategic landbank enable us to continue to be selective as the land market recovers.

We continue to actively review our land portfolio and have undertaken a small number of land sales where we feel that the price achieved delivers value and the land did not fit our strategy or was excess to our requirements. For the year as a whole, land sales have generated £47.9 million of revenue (2008: £58.0 million) with an operating loss of £4.1 million (2008 loss: £2.2 million).

Our UK short term landbank, representing owned or controlled land with planning, or a resolution to grant planning, stood at 66,089 plots at 31 December 2009 (2008: 74,917 plots). The average cost per plot in the landbank was £30k at 31 December

2009 on the basis of allocating all net realisable value provisions against land value (31 December 2008: £35k on the same basis). We ended 2009 with 57% of our short term landbank fully consented (2008: 56%).

Our cash payments in respect of land commitments totalled £323 million during 2009 (2008: £538 million)

### *Health, Safety and Environment*

Health and Safety continues to be a non-negotiable top priority and we have retained our strong focus through the changing market conditions. Whilst we are pleased with the reduction in the injury frequency rate from 0.296 injuries per 100,000 hours worked in 2008 to 0.226 per 100,000 hours worked in 2009, we continue to target further reductions in 2010.

Reducing waste is not only a responsible course of action in terms of protecting the environment, it also contributes towards lowering build costs. We monitor our performance in this area closely and have reduced the level of waste generated per home by 8% in 2009.

### *Current trading*

We have delivered an encouraging performance in the first two months of 2010, with continued improvement in visitor levels, sales rates and cancellation rates. We remain positive with regard to long term prospects for the UK housing market, although the risks of further weakness in the wider economy and reduced mortgage availability remain in the short term. Our operational focus remains on margin improvement, rather than volume growth and we anticipate further progress on build cost reduction over the course of 2010.

## **North America Housing**

### *Financial and operational performance*

	2009	2008
Completions	4,755	5,421
Average Selling Price	£171k	£175k
Revenue	£824.3m	£981.6m
Operating profit*	£48.1m	£59.9m
Operating margin*	5.8%	6.1%
Contribution per legal completion	£22.0k	£23.9k
Forward order book as a % of completions	67.6%	51.4%
Owned and controlled plots with planning	29,062	29,178
Customer satisfaction	86.6	85.4
Health and safety injury frequency rate (per 100,000 hours worked)	0.210	0.041

North America Housing revenue was £824.3 million (2008: £981.6 million), primarily reflecting the reduced level of completions achieved in the year.

Operating profit\* was £48.1 million (2008: £59.9 million), broadly in line with the decrease in revenue. The operating margin\* for 2009 was 5.8%, a slight decline from the 6.1% achieved in 2008. Exceptional items were £79.8 million (2008: £76.6 million).

We conducted regular reviews of the carrying value of our land holdings during 2009. As a result of these reviews, we took land and work in progress write downs totalling £78.7 million during 2009, all of which were recorded at the half year (2008: £71.1 million).

Net operating assets in North America were £558.1 million at 31 December 2009 (2008: £677.8 million).

### *Strategy*

We remain focused on cost reductions and cash management, whilst preserving the inherent value in our long term land positions.

We are ranked as the tenth largest homebuilder in the US by Professional Builder and rank in the top five in the majority of our markets in North America. This regional strength provides significant advantages in the form of lower build cost, greater access to land opportunities and customer brand awareness.

We have a good quality and well respected business in North America. Taylor Morrison won a series of design awards in 2009 and was inducted into the Best of American Living Award Hall of Fame for making a significant contribution to American design in January 2009.

Despite having already made significant build and overhead cost savings over the course of the US market downturn, we have achieved continued success in reducing costs in 2009. Having introduced a 'lean manufacturing' approach into three divisions in 2008, we have extended the roll-out to a further four divisions in 2009. This has achieved cost reductions in a number of areas, including joint initiatives with sub-contractors to reduce waste material and value engineer product plans to reduce the number of different materials and components used in our homes.

We have undertaken a thorough review of our sales and marketing costs, achieving savings through tailoring our staffing levels at each outlet closely to visitor levels, revising the number and specifications of showhomes and making greater use of internet based marketing campaigns.

We have retained our focus on cash management and work in progress remains under tight control. We had 219 unsold completed homes at 31 December 2009, down from 455 at 31 December 2008 and 908 at 31 December 2007.

### *Sales, completions and pricing*

The business operated with an average of 172 outlets during 2009 (2008: 234), reflecting the closure of existing outlets.

For North America as a whole we achieved an average sales rate of 0.60 per outlet per week, 50% higher than the 0.40 sales per week recorded in 2008. The cancellation rate was 15% for 2009 as a whole, again a substantial improvement

against the 2008 rate of 23%.

Total home completions were 4,755 (2008: 5,421), of which 3,347 were in the US (2008: 4,212) and 1,408 were in Canada (2008: 1,209).

The average selling price of our North American home completions in 2009 was £171k (2008: £175k), with the average selling price in the US being £161k (2008: £163k) and an average selling price in Canada of £195k (2008: £220k). The lower pricing in Canada reflects a higher proportion of high-rise completions during the year and also the weaker market conditions in the early part of 2009.

Our year-end order book increased to 3,216 homes (2008: 2,789 homes), with the US order book up 5% and the order book in Canada up by 19%.

#### *Landbank*

We have made good progress on rebalancing our land portfolio during 2009, to reduce exposure to less desirable submarkets and as we continue to acquire land in the US and Canada where we identify good value opportunities. We have approved new land purchases totalling 3,723 plots during the second half of 2009, with purchases primarily in Arizona, California and Florida.

At the year end, we had a landbank of 29,062 owned and controlled plots (2008: 29,178 plots). Nearly 50% of our owned landbank is made up of finished lots, which have all of the required infrastructure in place to allow building of a home to commence, and therefore require limited additional investment.

#### *Health, Safety and Environment*

Taylor Morrison has a company wide health and safety programme and was a runner up in the prestigious National Association of Home Builders 2009 Safety Award for Excellence.

Environmental legislation varies across the different regions in which we operate in North America, but we are working to introduce business-wide performance indicators in 2010. We are proud of the fact that Monarch was named low-rise Green Builder of the Year in the Building Industry and Land Development Awards for the Greater Toronto Area.

#### *Current trading*

We are encouraged by the period of prolonged stability of our North American markets, which now extends to almost 12 months. With the recent extension of the US Government's homebuyer tax credit for sales to the end of April 2010 likely to continue to provide support to the market and affordability at extremely good levels, we are optimistic with regard to future prospects. We have seen hotspots of market activity develop on a regional basis. Based on improving consumer confidence and strong affordability, assuming employment continues to strengthen we anticipate a broader based improvement in the market developing over the course of the next year.

Having achieved significant build and overhead cost savings over the last four years, our business in the US is well positioned for recovery. We will continue to evaluate new land acquisitions in the US and exercise appropriate discipline with all new

investment.

Our business in Canada continues to perform strongly.

## **Spain and Gibraltar Housing**

### *Performance*

In Spain and Gibraltar we completed a total of 225 homes in 2009 (2008: 214) at an average selling price of £260k (2008: £270k). We delivered a higher proportion of our completions in Spain from the mainland as we discounted prices to reduce our level of inventory.

Revenue was broadly flat at £61.0 million (2008: £59.8 million). Operating loss\* was £1.4 million (2008 loss: £2.4 million) as a result of the ongoing market weakness. The landbank has reduced from last year as we have become increasingly cautious in our approach to land purchases. Our year-end order book stood at £11 million (2008: £58 million).

We have undertaken further reviews of the carrying value of our landbank in Spain, which resulted in land and work in progress write downs of £3.3 million, all of which were recorded at the half year (2008: £37.4 million).

As previously announced, we are exiting our business in Gibraltar and expect the majority of the remaining completions to be achieved during the first half of 2010.

### *Current trading*

Market conditions in the first two months of 2010 have been stronger than we anticipated. However, we remain cautious until a clearer pattern emerges for the Spanish economy as a whole.

## **Construction activities**

We are now a focused homebuilder, having completed the last stage of our exit from Construction with the sale of our construction businesses in Ghana on 21 April 2009.

## **Financial review**

### *Dividends*

The Board did not propose an interim dividend and is not proposing a final dividend for 2009 (2008 full year dividend: nil). We will continue to review the appropriateness of reinstating dividend payments in the light of prevailing market conditions in the future.

### *Exceptional items*

The majority of the 2009 exceptional items relate to the Group undertaking further reviews of the carrying value of its land and work in progress assets at the half year. Given the continuing possibility of further increases in unemployment, continuing scarcity of mortgage finance and the prospect of interest rates rising from their current historic lows, we eliminated future sales price increases from our

assumptions at the half year review. We also, inter alia, reviewed in detail and revised where appropriate our previous assumptions for costs and other risks at the half year.

A total of £445.0 million was written off against the carrying value of land assets in the UK during 2009 (2008: £904.4 million). A write down of £78.7 million was recorded against land and work in progress assets in North America during 2009 (2008: £71.1 million). A write down of £3.3 million was recorded in Spain and Gibraltar (2008: £37.4 million). All of these write downs were recorded in the first half of the year and no further write down was required as a result of the carrying value review undertaken at the year end.

There were no impairments to goodwill or other intangible assets during the year (2008: £816.1 million).

Other exceptional items charged to profit before finance costs and tax in 2009 amounted to £53.7 million (2008: £55.6 million) and consisted of refinancing costs of £44.8 million (2008: £20.5 million) and restructuring costs of £8.9 million (2008: £35.1 million).

#### *Net finance costs*

Total finance costs for 2009, net of interest receivable of £10.6 million (2008: £8.5 million), were £162.5 million (2008: £179.1 million).

Within finance costs, interest on borrowings from financial institutions totalled £109.1 million (2008: £127.9 million). This decrease was due to the lower average net debt levels the Group carried in 2009 of £1,245.2 million (2008: £1,821.9 million) reflecting the cash generation of the business and the Placing and Open Offer. Other items included in finance costs are a net pension charge of £34.3 million (2008: £11.7 million), a mark to market gain on interest rate derivatives of £11.8 million (2008 loss: £10.8 million), a total of £18.4 million (2008: £26.7 million) charged for imputed interest on land creditors and exceptional finance charges relating to bank and debenture loans of £23.1 million (2008: £10.5 million).

#### *Tax*

The pre-exceptional Group tax rate for 2009 was 14.9% (2008: 31.3%), resulting in a tax charge of £14.3 million (2008: £23.4 million). During the year, the group has also recorded a significant exceptional tax credit of £73.6 million, comprising a UK tax credit of £25.4 million relating to the reinstatement of the pension deferred tax asset and a US tax credit of £48.2 million relating to the 5 year net operating loss carryback introduced in November 2009 as part of an economic stimulus package. In 2008, an exceptional tax credit of £100.0 million was reported, comprising a net credit of £91.6 million in respect of UK inventory write downs and deferred tax movements and a net credit of £8.4 million relating to US inventory write downs made in the year.

During 2009, we have recognised £112.9 million of deferred tax asset on the balance sheet, which relates to the UK pension deficit. As a result of the revised financing arrangements and the successful equity raise concluded during 2009, we now consider it appropriate to recognise this asset. The remaining deferred tax assets of £663.5 million, which relate predominantly to trading losses incurred by the Group during the economic downturn, will be recognised on the balance sheet

once there is a greater certainty regarding the timing of the Group's return to normal levels of profitability.

In total, the Group has unrecognised potential deferred tax assets as at 31 December 2009 in the UK of £375.1 million (2008: £248.3 million), in the US of £267.0 million (2008: £303.6 million) and £21.4 million in other jurisdictions (2008: £17.3 million), providing a significant buffer against future tax charges.

#### *Earnings per share*

The pre-exceptional basic loss per share from continuing operations was 4.3 pence (2008 loss per share: 7.2 pence). The basic loss per share after exceptional items is 25.1 pence (2008: loss of 136.5 pence).

#### *Balance sheet and cash flow*

Net assets at 31 December 2009 were £1.5 billion (2008: £1.7 billion) equivalent to a tangible net asset value of 47 pence per share (2008 restated: 120 pence per share). Gearing at 31 December 2009 stood at 50.0% (2008: 91.4%).

The Group's cash inflow from operating activities was £206.3 million (2008: £153.6 million). Year end net debt levels reduced from £1,529.3 million in 2008 to £750.9 million in 2009, a decrease of £778.4 million. A decrease of £44.8 million is attributable to favourable movements in the exchange rates.

#### *Debt refinancing and Placing and Open Offer*

As detailed in the 2008 Annual Report, we reached agreement with all of our debt providers regarding a revised covenant and financing package in April 2009, which was appropriate for both the prevailing adverse market conditions at the time and robust against downside scenarios.

Whilst the agreement to amend our debt facilities did not require the Group to raise new equity capital, it did allow for significant advantages in the event that the Group met its planned £150 million reduction in facilities by the end of 2009 and raised a minimum of £350 million of new equity by the end of 2010.

It was therefore pleasing to be able to conclude a Placing and Open Offer to raise £510 million net of expenses shortly after the agreement to amend our debt facilities, with the new shares starting to trade on the London Stock Exchange on 1 June 2009.

This equity raise satisfied both of the conditions outlined above and as a result:

- The cash margin and coupon payable on the debt, which is based on a ratchet mechanism related to gearing was reduced by 2.5%;
- The Initial PIK of 1.5% ceased to accrue and no additional PIKs became payable; and
- The level of operating restrictions were reduced.

### *Going concern*

The Directors remain of the view that, whilst the economic and market conditions continue to be challenging and not without risk, the Group's financing package is sufficiently robust as to the adequacy of both facility and covenant headroom to enable the Group to operate within its terms for at least the next 12 months. Accordingly, the consolidated financial statements are prepared on a going concern basis.

### *Pensions*

Actuarial valuations of both of the Company's main pension schemes, the Taylor Woodrow Group Pension & Life Assurance Fund (TWGP&LAF) and the George Wimpey Staff Pension Scheme (GWSPS), were completed during the first half of 2008. The results of these valuations are a deficit of £162.5 million relating to the TWGP&LAF (previous deficit £64.6 million) and a deficit of £215.0 million relating to the GWSPS (previous deficit £148.0 million). The IAS 19 valuation, which appears on the Company's balance sheet, is £406.4 million at 31 December 2009 (2008: £277.2 million). The increase in the deficit was largely due to the strengthening of the inflation expectation assumption and the reducing discount rate due to the lower iBoxx corporate bond rate as a result of the current economic environment. The balance sheet also includes £2.9 million of post-retirement healthcare benefit obligations (2008: £2.6 million).

The Company's deficit reduction payments in respect of the TWGP&LAF remain unchanged at £20 million per annum. The deficit reduction payments to the GWSPS also remain unchanged at £25 million per annum. No one-off deficit reduction payments were made during 2009 (2008: £5 million in respect of the GWSPS). The terms of the debt refinancing secures the deficit repair payments during the term of the refinancing.

We are undertaking a review of the GWSPS benefits and are in consultation regarding the cessation of the defined benefit accrual in this scheme, replacing the pension provision with defined contribution arrangements. We are also reviewing a package of other proposals, including: changes to scheme investment strategy; implementation of an Enhanced Transfer Value exercise, consideration of a buy-in/buy-out/longevity solution; updating mortality assumptions based on a mortality investigation; offering non-statutory pension increase exchange to pensioners; and enhancing scheme investment governance. Once we have developed this package of proposals further, we will enter consultation with the relevant scheme members.

### **People**

Despite the improvements seen during 2009, our employees have continued to face considerable challenges as a result of the difficult market conditions being experienced across the Group.

We have been very impressed by the way that our employees have responded positively to these challenges and would like to express our thanks for their ongoing commitment and hard work. We are proud of the quality of the teams that we have in our businesses and look forward to seeing them deliver on the opportunities that will arise as our markets recover.

## **Corporate responsibility**

Corporate responsibility is an integral part of corporate governance. We remain committed to being a responsible company and to playing our part in building increasingly sustainable homes and communities. We also believe that a positive approach to corporate responsibility makes sound commercial sense.

Details of our approach to corporate responsibility can be found in our Corporate Responsibility Report, which is available on our Web site at:  
[www.taylorwimpeyplc.com/CorporateResponsibility/CRreports](http://www.taylorwimpeyplc.com/CorporateResponsibility/CRreports)

## **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. By effectively identifying and managing these risks, we are able to improve our returns, thereby adding value for shareholders.

These risks, which are discussed in detail in our Annual Report are: compliance with financial and operational covenants; economic and market environment; land purchasing; government regulations; availability of sub-contractors; site safety; construction and cost management; and ability to attract and retain high calibre employees.

## **Shareholder information**

The Company's 2010 Annual General Meeting will be held at 11:00am on Thursday 29 April 2010 at the British Medical Association, BMA House, Tavistock Square, London WC1H 9JP.

Copies of the Report and Accounts 2009 will be available from 17 March 2010 on the Company's Web site [www.taylorwimpeyplc.com](http://www.taylorwimpeyplc.com). Hard copy documents will be posted to shareholders who have elected to receive them on 24 March 2010 and will also be available from the registered office at 80 New Bond Street, London, W1S 1SB from that date.

Copies will be submitted to the UK Listing Authority and will then be available for inspection at the UK Listing Authority's Document Viewing Facility, which is situated at:

The Financial Services Authority,  
25 The North Colonnade,  
Canary Wharf,  
London  
E14 5HS.

Tel: (0)20 7066 8333

## **Directors' responsibilities**

The responsibility statement below has been prepared in connection with the company's full annual report for the year ending 31 December 2009. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the Board of Directors on 2 March 2010 and is signed on its behalf by:

Norman Askew, Chairman  
Pete Redfern, Group Chief Executive

Financial Statements

# Consolidated Income Statement

for the year to 31 December 2009

	Notes	Before exceptional items 2009 £m	Exceptional items (note 3) 2009 £m	Total 2009 £m	Before exceptional items 2008 £m	Exceptional items (note 3) 2008 £m	Total 2008 £m
<b>Continuing operations</b>							
<b>Revenue</b>	2	2,595.6	–	2,595.6	3,467.7	–	3,467.7
Cost of sales		(2,365.4)	(527.0)	(2,892.4)	(3,138.2)	(1,012.8)	(4,151.0)
Gross profit/(loss)		230.2	(527.0)	(296.8)	329.5	(1,012.8)	(683.3)
Net operating expenses	3	(192.5)	(53.7)	(246.2)	(243.2)	(871.7)	(1,114.9)
<b>Profit/(loss) on ordinary activities before finance costs and amortisation of brands</b>		37.7	(580.7)	(543.0)	88.7	(1,780.6)	(1,691.9)
<b>Amortisation of brands</b>		–	–	–	(2.4)	(103.9)	(106.3)
<b>Profit/(loss) on ordinary activities before finance costs</b>	2	37.7	(580.7)	(543.0)	86.3	(1,884.5)	(1,798.2)
Interest receivable		10.6	–	10.6	8.5	–	8.5
Finance costs	4	(150.0)	(23.1)	(173.1)	(177.1)	(10.5)	(187.6)
Share of results of joint ventures		5.6	–	5.6	7.6	–	7.6
<b>Loss on ordinary activities before taxation</b>		(96.1)	(603.8)	(699.9)	(74.7)	(1,895.0)	(1,969.7)
Taxation (charge)/credit	5	(14.3)	73.6	59.3	(23.4)	100.0	76.6
<b>Loss for the year from continuing operations</b>		(110.4)	(530.2)	(640.6)	(98.1)	(1,795.0)	(1,893.1)
<b>Discontinued operations</b>							
<b>(Loss)/profit for the year from discontinued operations</b>		–	–	–	(2.5)	55.6	53.1
<b>Loss for the year</b>		(110.4)	(530.2)	(640.6)	(100.6)	(1,739.4)	(1,840.0)
Attributable to:							
Equity holders of the parent				(640.4)			(1,841.3)
Minority interests				(0.2)			1.3
				(640.6)			(1,840.0)

	Notes	2009	2008 (Restated)
Basic and diluted loss per share – total Group	7	(25.1p)	(132.7p)
Basic and diluted loss per share – continuing operations	7	(25.1p)	(136.5p)
Adjusted basic loss per share – continuing operations	7	(4.3p)	(7.2p)
Adjusted diluted loss per share – continuing operations	7	(4.3p)	(7.2p)

Financial Statements

# Consolidated Statement of Comprehensive Income

for the year to 31 December 2009

	Note	2009 £m	2008 £m
<b>Loss for the year</b>		<b>(640.6)</b>	(1,840.0)
Exchange differences on translation of foreign operations		(5.0)	50.3
Movement in fair value of hedging derivatives		11.5	(31.2)
Actuarial loss on defined benefit pension schemes	10	(141.8)	(90.2)
Tax on items taken directly to equity		87.6	(23.7)
<b>Other comprehensive expense for the year net of tax</b>		<b>(47.7)</b>	(94.8)
<b>Total recognised expense for the year</b>		<b>(688.3)</b>	(1,934.8)
Attributable to:			
Equity holders of the parent		(688.1)	(1,936.1)
Minority interests		(0.2)	1.3
		<b>(688.3)</b>	(1,934.8)

Financial Statements  
**Consolidated Balance Sheet**  
at 31 December 2009

	Notes	2009 £m	2008 £m
<b>Non-current assets</b>			
Goodwill		2.4	–
Other intangible assets		–	–
Property, plant and equipment		8.2	15.5
Interests in joint ventures		51.9	67.7
Trade and other receivables		65.0	47.9
Deferred tax assets	8	119.6	6.6
		<b>247.1</b>	<b>137.7</b>
<b>Current assets</b>			
Inventories	9	3,603.3	4,890.6
Trade and other receivables		130.5	181.3
Tax receivables		61.0	90.4
Cash and cash equivalents		132.1	752.3
		<b>3,926.9</b>	<b>5,914.6</b>
<b>Total assets</b>		<b>4,174.0</b>	<b>6,052.3</b>
<b>Current liabilities</b>			
Trade and other payables		(760.0)	(1,170.7)
Tax payables		(242.6)	(196.5)
Debenture loans		–	(101.1)
Bank loans and overdrafts		(12.7)	(23.4)
Provisions		(47.8)	(56.1)
		<b>(1,063.1)</b>	<b>(1,547.8)</b>
<b>Net current assets</b>		<b>2,863.8</b>	<b>4,366.8</b>
<b>Non-current liabilities</b>			
Trade and other payables		(278.6)	(342.1)
Debenture loans		(721.9)	(868.0)
Bank loans		(148.4)	(1,289.1)
Retirement benefit obligations	10	(409.3)	(279.8)
Deferred tax liabilities	8	(0.8)	(1.3)
Provisions		(51.0)	(51.0)
		<b>(1,610.0)</b>	<b>(2,831.3)</b>
<b>Total liabilities</b>		<b>(2,673.1)</b>	<b>(4,379.1)</b>
<b>Net assets</b>		<b>1,500.9</b>	<b>1,673.2</b>
<b>Equity</b>			
Share capital		287.7	289.6
Share premium account		753.6	753.6
Own shares		(5.0)	(275.7)
Merger relief reserve		–	–
Other reserves		76.7	64.7
Retained earnings		385.5	838.3
<b>Equity attributable to equity holders of the parent</b>		<b>1,498.5</b>	<b>1,670.5</b>
<b>Minority interests</b>		<b>2.4</b>	<b>2.7</b>
<b>Total equity</b>		<b>1,500.9</b>	<b>1,673.2</b>

## Financial Statements

# Consolidated Statement of Changes in Equity

for the year to 31 December 2009

	Share capital £m	Share premium £m	Own shares £m	Merger relief reserve £m	Other reserves £m	Retained earnings £m	Total £m
<b>For the year ended 31 December 2009</b>							
Balance as at 1 January 2009	289.6	753.6	(275.7)	–	64.7	838.3	1,670.5
New share capital subscribed	21.3	–	–	488.8	–	–	510.1
Cancellation and utilisation of treasury shares	(23.2)	–	270.7	–	–	(247.5)	–
Share based payment credit	–	–	–	–	–	1.0	1.0
Other financing costs	–	–	–	–	–	(0.5)	(0.5)
Issue of equity instruments	–	–	–	–	5.5	–	5.5
Exchange differences on translation of foreign operations	–	–	–	–	(5.0)	–	(5.0)
Increase in fair value of hedging derivatives	–	–	–	–	11.5	–	11.5
Actuarial loss on defined benefit pension schemes	–	–	–	–	–	(141.8)	(141.8)
Deferred tax asset recognised	–	–	–	–	–	87.6	87.6
Transfer to retained earnings	–	–	–	(488.8)	–	488.8	–
Loss for the year	–	–	–	–	–	(640.4)	(640.4)
Equity attributable to parent	287.7	753.6	(5.0)	–	76.7	385.5	1,498.5
Minority interests							2.4
<b>Total equity</b>							<b>1,500.9</b>

	Share capital £m	Share premium £m	Own shares £m	Merger relief reserve £m	Other reserves £m	Retained earnings £m	Total £m
<b>For the year ended 31 December 2008</b>							
Balance as at 1 January 2008	289.6	758.1	(282.0)	1,934.2	46.1	957.1	3,703.1
Share based payment credit	–	–	–	–	–	6.0	6.0
Cost of share options	–	–	–	–	–	(0.9)	(0.9)
Disposal of own shares	–	–	6.3	–	–	–	6.3
Exchange differences on translation of foreign operations	–	–	–	–	50.3	–	50.3
Decrease in fair value of hedging derivatives	–	–	–	–	(31.2)	–	(31.2)
Amortisation of bond fees	–	(4.5)	–	–	–	4.5	–
Actuarial loss on defined benefit pension schemes	–	–	–	–	–	(66.7)	(66.7)
Deferred tax asset write off	–	–	–	–	–	(47.2)	(47.2)
Transfer to retained earnings	–	–	–	(1,934.2)	(0.5)	1,934.7	–
Loss for the year	–	–	–	–	–	(1,841.3)	(1,841.3)
Dividends	–	–	–	–	–	(107.9)	(107.9)
Equity attributable to parent	289.6	753.6	(275.7)	–	64.7	838.3	1,670.5
Minority interests							2.7
<b>Total equity</b>							<b>1,673.2</b>

## Financial Statements

# Consolidated Cash Flow Statement

for the year to 31 December 2009

	Note	2009 £m	2008 £m
<b>Net cash from operating activities</b>	11	<b>206.3</b>	153.6
<b>Investing activities</b>			
Interest received		10.0	11.0
Dividends received from joint ventures		9.6	7.7
Amounts invested in software development		–	(2.5)
Proceeds on disposal of property, plant and investments		1.5	17.6
Purchases of property, plant and investments		(2.5)	(10.9)
Amounts invested in joint ventures		(0.2)	(5.2)
Amounts loaned to joint ventures		(2.0)	–
Acquisition of subsidiaries		(2.8)	–
Disposal of subsidiaries		–	(11.9)
<b>Net cash from investing activities</b>		<b>13.6</b>	5.8
<b>Financing activities</b>			
Dividends paid		–	(107.9)
Dividends paid by subsidiaries to minority shareholders		–	(0.7)
Proceeds from sale of own shares		510.1	2.7
Other financing activities		(0.5)	–
Repayment of debenture loans		(200.4)	(1.4)
Repayment of bank loans		(1,124.9)	–
Increase in bank loans and overdrafts		–	525.7
<b>Net cash (used in)/from financing activities</b>		<b>(815.7)</b>	418.4
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(595.8)</b>	577.8
<b>Cash and cash equivalents at beginning of year</b>		<b>752.3</b>	130.0
Effect of foreign exchange rate changes		(24.4)	44.5
<b>Cash and cash equivalents at end of year</b>	11	<b>132.1</b>	752.3

## Financial Statements

# Notes to the Condensed Consolidated Financial Statements

### 1. Basis of preparation

The financial information set out herein does not constitute the Group's statutory accounts for the years ended 31 December 2008 or 2009, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the Company's annual general meeting to be held on 29 April 2010. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006 or equivalent preceding legislation.

The statutory accounts have been prepared on the basis of the accounting policies as set out in the previous annual financial statements, with the exception of the adoption of IFRS8 Operating segments, IAS1 Presentation of financial statements – revised, IAS1 presentation of Financial Statements – Improvements and IFRS7 Financial Instruments Disclosures – Amendments. Whilst additional disclosures may have resulted from the adoption of IFRS8 and IFRS7, no material changes or amendments are considered to arise. The adoption of the revision to IAS1 has resulted in the statement of changes in equity being presented as a primary statement. The Group has elected to continue to present a separate income statement and statement of comprehensive income.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Group expects to publish full financial statements on 17 March 2010, that comply with both IFRS as adopted for use in the European Union and IFRS as compliant with the Companies Act 2006 and Article 4 of the EU IAS Regulations.

The consolidated financial statements have been prepared on a going concern basis and on a historical cost basis except as otherwise stated below. The Group completed the renegotiation of its debt on 7 April 2009 with its banks and private placement holders regarding a revised covenant and financing package (the Override agreement). This has resulted in the alignment of the maturity dates of all its debt to 3 July 2012; a reduction in the revolving credit facility and amendments to the margin and coupon rates on borrowings. On 1 June 2009 the Group successfully completed an equity placing and open offer to raise £510.1m, net of issue costs. The transaction was executed such that it created additional distributable reserves of £488.8m. The proceeds of the equity raise have been used to pay down debt and cancel associated facilities, thereby avoiding additional finance charges and reducing the blended interest cost on our facilities to approximately 6.5 per cent.

The Group has met all its interest and other payment obligations on time, and after reviewing cash flow forecasts for a period of not less than 12 months from the date of signing the consolidated financial statements, the Directors are satisfied that, whilst the economic and market conditions continue to be challenging and not without risk, the refinancing package as well as the equity raised, is sufficiently robust as to adequacy of both facility and covenant headroom to enable the Group to operate within its terms for at least the next 12 months.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 2. Operating segments

An analysis of the Group's revenue is as follows:

	2009 £m	2008 £m
<b>Continuing operations:</b>		
Housing	2,527.4	3,342.1
Land sales	58.3	89.4
Other revenues (including Construction)	9.9	36.2
Consolidated revenue	2,595.6	3,467.7
Interest receivable	10.6	8.5
	<b>2,606.2</b>	3,476.2
<b>Discontinued operations:</b>		
Revenue	–	453.4
Interest receivable	–	0.1
	–	453.5
<b>Total Group</b>	<b>2,606.2</b>	3,929.7

Housing revenue includes £114.5m (2008: £193.0m) in respect of the value of properties accepted in part exchange by the Group.

The Group has adopted IFRS 8 Operating segments requiring information to be presented in the same basis as it is reviewed internally. The Group's Board of directors view the businesses on a geographic basis when making strategic decisions for the Group and as such the Group is organised into four operating divisions – Housing United Kingdom, Housing North America, Housing Spain and Gibraltar, and Corporate.

Taylor Woodrow Construction, previously reported as the business segment 'Construction', was disposed of on 9 September 2008, and is disclosed as a discontinued operation in 2008. The results and net assets of a minor residual construction operation, which was disposed of in April 2009, are presented within the 'Corporate' segment.

Segment information about these businesses is presented below:

2009	Housing United Kingdom £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
<b>Revenue from continuing operations:</b>					
External sales	1,700.4	824.3	61.0	9.9	2,595.6
<b>Result from continuing operations:</b>					
Operating profit/(loss) before joint ventures and exceptional items	15.3	41.5	(1.4)	(17.7)	37.7
Share of results of joint ventures	(1.0)	6.6	–	–	5.6
Profit/(loss) on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	14.3	48.1	(1.4)	(17.7)	43.3
Exceptional items	(452.8)	(79.8)	(3.3)	(44.8)	(580.7)
Loss on ordinary activities before finance costs, after share of results of joint ventures	(438.5)	(31.7)	(4.7)	(62.5)	(537.4)
Finance costs, net (including exceptional finance costs)					(162.5)
Loss on ordinary activities before taxation					(699.9)
Taxation (including exceptional tax)					59.3
Loss for the year – total Group					(640.6)

2009	Housing United Kingdom* £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
<b>Assets and liabilities:</b>					
Segment operating assets	2,865.4	805.4	124.5	11.6	3,806.9
Joint ventures	30.0	21.7	0.2	-	51.9
Segment operating liabilities	(1,202.3)	(269.0)	(21.2)	(54.1)	(1,546.6)
Net operating assets/(liabilities)	1,693.1	558.1	103.5	(42.5)	2,312.2
Goodwill					2.4
Net current taxation					(181.6)
Net deferred taxation					118.8
Net debt					(750.9)
<b>Net assets</b>					<b>1,500.9</b>

\* Following the disposal of the Construction division and other subsidiaries that previously participated in the Taylor Woodrow Group Pension and Life Assurance Fund the Group has determined that all the participating interests materially sit within the Housing United Kingdom business segment.

2008 segment information about these businesses is presented below:

2008	Housing United Kingdom £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
<b>Revenue from continuing operations:</b>					
External sales	2,390.1	981.6	59.8	36.2	3,467.7
<b>Result from continuing operations:</b>					
Operating profit/(loss) before joint ventures, brand amortisation and exceptional items	53.2	52.1	(2.4)	(14.2)	88.7
Share of results of joint ventures	(0.2)	7.8	-	-	7.6
Profit/(loss) on ordinary activities before finance costs, exceptional items and brand amortisation, after share of results of joint ventures	53.0	59.9	(2.4)	(14.2)	96.3
Brand amortisation	(2.4)	-	-	-	(2.4)
Exceptional items	(1,750.4)	(76.6)	(37.4)	(20.1)	(1,884.5)
Loss on ordinary activities before finance costs, after share of results of joint ventures	(1,699.8)	(16.7)	(39.8)	(34.3)	(1,790.6)
Finance costs, net (including exceptional finance costs)					(179.1)
Loss on ordinary activities before taxation					(1,969.7)
Taxation					76.6
<b>Result from discontinued operations:</b>					
Profit for the year from discontinued operations					53.1
Loss for the year – total Group					(1,840.0)

2008	Housing United Kingdom* £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
<b>Assets and liabilities:</b>					
Segment operating assets	3,919.9	1,014.8	175.4	25.2	5,135.3
Joint ventures	45.4	22.1	0.2	-	67.7
Segment operating liabilities	(1,379.6)	(359.1)	(47.6)	(113.4)	(1,899.7)
Net operating assets/(liabilities)	2,585.7	677.8	128.0	(88.2)	3,303.3
Net current taxation					(106.1)
Net deferred taxation					5.3
Net debt					(1,529.3)
<b>Net assets</b>					<b>1,673.2</b>

\* The Group was unable to allocate the defined benefit pension scheme assets and liabilities of the Taylor Woodrow Group Pension and Life Assurance Fund, a multi-employer pension scheme, on an actuarial basis by entity. However, for the purposes of the 2008 segmental analysis above, the Group has allocated the deficit to Housing United Kingdom as the participating entities materially sit within this business segment. The assets and liabilities of the George Wimpey Staff Pension Scheme have been allocated in their entirety to Housing United Kingdom.

### 3. Net operating expenses and profit on ordinary activities before finance costs

	2009 £m	2008 £m
<b>Net operating expenses, continuing operations:</b>		
Administration expenses	198.9	269.0
Net other income	(6.4)	(25.8)
Exceptional items	53.7	871.7
	<b>246.2</b>	<b>1,114.9</b>

Net other income includes profits on the sale of property, plant and equipment and broker fees from mortgage origination services.

	2009 £m	2008 £m
<b>Exceptional items, continuing operations:</b>		
Net land and work in progress write downs	527.0	1,012.8
Goodwill impairment	–	699.8
Other intangible impairments	–	116.3
Restructuring costs	8.9	35.1
Refinancing costs	44.8	20.5
Exceptional items	<b>580.7</b>	<b>1,884.5</b>

Whilst current market conditions are stable, there remains the possibility of further increases in unemployment, continuing scarcity of mortgage finance and the prospect of interest rates rising from their current historic lows. Therefore, the Group considered it appropriate to adjust downward some of the previous assumptions in relation to future selling prices in the first half of 2009. The Group have, inter alia, also reviewed in detail and revised where appropriate the previous assumptions for costs and other risks. This has resulted in further land and work in progress net write downs of £527.0m (31 December 2008: £1,012.8m) to the lower of cost and net realisable value in the first half of 2009. During the year the Group reversed £29.8m of write downs (2008: £59.0m) where management's estimates of the recoverable value for certain land and work in progress had improved. This reversal is treated as exceptional income and netted off the exceptional charge.

Restructuring costs of £8.9m (31 December 2008: £35.1m) are predominantly in relation to the ongoing rationalisation of the UK business. The costs incurred in both years include redundancy costs and costs incurred in relocating certain functions and operations. Refinancing costs of £44.8m (31 December 2008: £20.5) were predominantly exceptional fees in relation to the refinancing of the Group's debt. Additional refinancing costs of £23.1m (31 December 2008: £10.5m) are included within exceptional finance costs in the Income Statement.

In the year to 31 December 2008, the group fully wrote-down goodwill by £699.8m and other intangible assets by £116.3m following a detailed impairment review.

	2009 £m	2008 £m
<b>Profit on ordinary activities before financing costs for continuing operations has been arrived at after charging/(crediting):</b>		
Cost of inventories recognised as expense in cost of sales, before write downs of inventories	2,244.1	2,946.9
Write-downs of inventories	556.8	1,071.8
Reversal of specific write downs of inventories	(29.8)	(59.0)
Depreciation – plant and equipment	4.7	7.5
Amortisation – intangibles*	–	123.0
Minimum lease payments under operating leases recognised in income for the year	7.5	8.8

\* The amortisation of intangibles in 2008 includes the impairments of the George Wimpey brand of £103.9m and of software development costs of £12.4m.

### 4. Finance costs

	2009 £m	2008 £m
<b>Finance costs from continuing operations are analysed as follows:</b>		
Interest on bank loans and overdrafts	46.5	72.5
Interest on debenture loans	62.6	55.4
Movement on interest rate derivatives	(11.8)	10.8
	<b>97.3</b>	<b>138.7</b>
Unwinding of discount on land creditors and other payables	18.4	26.7
Notional net interest on pension liability (note 10)	34.3	11.7
	<b>150.0</b>	<b>177.1</b>
<b>Exceptional finance costs:</b>		
Bank loan and debenture fees	23.1	10.5
	<b>173.1</b>	<b>187.6</b>

The 2009 exceptional finance costs include £5.5m in relation to the fair value of 57.8m warrants issued to the Group's lenders as part of the debt negotiations and £15.5m of one-off interest payments payable to the Group's lenders as a consequence of early repayment of a portion of the Group's debt, following the equity raise. The exceptional finance costs in the prior year relate to the write-off of the remaining unamortised bank loan and debenture fees relating to the Group's financing arrangements which were in place throughout 2008. The amortisation of these fees was accelerated due to the refinancing of the Group's debt arrangements on 7 April 2009.

## 5. Tax

Tax (credited to)/charged in the income statement for continuing operations is analysed as follows:

		2009 £m	2008 £m
<b>Current tax:</b>			
UK corporation tax:	Current year	1.1	(124.3)
	Prior years	(5.5)	6.0
Foreign tax:	Current year	(32.0)	(22.8)
	Prior years	2.4	–
		<b>(34.0)</b>	<b>(141.1)</b>
<b>Deferred tax:</b>			
UK:	Current year	(25.4)	32.7
Foreign:	Current year	0.4	31.8
	Prior years	(0.3)	–
		<b>(25.3)</b>	<b>64.5</b>
		<b>(59.3)</b>	<b>(76.6)</b>

Corporation tax is calculated at 28.0% (2008: 28.5%) of the estimated assessable loss (2008: loss) for the year in the UK. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax recognised in the Group statement of Comprehensive Income is due to actuarial losses on post-retirement liabilities at the prevailing rate in the relevant jurisdiction, and the reinstatement of the deferred tax asset relating to post-retirement liabilities. The UK rate of corporation tax reduced from 30% to 28% from 1 April 2008.

The tax credit for the year includes an amount in respect of exceptional items of £73.6m (2008: £100.0m credit). This is made up of a credit of £25.4m (2008: £91.6m) in respect of UK tax and a credit of £48.2m (2008: £8.4m charge) in respect of US tax. The credit in the UK relates to the reinstatement of the pension deferred tax asset on the defined benefit pension scheme and the credit in the US relates to the 5 year net operating loss carryback introduced as part of an economic stimulus package in the US in November 2009.

<b>The (credit)/charge for the year can be reconciled to the loss per the income statement as follows:</b>		2009 £m	2008 £m
Loss before tax		(699.9)	(1,969.7)
Tax at the UK corporation tax rate of 28% (2008: 28.5%)		(196.0)	(561.4)
(Over)/under provision in respect of prior years		(3.4)	6.0
Tax effect of expenses that are not deductible in determining taxable profit		8.0	205.6
Non-taxable income		(3.7)	(8.4)
Effect of higher rates of tax of subsidiaries operating in other jurisdictions		(6.9)	(1.4)
Losses not recognised		186.0	217.2
Net reduction in deferred tax assets previously recognised		–	65.8
Reinstatement of pension deferred tax asset		(29.6)	–
Temporary differences not recognised		(13.7)	–
Tax credit for the year		<b>(59.3)</b>	<b>(76.6)</b>

## 6. Dividends

	2009 £m	2008 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2008 of nil (2007: 10.25p) per share	–	107.9
Interim dividend for the year ended 31 December 2009 of nil (2008: nil) per share	–	–
	<b>–</b>	<b>107.9</b>

The Group does not propose to pay a final dividend in respect of the 2009 financial year (2008: nil).

## 7. Earnings per share

	2009	2008 (Restated)
Basic loss per share – total Group	<b>(25.1p)</b>	(132.7p)
Diluted loss per share – total Group	<b>(25.1p)</b>	(132.7p)
Basic loss per share from continuing operations	<b>(25.1p)</b>	(136.5p)
Diluted loss per share from continuing operations	<b>(25.1p)</b>	(136.5p)
Basic earnings per share from discontinued operations	–	3.8p
Diluted earnings per share from discontinued operations	–	3.8p
Adjusted basic loss per share from continuing operations	<b>(4.3p)</b>	(7.2p)
Adjusted diluted loss per share from continuing operations	<b>(4.3p)</b>	(7.2p)
Weighted average number of shares for basic (loss)/earnings per share – million	<b>2,551.8</b>	1,387.4
Weighted average number of shares for diluted (loss)/earnings per share – million	<b>2,551.8</b>	1,387.4
Weighted average number of shares for adjusted diluted (loss)/earnings per share – million	<b>2,551.8</b>	1,387.4

As part of the debt refinancing signed on 30 April 2009, the Group issued 57.8m warrants giving the holders the right to subscribe to an equivalent number of ordinary shares in Taylor Wimpey plc at par value. Due to their anti-dilutive nature they have been excluded from the current year calculation. Had the warrants been issued in the 2008 financial year, they would have been anti-dilutive and not included in the calculation of weighted average number of shares for the year.

The prior year number of shares used for calculating earnings per share has been restated to include the effects of the bonus share element of the rights issue. The earnings per share for the comparative periods have been restated as prescribed in IAS 33 'Earnings per share'.

Adjusted basic and adjusted diluted loss 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 continuing Group. A reconciliation from loss from continuing operations attributable to equity shareholders used for basic and diluted loss per share to that used for adjusted loss per share is shown below.

	2009 £m	2008 £m
Loss from continuing operations for basic loss per share and diluted loss per share	<b>(640.4)</b>	(1,894.4)
Add exceptional items	<b>603.8</b>	1,895.0
Deduct exceptional tax items	<b>(73.6)</b>	(100.0)
Loss from continuing operations for adjusted basic and adjusted diluted loss per share	<b>(110.2)</b>	(99.4)

## 8. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

	Capital allowances £m	Short term timing differences £m	Brands £m	Inventory adjustments £m	Retirement benefit obligations £m	Total £m
At 1 January 2008	4.2	10.0	(29.8)	40.1	63.4	87.9
(Charge)/credit to income	(5.5)	(3.0)	29.8	(46.1)	(39.7)	(64.5)
Charge to equity	–	–	–	–	(23.7)	(23.7)
Disposal of subsidiaries	–	(0.4)	–	–	–	(0.4)
Changes in exchange rates	–	–	–	6.0	–	6.0
At 31 December 2008	(1.3)	6.6	–	–	–	5.3
(Charge)/credit to income	0.1	(1.9)	–	–	27.1	25.3
Credit to equity	–	–	–	–	87.6	87.6
Disposal of subsidiaries	0.4	–	–	–	–	0.4
Changes in exchange rates	–	0.2	–	–	–	0.2
<b>At 31 December 2009</b>	<b>(0.8)</b>	<b>4.9</b>	<b>–</b>	<b>–</b>	<b>114.7</b>	<b>118.8</b>

In 2009 the Group has reinstated the deferred tax asset relating to the pension deficit, including £47.2m written off in the prior year, on the basis that the deficit is a long term liability of circa 15 years that will be satisfied from future profitability.

In the prior year the £23.7m charge to equity comprised £23.5m credited directly to equity in respect of deferred tax on actuarial losses on the defined benefit pension scheme taken to the statement of recognised income and expense and a charge of £47.2m to equity in respect of the write off of the deferred tax asset on retirement benefit obligations.

The Group also reduced its deferred tax assets in the prior year on losses, capital allowances, short term timing differences and inventory write downs to reflect the weakening market and worsening economic conditions.

The deferred tax liability on brands was eliminated in 2008 following the decision to fully impair those brands.

The net deferred tax balance is analysed into assets and liabilities as follows:

	2009 £m	2008 £m
Deferred tax assets	<b>119.6</b>	6.6
Deferred tax liabilities	<b>(0.8)</b>	(1.3)
	<b>118.8</b>	5.3

At the balance sheet date, the Group has unused UK capital losses of £409.2m (2008: £409.2m), of which £271.7m (2008: £271.7m) are agreed as available for offset against future capital profits. No deferred tax asset has been recognised in respect of these losses because the Group does not believe that it is probable that these capital losses will be utilised in the foreseeable future. In addition, some of the capital losses would be further restricted as to offset dependent on the source within the Taylor Wimpey Group of any gains and previous losses.

The Group has not recognised potential deferred tax assets relating to inventory charges and tax losses carried forward amounting to £375.1m (2008: £248.3m) in the UK and £267.0m (2008: £303.6m) in the US and £21.4m (2008: £17.3m) in other jurisdictions. Local tax legislation permits losses to be carried forward 20 years in the US, 15 years in Spain and indefinitely in the UK.

## 9. Inventories

	2009 £m	2008 £m
Raw materials and consumables	<b>1.6</b>	1.5
Finished goods and goods for resale	<b>12.1</b>	34.4
Residential developments:		
Land	<b>2,341.8</b>	3,410.3
Development and construction costs	<b>1,242.8</b>	1,438.8
Commercial, industrial and mixed development properties	<b>5.0</b>	5.6
	<b>3,603.3</b>	4,890.6

The Directors consider all inventory to be current in nature. The operational cycle is such that the majority of inventory will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised, as this will be subject to a number of issues such as consumer demand and planning permission delays.

Non-refundable land option payments of £81.2m (2008: £81.3m) are recorded within 'Residential developments: Land'.

## 10. Retirement benefit schemes

Retirement benefit obligation comprises gross pension liability of £406.4m (2008: £277.2m) and gross post-retirement health care liability of £2.9m (2008: £2.6m).

The Group operates Defined Benefit and Defined Contribution pension schemes. In the UK, the Taylor Woodrow Group Pension and Life Assurance Fund (TWGP&LAF) and the George Wimpey Staff Pension Scheme (GWSPS) are funded Defined Benefit schemes. The Taylor Woodrow NHS Pension Scheme (TWNHSPS), which was also a Defined Benefit scheme, was disposed of as part of the disposal of the construction business on 9 September 2008. The TWGP&LAF merged with the Bryant Group Pension Scheme (BGPS) on 24 June 2002 and with the Wilson Connolly Holdings Pension Scheme (WCHPS), the Wainhomes Ltd Pension Scheme (WHLPS) and the Prestoplan Pension Scheme (PPS) on 27 August 2004. These schemes are managed by boards of trustees. The Group's Defined Benefit schemes are closed to new entrants. The TWGP&LAF was closed to future pension accrual with effect from 30 November 2006. An alternative Defined Contribution arrangement, the Taylor Woodrow Personal Choice Plan, is offered to new employees and from 1 December 2006 to employees who previously accrued benefits in the TWGP&LAF. Legacy George Wimpey staff are members of a UK Stakeholder arrangement. The Group also operates a number of small overseas pension schemes including defined benefit schemes in the US and Canada. Of the defined benefit pension scheme net deficit of £406.4m (2008: £277.2m) at 31 December 2009, £401.4m (2008: £268.3m) related to the TWGP&LAF and GWSPS schemes in the UK and £5.0m (2008: £8.9m) related to defined benefit schemes in the US and Canada.

The pension scheme assets of the Group's principal defined benefit pension schemes, TWGP&LAF and GWSPS are held in a separate trustee-administered fund to meet long term pension liabilities to past and present employees. The trustees of the schemes are required to act in the best interests of the schemes' beneficiaries. The appointment of trustees is determined by each scheme's trust documentation. The Group has a policy that at least one-third of all trustees should be nominated by members of the scheme.

The most recent formal actuarial valuation of the TWGP&LAF was carried out at 1 June 2007. The most recent formal actuarial valuation of the GWSPS was carried out at 31 March 2007. The projected unit method was used in all valuations and assets were taken into account using market values.

The next formal valuations of the TWGP&LAF and GWSPS are taking place as at 31 March 2010. The statutory funding objective is that each scheme has sufficient and appropriate assets to pay its benefits as they fall due. The general principles adopted by the trustees will be that the assumptions used, taken as a whole, will be sufficiently prudent for pensions and benefits already in payment to continue to be paid, and to reflect the commitments which will arise from members' accrued pension rights.

Contributions of £10.6m (2008: £8.9m) were charged to income in respect of defined contribution schemes.

In 2008 the Group agreed revised funding schedules with the Trustees of both schemes under which the Group will make annual funding contributions of £20m over eight years in respect of the TWGP&LAF and £25m over 10 years in respect of GWSPS. Following the last valuation of the GWSPS, the ordinary contribution rate was set at 18% of pensionable salaries.

The valuations of the Group's pension schemes have been updated to 31 December 2009 and the position of overseas schemes has been included within the IAS 19 disclosures. The principal actuarial assumptions used in the calculation of the disclosure items are as follows:

	United Kingdom		North America	
	2009	2008	2009	2008
As at 31 December				
Discount rate for scheme liabilities	<b>5.70%</b>	6.30%	<b>5.94%-6.00%</b>	5.80-7.00%
Expected return on scheme assets	<b>5.90%-6.20%</b>	5.80-6.45%	<b>6.50%-8.00%</b>	5.50-8.00%
General pay inflation	<b>4.30%</b>	4.30%	<b>3.00%-3.50%</b>	3.00%
Deferred pension increases	<b>3.30%</b>	2.80%	<b>0.00%</b>	0.00%
Pension increases	<b>2.30%-3.20%</b>	2.15-3.35%	<b>0.00%-3.00%</b>	0.00-3.00%

The basis for the above assumptions are prescribed by IAS 19 and do not reflect the assumptions that may be used in future funding valuations of the Group's pension schemes.

The current life expectancies (in years) underlying the value of the accrued liabilities for the main UK plans are:

Life expectancy at age 65	2009		2008	
	Male	Female	Male	Female
Member currently age 65	<b>86</b>	<b>89</b>	86	89
Member currently age 45	<b>87</b>	<b>90</b>	87	90

The fair value of assets and present value of obligations of the Group's defined benefit pension schemes are set out below:

	Expected rate of return % p.a	United Kingdom £m	North America £m	Total plans £m	Percentage of total plan assets held
<b>31 December 2009</b>					
Assets:					
Equities	7.90%	527.9	9.8	537.7	38%
Bonds	5.70%	294.0	5.4	299.4	21%
Gilts	4.40%	444.8	–	444.8	32%
Other assets	3.30%-7.90%	129.7	0.7	130.4	9%
		<b>1,396.4</b>	<b>15.9</b>	<b>1,412.3</b>	<b>100%</b>
Present value of defined benefit obligations		<b>(1,797.8)</b>	<b>(20.9)</b>	<b>(1,818.7)</b>	
Deficit in schemes recognised as non-current liability		<b>(401.4)</b>	<b>(5.0)</b>	<b>(406.4)</b>	
<b>31 December 2008</b>					
Assets:					
Equities	6.90%	422.2	9.3	431.5	34%
Bonds	6.50%	324.2	5.8	330.0	26%
Gilts	3.40%	474.8	–	474.8	37%
Other assets	2.00%	44.2	–	44.2	3%
		<b>1,265.4</b>	<b>15.1</b>	<b>1,280.5</b>	<b>100%</b>
Present value of defined benefit obligations		<b>(1,533.7)</b>	<b>(24.0)</b>	<b>(1,557.7)</b>	
Deficit in schemes recognised as non-current liability		<b>(268.3)</b>	<b>(8.9)</b>	<b>(277.2)</b>	

To develop the expected long term rate of return on assets assumption, the Group considered the current level of expected returns on investments (particularly government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class were then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio.

The expected return on scheme assets is based on market expectations at the beginning of the financial period for returns over the life of the related obligation. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value. Some of these bond investments are issued by the UK Government. The risk of default on these is very small. The trustees also hold bonds issued by public companies. There is a more significant risk of default on these which is assessed by various rating agencies.

The trustees also have a substantial holding of equity investments. The investment return related to these is variable, and they are generally considered 'riskier' investments.

It is generally accepted that the yield on equity investments will contain a premium, 'the equity risk premium', to compensate investors for the additional risk of holding this type of investment. There is significant uncertainty about the likely size of this risk premium.

	2009 £m	2008 £m
Movement in present value of defined benefit obligations		
1 January	<b>1,557.7</b>	1,650.6
Changes in exchange rates	<b>(1.6)</b>	5.6
Service cost	<b>4.1</b>	5.5
Curtailement gain	<b>–</b>	0.9
Benefits paid and expenses	<b>(83.1)</b>	(80.4)
Contributions – employee	<b>1.6</b>	2.0
Interest cost	<b>95.5</b>	93.7
Actuarial gains/(losses)	<b>244.5</b>	(120.2)
31 December	<b>1,818.7</b>	1,557.7

	2009 £m	2008 £m
Movement in fair value of scheme assets		
1 January	<b>1,280.5</b>	1,434.2
Changes in exchange rates	<b>(0.7)</b>	3.0
Expected return on scheme assets and expenses	<b>61.2</b>	82.0
Contributions – employer and employee	<b>51.7</b>	52.5
Benefits paid	<b>(83.1)</b>	(80.8)
Actuarial gains/(losses)	<b>102.7</b>	(210.4)
31 December	<b>1,412.3</b>	1,280.5

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1% p.a.	Decrease by £27.8m
Rate of inflation	Increase by 0.1% p.a.	Increase by £17.7m
Rate of pay inflation	Increase by 0.1% p.a.	Increase by £1.1m
Rate of mortality	Members assumed to live 1 year longer	Increase by £51.7m

The projected liabilities of the defined benefit scheme are apportioned between members' past and future service using the projected unit actuarial cost method. The defined benefit obligation makes allowance for future earnings growth. If all active members were assumed to leave the Company and the allowance for future earnings growth was replaced by an allowance for statutory revaluation, the liabilities would reduce by £11.0m (2008: £15.0m).

The gross post-retirement liability also includes £2.9m at 31 December 2009 (2008: £2.6m) in respect of continuing post-retirement health care insurance premiums for retired long-service employees. The liability is based upon the actuarial assessment of the remaining cost by a qualified actuary on a net present value basis at 31 December 2008.

The cost is calculated assuming a discount rate of 3.6% per annum (2008: 5.4%) and an increase in medical expenses of 10.0% per annum (2008: 10.0%). The premium cost to the Group in respect of the retired long-service employees for 2009 was £0.2m (2008: £0.2m).

## 11. Notes to the cash flow statement

	2009 £m	2008 £m
Loss on ordinary activities before finance costs – continuing	(543.0)	(1,798.2)
– discontinued	–	2.1
Non-cash exceptional items:		
Impairment of goodwill	–	699.8
Impairment of fixed assets	0.5	–
Impairment of brands and software development	–	116.3
Land and WIP write downs	527.0	1,012.8
Adjustments for:		
Amortisation of brands	–	2.4
Amortisation of software development costs	–	4.3
Depreciation of plant and equipment	4.2	7.9
Share-based payment charge	1.0	6.0
Loss on disposal of property and plant	0.2	1.0
(Decrease)/increase in provisions	(3.1)	6.8
Operating cash flows before movements in working capital	(13.2)	61.2
Decrease in inventories	735.0	393.7
Decrease in receivables	25.4	135.9
Decrease in payables	(432.6)	(390.8)
Pension contributions in excess of charge	(44.7)	(44.1)
Cash generated by operations	269.9	155.9
Income taxes received	109.1	112.6
Interest paid	(172.7)	(114.9)
Net cash from operating activities	206.3	153.6

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

### Movement in net debt

	Cash and cash equivalents £m	Bank overdrafts and bank loans £m	Debenture loans £m	Total net debt £m
Balance 1 January 2008	130.0	(720.7)	(824.7)	(1,415.4)
Cashflow	577.8	(525.7)	1.4	53.5
Foreign exchange	44.5	(66.1)	(145.8)	(167.4)
<b>Balance 31 December 2008</b>	<b>752.3</b>	<b>(1,312.5)</b>	<b>(969.1)</b>	<b>(1,529.3)</b>
Cashflow	(595.8)	1,124.9	200.4	729.5
Business disposals*	–	4.1	–	4.1
Foreign exchange	(24.4)	22.4	46.8	44.8
<b>Balance 31 December 2009</b>	<b>132.1</b>	<b>(161.1)</b>	<b>(721.9)</b>	<b>(750.9)</b>

\* In April 2009 the Group disposed of its remaining operations in Ghana to existing local management for £1. At the point of disposal the business had bank loans of £4.1m.

### 12. Post-balance sheet events

There have been no material reportable events since 31 December 2009.

## Financial Statements

# Five Year Review

	2009 £m	2008 <sup>1</sup> £m	2007 <sup>1</sup> £m	2006 <sup>1</sup> £m	2005 <sup>1</sup> £m
<b>Income statement</b>					
Revenue – continuing	2,595.6	3,467.7	4,142.8	3,572.1	3,476.9
Profit on ordinary activities before exceptional items, finance costs and tax	37.7	86.3	435.5	447.7	460.0
Exceptional items	(580.7)	(1,884.5)	(379.7)	–	–
Net finance costs, including exceptional finance costs	(162.5)	(179.1)	(112.8)	(64.2)	(64.0)
Share of results of joint ventures	5.6	7.6	23.4	22.1	15.0
(Loss)/profit for the financial year	(699.9)	(1,969.7)	(33.6)	405.6	411.0
Taxation, including exceptional taxation	59.3	76.6	(173.4)	(115.0)	(124.5)
Profit for the year from discontinued operations	–	53.1	10.3	–	–
(Loss)/profit for the financial year	(640.6)	(1,840.0)	(196.7)	290.6	286.5
<b>Balance sheet</b>					
Goodwill	2.4	–	699.8	363.1	363.9
Other intangible assets	–	–	120.5	–	–
Other fixed assets	8.2	15.5	39.0	25.5	24.4
Interests in joint ventures	51.9	67.7	59.9	56.2	92.1
Non-current loans and receivables	65.0	47.9	76.4	56.0	37.2
Deferred tax asset	119.6	6.6	117.7	95.4	101.2
Net current assets (excluding cash and debt)	2,744.4	3,739.0	4,683.0	2,261.0	2,097.8
Non-current creditors (excluding debt) and provisions	(739.7)	(674.2)	(675.7)	(360.4)	(330.4)
Capital employed	2,251.8	3,202.5	5,120.6	2,496.8	2,386.2
Represented by:					
Called-up equity ordinary share capital	287.7	289.6	289.6	148.5	148.0
Share premium account	753.6	753.6	758.1	758.8	756.2
Merger relief reserve	–	–	1,934.2	–	–
Revaluation reserve	–	–	0.5	1.5	0.5
Capital redemption reserve	31.5	31.5	31.5	31.5	31.5
Other reserve	10.3	4.8	4.8	4.8	5.4
Share-based payment tax reserve	5.6	5.6	5.6	8.2	4.0
Translation reserve	29.3	22.8	3.7	(19.1)	29.9
Profit and loss account	385.5	838.3	957.1	1,214.3	1,006.8
Own shares	(5.0)	(275.7)	(282.0)	(45.0)	(53.9)
Shareholders' funds	1,498.5	1,670.5	3,703.1	2,103.5	1,928.4
Minority interests	2.4	2.7	2.1	2.0	0.9
Net debt	750.9	1,529.3	1,415.4	391.3	456.9
	2,251.8	3,202.5	5,120.6	2,496.8	2,386.2
<b>Statistics</b>					
Number of ordinary shares in issue at year end (millions) <sup>2</sup>	3,196.9	1,526.0	1,158.3	594.2	591.9
Basic (loss)/earnings per share – total Group <sup>2</sup>	(25.1p)	(132.7p)	(24.2p)	50.5p	50.6p
Dividends per ordinary share	–	–	15.75p	14.75p	13.4p
Equity shareholders' funds per share <sup>2</sup>	46.9p	119.8p	352.3p	364.7p	338.4p
Dividend cover (times)	n/a	n/a	n/a	3.4	3.8
Net gearing	50.0%	91.5%	38.2%	18.6%	23.7%

<sup>1</sup> The results of the construction business which was disposed of on 9 September 2008 are included within profit for the year from discontinued operations for 2008 and 2007, and within continuing operations for 2006 and 2005.

<sup>2</sup> 2008 has been restated to reflect the increase in shares related to the rights issue as part of the equity raise on 1 June 2009.

Dividends per ordinary share comprise the interim and final dividends declared for the year.