



**BARRATT**  
DEVELOPMENTS PLC

# Creating outstanding places

Interim Report 2007



# Highlights:

- First half completions were 9,056 (2006: 7,206), up by 25.7%. As a result, Group turnover, rose by 38.4% to £1,652.8m (2006: £1,194.4m). On a like-for-like\* basis, completions were down 14.8%.
- The average selling price was £178,000 (2006: £165,000), an increase of 7.9% primarily reflecting the change in mix arising from the acquisition of Wilson Bowden. On a like-for-like\* basis, although private and social average selling prices were up by 0.6% and 5.3% respectively, the increased proportion of social completions led to a small overall decline of 0.8%.
- Housebuild operating margin<sup>▲</sup> increased to 16.8% (2006: 16.5% (restated)) but was down 0.5% on a like-for-like\* basis.
- Profit before tax and restructuring costs increased by 14.3% to £201.8m from £176.6m (restated). Profit before tax increased by 10.2% to £194.6m from £176.6m (restated).
- Adjusted basic earnings per share<sup>†</sup> were 40.2p (2006: 51.5p (restated)). Basic earnings per share were 38.8p (2006: 51.5p (restated)).
- Given the performance of the business in the first half and our view of the current year we are increasing the interim dividend to 12.23p (2006: 11.38p), up by 7.5%. The interim dividend is 3.2 times covered.
- Land stocks strengthened to 113,500 plots (including 24,100 agreed subject to contract) – 5.3 years supply at last year's like-for-like\* volumes of 21,569.
- Net borrowings were £1,738.5m (2006: £226.7m), including £1,245.9m of debt to fund the acquisition of Wilson Bowden.
- Forward sales at 31 December 2007 were £1,263m (2006: £1,030m) 22.6% up on last year's statutory numbers and down only 5.5% on a like-for-like\* basis. As at 17 February 2008 forward sales had increased to £1,615m, around 7%\* below last year, which, taken with completions to date, means that we have secured 79.0% of our full year requirement.

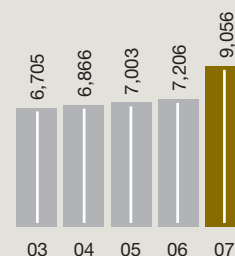
\* 'Like-for-like' basis assumes that the acquisition of Wilson Bowden was completed upon the first day of the comparative financial period. Wilson Bowden achieved 3,417 completions, turnover of £806.2m, operating profit of £152.1m and a profit before tax of £138.3m in the six months ended 31 December 2006.

▲ Before restructuring costs of £7.2m (2006: £nil).

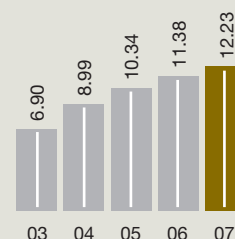
† Before restructuring costs of £7.2m (2006: £nil), offset by tax of £2.2m (2006: £nil).

The comparative period has been restated as explained in note 3 to the Interim Report.

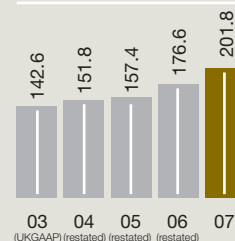
**Completions**  
Units



**Dividend per share (interim)** Pence



**Profit before tax and restructuring and exceptional items**  
£ millions



Results for 2004, 2005 and 2006 have been restated as explained in note 3.

Results for 2004 exclude the exceptional profit of £6.4m made upon the disposal of ground rents.

Results for 2007 exclude £7.2m of restructuring costs.



‘Trading conditions over the last six months have been difficult and the business has had to adjust to this new environment. Against that backdrop, we have traded satisfactorily whilst successfully completing the integration of Wilson Bowden. We have focused on improving every aspect of the business and this has underpinned a robust margin. We are continuing to reduce costs, whilst improving sales effectiveness to ensure that prices and volumes are maximised.

The new calendar year has started well. We have increased outlets, and have a strong forward order book. Visitor and reservation levels continue to improve and we remain optimistic that this will continue through the balance of the spring selling season.’

**Mark Clare, Group Chief Executive**

## Contents

**Front cover image: Watercolour, Redhill**  
This stylish development of 97 new homes offers a wide choice, from apartments to 6-bedroom houses. On the site of a former quarry and in the peaceful surroundings of a nature conservation area, the development includes canal reed beds, walkways, cycleways and two lagoons. Watercolour will have its own shop, community hall and doctors’ surgery.

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# Resilient operational performance

## Results

The profit before tax and restructuring costs, of the Group for the first half, increased by 14.3% from £176.6m (restated) to £201.8m while Group turnover increased 38.4% to £1,652.8m (2006: £1,194.4m). On a like-for-like basis, assuming Wilson Bowden had been acquired on 1 July of the prior year, turnover was down 17.4%.

Adjusted basic earnings per share were 40.2p (2006: 51.5p (restated)). Basic earnings per share were 38.8p (2006: 51.5p (restated)). The Group's earnings per share has decreased from 31 December 2006 due to the shares issued upon the acquisition of Wilson Bowden, partly offset by the increase in profit after tax compared with the prior half year.

Total housebuilding completions increased by 25.7% to 9,056 (2006: 7,206) at an increased average selling price of £178,000, up by 7.9% (2006: £165,000). Private completions were 23.9% higher at 7,177 (2006: 5,791) at an average selling price of £200,100 (2006: £184,200). Social housing completions increased by 32.8% to 1,879 (2006: 1,415) at an average selling price of £93,600 (2006: £86,600). However on a like-for-like basis, reflecting the more difficult trading conditions, total completions decreased 14.8% from 10,623 units. The increased proportion of social completions led to a small decline in the average selling price of 0.8% from £179,500.

Our housebuilding business delivered an increased operating profit of £270.3m (before restructuring costs of £7.2m) at a margin of 16.8% (2006: 16.5% (restated)). This robust margin has been delivered against a backdrop of a more difficult market by maintaining sales prices and tightly controlling costs. On a like-for-like basis the housebuilding operating profit (before restructuring costs) decreased by 18.0% from £329.6m. The operating margin was down 0.5% compared to the like-for-like 17.3% in 2006.

On the basis of the performance to date, our current view of the market and the commitment already made to lift payout ratios, we are increasing the interim dividend to 12.23p (2006: 11.38p), an increase of 7.5%.

The Group's half year net debt was £1,738.5m of which £1,245.9m related to the financing of the Wilson Bowden acquisition and the refinancing of existing Wilson Bowden debt. Period end gearing was 59.8% (2006: 14.1%).

## Market conditions

Trading conditions in the first six months of the financial year have been tough. During July and August we saw relatively normal seasonal trends despite well publicised issues impacting the US housing and sub-prime markets.

During September, post the collapse of Northern Rock, the cumulative impact of five interest rate rises and the liquidity squeeze on the availability and cost of mortgage finance led to a tightening of the UK housing market. These trends continued throughout the period to the end of December making the sales environment more challenging.

Against this backdrop, we have successfully completed the operational integration of Wilson Bowden. We have focused on fully exploiting the enhanced capabilities of the Group and are delivering on our synergy and additional cost reduction targets. Looking forward, we will continue to drive the efficiency of the enlarged Group in particular focusing on the effectiveness of our sales and marketing activity, and continuing to drive down costs, as we seek to protect our margins rather than just increase volumes.

## Housebuilding operations

The acquisition of Wilson Bowden has improved the geographic and product mix of the Group. During the six months to December 2007 we operated from 33 divisions and had an average of 586 operational sites across England, Scotland and Wales. We expect our average number of outlets to increase by around 5% during the second half.

Our two major brands are able to target different aspects of the market, with David Wilson focusing more on larger family homes and Barratt on traditional housing, flats and urban regeneration. This is reflected in the different average selling prices – £194,400 for David Wilson Homes and £170,500 for a Barratt home. Both brands will continue to contribute to delivering substantial social housing numbers.



The geographical split of our operations is as follows:

	2007	2006	2006	2007	Average selling price 2006	Average selling price 2006
		Like-for-like	Like-for-like		Like-for-like	Like-for-like
North	<b>4,958</b>	3,955	5,946	<b>£166,400</b>	£153,200	£168,000
South	<b>3,412</b>	2,563	3,989	<b>£186,700</b>	£168,100	£189,100
Central London	<b>686</b>	688	688	<b>£218,500</b>	£224,000	£224,000
<b>Total</b>	<b>9,056</b>	7,206	10,623	<b>£178,000</b>	£165,000	£179,500

Overall, 50.1% of the Group's first half completions were flats (2006: 59.8%). Outside Central London this fell to 45.9% (2006: 55.6%). Sales to investors formed 14.9% (2006: 24.6%) of the Group's completions and again, outside Central London, this fell to 12.4% (2006: 22.2%).

The geographical split of our operations is illustrated in the table above.

In the North, total completions increased by 25.4% to 4,958 at an average selling price of £166,400. 85.4% were private completions and 14.6% were social. Of the completions in the North, 38.3% were flats with limited exposure to large, complex, inner city flatted schemes. Only 12.3% of completions in the North were to investors.

In the South (excluding Central London) total completions increased by 33.1% to 3,412 at an average selling price of £186,700. Of the total completions 72.0% were for private occupation with 28.0% social housing. 57.2% of the completions in the South were flats and 15.2% were sold to investors. Again, our exposure to complex inner city flatted schemes is minimal.

In Central London, our schemes continue to sell at a satisfactory rate and in the period we completed 686 homes (2006: 688), at an average selling price of £218,500, with 71.1% being for private occupation and 28.9% social. Our completions in Central London were predominantly flats, (99.1% of the sales). Whilst 32.4% of completed units were sold to investors.

The first six months of the year has seen a particularly strong performance in securing a significant number of major regeneration schemes. In London we have secured three major schemes in Lambeth, Southwark and Lewisham totalling over 2,000 homes. Our specialist regeneration unit has also been successful and has recently won a succession of new business opportunities including the Shard End Urban Village Development and phase 3 of the redevelopment of Camphill, Nuneaton.



**eScape at Eden Village, Sittingbourne**  
These striking contemporary homes use space and light in the most imaginative ways with varying roof heights, irregular window shapes and subtle colours. Inside each is a central 'light court', a glass-topped atrium which floods the home with natural light and provides fresh air to all rooms. Each townhouse has its own garden plus a detached garage. The design, by London-based architects PCO, won the national 'eScape' design competition which challenged UK architects to design an innovative house that meets the need for adaptable space, privacy and a sense of security.

## Group Chief Executive's statement

We remain committed to providing affordable homes and in this context have maintained our strong presence in the social housing sector completing 1,879 social housing units in the six months (2006: 1,415). We are also leaders in the provision of housing for first time buyers and in the half year we have completed 81 homes under English Partnership's First Time Buyer Initiative, supported 266 buyers with our own shared equity product and continue to build our pioneering and popular iPad product. We have completed 185 iPads in the half year with a further 1,366 in planning or development.

### Wilson Bowden Developments

In the six months to December 2007 Wilson Bowden Developments' commercial business made a contribution of £4.3m on a turnover of £42.5m. This was a satisfactory performance against increasingly difficult market conditions in the commercial property sector.

We have completed our strategic review of the business and are encouraged with the existing and potential future value that exists within its portfolio. Whilst there are overlaps with our core housebuilding operations, in areas such as regeneration, we intend to continue to run the business as a stand-alone segment and deliver shareholder value by developing its current portfolio.

### Cost reduction programme

The operational integration of David Wilson Homes is now complete. We have been able to increase our original synergy targets, with savings of at least £30m being identified in the current financial year and at least £60m in 2008/9. We remain confident of delivering these savings and have identified further

possible areas of synergies which are now being explored.

We have made good progress on our additional cost reduction programme and now anticipate that this will yield a further £40m per annum. We have already implemented savings of £20m through reductions in material procurement, technical specifications and consultancy spend.

### Land

We have continued to strengthen our land position and as at 31 December 2007 our landbank had increased to 113,500 plots (2006: 70,500 plots), including 24,100 plots (2006: 8,000 plots) agreed subject to contract. This equates to 5.3 years' supply at 2006/7 like-for-like volumes (2006: 4.8 years). We continue to seek ways of extracting greater value from our increased land bank.

We spent £593.3m on land in the first half compared to £645.5m on a like-for-like basis in the first half of 2006, a decrease of 8.1%. We have increased our land buying hurdle rates and adopted a more cautious approach to land acquisition over the first six months of our financial year. We have acquired land, on average, at a cost of £47.1k per plot (2006: £52.0k) and we are carrying land in the balance sheet at an average of £47.2k per plot. We currently expect to spend approximately £1.2 billion on land over the full year.

Despite continued delays in the planning system, we achieved an increased level of planning approvals in the first half of 10,881 plots, up 3.5% over last year. 99.7% of land required for 2008/9 is now owned or contracted and 65.9% for 2009/10.

The Group controls 11,200 acres of strategic land. Utilising the experience acquired with the David Wilson strategic land team we are committed over the next five years to significantly expanding the proportion of our plots we source from strategic land. Given the profile of our existing strategic land portfolio, we expect this to be broadly self-financing.

### Quality, service and the environment

During the six month period the Group has continued to place significant emphasis on customer service and we have made this a feature of senior management remuneration. During the six months, approaching 90% of our customers would 'recommend us to a friend' and we are seeking to drive standards higher through systematic training and monitoring.

We have achieved unprecedented success in the National House-Building Council Pride in the Job Quality Awards with 71 construction teams gaining recognition – more than any other housebuilder. This culminated in becoming the first ever company to win both the top national awards for major housebuilders in the same year.

Substantial progress has been made on the Group's environmental agenda as we respond to the challenge of meeting the zero carbon target by 2016. Building on the pioneering work that we did at our Eco Village in Chorley, we have started work on our first Level 6 house at the Building Research Establishment – the first major housebuilder to build a house to this specification.

In December we won the first site of English Partnership's Carbon Challenge and as a



**Left: The Terrace, Islington, London**

The development, with its clean, sharp elevations, includes stunning landscaped open spaces for use by residents and a fully-equipped health and fitness centre on the ground floor.

**Right: Fountain Head, Halifax**

Fountain Head is being developed as a new concept village on a former brewery site, surrounded by beautiful countryside. Relaxation and convenience were a key focus in planning and, through a joint initiative, innovative facilities have been created for residents, including a nursery and an after school club.



result will build their first ever zero carbon community comprising 200 homes and commercial space. It will be located at Hanham Hall near Bristol and is part of our strategy of securing the lowest cost solutions for our customers. We now have a total of 49 sites throughout the country with carbon saving features of which 16 are currently being built. To support this we have entered a partnership with E.ON UK, part of the world's largest quoted power and gas company, to supply the solutions and technology for a number of sites going forward.

## Balance sheet

The net assets of the Group increased by £11.0m to £2,909.0m between 30 June and 31 December 2007. Significant balance sheet movements include:

- Land holdings increased by £83.1m to £3,350.0m due to the Group's continuing land acquisition strategy.
- Work in progress has increased by £334.8m to £1,703.3m. The increase mainly reflects the more pronounced weighting of completions and outlets to the second half as well as the slowdown in the market.

- Group net debt increased by £437.3m to £1,738.5m as a consequence mainly of the changes in land and work in progress.

## Borrowings and cashflow

The Group's half year net debt was £1,738.5m of which £1,245.9m related to the acquisition finance supporting the Wilson Bowden acquisition. Period end gearing was 59.8% (2006: 14.1%) and the Group continued to operate well within its financial covenants. At 31 December, the Group's committed facilities had an average life of 3.3 years and headroom of £878.5m.

£800.0m of the acquisition facilities were provided on a 364 day basis but with the ability for the Group to extend for a further 12 months until April 2009. The Group has refinanced £100.0m of this facility in the half year.

## Outlook

The first six months of the year saw a satisfactory performance against a backdrop of more difficult market conditions. The interest rate outlook has improved and we will have a greater number of outlets in the second half from which to sell.

In the first seven weeks visitor levels have improved significantly compared to the second half of 2007, however against a strong comparative period last year, levels are 13% lower. Reservations have also improved and as a result forward sales now stand at £1,615m, around 7% below last year. This level of reservations, which, together with year to date completions, represents 79.0% of our sales requirement for the full year. The new organisation has a sharper focus on costs and sales and the priority will remain the preservation of a robust margin as we trade through these more difficult conditions. In the longer-term the Group is in a good position to benefit from the reassertion of market fundamentals that are characterised by growing demand against a backdrop of supply constraints.

**Mark Clare**  
Group Chief Executive

## Condensed consolidated income statement

for the half year ended 31 December 2007 (unaudited)

		Half year ended 31 December 2007	Half year ended 31 December 2006 (restated*)	Year ended 30 June 2007 (restated*)
	Note	£m	£m	£m
<b>Continuing operations</b>				
Revenue	4	<b>1,652.8</b>	1,194.4	3,046.1
Cost of sales		<b>(1,308.5)</b>	(954.6)	(2,446.1)
<b>Gross profit</b>		<b>344.3</b>	239.8	600.0
Operating expenses before restructuring costs		<b>(69.4)</b>	(43.2)	(86.7)
Restructuring costs	4,5	<b>(7.2)</b>	–	(26.2)
Total operating expenses		<b>(76.6)</b>	(43.2)	(112.9)
<b>Profit from operations</b>	4	<b>267.7</b>	196.6	487.1
Finance income	6	<b>5.6</b>	0.3	3.5
Finance costs	6	<b>(77.1)</b>	(20.3)	(64.8)
Share of post tax loss from joint ventures		<b>(1.6)</b>	–	(1.0)
<b>Profit before tax</b>		<b>194.6</b>	176.6	424.8
Tax	7	<b>(60.8)</b>	(53.0)	(126.5)
<b>Profit for the period from continuing operations</b>		<b>133.8</b>	123.6	298.3
<b>Profit for the period attributable to equity shareholders</b>		<b>133.8</b>	123.6	298.3
<b>Earnings per share from continuing operations</b>				
Basic	9	<b>38.8p</b>	51.5p	115.4p
Diluted	9	<b>38.6p</b>	50.6p	113.5p

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.

## Condensed consolidated statement of recognised income and expense

for the half year ended 31 December 2007 (unaudited)

	Half year ended 31 December 2007	Half year ended 31 December 2006 (restated*)	Year ended 30 June 2007 (restated*)
	£m	£m	£m
Profit for the period	<b>133.8</b>	123.6	298.3
Revaluation of available for sale financial assets	<b>(2.7)</b>	1.8	(0.7)
Losses on hedged swap arrangements	<b>(56.4)</b>	–	–
Gains on hedged swap arrangements	<b>2.0</b>	–	12.3
Tax credited/(charged) to reserves	<b>16.0</b>	(0.5)	0.8
<b>Total income recognised for the period attributable to equity shareholders</b>	<b>92.7</b>	124.9	310.7

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.



Condensed consolidated balance sheet  
at 31 December 2007 (unaudited)

		31 December 2007	31 December 2006 (restated*)	30 June 2007 (restated*)
	Note	£m	£m	£m
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		106.5	–	107.0
Goodwill		816.7	–	816.7
Property, plant and equipment	10	34.1	12.8	37.4
Investments accounted for using the equity method		26.2	–	20.9
Available for sale financial assets		44.7	31.2	37.3
Trade and other receivables		0.8	2.4	5.0
Deferred tax		2.0	45.0	2.5
Derivative financial instruments – swaps		2.0	–	12.3
		<b>1,033.0</b>	91.4	1,039.1
<b>Current assets</b>				
Inventories	11	5,171.9	2,930.5	4,739.9
Trade and other receivables		130.1	36.0	141.7
Cash and cash equivalents	12	8.7	68.6	182.1
		<b>5,310.7</b>	3,035.1	5,063.7
<b>Total assets</b>	4	<b>6,343.7</b>	3,126.5	6,102.8
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	12	(1,734.6)	(2.7)	(1,456.6)
Trade and other payables		(151.7)	(115.7)	(100.6)
Retirement benefit obligations	13	(75.2)	(84.3)	(78.3)
Derivative financial instruments – swaps		(44.1)	–	–
		<b>(2,005.6)</b>	(202.7)	(1,635.5)
<b>Current liabilities</b>				
Loans and borrowings	12	(12.6)	(292.6)	(26.7)
Trade and other payables		(1,367.0)	(959.8)	(1,484.4)
Current tax liabilities		(49.5)	(59.8)	(58.2)
		<b>(1,429.1)</b>	(1,312.2)	(1,569.3)
<b>Total liabilities</b>	4	<b>(3,434.7)</b>	(1,514.9)	(3,204.8)
<b>Net assets</b>		<b>2,909.0</b>	1,611.6	2,898.0
<b>Equity</b>				
Share capital	14	34.7	24.4	34.7
Share premium		206.6	204.7	206.1
Merger reserve		1,109.0	–	1,107.7
Hedging reserve		(31.4)	–	7.8
Retained earnings		1,590.1	1,382.5	1,541.7
<b>Total equity</b>	15	<b>2,909.0</b>	1,611.6	2,898.0

The notes on pages 9 to 19 form an integral part of the condensed consolidated half yearly financial statements.

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.

# Condensed consolidated cash flow statement

for the half year ended 31 December 2007 (unaudited)

	Note	Half year ended 31 December 2007 £m	Half year ended 31 December 2006 £m	Year ended 30 June 2007 £m
<b>Net cash outflow from operating activities</b>	16	<b>(354.9)</b>	(215.6)	(12.3)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		<b>(3.7)</b>	(4.4)	(7.9)
Proceeds from sale of property, plant and equipment		<b>5.7</b>	1.6	3.3
Acquisition of subsidiary net of cash acquired		<b>1.1</b>	–	(811.6)
Acquisition of investments accounted for using the equity method		<b>(6.9)</b>	–	(14.2)
Interest received		<b>4.7</b>	0.3	3.5
<b>Net cash inflow/(outflow) from investing activities</b>		<b>0.9</b>	(2.5)	(826.9)
<b>Cash flow from financing activities</b>				
Proceeds from issue of share capital		<b>0.5</b>	2.5	3.9
Disposal of own shares		<b>–</b>	3.7	10.6
Dividends paid		<b>(83.8)</b>	(49.7)	(77.1)
Loan drawdowns		<b>263.9</b>	286.9	1,040.6
<b>Net cash inflow from financing activities</b>		<b>180.6</b>	243.4	978.0
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(173.4)</b>	25.3	138.8
Cash and cash equivalents at the beginning of period		<b>182.1</b>	43.3	43.3
<b>Cash and cash equivalents at the end of period</b>		<b>8.7</b>	68.6	182.1

# Notes to the condensed consolidated half yearly financial statements (unaudited)

## 1. Basis of preparation

The financial information for the year ended 30 June 2007 does not constitute statutory accounts as defined in s240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 30 June 2007, prepared under IFRS, on which the auditors gave an unqualified opinion which did not contain a statement made under either s237(2) or s237(3) of the Companies Act 1985, has been filed with the Registrar of Companies.

## 2. Accounting policies

The condensed consolidated set of half yearly financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and in accordance with IAS34 'Interim Financial Reporting' as endorsed by the EU.

The condensed consolidated half yearly financial statements have been prepared using accounting policies and methods of computation consistent with those applied in the preparation of the Group's Annual Report for the year ended 30 June 2007 with the exception of the adjustment made to the calculation of discounting of long-term payables under IAS39 'Financial Instruments: Recognition and Measurement' as explained in note 3.

### Changes in accounting policies

In the current financial year, the Group will adopt IFRS7 'Financial Instruments: Disclosures' for the first time. As IFRS7 is a disclosure standard, there is no impact of this change in accounting policy on the half yearly financial report. Full details of the change will be disclosed in the Group's Annual Report for the year ended 30 June 2008.

In the current financial year, the Group will also adopt the amendment to IAS1 'Presentation of Financial Statements Capital Disclosures' for the first time. As the amendment to IAS1 relates to disclosures, there is no impact of this change in accounting policy on the half yearly financial report. Full details of the change will be disclosed in the Group's Annual Report for the year ended 30 June 2008.

## 3. Prior year adjustment

IAS2 'Inventories' and IAS39 'Financial Instruments: Recognition and Measurement' require that the Group's land purchases on deferred terms should be recorded at the discounted present value at the date of purchase. The value of the discount is expensed through finance costs in the income statement over the period of the deferral, with the associated land payable being increased to the settlement value over the period of deferral. The land value carried in inventories is reduced by the value of the discount and this therefore reduces land cost of sales in the income statement over the duration of the site.

The Group adopted the above policy upon transition to IFRS at 1 July 2004. The calculation methodology adopted at transition, and subsequently applied, did not discount any deferred term land payable at inception for the first twelve months that it was due to remain outstanding. The Group has reviewed this calculation methodology in the current half year and considers that it is more appropriate to discount any deferred term land payable for the entire period of deferral.

The Group has therefore recalculated the adjustment made for deferred term land payables and, due to the fact that the impact of the change is considered by the Directors to be material, it has adjusted the results presented at 30 June 2007 and 31 December 2006 by means of a prior year adjustment.

# Notes to the condensed consolidated half yearly financial statements (unaudited)

## 3. Prior year adjustment (continued)

The effect of this calculation change is summarised below:

	Half year ended 31 December 2006 £m	Year ended 30 June 2007 £m	At 1 July 2006 £m
<b>Income statement</b>			
Cost of sales	3.0	6.1	–
Finance costs	(6.6)	(9.1)	–
Decrease in profit before tax	(3.6)	(3.0)	–
Tax	1.1	0.9	–
<b>Decrease in profit for the period</b>	<b>(2.5)</b>	<b>(2.1)</b>	<b>–</b>
<b>Balance sheet</b>			
Deferred tax asset	5.8	2.5	4.7
Non-current assets	5.8	2.5	4.7
Inventories	(33.9)	(29.7)	(34.8)
Current assets	(33.9)	(29.7)	(34.8)
Trade and other payables	14.7	11.1	19.2
Deferred tax liabilities	–	3.1	–
Non-current liabilities	14.7	14.2	19.2
<b>Net assets</b>	<b>(13.4)</b>	<b>(13.0)</b>	<b>(10.9)</b>
<b>Equity</b>			
Retained profits at the start of the period	(10.9)	(10.9)	(10.9)
Retained profit movement in the period	(2.5)	(2.1)	–
<b>Equity</b>	<b>(13.4)</b>	<b>(13.0)</b>	<b>(10.9)</b>
<b>Earnings per share</b>			
Basic	(1.1p)	(0.8p)	–
Diluted	(1.0p)	(0.8p)	–

#### 4. Segmental analysis

The Group consists of two separate segments for management reporting and control purposes, being housebuilding and commercial development. The Group presents its primary segment information on the basis of these operating segments. As the Group operates in a single geographic market, the United Kingdom, no secondary segmentation is provided.

	<b>Half year ended 31 December 2007</b>		<b>Half year ended 31 December 2006 (restated*)</b>		<b>Year ended 30 June 2007 (restated*)</b>	
<b>Residential completions</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>
Housebuilding	<b>9,056</b>		7,206		17,168	
Commercial development	–		–		–	
	<b>9,056</b>		7,206		17,168	
<b>Revenue</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Housebuilding	<b>1,610.3</b>		1,194.4		3,001.4	
Commercial development	<b>42.5</b>		–		44.7	
	<b>1,652.8</b>		1,194.4		3,046.1	
<b>Result</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Profit from operations before restructuring costs</b>						
Housebuilding	<b>270.3</b>		196.6		506.8	
Commercial development	<b>4.6</b>		–		6.5	
	<b>274.9</b>		196.6		513.3	
<b>Restructuring costs</b>						
Housebuilding	<b>(7.2)</b>		–		(25.6)	
Commercial development	<b>–</b>		–		(0.6)	
	<b>(7.2)</b>		–		(26.2)	
<b>Profit from operations</b>						
Housebuilding	<b>263.1</b>		196.6		481.2	
Commercial development	<b>4.6</b>		–		5.9	
	<b>267.7</b>		196.6		487.1	
<b>Share of post tax loss from joint ventures</b>						
Housebuilding	<b>(1.3)</b>		–		(0.9)	
Commercial development	<b>(0.3)</b>		–		(0.1)	
	<b>(1.6)</b>		–		(1.0)	
<b>Profit from operations including share of post tax loss from joint ventures</b>						
Housebuilding	<b>261.8</b>		196.6		480.3	
Commercial development	<b>4.3</b>		–		5.8	
	<b>266.1</b>		196.6		486.1	
<b>Finance income</b>	<b>5.6</b>		0.3		3.5	
<b>Finance costs</b>	<b>(77.1)</b>		(20.3)		(64.8)	
<b>Profit before tax</b>	<b>194.6</b>		176.6		424.8	
<b>Tax</b>	<b>(60.8)</b>		(53.0)		(126.5)	
<b>Profit for the period from continuing operations</b>	<b>133.8</b>		123.6		298.3	

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.



Notes to the condensed consolidated half yearly  
financial statements (unaudited)

4. Segmental analysis (continued)

	31 December 2007		31 December 2006 (restated*)		30 June 2007 (restated*)	
Balance sheet	£m	£m	£m	£m	£m	£m
<b>Segment assets</b>						
Housebuilding	<b>5,974.7</b>		3,012.9		5,624.9	
Commercial development	<b>395.0</b>		–		314.6	
	<b>6,369.7</b>		3,012.9		5,939.5	
<b>Elimination of intercompany balances</b>	<b>(36.7)</b>		–		(21.3)	
	<b>6,333.0</b>		3,012.9		5,918.2	
<b>Deferred tax assets</b>	<b>2.0</b>		45.0		2.5	
<b>Cash and cash equivalents</b>	<b>8.7</b>		68.6		182.1	
<b>Consolidated total assets</b>	<b>6,343.7</b>		3,126.5		6,102.8	
<b>Segment liabilities</b>						
Housebuilding	<b>(1,475.0)</b>		(1,159.8)		(1,565.1)	
Commercial development	<b>(199.7)</b>		–		(119.5)	
	<b>(1,674.7)</b>		(1,159.8)		(1,684.6)	
<b>Elimination of intercompany balances</b>	<b>36.7</b>		–		21.3	
	<b>(1,638.0)</b>		(1,159.8)		(1,663.3)	
<b>Current tax liabilities</b>	<b>(49.5)</b>		(59.8)		(58.2)	
<b>Loans and borrowings</b>	<b>(1,747.2)</b>		(295.3)		(1,483.3)	
<b>Consolidated total liabilities</b>	<b>(3,434.7)</b>		(1,514.9)		(3,204.8)	
<b>Other information</b>						
	31 December 2007	31 December 2006	31 December 2006	30 June 2007	30 June 2007	
	£m	£m	£m	£m	£m	
<b>Capital additions</b>						
Housebuilding	<b>3.5</b>		4.4		7.9	
Commercial development	<b>0.2</b>		–		–	
	<b>3.7</b>		4.4		7.9	
<b>Amortisation of intangible assets</b>						
Housebuilding	<b>–</b>		–		–	
Commercial development	<b>0.5</b>		–		–	
	<b>0.5</b>		–		–	
<b>Depreciation</b>						
Housebuilding	<b>3.9</b>		3.2		4.8	
Commercial development	<b>0.2</b>		–		0.1	
	<b>4.1</b>		3.2		4.9	

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.

## 5. Restructuring costs

Following the acquisition of Wilson Bowden on 26 April 2007, the Group has incurred £7.2m of costs in the half year in relation to reorganising and restructuring the business, including redundancy costs. This, with the £26.2m incurred in the year ended 30 June 2007, brings the total restructuring costs to date to £33.4m.

Where existing employees could not be retained within the Group, redundancy costs of £3.5m have been incurred in the half year, in addition to the £12.2m incurred in the year ended 30 June 2007.

## 6. Net finance costs

	Half year ended 31 December 2007	Half year ended 31 December 2006 (restated*)	Year ended 30 June 2007 (restated*)
	£m	£m	£m
Finance income on short-term bank deposits	(1.4)	(0.3)	(3.5)
Imputed interest on available for sale financial assets	(0.9)	–	–
Interest received on swaps	(1.5)	–	–
Other interest received	(1.8)	–	–
<b>Finance income</b>	<b>(5.6)</b>	<b>(0.3)</b>	<b>(3.5)</b>
Interest on bank overdrafts and loans	67.3	9.0	43.5
Imputed interest on deferred term land payables	8.9	9.9	18.4
Finance costs related to employee benefits	0.9	1.4	2.9
<b>Finance costs</b>	<b>77.1</b>	<b>20.3</b>	<b>64.8</b>
<b>Net finance costs</b>	<b>71.5</b>	<b>20.0</b>	<b>61.3</b>

Finance costs related to employee benefits of £1.4m have been reclassified from operating expenses to finance costs in the prior half year.

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.

## 7. Tax

Corporation tax for the half year is charged at 31.2% (half year ended 31 December 2006: 30.0%, year ended 30 June 2007: 29.8%), representing the best estimate of the average annual effective corporation tax rate expected for the full year, applied to profit before tax at the half year.

At 30 June 2007, the Group recognised a deferred tax asset of £5.8m in relation to the anticipated tax relief available on the future exercise of options under the Group's Share Option and Long-Term Performance Plans. As a result of the fall in the Company's share price since that date, the anticipated tax relief on future exercises is now lower and accordingly the attributable deferred tax asset recognised at 31 December 2007 is £0.1m. This has resulted in a charge to the income statement of £3.3m, the balance being charged to reserves.

# Notes to the condensed consolidated half yearly financial statements (unaudited)

## 8. Dividends

	Half year ended 31 December 2007 £m	Half year ended 31 December 2006 £m	Year ended 30 June 2007 £m
<b>Dividends paid</b>			
Final dividend for the year ended 30 June 2007 of 24.30p per share (2006: 20.69p)	<b>83.8</b>	49.7	49.7
Interim dividend for the half year ended 31 December 2006 of 11.38p per share (2005: 10.34p)	<b>–</b>	–	27.4
	<b>83.8</b>	49.7	77.1
<b>Dividends proposed</b>			
Interim dividend for the half year ended 31 December 2007 of 12.23p per share (2006: 11.38p)	<b>42.2</b>	27.4	

The proposed dividend has not been included as a liability at 31 December 2007.

The proposed dividend will have no tax implications for the Group.

## Dividend payment dates

Final paid	28 November 2007	29 November 2006
Interim proposed/paid	23 May 2008	25 May 2007

## 9. Earnings per share

Basic earnings per share is calculated by dividing the profit for the half year attributable to ordinary shareholders of £133.8m (2006: £123.6m (restated\*)) by the weighted average number of ordinary shares in issue during the half year, excluding those held by the Employee Benefit Trust which were treated as cancelled, giving a figure of 344.9m (2006: 239.8m).

Diluted earnings per share is calculated by dividing the profit for the half year attributable to ordinary shareholders of £133.8m (2006: £123.6m (restated\*)) by the weighted average number of ordinary shares in issue, adjusted to assume conversion of all potentially dilutive ordinary shares from the start of the year, giving a figure of 346.6m (2006: 244.3m).

The earnings per share from continuing operations were as follows:

	Half year ended 31 December 2007 pence	Half year ended 31 December 2006 (restated*) pence	Year ended 30 June 2007 (restated*) pence
Basic earnings per share	<b>38.8</b>	51.5	115.4
Adjusted basic earnings per share	<b>40.2</b>	51.5	123.0
Diluted earnings per share	<b>38.6</b>	50.6	113.5
Adjusted diluted earnings per share	<b>40.0</b>	50.6	121.0

## 9. Earnings per share (continued)

The calculations of basic, diluted, adjusted basic and adjusted diluted earnings per share are based upon the following data:

	<b>Half year ended 31 December 2007</b>		Half year ended 31 December 2006 (restated*)		Year ended 30 June 2007 (restated*)	
	<b>pence per basic share</b>		<b>pence per basic share</b>		<b>pence per basic share</b>	
	<b>£m</b>		<b>£m</b>		<b>£m</b>	
Earnings for basic and diluted earnings per share	<b>133.8</b>	<b>38.8</b>	123.6	51.5	298.3	115.4
Add restructuring costs	<b>7.2</b>	<b>2.1</b>	–	–	26.2	10.1
Less tax effect of above item	<b>(2.2)</b>	<b>(0.7)</b>	–	–	(6.5)	(2.5)
<b>Earnings for adjusted basic and adjusted diluted earnings per share</b>	<b>138.8</b>	<b>40.2</b>	123.6	51.5	318.0	123.0

Earnings are adjusted, removing restructuring costs and related tax, to reflect the Group's underlying profits.

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.

## 10. Property, plant and equipment

	<b>31 December 2007</b>	31 December 2006	30 June 2007
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Opening net book value	<b>37.4</b>	12.1	12.1
Acquired with subsidiary	<b>–</b>	–	23.1
Additions	<b>3.7</b>	4.4	7.9
Disposals	<b>(2.9)</b>	(0.5)	(0.8)
Depreciation	<b>(4.1)</b>	(3.2)	(4.9)
<b>Closing net book value</b>	<b>34.1</b>	12.8	37.4

## 11. Inventories

	<b>31 December 2007</b>	31 December 2006 (restated*)	30 June 2007 (restated*)
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Land held for development	<b>3,350.0</b>	2,044.1	3,266.9
Construction work in progress	<b>1,703.3</b>	841.9	1,368.5
Part exchange properties	<b>110.7</b>	37.5	97.9
Other inventories	<b>7.9</b>	7.0	6.6
	<b>5,171.9</b>	2,930.5	4,739.9

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.

# Notes to the condensed consolidated half yearly financial statements (unaudited)

## 12. Loans and borrowings

Drawn debt and net debt at the period end is shown below:

	31 December 2007 £m	31 December 2006 £m	30 June 2007 £m
<b>Cash and cash equivalents</b>	<b>8.7</b>	68.6	182.1
<b>Non-current borrowings</b>			
Bank loans	(1,453.1)	(2.7)	(1,273.2)
Loan notes	(101.4)	–	(101.6)
Private placement notes	(180.1)	–	(81.8)
<b>Total non-current borrowings</b>	<b>(1,734.6)</b>	(2.7)	(1,456.6)
<b>Current borrowings</b>			
Bank overdrafts	(12.6)	(8.6)	(26.7)
Bank loans	–	(284.0)	–
<b>Total current borrowings</b>	<b>(12.6)</b>	(292.6)	(26.7)
<b>Total borrowings</b>	<b>(1,747.2)</b>	(295.3)	(1,483.3)
<b>Net debt</b>	<b>(1,738.5)</b>	(226.7)	(1,301.2)

Net debt is defined as cash and cash equivalents, bank overdrafts and interest bearing borrowings.

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

Movement in net debt is analysed as follows:

	Half year ended 31 December 2007 £m	Half year ended 31 December 2006 £m	Year ended 30 June 2007 £m
Net (decrease)/increase in cash and cash equivalents	(173.4)	25.3	138.8
Drawdown of borrowings	(263.9)	(286.9)	(1,040.6)
Loan notes issued on acquisition of subsidiary	–	–	(101.6)
Borrowings acquired with subsidiary	–	–	(332.7)
Movement in net debt in the period	(437.3)	(261.6)	(1,336.1)
Opening net (debt)/cash	(1,301.2)	34.9	34.9
<b>Closing net debt</b>	<b>(1,738.5)</b>	(226.7)	(1,301.2)

On 23 August 2007, the Group issued \$200.0m of US Dollar denominated private placement notes with a maturity of ten years. The notes were swapped into Sterling to avoid foreign exchange exposure.



### 13. Defined benefit pension schemes

The amounts recognised in the income statement were as follows:

	Half year ended 31 December 2007 £m	Half year ended 31 December 2006 £m	Year ended 30 June 2007 £m
Current service cost	2.5	3.6	5.5
<b>Total pension cost recognised in operating expenses in the consolidated income statement</b>	<b>2.5</b>	3.6	5.5
Interest cost	6.7	6.0	11.9
Expected return on scheme assets	(5.8)	(4.6)	(9.0)
<b>Total pension cost recognised in finance costs in the consolidated income statement</b>	<b>0.9</b>	1.4	2.9
<b>Total pension cost recognised in the consolidated income statement</b>	<b>3.4</b>	5.0	8.4

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit pension scheme was as follows:

	31 December 2007 £m	31 December 2006 £m	30 June 2007 £m
<b>Net liability recognised in the balance sheet</b>	<b>75.2</b>	84.3	78.3

Cash flow movements in scheme assets were as follows:

	Half year ended 31 December 2007 £m	Half year ended 31 December 2006 £m	Year ended 30 June 2007 £m
Employer contributions	6.5	8.7	18.0
Member contributions	0.9	1.0	1.8
Benefits paid from scheme	(2.3)	(6.3)	(9.4)
Premiums paid	(0.1)	(0.3)	(0.2)

Notes to the condensed consolidated half yearly financial statements (unaudited)

14. Share capital

	31 December 2007 Number	31 December 2006 Number	30 June 2007 Number
Authorised ordinary shares of 10p each	439,460,000	300,000,000	402,850,000
Allotted and issued ordinary shares of 10p each – fully paid	346,717,019	243,660,785	346,511,877
	£m	£m	£m
Authorised ordinary shares of 10p each	43.9	30.0	40.3
Allotted and issued ordinary shares of 10p each – fully paid	34.7	24.4	34.7

The authorised share capital of the Company was increased from 402,850,000 to 439,460,000 on 27 November 2007.

During the six months, 1,617,727 options over the Company's shares were granted under the Company's Long-Term Performance Plan. As a result of the exercise of the Company's Share Option and Long-Term Performance Plans 84,630 shares were issued. In addition, 120,512 shares were issued to members of the Wilson Bowden plc 2003 Savings Related Share Option Scheme in accordance with the Scheme of Arrangement by which the acquisition was effective.

15. Reconciliation of movements in consolidated equity

	31 December 2007 £m	31 December 2006 (restated*) £m	30 June 2007 (restated*) £m
Profit for the period	133.8	123.6	298.3
Revaluation of available for sale financial assets	(2.7)	1.8	(0.7)
Losses on hedged swap arrangements	(56.4)	–	–
Gains on hedged swap arrangements	2.0	–	12.3
Tax credited/(charged) to reserves	16.0	(0.5)	0.8
<b>Total income recognised for the period attributable to equity shareholders</b>	<b>92.7</b>	<b>124.9</b>	<b>310.7</b>
Disposal of own shares	–	3.7	10.6
Dividends	(83.8)	(49.7)	(77.1)
Issue of share capital	1.8	2.5	1,122.0
Share issue costs	–	–	(0.1)
Share-based payments	2.7	1.2	4.4
Tax on share-based payments charged to reserves	(2.4)	–	–
Amounts transferred to the income statement	–	–	(1.5)
<b>Net increase in equity</b>	<b>11.0</b>	<b>82.6</b>	<b>1,369.0</b>
<b>Opening equity</b>	<b>2,898.0</b>	<b>1,529.0</b>	<b>1,529.0</b>
<b>Closing equity</b>	<b>2,909.0</b>	<b>1,611.6</b>	<b>2,898.0</b>

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.

## 16. Cash flows from operating activities

	Half year ended 31 December 2007	Half year ended 31 December 2006 (restated*)	Year ended 30 June 2007 (restated*)
	£m	£m	£m
Profit for the period from continuing operations	133.8	123.6	298.3
Tax	60.8	53.0	126.5
Finance income	(5.6)	(0.3)	(3.5)
Finance costs	77.1	20.3	64.8
Share of post tax loss from joint ventures	1.6	–	1.0
<b>Profit from operations</b>	<b>267.7</b>	<b>196.6</b>	<b>487.1</b>
Gains on swap arrangements transferred to income statement	–	–	(1.5)
Amortisation of intangible assets	0.5	–	–
Depreciation	4.1	3.2	4.9
Share-based payments	2.7	1.2	4.4
Imputed interest on deferred term land payables	(8.9)	(9.9)	(18.4)
Imputed interest on available for sale financial assets	0.9	–	–
Finance costs related to employee benefits	(0.9)	(1.4)	(2.9)
Revaluation of available for sale financial assets	(2.7)	1.8	(0.7)
Profit on disposal of property, plant and equipment	(2.8)	(1.1)	(2.5)
<b>Total non-cash items</b>	<b>(7.1)</b>	<b>(6.2)</b>	<b>(16.7)</b>
Increase in inventories	(432.0)	(320.9)	(267.4)
Decrease/(increase) in trade and other receivables	15.8	4.6	(10.1)
Decrease in trade and other payables	(81.5)	(21.5)	(56.1)
(Increase)/decrease in available for sale financial assets	(7.4)	0.1	2.7
<b>Total movements in working capital</b>	<b>(505.1)</b>	<b>(337.7)</b>	<b>(330.9)</b>
<b>Interest paid</b>	<b>(55.0)</b>	<b>(9.0)</b>	<b>(31.3)</b>
<b>Tax paid</b>	<b>(55.4)</b>	<b>(59.3)</b>	<b>(120.5)</b>
<b>Net cash outflow from operating activities</b>	<b>(354.9)</b>	<b>(215.6)</b>	<b>(12.3)</b>

\* The results for the half year ended 31 December 2006 and year ended 30 June 2007 have been restated as explained in note 3.

## 17. Contingent liabilities

The Company has guaranteed certain bank borrowings of its subsidiary undertakings, amounting to £3.3m at 31 December 2007 (2006: £8.6m). This guarantee relates to a loss making subsidiary. The liability of the Group, which is equal to the net liabilities of the subsidiary has been provided within the consolidated financial statements.

The Group has entered into counter indemnities in the normal course of business in respect of performance bonds. Certain subsidiary undertakings have commitments for the purchase of trading stock entered into in the normal course of business.

## 18. Seasonality

The Group, in common with the rest of the housebuilding industry, is subject to the two main spring and autumn house selling seasons. As these seasons fall in separate half years the Group's results are not usually subject to significant seasonal variations.

## Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining six months of the financial year are the same as described on page 21 of the 2007 Annual Report. These include, but are not limited to:

- Residential property market
  - Response to changes in the macroeconomic climate including buyer confidence and interest rates
  - Provision of high quality product to maintain brand quality and minimise remedial costs
- Land
  - Securing sufficient land of appropriate size and quality to provide profitable growth
- Government regulation
  - Length of time taken to obtain required planning and technical consents
  - Consequences of changes in tax legislation
- Construction
  - Failure to identify and achieve key construction milestones
  - Management reporting fails to identify cost overruns leaving insufficient time to take remedial action
  - Innovative design and construction techniques are not employed
  - Health and Safety
  - Consideration of the impact of construction schemes upon the environment and social surroundings
- People
  - Ability of the Group to attract and retain the best people
  - Ensuring that the Group has a sufficiently skilled and experienced workforce
  - Adequate succession planning to ensure that experience and knowledge of key management is retained within the business
  - Defined benefit pension scheme to which the Group may be required to increase contributions to fund an increase in costs of future benefits and/or any future shortfall.

The way that the Group mitigates the above risks is explained on page 21 of the 2007 Annual Report.

## Responsibility statement

The Directors confirm that this condensed consolidated set of half yearly financial statements has been prepared in accordance with IAS34 and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and DTR 4.2.8R (disclosure of related party transactions and changes therein).

The Directors of Barratt Developments PLC during the half year were:

C G Toner, Chairman  
M S Clare, Group Chief Executive  
M A Pain, Group Finance Director  
S J Boyes, Group Board Executive Director  
C Fenton, Group Board Executive Director  
R J Davies, Non-Executive Director  
R MacEachrane, Non-Executive Director  
M Pescod, Senior Independent Director  
W Shannon, Non-Executive Director

These condensed consolidated half yearly financial statements were approved by the Board on 26 February 2008.

**M S Clare, Group Chief Executive**

**M A Pain, Group Finance Director**

# Independent review report to Barratt Developments PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2007 which comprises the income statement, the balance sheet, the statement of recognised income and expense, the cash flow statement and related notes 1 to 18. 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 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

## Directors' responsibilities

The 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 Services 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 six months ended 31 December 2007 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 Services Authority.

**Deloitte & Touche LLP**  
**Chartered Accountants**  
26 February 2008  
London, United Kingdom





**BARRATT**  
DEVELOPMENTS PLC

### **Registered office**

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### **Company information**

Registered in England and Wales.  
Company number 604574