25 February 2013

BOVIS HOMES GROUP PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

SIGNIFICANT INCREASE IN PROFITS, WITH FURTHER GROWTH SUPPORTED BY LAND INVESTMENT

Bovis Homes Group PLC today announced its preliminary results for the financial year ended 31 December 2012 which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS').

Financial highlights

	2012	2011	Change
Revenue	£425.5m	£364.8m	+17%
Gross profit	£96.9m	£72.2m	+34%
Housing gross margin *	22.6%	20.8%	+1.8ppts
Operating profit	£56.8m	£36.4m	+56%
Operating margin	13.4%	10.0%	+3.4ppts
Profit before tax	£54.1m	£32.1m	+69%
Basic earnings per share	30.7p	17.5p	+75%
Dividend per share	9.0p	5.0p	+80%
ROCE	7.7%	5.0%	+2.7ppts
Net cash	£18.8m	£50.8m	

* excluding land sales

Operational highlights

- 2012 profit before tax at the upper end of market expectations
- Strong profit growth reflecting compound positive effect of:
    - 15% growth in legal completions to 2,355 homes (2011: 2,045) from an average of 82 active sales outlets in 2012 (2011: 73)
    - 5% increase in average sales price to £170,700 (2011: £162,400)
    - Significant increase in operating profit margin to 13.4% (2011: 10.0%)
- Strong land investment in 3,501 consented plots during 2012:
    - 2,651 plots added to the consented land bank during the year
    - 850 consented plots legally contracted, awaiting satisfaction of conditions, of which 408 plots have been added to the consented land bank during early 2013
- Significant growth in future profit potential with 13,776 consented plots at 31 December 2012, with potential gross profit of £600 million, calculated using current sales prices and current build costs (31 December 2011: 13,723 plots with gross profit potential of £524 million)
- 19,318 potential plots of strategic land as at 31 December 2012 (2011: 18,749 potential plots)

Current trading

- 350 private reservations achieved in first eight weeks of 2013 (2012: 320), an increase of 9%
- Average sales price on cumulative private reservations for 2013 to date increased to circa £200,000 (2012 full year average private sales price: £188,700), with sales prices achieved in line with Group expectations
- Investment in 611 new plots of consented land during the first eight weeks of 2013 continuing to fuel growth

Commenting, David Ritchie, the Chief Executive of Bovis Homes Group PLC said:

"The Group delivered strong growth in profit and return on capital employed in 2012 in a challenging but stable market environment. These improvements have been achieved through the compound positive effect of increased volumes, improved sales prices and stronger margins.

"Significant progress has also been made in positioning the Group for sustained improvements in future shareholder returns. After another year of substantial land investment in 2012, the Group expects to deliver a strong increase in active sales outlets in 2013. Assuming a continuation of stable market conditions, this will further enhance volumes, sales prices and profit margins.

"Combined with driving profitability, the Group is aiming to deliver enhanced shareholder returns from improving the efficiency of its capital employed through continuing its focus on both land bank management and tight control of working capital.

"As a result, on the basis of stable market conditions, the Group will deliver strongly increasing returns on capital employed in 2013, with the expectation of continuing progress for the foreseeable future.

"On 22 February, the Board announced the forthcoming retirement of Malcolm Harris, non executive Chairman, in November 2013. Malcolm has been Chairman for nearly five years and has led the Group through a period of strong growth in shareholder returns. I would like to thank him for his support personally and his significant contribution to Bovis Homes over many years. I wish him well for the future.

"I would like to recognise the considerable effort, commitment and hard work of our employees during 2012 and to thank them all for their contribution to the Group's success."

Enquiries:	David Ritchie, Chief Executive Jonathan Hill, Finance Director Bovis Homes Group PLC On 25 February – tel: 07855 432 699 Thereafter – tel: 01474 876200	**Results issued by**	Reg Hoare / James White MHP Communications On 25 February - tel: 020 3128 8100

Certain statements in this press release are forward looking statements. Forward looking statements involve evaluating a number of risks, uncertainties or assumptions that could cause actual results to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends, results or activities should not be taken as a representation that such trends, results or activities will continue in the future. Undue reliance should not be placed on forward looking statements.

Chief Executive's Statement

Bovis Homes has made significant progress in 2012, delivering a strong improvement in revenue, profits and return on capital employed against a backdrop of challenging, but stable, market conditions.

The Group has continued to acquire high quality consented land and has consequently grown active sales outlets, leading to higher volumes, increased average sales price and higher profit margins. Having delivered an improvement in the efficiency of capital employed, both by managing working capital tightly and through the sale of selected land parcels, the Group has increased its capital turn. The combination of improved profitability and increased capital turn has delivered a strong improvement in the Group's return on capital employed.

Bovis Homes aims to be a quality housebuilder delivering high returns generated from a strong land bank, much of it strategically sourced, and a quality product sold at a premium price. In order to deliver improved returns, the following clear strategic objectives for 2012 were set out and have been delivered:

1. Increase operating profits
2. Build future margin potential in the land bank
3. Improve efficiency of capital employed

1. Increase operating profits

Operating profit increased in the year by 56% to £56.8 million, as a result of the compound positive effect of an increased volume of legal completions at a higher average sales price with an improved margin.

Volume growth was driven from the increased number of active sales outlets in 2012. The average number of active sales outlets grew to 82 from 73 in the prior year and the Group finished 2012 with 90 active sales outlets.

The increase in active sales outlets contributed to the delivery of 2,355 legal completions during 2012, 15% ahead of the previous year (2011: 2,045). The Group legally completed 1,854 private homes (2011: 1,624), an increase of 14%. Legal completions of social homes increased by 19% to 501 (2011: 421), representing 21% of total volume (2011: 21%).

In addition to increased volume, the Group's average sales price increased by 5% to £170,700 in 2012 (2011: £162,400). For private homes, the average sales price in 2012 was 5% higher at £188,700 (2011: £180,100), in line with Group expectations. This uplift was almost entirely due to the mix of homes legally completed as the Group increased the proportion of family homes sold in the south of England.

Gross profit margin (excluding land sales) increased to 22.6% in 2012 from 20.8% in 2011, resulting from the increased contribution from legal completions on stronger margin sites acquired post the housing market downturn.

As a result of the compound positive effect of volume growth, higher average sales price and improved gross profit margin, gross profit (excluding land sales) increased by 33% to £92.1 million (2011: £69.5 million). Combined with land sales profits of £4.8 million (2011: £2.7 million) and with overheads well controlled, the significant growth in operating profit to £56.8 million (2011: £36.4 million) was achieved at an operating margin of 13.4% (2011: 10.0%).

2. Build future margin potential in the land bank

During 2012, the Group invested in 3,501 plots of consented land, of which 2,651 consented plots on 18 sites were added to the consented land bank at a cost of £161 million (2011: 2,552 consented plots at a cost of £134 million). Approximately 86% of these plots are located in the south of England, where the housing market continues to show greater robustness. The plots added have an estimated future revenue of £561 million and an estimated future gross profit potential of £146 million, based on current sales prices and current build costs, and are expected to deliver a gross margin of over 25%.

The remaining 850 consented plots were contracted during 2012 and were awaiting satisfaction of legal conditions as at 31 December 2012. Of these, three sites containing 408 consented plots have been added to the land bank during the first eight weeks of 2013. The balance of these consented plots are expected to be added to the land bank in early 2013.

The consented land bank amounted to 13,776 plots as at 31 December 2012, marginally above the 13,723 plots held at 31 December 2011, with plots added being roughly equivalent to legal completions combined with plots sold through land sales. The Group estimates that the gross profit potential on the plots within the consented land bank at the 2012 year end, based on current sales prices and current build costs, was £600 million with a gross margin of 22.7% (31 December 2011: gross profit potential of £524 million with a gross margin of 21.4%). The increase during 2012 of £76 million arose from the land additions (£146 million) less utilisation from home sales (£84 million) and land sales (£12 million). The balancing positive value of £26 million reflects other profit enhancing, added value changes delivered by the Group, including improvements in planning, enhanced sales prices and cost efficiencies.

Of the 13,776 plots, 74% are located in the south of England (2011: 72%). At the year end, the consented land bank included 7,368 consented plots (54% of total), which have been acquired since the housing market downturn (2011: 5,797, 42% of total). The average consented land plot cost was £42,100 at the start of 2012 and increased over the year to £45,800, as a result of a lower number of written down plots held in the land bank (13% of land plots versus 17% at the start of the year) and the addition of new prime southern traditional housing sites where the average plot cost is higher.

The strategic land bank at 31 December 2012 stood at 19,318 potential plots as compared to 18,749 potential plots at 31 December 2011. The Group continues to invest in new strategic land assets and has strong visibility on the potential to convert a number of sizeable strategic land holdings into consented opportunities during 2013 and 2014.

3. Improve efficiency of capital employed

The Group has controlled the size and value of the consented land bank during 2012, with a similar number of consented plots in the land bank at the start and end of the year. This has been achieved, at the same time as increasing the level of legal completions and operating from a higher number of active sales outlets, being 90 outlets at 31 December 2012 compared to 80 outlets a year earlier.

The Group has tightly controlled work in progress, with the number of units of production held at the end of 2012 reduced to 918 units (2011: 949). The overall value of work in progress has increased to £172.7 million from £166.5 million. Work in progress turn increased to 2.5 times in 2012 from 2.2 in 2011, marking a further positive step in improving capital efficiency.

Overall capital turn has increased to 0.6 in 2012, up from 0.5 in 2011 and 0.4 in 2010. With the investment undertaken to date and the strength of the ongoing land pipeline, the output capacity of the business is expected to increase, which, on the basis of stable market conditions, should improve capital turn further in 2013 and beyond.

Improving returns

During 2012 Bovis Homes has delivered on the three strategic objectives set out above, which has resulted in a significant increase in return on capital employed to 7.7% in 2012 from 5% in 2011.

The Group strongly believes that, based on stable market conditions, return on capital employed will improve further in 2013, driven by the compound positive effect on profit of higher volume, increase in average sales price and improved profit margin. Whilst future output capacity will grow, capital employed will remain tightly controlled.

Market conditions

Overall market conditions were challenging but stable during 2012. Sales prices were generally stable with some regional variations. A continuing lack of availability during the year of high loan to value mortgage products constrained market activity for new build homes. This was particularly an issue for first time buyers, who, since the financial crisis, have had to provide a higher level of deposit for their home purchase than had historically been the case. Monthly mortgage approval levels were stable throughout 2012, but at significantly lower levels than historically would have been viewed as "normal" market activity.

With a backdrop of continuing economic and employment uncertainty, trading conditions in 2013 are expected to remain similar to 2012. Although the market remains challenging and customer confidence and commitment levels remain subdued, the Group currently believes that the pricing environment will be broadly stable during 2013.

A range of Government initiatives are beginning to provide impetus to the housing market and in particular the new build market. The Government's NewBuy scheme has been in operation for nearly one year and, after a period of awareness building and reductions in interest rates attaching to lenders' NewBuy mortgage products, NewBuy activity is increasing. The Government's FirstBuy scheme has entered its second phase of delivery with allocations awarded to housebuilders for use in 2013 and early 2014. This will provide further support for first time buyers in obtaining finance from lenders.

Whilst not a housing initiative, the Government's Funding for Lending Scheme is providing assistance to banks in the form of more cost effective finance, which in turn will support these banks in lending mortgages at higher loan to value ratios and at cheaper rates of interest. The positive effect of the Funding for Lending Scheme has not yet been evidenced in published mortgage approval statistics, but there is a growing consensus that such a positive effect will be seen in mortgage approval data over the coming months. Increased mortgage approvals will support an improvement in housing transactions, including activity in the new homes market.

Current trading

The Group entered 2013 with a forward sales order position of 778 homes, a 37% improvement on the 568 homes brought forward at the start of 2012.

The Group has delivered 350 private reservations in the first eight weeks of 2013 (2012: 320), an increase of 9%. Operating from an average of 90 active sales outlets during this period (2012: 83), the Group has achieved a sales rate per site per week of 0.49, in line with the comparable period in 2012. Sales rates in recent weeks have exceeded 0.5 sales per site, indicating an encouraging start to the spring selling season and providing confidence that the Group is on target to deliver its anticipated volumes in 2013. Encouragingly, NewBuy has contributed circa 10% of 2013 private reservations to date.

Sales prices achieved to date have been in line with Group expectations, with an increase in the average private sales price to circa £200,000, driven by the improving mix with more family homes in southern England.

As at 22 February 2013, the Group held 1,198 net sales for legal completion in 2013, as compared to 926 net sales at the same point in 2012, an increase of 29%. Of these, private sales amounted to 599 homes (2012: 550) and social housing sales amounted to 599 homes (2012: 376).

Outlook

As a result of the strong consented investment in land in recent years, the Group expects to continue to increase its number of active sales outlets during 2013 from the opening position of 90 active sales outlets. Given the focus on acquiring land in the south of England, it is anticipated that more than 70% of the active sales outlets at the end of 2013 will be in southern locations versus two thirds at the start of 2013. As the Group opens more new sales outlets than it closes, absolute weekly reservation levels are expected to increase.

The Group anticipates that during 2013 it will take the opportunity to invest significantly in promoting a number of strategic land holdings where there is strong visibility of achieving planning during 2013 or 2014, a number of which were discussed at the Group's Analyst and Investor Presentation held on 24 October 2012. The Group estimates the cost of promoting strategic land during 2013 will, therefore, be circa £3.5 million higher than in 2012. This significant investment for future value generation will impact the profits deliverable in 2013 and will constrain the rate of growth in housing gross margin in 2013, compared to 2012, but will support further growth thereafter.

The continued growth in active sales outlets should enable the Group to deliver increased volumes, at a higher average sales price with improved margins. With a clear focus on controlling the capital employed of the Group through rigorous management of the landbank and tight control of work in progress, on the basis of stable market conditions, the Group will deliver strongly increasing returns on capital employed in 2013, with the expectation of continuing progress for the foreseeable future.

Financial Review

Revenue

During 2012, the Group generated total revenue of £425.5 million, an increase of 17% on the previous year (2011: £364.8 million). Housing revenue in 2012 was £402.0 million, 21% ahead of the prior year (2011: £332.1 million) and other income was £5.7 million (2011: £2.7 million). Three land sales were achieved in 2012, with a total revenue of £17.8 million (2011: four land sales with £30.0 million of recognised revenue).

Operating profit

The Group delivered an operating profit for the year ended 31 December 2012 of £56.8 million at an operating margin of 13.4%, as compared to £36.4 million in the previous year, at an operating margin of 10.0%.

Gross margin (excluding land sales) increased to 22.6% in 2012 from 20.8% in 2011, with the gross margin (excluding land sales) in H2 2012 increasing to 23.6% from 21.2% in H2 2011. The gross margin benefited from the increased contribution from legal completions on sites acquired post the housing market downturn. Subject to stable market conditions continuing, with an increasing proportion of legal completions coming from sites acquired since the housing market downturn, the gross margin achieved in 2012 should improve further in 2013, even after absorbing the incremental investment in strategic land promotion costs.

The profit on land sales was £4.8 million at a margin of 27.0% (2011: £2.7 million at a margin of 9.0%), which resulted in a total gross profit of £96.9 million at a gross margin of 22.8%, compared with £72.2 million and 19.8% in 2011.

Overheads, including all sales and marketing costs, increased in 2012 by 11.7%, as the Group invested early to support the large number of land assets acquired and the increased number of sales outlets. The overheads to revenue (excluding land sales) ratio improved to 9.9% in 2012 from 10.7% in 2011.

Profit before tax and earnings per share

Profit before tax increased by 69% to £54.1 million, comprising operating profit of £56.8 million, net financing charges of £2.9 million and a profit from joint ventures of £0.2 million. This compares to £32.1 million of profit before tax in 2011, comprising £36.4 million of operating profit, £4.5 million of net financing charges and a profit from joint venture of £0.2 million. Basic earnings per share for the year improved by 75% to 30.7p compared to 17.5p in 2011.

Financing

The Group incurred net financing charges of £2.9 million during 2012 (2011: £4.5 million). With an average net debt position of £12 million during 2012 (2011: average net cash £5 million), net bank charges for 2012 were £2.6 million (2011: £2.8 million), which included the amortisation of arrangement fees (£0.8 million) and interest and fee charges (£1.8 million). The Group incurred a £3.1 million finance charge (2011: charge of £4.3 million), reflecting the difference between the cost and the nominal price of land bought on deferred terms which is charged to the income statement over the life of the deferral of the consideration payable. The Group benefited from a £0.7 million (2011: £0.6 million) net pension financing credit during 2012, as a result of the expected return on scheme assets being in excess of the interest on the scheme obligations. With the changes in pension accounting, this credit will not recur in 2013. The Group also benefited from a finance credit of £1.7 million (2011: £1.6 million) arising from the unwinding of the discount on its available for sale financial assets during 2012. There were £0.4 million of other financing credits during the year (2011: £0.4 million of other credits).

Taxation

The Group has recognised a tax charge of £13.3 million on profit before tax of £54.1 million at an effective tax rate of 24.5% (2011: tax charge of £8.8 million at an effective rate of 27.5%). The effective rate is in line with the statutory corporation tax rate of 24.5%. The Group has recognised a current tax liability of £5.9 million in its closing balance sheet as at 31 December 2012 (2011: current tax liability of £4.0 million).

Dividends

In the light of the ongoing material improvement in the performance of the Group and the Board's confidence in the continued delivery of Group's strategy, the Board has proposed a 2012 final dividend of 6.0p per share. This dividend will be paid on 24 May 2013 to holders of ordinary shares on the register at the close of business on 2 April 2013. The dividend reinvestment plan, introduced in 2012, gives shareholders the opportunity to reinvest their dividends.

Combined with the interim dividend paid of 3.0p, the dividend for the full year totals 9.0p compared to a total of 5.0p paid in 2011, an increase of 80%. The Board expects to grow dividends progressively as earnings per share increase.

Net assets

Net assets per share as at 31 December 2012 was 567p as compared to 545p at 31 December 2011.

Analysis of net assets

	2012 £m	2011 £m
Net assets at 1 January	728.6	710.8
Profit after tax for the year	40.9	23.3
Share capital issued	0.6	1.9
Net actuarial movement on pension scheme through reserves	(3.4)	(2.5)
Deferred tax on other employee benefits	(0.1)	-
Adjustment to reserves for share based payments	0.9	1.1
Dividends paid to shareholders	(8.7)	(6.0)
Net assets at 31 December	**758.8**	**728.6**

Net assets were £758.8 million as at 31 December 2012, £30.2 million higher than at the start of the year. Inventories increased during the year by £65.8 million to £863.6 million, mainly due to an increase of £51.9 million in the value of residential land, as the Group invested in land ahead of usage during 2012. Other movements in inventories relate to an increase in part exchange properties of £7.8 million and an increase in work in progress of £6.2 million. Trade and other receivables reduced by £12.6 million, primarily as a result of a reduction in debtors related to land sales of £9.1 million. Available for sale financial assets held as current assets of £7.2 million (2011: Nil) related to units held in an investment fund into which the Group sold show home properties. Trade and other payables totalling £249.3 million (2011: £248.1 million) comprised land creditors of £123.8 million (2011: £128.8 million) and trade and other creditors of £125.5 million (2011: £119.3

million). Net cash reduced by £32.0 million.

Pensions

Taking into account the latest estimates provided by the Group's actuarial advisors, the Group's pension scheme had a deficit of £3.2 million at 31 December 2012, a deterioration of £0.8 million on the opening deficit of £2.4 million at 31 December 2011. Scheme assets grew over the year to £85.2 million from £76.7 million and the scheme liabilities increased to £88.4 million from £79.1 million. The increase in liabilities was primarily a result of a fall in bond yields. Scheme assets benefited from a £2.8 million special cash contribution made by the Group into the scheme in July 2012.

Net cash and cashflow

Having started the year with a net cash balance of £50.8 million, the Group generated an operating cash inflow pre land expenditure of £130 million (2011: £114 million), demonstrating the strong underlying cash generation from the Group's existing assets. Net cash payments in 2012 for land investment were £139 million (2011: £96 million). Non-trading cash outflow was £23 million. As at 31 December 2012 the Group's net cash balance was £18.8 million with £24.4 million of cash in hand, offset by £5.2 million of loans received from the Government and £0.4 million representing the fair value of an interest rate swap.

At the 31 December 2012, the Group had in place a £150 million syndicated facility, which was committed to September 2013. On 30 January 2013, the Group announced the replacement of this facility with a £125 million committed revolving credit facility, expiring in March 2017 and a three year term loan of £25 million.

Bovis Homes Group PLC
Group income statement

For the year ended 31 December	2012 £000	2011 £000
Revenue	425,533	364,782
Cost of sales	(328,634)	(292,546)
Gross profit	96,899	72,236
Administrative expenses	(40,086)	(35,876)
Operating profit before financing costs	56,813	36,360
Financial income	2,933	2,843
Financial expenses	(5,876)	(7,349)
Net financing costs	(2,943)	(4,506)
Share of profit of joint venture	254	243
Profit before tax	54,124	32,097
Income tax expense	(13,267)	(8,831)
Profit for the period attributable to equity holders of the parent	**40,857**	**23,266**

Earnings per share		
Basic	30.7p	17.5p
Diluted	30.6p	17.5p

Group statement of comprehensive income

For the year ended 31 December	2012 £000	2011 £000
Profit for the period	40,857	23,266
Actuarial losses on defined benefit pension scheme	(4,380)	(3,390)
Deferred tax on actuarial movements on defined benefit pension scheme	1,013	851
Total comprehensive income for the period attributable to equity holders of the parent	**37,490**	**20,727**

Bovis Homes Group PLC
Group balance sheet

At 31 December	2012 £000	2011 £000
Assets		
Property, plant and equipment	11,910	11,614
Investments	5,387	5,327
Restricted cash	1,152	659
Deferred tax assets	3,097	3,498
Trade and other receivables	1,930	2,017
Available for sale financial assets	43,869	38,653
Total non-current assets	**67,345**	**61,768**
Inventories	863,597	797,756
Trade and other receivables	64,844	77,422
Available for sale financial assets	7,119	-
Cash and cash equivalents	24,396	56,177
Total current assets	**959,956**	**931,355**
Total assets	**1,027,301**	**993,123**
Equity		
Issued capital	66,908	66,836
Share premium	212,550	212,064
Retained earnings	479,391	449,671
Total equity attributable to equity holders of the parent	**758,849**	**728,571**
Liabilities		
Bank and other loans	5,606	5,402
Other financial liabilities	706	1,243
Trade and other payables	50,681	45,451
Retirement benefit obligations	3,171	2,444
Provisions	1,668	1,776
Total non-current liabilities	**61,832**	**56,316**
Trade and other payables	198,620	202,665
Provisions	2,065	1,535
Current tax liabilities	5,935	4,036
Total current liabilities	**206,620**	**208,236**
Total liabilities	**268,452**	**264,552**
Total equity and liabilities	**1,027,301**	**993,123**

These financial statements were approved by the Board of directors on 22 February 2013.

Bovis Homes Group PLC
Group statement of changes in equity

For the year ended 31 December	Total retained earnings £000	Issued capital £000	Share premium £000	Total £000
Balance at 1 January 2011	433,799	66,609	210,409	710,817
Total comprehensive income and expense	20,727	-	-	20,727
Issue of share capital	-	227	1,655	1,882
Share based payments	1,121	-	-	1,121
Dividends paid to shareholders	(5,976)	-	-	(5,976)
Balance at 31 December 2011	449,671	66,836	212,064	728,571
Balance at 1 January 2012	449,671	66,836	212,064	728,571
Total comprehensive income and expense	37,490	-	-	37,490
Issue of share capital	-	72	486	558
Deferred tax on other employee benefits	33	-	-	33
Share based payments	861	-	-	861
Dividends paid to shareholders	(8,664)	-	-	(8,664)
Balance at 31 December 2012	479,391	66,908	212,550	758,849

Bovis Homes Group PLC

Group statement of cash flows

For the year ended 31 December	2012 £000	2011 £000
Cash flows from operating activities		
Profit for the year	40,857	23,266
Depreciation	906	747
Adjustment for sale of assets to joint venture	-	234
Impairment of available for sale financial assets	889	1,274
Financial income	(2,933)	(2,843)
Financial expense	5,876	7,349
Profit on sale of property, plant and equipment	(14)	(33)
Equity-settled share-based payment expense	861	1,121
Income tax expense	13,267	8,831
Share of result of joint venture	(254)	(243)
Increase in trade and other receivables	(3,587)	(37,951)
Increase in inventories	(65,841)	(33,396)
Increase in trade and other payables	1,093	47,517
Decrease in provisions and retirement benefit obligations	(2,501)	(3,484)
Cash generated from operations	**(11,381)**	**12,389**
Interest paid	(1,707)	(2,311)
Income taxes paid	(9,922)	(5,085)
Net cash from operating activities	**(23,010)**	**4,993**
Cash flows from investing activities		
Interest received	773	420
Acquisition of property, plant and equipment	(1,213)	(1,073)
Proceeds from sale of plant and equipment	25	52
Investment in joint venture	-	(500)
Movements in loans with joint venture	-	(125)
Dividends received from joint venture	243	200
Investment in restricted cash	(493)	(522)
Net cash from investing activities	**(665)**	**(1,548)**
Cash flows from financing activities		
Dividends paid	(8,664)	(4,146)
Proceeds from the issue of share capital	558	52
Repayment of borrowings	-	(10,177)
Net cash from financing activities	**(8,106)**	**(14,271)**
Net decrease in cash and cash equivalents	**(31,781)**	**(10,826)**
Cash and cash equivalents at 1 January	56,177	67,003
Cash and cash equivalents at 31 December	**24,396**	**56,177**

Notes to the financial statements

1 Basis of preparation

Bovis Homes Group PLC ('the Company') is a company domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interest in associates and joint ventures.

The consolidated financial statements were authorised for issue by the directors on 22 February 2013. The financial statements were audited by KPMG Audit Plc.

The financial information set out above does not constitute the company's statutory financial statements for the years ended 31 December 2012 or 2011 but is derived from those financial statements. Statutory financial statements for 2011 have been delivered to the registrar of companies, and those for 2012 will be delivered in due course. The auditors have reported on those financial statements; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financials statements have been prepared in accordance with IFRS as adopted by the EU, and the accounting policies have been applied consistently for all periods presented in the consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

Notes to the financial statements (cont)

Joint ventures are those entities in which the Group has joint control over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity accounted basis, from the date that joint control commenced until joint control ceases.

3 Accounting policies

There have been no changes to the Group's accounting policies. These accounting policies will be disclosed in full within the Group's forthcoming financial statements.

4 Reconciliation of net cash flow to net cash

	2012 £000	2011 £000
Net decrease in net cash and cash equivalents	(31,781)	(10,826)
Repayment of borrowings	-	10,177
Fair value adjustments to interest rate swaps	(9)	(315)
Fair value adjustment to interest free loans	(195)	61
Net cash at start of period	50,775	51,678
Net cash at end of period	**18,790**	**50,775**

Analysis of net cash:

	2012 £000	2011 £000
Cash and cash equivalents	24,396	56,177
Unsecured loans	(5,190)	(4,995)
Fair value of interest rate swaps	(416)	(407)
Net cash	**18,790**	**50,775**

5 Income taxes

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, calculated using a corporation tax rate of 24.5% applied to the pre-tax income or loss, adjusted to take account of deferred taxation movements and any adjustments to tax payable for previous years. Current tax receivable for current and prior years is classified as a current asset.

6 Dividends

The following dividends were declared by the Group:

	2012 £000	2011 £000
Prior year final dividend per share of 3.5p (2011: 3.0p)	4,663	3,982
Current year interim dividend per share of 3.0p (2011: 1.5p)	4,001	1,994
Dividends declared	8,664	5,976

The Board has decided to propose a final dividend of 6.0p per share in respect of 2012.

7 Earnings or Loss per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders of £40,857,000 (2011: £23,266,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2012 of 133,294,726 (2011: 132,860,480), calculated as follows:

Profit attributable to ordinary shareholders

	2012 £000	2011 £000
Profit for the period attributable to ordinary shareholders	40,857	23,266

Weighted average number of ordinary shares

	2012	2011
Issued ordinary shares at 1 January	132,860,480	133,218,325
Effect of own shares held	(445,306)	(474,109)
Effect of shares issued in year	879,552	116,264
Weighted average number of ordinary shares at 31 December	**133,294,726**	**132,860,480**

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders of £40,857,000 (2011: £23,266,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2012 of 133,432,911 (2011: 132,944,264).

The average number of shares is diluted by reference to the average number of potential ordinary shares held under option during the period. This dilutive effect amounts to the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option exercise price. The market value of shares has been calculated using the average ordinary share price during the period. Only share options which have met their cumulative performance criteria have been included in the dilution calculation.

Weighted average number of ordinary shares (diluted)

	2012	2011
Weighted average number of ordinary shares at 31 December	133,294,726	132,860,480
Effect of share options in issue which have a dilutive effect	138,185	83,784
Weighted average number of ordinary shares (diluted) at 31 December	**133,432,911**	**132,944,264**

Notes to the financial statements (cont)

8 Circulation to shareholders

The consolidated financial statements will be sent to shareholders on or about 25 March 2013. Further copies will be available on request from the Company Secretary, Bovis Homes Group PLC, The Manor House, North Ash Road, New Ash Green, Longfield, Kent DA3 8HQ.

Further information on Bovis Homes Group PLC can be found on the Group's corporate website www.bovishomesgroup.co.uk, including the slide presentation document which will be presented at the Group's results meeting on 25 February 2013.