24 February 2014

BOVIS HOMES GROUP PLC

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

GROWTH STRATEGY DELIVERING STRONGLY IMPROVING RETURNS

Bovis Homes Group PLC today announced its final results for the financial year ended 31 December 2013 which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS').

Financial and operational highlights

	2013	**2012 ***	**Change**
Revenue	£556.0m	£425.5m	+31%
Operating profit	£82.8m	£56.7m	+46%
Operating margin	14.9%	13.3%	+1.6ppts
Profit before tax	£78.8m	£53.2m	+48%
Basic earnings per share	44.9p	30.2p	+49%
Dividend per share	13.5p	9.0p	+50%
ROCE	10.4%	7.7%	+2.7ppts
Net (debt) / cash	£(18.0)m	£18.8m	

* Adjusted for IAS19R

- Profit growth reflects continuing benefit of the Group's growth strategy:
    - 19% growth in legal completions to 2,813 homes (2012: 2,355)
    - 14% increase in average sales price to £195,100 (2012: £170,700), primarily due to mix of larger homes and a greater proportion of higher value southern sites
    - Operating profit margin increased to 14.9% (2012*: 13.3%)
- Enhanced forward order book at end of 2013:
    - 178% increase in private forward reservations to 692 homes (2012: 249)
- 26% increase in production in 2013 to 2,935 homes (2012: 2,322 homes)
- Strong, geographically targeted investment in land during 2013:
    - 3,737 plots on 27 sites added to the consented land bank during the year
    - Circa 2,800 plots on 12 sites legally contracted, awaiting satisfaction of conditions
- Land bank of 14,638 consented plots at 31 December 2013, with potential gross profit of £727 million, calculated using current sales prices and current build costs
- Planning approved on three major strategic projects at Witney, Winnersh and Bishops Stortford which will deliver, in aggregate, over 1,200 plots to consented land in the future

Positive current trading (to 21 February 2014)

- 468 private reservations achieved in first seven weeks of 2014 (2013: 285), an increase of 64%
- 1,875 cumulative sales achieved to 21 February 2014 for 2014 legal completion (2013: 1,064)
- Advanced stage of agreement on two private rental sector ("PRS") transactions for circa 500 homes, of which approximately 250 would legally complete in 2014
- Sales prices achieved to date circa 2% ahead of Group expectations
- Circa 2,300 plots on nine sites added to the consented land bank during the first seven weeks of 2014, including a major investment in a new settlement at Sherford in Devon

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

"The Group has a clear and robust growth strategy, which has enabled the delivery of an excellent performance in 2013, with strong growth in profit and return on capital employed. A rigorous focus on targeted land acquisition, together with tight management of costs and capital have enabled the Group to take full advantage of the more favourable market conditions to increase volumes, improve sales prices and strengthen margins.

"I would like to recognise the considerable effort, commitment and hard work of our employees during 2013 and to thank them all for their contribution to the Group's success.

"The Group is focused on delivering further improvements in shareholder returns through material growth in profits and capital turn. The housing market is recovering with higher activity levels and improving house prices expected to more than compensate for supply chain cost increases. This positive market is acting as a welcome backdrop for the Group's continued successful execution of its growth strategy.

"With the current strong sales position and assuming current market conditions continue, the Group is confident of its ability to deliver strong increases in volume, revenue and profit in 2014 with the aim of achieving a return on capital employed for the year of at least 14%."

Enquiries:	David Ritchie, Chief Executive	**Results issued by**	Reg Hoare /
	Jonathan Hill, Finance Director		James White
	Bovis Homes Group PLC		MHP Communications
	On 24 February – tel: 07855 432 699		On 24 February - tel: 020 3128 8100
	Thereafter – tel: 01474 876200		

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 2013, delivering a strong improvement in revenue, profits and return on capital employed.

The Group has continued to acquire high quality land assets in the south of England and in prime locations in the midlands and northwest, where it is considered the housing market will be more robust. As a result, the Group has grown active sales outlets, leading to higher volumes. With an increasing proportion of legal completions from post downturn sites, average sales price and profit margins have improved.

Furthermore through an improvement in the efficiency of capital employed by active management of the land bank and work in progress, 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 quality homes sold at a premium price. In order to deliver improved returns, the following clear strategic objectives for 2013 were set out and have been delivered:

1. Increase operating profits
2. Enhance future returns through targeted land investment
3. Improve efficiency of capital employed

As a result of delivering against these three strategic objectives, the Group has achieved a significant increase in return on capital employed to 10.4% in 2013 from 7.7% in 2012.

1. Increase operating profits

Operating profit increased in 2013 by 46% to £82.8 million, as a result of the compound positive effect of an increased volume of legal completions sold at a higher average sales price generating a stronger profit margin.

During 2013, the Group achieved 2,773 private reservations, a 48% increase on the 1,873 achieved in 2012. Net private sales per site per week increased by 34% to 0.59 (2012: 0.44), as a result of the improving quality of the Group's active sales outlets and the benefit of a recovering housing market. Active sales outlets averaged 90 during 2013, an increase of 10% on the 82 achieved during 2012.

One effect of the positive sales rate was that some sites were completed more quickly than expected. Also certain sites were launched later than anticipated due to planning delays. These two factors led to the Group achieving a marginally lower average number of active sales outlets than had been expected at the start of 2013.

The higher level of private reservations enabled the Group to deliver a 26% increase in private legal completions to 2,330 (2012: 1,854), as well as carrying forward a significantly enhanced private forward order book of 692 private reservations, up from 249 at the beginning of 2013. This improved forward order book will support the Group's volume ambitions for 2014 and enable the Group to deliver a more balanced profile of legal completions through the year, with an increased proportion of its full year legal completions in the first half. Additionally, this will assist in improving the working capital cycle of the Group through the year.

During 2013, the Group supported new customers accessing the housing market using the Government's Help to Buy shared equity scheme. In the year new homes were handed over to 872 customers who were able to use shared equity products, including the Help to Buy scheme, as part of their home purchase. During 2012, shared equity products (including Government backed schemes) were used to support customers buying 535 new homes. The Group sees the Help to Buy scheme as an attractive replacement for other shared equity products.

483 social homes were legally completed in 2013 (2012: 501), constituting 17% of total legal completions (2012: 21%). The Group decided to prioritise private build over social, particularly during Q4 2013, to ensure that private production was not constrained by tightness in the supply of sub-contract labour or materials lead times. At the beginning of 2014 the Group held 685 forward social reservations (2013: 529).

In aggregate the Group delivered 2,813 legal completions in 2013, a 19% increase on the 2,355 in 2012. To support this significant increase in new home delivery, the Group increased its construction output in 2013 by 26% to 2,935 homes (2012: 2,322).

The Group achieved a 13% increase in private average sales price to £212,700 in 2013 (2012: £188,700). This has been driven primarily by changes in the Group's product mix of private legal completions with an increase in larger traditional two storey homes and a decrease in townhouses. The Group considers that in its areas of operation sales prices have increased by between 2% and 3% with stronger gains in the south of England offset by modest movements in the midlands and north of England. Including social homes, the Group's average sales price was 14% higher at £195,100 (2012: £170,700).

Housing gross margin increased from 22.6% in 2012 to 23.5% in 2013, resulting from the increased contribution from legal completions on stronger margin sites acquired post the housing market downturn. This margin progression was impacted by the planned incremental year on year cost of circa £3.5 million to promote strategic land assets.

The housing gross margin was also affected for the first time in many years by increases in build costs, mainly from labour rates. Increased activity in the new homes market has led to demand for subcontract labour exceeding supply. As a result, subcontractors have seen the ability to renegotiate at higher rates. Given the timing of such increases, the Group has been able to limit the cost impact well within the benefit from increasing sales prices.

As a result of the compound positive effect of volume growth, higher average sales price and improved gross profit margin, housing gross profit increased by 41% to £130.2 million (2012: £92.1 million). With overheads well controlled, the operating margin increased to 14.9% (2012*: 13.3%).

2. Enhance future returns through targeted land investment

The Group applies rigorous criteria for the acquisition of consented land, reflecting not only the anticipated margin and return on capital, but also site specific risks and geographic concentration risk.

2013 was a successful year for land investment. The Group continued to invest in high quality consented land assets, retaining its focus on specific areas of search in the south of England and prime locations in the midlands and northwest. During the year the Group added 3,737 plots on 27 sites to the consented land bank at a cost of £225 million (2012: 2,651 consented plots at a cost of £161 million). The plots added have an estimated future revenue of £841 million and an estimated future gross profit potential of £216 million, based on current sales prices and current build costs, and are expected to deliver a gross margin of over 25% and a ROCE well in excess of the Group's 20% hurdle rate. A further circa 2,800 plots on 12 sites were contracted at the end of 2013, awaiting satisfaction of legal conditions.

In 2014 to date, circa 2,300 consented plots on nine sites have been added to the consented land bank, many of these plots arising from the successful completion of the contracts secured during 2013.

Included in the sites added to date in 2014 is a major new settlement at Sherford in Devon, where the Group owns 1,658 consented plots. The land cost of this site is very low, due to the high level of infrastructure spend which is phased over the life of the site. As a result, the peak funding on this long term major project is expected to be between 1% and 2% of the Group's net assets. Sherford will be an anchor site within the South West region over many years and is expected to deliver a strong margin and an excellent return on capital employed.

The consented land bank amounted to 14,638 plots as at 31 December 2013 (2012: 13,776). The Group estimates that the gross profit potential on these consented plots at the 2013 year end, based on current sales prices and current build costs, was £727 million with a gross margin of 24.2% (2012: £600 million at 22.7%).

At the year end, the consented land bank included 9,197 consented plots (63% of total), which have been acquired since the housing market downturn (2012: 7,368 plots and 54% of total). The average consented land plot cost was £45,800 at the start of 2013 and increased over the year to £48,900, as a result of a lower number of written down plots held in the land bank (10% of land plots versus 13% at the start of the year) and the addition of new prime traditional housing sites where the average plot cost is higher.

The strategic land bank at 31 December 2013 contained 20,108 potential plots (2012: 19,318). The Group converted circa 1,200 plots of strategic land having achieved consent during 2013. The Group has continued to invest in new strategic land assets to assist in replenishing its consented land bank at strong margins in the future.

In addition, the Group has secured resolution to grant planning consent on three of its major strategic land assets at Winnersh, Witney and Bishops Stortford. These sites will deliver in aggregate over 1,200 consented plots at a significant discount to market value. Planning consents will be formally released once the planning agreements for each site are signed. Good progress continues to be made on a number of other major strategic projects, where material promotion costs are being incurred to achieve planning consents. This is expected to deliver significant numbers of consented plots over the next few years.

3. Improve efficiency of capital employed

Improving capital turn is critical to the Group's ability to deliver material growth in return on capital employed. Capital turn has continued to improve from 0.5 in 2011 to 0.7 in 2013. The consented land bank is the key element of capital employed. While this has grown in size with the investments made by the Group, the average number of plots per active sales outlet has continued to decrease from 188 in 2011 to 158 in 2013. The average number of plots per site acquired in 2013 was 138 plots, compared to 147 in 2012.

Work in progress turn increased to 2.7 times in 2013 from 2.5 in 2012. Notional units of production at the end of 2013 increased to 1,040 (2012: 918), as a result of the increase in active sales outlets and to facilitate higher legal completion volumes in the first half of 2014 over the first half of 2013. The value of work in progress has increased to £202.3 million from £172.7 million.

With the land investment undertaken to date and the strength of the ongoing land pipeline, the output capacity of the business is expected to increase. On the basis of current market conditions, capital turn should improve further in 2014 and beyond.

Structure

In anticipation of increasing activity levels in 2014 and beyond, the Group is now operating from six regions in two divisions with plans for two further regions to become operational in the foreseeable future (previously the Group operated through a three region structure). This new structure will provide the Group with a business capacity of between 4,000 and 5,000 homes per annum, whilst maintaining close alignment to the localities in which it operates with significant local knowledge. The geographical focus of the Group remains exactly as before, being in the south of England and in prime locations in the midlands and northwest. Although this change will lead to a limited increase in the Group's overhead expenditure in absolute terms, overhead efficiency is expected to continue to improve in 2014 and beyond.

The two divisions, South and Central, are led by Divisional Managing Directors, Malcolm Pink and Keith Carnegie respectively. The strength and experience of the Group's existing senior management is demonstrated by six of the eight regional managing directors being internal appointments.

The Board

Colin Holmes has decided to retire from the Board at the 2014 Annual General Meeting to be held on 16 May 2014 after seven and a half years as a non-executive director and seven years as Remuneration Committee chairman. The Board would like to thank Colin for his valuable contribution during his time on the Board. Alastair Lyons will succeed as Remuneration Committee chairman following the AGM.

Market conditions

Housing market conditions improved materially during 2013. An increase in the number of mortgage products including a greater availability of high loan to value mortgages has supported a greater number of housing transactions. Bank of England mortgage approvals statistics show a significant increase during the second half of 2013 with monthly figures approaching a level more reflective of a healthy housing market.

Homebuyer confidence appears to have improved materially with more positive views on the future direction of house prices, employment and security of earnings. With this improving backdrop, trading conditions are expected to remain broadly positive during 2014, supporting sales rates and sales prices.

House prices have been rising at a modest rate across many regional markets with stronger rises in the south of England, offset by more modest changes in the midlands and north of England. As expected, with activity and sales prices rising, the cost of building houses is also rising as material suppliers enjoy increased demand for their products and subcontractors see an ability to increase rates.

The Government's Help to Buy shared equity product, launched in April 2013, has provided strong impetus to the new build industry, supporting first time buyers in particular. The Help to Buy mortgage indemnity product was also launched in Q4 2013 and, given it assists not just new build customers, the Group considers this Government backed product to be further support to activity in the wider housing market.

As a result of the positive activity in the housing market, the support provided to banks to facilitate cost effective mortgage lending via the Government's Funding for Lending Scheme is being withdrawn. The Group views this development positively, as it signals that the mortgage market is beginning to operate more effectively without assistance.

Current trading

The Group entered 2014 with a forward sales order position of 1,377 homes, a 77% improvement on the 778 homes brought forward at the start of 2013. Of these, 692 were private homes (2013: 249) and 685 were social (2013: 529).

The Group has delivered 468 private reservations in the first seven weeks of 2014 (2013: 285), an increase of 64%. Operating from an average of 93 active sales outlets during this period (2013: 90), the Group has achieved a sales rate per site per week of 0.72, a 60% improvement on the 0.45 achieved in the comparable period in 2013. Sales prices achieved on these private reservations to date have been ahead of the Group's expectations by circa 2%.

As at 21 February 2014, the Group held 1,875 sales for legal completion in 2014, as compared to 1,064 sales at the same point in 2013, an increase of 76%. Of these, private sales amounted to 1,160 homes (2013: 534), with social housing sales of 715 homes (2013: 530).

Build to Rent scheme – private rental sector

In 2012, the Government announced its Build to Rent scheme, with the intention of providing funding support to assist in the establishment of PRS vehicles. Whilst not yet contracted, the Group has agreed terms and is at an advanced stage in finalising agreements to deliver new homes under two separate PRS transactions on sites owned by the Group, each using support from the Government's scheme.

The two transactions involve approximately 500 homes, of which circa 250 would legally complete in 2014 with the remainder in 2015. The profit delivery combined with the acceleration of capital turn enabled by these transactions would act as a further positive contributor to increasing the Group's return on capital employed in both 2014 and 2015.

Outlook

The successful continued execution of the growth strategy in 2013 has positioned the Group strongly to continue to grow in 2014 and beyond.

The sales achieved in 2014 to date combined with the expected growth in active sales outlets should enable the Group to deliver a strong increase in total reservations during 2014, assuming current market conditions continue. From these reservations excluding any potential volume arising from the PRS transactions (250 homes in 2014), the Group aims to deliver between 3,400 and 3,600 legal completions in 2014 and a stronger forward order book for 2015.

This legal completion volume will represent major growth in the Group's output and will require a material increase in build activity compared to 2013. During a period of constrained capacity in the material and labour supply markets, build costs for 2014 legal completions are expected to increase by between 3% and 5%. However with a continuing tight focus on the Group's operational performance, market rises in sales prices are expected to at least cover such cost increases.

The Group expects further growth in the proportion of legal completions from post downturn sites to increase both the average sales price and housing gross margin in 2014. When combined with improving overhead efficiency, the operating margin is expected to increase to approximately 17%.

With a clear focus on controlling the capital employed of the Group through management of the land bank and control of working capital, improving capital turn is expected to be at least 0.8 in 2014. Based on current market conditions continuing and excluding any potential volume arising for the PRS transactions, the Group expects to deliver a strong increase in return on capital employed to at least 14% in 2014 with the expectation of further progress thereafter.

Financial Review

Revenue

During 2013, the Group generated total revenue of £556.0 million, an increase of 31% on the previous year (2012: £425.5 million). Housing revenue in 2013 was £548.7 million, 36% ahead of the prior year (2012: £402.0 million) and other income was £4.3 million (2012: £5.7 million). Land sales revenue, associated with one land sale and the recognition of deferred income on land sales legally completed in prior years, was £3 million in 2013, compared to three land sales achieved in 2012 with a total revenue of £17.8 million.

Operating profit

The Group delivered a 46% increase in operating profit for the year ended 31 December 2013 to £82.8 million (2012*: £56.7 million) at an operating margin of 14.9% (2012*: 13.3%). Housing operating margin in 2013 was 15.0% (2012: 12.7%) and reached 16.8% in the second half of 2013.

Housing gross margin increased to 23.5% in 2013 from 22.6% in 2012. The gross margin benefited from the increased contribution from legal completions on sites acquired post the housing market downturn. As previously disclosed, the Group increased the promotional expenditure on strategic land by circa £3 million in 2013 over 2012, which held back the year on year margin growth. This level of cost incurred in 2013 to promote strategic land is expected to remain relatively stable during 2014.

The profit on land sales in 2013 was £0.1 million (2012 benefited from a material profit of £4.8 million at a margin of 27%). Total gross profit was £130.3 million (gross margin: 23.4%), compared with £96.9 million (gross margin: 22.8%) in 2012.

Overheads, including all sales and marketing costs, increased in 2013 by 18%, 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 ratio improved to 8.5% in 2013 from 9.5% in 2012*.

Profit before tax and earnings per share

Profit before tax increased by 48% to £78.8 million, comprising operating profit of £82.8 million, net financing charges of £4.3 million and a profit from joint ventures of £0.3 million. This compares to £53.2 million of profit before tax in 2012*, comprising £56.7 million of operating profit, £3.7 million of net financing charges and a profit from joint ventures of £0.2 million. Basic earnings per share for the year improved by 49% to 44.9p compared to 30.2p in 2012*.

Financing

Net financing charges during 2013 were £4.3 million (2012*: £3.7 million). Net bank charges were £3.5 million (2012: £2.6 million), as a result of higher net debt during 2013 compared to 2012. The Group incurred a £3.1 million finance charge (2012: £3.1 million charge), reflecting the imputed interest on land bought on deferred terms. The Group also benefited from a finance credit of £2.3 million (2012: £1.7 million) arising from the unwinding of the discount on its available for sale financial assets during 2013. There were £0.3 million of other financing credits during 2012.

Taxation

The Group has recognised a tax charge of £18.7 million at an effective tax rate of 23.7% (2012*: tax charge of £13.1 million at an effective rate of 24.5%). The Group has a current tax liability of £9.2 million in its balance sheet as at 31 December 2013 (2012*: current tax liability of £5.7 million).

Dividends

Given the ongoing material improvement in the Group's performance and the confidence of the Board in the continued delivery of the Group's strategy, the Board has proposed a 2013 final dividend of 9.5p per share. This dividend will be paid on 23 May 2014 to holders of ordinary shares on the register at the close of business on 28 March 2014. The dividend reinvestment plan gives shareholders the opportunity to reinvest their dividends in ordinary shares.

Combined with the interim dividend paid of 4.0p, the dividend for the full year totals 13.5p compared to a total of 9.0p paid in 2012, an increase of 50%. The Board expects to grow dividends progressively as earnings per share increase.

Net assets

	2013	2012*
	£m	£m
Net assets at 1 January	758.8	728.6
Profit after tax for the year	60.1	40.2
Share capital issued	1.0	0.6
Net actuarial movement on pension scheme through reserves	2.9	(2.7)
Deferred tax on other employee benefits	-	(0.1)
Adjustment to reserves for share based payments	0.8	0.9
Dividends paid to shareholders	(13.3)	(8.7)
Net assets at 31 December	**810.3**	**758.8**

As at 31 December 2013 net assets of £810.3 million were £51.5 million higher than at the start of the year. Inventories increased during the year by £107.4 million to £971.0 million. The value of residential land, the key component of inventories, increased by £84.2 million, as the Group invested ahead of usage. At the end of 2013, the remaining provision held against land carried at net realisable value was £19.9 million, after utilisation of £8.7 million during the year. Other movements in inventories were an increase in work in progress of £29.5 million, offset by a decrease in part exchange properties of £6.3 million.

Trade and other receivables reduced by £23.1 million, with a reduction in debtors related to land sales of £12.7 million and lower amounts owing from housing associations. Available for sale financial assets held as current assets at 2012 year end of £7.2 million, relating to units held in an investment fund into which the Group sold show home properties, were fully recovered during 2013. Trade and other payables totalling £242.6 million (2012: £249.3 million) comprised land creditors of £123.8 million (2012: £123.8 million) and trade and other creditors of £118.8 million (2012: £125.5 million). Net assets per share as at 31 December 2013 were 604p (2012: 567p).

Pensions

Taking into account the latest estimates provided by the Group's actuarial advisors, the Group's pension scheme on an IAS19R basis had a surplus of £3.2 million at 31 December 2013 (2012*: deficit of £3.2 million). Scheme assets grew over the year to £94.7 million from £85.2 million and the scheme liabilities increased to £91.5 million from £88.4 million. Scheme assets benefited from a £2.8 million special cash contribution made by the Group in December 2013.

As at 30 June 2013, an actuarial valuation was undertaken on behalf of the pension scheme trustee, which showed a deficit of £12.8 million at that date. The difference to the IAS19R basis results from more conservative assumptions on discount rate and mortality, as well as the additional special cash contribution of £2.8 million made during December 2013. A new schedule of contributions is in the process of being agreed between the Group and the pension scheme trustee.

Net cash and cashflow

Having started the year with a net cash balance of £18.8 million, the Group generated an operating cash inflow before land expenditure of £204 million (2012: £130 million), demonstrating the strong underlying cash generation from the Group's existing assets. Net cash payments for land investment were £203 million (2012: £139 million). Non-trading cash outflow was £38 million. As at 31 December 2013 the Group's net debt balance was £18.0 million with £12.0 million of cash in hand, offset by a drawn term loan of £25.0 million, £4.8 million of loans received from the Government and £0.2 million being the fair value of an interest rate swap.

At the 31 December 2013, the Group had in place a committed revolving credit facility of £175 million, of which £50 million expires in December 2015 and £125 million in March 2017. Additionally the Group had a fully drawn three year term loan of £25 million, repayable in January 2016.

Bovis Homes Group PLC
Group income statement

For the year ended 31 December	2013 £000	2012 restated – note 3 £000
Revenue	556,000	425,533
Cost of sales	(425,693)	(328,634)
Gross profit	130,307	96,899
Administrative expenses	(47,476)	(40,186)
Operating profit before financing costs	82,831	56,713
Financial income	2,815	2,203
Financial expenses	(7,134)	(5,926)
Net financing costs	(4,319)	(3,723)
Share of profit of joint venture	283	254
Profit before tax	78,795	53,244
Income tax expense	(18,727)	(13,051)
Profit for the period attributable to equity holders of the parent	**60,068**	**40,193**

Earnings per share		
Basic	44.9p	30.2p
Diluted	44.8p	30.1p

Group statement of comprehensive income

For the year ended 31 December	2013 £000	2012 restated – note 3 £000
Profit for the period	60,068	40,193
Other comprehensive income		
Items that will not be reclassified to profit and loss:		
Actuarial gains / (losses) on defined benefit pension scheme	3,693	(3,500)
Deferred tax on actuarial movements on defined benefit pension scheme	(748)	797
Total comprehensive income for the period attributable to equity holders of the parent	**63,013**	**37,490**

Bovis Homes Group PLC
Group balance sheet

At 31 December	2013 £000	2012 restated – note 3 £000
Assets		
Property, plant and equipment	13,526	11,910
Investments	5,089	5,387
Restricted cash	1,823	1,152
Deferred tax assets	1,451	2,881
Trade and other receivables	1,560	1,930
Available for sale financial assets	44,844	43,869
Retirement benefit asset	3,237	-
Total non-current assets	**71,530**	**67,129**
Inventories	971,016	863,597
Trade and other receivables	41,713	64,844
Available for sale financial assets	-	7,119
Cash and cash equivalents	12,025	24,396
Total current assets	**1,024,754**	**959,956**
Total assets	**1,096,284**	**1,027,085**
Equity		
Issued capital	67,048	66,908
Share premium	213,428	212,550
Retained earnings	529,786	479,391
Total equity attributable to equity holders of the parent	**810,262**	**758,849**
Liabilities		
Bank and other loans	30,064	5,606
Other financial liabilities	-	706
Trade and other payables	29,631	50,681
Retirement benefit obligations	-	3,171
Provisions	2,052	1,668
Total non-current liabilities	**61,747**	**61,832**
Trade and other payables	212,926	198,620
Other financial liabilities	784	-
Provisions	1,411	2,065
Current tax liabilities	9,154	5,719
Total current liabilities	**224,275**	**206,404**
Total liabilities	**286,022**	**268,236**
Total equity and liabilities	**1,096,284**	**1,027,085**

These financial statements were approved by the Board of directors on 21 February 2014.

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 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**
Balance at 1 January 2013	**479,391**	66,908	212,550	**758,849**
Total comprehensive income and expense	63,013	-	-	**63,013**
Issue of share capital	-	140	878	**1,018**
Deferred tax on other employee benefits	(23)	-	-	**(23)**
Share based payments	766	-	-	**766**
Dividends paid to shareholders	(13,361)	-	-	**(13,361)**
Balance at 31 December 2013	**529,786**	**67,048**	**213,428**	**810,262**

Group statement of cash flows

For the year ended 31 December	2013 £000	2012 £000
Cash flows from operating activities		
Profit for the year	60,068	40,193
Depreciation	1,180	906
Impairment of available for sale financial assets	(47)	889
Financial income	(2,815)	(2,203)
Financial expense	7,134	5,926
Profit on sale of property, plant and equipment	(24)	(14)
Equity-settled share-based payment expense	766	861
Income tax expense	18,727	13,051
Share of result of joint venture	(283)	(254)
Decrease / (increase) in trade and other receivables	28,737	(3,587)
Increase in inventories	(107,419)	(65,841)
(Decrease) / increase in trade and other payables	(4,911)	1,093
Decrease in provisions and retirement benefit obligations	(2,845)	(2,401)
Cash generated from operations	**(1,732)**	**(11,381)**
Interest paid	(5,781)	(1,707)
Income taxes paid	(14,634)	(9,922)
Net cash from operating activities	**(22,147)**	**(23,010)**
Cash flows from investing activities		
Interest received	269	773
Acquisition of property, plant and equipment	(2,802)	(1,213)
Proceeds from sale of plant and equipment	30	25
Movement in loans with Joint Venture	360	-
Dividends received from Joint Venture	267	243
Investment in restricted cash	(671)	(493)
Net cash from investing activities	**(2,547)**	**(665)**
Cash flows from financing activities		
Dividends paid	(13,361)	(8,664)
Proceeds from the issue of share capital	1,018	558
Increase in borrowings	24,666	-
Net cash from financing activities	**12,323**	**(8,106)**
Net decrease in cash and cash equivalents	**(12,371)**	**(31,781)**
Cash and cash equivalents at 1 January	24,396	56,177
Cash and cash equivalents at 31 December	**12,025**	**24,396**

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 2013 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 21 February 2014. The financial statements were audited by KPMG LLP.

The financial information set out above does not constitute the company's statutory financial statements for the years ended 31 December 2013 or 2012 but is derived from those financial statements. Statutory financial statements for 2012 have been delivered to the registrar of companies, and those for 2013 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 financial 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.

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

The Group has adopted IAS19 (Revised 2011) "Employee Benefits", which outlines the accounting requirements or employee benefits. The application of IAS19 (Revised 2011) has resulted in the interest cost and expected return on assets being replaced by a net interest charge/credit on the net defined benefit pension liability/ surplus. Certain costs previously recorded as part of finance costs or other comprehensive income have now been presented within administrative expenses. The comparative period has been restated with profit being £0.7 million lower and other comprehensive income £0.7 million higher including the tax impact of the changes. The impact on both basic and diluted earnings per share was a reduction of 0.5 pence. The Group records actuarial adjustments immediately so there has been no effect on the prior year pension deficit.

Other than IAS19R, 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.

Notes to the financial statements (cont)

4 Reconciliation of net cash flow to net cash

	2013 £000	2012 £000
Net decrease in net cash and cash equivalents	(12,371)	(31,781)
Increase in borrowings	(24,546)	-
Fair value adjustments to interest rate swaps	209	(9)
Fair value adjustment to interest free loans	(121)	(195)
Net cash at start of period	18,790	50,775
Net (debt) / cash at end of period	**(18,039)**	**18,790**

Analysis of net cash:		
Cash and cash equivalents	12,025	24,396
Unsecured loans	(29,856)	(5,190)
Fair value of interest rate swaps	(208)	(416)
Net cash	**(18,039)**	**18,790**

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 23.25% 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:

	2013 £000	2012 £000
Prior year final dividend per share of 6.0p (2012: 3.5p)	8,010	4,663
Current year interim dividend per share of 4.0p (2012: 3.0p)	5,351	4,001
Dividends declared	13,361	8,664

The Board has decided to propose a final dividend of 9.5p per share in respect of 2013.

Notes to the financial statements (cont)

7 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of £60,068,000 (2012: £40,193,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2013 of 133,643,311 (2012: 133,294,726), calculated as follows:

Profit attributable to ordinary shareholders

	2013 £000	2012 £000
Profit for the period attributable to ordinary shareholders	60,068	40,193

Weighted average number of ordinary shares

	2013	2012
Issued ordinary shares at 1 January	133,294,726	132,860,480
Effect of own shares held	(288,388)	(445,306)
Effect of shares issued in year	636,973	879,552
Weighted average number of ordinary shares at 31 December	**133,643,311**	**133,294,726**

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of £60,068,000 (2012: £40,193,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2013 of 133,933,279 (2012: 133,432,911).

The average number of shares is increased by reference to the average number of potential ordinary shares held under option during the period. This reflects 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)

	2013	2012
Weighted average number of ordinary shares at 31 December	133,643,311	133,294,726
Effect of share options in issue which have a dilutive effect	289,968	138,185
Weighted average number of ordinary shares (diluted) at 31 December	**133,933,279**	**133,432,911**

8 Circulation to shareholders

The consolidated financial statements will be sent to shareholders on or about 24 March 2014. 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 24 February 2014.