1 August 2006

George Wimpey

Interim Results

For the half year ended 2 July 2006

Headlines

• Group revenue	£1,396.6 m	+ 19%
• Group operating profit*	£178.9 m	+ 14%
• George Wimpey UK	£114.9 m	+ 7%
• Morrison Homes	$125.3 m	+ 23%
• Group profit before tax	£152.3 m	+ 25%
• Basic earnings per share	26.3p	+ 22%
• Interim dividend per share	6.3p	+ 10.5%

- Half year gearing reduced to 42% (2005: 64%)

*before joint venture results

Commenting on the results, John Robinson, Chairman said:

"I am very pleased to report strong progress in the first half of 2006. The Group completed on 7,822 homes in the six month period, which is a 25 year record. The Board remains confident in the long term future of our business in both the UK and US and I am pleased to announce a 10.5% increase in the interim dividend to 6.3 pence per share."

Peter Redfern, Group Chief Executive, said:

"I am pleased that the impact of the actions taken to improve our business at the end of 2005 is reflected in these half year results. Going forward our focus will be to build on this base and strengthen the key areas of land acquisition, cost control and sales leadership.

I am therefore delighted to announce today the purchase of the 46 acre Peugeot Stoke Works in Coventry which has planning permission for 1,400 homes. Transactions such as this have enabled us to grow our Group landbank to a record 78,192 plots giving our businesses their strongest ever landbank."

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- A webcast of the presentation available during the afternoon of 1 August 2006
- Consensus forecasts

Chairman's Statement

Group Results
First half results for George Wimpey Plc show significant progress on the first half of 2005 with total Group completions at 7,822, the highest level the Group has achieved for 25 years. The strengthening performance has been achieved as a result of the actions we took to improve the underlying performance of our UK business and to increase the order books in our UK and US businesses during the second half of 2005.

Group revenue increased by 19% to £1,396.6 million (2005: £1,169.0 million), as a result of significantly increased volumes in the UK businesses and increased prices in the US. Group operating profit before joint venture results increased by 14% to £178.9 million (2005: £157.2 million). Interest costs were reduced due to gains on interest hedging instruments and lower average debt levels. Group profit before tax increased by 25% to £152.3 million (2005: £122.3 million).

The average exchange rate used for the period was £/$1.79 (2005: £/$1.87).

The Group tax rate for the period was 31.5%, in line with the level expected for the year as a whole.

For the first half of the year basic earnings per share rose by 22% to 26.3 pence per share (2005: 21.5 pence per share).

Return on average capital employed for the 12 months to 2 July 2006 was 20.2% (2005: 22.7%). Return on equity for the same period was 18.3% (2005: 22.2%).

Due to the improved balance of completions in the period, gearing at 2 July 2006 reduced to 43%, even after an increase in our short term landbank to a record 78,192 plots (2005: 77,099 plots). Our average debt levels were also lower and this more efficient use of capital allows us to increase the scale of the business whilst maintaining attractive capital returns.

Dividend
The Board is committed to ensuring our businesses deliver long term growth and has confidence in the underlying strength and cash generative capability of the Group. I am pleased to announce an increase in the interim dividend of 10.5% to 6.3 pence per share (2005: 5.7 pence per share). This follows a 10% increase in the full year dividend during 2005.

Strategy
Our strategy is to deliver shareholder value by creating a market leading business across the UK and in the regions in which we operate in the US. We believe that the business plans we have put in place along with the long term fundamentals of both markets will enable us to achieve this.

In the UK, during last year we took a number of actions that were aimed at addressing the areas of underperformance that significantly affected our results in 2005. The Group's results in the first half of 2006 have already benefited from these actions. Going forward our focus will be to build on this existing base to further strengthen the three key areas of land acquisition, cost control and sales leadership.

Morrison Homes operates in markets with some of the strongest underlying housing trends in the US. We believe these markets provide us with excellent growth opportunities. Our strategy is to strengthen each of our regional positions to maximise the benefits of scale and deliver long term growth. We will do this by developing the product range and landbank within our existing business, and by opening new satellite operations where existing relationships and Morrison's brand values create opportunities for us.

Outlook

In the UK, it is expected that market conditions will remain stable. Against this backdrop we are planning for private completions in the second half to be at a broadly similar level to those in the second half of 2005. Total completions for the year are expected to show progress on 2005. Our strong sales performance to date along with continued focus on margin improvement in the second half will enable us to make further progress in the UK for the year as a whole.

In the US, with continuing short term uncertainty in the housing market, it remains difficult to predict the outcome for the remainder of 2006. Against this backdrop and compared with the record levels achieved in 2005, we expect completions to be below those achieved last year, with margins and prices starting to reflect the changing market conditions in the first half. We remain focused on reducing costs within the business, offsetting some of the increase in selling expenses and incentives.

For the Group as a whole we anticipate that the outcome for 2006 will be in line with our expectations.

UK Housing

Market Conditions

The UK housing market has been stable since the beginning of 2006. Compared with the slow market conditions in the first half of 2005, buyer confidence this year has improved although affordability constraints mean prices remain competitive. The market across the south has shown greatest improvement with price growth being experienced in many locations.

Sales and Prices

Total UK	**H1 2006**	**H1 2005**	**+/- change**
Total revenue	£1,030.4 m	£846.6 m	+ 22%
Total completions	5,854	4,576	+ 28%
Private	5,138	4,154	+ 24%
Affordable	716	422	+ 70%
Average selling price	£175,500	£184,600	- 5%
Private	£187,200	£194,500	- 4%
Affordable	£91,700	£87,700	+ 5%

Sales rates in the first half of 2006 have shown significant increase over the first half of 2005 driven by improvements to sales processes. Our strong opening order book has allowed us to manage our sales rates effectively, delivering both completion growth and a stronger private order book than in June 2005.

As we have sought to reduce incentives, average selling prices show a slight increase on those in the second half of 2005 (H2 2005: £174,000). Average selling prices on private completions have been impacted by mix. The average square footage of our products has reduced to 971 sq ft (2005:1,015 sq ft).

The average number of outlets open was 286, 11% below the same period last year, when lower sales rates resulted in high outlet numbers. Outlet openings planned for the second half will increase the average number of outlets open during the year.

Profits and Margins

Total UK	H1 2006	H1 2005	+/- change
Operating profit*	£114.9 m	£107.4 m	+ 7%
Gross margin	19.3%	23.5%	
Operating margin*	11.2%	12.7%	
Return on average capital employed (last 12 months)	15.6%	21.0%	

* before joint venture results

At the time of our preliminary results we indicated that margins in the first half of 2006 would be below those in the second half of 2005. During the first half, our strong forward sales position has placed us in a good position from which to reduce incentives and increase sales prices.

Build costs have shown a slight increase on the same period last year. This reflects an underlying increase of 3-4% mainly driven by increases in material costs and the impact of new legislation. These increases have been partially mitigated by our cost improvement plans. We have achieved all of the £20 million of cost savings identified in 2005 and we are now seeking to improve our competitive cost position further. As our preferred house type range is introduced onto more sites, we will benefit from a greater proportion of completions coming from our core range of cost effective floor plans.

Underlying overheads for the period are 3% below 2005, reflecting continuing efficiency improvements and the restructuring of the business at the end of 2005.

Return on average capital employed for the last 12 months was below the previous year reflecting a weaker performance in the second half of 2005.

Land

Our objective is to secure a stable base of short term sites from which to run our business, whilst adding longer term value added sites to improve both margins and volumes. Over the past six months we have significantly grown our landbank to 54,517 plots from 50,985 at the end of 2005 giving the UK business the strongest landbank it has had for many years. The average cost per plot of our owned landbank at £45,500 is below both the same time last year (2005: £46,300) and below that of completions in the period at £50,100. We currently own 23,032 plots with implementable planning, the strongest position the business has ever had.

We have improved the way in which we buy land and recently have taken further steps to ensure our landbank contains an increasing proportion of medium and longer term land. Improving this mix is vital for the business to deliver growth and a steady improvement in margins in the future.

Benefiting from our credentials for sustainable development we have been able to strengthen our relationships with the Government, English Partnerships and other partners to bring a number of large sites into our landbank. One of the most recent of these larger sites to be acquired was the 46 acre Peugeot Stoke Works, Coventry which will become the New Stoke Urban Village. This site has planning for 1,400 homes as the key residential element of a new community comprising village centre, retail space, new Peugeot HQ and training facilities along with public open spaces and sports facilities.

George Wimpey has been awarded £31.75 million as part of the Housing Corporation's national investment programme for the development of affordable housing across the country. This grant is the largest amount awarded to a private developer. The agreement has now been signed with the Housing Corporation and George Wimpey has secured approved partner status.

During the second half of 2005, we started a detailed review of our strategic assets in order to start to improve the delivery of strategic land into our landbank. During the last 6 months 959 plots have been delivered into the short term landbank including our site at Hoo St Werbergh, Kent. We first entered into an option for the site in 1997, in July 2005 detailed planning permission on Phase 1 was achieved and this section of the site was purchased in March 2006. Planning on Phase 2 is still being progressed.

UK Current Trading and Outlook
Since our trading update on 5 July, market conditions across the UK have remained ahead of 2005, with visitor levels and sales rates at normal seasonal levels. The order book for completions in 2006 is 1% lower by volume and 7% higher by value than at the end of week 29, 2005. With private completions in the second half expected to be similar to those in the second half of 2005, we expect total volumes for the full year to make good progress. To week 29 we have reserved, exchanged or completed 11,156 of these (2005: 9,873).

As we announced at the time of our preliminary results, we have taken action and successfully delivered improvements in the performance of our business. In addition to achieving short term success we have taken action to strengthen the core disciplines of land buying and cost control within our business and have established a strong sales position by building a stronger order book. We believe these actions will enable our UK business to build on the strong growth achieved in the first half of 2006.

US HOUSING
Market Conditions
As widely reported, the housing market in the US continued to slow during the first half of 2006 as affordability, driven by rising interest rates and house prices, became stretched in a number of markets. The competitive market conditions are expected to continue until the current oversupply of both new and second hand homes has returned to normal levels.

Contrary to overall market conditions, Austin, Dallas and Houston have seen some improvement in market conditions over the past six months. Although the Texas markets in which Morrison Homes operates are very price sensitive, they remain amongst the most affordable housing markets in the US.

Sales and Prices

Total US	**H1 2006**	**H1 2005**	**+/- change**
Revenue £	£366.2 m	£322.4 m	+ 14%
Revenue $	$655.5 m	$602.8 m	+ 9%
Average exchange rate	£/$1.79	£/$1.87	
Total completions	1,968	1,996	- 1%
Average selling price	$333,000	$302,000	+ 10%

Benefiting from the strong order book at the beginning of the year, Morrison has been able to deliver another record performance in the first half of 2006. Although total completions were slightly below last year, excluding Atlanta, which we exited in 2005, completions increased by 3%.

Average selling prices compared with the first half of 2005 have increased by 10% and 4% compared with those in the second half of 2005. Although there has been some impact from the changing mix as townhomes and other smaller products make up a greater number of completions, the major impact has been changing market conditions. The use of incentives has increased, particularly in Florida, to maintain sales momentum. Prices in the order book are broadly in line with those for 2005.

The average number of outlets open during the period increased to 102 (2005: 94) resulting in part from slower sales rates but also benefiting from an increase in new outlet openings. During the second half we expect to open additional outlets increasing the average number of outlets open during the year.

As market conditions have slowed during the period, average visitor levels per site have fallen by over 30%. Average sales rates during the period have been declining affected by market conditions and higher cancellation rates.

Profits and Margins

Total US	**H1 2006**	**H1 2005**	**+/- change**
Operating profit £	£70.0 m	£54.5 m	+ 28%
Operating profit $	$125.3 m	$101.9 m	+ 23%
Gross margin	30.7 %	27.1%	
Operating margin	19.1%	16.9%	
Return on average capital employed (last 12 months)	38.6%	33.4%	

Operating profits showed steady growth on the first half of 2005 benefiting from strong prices and margins in the order book at the beginning of the year. As we moved through the first half margins on sales have started to reduce.

Maintaining a tight control of costs remains a key priority across the business. As market conditions have changed we have worked hard to ensure we achieve competitive prices from suppliers and keep material and labour costs under control. In some markets we have been aggressively seeking cost reductions from our suppliers targeting 3-5% of savings. In certain markets we have reduced overheads to create a business structure that reflects today's market without affecting our ability to grow in the future.

Despite continued investment for growth, average return on capital employed for the past 12 months increased as a result of strong profit growth.

Land

Over the last five years Morrison Homes has benefited from a clear growth strategy and has invested in land to support this. At the beginning of 2006 we opened three new satellite businesses, Fort Myers and Daytona Beach in Florida and Reno in Nevada. We will continue to invest in land for these businesses, at the same time as investing in land to achieve significant growth in our Texas businesses. However, in other markets where land prices have not yet adjusted to the changing market conditions, we have been more selective.

The owned and controlled landbank increased 4% to 23,675 plots compared with the first half of 2005 (2005: 22,719 plots) and was generally flat on that at the end of the year of 23,514 plots.

US Current Trading and Outlook

Since our trading update on 5 July, market conditions have shown little change on May and June, remaining below the strong market conditions at this time last year.

The order book for completions in 2006 is 16% lower by volume and 13% lower by value than at week 29 last year. It remains difficult to predict the market outcome for the full year but we expect volumes in the second half to be below those achieved in the second half of

2005. To week 29 we have reserved, exchanged or completed 4,043 of the anticipated total completions for the year (2005: 4,496).

Despite the short term weakening of market conditions we remain confident about the long term outlook for the US housing market and we will continue to strengthen our regional positions to deliver long term growth. In the short term we will continue to focus on our cost base and sales processes to ensure that Morrison Homes is well placed to deal with the current market conditions.

Group Income Statement

For the 26 weeks to 2 July 2006 (unaudited)

	Note	2006 26 weeks to 2 July £m	2005 26 weeks to 3 July (restated) £m	2005 Year to 31 December £m
Continuing operations:				
Revenue	2	1,396.6	1,169.0	3,003.2
Cost of sales		(1,148.8)	(938.6)	(2,414.1)
Gross profit		247.8	230.4	589.1
Net operating expenses	3	(68.9)	(73.2)	(150.8)
Share of post tax losses from joint ventures		(0.5)	(0.7)	(0.8)
Profit on ordinary activities before interest		178.4	156.5	437.5
Finance costs:				
Interest payable and similar charges	4	(27.8)	(34.5)	(73.9)
Interest receivable	4	1.7	0.3	2.9
Profit on ordinary activities before taxation	2	152.3	122.3	366.5
Taxation:				
UK	5	(24.6)	(20.1)	(56.9)
Overseas	5	(23.4)	(17.8)	(56.8)
Profit attributable to equity shareholders	2	104.3	84.4	252.8
Earnings per ordinary share – basic	6	26.3p	21.5p	64.3p
Earnings per ordinary share – diluted	6	26.1p	21.4p	64.0p
Proposed/paid dividends per ordinary share	7	6.3p	5.7p	17.6p
Cost of dividend (£m)	7	25.0	22.4	69.6

Group Statement of Recognised Income and Expense

For the 26 weeks to 2 July 2006 (unaudited)

	2006 26 weeks to 2 July £m	2005 26 weeks to 3 July £m	2005 Year to 31 December £m
Profit attributable to equity shareholders	104.3	84.4	252.8
Actuarial gain / (loss) on defined benefit pension scheme	15.1	(21.8)	(1.1)
Deferred tax on actuarial gain / (loss)	(4.8)	6.5	0.3
Derivatives recognised on 1 January 2005	-	2.9	2.9
Deferred tax on derivatives	-	(0.8)	(0.8)
Currency translation differences on foreign currency net investments	(4.7)	1.8	3.8
Total recognised income	109.9	73.0	257.9

Group Balance Sheet
At 2 July 2006 (unaudited)

	Note	2006 2 July £m	2005 3 July £m	2005 31 December £m
Assets				
Non-current assets				
Goodwill		5.5	5.5	5.6
Intangible assets		19.1	12.2	16.6
Property, plant and equipment		15.2	16.5	16.9
Joint ventures		23.5	10.6	18.5
Deferred tax assets		69.6	82.0	78.8
Trade and other receivables		34.8	17.2	19.1
		167.7	144.0	155.5
Current assets				
Inventories	8	3,115.7	2,995.1	2,932.2
Trade and other receivables		129.3	105.9	104.4
Current tax assets		0.1	-	0.1
Derivative financial instruments		3.6	7.6	4.6
Cash and cash equivalents		50.2	11.8	53.3
		3,298.9	3,120.4	3,094.6
Total assets		3,466.6	3,264.4	3,250.1
Liabilities				
Current liabilities				
Financial liabilities		(18.5)	(74.8)	(25.2)
Derivative financial instruments		(3.6)	(6.0)	(6.9)
Trade and other payables		(446.6)	(426.2)	(410.9)
Land creditors		(181.2)	(182.9)	(214.8)
Provisions		(8.4)	(7.8)	(9.5)
Current tax liabilities		(89.3)	(86.5)	(102.3)
		(747.6)	(784.2)	(769.6)
Non-current liabilities				
Financial liabilities		(730.1)	(817.9)	(550.0)
Land creditors		(187.8)	(57.5)	(165.7)
Other creditors		(10.4)	(10.5)	(19.2)
Deferred tax liabilities		(2.2)	(4.2)	(4.7)
Deficit on defined benefit pension scheme		(164.8)	(207.0)	(184.6)
Provisions		(12.2)	(15.8)	(11.9)
		(1,107.5)	(1,112.9)	(936.1)
Total liabilities		(1,855.1)	(1,897.1)	(1,705.7)
Net assets	2	1,611.5	1,367.3	1,544.4
Shareholders' equity				
Ordinary shares		99.4	98.3	99.2
Share premium		116.5	114.1	115.8
Translation reserve		(2.6)	0.1	2.1
Retained earnings		1,398.2	1,154.8	1,327.3
Total equity	9	1,611.5	1,367.3	1,544.4

Group Cash Flow Statement

For the 26 weeks to 2 July 2006 (unaudited)

	2006 26 weeks to 2 July £m	2005 26 weeks to 3 July £m	2005 Year to 31 December £m
Cash flows from operating activities			
Profit on ordinary activities before interest	178.4	156.5	437.5
Exclude share of joint venture results	0.5	0.7	0.8
Other non-cash items	1.8	-	3.5
Depreciation	4.2	3.7	8.1
Change in provisions	1.4	(3.6)	(6.2)
Land held for development realised from land and house sales	389.1	283.7	737.4
Working capital before land expenditure	(108.8)	(134.6)	(55.2)
Interest received	4.4	0.3	3.9
Interest paid	(24.1)	(27.3)	(57.5)
Tax paid	(62.9)	(55.2)	(117.7)
Cash inflows from operating activities before land expenditure	384.0	224.2	954.6
Land expenditure (net of land creditors)	(524.0)	(501.8)	(839.0)
Net cash flows from operating activities	(140.0)	(277.6)	115.6
Cash flows from investing activities			
Purchase of intangibles and property, plant and equipment	(8.1)	(10.0)	(18.5)
Proceeds from sale of property, plant and equipment	2.5	1.4	1.6
Acquisition – deferred consideration	-	(0.2)	(0.2)
Loans to joint ventures	(5.3)	(4.2)	(12.3)
Net cash used in investing activities	(10.9)	(13.0)	(29.4)
Cash flows from financing activities			
Increase in borrowings	197.9	326.6	23.8
Repayment of borrowings	-	-	(34.9)
Net proceeds from issue of ordinary share capital	0.9	2.7	5.3
Dividends paid to ordinary shareholders	(45.5)	(41.4)	(53.7)
Net cash generated from / (used in) financing activities	153.3	287.9	(59.5)
Effect of exchange rate changes	(3.7)	0.8	3.7
Net increase / (decrease) in cash and cash equivalents	(1.3)	(1.9)	30.4
Cash and cash equivalents at start of period	38.2	7.8	7.8
Cash and cash equivalents at end of period	36.9	5.9	38.2

Net Debt

At 2 July 2006 (unaudited)

	2006 2 July £m	2005 3 July £m	2005 31 December £m
Cash and cash equivalents comprise:			
Cash and cash equivalents	50.2	11.8	53.3
Overdrafts	(13.3)	(5.9)	(15.1)
Per Group Cash Flow Statement	36.9	5.9	38.2
Other current financial liabilities	(5.2)	(68.9)	(10.1)
Non-current financial liabilities	(730.1)	(817.9)	(550.0)
Total net debt	(698.4)	(880.9)	(521.9)

Notes to the Interim Accounts (unaudited)

1. Basis of preparation of the interim accounts

These interim financial statements are prepared on a basis which is consistent with the accounting policies adopted for the year ended 31 December 2005 and comply with the requirements of the Listing Rules issued by the Financial Services Authority. As permitted, the Group has not applied IAS 34 "Interim Financial Reporting" in preparing the interim financial statements. The results for the 26 weeks to 3 July 2005 have been restated to take account of the amendment of the land sales policy as adopted for the results to 31 December 2005. The effect is to remove £21.2 million of land sales revenue and include it, with the associated cost of sales, in net operating expenses where the net income of £7.3 million is separately disclosed.

These interim accounts were approved by the Directors on 1 August 2006. They are unaudited but have been reviewed by the auditors whose review report is set out below.

A copy of the interim report of the Group is placed on the website of George Wimpey Plc. The Directors are responsible for the maintenance and integrity of the Company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

2. Analysis by business segment

	26 weeks to 2 July 2006 £m			
	UK Housing	US Housing	Corporate	Total
Revenue	1,030.4	366.2	-	1,396.6
Operating profit	114.9	70.0	(6.0)	178.9
Share of joint venture results	(0.5)	-	-	(0.5)
Finance costs (net)	-	-	(26.1)	(26.1)
Profit on ordinary activities before taxation	114.4	70.0	(32.1)	152.3
Tax on profit on ordinary activities				(48.0)
Profit for the period				104.3
Gross assets	2,762.0	582.3	2.5	3,346.8
Gross liabilities	(938.8)	(67.5)	(8.8)	(1,015.1)
Operating assets	1,823.2	514.8	(6.3)	2,331.7
Corporate taxation (net)				(89.2)
Deferred taxation (net)				67.4
Net debt				(698.4)
Net assets				1,611.5

2. Analysis by business segment (continued)

	26 weeks to 3 July 2005 (restated) £m			
	UK Housing	US Housing	Corporate	Total
Revenue	846.6	322.4	-	1,169.0
Operating profit	107.4	54.5	(4.7)	157.2
Share of joint venture results	(0.7)	-	-	(0.7)
Finance costs (net)	-	-	(34.2)	(34.2)
Profit on ordinary activities before taxation	106.7	54.5	(38.9)	122.3
Tax on profit on ordinary activities				(37.9)
Profit for the period				84.4
Gross assets	2,646.8	514.2	9.6	3,170.6
Gross liabilities	(798.4)	(80.8)	(34.5)	(913.7)
Operating assets	1,848.4	433.4	(24.9)	2,256.9
Corporate taxation				(86.5)
Deferred taxation (net)				77.8
Net debt				(880.9)
Net assets				1,367.3

The financing structure of the Group is decided at Group level, and so finance costs and net debt are not allocated across segments.

3. Net operating expenses

	2006 26 weeks to 2 July £m	2005 26 weeks to 3 July £m	2005 Year to 31 December £m
Administration expenses	(79.5)	(80.5)	(167.8)
Net other income	10.6	7.3	17.0
	(68.9)	(73.2)	(150.8)

Net other income comprises net income from land sales and other net income of a non trading nature.

4. Finance costs – net payable

	2006 26 weeks to 2 July £m	2005 26 weeks to 3 July £m	2005 Year to 31 December £m
Interest receivable	1.7	0.3	2.9
Interest payable and similar charges			
Bank loans and overdrafts	(13.5)	(15.4)	(29.9)
Other loans	(10.5)	(10.0)	(23.0)
Interest charged on provisions and creditors	(7.1)	(4.7)	(10.6)
Interest charged on pension liabilities	(3.9)	(4.2)	(8.5)
Movement on interest rate derivatives	3.1	(1.3)	(5.3)
Less: interest capitalised to inventory	4.1	1.1	3.4
	(27.8)	(34.5)	(73.9)
Net finance costs	(26.1)	(34.2)	(71.0)

5. Tax on profit on ordinary activities

Taxation has been calculated at 31.5% of profit on ordinary activities before taxation (2005: 31%). This is the estimated effective tax rate for the year to 31 December 2006.

6. Earnings per share

Basic earnings per share is 26.3p per share (2005: 21.5p per share). The calculation of the basic earnings per ordinary share is based on the profit attributable to ordinary shareholders of £104.3 million (2005: £84.4 million) divided by the average number of shares in issue during the period of 397.1 million (2005: 393.1 million).

Diluted earnings per share is 26.1p per share (2005: 21.4p per share). The calculation is based on the profit attributable to ordinary shareholders divided by the average number of shares in issue plus the dilutive potential ordinary shares amounting to 2.5 million (2005: 2.4 million). The dilutive potential ordinary shares relate to shares provisionally allocated under employee share schemes where the market value exceeds the option price.

7. Interim dividend

Subsequent to the period end the Directors declared an interim dividend of 6.3p per share (2005: 5.7p per share) totalling £25.0 million (2005: £22.4 million) which will be paid on 30 October 2006 to ordinary shareholders on the register at the close of business on 22 September 2006. As the dividend was declared after the period end it is not reported as a liability in the Balance Sheet under IFRS.

8. Inventory

	2006 2 July £m	2005 3 July £m	2005 31 December £m
Land held for development	2,237.6	2,135.7	2,153.4
Construction work in progress	830.9	809.1	735.3
Part exchange properties	0.5	9.2	1.5
Other stock	46.7	41.1	42.0
	3,115.7	2,995.1	2,932.2

9. Reconciliation of movement in shareholders' equity

	2006 26 weeks to 2 July £m	2005 26 weeks to 3 July £m	2005 Year to 31 December £m
Total recognised income for the period	109.9	73.0	257.9
Shares allotted	0.9	2.7	5.3
Dividends paid	(45.5)	(41.4)	(53.7)
Credit in respect of employee share scheme	1.8	1.6	3.5
Net increase in shareholders' equity	67.1	35.9	213.0
Shareholders' equity at start of period	1,544.4	1,331.4	1,331.4
Shareholders' equity at end of period	1,611.5	1,367.3	1,544.4

These accounts do not constitute statutory accounts. The information for the year ended 31 December 2005 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under either section 237(2) or section 237(3) of the Companies Act 1985.

Independent Review Report to George Wimpey Plc

Introduction
We have been instructed by the Company to review the financial information for the 26 weeks ended 2 July 2006 which comprises the consolidated interim balance sheet as at 2 July 2006 and the related consolidated interim statements of income, recognised income and expense and cash flows for the 26 weeks then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 1.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 2 July 2006.

PricewaterhouseCoopers LLP
Chartered Accountants, London
1 August 2006

Notes:

a) The maintenance and integrity of the George Wimpey Plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.