6 September 2005

George Wimpey Plc

Interim Results for half year ended 3 July 2005

A strong performance from Morrison Homes in the US helped to offset the impact of a weak market in the UK:

• Group revenue	£1,190.2 m	- 2%
• Group operating profit	£156.5	- 14%
• George Wimpey UK	£106.7 m	- 32%
• Morrison Homes	$101.9 m	+69%
• Group profit before tax (UK GAAP*)	£130.7m	-18%
• Group profit before tax (IFRS)	£122.3 m	- 21%

- Half year gearing level at 64%
- Over 12 months shareholders' funds increased by 19%
- Interim dividend up 10% to 5.7p

*consistent 2004 UK GAAP basis

Commenting on the results, John Robinson, Chairman said
"We have every confidence in the future performance of George Wimpey. We have a clear strategy which places us in a good position to achieve long-term growth in both the UK and the US. Our decision to increase the interim dividend by 10% reflects this."

Peter Johnson, Chief Executive, said
"George Wimpey continues to benefit from having businesses in both the UK and US. This provides us with the opportunity to balance our investments as market conditions change to ensure our business continues to create value for our shareholders."

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- High resolution photographs for media use
- A full copy of the presentation to analysts available from 10.30 am 6 September 2005
- A webcast of the presentation will be available in the afternoon of 6 September 2005
- Consensus forecasts

Chairman's Statement
Group Results
A strong performance in the US has helped to offset the impact of a weak housing market in the UK. Our US business, Morrison Homes has delivered another outstanding performance, benefiting from the continued vitality in the US housing market.

Group revenues were down 2% to £1,190.2 million (2004: £1,219.9 million). Both prices and volumes at Morrison Homes showed good increases and, although UK volumes were down, prices on legal completions in the UK were unchanged.

These results, and the comparatives for last year, are for the first time prepared under International Accounting Standards. On this basis, Group profit before tax was 21% lower at £122.3 million (2004: £153.9 million). Under UK GAAP, on a consistent 2004 basis, Group profit before tax would have been 18% lower at £130.7 million (2004: £158.5 million). The difference is largely attributable to the effect of the application of IAS19 to the Group's pension deficit.

Group operating profit was £156.5 million (2004: £181.8 million) a decrease of 14% as the weak market in the UK affected volumes and margins. Interest costs were higher as average debt levels rose to support continuing investment in land.

The average exchange rate during the period was £/$1.87 (2004: £/$1.81), which reduced the translated operating profit of Morrison Homes by £1.8 million.

The Group tax rate for the period remained unchanged at 31%.

Return on capital over the past twelve months was 22.7% (2004: 25.6%). Return on equity for the same period was 22.2% (2004: 27.1%).

Continued growth in the US and selective investment to grow the UK landbank resulted in a growth in total assets of £340.5 million to £2,248.2 million. Gearing remained broadly unchanged at 64% (2004: 65%).

Dividend
George Wimpey has a clear strategy to deliver long term growth in both the US and the UK. Its strong positions in both these markets enable it to balance that growth in line with market conditions. Despite the difficult current market in the UK, and the inevitable impact this is having on short-term performance, the Board remains confident in the underlying strength and longer-term performance of the Company.

In July 2003 we committed to a policy of enhancing our dividend growth rate and reducing dividend cover over time. We see no reason to change this policy. We have therefore decided to increase the interim dividend by 10% to 5.7 pence per share (2004: 5.2 pence per share). The dividend will be payable on 31 October 2005 to shareholders on the register on 23 September 2005. The ex-dividend date is 21 September 2005. The scrip dividend scheme introduced in 2002 is still operating and shareholders who would like to join the scheme should contact our registrars, Lloyds TSB for further details, with completed mandates to be received no later than 10 October.

Strategy
Over the past few years, we have transformed the financial performance of George Wimpey and taken actions to ensure the long term success of the business. We restructured our UK business, we strengthened our land buying processes and

refocused on the basics of our business – cost control, quality and customer service. At the same time we have invested strongly in Morrison Homes to develop a business which this year will build in the order of 5,000 homes in some of the strongest housing markets in the United States. We now have well-placed businesses in both the UK and the US and are able to balance our investments as market conditions change to deliver maximum returns for our shareholders.

We have realistic plans in place to deliver organic growth in both our businesses. In the UK, these include new as well as expanded regional businesses operating under both the Laing Homes and George Wimpey brands. We will implement these plans at the point that confidence in the underlying market means that we can deliver value to our shareholders.

In the US, the housing market is expected to remain at historically high levels based on employment growth and favourable demographic trends. Morrison operates in those markets which benefit particularly strongly from these trends. Our plans include the continued establishment of new businesses in neighbouring markets, especially in the robust markets of Central Florida and Northern California, as well as the continued growth of our existing businesses. We have the land already in place to deliver our plans in 2006 and are well-placed for further growth in 2007.

Outlook

We are only just moving out of the holiday season, normally a very slow period for the UK housing market. Despite this, the UK market has remained steady at sales rates similar to those seen through the spring. Furthermore, interest rates have fallen, albeit modestly. Nevertheless it is premature at this stage to predict how the market will develop through the autumn. In our own projections we therefore continue to take a fairly cautious view of the short term outlook and assume it will remain stable at similar levels of trading to those we have seen through the year so far.

On that basis, we would expect full year volumes to be similar to 2004 and to date we have reserved, exchanged or completed 90% of these. Our total UK order book for completions in 2005 is 3% higher by volume and 3% lower by value than at the same date last year. Gross margins in that order book are, however, lower than those achieved on legal completions in the first half, as the impact of sales incentives is greater. Operating margins will be positively impacted by better overhead absorption.

In the US, the economy and Morrison Homes' major markets remain strong, with the rate of price growth having slowed to sustainable rates. Morrison Homes has suffered no direct effects from Hurricane Katrina. Despite our exit from the Atlanta market, which is well in hand, we expect to sustain continued volume growth, though full year completions may be affected to a limited degree by shortages of construction materials. To date, 94% of Morrison's anticipated completions for the year have been reserved, exchanged or completed. The order book for completions in 2005 is level with last year in volume and 15% higher in value. Both prices and gross margins in the order book show further improvement on the strong performance in the first half. Operating margins are also expected to show further improvement as overhead absorption improves. This places Morrison Homes in a strong position to deliver another year of outstanding profit growth. The strong landbank provides an excellent platform for further growth in 2006.

John Robinson
Chairman

UK HOUSING

Market Conditions

After the considerable weakness experienced at the end of 2004, this year started encouragingly. The recovery was short-lived and although the market remained stable throughout the first half, it was at a level well below the strong first half of 2004.

Customers have remained cautious with continuing weakness in the second hand market making it difficult for them to commit and contract quickly. In general, sales have not shown marked regional variation, although in the last two months, the South has been more robust than further North. Sales of product at price points over £300,000 and investor sales have also reduced at a greater rate than the total market.

Sales and Prices

Total UK	**H1 2005**	**H1 2004**	**+/- change**
Total turnover	£858.4 m	£952.2 m	- 10%
Total completions	4,576	5,093	- 10%
Private	4,154	4,643	- 11%
Social	422	450	- 6%
Average selling price	£184,600	£185,400	-
Private	£194,500	£194,900	-
Social	£87,700	£85,900	+ 2%

Total UK volumes were below the first half of 2004 as a result of the slower sales rates at the end of 2004 and earlier this year. The average sales rate for the first half was 17% below the same period last year. This compares favourably with the 31% drop in total housing sales observed by the Land Registry. Partly offsetting the effect of slower selling rates the average number of outlets open during the first half was 320, around 10% higher than last year. Despite the reduction in first half volumes we expect total completions for the year to be broadly similar to those in 2004 providing current market conditions are maintained.

Average selling prices, after incentives, remained flat although there has been an increase in the use of incentives to maintain sales momentum. All incentives that we offer are measurable and carefully targeted to meet individual customers' needs.

Profits and Margins

Total UK	**H1 2005**	**H1 2004**	**+/- change**
Operating profit	£106.7 m	£156.2m	- 31%
Gross margin	23.7%	26.2%	
Operating margin	12.4%	16.4%	
Return on capital employed (last 12 months)	21.0%	26.2%	

Gross margins reduced by 2.5% as a result of increases in land costs on completions and expenditure on sales incentives. The cost of land on completions at 26.5% (2004: 23.9%) increased as new sites acquired at higher land prices replaced older sites. Although sub-contractor cost inflation has moderated, underlying material costs have increased, added to by the increasingly regulated environment. Despite these cost impacts, our cost savings initiatives and mix have enabled us to maintain build costs per plot in the first half at the same level as in the first half of 2004.

Operating margins have also been impacted by reduced overhead recovery on lower volumes. During the second half we expect this effect to reverse as volumes increase over the corresponding period in 2004.

Product Range
George Wimpey continues to seek to meet the requirements of our customers by building a range of mid market products with a growing emphasis on affordability. We have recently won through to Stage 2 of the Design for Manufacture Competition, the Government's initiative to provide good quality, cost effective housing built using modern methods of construction.

Customer Service
Ensuring we meet our customers' expectations remains a top priority for George Wimpey. During the period our customer satisfaction measured as 'would you recommend' has increased to 89% (2004: 86%) Providing all our customers with greater opportunities to customise their new homes is an important factor in delivering excellent levels of customer service. During the period the average value of options sold per customer was similar to the first half of 2004 at £5,218 (2004: £5,123).

Land
During the first half we continued to invest selectively in land to support our plans for future organic growth. We have maintained our land buying disciplines to ensure we do not erode the improvements we have achieved over the past few years in the quality of our landbank. We have been successful in a number of larger land acquisitions during the period. This includes the high profile 'The Bridge' site at Dartford and 'The Ovals' site at Bracknell sold by English Partnerships. Our strengthened approach to design, partnership and consultation on major sites has made these wins possible. The average number of plots per site acquired in the first half increased to 101 plots (2004: 85 plots).

The total owned and controlled landbank increased to 54,380 plots, a 7% increase on the same time last year (2004: 50,901). Against the continuing difficulties of the planning system, our larger land bank has enabled us to increase the number of plots achieving planning permission over the last twelve months to 14,482.

Joint Venture – Falcon Wharf, Battersea, London
In August we entered into a 50:50 joint venture with The Royal Bank of Scotland with regard to the development of Falcon Wharf, Battersea, which will offer 124 apartments, set over 17 floors.

Current Trading
The UK market has remained steady since March. Trading in July and August has shown some improvement on the very weak period last year with visitor levels 6% ahead and the average selling rate per site 9% ahead. However, the use of incentives continues to increase in order to achieve these sales rates.

US HOUSING
Market Conditions
Throughout the first half of 2005, the general economy and the housing market in the US remained strong. Consumer confidence reached a three-year high in June as unemployment fell to its lowest levels in nearly four years. The housing market is supported by good affordability in most of our markets with 30-year interest rates still at low levels and strong demographic trends continuing to benefit demand. New home sales for 2005 are expected to exceed 2004's record levels.

Within the US, there are wide regional variations. Morrison Homes' major markets in Central Florida, Northern California and Phoenix, Arizona have been particularly strong benefiting from high levels of population and employment growth. The markets in

Texas and Denver are starting to experience some job growth but recovery to date has been limited.

Sales and Prices

Total US	**H1 2005**	**H1 2004**	**+/- change**
Turnover £	£331.8 m	£267.7 m	+ 24%
Turnover $	$620.5 m	$484.5 m	+ 28%
Average exchange rate	£/$1.87	£/$1.81	
Total US completions	1,996	1,714	+ 16%
Average selling price	$302,000	$278,000	+ 9%

Morrison Homes successfully delivered significant organic growth during the first half of 2005, building further on the achievements of the past few years and is now ranked 18th by volume in the list of largest US housebuilders (2004: 22nd).

The average number of outlets open during the period was 94, a 10% reduction on last year (2004: 104). This is a consequence of very strong sales rates in a number of our markets and our staged withdrawal from the Atlanta market.

Visitor levels per outlet have continued to increase and are now 5% higher than the very strong levels achieved last year. The weekly sales rates per outlet have also remained above last year despite the fact that in our Florida, California and Phoenix Divisions sales releases are being limited to ensure optimum prices are achieved.

Average selling prices have increased by 9% to $302,000, although the strong markets in Florida, California and Phoenix have experienced higher price inflation. During the summer these higher rates have moderated to sustainable levels. In all markets some of this increase has been offset by changes to the product mix. Morrison has continued to increase its share of the mid-price, higher volume market by developing new ranges of smaller products. This has been particularly successful in Florida with the introduction of the Townhome product across the region.

Profits and Margins

Total US	**H1 2005**	**H1 2004**	**+/- change**
Operating profit £	£54.5 m	£33.3 m	+ 64%
Operating profit $	$101.9 m	$60.3 m	+ 69%
Gross margin	27.1%	24.0%	
Operating margin	16.4%	12.4%	
Return on average capital employed (last 12 months)	33.4%	24.5%	

The strength of the Morrison business is once again reflected in the significant growth in operating profits. Gross margins have shown further improvement as increases in material costs were more than offset by selling price inflation. Operating margins have moved forward strongly benefiting from improved overhead recovery as volumes grow and continued focus on cost control.

Land

To support the growth of Morrison Homes we have invested $156 million in land during the first half of 2005, buying approximately 1.5 plots for every one used. The short term land bank has increased by 13% to 22,719 plots (2004: 20,062 plots). The land acquired has been across all divisions and with all the land in place to deliver volume growth targets for 2006 the business is in an excellent position for the future.

Customer Service
Morrison Homes' reputation for excellence in customer service has been a key strength. Customer satisfaction measured as 'would you recommend' was similar to last year at 85% (2004: 86%) and the proportion of customers referred by previous Morrison customers rose to 27% (2004: 20%).

Continuing to benefit from centralised options centres, total options revenue increased by 24% to $56.1 million (2004: $45.3 million) with each customer spending an average of $28,100 (2004: $26,400).

Current Trading
The US housing market remains strong and 2005 is expected to deliver another record year. The major markets in which Morrison Homes operates remain particularly strong, although the rapid price growth that has been experienced has slowed to sustainable rates.

Morrison Homes' visitor levels during July and August have remained strong with average selling rates per site 11% ahead of the same period last year.

Group Income Statement
For the 26 weeks to 3 July 2005 (unaudited)

	Note	**2005 26 weeks to 3 July £m**	2004 Half year to 30 June (restated) £m	2004 Year to 31 December (restated) £m
Continuing operations:				
Revenue		**1,190.2**	1,219.9	3,005.7
Cost of sales		**(952.5)**	(956.5)	(2,340.6)
Gross profit		**237.7**	263.4	665.1
Administrative expenses		**(80.5)**	(81.6)	(167.2)
Share of post tax losses from joint ventures	3	**(0.7)**	-	(0.4)
Profit on ordinary activities before interest	3	**156.5**	181.8	497.5
Finance costs:				
Interest payable and similar charges	6	**(34.5)**	(28.6)	(63.6)
Interest receivable	6	**0.3**	0.7	3.7
Profit on ordinary activities before taxation	3	**122.3**	153.9	437.6
Taxation	3	**(37.9)**	(47.8)	(135.8)
Profit attributable to ordinary shareholders	3	**84.4**	106.1	301.8
Earnings per ordinary share - basic		**21.5p**	27.7p	78.4p
Earnings per ordinary share - diluted		**21.4p**	27.1p	77.3p
Dividends per ordinary share		**5.7p**	5.2p	16.0p

Group Statement of Recognised Income and Expense
For the 26 weeks to 3 July 2005 (unaudited)

	2005 26 weeks to 3 July £m	2004 Half year to 30 June (restated) £m	2004 Year to 31 December (restated) £m
Profit attributable to equity shareholders	**84.4**	106.1	301.8
Actuarial loss on defined benefit pension scheme	**(21.8)**	-	(3.6)
Deferred tax on actuarial loss	**6.5**	-	1.1
Currency translation differences on foreign currency net investments	**1.8**	-	(1.7)
Total recognised income	**70.9**	106.1	297.6

Group Balance Sheet
At 3 July 2005 (unaudited)

	Note	**2005**	2004	2004
		3 July	30 June (restated)	31 December (restated)
		£m	£m	£m
Assets				
Non-current assets				
Goodwill		**5.5**	5.2	5.2
Intangible assets		**12.2**	8.4	7.6
Property, plant and equipment		**16.5**	15.1	16.6
Joint ventures		**10.6**	-	7.0
Deferred tax assets		**82.0**	75.8	77.1
Trade and other receivables		**17.2**	10.0	11.2
		144.0	114.5	124.7
Current assets				
Inventories	10	**2,995.1**	2,511.0	2,647.2
Trade and other receivables		**105.9**	95.6	86.4
Derivatives financial instruments		**1.6**	-	-
Cash and cash equivalents		**11.8**	13.7	19.5
		3,114.4	2,620.3	2,753.1
Total assets		**3,258.4**	2,734.8	2,877.8
Liabilities				
Current liabilities				
Financial liabilities		**(74.8)**	(21.9)	(19.4)
Trade and other payables		**(426.2)**	(393.7)	(397.7)
Land creditors		**(182.9)**	(101.3)	(205.5)
Current tax liabilities		**(86.5)**	(52.7)	(105.5)
Provisions		**(7.8)**	(10.3)	(10.3)
		(778.2)	(579.9)	(738.4)
Non-current liabilities				
Financial liabilities		**(817.9)**	(746.1)	(521.0)
Land creditors		**(57.5)**	(45.6)	(69.2)
Other creditors		**(10.5)**	(5.0)	(12.0)
Deferred tax liabilities		**(4.2)**	(4.2)	(3.4)
Deficit on defined benefit pension scheme		**(207.0)**	(184.2)	(186.2)
Provisions		**(15.8)**	(16.4)	(16.2)
		(1,112.9)	(1,001.5)	(808.0)
Total liabilities		**(1,891.1)**	(1,581.4)	(1,546.4)
Net assets	5	**1,367.3**	1,153.4	1,331.4
Shareholders' equity				
Ordinary shares		**98.3**	97.3	97.9
Share premium		**114.1**	109.7	111.8
Other reserves		**0.1**	-	(1.7)
Retained earnings		**1,154.8**	946.4	1,123.4
Total equity	4,9	**1,367.3**	1,153.4	1,331.4

Group Cash Flow Statement
For the 26 weeks to 3 July 2005 (unaudited)

	2005 26 weeks to 3 July £m	2004 Half year to 30 June (restated) £m	2004 Year to 31 December (restated) £m
Cash flows from operating activities			
Profit on ordinary activities before interest	**156.5**	181.8	497.5
Exclude share of joint venture results	**0.7**	-	0.4
Depreciation	**3.7**	3.2	7.8
Change in provisions	**(3.6)**	(2.8)	(5.2)
Land held for development realised from land and house sales	**283.7**	284.1	702.1
Working capital before land expenditure	**(134.6)**	(137.4)	(91.3)
Interest – net paid	**(27.0)**	(22.6)	(49.2)
Tax paid	**(55.2)**	(55.3)	(91.3)
Cash inflows from operating activities before land expenditure	**224.2**	251.0	970.8
Land expenditure (net of land creditors)	**(501.8)**	(462.0)	(935.1)
Net cash flows from operating activities	**(277.6)**	(211.0)	35.7
Cash flows from investing activities			
Purchase of property, plant and equipment	**(10.0)**	(6.2)	(13.4)
Proceeds from sale of property, plant and equipment	**1.4**	1.0	1.8
Acquisition – deferred consideration	**(0.2)**	-	-
Loans to joint ventures	**(4.2)**	-	(7.4)
Net cash used in investing activities	**(13.0)**	(5.2)	(19.0)
Cash flows from financing activities			
Increase in / (repayment of) borrowings	**358.1**	209.9	(12.8)
Net proceeds from issue of ordinary share capital	**2.7**	1.8	4.5
Dividends paid to ordinary shareholders	**(41.4)**	(16.0)	(33.7)
Net cash generated from / (used in) financing activities	**319.4**	195.7	(42.0)
Effect of exchange rate changes	**(30.7)**	5.3	20.8
Net decrease in cash and cash equipment	**(1.9)**	(15.2)	(4.5)
Cash and cash equivalents at start of period	**7.8**	12.3	12.3
Cash and cash equivalents at end of period	**5.9**	(2.9)	7.8

Net Debt
At 3 July 2005 (unaudited)

	2005 3 July £m	2004 30 June £m	2004 31 December £m
Cash and cash equivalents	**11.8**	13.7	19.5
Financial liabilities:			
Overdrafts	**(5.9)**	(16.6)	(11.7)
Other current	**(68.9)**	(5.3)	(7.7)
Non current	**(817.9)**	(746.1)	(521.0)
Total net debt	**(880.9)**	(754.3)	(520.9)

Notes to the Interim Accounts (unaudited)

1 Basis of preparation of the interim accounts

These interim financial statements are prepared on the basis of the accounting policies set out in Note 2. These policies are consistent with the Directors' expectations of the accounting policies that will be in place for the financial statements for the full year to 31 December 2005. The financial statements for the full year to 31 December 2005 will be prepared in accordance with IFRS as required by IAS 1 paragraph 14. Due to the continuing work of the IASB, the EU endorsement process and possible amendments to the interpretive guidance, the Group's accounting policies and consequently information presented may change prior to the publication of the Group's full year results in February 2006.

These interim accounts were approved by the Directors on 6 September 2005. 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 Accounting policies

Basis of consolidation

The consolidated interim results incorporate the financial statements of the Company and entities controlled by the Company ("subsidiaries") made up to the Balance Sheet date.

Entities which are jointly controlled with another party or parties ("joint ventures") are accounted for using the equity method of accounting.

The results of subsidiaries and joint ventures acquired or disposed of during the year are included in the consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Goodwill arising on consolidation

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable assets acquired.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is charged immediately to the Income Statement and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts following impairment tests. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated.

Revenue

Revenue from private housing sales is recognised as the fair value of the consideration received or receivable on legal completion.

Share-based payment

In accordance with the transitional provisions IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 which had not vested as of 1 January 2004.

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value at the date of grant. The fair value is expensed on a straight line basis over the vesting period. Adjustments to the amounts expensed are only made in respect of non market related factors.

Operating leases

Operating lease rentals are charged to the Income Statement in equal amounts over the lease term.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its residual value evenly over its expected useful life as follows:-

- Freehold buildings – over 50 years
- Short leaseholders – over the period of the lease
- Plant and equipment – 20% to 33% per annum

Interest

Interest receivable and payable on bank deposits and borrowings is credited or charged to finance costs as incurred.

Notional interest payable, representing the unwinding of the discount on long term liabilities, is charged to finance costs.

Infrequently a long term land creditor is for a parcel, or parcels, of land where the Group has exchanged unconditional contracts, and so recognised the creditor and the land inventory, but in practice does not have title or access to the land. In those few cases the notional interest payable already charged to finance costs is then credited to finance costs and added to the cost of inventory in accordance with IAS 23 "Borrowing Costs" and IAS 2 "Inventories". In no circumstances will the cost of such land inventory exceed the contracted sum payable.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation recorded in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the Balance Sheet date.

Deferred tax is recognised on all differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited through the Statement of Recognised Income and Expense when it is charged or credited there.

Segmental reporting

The group is divided into 3 components for management reporting and control:-

- UK housing (George Wimpey and Laing Homes brands)
- US housing (Morrison Homes brand)
- Corporate

These components make up the primary segmental analysis provided in the financial statements. No secondary segmental analysis is provided as the primary segmental analysis follows the geographical split.

Intangible assets

Costs that are directly associated with the production of identifiable and unique software controlled by the Group, and that will generate economic benefits beyond one year, are recognised as intangible assets. Computer software development costs recognised as assets are depreciated on a straight line basis over 3 to 5 years from the time of going live.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition. Cost in certain circumstances also includes notional interest as explained in the accounting policy for interest. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Land inventory is recognised at the time a liability is recognised in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – generally after exchange of unconditional contracts.

Trade receivables

Trade receivables do not carry interest and are stated at their initial value reduced by appropriate allowances for estimated irrecoverable amounts.

Derivative financial instruments

Derivatives utilised by the Group are primarily interest rate swaps and foreign exchange swaps.

Foreign exchange swaps are utilised to match the Group’s net foreign currency borrowings with the net operating assets in those currencies. Gains or losses on foreign exchange swaps are recognised directly in the translation reserve as they are a hedge of the translation gains or losses arising on the foreign currency net operating assets.

Gains or losses on interest rate swaps, including those arising on the fair valuing of open swap positions at the period end, are taken direct to the Income Statement.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land purchases, are recorded at their fair value.

Employee benefits

The Group accounts for pensions and similar benefits under the amended IAS 19 “Employee Benefit”. It has been assumed that the European Commission will endorse the amendment to IAS 19 issued by the IASB in December 2004. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at market value. The operating and financing costs of such plans are recognised separately in the Income Statement; service costs being spread systematically over the lives of the employees and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised in full through the Statement of Recognised Income and Expense.

Payments to defined contribution schemes are charged to the Income Statement as they become due.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at closing rates of exchange. On consolidation, the Income Statements of overseas subsidiary entities are translated at the average rate for the year and the Balance Sheets at the closing rate. Exchange differences arising on the retranslation of opening Balance Sheets, together with the difference between Income Statements translated at average rates and closing rates, are dealt with through reserves.

3 Reconciliation of prior period Income Statements

	2004 Half year to 30 June £m	2004 Year to 31 December £m
Profit on ordinary activities before interest		
UK GAAP basis	181.6	500.4
Eliminate charge for pension costs under SSAP 24	5.5	11.0
Book charge for pension costs under IAS 19	(5.4)	(10.8)
Increased margin from lower cost inventory	0.2	0.5
Book charge for share based payments under IFRS 2	(1.0)	(2.2)
Eliminate charge (credit) for share based payments	0.7	(1.7)
Reallocate joint venture interest and taxation	-	(0.1)
Eliminate goodwill amortisation	0.2	0.4
IAS basis	181.8	497.5
Interest – net payable		
UK GAAP basis	(23.1)	(49.7)
Interest charge on discounted pension liabilities under IAS 19	(4.0)	(8.1)
Reallocate joint venture interest	-	0.3
Interest charge on discounted land creditors	(1.4)	(3.8)
Notional interest expense booked to cost of inventory	0.6	1.4
IAS basis	(27.9)	(59.9)
Profit on ordinary activities before taxation		
UK GAAP basis	158.5	450.7
IAS basis	153.9	437.6
Tax on profit on ordinary activities		
UK GAAP basis	(49.1)	(139.7)
Increased deferred tax credit arising from adoption of IAS 19 to account for pension costs	1.2	2.4
Increased deferred tax (charge) credit on share based payments	(0.1)	1.1
Reallocate corporation tax credit on joint ventures	-	(0.2)
Deferred tax on net impact of discounting land creditors	0.2	0.6
IAS basis	(47.8)	(135.8)
Profit on ordinary activities after taxation		
UK GAAP basis	109.4	311.0
IAS basis	106.1	301.8

Accounting for pension costs of the defined benefit scheme ("the Scheme") under the amended IAS 19, in place of SSAP 24, increases the overall charge and separates the charge into an operating cost and a finance cost. The amended IAS 19 is almost identical to FRS 17, the figures under which have been previously reported in the notes to the financial statements. The Group has adopted the full recognition method of accounting under the amended IAS 19, whereby movements in the Scheme obligations due to changes in actuarial assumptions or revised terms of the Scheme, are recognised in full through the Statement of Recognised Income and Expense.

Accounting for share based payments under IFRS 2 requires the fair values of options granted after 7 November 2002 to be charged to the Income Statement at fair value over the life of the options. No adjustments are made retrospectively to account for performance factors related to market based factors. Under previous UK GAAP where an option was considered unlikely to vest due to not meeting performance targets provisions previously made could be reversed. In the 6 months to June 2004 there was a charge of £0.7m for the 2003 Long Term Investment Plan ("LTIP"). In the year to December 2004 there was a £1.7m credit relating to the reversal of a provision at December 2003 for the 2003 LTIP. The charge and reversal in June and December 2004 respectively are eliminated under IFRS.

The Group is reporting the results of joint ventures using the equity method. Using this method the Group's share of the post tax results of the joint ventures is reported on a single line on the face of the Income Statement. Previously the operating result, interest expense and tax credit were reported separately.

Under IFRS 3 "Business Combinations" amortisation of goodwill is replaced by a regular impairment review of goodwill held on the Balance Sheet. The reviews have indicated no impairment of the goodwill of £5.2m in the Balance Sheet at 31 December 2003, the transition date to IFRS, and so the amortisation charged in the 6 months to June 2004 and the year to December 2004 has been eliminated.

4 Reconciliation of prior period equity

	2005 1 January £m	2004 31 December £m	2004 30 June £m	2003 31 December £m
Shareholders' equity				
UK GAAP basis	1,439.1	1,439.1	1,278.1	1,168.4
Pension accounting:				
Eliminate SSAP 24 prepayment	(26.9)	(26.9)	(21.3)	(15.4)
Book IAS 19 pension liability	(186.2)	(186.2)	(184.2)	(186.2)
Deferred tax impact	64.0	64.0	61.7	60.5
Eliminate accrued dividend	42.3	42.3	20.1	32.2
Tax effect of share based payments	1.0	1.0	0.3	0.4
Add back goodwill amortisation	0.5	0.5	0.2	-
Fair value of long term creditors and inventory	(2.4)	(2.4)	(1.5)	(1.1)
Recognise fair value of derivatives	2.1	-	-	-
IAS basis	1,333.5	1,331.4	1,153.4	1,058.8

The major impact on equity arises from the revised pension accounting under the amended IAS 19. The amounts reported above as equity adjustments vary slightly from those disclosed in the FRS 17 notes to the 2004 financial statements due to the adjustment to the method of valuing investments required by the amended IAS 19.

IFRS requires the Group to recognise a dividend payable only when it has been announced and, where necessary, approved by shareholders, prior to the Balance Sheet date.

Under IAS 2 “Inventories” the Group is required to book long term land creditors relating to the purchase of inventories at fair value at the time of recognition. In subsequent periods, up to the date of payment, the notional interest represented by the unwinding discount is expensed to the Income Statement. It has long been Group policy to recognise land creditors on the Balance Sheet at exchange of an unconditional binding contract, which is in accordance with IFRS, but historically long term creditors have not been discounted. This is now done, and consequently the cost of land booked into inventory is lower as it is at the same amount as the fair value of the creditor recognised.

In accordance with IAS 23 “Borrowing Costs” notional interest incurred prior to gaining vacant possession of the land is added to the cost of inventory. This is believed to more fairly reflect the economic reality of the underlying transaction.

The make up of the reduction of equity due to the revised discounting policy comprises:

	2004 31 December £m	2004 30 June £m	2003 31 December £m
Reduction in value of land inventory	(10.3)	(6.5)	(6.3)
Reduction in value of long term creditors	6.8	4.3	4.7
Tax effect	1.1	0.7	0.5
	(2.4)	(1.5)	(1.1)

The Group is only complying with IAS 39, as required, with effect from 1 January 2005. As reported in the December 2004 financial statements hedge accounting has not been adopted for interest hedging instruments. The fair value of those instruments, net of tax, at 1 January 2005 was £2.1m (gross £2.9m as reported in note 21 of those statements). That fair value is recognised in the first Balance Sheet on adoption of IAS 39.

5 Analysis by class of business

	26 weeks to 3 July 2005 £m			
	UK Housing	**US Housing**	**Corporate**	**Total**
Turnover	**858.4**	**331.8**	**-**	**1,190.2**
Operating profit	**107.4**	**54.5**	**(4.7)**	**157.2**
Share of joint venture results	**(0.7)**	**-**	**-**	**(0.7)**
Finance costs	**-**	**-**	**(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**	**3.6**	**3,164.6**
Gross liabilities	**(798.4)**	**(80.8)**	**(28.5)**	**(907.7)**
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**

	Half year to 30 June 2004 (restated) £m			
	UK Housing	US Housing	Corporate	Total
Turnover	952.2	267.7	-	1,219.9
Operating profit	156.2	33.3	(7.7)	181.8
Finance costs	-	-	(27.9)	(27.9)
Profit on ordinary activities before taxation	156.2	33.3	(35.6)	153.9
Tax on profit on ordinary activities				(47.8)
Profit for the period				106.1
Gross assets	2,260.4	382.7	2.2	2,645.3
Gross liabilities	(696.2)	(47.0)	(13.3)	(756.5)
Operating assets	1,564.2	335.7	(11.1)	1,888.8
Corporate taxation				(52.7)
Deferred taxation (net)				71.6
Net debt				(754.3)
Net assets				1,153.4

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

6 Finance costs – net payable

	2005 26 weeks to 3 July £m	2004 Half year to 30 June (restated) £m	2004 Year to 31 December (restated) £m
Interest receivable	**0.3**	0.7	3.7
Interest payable and similar charges			
Bank loans and overdrafts	**(15.4)**	(13.5)	(31.8)
Other loans	**(10.0)**	(9.9)	(19.9)
Interest charged on provisions and creditors	**(4.7)**	(1.8)	(5.2)
Interest charged on pension liabilities	**(4.2)**	(4.0)	(8.1)
Movement on interest rate derivatives	**(1.3)**	-	-
Less: interest capitalised to inventory	**1.1**	0.6	1.4
	(34.5)	(28.6)	(63.6)
	(34.2)	(27.9)	(59.9)

7 Tax on profit on ordinary activities

Taxation has been calculated at 31% of profit on ordinary activities before taxation (2004: 31%). This is the estimated effective tax rate for the year to 31 December 2005.

8 Interim dividend

Subsequent to the period end the Directors declared an interim dividend of 5.7p per share (2004:5.2p) totalling £22.4m (2004:£20.1m) which will be paid on 31 October 2005 to ordinary shareholders on the register at the close of business on 23 September 2005. As the dividend was declared after the period end it is not reported as a liability in the Balance Sheet in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

9 Reconciliation of movement in shareholders’ equity

	2005 26 weeks to 3 July £m	2004 Half year to 30 June (restated) £m	2004 Year to 31 December (restated) £m
Profit attributable to ordinary shareholders	**84.4**	106.1	301.8
Shares allotted	**2.7**	1.8	4.5
Dividends paid	**(41.4)**	(16.0)	(33.7)
Credit in respect of employee share scheme	**1.6**	2.7	4.2
Actuarial loss on pensions	**(15.3)**	-	(2.5)
Currency translation differences arising on foreign currency net investments	**1.8**	-	(1.7)
Net increase in shareholders’ equity	**33.8**	94.6	272.6
Revised opening equity under IFRS per note 4	**1,331.4**	1,058.8	1,058.8
IAS 39 adjustment at 1 January 2005 per note 4	**2.1**	-	-
Shareholders’ equity at end of period	**1,367.3**	1,153.4	1,331.4

10 Inventory

	2005 3 July £m	2004 30 June (restated) £m	2004 31 December (restated) £m
Land held for development	**2,135.7**	1,767.0	1,932.3
Construction work in progress	**809.1**	699.6	654.4
Part exchange properties	**9.2**	12.9	25.6
Other stock	**41.1**	31.5	34.9
	2,995.1	2,511.0	2,647.2

These accounts do not constitute statutory accounts. Comparative figures for the year to 31 December 2004 have been extracted from, prior to amendment for IFRS as reconciled in the notes, the statutory accounts of George Wimpey Plc on which the auditors gave an unqualified report and which have been filed with the Registrar of Companies.

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 3 July 2005 which comprises the Group Income Statement, Group Statement of Recognised Income and Expense, Group Balance Sheet as at 3 July 2005, Group Cash Flow Statement, comparative figures and associated 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 Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

As explained in Note 1, the next annual financial statements of the company will be prepared in accordance with accounting standards adopted for use in the European Union. This interim report has been prepared in accordance with the basis set out in Note 1.

The accounting polices are consistent with those that the Directors intend to use in the next annual financial statements. As explained in Note 1, there is, however, a possibility that the Directors may determine that some changes are necessary when preparing the full annual financial statements for the first time in accordance with accounting standards adopted for use in the European Union. The IFRS standards and IFRIC interpretations that will be applicable and adopted for use in the European Union at 31 December 2005 are not known with certainty at the time of preparing this interim financial information.

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 company 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 3 July 2005.

PricewaterhouseCoopers LLP
Chartered Accountants, London
6 September 2005