21 February 2006

George Wimpey Plc
Preliminary Results for the year ended 31 December 2005

Headlines

• Group turnover	£3,003.2m	+1%
○ George Wimpey	£2,157.6m	-5%
○ Morrison Homes	$1,538.8m	+20%
• Group operating profit	£437.5m	-12%
○ George Wimpey	£278.0m	-32%
○ Morrison Homes	$308.3m	+ 64%
• Group profit before tax	£366.5m	-16%
• Full year dividend per share 17.6p		+10%

- Year end gearing at 34% (2004: 39%)
- Strong improvement in order books
  - At week 7 George Wimpey +30% by volume and +22% by value
  - At week 6 Morrison Homes +15% by volume and +36% by value
- Peter Johnson to step down as Group Chief Executive on 30 June 2006, Peter Redfern appointed Deputy Group Chief Executive

Commenting on the results, John Robinson, Chairman said:
"Although 2005 was a challenging year for George Wimpey we emerged from it stronger and better placed for the future. Our strategy of investing in Morrison Homes in the US, has helped partially to counter the impact of more difficult trading in the UK."

Peter Johnson, who is retiring on 30 June 2006, has led George Wimpey through a period of transformation and has created a company that has delivered value for our shareholders. It is particularly pleasing that I am able to announce an internal successor to Peter and that Peter Redfern who has been leading our UK business will be succeeding him."

Peter Johnson, Group Chief Executive, said:
"We have created a strong business in the US which has outperformed in a strong market. We have taken the necessary actions to address the areas of weakness in our UK business. We have sound businesses which are now well-placed to deliver our strategy of growth."

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- High resolution photographs for media use
- A full copy of the presentation to analysts available from 09.30 am on 21 February 2006
- A webcast of the presentation will be available in the afternoon of 21 February 2006

GROUP SUMMARY

Although 2005 was a challenging year for George Wimpey we emerged from it stronger and better placed for the future. Our strategy of investing in Morrison Homes in the US has helped partially to counter the impact of more difficult trading in the UK.

Total Group completions grew by 2% to 17,021 (2004: 16,654). Group turnover[1] increased by 1% to £3,003.2 million (2004: £2,976.0 million) with the reduction in UK turnover more than offset by the growth of Morrison Homes.

Operating profit was £437.5 million (2004: £497.5 million) a decrease of 12%, due to lower UK margins. Group profit before tax was £366.5 million (2004: £437.6 million), 16% lower than the record levels achieved last year.

The average exchange rate through the year remained virtually unchanged on the prior year at $1.82:£1 (2004: $1.83:£1).

The effective tax rate for the year was 31%, as we benefited from the resolution of some outstanding tax issues. Looking forward the effective rate is expected to rise due to the increased proportion of profits from the US.

Reported interest costs were £71.0 million (2004: £59.9 million). Within this, net interest on borrowings from financial institutions totalled £50.0 million (2004: £48.0 million). Under IFRS, interest costs now include a pensions charge of £8.5 million (2004: £8.1 million) and a mark to market charge on our interest rate hedging instruments of £5.3 million (2004: £0).

Return on capital over the past 12 months was 22.3% (2004: 28.9%) as a result of continued investment to support growth, particularly in the US and lower profits in the UK. Return on equity for the same period was 17.6% (2004: 25.2%).

Shareholders' funds continued to grow strongly, increasing by 16% to £1,544 million (2004: £1,331 million). Expressed on a per share basis, shareholders' funds totalled 389 pence (2004: 340 pence). With year end net debt similar to last year at £522 million (2004: £521 million), gearing at 31 December 2005 fell to 34% (2004: 39%).

Total assets employed rose by £214 million to £2,066 million (2004: £1,852 million) principally reflecting the growth in our owned landbank which is targeted at supporting future volume growth. The total value of our owned landbank at the year end was £2,153 million (2004: £1,932 million).

Dividend

We remain committed to delivering long term growth in both of our housebuilding businesses. Although the UK business experienced difficult trading conditions during 2005, the Board remains confident in the underlying strength and cash generative capability of the Group.

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[1] The 2005 accounts have been prepared in line with International Accounting Standards and the 2004 numbers have been restated accordingly and in accordance with the accounting policies disclosed in the Interim Report for 2005. 2004 comparative figures have also been restated for land sales which are no longer included in turnover.

We are therefore proposing an increase of 10% in the final dividend to 11.9 pence per share. Following the 10% increase in the interim dividend, if approved at our Annual General Meeting, our recommended increase would bring the total dividend relative to the year to 17.6 pence per share. This represents a rise of 10% on 2004 and a cumulative rise of 113% over the past five years.

Management succession
Five years ago Peter Johnson joined George Wimpey to bring about a transformation in the Company's organisational structure, strategy and financial performance, a process which is largely complete. Having completed internal succession in both the UK and US, and overseen the Company during a period when total shareholder returns have been significantly in excess of the housebuilding sector, Peter now believes it is the right time both for the business and for him to step down and to enable a new Chief Executive to lead the business forward. Peter will therefore retire from his role as Group Chief Executive on 30 June 2006.

The Board is delighted to announce that Peter Redfern, currently Chief Executive of our UK business, will become Group Chief Executive from 1 July 2006. He will be appointed Deputy Chief Executive with effect from 21 February to work alongside Peter Johnson until the end of June to ensure a smooth transition.

Outlook
In the UK, the improvement that we experienced at the end of 2005 has continued and we remain encouraged by growing signs of returning buyer confidence. Although it is too early to predict the market for the year, the level of transactions in the first seven weeks of the New Year has started to increase, and in some areas we are reducing incentives. In the relatively stable price conditions we expect in the near future, we are confident that our stronger order book gives us a better negotiating position to reduce incentives.

Towards the end of 2005 the market across much of the US slowed as the rapid pace of price growth experienced since mid 2004 moderated. Morrison had already taken early action to increase its order book and entered 2006 with a strong forward sales position in terms of volume, price and margin. Industry projections forecast only a modest reduction in volumes to levels which remain historically high.

UK HOUSING

UK Market Conditions
Market conditions weakened considerably during the second half of 2004. This trend continued throughout most of 2005. The traditional strong spring selling season remained subdued and the market was slow, but steady, for much of the year. Customers were generally cautious, taking longer to commit to their purchase and, as a result of the material reduction in total housing transactions, often experienced delays in selling their existing home.

Strategy
It remains our strategy to deliver longer term volume growth in the UK and we believe the long term fundamentals of the UK housing market are in place for us to achieve this. However, the market conditions over the past 18 months have had an inevitable impact on the financial performance of our business. In addition there have been some areas of our business that have not performed at the levels we demand. We have taken a number of actions to address these.

We have reviewed our business operating in high rise city centre schemes. We concluded that the skills and capital intensity required for this business are in many cases too different from our core business to justify further investment, however, we will be completing existing schemes.

At the end of 2005 we introduced a new UK operating structure which will manage all of our businesses within a simplified structure of three geographical divisions. We have also strengthened a number of senior management roles within the operating companies.

The use of the Laing Homes brand, acquired to achieve organic growth, had previously been limited to dedicated Laing Homes businesses. Going forward all our businesses will have the opportunity to use both brands. This will allow better use of large sites, provide greater returns on future land purchases and improve our overhead efficiency.

We have taken other actions on our product range and order book which are set out below.

Sales and Prices

UK Housing	**2005**	**2004**	**% +/-**
Turnover	£2,157.6m	£2,277.9m	- 5%
Total completions	12,100	12,232	- 1%
Private	10,678	11,274	- 5%
Affordable	1,422	958	+ 48%
Average selling price	£178,000	£185,300	- 4%
Private	£188,600	£193,400	- 2%
Affordable	£98,600	£89,800	+ 10%

The average number of outlets open throughout the year was 307, 4% above the previous year (2004: 295). The planning environment remains difficult however we are starting to see some pockets of improvement.

In the total housing market, prices are reported as broadly flat, with total volumes down 17%. In order to maintain operating efficiency, we broadly maintained our completions at 1% below 2004.

Average selling prices on private completions fell 2%, largely due to the increased use of incentives. The proportion of sales accounted for by 4/5 bedroom homes fell during the year to 32% (2004: 37%) with the proportion of apartments rising to 36% (2004: 31%) As the proportion of apartments has increased the average size of our products has fallen to 994 sq ft (2004: 1,033 sq ft).

In July we took the decision to increase our sales rate. As a result, second half reservations increased significantly (by 34.6% over 2004). We were able to achieve this by an even greater focus on promotion and sales presentation as well as by the use of targeted incentives.

This has enabled us to build our order book with only limited investment and establish a stronger sales position going forward. We are now better placed to begin to rebuild our margin position.

Profits, Margins and Costs

UK Housing	**2005**	**2004**	**% +/-**
Operating profit	£278.0m	£409.4m	- 32%
Operating margin	12.9%	18.0%	
Return on average capital employed	17.2%	28.3 %	

The UK margin has been adversely affected by the reduction in average selling price outlined above and the 3% impact of higher land costs driven by land inflation.

Build costs have been broadly flat, with most of the effects of inflation offset by our own actions. At the beginning of 2005, we announced a programme to reduce our cost base by £20 million, of which £17 million would be achieved in 2005. We have achieved £18 million of savings in 2005, with the balance expected in the early part of 2006.

During the process, we have identified further future savings, and we remain committed to continuous improvements in our cost base. The primary focus of this second phase is on the introduction of a preferred house type range which will make available to all of our businesses a core range of cost efficient floor plans. These house types are currently being designed into some of our new schemes. As part of this range we have introduced a new compact, affordable product designed and targeted at first time buyers and key workers.

We have reduced our overheads year on year, with the savings above more than countering both inflation and restructuring and redundancy costs of £5.2 million.

Landbank

We have historically had a short land bank compared to our peers. For this reason in 2005, as house prices stabilised, the rising cost of land affected us very quickly, having a 3% impact on our margin.

We have made many improvements in our land buying in recent years, which is shown in the fact that our average cost per plot in the land bank is slightly lower than on completions in 2005. We believe that the operational changes described above will continue to improve this position.

During 2005, we took the decision to slow the growth in our landbank, until both housing and land market conditions became more certain. The total owned and controlled landbank at the end of 2005 was 50,985 plots similar to the number at the end of 2004, (51,119 plots). The average plot cost of our owned land was £47,200 (2004: £45,600). The strategic landbank now stands at 14,169 acres (2004: 17,571 acres).

Quality and Customers

All of our businesses aim to provide industry leading levels of customer service which set us apart from our competitors. We use an independently administered survey to monitor our customer satisfaction. Measured as ‘would you recommend George Wimpey to your friends or family’, 89% of our customers said they would.

Going Forward

George Wimpey entered 2006 with strong order books and in a strong position to take advantage of market conditions. In the first seven weeks of 2006, we have achieved private development sales volumes of 1,962 (2005: 1,487) and have started slowly to reduce incentives. Our total order book at week 7, including affordable units, is 5,996 units (week 7 2005: 4,598) at a value of £1,009 million (week 7 2005: £827 million).

We have taken firm action to simplify and strengthen our business structure and performance. We have proven plans in place to deliver further build and overhead cost savings. We expect the benefits of these actions to show through in some recovery of our gross margins in the second half of the year. In the medium term our new business structure has retained the ability to grow.

US HOUSING

US Housing Market

The US housing market had another record year in 2005. Total housing starts topped 2 million (2004: 1.95 million), total single family starts grew 7.5% to 1.72 million (2004: 1.60 million), whilst new single family home sales grew 6.7% to 1.28 million (2004: 1.2 million). This growth was driven by continuing strong demographic factors, strong job growth and low interest rates. These drivers of demand are expected to remain strong for the coming years.

Our US housing business, Morrison Homes, operates in 14 markets many of which benefit the most from these demographic and economic forces: Central Florida, Texas, Phoenix, Northern California, Reno and Denver. During 2005, Florida, Arizona and Northern California were particularly strong markets, and prices continued to grow rapidly. Denver and, in particular, Texas saw more muted market conditions, with amongst the lowest rates of price growth in the US. Houston, Austin and Dallas are now amongst the most affordable housing markets in the US. The states with the highest numbers of new jobs remain California, Florida, Texas and Arizona.

Strategy

For a number of years our strategy has been to achieve significant growth by focusing on those of our markets with above-average long-term potential and by developing into neighbouring growing markets through establishing satellite operations which build on existing relationships and experience in neighbouring markets. Since 2001, three successful divisions have been formed in this way and three further satellites, two in Florida and one in Nevada, were established during 2005. To increase our share of these markets, and to ensure our product range remains competitive and affordable, Morrison has developed ranges of attached 'townhome' products and other higher density products. The 'townhome' product first introduced in Orlando in 2003 represented 13% of the Southeast region's total completions in 2005.

Our planned exit from the Atlanta market has now been completed, with the division making only a modest contribution to completions in 2005. The management plan to improve the performance of the Texas divisions is making encouraging progress, despite the continued slow market. Both volumes and margins grew in 2005.

Sales and Prices

US Housing	2005	2004	% +/-
Turnover £	£845.5m	£698.0m	+ 21%
Turnover $	$1,538.8m	$1,277.4m	+ 20%
Total completions	4,921	4,422	+ 11%
Average selling price $	$312,700	$288,900	+ 8%

With a consistent strategy and good market conditions, Morrison Homes has delivered a strong financial performance over the past few years, which continued in 2005. Since 2001, completions have grown by 70%, average selling prices have grown at a compound annual rate of 7.1% and operating profits have grown by a factor of more than four and a half times, representing a compound annual growth of 46.8%.

Total completions for 2005 increased by 11%, excluding Atlanta completions rose by 17% to 4,797 (2004: 4,110). The effects of a bad hurricane season resulted in a modest loss of completions in Florida. In some of the stronger markets, some completions were delayed into 2006 by shortages of materials and labour as well as increasing delays in processing permits.

Total average outlets for the year fell to 95 (2004: 100). This was again affected by the exit from Atlanta. The average number of outlets excluding Atlanta was similar to 2004 at 93, though by the end of the year Morrison had 98 outlets open. Average outlets for 2006 are expected to be around 10% higher than 2005.

Visitor levels per outlet remained strong throughout 2005, with average levels similar to 2004. Improved conversion rates lead to a 13% increase in average sales per outlet per week to 1.05 (2004: 0.93).

The average increase in selling prices of 8% was influenced by growth in the sales of more affordable products in Florida and the increased contribution from the Texas divisions, where selling price inflation has been modest. In Northern California, Florida and Phoenix prices rose by significantly more than 10% during the year. The growth of sales of the townhome product range resulted in a small reduction in the average size of a Morrison home to 2,299 sq ft (2004: 2,386 sq ft).

Profits, Margins and Costs

US Housing	**2005**	**2004**	**% +/-**
Operating profit £	£169.4m	£102.9m	+ 65%
Operating profit $	$308.3m	$188.3m	+ 64%
Return on average capital employed	44.2%	33.9%	
Operating margin	20.0%	14.7%	

Operating profits rose 64% in local currency, benefiting from the strong price growth in a number of markets as well as volume growth. Despite strong cost pressures, especially from material prices, costs in general continued to be kept under good control.

Return on capital grew to 44.2% (2004: 33.9%). A major focus of George Wimpey's strategy for Morrison Homes has been to maintain a relatively high asset turn in order to ensure that our planned organic growth can be financed without substantial injections of cash. This also ensures that an improved operating margin results in a high return on capital. This continues to ensure that our strategy of achieving growth within the US housing market has created value for shareholders.

Landbank

Morrison Homes' growth has been supported by a strong and consistent investment into its landbank. During 2005 we continued to add to the landbank at around 1.5 plots for every one plot used. The number of owned and controlled plots rose by 9% to 23,514 (2004: 21,579). The land bank is spread appropriately across all regions and already represents all the land required to achieve our target of continued volume growth in 2006 and the majority of that required for our further growth plans for 2007.

Customer Service
Morrison Homes brand is built on delivering high levels of customer satisfaction. During the year Morrison's 'Would you recommend' customer satisfaction score averaged 85%. 27% of customers who bought one of our homes came from referrals from satisfied customers.

Centralised Signature Selection Centres continue to add value for our customers. On average our customers spent $28,000 per sale customising their new homes (2004: $28,000), which represents 9% of total turnover. Morrison Financial Services and Morrison Title have continued to contribute to our improved financial performance with a 20% increase in profits from these businesses to $6.8 million. 60% of customers arranged their mortgages through us and in Texas and Florida 85% of customers used our title service.

Going Forward
The housing market in the US is underpinned by continuing demographic factors as well as economic growth and low interest rates. Job growth remains strong – over 600,000 jobs have been created across the US during the last three months – consumer confidence in January was at its highest level since June 2002, and unemployment at 4.7% is at its lowest level for four and a half years. The market is therefore expected to remain healthy in 2006, although at levels below the record achieved in 2005. The National Association of Home Builders (NAHB) is projecting a reduction of 7% in national single family home starts to 1.6 million and a 6% reduction in new single family home sales to 1.2 million. If achieved, this would equal the very strong performance in 2004. Over the medium term, strong demographic trends and a stable economy will support the continuing growth of home ownership and Morrison Homes is well positioned in the markets expected to benefit from this trend.

The strong rate of price growth in Florida, Arizona and Northern California during 2004 and 2005 slowed towards the end of the year, with the market in parts of Northern California slowing sharply. Morrison put in place action plans during the second half of the year to strengthen its forward sales position across these markets.

We therefore entered 2006 in a strong position with over one third of the year's anticipated completions in the forward order book. The selling prices and margins in this order book compare favourably to those achieved during 2005. These action plans have continued to support a good sales performance during the first weeks of 2006, with particularly encouraging sales growth in Texas. In the first six weeks of 2006, we achieved sales volumes of 532 (2005: 550 excluding Atlanta). Our total order book at week 6 is 2,274 units (week 6 2005: 1,970) at a value of $786.6 million (week 6 2005: $580.2 million).

With a solid land position, a well-designed product range that enables it to remain affordable in the core of the market and three new satellite businesses in neighbouring markets, Morrison is well placed to achieve further growth during 2006.

Group Income Statement
For the Year Ended 31 December 2005

	Note	2005 £m	2004 £m Restated
Revenue	9	3,003.2	2,976.0
Cost of sales		(2,414.1)	(2,320.1)
Gross profit		589.1	655.9
Net operating expenses	9	(150.8)	(158.0)
Share of post tax losses from joint ventures		(0.8)	(0.4)
Profit on ordinary activities before finance costs	4	437.5	497.5
Interest payable and similar charges	5	(73.9)	(63.6)
Interest receivable	5	2.9	3.7
Profit on ordinary activities before taxation	4	366.5	437.6
Taxation	6	(113.7)	(135.8)
Profit attributable to equity shareholders	4	252.8	301.8
Proposed/paid dividends per ordinary share			
Interim	2	5.7p	5.2p
Final	2	11.9p	10.8p
Earnings per ordinary share - basic	1	64.3p	78.4p
Earnings per ordinary share - diluted	1	64.0p	77.3p

Group Balance Sheet
At 31 December 2005

	Note	2005 £m	2004 £m Restated
Assets			
Non-current assets			
Goodwill		5.6	5.2
Intangible assets		16.6	8.4
Property, plant and equipment		16.9	15.8
Joint ventures		18.5	7.0
Deferred tax assets		78.8	77.1
Trade and other receivables		19.1	11.2
		155.5	124.7
Current assets			
Inventories	7	2,932.2	2,647.2
Trade and other receivables		104.4	86.4
Current tax assets		0.1	-
Derivative financial instruments		4.6	-
Cash and cash equivalents		53.3	19.5
		3,094.6	2,753.1
Total assets		3,250.1	2,877.8
Liabilities			
Current liabilities			
Financial liabilities		(25.2)	(19.4)
Derivative financial instruments		(6.9)	-
Trade and other payables		(625.7)	(603.2)
Provisions		(9.5)	(10.3)
Current tax liabilities		(102.3)	(105.5)
		(769.6)	(738.4)
Non-current liabilities			
Financial liabilities		(550.0)	(521.0)
Trade and other payables		(184.9)	(80.5)
Deferred tax liabilities		(4.7)	(4.1)
Deficit on defined benefit pension scheme		(184.6)	(186.2)
Provisions		(11.9)	(16.2)
		(936.1)	(808.0)
Total liabilities		(1,705.7)	(1,546.4)
Net assets		1,544.4	1,331.4
Shareholders' equity			
Ordinary shares		99.2	97.9
Share premium		115.8	111.8
Translation reserve		2.1	(1.7)
Retained earnings		1,327.3	1,123.4
Total equity		1,544.4	1,331.4

Group Statement of Recognised Income and Expense
For the Year Ended 31 December 2005

	2005 £m	2004 £m Restated
Profit attributable to equity shareholders	252.8	301.8
Actuarial loss on defined benefit pension scheme	(1.1)	(3.6)
Deferred tax on actuarial loss	0.3	1.1
Derivatives recognised on 1 January 2005	2.9	-
Deferred tax on derivatives	(0.8)	-
Currency translation differences on net investments	3.8	(1.7)
Total recognised income	257.9	297.6

Group Cash Flow Statement
For the Year Ended 31 December 2005

	2005 £m	2004 £m Restated
Group operating profit before JV results	438.3	497.9
Depreciation and amortisation	8.1	7.8
Change in provisions	(6.2)	(5.2)
Other non-cash	3.5	2.2
Land held for development realised from land and house sales	737.4	702.1
Working capital before land expenditure	(55.2)	(91.3)
Cash inflow from operating activities before land expenditure	1,125.9	1,113.5
Land expenditure (net of land creditors)	(839.0)	(935.1)
Cash inflow from operating activities	286.9	178.4
Net interest paid	(53.6)	(49.2)
Taxation	(117.7)	(91.3)
Capital expenditure	(18.5)	(13.4)
Sale of fixed assets	1.6	1.8
Loans to joint ventures	(12.3)	(7.4)
Acquisitions and disposals	(0.2)	-
Equity dividends paid	(53.7)	(33.7)
Cash inflow (outflow) before financing	32.5	(14.8)
Issue of ordinary share capital	5.3	4.5
Exchange adjustments	(38.8)	18.6
Movement in net debt in the period	(1.0)	8.3
Opening net debt	(520.9)	(529.2)
Closing net debt	(521.9)	(520.9)

Additional Information

Notes on the Preliminary Statements

1. Earnings per Share

Basic earnings per share is 64.3 pence (2004: 78.4 pence). The calculation of the basic earnings per ordinary share is based on the profit attributable to ordinary shareholders of £252.8 million (2004: £301.8 million) divided by the average number of shares in issue during the year of 393.1 million (2004: 384.8 million).

Diluted earnings per share is 64.0 pence (2004: 77.3 pence). 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 1.8 million (2004: 5.6 million) shares. The dilutive potential ordinary shares relate to shares provisionally allocated under employee share schemes where the market value price exceeds the option price.

2. Dividend

	2005 p per share	2005 £m	2004 p per share	2004 £m
Interim paid	5.7	22.4	5.2	20.1
Prior year final paid in year	10.8	42.3	8.45	32.2

In addition, the Directors are proposing a final dividend in respect of 2005 of 11.9 pence per share which will absorb an estimated £46.8 million of shareholders' funds. If approved by shareholders at the Annual General Meeting it will be paid on 12 May 2006 to shareholders who are on the register of members on 3 March 2006. Dividends from the year's earnings of 64.3 pence per share (2004: 78.4 pence per share) are, therefore, 17.6 pence per share (2004: 16.0 pence per share) in total, representing dividend cover of 3.7 times (2004: 4.9 times).

3. Rates of Exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date and trading results at an average rate for the year.

4. Segmental reporting

Business segments

	UK Housing 2005 £m	US Housing 2005 £m	Corporate 2005 £m	Total 2005 £m
Revenue	2,157.6	845.5	0.1	3,003.2
Operating profit	278.8	169.4	(9.9)	438.3
Share of joint venture results	(0.8)	-	-	(0.8)
Finance costs (net)	-	-	(71.0)	(71.0)
Profit on ordinary activities before taxation	278.0	169.4	(80.9)	366.5
Tax on profit on ordinary activities				(113.7)
Profit for the period				252.8

Gross assets	2,554.0	530.9	14.5	3,099.4
Joint ventures	18.5	-	-	18.5
Gross liabilities	(928.1)	(82.4)	(13.0)	(1,023.5)
Operating assets	1,644.4	448.5	1.5	2,094.4
Current taxation				(102.2)
Deferred taxation (net)				74.1
Net debt				(521.9)
Net assets				1,544.4

	UK Housing 2004 £m	US Housing 2004 £m	Corporate 2004 £m	Total 2004 £m
Revenue	2,277.9	698.0	0.1	2,976.0
Operating profit	409.8	102.9	(14.8)	497.9
Share of joint venture results	(0.4)	-	-	(0.4)
Finance costs (net)	-	-	(59.9)	(59.9)
Profit on ordinary activities before taxation	409.4	102.9	(74.7)	437.6
Tax on profit on ordinary activities				(135.8)
Profit for the period				301.8
Gross assets	2,393.2	377.5	3.5	2,774.2
Joint ventures	7.0	-	-	7.0
Gross liabilities	(816.8)	(53.0)	(26.6)	(896.4)
Operating assets	1,583.4	324.5	(23.1)	1,884.8
Current taxation				(105.5)
Deferred taxation (net)				73.0
Net debt				(520.9)
Net assets				1,331.4

5. Net finance costs

	2005 £m	2004 £m Restated
Interest payable and similar charges:		
Bank loans and overdrafts	(29.9)	(31.8)
Other loans	(23.0)	(19.9)
Interest charged on provisions and creditors	(10.6)	(5.2)
Interest charged on pension liabilities	(8.5)	(8.1)
Movement on interest rate derivatives	(5.3)	-
Less: interest capitalised to inventory	3.4	1.4
Interest and similar charges payable	(73.9)	(63.6)
Interest receivable	2.9	3.7
Net finance costs	(71.0)	(59.9)

6. Taxation

	2005 £m	2004 £m Restated
The charge to taxation in the period comprised:		
Current tax	(122.3)	(143.2)
Current tax prior year adjustment	8.4	4.6
Deferred tax	0.2	2.8
Taxation in the Income Statement	(113.7)	(135.8)

United Kingdom Corporation tax is provided at 30% (2004: 30%) on taxable profit. Provision has been made for deferred taxation. The effective rate of 31% (2004: 31%) reflects the net effect of the UK rate and the combined federal and state taxes in the US of up to 39% (2004: 40%).

The tax charge benefited from the resolution of some outstanding tax issues. Looking forward the effective rate is expected to rise given the increased level of the Group's profits being realised in the US.

7. Inventories

	2005 £m	2004 £m Restated
Land held for development	2,153.4	1,932.3
Construction work in progress	735.3	654.4
Part exchange properties	1.5	25.6
Other inventories	42.0	34.9
	2,932.2	2,647.2

8. Equity Shareholders' Funds for the Year Ended 31 December 2005

The movement on equity shareholders' funds is reconciled as follows.

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total £m
At 1 January 2005 (restated)	97.9	111.8	(1.7)	1,123.4	1,331.4
Shares allotted under share schemes	0.6	4.7	-	-	5.3
Scrip dividend	0.7	(0.7)	-	-	-
Total recognised income for the year	-	-	3.8	254.1	257.9
Dividends paid	-	-	-	(53.7)	(53.7)
Value of employee services	-	-	-	3.5	3.5
At 31 December 2005	99.2	115.8	2.1	1,327.3	1,544.4

9. Restatement of prior year statement

2004 results have been restated for IFRS. In addition, the Group has changed its policy of accounting for land sales, which are now included in net operating expenses. Revenue in 2004 has been reduced by £29.7 million as a result. There was no impact on operating profit.

10. Statutory Accounts

These accounts do not constitute statutory accounts. The Preliminary Statement for 2005, including the restated 2004 figures, has been extracted from the statutory accounts of George Wimpey Plc for 2005, which have not yet been filed with the Registrar of Companies, on which the auditors have given an unqualified report.