George Wimpey Plc
2003 Annual Report & Accounts
Building a strong business for the future...

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The UK's leading housebuilder

George Wimpey Plc is a focused housebuilder, dedicated to building quality homes in the UK and the US. Over recent years, the Group has undergone significant change and now operates through three distinct brands:

George Wimpey is our core brand operating across the UK through 23 regional businesses building a full range of products from one bedroom starter homes, to inner-city apartments and large detached family homes.

Laing Homes was acquired by George Wimpey Plc in late 2002 and is our premium UK housing division, operating through five regional businesses across the South East and Midlands.

Morrison Homes is our US business operating through 11 regional divisions located across six states in the Southeast, Southwest and West, building a range of single family homes.

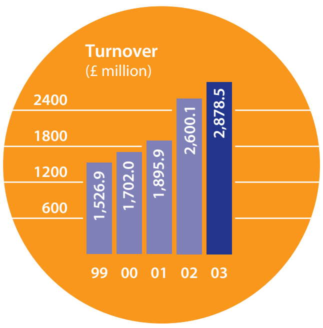
With unparalleled experience in the house building industry, George Wimpey leads the way in health and safety, build quality and customer service.

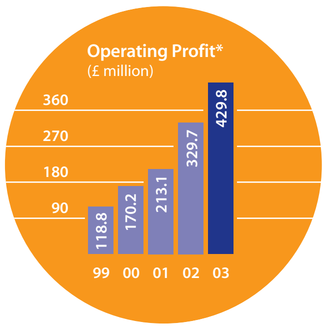
We are totally committed to creating and delivering consistent value for customers and shareholders alike.

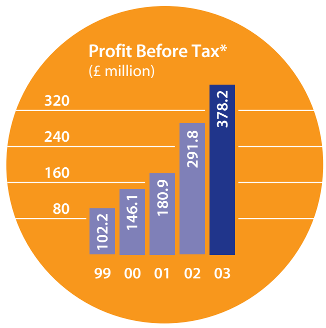
Financial Highlights

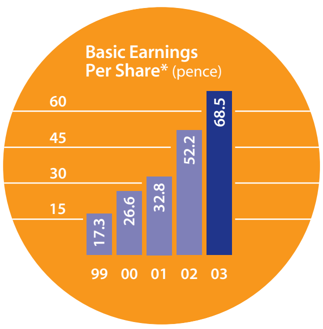
	2003	2002
Turnover	**£2,878.5m**	£2,600.1m
Operating profit	**£429.8m**	£329.7m*
Profit before tax	**£378.2m**	£291.8m*
Basic earnings per share	**68.5p**	52.2p*
Dividend per share	**12.25p**	9.1p
Shareholders' funds per share	**305p**	250p

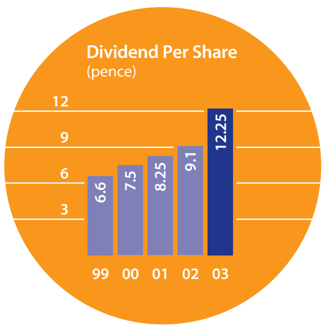
Five Year Financial Review

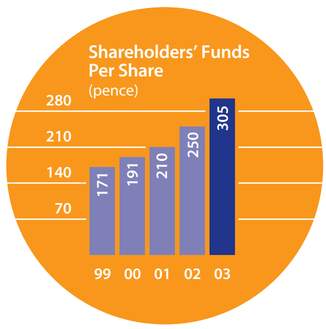






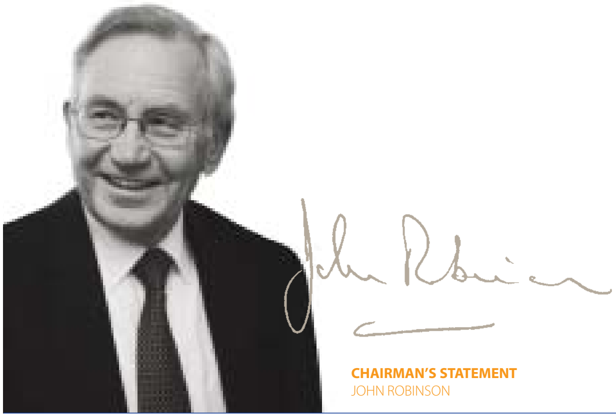






* Before exceptional costs of £5.9 million in 2002 and £28.9 million in 2001 and exceptional income of £10.6 million in 1999.

Achieving real leadership in our sector



CHAIRMAN'S STATEMENT
JOHN ROBINSON

Three years ago I wrote "We are in the process of creating a new Company with renewed emphasis on shareholder value".

Since writing the 2000 Annual Report we have transformed the structure of our business, our financial results have improved to be amongst the best in our sector and we have consistently delivered industry leading growth in earnings and returns for our shareholders.

This year, we have achieved that success and created a strong business through implementing the four distinct strategies, set out in last year's Annual Report:

- increasing margins in our core UK business
- developing our premium business, Laing Homes
- continuing the organic growth of Morrison Homes
- achieving industry leading standards of quality and customer satisfaction

The Chief Executive's Report sets out on pages 4-6 how we will develop these strategies further this year to ensure we continue to deliver the long term growth that we aim for.

Group Results

Building on the outstanding results in 2002, the Group's performance has yet again seen substantial further progress in 2003. Group turnover rose by 11% to £2,879 million and, on the back of sharply improved margins, Group profit before tax and exceptionals rose by 30% to £378 million. Earnings per share rose by 31% to 68.5p per share.

As we announced at the time of our Interim results in July, the Board has adopted a strategy of enhanced dividend growth. This reflects the confidence we have that the underlying performance of our Company has been fundamentally transformed. Over time, we will look to reduce the currently high level of dividend cover, but at the same time ensure we maintain a prudent balance sheet. The Board is therefore recommending an increase in the final dividend of 43% to 8.45 pence per share, bringing the total for the year to 12.25 pence, a rise of 35% on 2002. The dividend cover has been reduced to 5.6 times, providing the capacity for the Board to increase dividends at a somewhat faster rate than earnings in the coming years, if that is appropriate.

The Board

During the year the Board has continued to play an active and supportive role in our operational businesses. We continue to place great importance on ensuring we have a balance of knowledge and experience and that this meets the requirements of our operating companies.

In October, we welcomed Brenda Dean, Baroness Dean of Thornton-le-Fylde, as a Non Executive Director. Brenda is an active member of the House of Lords and brings considerable knowledge of the public sector to the Board at a time when Government has an increasing impact on our business. Brenda retired as Chairman of the Housing Corporation during 2003, a position which has given her a wealth of knowledge which will be of value to the Company.

In October we also announced that Keith Cushen would be retiring from the Board at the end of 2003. Keith has played a major role in the transformation of this business over the past three years. On behalf of the Board I would like to express our thanks and appreciation for the enormous contribution he has made to George Wimpey in his almost 20 years of service at local, national and Board level.

Corporate Governance and Corporate Social Responsibility

We aim to achieve the highest standards of corporate governance and once again, I am pleased to report that the Board operated throughout the year in full compliance with the Combined Code on Corporate Governance.

The Board has reviewed the new Combined Code which applies to listed companies with reporting years commencing on or after 1 November 2003. We feel that we already operate in substantial compliance with the new Code but, following a review, new procedures and changes have been implemented. We have included a number of additional disclosures in this Report that the new Code does not require to be made until our 2004 Report.

During 2003 we have further developed our commitment to Corporate Social Responsibility and sustainability. We established a new CSR Board Committee, chaired by Christine Cross. The Committee met twice during the second half of 2003 and will establish, monitor and review CSR activities to ensure that our businesses are constantly working to improve their performance in this area.

A separate CSR Report has again been published to accompany this Annual Report. It sets out in detail our CSR activities and reports on the targets identified last year for the key areas of impact of our business.

Government

During the year the Government has introduced several initiatives that aim to improve the supply of housing and create a more stable housing environment. We welcome these initiatives and have taken part in the consultation processes that are aimed at ensuring a constructive debate on housing. We are all too aware that Government policy can have consequences other than those intended, and will respond directly to policy statements, as well as through the Housebuilders Federation and the CBI.

Employees

During this year I have been fortunate to spend a greater amount of time in our regional businesses in both the UK and the US, meeting employees out on our sites and in our offices. I am always impressed by the pride they have in their businesses and their continuing dedication and enthusiasm to ensure George Wimpey is truly successful. Once again, on behalf of the Board I am delighted to be able to thank them for all their hard work.

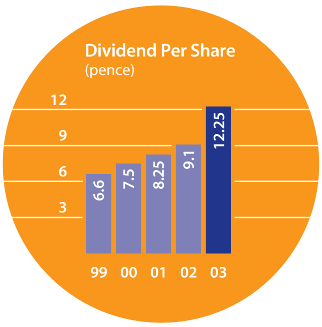
Outlook

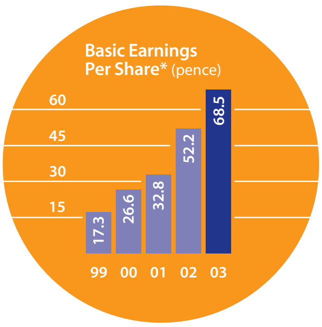
Across our businesses we entered 2004 with strong order books and our markets in the UK and the US remain healthy.

Our continuing focus on costs and emphasis on buying land on improved terms is aimed at sustaining the improvement we have made in our operating margins. We have a strong business and have developed our strategy seeking to deliver continuous profit growth based on our existing strengths and not by relying on external conditions.

The Board is confident that George Wimpey will continue to make further progress in 2004.

JOHN ROBINSON





* Before exceptional items

Strong and consistent management action has transformed results

CHIEF EXECUTIVE'S STATEMENT
PETER JOHNSON

With pre-exceptional profit before tax up 30%, 2003 was another year of excellent progress. Over three years, pre-tax profits have grown more than two and a half times, whilst the operating margin at George Wimpey has grown from 11.4% to 17.1% and at Morrison Homes from 8.6% to 11.9%.

Whilst we have been helped by strong markets, the magnitude of this improvement is the result of strong and consistent management action. In the UK, we have improved the way we buy land and the terms on which we buy it. We have taken a lot of overhead and construction cost out of the business.

We have improved our product and our customer service, and thereby achieved increased sales of customer specified upgrades. Whilst we have made much progress in improving our customer service, we know we still have a long way to go to meet the standards set by the very best in retail industries. We have established an industry leading approach to health and safety and our environmental procedures have been adopted as the standard by the NHBC. We have made two acquisitions, McAlpine Homes and Laing Homes, on excellent terms and have efficiently integrated both.

In Morrison Homes we have refocused our strategy to grow our volumes in our established markets. Over the past three years we have grown by almost 40% which together with improved land purchase, procurement, and growth in customer specified upgrades has underpinned our margin growth.

Delivering Success

The transformation in our performance has been achieved by delivering on the plan set out in my first Annual Report in 2000. That plan has also established the potential for ongoing success despite the more challenging markets we may face.

2000 – Steps to success

Complete restructuring of the UK business

Turn scale to advantage

Gain value from strengths of US business

Identify and develop new sources of profit

George Wimpey UK

The UK business has been comprehensively restructured. Wimpey Homes and McLean Homes were merged, McAlpine Homes and Laing Homes acquired and integrated and a total of some £72 million of overhead and build costs saved. Our landbank and our product and geographic mix have been strengthened. We are well placed to sustain operating margins against a background of more subdued house price inflation.

Through systematic benchmarking, co-ordination of procurement and sharing of experiences, we have turned our scale into an important competitive advantage. Through better planning and decision making, land is being acquired on terms consistent with current margins. It is our objective that with modest, but steady, growth in volumes, the core UK business will continue to contribute to profit growth.

We have been applying the same principles within Laing Homes. We will exceed our original target of £10 million of cost savings. This, together with the acquisition of land on improved terms, will support growth in the next two years.

Our goals for 2004 and beyond

Sustained margins and volume growth in George Wimpey

Lower costs, better margins and longer term volume growth in Laing Homes

Continued volume and profit growth in Morrison Homes

Continued growth of customer options and related income streams in both the UK and US

We have restructured the business from 6 to 5 business units and refocused the business on a narrower product and price range. These changes will strengthen the business, creating an engine for ongoing growth.

At the same time we will reduce our overall risk by limiting the business's exposure to the higher price points over £750,000.

Morrison Homes

Morrison Homes offers us the potential for rapid profit growth with the need for only limited cash investment.

The outlook for the US housing market over the next decade is excellent. Good affordability arising from low interest rates and employment growth are widely expected to combine with strong underlying demographic trends – arising from immigration and higher birth rates than in Europe – to create a sustained strong market. The regions in which we operate also benefit from inward migration and hence above average population and employment growth. With a high asset turn, growth requires lower investment than would be the case in the more capital intensive UK.

Morrison Homes has shown continuous profit growth since the appointment of Stu Cline as President in 1994. Over the past two years, we have refocused and accelerated growth in our existing markets, leading to higher volumes and better margins achieved through improved land purchase, procurement and overhead recovery. At the same time, underperforming businesses have been reviewed and plans put in place to improve performance, as in Atlanta and Dallas, or exit the market, as in San Antonio. Over the past three years, volumes have grown almost 40% and operating profits over 2.2 times.

Morrison Homes provides considerable potential for further growth and the landbank and organisation are in place to secure this.

Customer Focus

Our performance in the United States has been greatly aided by the sale of customer options. These have increased margins and improved our asset turn, and hence our financial efficiency. We have applied those lessons within the UK. Customer option revenue has grown from £34 million in 2000 to over £60 million in 2003. These options enable our customers to personalise their home and have the products and fittings they desire installed before they move in. Two major new centralised options centres on the lines of those that have succeeded in Morrison Homes have now been opened in Edinburgh and Cannock. Further centres are planned for 2004.

Sustaining Profit Growth in the Future

As we look towards a period of more subdued house price inflation, we believe we are well placed to sustain future profit growth through targeting:

- sustained margins and volume growth in our core George Wimpey business
- lower costs, better margins and longer term volume growth in Laing Homes
- continued volume and profit growth in Morrison Homes.
- continued growth of customer options and related income streams in both the UK and US

At the same time, lower land price inflation would enable us to improve cash generation.

Our people – delivering success

The extraordinary dedication, as well as local knowledge and experience of our employees has transformed the performance of our business over the past three years

Our People

We have strong management teams in place in both the UK and the US to deliver our objectives. In particular, I am delighted we have been able to fill the most senior positions in the organisation from within and expect to be able to continue to do so.

The greatest credit for the transformation that has taken place in the UK over the past three years must go to Keith Cushen. Keith retired, as planned, at the end of 2003 when the restructuring was complete and his successor had been established.

On behalf of us all, I thank Keith for not only his achievements but also his friendship and comradeship over the past three years.

I am delighted he has agreed to become a consultant to the Company during 2004 to ensure a smooth management transition.

Keith has been succeeded by Peter Redfern, who has been at Keith's side throughout these three years and who will ensure that the progress continues. Peter has already established himself as Managing Director and is supported by a strong and experienced UK management team.

We have also embarked on the process of planning for the next generation in Morrison Homes. Whilst Stu Cline continues as President, Steve Parker has been appointed Executive Vice President of Operations with full responsibility for the day to day management of Morrison's operations. Steve has built an outstanding business in Florida and will in due course be a most able successor to Stu.

Finally, a huge thank you goes to all those who work in our forty local housebuilding companies in the UK and the US. It is through their extraordinary dedication as well as their local knowledge and experience that the Group has transformed its performance over the past three years. It is also them who make my job so fulfilling.

PETER JOHNSON

Building a strong business for the future...

Over the past three years we have transformed the structure of our business, delivering on the promises we made and building strong foundations for future earnings growth.

George Wimpey is well placed for the future through targeting:

- sustained margins and volume growth in our core business, George Wimpey
- lower costs, better margins and longer term volume growth in Laing Homes
- continued volume and profit growth in our US business, Morrison Homes
- growth in the sale of customer options and related income streams

George Wimpey

Sustaining margins and growing volume

1/4. Maximising scale and benchmarking keep material costs to a minimum
2. PPG3 compliant homes at Braiswick View, Colchester utilising innovative 2½ storey design
3. Prefabricated dormer windows reduce build time and cost


1.


2.


3.


4.

CONTROLLING COSTS

During 2003 George Wimpey experienced minimal inflation in the cost of materials. These costs are maintained at the lowest possible levels by:

- detailed benchmarking of all products across all businesses
- maximising benefits of scale through national deals with major producers

Despite the well publicised shortages in skilled labour throughout the industry, George Wimpey has kept labour costs under control by:

- thorough scheduling of activity, providing a continuous flow of work for sub-contractors
- increasing the use of prefabricated components reducing the requirements for skilled labour
- understanding the effects of PPG3
- sharing efficient designs across all the businesses
- standardising product as far as possible to reduce increased cost of 'one-off' designs

BUYING LAND ON BETTER TERMS

Over the past three years George Wimpey has totally changed the way land is bought. Since the beginning of 2000 land purchase margins have increased from under 8% to over 17%.

Land is now being bought earlier in the cycle to allow for increases in the time taken to acquire planning approval. The transfer of land from the strategic landbank has continued to increase, 1,238 plots were transferred during 2003.

1.

Laing Homes

Lower costs, better margins and long term volume growth

1/2. Maintaining tight control of material and site costs will help improve operating margins
3. Langley Waterside, Beckenham
4. Langley Park, Beckenham
5. Stylish interiors at SWISH, Central London


4.


2.


5.


3.

Using experience gained during the restructuring of George Wimpey, Laing Homes provides the Group with a significant opportunity for future profit growth.

COSTS AND MARGINS

Total cost savings following acquisition are now anticipated to be at least £12 million.

Overhead savings have come from the head office closure and absorption of centralised functions into George Wimpey. In addition, restructuring to reduce the number of business units from 6 to 5 will ensure the business can go forward from a position of strength.

By introducing George Wimpey working practices and procedures, Laing Homes margins will be brought in line with those of George Wimpey.

Material costs will be reduced and controlled by:

- being included in national purchasing deals for the total UK business
- benchmarking and sharing ideas both within Laing Homes and with George Wimpey
- greater standardisation of product

Costs on site are being improved by reducing work in progress, improving scheduling, making greater use of prefabricated components and standardising designs.

LAND

Land is now being purchased at better margins and hurdle rates have been increased to come in line with those at George Wimpey. Since acquisition, the programme of land investment has strengthened the short term landbank, creating a platform for future volume growth.

OPTIONS

Learning from lessons at Morrison Homes and George Wimpey, Laing has the potential to develop an additional revenue stream through the sale of options.

1.

2.

1/2. The Avignon and Brittany at Waterchase, Tampa, examples of the diverse product range at Morrison Homes

3. A wide range of bath brass on display at a Signature Selection Centre.
This is now purchased on reduced terms as part of a new national partnership with the supplier

4. Customer consultation

5. Finished lots ready for construction at Keene's Point, Orlando

4.

Morrison Homes

Continuing volume and profit growth


3.


5.

STRATEGY FOR GROWTH

Morrison Homes is well positioned in the Southeast, Southwest and Western regions of the US, in markets with strong demographics and good employment prospects.

The business has a clear strategy for growth, aiming to be a leading housebuilder in each of its markets.

Satellite businesses in Jacksonville, Florida and Central Valley, Northern California have achieved sufficient scale to become separate divisions in 2004. The satellite in Sarasota is on track to become a division in 2005.

Consistent with our growth strategy, we aim to increase market share by broadening our range of middle-market products where the Morrison brand can add value. New slightly smaller and more efficient products, as well as higher density town houses, are being introduced to our existing range of successful house types.

LANDBANK

During 2003 Morrison's landbank grew by over 25% and the business is in a strong position for growth into 2004 and beyond. Because Morrison achieves a high asset turn, growth can be financed with limited investment. Where possible, we purchase land as 'finished lots', when required. It is taken ready for us to start construction on the home immediately, as all the groundwork and infrastructure work has been completed by the developer.

CUSTOMER SERVICE EXCELLENCE

The Morrison Homes brand is recognised for excellence in customer service. We measure customer satisfaction as 'Willingness to Refer' and as a company achieved 84.7%. We aim to achieve a very demanding 90% goal and already a third of our divisions have achieved this outstanding score. According to JDPower & Associates Morrison Homes customer satisfaction rating is in the top quartile of all builders, exceeding the national average by 5%.

COST SAVING INITIATIVES

The operating margin rose to 11.9% in 2003 as all divisions continued to focus on opportunities to reduce costs. Taking advantage of scale, new procurement deals have reduced the number of suppliers used by Morrison and improved purchasing terms for products such as fire places, HVAC equipment and bath brass.

Customer Focus

Offering more, growing and improving services

SERVICE EXCELLENCE
In all our businesses we focus on integrity, quality and excellence to provide consistent standards of customer service. All our homes come with a two year guarantee which is twice the industry average in both the UK and the US.

By July 2004, every employee in the UK, from accountants to site managers, will have taken part in a new training course and workshops which have been developed to highlight the importance of customer service in every area of the business.

The new 'Respond' customer care management system provides customer care staff with detailed records of every home, including any extras that were purchased with it, so queries can be dealt with speedily and efficiently.

WEBSITES
All businesses have introduced new customer focused websites. Customers in the UK, as well as searching for a new home, can now search for a mortgage and shop on line. In future they will also be able to choose their options.

In the US, 75% of Morrison Homes' prospective customers used the internet and www.morrisonhomes.com attracts 70% more visitors than a year ago. A number of new sales tools are used to communicate with prospective customers, helping to identify and attract those most likely to purchase a Morrison home.

New customer magazines, Nest and Wall to Wall, will help the UK business communicate with customers, keeping them up to date with new developments, initiatives and offers.

FINANCE AND OTHER SERVICES
Morrison Homes has led the way in introducing additional services to make buying a Morrison Home easier, 66% of all customers arranged their mortgages through Morrison Financial, and in Florida and Texas 90% of customers used Morrison Title.

A new joint venture business, UK Home Finance Limited, will provide even greater flexibility when purchasing a home from George Wimpey or Laing Homes. Financial products available to new and existing customers, now include unique mortgage, remortgage and insurance products at preferential rates.

1.


2.

3.

1. Two year warranties on all our homes
2. By July 2004, all employees will have been trained in customer service
3. Our financial services companies make buying one of our homes easier
4. New George Wimpey and Laing Homes customer magazines, helping us communicate with our customers
5. New websites to choose a home, find a mortgage and go shopping

Customer Focus

Increasing choice, growing the sale of options

1.

2.

3.

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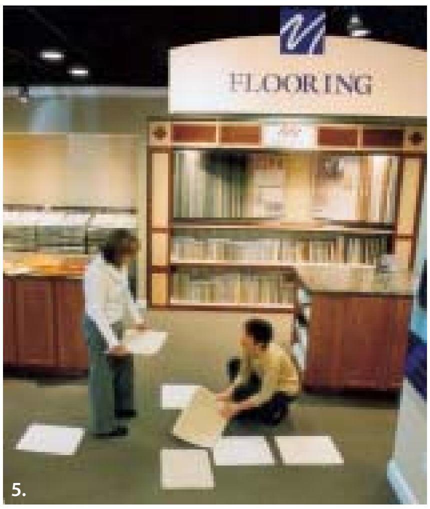


5.

CREATING INDIVIDUAL HOMES
Providing our customers with greater opportunities to customise their new homes has become an important part of our business. It enables customers to create their own individual style in their new homes and provides the business with an additional source of profit.

LEADING THE WAY
In 2000 Morrison opened its first prototype centralised Signature Selection Centre in Orlando. Since then new options centres opened have been improved, increasing the showroom space and the range of products available.

Centralised centres are now available in all Morrison's markets. By providing customers with an extended range of products, displayed in a retail environment and with individual appointments the sale of options per customer has risen to $27,400, which represents 10% of the business's turnover.

TAKING THINGS FURTHER
Building on lessons learnt at Morrison Homes, in June 2003 George Wimpey East Scotland opened the first centralised selection centre in the UK. Unique not only for George Wimpey but also for the industry. More than 3,000 different items are available for customers to choose from. At the centre, average sales per customer have almost doubled.

George Wimpey has opened a further centralised centre in Cannock, in the Midlands, in early 2004 with more centres planned. Site based selection centres will continue to develop. Over the past 3 years sales per customer have risen from almost £3,000 per customer to just over £5,000.

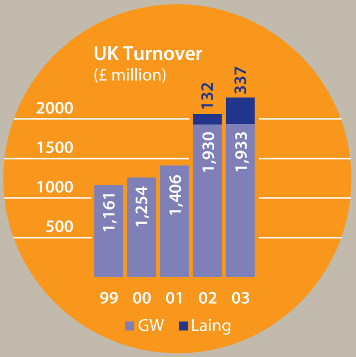
AN OPPORTUNITY FOR THE FUTURE
The sale of optional extras to customers at Laing Homes is still being developed. Using experience from elsewhere in the Group, Laing Homes has the potential to significantly increase options revenue to the levels achieved in George Wimpey regions.

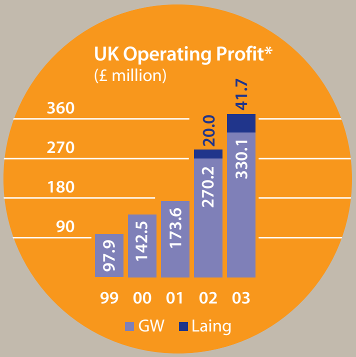
1/2. The UK's first centralised options centre opened June 2003 in Edinburgh

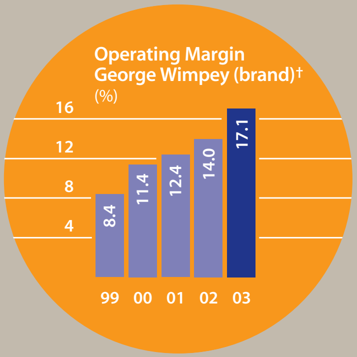
3/4. More than 3,000 items to choose from in the Edinburgh centre

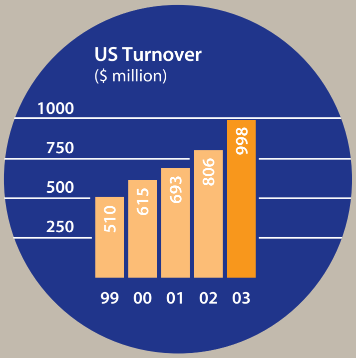
5. Morrison Homes' Signature Selection Centre, Orlando, Florida

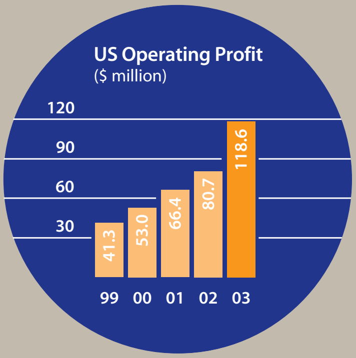
2003 was a year of exceptional financial progress

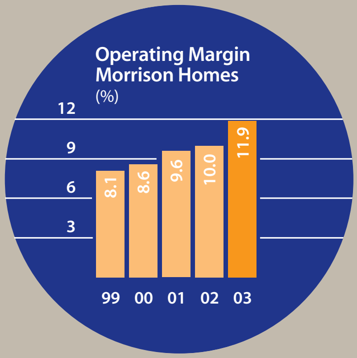












* Before exceptional items of £5.9 million in 2002 and £28.9 million in 2001

† Before exceptional item of £28.9 million in 2001

GROUP FINANCE DIRECTOR
ANDREW CARR-LOCKE

Group Summary

Once again, George Wimpey has been able to report excellent results for the year. Turnover increased 11% to £2,878.5 million whilst operating profits at £429.8 million increased by 30% before exceptional items of £5.9 million in 2002. These outstanding results build on the significant progress achieved in the previous two years. Group operating profits have grown by a total of £259.6 million over the last three years since the business was restructured.

This strong performance is the result of a number of key factors:

- strong markets and housing demand in both the UK and the US
- the successful restructuring of the business and integration of two major acquisitions, McAlpine Homes in 2001 and Laing Homes in 2002
- the acquisition of land, particularly in the UK, at significantly improved margins
- tight control of costs throughout the Group to support enhanced margins

These factors provide a strong platform for the Group moving forward.

The Group's rapid growth has been financed without resorting to raising new shareholder equity through a combination of retained earnings, deferred payment structures for acquisitions and higher debt levels. Consequently interest costs grew to £51.6 million which represents an increase of £13.7 million on 2002.

Pre-exceptional profits before tax totalled £378.2 million, an increase of 30% on last year's results before exceptional items of £5.9 million in 2002. There were no exceptional costs incurred in 2003. The effective tax rate was 31% compared with 33% in 2002.

Basic pre-exceptional earnings per share calculated before exceptional items of £5.9 million in 2002, rose by 31% to 68.5 pence. Return on average capital employed was 28.5%, an improvement on 26.5% achieved in 2002, based on pre-exceptional profit, with improved profit margins more than offsetting the increased capital base reflecting the payments for the McAlpine Homes and Laing Homes acquisitions and further investment in our land positions. Our capital efficiency as measured by our asset turn (sales/capital employed) remains well above the industry standard in both the UK and US.

The Board reviewed the Company's dividend policy in July and announced an increase in the interim dividend of 19%. The increase reflected confidence in the full year results and the ability of the Company to sustain the improvements achieved over the past three years. The Board is now proposing that the final dividend be increased by 43% to 8.45 pence per share, resulting in a total dividend for the year of 12.25 pence per share, an increase of 35% on the total dividend of 9.1 pence per share in 2002. If approved, this total dividend would still be covered 5.6 times, leaving the Board the capacity to continue to fulfill its intention to increase dividends at a faster rate than earnings in the coming years, thereby achieving our objective to reduce dividend cover whilst maintaining a strong balance sheet.

Net debt at the end of 2003 totalled £529.2 million compared with £375.6 million at the end of 2002. The £215 million owing to John Laing PLC for the acquisition of Laing Homes has now been fully paid. In spite of the significant increase in recommended dividends, shareholders' funds increased from £943.0 million to £1,170.0 million. Gearing (defined as net debt to shareholders' funds) at the year end stood at 45% whilst interest cover for the year was 8.3 times.

UK Housing

Financial Overview

During 2003, turnover for the UK housing division increased by 10% to £2,270.0 million, with operating profits rising by 28% to £371.8 million before exceptional items of £5.9 million in 2002. For the year, the UK business achieved a 27% return on average capital employed.

2003 Group Highlights
A year of exceptional financial progress

24%
Increase in shareholders' funds

30%
Growth in profit before tax*

31%
Growth in earnings per share*

35%
Increase in full year dividend

* before exceptional items of £5.9 million in 2002

Of this, the George Wimpey brand accounted for £1,933.2 million of turnover and an increase in operating profits of 22% to £330.1 million from £270.2 million in 2002. Improving the operating margin remained a key focus for the year and it rose to 17.1% from 14% in 2002. This strong improvement resulted from the benefits of land acquired on better terms and selling price increases as well as continued tight control of costs.

Laing Homes turnover was £336.8 million, compared with a contribution of £131.8 million for the two months of ownership in 2002. Despite more difficult market conditions in its higher priced markets, especially in and around London, operating profits in Laing Homes were £41.7 million, similar to the pro forma 12 months results for 2002. The operating margin rose to 12.4% from 10.7% for the whole of 2002. This improvement resulted from the first benefits of the programme of cost reduction introduced following acquisition.

Operating Overview

After the integration and acquisitions of the previous two years, 2003 was a year of consolidation and further progress for the UK business. The main focus was to deliver further improvement in operating margins and ensure this can be sustained going forward. This was achieved by:

- maintaining the efficiencies in overheads and build costs achieved over the previous two years in George Wimpey and introducing these to Laing Homes
- continuing to buy land on improved terms, and
- increasing our focus on customer service and satisfaction

During the year, Laing Homes was fully integrated as a division of the UK business. George Wimpey working and procurement practices along with detailed benchmarking were adopted across all Laing Homes sites. Following a review of the business's structure and future strategy, the North London and Northern Home Counties regions have been merged and the overhead in the Thames Valley region slimmed down in line with its projected scale for 2004. The anticipated cost savings are now expected to be at least £12 million compared with £10 million projected at the time of acquisition.

Market

The UK housing market continues to be supported

£12m

Laing Homes cost savings

17.1%

George Wimpey operating margin

by an underlying shortage of supply, low interest rates and good affordability. After the strong market conditions in 2002, 2003 started slowly across the Midlands and the South, although it remained strong for most of the year in Scotland, Wales and the North. The national market was especially strong for a period in the late summer and early autumn before experiencing its normal seasonal slowdown approaching Christmas. However demand was more limited in the higher priced markets, especially in and around London and, exceptionally, prices softened somewhat in Central London.

Our broad geographic and product spread continues to limit exposure to any specific areas of weakness. Only about 18% of all UK completions were in Southeast England, with only 15% of outlets located within the M25. 93% of completions were below £300,000.

Outlets and Completions

The average number of George Wimpey outlets open during the year was 272, a decrease on the previous year, which benefited from additional McAlpine Homes outlets which remained open in early 2002 following acquisition but were not replaced. In addition delays to new outlets have been caused by the increasing time taken to process land through the planning system, including time taken to process Section 106 Agreements. The average time taken to obtain implementable detailed planning permission grew from 37 weeks in 2002 to 43 weeks in 2003.

Visitor levels remained good through the year and average sales rates per development were in line with those achieved in 2002. Total George Wimpey completions for the year fell 11% to 11,813 from 13,274 with private development completions 8% lower at 11,228. With new outlets opened as forecast during the year, private development completions in the second half were up 4% on 2002 at 7,103. The average selling price of a George Wimpey private home rose 14% to £168,000 from £148,000 in 2002.

The George Wimpey brand remains geographically fairly evenly split. By volume, about 35% of sales are in Scotland and the North of England, 35% in the Midlands and 30% in the South. Our investment in Inner City developments has been strictly controlled, and we have redesigned projects to meet the changed market requirements for a more affordable product. At the end of 2003 we had 6 active sites in central London and one active site and one under construction in central Manchester.

During the year Laing Homes had an average of 37 outlets open and achieved a total of 1,096 completions, of which 975 were private development. The sales rate was lower than that achieved in previous years reflecting the more difficult market conditions for more expensive products.

The average selling price for Laing Homes rose by 14% to £315,000 from £276,000 achieved throughout 2002, reflecting the changes to the regional and product mix of the business.

Laing Homes had a narrower geographic spread, with about 80% of completions in London and the Home Counties, the balance being in the Midlands. Laing Homes is well positioned for growth around London and the Home Counties and in other premium markets across the country. We believe this can be achieved without

+4%

Second half volume growth for George Wimpey

damaging the potential for volume growth in the George Wimpey business.

Product Mix

With the development of PPG3 across England, our product mix continued to change. For George Wimpey the proportion of 4 and 5 bedroom detached houses fell slightly from 45% in 2002 to 43% in 2003 and the proportion of flats increased from 18% to 24%. The average size of our product has remained broadly unchanged over recent years and was 1,053 sq ft in 2003.

For Laing Homes, 49% of completions were flats and 32% 4 and 5 bedroomed properties. During the year the average size of our Laing product rose from 1,138 sq ft to 1,232 sq ft.

Landbank

Improving the terms on which land is bought has been a major part of improving the operating margins of the UK business over the past three years. Hurdle rate disciplines reflecting different levels of risk have been implemented and provide an opportunity for future margin improvement in the Laing Homes businesses. At George Wimpey the implied operating margin on additions to the landbank at currently prevailing costs and selling prices rose to around 17.5% for 2003.

During the year the short term owned and controlled landbank for both our UK businesses increased. At George Wimpey it rose from 40,932 plots at the end of 2002 to 43,587 plots at the year end. Average plot costs increased to £51,000 from £45,000 in 2002, as land acquisitions were somewhat biased towards the South.

The average scope of sites acquired during the year rose from about 70 units to 80 units, creating a stronger land base for 2005. The average coverage rose from about 16,750 sq ft per acre to about 17,250 sq ft per acre, excluding high rise inner city developments.

At Laing Homes the short term owned and controlled landbank grew from 3,613 plots to 5,021. The average plot cost for land acquired during the year rose to £107,100 from £97,400 in 2002.

For 2003, the average scope of sites acquired remained broadly unchanged at about 60 units. The average coverage per site rose from about 24,750 sq ft per acre to about 27,000 sq ft per acre.

The transfer of land from the strategic landbank has provided 1,238 plots into the short term landbank during the year. The strategic portfolio stood at 18,621 acres at the year end, compared with 18,581 last year.

Quality and Customers

Quality of build and achieving industry leading customer service remains a priority for our businesses. Once again, we were by far the largest winners of the coveted NHBC Pride in the Job Awards gaining 74 Quality Awards and 22 of the Top 100 Seals of Excellence.

Our customer care management system aims to ensure all customers receive consistent service. All aspects of customer satisfaction are being benchmarked and analysed so areas for improvement can be assessed, both at a regional and national level. Although we recognise we still have much to achieve, many of our regional businesses are using these processes to bring about substantial improvements in their performance.

Extending the sale of optional extras to customers to help them customise their homes has been a major focus during 2003. At George Wimpey, extending the range at site based options centres has increased the value of options sold per customer to £5,129, representing 3% of the average selling price of our homes. At Laing Homes, the sale of optional extras is still limited but an average of £3,000 per plot has been achieved.

A new approach to selling options from a centralised centre was introduced by George Wimpey East Scotland in Edinburgh in June 2003. The average option revenue per customer visiting the centre was almost double that previously achieved by the region. Another centralised selection centre has been opened in Cannock, in the Midlands, with further centres planned for the rest of 2004.

Through UK Home Finance, our joint venture finance company, following our initial first mortgage product, we are now able to offer customers a range of unique mortgage, remortgage and insurance products.

Going Forward

Building on the substantial progress made over the previous two years, 2003 was a year of consolidation, completing the restructuring of our UK business. We have achieved a significant improvement in operating margin in our core George Wimpey business and are now well placed to sustain this. We are also well placed to deliver a similar improvement in operating margin at Laing Homes, whilst at the same time buying land to deliver a growth in volumes. These, in addition to the improved services we can offer our customers, place us in a strong position to achieve further steady growth in 2004.

US Housing

Financial Overview

Building on a successful business formula and a strategy of steady growth in existing markets, Morrison Homes has achieved further significant organic growth during 2003.

Turnover grew by 24% from $806.2 million to $997.8 million, with improvements in both completions and average selling price. Operating profits rose strongly by 47% to $118.6 million from $80.7 million in 2002. Once again the operating margin increased, from 10% in 2002 to 11.9%.

Return on average capital employed increased to 25.9% .

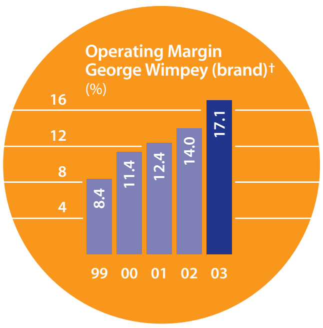
In sterling terms, turnover totalled £608.4 million and operating profits £72.3 million. The weakening of the dollar adversely impacted the comparison by £56.8 million and £6.7 million respectively.

Market Overview

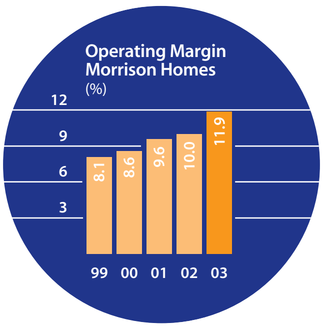
During 2003 the general US economy continued to strengthen, consumer confidence reached a high of 92.5 in November whilst unemployment remained at low levels.

The housing market remained very strong supported by continuing low 30 year mortgage rates. Single family home starts were 1.5 million, one of the strongest in the past 30 years. It is anticipated that the housing market will remain strong in 2004.

Many of Morrison's markets have further benefited from continued inward migration leading to above average population growth. Morrison's markets in Northern California, Phoenix and Central Florida remained strong throughout the year. However, some markets, in particular Denver and Dallas, stayed relatively weak with Atlanta, Austin and Houston seeing some improvements during the second half. For 2004 the Southern and Western regions of the US are expected to continue to benefit from increases in job growth and inward migration.



† Before exceptional item of £28.9 million in 2001



Completions and Outlets

In line with our plans, completions for the year rose 14.5% from 3,197 to 3,661. The average number of outlets during the year was slightly lower than last year at 102 as a result of decisions to exit the San Antonio market and reduce activity in Atlanta and Dallas until performance improves. During the year 39 new outlets were opened and 32 completed. In line with our strategy of growing volume in 2004 we expect a significant increase in average outlets open by the end of the first half.

Although the average number of outlets was lower, the average weekly sales rate per outlet increased significantly on 2002.

The average selling price of a Morrison Home during 2003 was $270,000, a 7% increase from $252,000.

Margin Improvement

The operating margin rose to 11.9%. Building on last year's successful increase to 10% the business continued to focus on opportunities to reduce costs throughout the year. Procurement deals have reduced the number of suppliers and achieved better purchasing terms for products

11.9%

Morrison Homes operating margin

such as HVAC equipment, exterior doors and fireplaces, with further opportunities being investigated. Standardised construction schedules have helped to reduce build times and house plans have been subject to value engineering exercises to eliminate unnecessary costs.

Landbank and Growth Opportunities

During the year the short term owned and controlled landbank grew by 26% from 13,439 plots to 16,967 plots. This increase has been achieved across all our existing markets.

The satellite businesses in Jacksonville and Sarasota, Florida and the Central Valley, Northern California have continued to expand throughout the year, as they move to become separate operating divisions. The current land position puts the business in a good position to support this planned growth into 2004 and beyond.

As we continue to improve the terms on which land is acquired, the implied operating margin on additions to the landbank is consistent with sustaining the margin achieved during the year.

Consistent with our growth strategy, we aim to increase market share by broadening our range of middle-market products where the Morrison brand can add value. New slightly smaller and more efficient products as well as higher density town houses have been designed. New ranges were introduced in Atlanta, Dallas, Houston, Jacksonville and Orlando.

Customer Service

The Morrison Homes Signature Selection Centres continue to add value for our customers and are now open in all our markets. An average of $27,400 of options per sale was achieved during the year representing 10% of turnover and an increase of 14% on last year's level of $24,100. As well as providing a valuable profit source, the sale of a wide range of options allows us to keep the base house price low remaining competitive in our markets.

Customer Satisfaction measured by our customers' 'Willingness to Refer' was 84.7% with a third of our divisions exceeding our 90% goal. According to JDPower & Associates our customer satisfaction rating put Morrison Homes in the top quartile of all builders and our rating exceeded the national average by 5%. The proportion of our customers referred by previous homebuyers increased to 22% in the fourth quarter of the year, more than twice the industry average.

During the year 66% of our home buyers arranged a mortgage through Morrison Financial Services. This service is now available in all our divisions. Morrison Title, available in Florida and Texas, was able to provide a title service to over 90% of customers in these markets during 2003. As well as enabling us to provide a seamless service to our customers, these businesses continue to provide additional opportunities for profit growth.

Going Forward

Forecasts are predicting another healthy year for the US housing markets in 2004 and the markets in which Morrison Homes operates are well placed to benefit from economic, demographic and employment growth. We have significantly strengthened our landbank during 2003 and are now well placed to deliver further progress in 2004.

Financial Review

Interest

The Group's interest charge for the year totalled £51.6 million including £7.6 million imputed interest on deferred consideration, (2002 £10.2 million), payable to John Laing PLC. Interest on borrowings at £44.0 million was higher than the 2002 expense of £27.7 million due to higher borrowing levels. Average net debt for the year was of the order of £800 million an increase of £264 million, reflecting deferred payments of £215 million during the year in respect of the acquisition of Laing Homes, together with further investment to strengthen the landbank. The effective interest rate was 5.4% similar to that in 2002 (the calculation of the effective interest rate is defined in note 18 to the accounts).

Interest cover, defined as operating profits before exceptionals divided by the net interest charge, exceeded 8 times.

Taxation

The tax charge for the year totalled £117 million, representing an average tax rate of 31%. This tax rate is expected to be sustained for at least the coming year.

Second Half Results

In the six months to 31 December 2003, Group turnover was 15% higher than in the same period in 2002 at £1,819.5 million and pre-exceptional profit before tax was 24% higher at £255.5 million before exceptional items of £5.9 million in 2002.

In the UK the George Wimpey brand turnover was 9% higher than the same period in 2002 at £1,242.1 million, with completions 4% higher and average selling price 11% higher at £171,000. The operating margin was 17.4%, compared to 15.8% leading to operating profits 20% higher at £216.1 million. Operating margins also showed further progress on the level of 16.5% achieved in the first half of 2003, reflecting lower gross margins but better overhead absorption.

Turnover in Laing Homes was £223.2 million a significant increase on the reported results for the second half of 2002, when we only owned the business for two months. Laing Homes contributed an operating profit of £29.7 million compared to £20.0 million in the last two months of 2002 before exceptional items of £5.9 million. This represented a substantial improvement in operating profits for the whole of the six months to December 2002, which we estimate to have been £24.2 million.

In the same period, Morrison Homes' completions were 14% higher than in the second half of 2002 at 2,140. With average selling prices 7% higher, dollar turnover was 22% higher at $588.3 million. The operating margin was also improved up from 11.0% in 2002 to 12.4% in 2003. Dollar operating profits were therefore 39% higher at $73.3 million. After an adverse exchange translation effect of £5 million, Morrison Homes' sterling profits for the second half totalled £44.2 million compared with £34.7 million in 2003.

Interest costs were £7.6 million higher at £26.3 million as a result of higher borrowing levels principally due to the acquisition of Laing Homes and investment in the land bank.

Balance Sheet

The Board is recommending a final dividend of 8.45 pence bringing the full year dividend to 12.25 pence an increase of 35%. After providing for this dividend, shareholders' funds have grown strongly to £1,170.0 million (2002 £943.0 million). This represents a 55 pence per share increase bringing net worth per share to £3.05. Group borrowings at the year end stood at £529.2 million an increase of £153.6 million more than explained by payments of £215 million to complete the acquisition of Laing Homes. Gearing defined as borrowings as a percentage of shareholders funds stands at 45%. Assets employed include £1,438.6 million of land net of creditors which reflects a net investment of £188.2 million during 2004. The owned and controlled land position in both the UK and US has been further strengthened. The value of work in progress increased by £77.0 million to £577.8 million reflecting the growth in the scale of the business. As mentioned earlier, debt increased in 2003 by £153.6 million.

Cash Flow/Net Debt

The table below shows the key cash flow items underlying the increase in debt of £153.6 million. Highlights are:

Cash Flow Highlights

	2003 £m
EBIT (earnings before interest and tax)	430
Net investment in land	(188)
Net investment in work in progress	(91)
Other	80
Trading cash flow	**231**
Tax	(118)
Interest	(43)
Dividend (net of scrip dividends)	(25)
Exchange rate changes	28
Other	(12)
Net cash flow	61
Deferred consideration on acquisition	(215)
Increase in net debt	**(154)**

- A 30% increase in pre-exceptional earnings before interest and tax to £429.8 million
- A £188.2 million net investment in the land bank to support further growth and development of the business
- £215 million payment to complete the acquisition of Laing Homes

Financial and Treasury Policies

George Wimpey has financed its growth in recent years through a combination of retained profits, bank loans and long term loans in the form of US$ private placements with a group of US insurance companies. All loans and banking relationships are managed centrally through the Group Treasury Department.

We continue to use derivatives to generate the appropriate balance between fixed, capped and floating interest rate profiles. It is not our policy to trade actively in derivatives or to use more complex derivatives.

The Group's Treasury Committee is responsible for developing and recommending policy to the Board and for monitoring our financing risks.

The main risks arising from our financing instruments are liquidity, interest rate and foreign exchange currency risk.

£188m

Net investment in land

Liquidity Risk: George Wimpey maintains adequate committed borrowing facilities to ensure that seasonal borrowings can be accommodated whilst maintaining prudent headroom against projected actual borrowings. As can be seen from note 17 to the accounts the Group has committed bank facilities of £925 million at the end of 2003. It also has private placements totalling £328.7 million.

We have raised money in the US private placement market for a number of years. Following a very successful private placement in 2002, the same investors were approached again in the first half of 2003 and a new $150 million private placement was arranged at very competitive interest rates. During the year we also arranged over £250 million of committed bank facilities and increased the average maturity of borrowing arrangements to in excess of 5 years.

Interest Rate Risk: We aim to limit our exposure to interest rate fluctuations on our debt by using fixed interest rate borrowings, interest rate swaps and options. The most adverse scenario for the Company is a significant increase in interest rates which would weaken the housing market at the same time as increasing borrowing costs. To mitigate this risk, the Group has arranged that approximately 90% of its year end debt is at fixed interest rates. In addition, noting that borrowings during the year are generally substantially higher than at the year end, interest rate caps of £200 million have been purchased giving the Group considerable insurance in case sterling interbank rates of interest rise above 4.75% in 2004.

Currency Risk: Our principal currency risk is the translation exposure of our investment in Morrison Homes. Our policy is to match as far as practicable our dollar denominated assets with dollar denominated debt.

Consequently movement in the sterling/dollar exchange rate has had little effect on the Group's shareholder funds, though it did affect the sterling value of year end debt as well as reported turnover and pre-tax profits.

Accounting Standards and Pensions

The 2003 Annual Report has been produced in accordance with standards issued by the Accounting Standards Board. There have been no new standards issued during 2003. New pronouncements issued by the Urgent Issues Task Force have had no significant impact on reported results.

We are now well advanced in preparing ourselves for the adoption of International Accounting Standards in 2005. Our core policies on turnover and profit recognition and value of land and work in progress should be unaffected. In particular, we anticipate continuing our prudent policy and only recognising revenue and profits once the sale of a house is legally completed.

The major new accounting developments affecting George Wimpey, as with many companies, are on retirement benefits and measurement of financial instruments. There remains some uncertainty about how these standards will develop and the timing of adoption.

It is likely that the new pensions standard will be similar to the UK's Financial Reporting Standard 17, with which we are now well familiar. The effect of FRS 17 this year is limited, like last year, to certain disclosures set out in note 9 to the accounts. There is no impact on this year's financial statements. In summary, under FRS 17, the UK pension scheme has assets (at current market value) of £545 million and liabilities (discounted at the AA rated bond yield required by the standard) of £730 million. The use of this valuation method results in a deficit of £185 million, partially offset by a deferred tax asset of £55 million, giving a net deficit of £130 million. This compares to a net deficit a year ago of £115 million. The primary reasons for the increased deficit are the reduction in the AA rated bond yield used to discount the liabilities and a higher inflation rate assumption.

45%

Gearing despite acquisition payments and increased land investment

Under the pension scheme rules, an actuarial valuation of the Pension Scheme was carried out in April 2002. This showed a deficit of £74 million below that required to cover the benefits accrued to members after allowing for expected future increases in earnings.

The Company has taken several major steps to address the shortfall in the pension scheme over the last few years. The balance of the fund in UK and overseas equities has steadily been reduced and we had just 30% of funds in equities at the end of 2003. The defined benefit scheme was closed to new members two years ago on 1 January 2002. The increased employee contributions detailed in last year's Report have now been fully phased in at 8%. The favourable arrangements for early retirement have also been amended. Former Laing employees have now transferred to the George Wimpey scheme on similar terms, and there has been the appropriate full transfer from the John Laing Pension Scheme to cover the resulting benefits. The normal service cost to the company has now fallen to 13.2% of pensionable payroll. We will invest an additional £15 million in cash each year from 2004 (compared with an additional £10 million in 2003) to address the deficit. This reflects just 0.5% of Group turnover. With all these measures now in place, we remain confident that the pension deficit is being properly and fully addressed.

ANDREW CARR-LOCKE

Board of Directors

From left to right (top): John Robinson, Peter Johnson, Michael Blackburn, Christine Cross. From left to right (bottom): Stewart Cline, Andrew Carr-Locke, Baroness Dean, David Williams, James Jordan.

Christopher Bartram resigned on 10 April 2003.

Keith Cushen resigned on 31 December 2003.

Photographs taken at the new Options Centre during the Board's visit to Scotland in October 2003.

John H Robinson
Chairman

John has been Chairman since 1999, originally joining George Wimpey as a Non Executive Director in September 1998. In January 2004, John was appointed Chairman of Bespak plc, he is also Chairman of Paragon Health Care Group Limited and an operating partner at Duke Street Capital. John has previously been Chairman and Chief Executive of Smith & Nephew PLC and Chairman of Low & Bonar Plc, Railtrack PLC and UK Coal PLC. John is Chairman of the Governing Council of the University of Hull. Age 63.

Peter M Johnson
Group Chief Executive

Peter was appointed in October 2000, having previously been Chief Executive of The Rugby Group PLC and, prior to that, a Director of Redland PLC. He is a Non Executive Director of DS Smith Plc and Chairman of its Audit Committee. He is a member of the Council for Industry and Higher Education (CIHE). Age 56.

J Michael Blackburn
Non Executive Director

Michael was appointed in September 1999. Previously Chief Executive of Halifax plc, he is a Non Executive Director of DFS Furniture Company plc and Freeport Plc. Age 62.

Andrew Carr-Locke
Group Finance Director

Andrew was appointed in May 2001. Previously he was Group Finance Director of Courtaulds Textiles Plc. In October 2003 Andrew joined AWG Plc as a Non Executive Director. Age 50.

Stewart M Cline
President, Morrison Homes

Stu joined Morrison Homes in 1994 as President and was appointed to the Board of George Wimpey in December 2000. Prior to joining Morrison he was with the Ryland Group for 22 years, concluding as President of their South West Region. Age 58.

Christine Cross
Non Executive Director

Chris was appointed in December 2002. She currently runs her own retail consultancy business and, prior to that, had been Group Business Development Director at Tesco, where she worked from 1989-2003. Chris holds two visiting professorships in Business Studies at Srinakarinwirot University, Bangkok and in Consumer Studies at the University of Ulster. She is a Non Executive Director of Sobeys PLC in Canada. Age 52.

Baroness Dean of Thornton-le-Fylde
Non Executive Director

Brenda was appointed in October 2003. Prior to her appointment to the Board, Brenda retired as Chairman of the Housing Corporation, a post she had held since 1997. She is a member of the House of Lords and active in a range of public areas. She has previously held Non Executive positions with Take Care plc, Chamberlain Phipps and Inveresk plc. Age 60.

David Williams
Non Executive Director

David was appointed in May 2001. He is currently Finance Director of Bunzl plc, a position he has held since 1991. Previously David has held Non Executive positions at Dewhirst Group PLC and Medeva PLC. Age 58.

Group Company Secretary
James J Jordan

James, a solicitor, was appointed Group Company Secretary in February 2002. Age 42.

Corporate social responsibility makes sound business sense

CHRISTINE CROSS
CHAIR, CSR COMMITTEE

We remain committed to transparent CSR reporting and to monitoring, reviewing and improving our performance. We believe we have built on last year's achievements but understand that sustainability will not be achieved quickly and we still have many steps to take.

Corporate Social Responsibility (CSR) makes sound business sense. The key to the George Wimpey approach is an integrated business plan where environmental, social and technical performance is aligned with financial security and returns.

This year, we have produced our second annual CSR report. Entitled 'Making Progress', the report sets out in detail our approach to environmental, social and ethical issues in the UK and the US. We take a practical approach to CSR, balancing stakeholder perspectives with commercial viability. CSR can and must make business sense.

Like our first report, Making Progress describes our policies, procedures and performance in terms of governance, health and safety, environment, employees, community and customer care.

In our first report, we identified a series of Key Performance Indicators (KPIs) to provide an annual snapshot of our progress over time. This year's report includes 20 KPI measurements and highlights several additional KPIs for inclusion in our 2004 report.

We also integrated Laing Homes into our CSR practices and procedures, with particular focus on health, safety and environmental management. Part of this initiative included training 100% of relevant Laing Homes staff on these issues.

Each section of the 2003 report includes at least two case studies on how our policies work in practice across the UK and the US. These range from on-site accident prevention and school safety initiatives to building sustainable communities and enhancing biodiversity on our sites.

Highlights of the 2003 CSR Report

Governance

In June 2003, we set up a CSR Committee of the Board which I am delighted to chair. Committee members included Keith Cushen, Chief Executive of George Wimpey UK, Stu Cline, President of Morrison Homes and Non Executive Director Baroness Brenda Dean. This Committee will strengthen and inform the Group's approach to corporate responsibility issues. The CSR Committee will meet at least twice per year and is responsible for the Group's CSR strategy, policies, reporting and performance monitoring. The Committee's responsibilities include aligning CSR strategy to the needs of the business, developing appropriate stakeholder dialogue and highlighting significant social, environmental and ethical risks and opportunities to the Board.

A key focus for 2004 is to develop a framework for deepening our understanding of what it means to be 'a responsible housebuilder'. We will also investigate how to strengthen assurance around our CSR related processes and review our procedures in the light of third party criteria.

Health and Safety

In the UK, we engaged with key stakeholders on health and safety risks, ran national safety workshops for designers and saw an 11% reduction in reportable accidents since 2002. We trained 2,800 workers on a new fall arrest system, 900 on the use of safety nets and provided health and safety induction for 100% of contractors. George Wimpey UK also received a prestigious UK Construction Health and Safety Group award for 'Contribution to Health and Safety Training and Improved Standards'. In the US, we improved weekly safety reports, introduced a Scored Safety Audit programme on 100% of sites and introduced monthly safety reporting.

In 2004, George Wimpey UK will seek British Safety Council health and safety accreditation. We will continue to focus on reducing accidents in the areas in which our workers are most at risk. Morrison Homes will continue to focus primarily on reducing the risk of falls from height and will aim to provide 100% of our new builders with health and safety certification within 90 days of employment.

We remain committed to transparent CSR reporting and to monitoring, reviewing and improving our performance

Environment

In 2003 in the UK, we trained 100% of site management and support staff on environmental management, as well as 389 of our contractors. In addition, 67% of our homes were built on brownfield sites, exceeding the UK Government's 2008 target of 60%. In the US, we continued and extended our involvement with environmental initiatives and engaged with suppliers to introduce environmentally-preferable heating, ventilating and air-conditioning (HVAC) systems.

In 2004, we will focus on completing our sustainability survey of suppliers and undertake a full gap and cost benefit analysis of seeking accreditation to ISO14001. We will also explore CSR related supply chain issues and focus on increasing waste segregation and recycling. Morrison Homes will focus on fully converting to Freon-free HVAC systems within the next three years.

Employees

Our first UK employee survey showed that 65% of staff rate George Wimpey above average or one of the best companies they know or have worked for. We also introduced a new human resources strategy and drew up action plans to address issues highlighted by the employee survey. In the US, we increased the annual hours of training per employee by 16.6% and the seventh annual employee survey indicated that 83% of staff think that Morrison Homes is a great place to work.

Future targets include George Wimpey UK taking action on areas of concern highlighted by the employee survey. Morrison Homes will focus on co-ordinating and monitoring a new series of training initiatives, tracking recruitment success and increasing the length of time new recruits stay with the company.

Community

In the UK and the US, we supported a range of community and charitable initiatives either linked to our local businesses or employees or with a particular focus on housebuilding and homelessness. Initiatives included creating a temporary winter shelter for homeless people in the UK, as well as redecorating a local women's shelter and refurbishing children's bathrooms on behalf of charities in the US.

In 2004, we will analyse the mix of our charitable activities and investigate ways to improve the effectiveness of our charitable donations policy.

Customer Care

George Wimpey UK won more than twice as many NHBC Pride in the Job Quality Awards as any other housebuilder in 2003 and 83% of our customers said they would recommend us to friends and family. Customer satisfaction ratings placed Morrison Homes in the top quartile of all US builders and 84.7% of customers would recommend the company. Homeowner referrals accounted for 22% of US business.

In 2004, we will introduce a new Customer Charter for the UK and re-evaluate our customer service training. Morrison Homes will implement a customer communication management system and focus on further improving customer communication channels and points of contact.

CHRISTINE CROSS

Directors' Report

The Directors submit to the members their Report and Accounts of the Company for the year ended 31 December 2003. The Corporate Governance and Remuneration Reports on pages 35 and 38 form part of this Directors' Report.

Principal Activities and Business
During 2003 the Group's principal activities were in housing and land development. A summary of the results of these activities is set out in note 1 on page 48. Further details of the Company's activities and future developments are described on pages 2 to 27.

Profit and Dividends
The profit for the financial year of £260.9 million is reported in the profit and loss account on page 44. An interim dividend of 3.8p per share, amounting to £14.5 million in aggregate, was paid on 24 October 2003 and the Directors recommend a final dividend at the rate of 8.45p per share amounting to £32.2 million. This, when added to the interim dividend, will make a total of 12.25p per share or £46.7 million attributable to the year and leaves a surplus of £214.2 million which has been transferred to reserves.

Directors
Biographical details of the Board of Directors are shown on page 29.

In accordance with the Articles of Association, one third of the Directors are required to retire by rotation at the Annual General Meeting. Accordingly John Robinson, Michael Blackburn and David WIlliams being the longest serving members, will retire and offer themselves for re-election.

Also in accordance with the Articles of Association, Directors who have been appointed to the Board since the last Annual General Meeting must be re-appointed at the subsequent Annual General Meeting. Accordingly, Brenda Dean, who was appointed a Director on 7 October 2003, will retire at the Annual General Meeting and offer herself for re-appointment.

Christopher Bartram and Keith Cushen resigned as Directors on 10 April and 31 December 2003 respectively. Keith Cushen has been engaged by the Company as a consultant until 31 December 2004 (see note 3 of the Remuneration table on page 41).

The beneficial and non-beneficial interests of the Directors in shares of the Company, disclosed to the Company are set out below:

	Shares at 01/01/03	Shares at 31/12/03
J H Robinson	29,770	29,770
P M Johnson	119,586	229,886
S M Cline	10,000	10,000
A C P Carr-Locke	15,000	25,000
J M Blackburn	5,821	6,023
D M Williams	5,054	5,230
C Cross	0	3,454
B Dean	0[1]	0
Former Directors		
K M Cushen	33,940	34,896
C J Bartram	10,371	10,371[2]

[1] Upon appointment.

[2] Upon resignation.

Included in the shares held by Keith Cushen are 6,445 shares held in the George Wimpey Plc Employee Benefit Trust ("the Trust") on his behalf pursuant to the rules of the Executive Incentive Scheme. These shares together with a matching amount of 4,833 (75%) will be released to Keith Cushen in 2004 in accordance with the rules of the Scheme.

Interests of the Directors in options over the shares of the Company are shown on page 42. As beneficiaries under the Trust which holds shares to satisfy awards under the George Wimpey Long Term Incentive Plan each of Peter Johnson, Andrew Carr-Locke, Stewart Cline and Keith Cushen had an interest as at 31 December 2003 in the 3,252,955 shares held by that Trust.

There has been no change in the interests of the Directors between 31 December 2003 and the date of signing of the accounts, 24 February 2004 except that the interest of Messrs Johnson, Carr-Locke and Cline in the shares held by the Trust will reduce from 3,252,955 to 2,980,228 following the vesting of 272,727 shares to Keith Cushen under the George Wimpey Long Term Incentive Plan in February 2004 – see page 43 of the Remuneration Report.

Share Capital
At the 2003 Annual General Meeting authority was given to the Company to purchase up to a maximum of 10% of its own shares. This authority expires at the conclusion of the forthcoming Annual General Meeting at which a special resolution will be proposed to renew the authority for a further year.

The Board has no immediate intention of exercising this authority but will keep the matter under review. Moreover, purchases will only be made if they would result in increased earnings per share and will take into account other available investment opportunities and will be in the best interests of shareholders generally. Any shares purchased in accordance with this authority will subsequently be cancelled.

Options were outstanding as at 12 February 2004 to subscribe for a total number of 9,925,876 ordinary shares, or 2.58% of the issued share capital. If the authority to purchase shares is ever used in full, the proportion of issued share capital represented by this figure would be 2.87%.

An ordinary resolution will be proposed at the Annual General Meeting to authorise the Directors, in accordance with section 80 of the Companies Act 1985, to allot shares in the Company up to an aggregate nominal amount of £32,017,837 for a further period of five years.

Conditional upon the passing of the above resolution, a special resolution will be proposed at that Meeting to enable the Directors to allot shares for cash (by way of rights or scrip dividend or in an amount equal to but not more than £4,802,675 in aggregate of the nominal value of the Company's issued share capital) without regard to the pre-emption rights of the Companies Act.

Employee Share Schemes
The Company operates a Savings Related Share Option Scheme for its UK employees and an Executive Share Option Scheme for all UK regional board directors. The limit that may be issued under each Scheme is the lower of 20,000,000 and 5% of the issued ordinary share capital of the Company.

During the year options were exercised in respect of 1,326,612 shares under the Savings Related Share Option Scheme and 1,187,259 shares under the Executive Share Option Scheme. In addition 194,823 shares were allotted during the year to George Wimpey Quest Trustees Limited to cover exercises of savings related share options, the remaining 1,131,789 shares being allotted directly to the participants, in accordance with the Scheme rules. The last allotment via the Quest took place in July 2003 and the Company now allots shares directly to the participants of the Scheme.

Options were granted during the year to participating employees over 1,047,242 shares at 304p under the Savings Related Share Option Scheme.

Options were granted to selected executives over 915,879 shares at 246.25p and 588,814 shares at 380.91p under the Executive Share Option Scheme.

The number of options outstanding at 31 December 2003 under the Savings Related Share Scheme was 5,364,812 exercisable between 2003 and 2009 at between 77p and 304p per share and, for the Executive Share Scheme, 4,794,870 shares exercisable between now and 2013 at 98p to 380.91p per share. The number of options outstanding under both schemes was 10,159,682 shares of which 8.2% are for the account of the Executive Directors.

The George Wimpey Plc Executive Incentive Scheme up to 2000, required participants to invest part of their annual cash bonus in shares of the Company to be held in trust for 3 years and then released to the executive with an additional 50% in matching shares. For bonus payments after 1999 where the executive elected to keep the shares in Trust for a further 2 years, the matching award is increased to 75%. It is intended that the Scheme will now run its course, and close when all current obligations have been fulfilled. In February 2003, 196,493 shares were allotted to the Trust to fulfill its obligations.

As at 31 December 2003, the Trust held 243,565 shares, with a market value of £909,106.37 on behalf of the employees in the above Scheme.

Substantial Shareholdings

As at 12 February 2004 the Company had been notified of the following interests in accordance with sections 198 to 208 of the Companies Act 1985.

	Number of Shares	% Issued Share Capital
Axa S.A.	64,929,901	16.90
Barclays PLC	53,668,465	13.97
Prudential PLC	30,259,802	7.88

Creditor Payment Policy

The Company's policy and practice for itself and its businesses, is to agree in advance the terms and conditions for business transactions with suppliers and sub-contractors. Payment is generally made on this basis, subject to terms and conditions being met by the suppliers and sub-contractors. The number of creditor days as at 31 December 2003 was 30 days (27 days 2002).

The Company had no trade creditors at 31 December 2003.

Research and Development

The Company continues its commitment to maintain and improve high standards of build quality, together with improving efficiency and safety and environmental standards. To achieve this, it both seeks to improve continuously its traditional construction techniques and explore innovative solutions and construction methods. During the course of 2004 the Company intends to increase this commitment further by establishing a formal relationship with an external research body.

Employee Involvement and Communication

The businesses continue to enjoy the more open culture that has been developed in recent years. Employee involvement and internal communications continue to evolve as greater sharing of knowledge and experience takes place. The intranet has been extended further to enable greater ease of communication throughout the businesses. Information on key business issues is cascaded throughout the organisation and supported by management presentations.

The Board has continued its tradition of spending time within local business units in both the UK and US. Visits include spending time on site and in local offices to meet staff at all levels and to discuss with them relevant business issues. The Directors carry out regular visits to all parts of the business, holding informal discussions with staff, enabling them to understand the Company's objectives and generating feedback.

The Company produces a quarterly magazine for all businesses called "In House". The magazine, edited independently, receives contributions from all businesses throughout the Group and aims to keep staff informed of new developments and initiatives, staff and business issues as well as social events and employee achievements.

The twenty first issue of the Company's Savings Related Share Option Scheme, open to all staff with over 6 months' service, was made during the year and taken up by 1,112 employees. It is intended to make a further issue in 2004.

Equal Opportunities

The Company is committed to equality of opportunity in all its employment practices, policies and procedures. To this end, within the framework of the law, we are committed wherever practicable to achieving and maintaining a workforce which broadly reflects the local catchment area within which we operate. No employee or potential employee will therefore receive less favourable treatment due to their race, creed, colour, nationality, ethnic origin, religion, political or other opinion, affiliation, gender, sexual orientation, marital status, family connections, membership or non membership of a trade union, or, unless justifiable, disability.

Employment of Disabled Persons

The Company is committed to ensuring that people with disabilities are supported and encouraged to apply for employment with the Company and to achieve progress through the Company. They will be treated so that they have an equal opportunity, so far as it is justifiable, to be selected, trained and promoted. Every reasonable effort will be made to enable disabled persons to be retained in the employment of the Company by investigating the possibility of making reasonable adjustments to the job, workplace or equipment.

Charitable Contributions

Contributions for charitable purposes were made during the year amounting to £484,591 (2002: £343,674). The Charitable Contributions Committee, an executive committee under the chairmanship of Andrew Carr-Locke, considers charitable contributions made by the Company and also monitors quarterly both UK and US charitable contributions which have been made by the regional businesses. Donations are made in accordance with the policy laid down by the Board and the guidelines adopted by the Committee. Other members of the Committee throughout the year included Keith Cushen, Anna Edgeworth (Group HR Director), James Jordan and Terri Wright (Group Communications Manager). The Secretary to this Committee is Karen Atterbury, Assistant Company Secretary.

Directors' Responsibilities

The Directors are required by UK Company Law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit of the Group for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements are prepared in accordance with relevant applicable accounting standards. The Directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Group, and for preventing and detecting fraud and other irregularities.

A copy of the financial statements of the Company is placed on the George Wimpey Plc website (www.georgewimpeyplc.co.uk). Executive management is 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.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting on 22 April 2004.

By Order of the Board

James Jordan

JAMES J. JORDAN
GROUP COMPANY SECRETARY
GEORGE WIMPEY PLC
24 FEBRUARY 2004

Corporate Governance

Introduction
The Board remains fully committed to high standards of corporate governance throughout the Group. The Listing Rules of the Financial Services Authority require UK listed companies to report on the manner in which they apply the Principles of Good Governance and the extent to which they comply with the Provisions set out in the Combined Code on Corporate Governance issued by the Hampel Committee on Corporate Governance in 1998 ("the Combined Code"). This Report, together with the information set out in the Remuneration Report on pages 38 to 43, is published pursuant to the Combined Code which deals with directors, directors' remuneration, relations with and accountability to shareholders and the audit of the Company.

Statement of Compliance
Following publication in January 2003 of the Higgs Review on Non Executive Directors and the Smith Report on Audit Committees, the Combined Code was amended and a revised Code introduced for financial years beginning on or after 1 November 2003 (the "New Code"). In light of Higgs, the Board reviewed its procedures and governance policies and implemented a number of changes including Board Committee membership and induction programmes for new directors. The Board has also reviewed the New Code and will take whatever steps it considers appropriate to comply with its requirements. The Board believes that there is already substantial compliance with the New Code and a number of disclosures have been included in this Report and Accounts to reflect its new and revised provisions.

The Board considers that it has fully complied with the provisions set out in Section 1 of the Combined Code during the year.

The Board of Directors
The business and management of the Company is the collective responsibility of the whole Board. During 2003 the Board met formally, as a whole, 10 times. Twice yearly the Board spends time with a business unit in both the UK and the US which includes site visits, presentations from local management and meeting employees. The Board reviews the performance of each of its trading businesses in detail at each Board meeting and in July undertook a Strategic review. There is a formal schedule of matters reserved for consideration and approval by the Board and these include the annual budget, major land purchases and investment proposals, the approval of annual and interim results and a review of the overall system of internal control and risk management.

There are four standing Board Committees: Audit, Remuneration, Nomination and the Corporate Social Responsibility Committee (established in 2003). Each of these Committees operates within clearly defined terms of reference and reports back to the Board. The terms of reference in operation for the Board and its four standing Committees can be found on the Company's investor relations website (www.georgewimpeyplc.co.uk). Additional information on each of these Committees is set out later in this section and also in the Remuneration Report in respect of the Remuneration Committee.

During the year, there were no absences from any Board meetings by any Director except Michael Blackburn and David Williams who were unable to attend the December Board meeting.

During 2003, the Board consisted of the Chairman (John Robinson), the Group Chief Executive (Peter Johnson), three other Executive Directors and four Non Executive Directors (during the period 10 April to 7 October there were three Non Executive Directors). During the year each of the Non Executive Directors has at all times acted independently of management and has had no relationships which would materially interfere with the exercise of their independent judgement and decision making. The Board is of the view that the Non Executive Directors play an important role in upholding corporate governance and also ensure that no individual or group dominates the Board's decision making process.

The roles of the Chairman and the Group Chief Executive are separately held and there is a clear division of responsibilities between each position.

Michael Blackburn is the Senior Independent Non Executive Director and served throughout the year in this recognised position.

One third of the Directors submit themselves for re-election each year at the Annual General Meeting in accordance with the Articles of Association. In addition each Director seeks re-election every three years in accordance with the Combined Code. New Directors appointed during any year seek re-appointment at the next Annual General Meeting.

Christopher Bartram, an independent Non Executive Director resigned from the Board on 10 April 2003. Baroness Dean of Thornton-le-Fylde was appointed a Non Executive Director on 7 October 2003 and Keith Cushen took early retirement on 31 December 2003 and resigned from the Board with effect from that date.

An induction programme is provided for new Directors which includes the provision of a comprehensive set of background information on the Group and the corporate governance policies and procedures in operation. New Non Executive Directors are also provided with the opportunity of attending a training course on the role and responsibilities of holding such a position.

Formal agenda and reports are provided to Directors one week prior to the meeting, thus allowing sufficient time for detailed review and consideration of the documents beforehand. The Chairman and Group Chief Executive maintain regular contact with all Directors. The Group Company Secretary attends all Board and Board Committee meetings and in addition, all Directors have direct access to the Group Company Secretary for advice and services. The Secretary is responsible for ensuring that the correct procedures are followed at all Board and Committee meetings and reports directly to the Chairman and the Group Chief Executive.

The Board has adopted a procedure whereby Directors may seek independent professional advice relating to the carrying out of their duties.

During 2003 the Board carried out a comprehensive self appraisal which was led by the Senior Independent Non Executive Director. All Directors and the Group Company Secretary participated in the exercise. During 2004, the Board intends to repeat this process and has also implemented procedures for the appraisal of Board Committees and individual Directors to reflect the requirements of the New Code.

Board Committees
Christopher Bartram was a member of the Audit and Remuneration Committees until his resignation on 10 April 2003. John Robinson and Michael Blackburn were members of the Audit Committee until 24 July 2003, when they retired from those Committees following a review of the Committee structure and composition in light of the Higgs and Smith reports and the New Code. Keith Cushen was a member of the Corporate Social Responsibility Committee until his resignation on 31 December 2003. Brenda Dean was appointed to the Audit, Nomination and Corporate Social Responsibility Committees upon her appointment to the Board on 7 October 2003.

Nomination Committee
Current Members: John Robinson (Committee Chairman), Peter Johnson, Michael Blackburn and Brenda Dean

This Committee has formal terms of reference and meets at least once a year to review succession planning at both Board and senior management level across the Group. Consisting of the Chairman, Group Chief Executive, the Senior Independent Director and an independent Non Executive Director, the Committee will also meet as and when necessary to consider the appointment of new Directors. A rigorous process is in place for the appointment of new Directors involving the use of external recruitment consultants followed by meetings with both the Committee and then with the Board as a whole together with the Group Company Secretary. This ensures that the selection process is both formal and objective.

During the year, the Committee met on two occasions and there were no absences.

Audit Committee
Current members: David Williams (Committee Chairman), Christine Cross and Brenda Dean

The Committee consists of three independent Non Executive Directors. David Williams is the Group Finance Director of Bunzl plc (a post that he has held for several years) and the Board is satisfied, in line with the New Code, that he has both current and relevant financial experience. The Chairman, Group Chief Executive, Group Finance Director and senior management attend Committee meetings for specific items at the invitation of the Committee Chairman.

The Committee has formal terms of reference. It receives reports from its external auditors, PricewaterhouseCoopers LLP (PwC), the Internal Audit Department and senior management at each meeting. The Committee is responsible for reviewing the external audit process and for monitoring the effectiveness of internal controls and for considering major accounting issues. The Committee supports the Board in reviewing information which is sent to shareholders so as to ensure that it presents a balanced assessment of the Company's position. In addition, the Committee reviews the performance and objectivity of PwC and reviews the scope of their work (and that of the Internal Audit department) and the fees to be paid to PwC for both audit and non-audit related work. During the year the Committee met on three occasions and there were no absences.

Corporate Social Responsibility Committee
Current Members: Christine Cross (Committee Chair), Brenda Dean, and Stewart Cline

The Company takes Corporate Social Responsibility (CSR) very seriously and in 2003 published its first CSR report. To recognise the importance of this area, a Board Committee consisting of both Non Executive and Executive Directors was established in 2003, with formal terms of reference. The Committee will be responsible for setting the Company's CSR strategy and policies, and for performance monitoring and reporting. It is intended to produce an annual CSR report detailing the Company's strategy, policy and initiatives together with identified key performance indicators.

The Committee met twice in 2003 and there were no absences.

Remuneration Committee
Current Members: Michael Blackburn (Committee Chairman), David Williams and Christine Cross

Details of the Remuneration Committee and its policies are set out in the Remuneration Report on pages 38-43. The Committee has formal terms of reference.

Relations with Shareholders and Investors
During the year, the Company has continued to maintain an active investor relations programme, encouraging constructive two-way communication with investors, fund managers and analysts. Presentations are given at the time of both preliminary and interim results and at the Annual General Meeting when investors are invited to attend. Webcasts of both results presentations, along with the question and answer sessions, are made available on the Company website.

The Company makes full use of its website www.georgewimpeyplc.co.uk to provide information for shareholders and others interested in George Wimpey as an investment opportunity.

Peter Johnson and Andrew Carr-Locke carried out an extensive programme of meetings with institutional shareholders and investors throughout the year within guidance issued by the Financial Services Authority. Meetings were held in London, Edinburgh, Glasgow, Dublin, Paris, New York, Boston, Chicago, Austin, San Diego and San Francisco.

Andrew Carr-Locke and the Group Treasurer held meetings across the US with investors in the Company's US Private Placement programme. During the year subscribers to a new Placement met with senior management of Morrison Homes.

The Company's joint brokers, Cazenove and ABN Amro Hoare Govett attend two Board meetings a year to provide feedback on the shareholder surveys that they each carry out following the publication of the Company's results and subsequent meetings with management.

The Company is pleased to welcome private and institutional shareholders to its Annual General Meeting. The Board will be present at the meeting to answer questions and also available for discussions with shareholders both prior to and after the Meeting.

Accountability and Audit

The Board believes that the financial statements and reviews contained within this document present a balanced and understandable assessment of the Company's performance and prospects. The sound system of internal control within the Company enables the Board to make this statement.

The Audit Committee has a policy of not using the Company's Auditors for non-audit work if this could jeopardise the ability of the auditor to provide an independent and objective audit opinion. PwC currently carry out routine tax compliance work following a competitive tender process. The Committee takes the view that the carrying out of this work does not affect PwC's objectivity or independence due to its routine nature.

Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The implementation and maintenance of the risk management and internal control systems is the responsibility of the Executive Directors and senior management. It is recognised that the system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Consequently it can only provide reasonable and not absolute assurance against material mis-statement or loss. The system has been in place throughout the period and is regularly reviewed within the Turnbull guidance on Internal Control.

Following the acquisition of Laing Homes in November 2002, the business is now fully embedded in the risk management and internal control processes of the Group.

The Board has reviewed in detail the areas of major risk that the Group faces in its operations as documented in the Group Risk Schedule. This Schedule is comprised of the key risks and is regularly monitored for ongoing relevance. Specific key operational risks include land purchase, health and safety, the environment and product quality. The Board, following its review, is satisfied with the process in place for risk identification and management and it is satisfied with current control mechanisms and reporting lines that have been in place throughout the year and the programme of continuous improvement initiatives that has been implemented.

The Group seeks to maintain high standards of business conduct and operates under an established internal control framework, which can be described as follows:

Organisational Structure

The Group operates through a number of operating businesses, each with its own management board. Clear reporting lines and delegated authorities are in place. The management and monitoring of risk and performance occur at multiple levels throughout the Group and the use of interactive review processes provide successive assurance through the levels of the management up to the Board.

Land Purchase and Investment Appraisal

There are clearly defined policies and procedures for the purchase of land and for capital expenditure. These include detailed appraisal and review requirements and due diligence procedures which include a detailed environmental appraisal of land prior to acquisition. These procedures are subject to rigorous review and authorisation.

Development Activity

There is a comprehensive framework for managing and controlling all site related activity. This includes comprehensive Health and Safety procedures, regular performance monitoring and clear accountability on customer satisfaction.

Financial and Operating Reporting

There is a comprehensive budgeting system with an annual budget approved by the Board. Profit and cash forecasts are prepared and reviewed on a monthly basis. The performance of each business is reviewed monthly by Divisional and Group management and subsequently reported to the Board against both budget and forecast. Particular emphasis is placed on the cash flow as well as profit and loss and balance sheet reporting, and on key operating issues including health, safety and environmental matters.

Control Self Assessment

During 2004, improved procedures will be in place which will require each business to represent on a regular basis, through a formal Control Self Assessment process, its compliance with the core policies and key controls governing the Group.

Treasury

The principal Treasury related risks, decisions and control processes are documented. The Treasury Committee consisting of Andrew Carr-Locke (Chairman), Peter Johnson, Michael Blackburn, the Group Treasurer and Group Tax and Insurance Manager meets quarterly to consider Treasury related issues, decisions and control processes.

All of the above are subject to ongoing Internal Audit review. Internal Audit supports the Audit Committee and senior management by independently and objectively reviewing the effectiveness of risk management and the control environment. The Internal Audit methodology is aligned to the key elements of the Group's internal control framework. The results of all Internal Audit reviews are presented and discussed in detail at the Audit Committee. In addition to Audit Committee reporting, Internal Audit findings and conclusions are discussed at both the Group Executive Committee (which meets at least monthly and consisted during the year of Peter Johnson (Chairman), Andrew Carr-Locke, Stewart Cline, Keith Cushen and James Jordan (Group Company Secretary) and at Divisional executive meetings of George Wimpey UK and Morrison Homes. Peter Redfern, the Managing Director of George Wimpey UK became a member of the Group Executive Committee with effect from 1 January 2004.

Going Concern

The Directors are required under the Combined Code to have satisfied themselves as to the Group's ability to continue in existence for the foreseeable future. A review has been carried out and the Directors have concluded that the Group has adequate resources and is justified in using the going concern basis in preparing the financial statements.

Remuneration Report

Introduction
In preparing this Remuneration Report to shareholders, the Board has followed the provisions in Schedule B of the Combined Code on Corporate Governance issued by the Hampel Committee on Corporate Governance in 1998 (the "Combined Code") and the Directors' Remuneration Report Regulations 2002 (the "Regulations") contained in schedule 7A of the Companies Act 1985. Pursuant to the Regulations, this Report is being put to shareholders for approval at the Annual General Meeting to be held on 22 April 2004. The vote will have advisory status in respect of the remuneration policy and overall remuneration packages and will not therefore, be specific to individual levels of remuneration.

The Remuneration Committee
The Remuneration Committee was composed throughout the year of independent Non Executive Directors. The current members are Michael Blackburn (Chairman), David Williams and Christine Cross who each served throughout the year. Christopher Bartram was a member of the Committee until he resigned as a Director in April 2003.The Committee met six times during the year. There were no absences except that Christopher Bartram did not attend a meeting in March but this meeting was attended by the three other independent Non Executive Directors including the Chairman of the Committee.

Consultants
The Remuneration Committee has appointed the consulting firm, Towers Perrin as its advisor and to provide it with market data and assistance on executive compensation including the Company's share schemes. Towers Perrin do not provide any other services to the Company outside these remuneration matters. External legal advice is also sought where appropriate from Slaughter and May.

The following people provided material advice, services or assistance to the Committee, except in relation to their own specific remuneration:

John Robinson – Chairman

Peter Johnson – Group Chief Executive

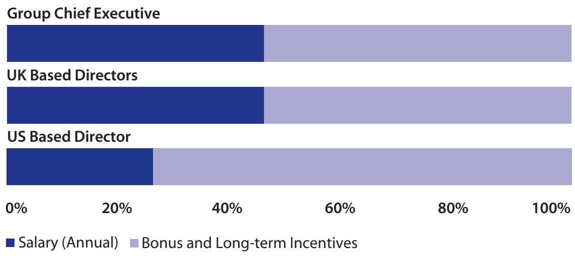
Anna Edgeworth – Group HR Director

James Jordan – Group Company Secretary

Policy
The Company is committed to fostering a performance culture to increase shareholder value and to establishing George Wimpey as a leading housebuilder in its competitive markets. In line with these aims, the Committee sets the remuneration packages of the Executive Directors at a level designed to attract, motivate and retain high calibre executives, and to deliver high rewards only on attainment of demonstrably sustained superior corporate performance. This is achieved through a combination of salary, an annual performance bonus, share-based long term incentives and pension provision.

It is the policy of the Remuneration Committee that a significant proportion of each Executive Director's total compensation is delivered through performance related pay. In fixing base salary it is also the policy of the Remuneration Committee to reward its Executive Directors at a level equivalent to the median having regard to levels of remuneration within the housebuilding and other sectors.

The following chart shows the proportion of fixed to performance based remuneration. Fixed remuneration comprises annual salary. Performance based remuneration comprises an annual cash bonus and long-term incentive plan. The chart illustrates the mix of remuneration assuming target levels of annual performance and the annualised expected value of long-term incentive provision.



The Company encourages and facilitates its Executive Directors to take on Non Executive positions with other listed public limited companies in accordance with the New Code on Corporate Governance. Executive Directors are permitted by the Company to retain their earnings from such positions. Peter Johnson is an independent Non Executive Director of D S Smith Plc where he chairs the Audit Committee and receives an annual fee of £43,000. Andrew Carr-Locke is an independent Non Executive Director of AWG Plc and receives an annual fee of £30,000.

Base Salary
The salaries of Executive Directors and the Group Company Secretary are reviewed annually by the Remuneration Committee which takes into account the responsibilities, experience, market competitiveness and performance in each position. To ascertain market competitive levels, Towers Perrin advises the Committee on market salary levels in respect of each position on an annual basis. In addition the Committee's recommendations are sought in relation to remuneration proposals for designated senior management.

Bonus Schemes
The Company has complied with Schedule A of the Combined Code covering performance related remuneration.

The current UK based Executive Directors participate in an annual cash based short-term incentive scheme which rewards current performance on the achievement of stretching financial performance targets for the Group based on profit before tax. The targets are set by the Remuneration Committee. Following the review of peer group practices carried out by the Committee in conjunction with Towers Perrin in 2002, the Directors' target annual bonus for 2004 will, as it was for 2003, be 40% of salary with a maximum bonus payable of 100%.

Stewart Cline is a member of an annual cash bonus scheme which is specifically tailored to the performance of Morrison Homes. In line with with the outcome of the independent review conducted by the Remuneration Committee in 2002, the maximum bonus that can be paid under the scheme to Mr Cline for 2004 is the same as it was for 2003, namely, 200% of his base salary. The Scheme is based on targets relating to return on capital, operating margin, growth in operating profit and customer satisfaction.

Bonus payments are not pensionable for any of the Executive Directors.

Long Term Incentives
The George Wimpey Long Term Incentive Plan
The Company believes that the George Wimpey Long Term Incentive Plan (George Wimpey LTIP) is closely aligned to the

Company's business strategy and the delivery of performance by key executives. The George Wimpey LTIP is designed to lock-in key executives and motivate them through the opportunity to earn significant financial rewards on the achievement of demanding performance targets. Awards under the George Wimpey LTIP are made to a limited number of key executives, including Executive Directors.

The maximum value of any award under the George Wimpey LTIP is two times basic salary (for 2002 only, awards equivalent to three times basic salary were made but were set against more challenging performance targets as set out below). Awards will not vest unless the pre-determined performance conditions are satisfied over a three year period (the performance period).

The performance condition measures the Company's total shareholder return ('TSR') over the three year performance period against a specific comparator group of public limited companies made up of 23 housebuilding and building materials related companies. The Remuneration Committee believes that TSR is the most appropriate performance measure because it ensures that executives do not receive rewards under the George Wimpey LTIP unless the Company has outperformed relative to the comparator group companies.

The comparator group[1] for the George Wimpey LTIP is:

Baggeridge Brick	Gleeson (MJ)	Redrow
Barratt	Heywood Williams	SIG
Bellway	John Laing	Taylor Woodrow
Berkeley	Kier	Travis Perkins
Bovis	Marshalls	Westbury
BPB	McCarthy & Stone	Wilson Bowden
Crest Nicholson	Persimmon	Wolseley
Galliford Try	Pilkington	

[1] Prowting Plc and Wilson Connolly Plc were taken over in 2002 and 2003 respectively and are no longer included.

For awards to vest in full, the Company's TSR performance over the relevant performance period must equal or exceed the 75th percentile performance as against the comparator group (for awards made in 2002 the TSR performance must be equal to or exceed the 85th percentile). No portion of the award will vest if the Company's TSR performance is less than the 50th percentile. There will be partial vesting if the Company's TSR performance is at least equal to the 50th percentile. At that level of performance, awards made in 2002 will vest as to 20% and awards made subsequently will vest as to 25% and there will be straight line vesting for levels of performance between the 50th and 75th percentiles (or the 85th percentile in the case of awards made in 2002). In addition to this performance condition, there is a requirement that the Company's underlying performance, as determined by the Remuneration Committee, should be satisfactory. Awards under the George Wimpey LTIP are not pensionable. Details of awards to Executive Directors are set out in the table on page 43.

Following the introduction of the George Wimpey LTIP in 2002, it is Company policy that Executive Directors should not participate in the Executive Share Option Scheme. Details of past awards to Executive Directors under this Scheme are disclosed in the table on page 42.

Morrison Homes Long Term Incentive Plan

The Morrison Homes Long Term Incentive Plan (Morrison Homes LTIP) was approved at the 2003 Annual General Meeting. Key executives in Morrison Homes, including Stewart Cline, participate in the Morrison Homes LTIP which is a cash based scheme pursuant to which "units" are awarded to each participant following the end of a financial year. The value of each unit, and therefore the amount of cash that an individual receives, will depend on growth in pre-tax and pre-interest earnings ("PBIT") of Morrison Homes over that financial year. The maximum value is achieved if PBIT grows by more than 30%. The amount payable is, however, reduced progressively if Morrison Homes' Return on Assets ("RoA") is less than 20%, so that no amount is payable if RoA is less than 15%.

The value of the cash award is paid out over a 4 year period commencing one year after the end of the relevant financial year, with 20% of the cash award being paid in each of the first 3 years of that period and the remaining 40% in the final year of that period. Interest is paid out on the unpaid part of the award at a current rate of 6%. Certain executives of Morrison Homes, including Stewart Cline, also participate in the George Wimpey LTIP and have received conditional awards of shares under that scheme. The Remuneration Committee believes that participation in the George Wimpey LTIP and Morrison Homes LTIP will help to attract, motivate and retain high calibre executives to Morrison Homes, as well as ensure that a proportion of US senior executive pay is related to overall Group performance. Awards under the new Morrison Homes LTIP are scaled back for those executives participating in both plans.

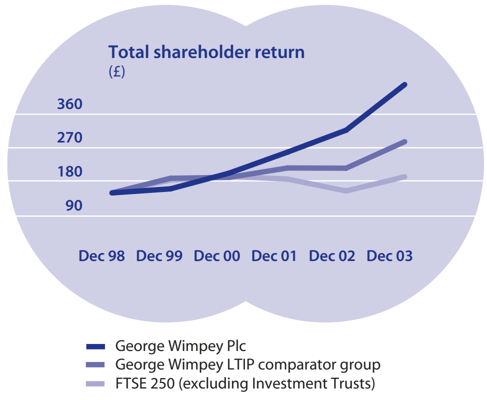
Sharesave Scheme

The Company operates a Savings Related Share Option Scheme which all UK staff (including Executive Directors) with over 6 months' service are eligible to join.

Performance Graph

Set out below is a graph which shows the total shareholder return of the Company between the period December 1998 to December 2003 as against the FTSE 250 (excluding investment companies), based on 30 trading day average values. The Group believes that the FTSE 250 is the appropriate comparator index against which to plot its total shareholder return performance as the Company is a member of the index together with its key competitors and a broad cross section of leading companies. The graph also shows the performance of the Company as against the George Wimpey LTIP comparator group (see opposite).

The graph shows the theoretical growth in the value of a £100 shareholding over the specified period, assuming that dividends are re-invested to purchase additional units of equity.



Pensions
The UK-based Executive Directors and other designated managers are eligible to join the Executive section of the George Wimpey Staff Pension Scheme ('the Scheme'). The Scheme is a funded, Inland Revenue approved, final salary occupational pension scheme and all members contribute 10% of salary. Executive members cease to contribute once they have achieved 30 years' pensionable service. Pensions in payment are guaranteed to increase in line with the Retail Price Index to a maximum of 5% per annum.

The Scheme provides Executive members with a pension of up to two-thirds of pensionable salary on retirement at age 62, subject to the member having completed 30 years' pensionable service. The Company provides Peter Johnson with a pension allowance by additional payments to him, amounting to 40% (£204,000) of his basic salary. Andrew Carr-Locke similarly receives a pension allowance amounting to 35% (£99,750) of his basic salary. A payment of £23,302 was paid into a US cash plan for Mr Cline.

In addition, life assurance of four times basic salary and a pension of two-thirds of the member's entitlement for spouses on their death in service, or in retirement, are provided, together with a children's allowance of up to 100% of the dependant's pension for three or more children.

Pensionable salary excludes all bonuses, benefits in kind and incentive related remuneration. For early retirement, prior to age 62 and after age 50, pensions will be reduced by an appropriate actuarial factor.

The Directors' accrued pensions in 2003 are shown on page 41.

Service Contracts – Executive Directors
It is the Company's policy that all Executive Directors should have rolling service contracts with a one year notice period in accordance with best practice. The Company's normal retirement age for Executive Directors is 60 and the service contracts terminate automatically when this age is attained unless extended by mutual consent.

Peter Johnson, Andrew Carr-Locke and Stewart Cline each have service contracts dated 26 March 2002, 27 March 2002 and 10 April 2003 respectively. Each contract can be terminated by not less than 12 months notice either way. The Company may, at its discretion, make a payment in lieu of notice equal to basic salary and the cost of providing other benefits under the contract for the period the contract would have continued. In the event of a change of control of the Company, the Director may, within 6 months of such change, elect to terminate the service contract on 3 months' notice and be paid a termination payment of the value of his annual remuneration and benefits package (not including any option grants). The purpose of this change of control provision is to ensure that the Director is not disincentivised should such a situation so arise. During 2003 Peter Johnson, Andrew Carr-Locke and Stewart Cline agreed to vary their contract (without compensation) so as to reduce the amount of compensation that may be payable on a change of control from twice the value of their respective annual remuneration down to an amount equivalent to one year's remuneration.

The Chairman/Non Executive Directors
The Remuneration Committee has the responsibility of setting the remuneration of the Chairman, which is then submitted to the Board for approval in the absence of the Chairman.

The Remuneration of the Non Executive Directors is determined by the Board. Towers Perrin provide independent advice on appropriate levels of remuneration. Remuneration is paid in the form of fixed fees, which are reviewed annually. Non Executive Directors are invited, but not obliged, to use any increase in their remuneration to purchase shares in the Company. Neither the Chairman nor the Non Executive Directors participate in any incentive or share schemes.

Neither the Chairman nor the Non Executive Directors have service contracts. The services of John Robinson, Michael Blackburn and Christine Cross are contracted to the Company under consultancy agreements dated 5 April 2001, 1 April 2000 and 11 January 2004 respectively. The agreements provide that each Director will continue to serve the Company unless terminated by not less than 6 months' notice is given by either party. However, in the event that a Director is not re-elected as a Director by the Company's shareholders or is removed from office by them in accordance with the Company's Articles of Association, then the relevant agreement will terminate with no provision for compensation.

David Williams and Brenda Dean have letters of appointment which appoint them with effect from 1 May 2001 and 7 October 2003 respectively. These engagements continue until terminated by not less than 6 months' notice given by either party or otherwise in accordance with the Company's Articles of Association.

The following tables and accompanying notes constitute the auditable part of the Remuneration Report as defined in Part 3, Schedule 7a of the Companies Act 1985.

The Remuneration paid to the Directors in 2003 was:

	Salary/ Fees £	Performance Bonus £	Deferred Bonus £	Termination Payments £	Other Benefits[1] £	**Total 2003 £**	Total 2002 £
Chairman							
J H Robinson (appointed 28/09/1998)	176,743	–	–	–	–	**176,743**	150,782
Executive Directors							
P M Johnson (appointed 17/10/2000)	510,000	510,000	–	–	235,374	**1,255,374**	948,319
S M Cline[2] (appointed11/12/2000)	294,512	589,026	589,024	–	38,871	**1,511,433**	1,760,722
A C P Carr-Locke (appointed 14/05/2001)	285,000	285,000	–	–	117,760	**687,760**	528,078
Non Executive Directors							
J M Blackburn (appointed 14/09/1999)	37,618	–	–	–	–	**37,618**	33,840[5]
C Cross (appointed 19/12/2002)	31,191	–	–	–	–	**31,191**	978
B Dean (appointed 07/10/2003)	7,016	–	–	–	–	**7,016**	
D M Williams (appointed 01/05/2001)	34,000	–	–	–	–	**34,000**	29,833
Former Directors							
K M Cushen[3] (resigned 31/12/2003)	330,000	313,500	–	–	27,585	**671,085**	589,951
C J Bartram (resigned 10/04/2003)	7,778	–	–	–	–	**7,778**	27,000
R C C Saville[4] (resigned 14/05/2001)	–	–	–	36,441	–	**36,441**	–
Total						**4,456,439**	4,069,503

NOTES:

[1] Other benefits include the provision of a Company car (or car allowance in lieu of a car), private health insurance, unapproved life cover, and in the case of Peter Johnson and Andrew Carr-Locke, an annual pension allowance of £204,000 and £99,750 respectively based on 40% and 35% of their respective base salaries. Stewart Cline's other benefits include a pension contribution of £23,302, a Company car allowance and healthcare benefits.

[2] The deferred bonus was paid under the Morrison Homes Long Term Compensation Plan, which was replaced during 2003 by the Morrison Homes Long Term Incentive Plan (as approved by shareholders at the 2003 Annual General Meeting) and through the participation by Stewart Cline and certain other senior Morrison Homes executives in the George Wimpey LTIP (subject to the scaling back of awards as explained on page 39). Under the Morrison Homes Long Term Compensation Plan, units were granted annually at the beginning of the year and then valued at the end of that first year. Payments to participants commence one year after the valuation of the units and conclude four years after the first year payment. Stewart Cline's current interest in the scheme amounts to $2,561,572. No equity is involved in the Plan. As reported last year, upon winding up of this plan, units previously awarded under the Plan have vested but will not become payable any earlier as a result of such vesting except in accordance with the rules of the Plan.

[3] Keith Cushen resigned as a Director on 31 December 2003. He will be engaged as a consultant to the Company providing 100 days of services per annum. Keith Cushen will be paid £140,000 for his services calculated by reference to his outgoing salary and pro rated accordingly. In addition, Keith Cushen's 2002 LTIP award will partially vest as explained on page 43.

[4] A payment of £36,441 was paid to Richard Saville in accordance with contractual obligations, agreed at the time of his departure in 2001. This payment relates to a notional grant of an executive share option awarded to Richard Saville in 2001.

Details of Directors' Accrued Pensions are as follows:

	Total Pension Accrued as at 31/12/02 £p.a.	Total Pension Accrued as at 31/12/03 £p.a.	Increase in Accrued Pension in Year[3] £	Value of Increase in Accrued Pension £	Increase in Transfer Value Net of Directors Contributions	Transfer Value Net of Directors Contributions as at 31/12/02	Transfer Value Net of Directors Contributions as at 31/12/03	Directors Contributions Paid During 2003
Executive Directors								
P M Johnson	3,600	5,400	1,600	9,400	15,600	51,000	81,400	14,800
A C P Carr-Locke	5,400	8,800	3,200	25,900	29,200	66,200	110,200	14,800
Former Directors								
K M Cushen[2]	120,000	114,400[2]	14,700[4]	270,000	916,000	1,632,000	2,573,000[5]	25,000

NOTES:

[1] Calculated in accordance with Actuarial Guidance Note GN11.

[2] Keith Cushen retired on 31 December 2003 and elected to take a pension reduced for early retirement by £27,021 p.a. In addition he has also commuted pension rights of £21,169 p.a. in return for a lump sum.

[3] Figures are stated net of inflation.

[4] Represents the increase in accrued pension including the amount of pension commuted in return for a lump sum and after reflecting the reduction in benefit due to early retirement. In determining this amount, the total pension accrued as at 31 December 2002 was also reduced to reflect early retirement at 31 December 2003.

[5] The transfer value of £2,573,000 includes £272,650 of the tax free lump sum taken at 31 December 2003. The treatment of Keith Cushen's pension arrangements are in accordance with the rules of the Scheme and no special augmentation of pension benefits have been granted on retirement.

Directors' Interests in Options Over Shares as at 31 December 2003

Name	Options at 01/01/2003	Granted 2003	Lapsed 2003	Exercised 2003	Options at 31/12/2003	Exercise Price (p)	Option Exercise period To	Option Exercise period From	Net Worth[1]
Executive Directors									
P M Johnson									
Executive Scheme	295,748	–	–	295,748	0	135.25	16/10/2010	16/10/2003	0
	107,962	–	–	–	107,962	185.25	14/03/2011	14/03/2004	202,968.56
	98,522	–	–	–	98,522	203.00	15/08/2011	15/08/2004	167,733.71
Savings Related	10,817	–	–	–	10,817	156.00	31/05/2007	01/12/2006	23,499.93
Total	**513,049**	**–**	**–**	**295,748**	**217,301**				**394,202.20**
S M Cline									
Executive Scheme	55,840	–	–	–	55,840	117.00	05/03/2005	05/03/1998	143,090.00
	52,009	–	–	–	52,009	141.00	25/03/2006	25/03/1999	120,790.90
	52,195	–	–	–	52,195	140.50	26/02/2007	26/02/2000	121,483.86
Total	**160,044**	**–**	**–**	**–**	**160,044**				**385,364.76**
A C P Carr-Locke									
Executive Scheme	123,152	–	–	–	123,152	203.00	15/08/2011	15/08/2004	209,666.28
Savings Related	7,191	–	–	–	7,191	228.40	31/05/2008	01/12/2007	10,416.16
Total	**130,343**	**–**	**–**	**–**	**130,343**				**220,082.44**
Former Directors									
K M Cushen									
Executive Scheme	24,720	–	–	–	24,720	209.00	17/03/2004	17/03/1997	40,602.60
	55,840	–	–	–	55,840	117.00	30/06/2004	05/03/1998	143,090.00
	52,009	–	–	–	52,009	141.00	30/06/2004	25/03/1999	120,790.90
	44,642	–	–	–	44,642	98.00	30/06/2004	14/03/2003	122,877.11
	36,008	–	–	–	36,008	121.50	30/06/2004	14/09/2003	90,650.14
	60,728	–	–	–	60,728	185.25	30/06/2004	01/01/2004	114,168.64
	55,418	–	–	–	55,418	203.00	30/06/2004	01/01/2004	94,349.15
Total	**329,365**	**–**	**–**	**–**	**329,365**				**726,528.54**

NOTES:

[1] Based on the market price of 373.25p as at 31 December 2003.

The only Director to exercise an option during 2003 was Peter Johnson who exercised 295,748 options under the Executive Share Option Scheme on 28 October 2003 at 135.25p. The closing price on 28 October 2003 was 341.25p.

The performance condition for the George Wimpey Executive Share Option Plan is based on the Company attaining a total shareholder return performance level which is above median in a defined comparator group. The group is the same group as that used for the LTIP and listed on page 39.

The mid-market close price as at 31 December 2003 was 373.25p and the range during 2003 was between 203p and 399p.

All options were granted at nil cost.

Keith Cushen resigned as a Director on 31 December 2003 and his options are carried into retirement in accordance with the rules of the Executive Share Option Scheme.

Directors' Interests in Conditional Shares Awarded under the George Wimpey Long Term Incentive Plan ('George Wimpey LTIP') as at 31 December 2003

	Conditionally Awarded		Vested		
	16/05/2002 (Market value on award 285p)	01/05/2003 (Market value on award 242p)	Number	Date of Award	Awards held at 31/12/03
Executive Directors					
P M Johnson	613,636	410,027	–	–	1,023,663
A C P Carr-Locke	361,364	226,908	–	–	588,272
S M Cline	–	181,776[3]	–	–	181,776
Former Directors					
K M Cushen[1]	409,091	262,736 (lapsed)[2]	–	–	671,827[2]

NOTES:

The above awards will not vest in whole or in part unless pre-determined performance conditions are satisfied over a three year period. The awards are therefore conditional awards and the table above sets out the maximum number of shares that can be awarded. The performance conditions are explained in detail on pages 38 and 39. Conditional awards were made on 1 May 2003 with a performance period of 1 January 2003 to 31 December 2005. The number of awards was calculated by reference to a formula based on two times salary as at 1 January 2003 and using a price of 251.21p being the value calculated in accordance with the scheme rules. For the 2002 award, for Peter Johnson and Andrew Carr-Locke, the formula was based on three times salary as at 1 January 2002 and using a share price of 220p being the value calculated in accordance with the scheme rules. For Stewart Cline, the 2003 award was calculated by reference to a formula based on one and half times his salary as at 1 January 2003 and a share price of 220p.

[1] Keith Cushen retired as a Director on 31 December 2003, two thirds through the three year performance period applicable to the the 2002 conditional award to him of 409,091 shares. Taking into account Keith Cushen's outstanding contribution to the Company, the Remuneration Committee resolved in 2003 that he should be awarded at the time of retirement an amount of shares equal to two thirds of his 2002 conditional award subject to the Company's TSR performance over that two year period as against its comparator group. Based on independent verification, the Company's TSR performance over that period made it the highest ranking company within the comparator group (see page 39) which thus entitled Keith Cushen to receive an amount equal to the full two thirds (272,727 shares) which will be distributed to him by the employee trust in February 2004, outside the Company's close period. The market value will be calculated by reference to the mid market closing price at that time. The Remuneration Committee also resolved that, due to his outstanding contribution, subject to the Company's TSR performance during the period 1 January 2002 to 31 December 2004 (i.e. the complete performance period) a further distribution of the balance of Keith Cushen's 2002 award (a maximum of 136,364 shares) may be made to Keith Cushen in 2005. Any award made in this respect will be disclosed in the 2004 financial statements.

[2] Keith Cushen's 2003 conditional award of 262,736 shares lapsed in full upon his retirement on 31 December 2003, in accordance with the rules of the George Wimpey LTIP.

[3] Stewart Cline's LTIP was awarded on 9 May 2003 when the market value on award was 250.5p.

This report has been approved by the Board on 24 February 2004 and signed on its behalf by:

MICHAEL BLACKBURN
CHAIRMAN
REMUNERATION COMMITTEE
GEORGE WIMPEY PLC

Group Profit and Loss Account
for the year ended 31 December 2003

	Note	2003 £m	2002 £m
Turnover	1	**2,878.5**	2,600.1
Cost of Sales		**(2,284.8)**	(2,130.7)
Gross profit		**593.7**	469.4
Administrative expenses		**(163.9)**	(145.6)
Comprising:			
Administrative expenses before exceptional items		**(163.9)**	(139.7)
Exceptional restructuring costs	3	**–**	(5.9)
Profit on ordinary activities before interest		**429.8**	323.8
Comprising:			
Pre-exceptional operating profit on ordinary activities before interest	1,2	**429.8**	329.7
Exceptional restructuring costs		**–**	(5.9)
Interest – net payable	4	**(51.6)**	(37.9)
Profit on ordinary activities before taxation		**378.2**	285.9
Comprising:			
Pre-exceptional profit on ordinary activities before taxation		**378.2**	291.8
Exceptional restructuring costs		**–**	(5.9)
Tax on profit on ordinary activities	5	**(117.3)**	(94.3)
Profit for the financial year		**260.9**	191.6
Dividends	6	**(46.7)**	(34.3)
Retained profit for the year	27	**214.2**	157.3
Earnings per ordinary share – basic	7	**68.54p**	51.06p
Earnings per ordinary share – diluted	7	**67.06p**	50.04p
Earnings per ordinary share before exceptional items – basic	7	**68.54p**	52.15p
Earnings per ordinary share before exceptional items – diluted	7	**67.06p**	51.11p
Dividends per ordinary share	6	**12.25p**	9.10p

All turnover and profit on ordinary activities arose from continuing operations.

Statement of Group Total Recognised Gains and Losses
for the year ended 31 December 2003

		Group	
	Note	2003 £m	2002 £m
Profit for the financial year		**260.9**	191.6
Currency translation differences on foreign currency net investments	27	**(1.6)**	(5.4)
Total recognised gains for the year		**259.3**	186.2

Balance Sheet
at 31 December 2003

		Group		Parent	
	Note	**2003 £m**	2002 £m	**2003 £m**	2002 £m
Fixed assets					
Intangible assets	2	**5.2**	5.9	**–**	–
Tangible assets	11	**21.2**	22.2	**–**	–
Investments	12	**1.6**	–	**1,395.4**	1,379.8
		28.0	28.1	**1,395.4**	1,379.8
Current assets					
Stock	13	**2,365.8**	2,079.9	**–**	–
Debtors	14	**118.8**	130.3	**1,983.7**	1,495.3
Cash at bank and in hand		**23.6**	47.9	**0.1**	26.3
		2,508.2	2,258.1	**1,983.8**	1,521.6
Creditors: amounts falling due within one year	15	**(735.6)**	(859.8)	**(1,903.7)**	(1,575.2)
Net current assets		**1,772.6**	1,398.3	**80.1**	(53.6)
Total assets less current liabilities		**1,800.6**	1,426.4	**1,475.5**	1,326.2
Creditors: amounts falling due after more than one year	16	**(603.0)**	(455.1)	**(857.7)**	(660.1)
Provisions for liabilities and charges	25	**(27.6)**	(28.3)	**(3.2)**	(3.2)
Total equity shareholders' funds		**1,170.0**	943.0	**614.6**	662.9
Represented by:					
Capital and reserves					
Called-up share capital	26	**96.0**	94.3	**96.0**	94.3
Share premium account	27	**109.2**	107.5	**109.2**	107.5
Profit and loss account	27	**964.8**	741.2	**409.4**	461.1
		1,170.0	943.0	**614.6**	662.9
Shareholders' funds per ordinary share	7	**305p**	250p	**–**	–
Gearing	17	**45%**	40%	**–**	–

The accounts appearing on pages 44 to 61 were approved by the Board on 24 February 2004 and are signed on their behalf by:

JOHN ROBINSON
CHAIRMAN

ANDREW CARR-LOCKE
FINANCE DIRECTOR

Group Cash Flow Statement

for the year ended 31 December 2003

	Note	2003 £m	2002 £m
Net cash inflow from operating activities before land expenditure	28	**1,084.3**	1,028.7
Land expenditure (net of increase in land creditors)	28	**(853.5)**	(602.9)
Cash inflow from operating activities	28	**230.8**	425.8
Returns on investments and servicing of finance	29	**(43.2)**	(25.4)
Taxation		**(118.1)**	(69.0)
Capital expenditure and financial investment	29	**(14.8)**	(7.3)
Acquisitions and disposals	29	**(214.7)**	(313.8)
Equity dividends paid		**(25.4)**	(26.3)
Cash outflow before use of liquid resources and financing		**(185.4)**	(16.0)
Management of liquid resources	30	**10.0**	(21.2)
Financing	29	**157.4**	56.1
(Decrease)/increase in cash in the year		**(18.0)**	18.9
Reconciliation of net cash flow to movement in net debt	30		
(Decrease)/increase in cash in the year		**(18.0)**	18.9
Cash inflow from increase in debt		**(154.0)**	(54.0)
Cash (inflow)/outflow from (decrease)/increase in liquid resources		**(10.0)**	21.2
Exchange adjustments		**28.4**	21.3
Movement in net debt in the year		**(153.6)**	7.4
Net debt at 1 January		**(375.6)**	(383.0)
Net debt at 31 December		**(529.2)**	(375.6)

Reconciliation of Movements in Group Shareholders' Funds

for the year ended 31 December 2003

		Group	
	Note	2003 £m	2002 £m
Profit for the financial year		**260.9**	191.6
Dividends	6	**(46.7)**	(34.3)
		214.2	157.3
Currency translation differences on foreign currency net investments	27	**(1.6)**	(5.4)
Shares allotted under employees share schemes	26, 27	**3.4**	4.3
Scrip dividend	27	**11.3**	5.7
Contribution to Quest	27	**(0.3)**	(2.2)
Net increase in shareholders' funds		**227.0**	159.7
1 January – shareholders' funds		**943.0**	783.3
Shareholders' funds at 31 December		**1,170.0**	943.0

Accounting Policies

Basis of preparation
The Group Accounts are prepared on the historical cost basis of accounting. They have been drawn up in accordance with applicable accounting standards in the United Kingdom.

Basis of consolidation
The Group Accounts consolidate the accounts of George Wimpey PLC and all its subsidiary undertakings drawn up to 31 December each year. Undertakings, other than subsidiary undertakings, over which the Group exerts significant influence, are treated as associated undertakings. The Group Accounts include the appropriate share of these undertakings' results and reserves based on audited accounts to 31 December 2003.

Turnover
Housing turnover comprises the value of new houses and land sales legally completed during the year. Other turnover is based on the invoiced value of goods and services supplied during the year. Turnover excludes value added tax and intra-group turnover.

Profit
Operating profit comprises new houses and land sales. Housing profit is taken only when legal completion has taken place.

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

Offices occupied by the Group:

- Freehold buildings and long leaseholds in excess of 50 years
  – over 50 years
- Short leaseholds
  – over the period of the lease.

Plant and equipment:

– over the expected useful life of the assets ranging mainly from 3 to 5 years.

Goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Historical goodwill has been written off to reserves in the year in which it arose. Goodwill now arising on acquisitions is capitalised, and amortised through the profit and loss account over its useful economic life.

Taxation
Provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. Deferred tax assets are only recognised where it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Stock
Land held for development and construction work in progress are valued at the lower of cost and net realisable value. Other stock comprises materials, equipment and goods for resale valued at the lower of cost and net realisable value. Cost includes appropriate overheads.

Retirement benefits
Pension costs are charged to the profit and loss account so as to spread the cost of pensions at a substantially level percentage of payroll costs over the expected lives of members.

Operating leases
Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

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 or the relevant forward rate where applicable. All differences are taken to the profit and loss account. On consolidation, the trading results of overseas subsidiary and associated undertakings 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 profit and loss accounts translated at average rates and closing rates, are dealt with through reserves.

Translation differences on intra-group currency loans and foreign currency borrowings, to the extent that they are used to finance or provide a hedge against Group equity investments in foreign enterprises, are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. All other translation differences are taken to the profit and loss account.

Financial instruments
Derivative foreign exchange instruments that are deemed hedges of specific foreign currency assets/liabilities are matched against the underlying asset or liability. Derivative interest rate instruments are matched within interest payable or receivable over the life of the instrument or relevant interest period. Interest rate instruments are not recognised in the balance sheet. Changes in fair value of financial instruments are not recognised in the profit and loss account or balance sheet.

Notes on the Accounts

1 Analysis by Class of Business

	Turnover		Operating Profit/(Loss) before exceptional items		Assets Employed	
	2003 £m	2002 £m	**2003 £m**	2002 £m	**2003 £m**	2002 £m
UK Housing	**1,933.2**	1,930.0	**330.1**	270.2	**1,132.7**	1,053.5
Laing Homes	**336.8**	131.8	**41.7**	20.0	**323.1**	41.5
Total UK	**2,270.0**	2,061.8	**371.8**	290.2	**1,455.8**	1,095.0
USA Housing	**608.4**	537.5	**72.3**	53.8	**277.7**	261.0
Corporate	**0.1**	0.8	**(14.3)**	(14.3)	**(2.1)**	(15.1)
	2,878.5	2,600.1	**429.8**	329.7	**1,731.4**	1,340.9
Dividends					**(32.2)**	(22.3)
Net debt					**(529.2)**	(375.6)
Total equity shareholders' funds					**1,170.0**	943.0

No breakdown by geographical area is shown because the analysis by class of business already follows geographical area in material respects. Turnover by origin is not materially different from turnover by destination.

The assets employed by Laing Homes in 2002 are net of the deferred consideration then due of £207.6 million (note 15). Laing Homes Limited was acquired on 1 November 2002. In 2002 Laing Homes contributed an operating profit of £20 million, less exceptional restructuring costs of £5.9 million, resulting in an operating profit after exceptional restructuring costs of £14.1 million.

Exchange rates used in respect of the United States $ are shown below:

	2003		2002	
	Average	**Year end**	Average	Year end
United States $	**1.64**	**1.79**	1.50	1.61

2 Results

	Group	
	2003 £m	2002 £m
Operating profit is stated after:		
crediting		
– government grants receivable	**0.6**	0.1
charging		
– rentals under leases for land and buildings	**(6.1)**	(5.0)
– hire of plant and equipment	**(20.2)**	(18.6)
– auditors' remuneration – statutory audit services (parent company £nil (2002 £nil))	**(0.4)**	(0.5)
– auditors' remuneration – taxation compliance services	**(0.1)**	(0.6)
– depreciation	**(7.3)**	(6.0)
– amortisation of goodwill	**(0.5)**	(0.3)

Goodwill is amortised over the estimated useful life, £0.5 million charged in 2003 (2002 £0.3 million). Goodwill of £5.2 million (2002 £5.9 million) in the balance sheet relates to the acquisitions made in previous years of Laing Homes (amortised over twenty years) and Richardson Homes (Denver) (amortised over ten years) and is stated net of accumulated amortisation of £0.9 million and exchange movements of £0.4 million, of which £0.2 million relates to the current year.

3 Exceptional Operating Items

Exceptional operating items in 2002 relate to the restructuring following the acquisition of Laing Homes. The make-up of the costs is set out below:

	Group	
	2003 £m	2002 £m
Redundancy costs	**–**	2.2
Relocation costs and provision for surplus properties	**–**	2.5
IT restructuring and asset write-offs	**–**	1.2
	–	5.9

4 Interest – Net Payable

	Group 2003 £m	2002 £m
Interest receivable	**3.3**	3.6
Interest payable and similar charges		
Bank loans and overdrafts	**(27.2)**	(21.6)
Other loans	**(19.7)**	(9.3)
Interest charged on provisions	**(0.4)**	(0.4)
	(47.3)	(31.3)
	(44.0)	(27.7)
Interest on discounted deferred consideration	**(7.6)**	(10.2)
	(51.6)	(37.9)

The interest on discounted deferred consideration in 2003 includes £7.6 million related to the Laing Homes acquisition in 2002 (2002 £2.6 million related to the Laing Homes acquisition and £7.6 million to the McAlpine acquisition in 2001).

5 Tax on Profit on Ordinary Activities

	Group 2003 £m	2002 £m
United Kingdom		
Corporation tax	**(94.2)**	(81.8)
Overseas		
Corporate tax	**(27.8)**	(8.7)
	(122.0)	(90.5)
Adjustment to prior period tax		
United Kingdom – corporation tax	**9.2**	–
Current taxation	**(112.8)**	(90.5)
Deferred taxation: origination and reversal of timing differences	**(4.5)**	(3.8)
	(117.3)	(94.3)

United Kingdom Corporation Tax is provided at 30% (2002 30%) on taxable profit. Provision has been made for deferred taxation. Based on current tax rates and a similar proportion of UK and US profits, the future tax charge is likely to be at a broadly similar level to this year.

The tax assessment for the period is higher than the standard rate of corporation tax in the UK (30%), as explained below:

	2003 £m	2002 £m
Profit on ordinary activities before tax	**378.2**	285.9
Tax at standard rate of 30% (2002 30%)	**113.5**	85.8
Effects of:		
Higher US tax rate	**5.8**	3.0
Impact of acquisitions and restructuring	**4.1**	7.2
Resolution of prior years' tax issues	**(9.2)**	–
Other differences	**3.1**	(1.7)
Tax on profit on ordinary activities	**117.3**	94.3

6 Dividends

	2003 Pence per share	2003 £m	2002 Pence per share	2002 £m
The following have been paid or proposed				
Interim paid	**3.80**	**14.5**	3.20	12.0
Final proposed (note 15)	**8.45**	**32.2**	5.90	22.3
	12.25	**46.7**	9.10	34.3

7 Earnings per Ordinary Share

The calculation of the basic earnings per ordinary share is based on the profit attributable to ordinary shareholders divided by the average number of shares in issue during the year of 380.6 million (2002 375.3 million).

Diluted earnings per ordinary share is 67.06p (2002 50.04p). 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 8.4 million (2002 7.6 million) shares. The dilutive potential ordinary shares relate to shares allotted under employee share schemes where the fair value price exceeds the option price.

The 2002 basic earnings per share before exceptional items is calculated on the profit attributable to ordinary shareholders excluding an adjustment for operating exceptional items of £5.9 million, net of taxation, divided by the average number of shares in issue during the year of 375.3 million. The 2002 diluted earnings per ordinary share before exceptional items is similarly adjusted. The adjusted earnings per share excludes exceptional items as they do not relate to the profitability of the Group on an ongoing basis. There were no exceptional items in 2003.

The calculation of shareholders' funds per ordinary share is based on shareholders' funds for the Group at the end of the year divided by the number of shares in issue at the end of the year of 384.1 million (2002 377.2 million).

8 Employee Information

	Group	
	2003 £m	2002 £m
Staff costs (including Directors) comprise:		
Salaries and wages	**186.6**	151.3
Social security costs	**16.3**	12.0
Other pension costs	**13.5**	12.4
	216.4	175.7

Average number of persons (including Directors) employed by the Group during the year was:

	Number of Employees	
United Kingdom	**5,115**	4,454
Overseas	**782**	731
	5,897	5,185

9 Pension Arrangements

The Group operates one defined benefit UK pension scheme and two overseas schemes. The assets of the schemes are held in separate Trustee administered funds. The largest, which is in the UK, is the George Wimpey Staff Pension Scheme (the George Wimpey Scheme), and is of the funded, defined benefit type and is closed to new entrants (for new employees in the UK, George Wimpey pays contributions into stakeholder pension arrangements). The Trustees are George Wimpey Pension Trustees Limited and the Law Debenture Trust Corporation plc. The George Wimpey Scheme is subject to triennial valuation by independent actuaries, the last such valuation being carried out as at 5 April 2002, using the projected unit method. Details of this valuation are described below.

The actuarial assumptions which have the most significant effect are those relating to return on investment, the rate of increase in salaries and the assumed rate of pension increases. In the 5 April 2002 valuation it was assumed that the investment return prior to retirement would exceed price inflation by 4.5% per annum, and post retirement by 3.5% per annum. Salary increases were assumed to exceed price inflation by 2.0% per annum. Pension increases were assumed to be in line with price inflation. The market value of assets was £523 million, and this figure was 8% below the amount required to cover the benefits that had accrued to the members after allowing for expected future increases in earnings. The shortfall under the SSAP 24 assumption is allocated to operating profit over the average remaining service life of current employees. Details of the funding valuation are referred to in the Operating and Financial Review on page 27.

The group has paid contributions of £17.3 million to the George Wimpey Scheme in 2003. This figure includes contributions made by the Group in respect of former employees of Laing Homes, who joined the George Wimpey scheme with effect from 1 November 2003. Employee contributions for Laing Homes George Wimpey scheme members are being phased in up to 1 January 2006. As part of the terms of their transfer these members paid reduced employee contributions equal to 1% of scheme salary for the period 1 November 2003 to 31 December 2003.

The total pension costs for the Group were £13.5 million (2002 £12.4 million) of which £0.8 million (2002 £0.8 million) related to overseas schemes. The prepayment in the balance sheet resulting from the difference in the amounts charged to the profit and loss account and the amounts paid to the Scheme was £15.4 million (2002 £9.1 million).

No significant improvements in benefits were made in 2003. Contributions in respect of non-Laing Homes employees were paid at a rate of 31.8% of scheme salary over 2003 (21.2% of scheme salary from 1 November 2003 for former Laing Homes employees). It has been agreed with the Trustees that contributions of 40% of scheme salary will be paid throughout 2004 in respect of non-Laing Homes employees (subject to a minimum rate of 13.2% of scheme salary plus £15 million per annum). In respect of former Laing Homes employees, contributions will be paid at a rate of 20.2% of scheme salary throughout 2004.

On a Financial Reporting Standard (FRS) 17 basis, the valuation position of the George Wimpey Scheme was updated from the most recent actuarial valuation to 31 December 2003 by a qualified independent actuary. The valuation at 31 December 2003 showed an increase in the deficit from £115 million to £130 million after the related deferred tax asset. Financial Reporting Standard (FRS) 17 on Retirement Benefits requires the following disclosures in 2003.

	At 31/12/2003	At 31/12/2002
Discount rate	**5.50%**	5.60%
Rate of increase in salaries	**4.50%**	4.35%
Rate of increase of deferred pensions	**2.50%**	2.35%
Rate of increase of pensions in payment	**2.50%**	2.35%
Inflation	**2.50%**	2.35%

9 Pension Arrangements (continued)

The assets in the Plan and the expected long term rates of return are set out below:

	Expected long term rate of return At 31/12/2003	**Value at 31/12/03 £m**	Expected long term rate of return At 31/12/2002	Value at 31/12/02 £m
Equities	**7.80%**	**165**	7.50%	170
Government Bonds	**4.80%**	**266**	4.50%	182
Non-government Bonds	**5.50%**	**106**	5.60%	100
Insurance Policies	**5.50%**	**5**	5.60%	5
Cash	**4.00%**	**3**	4.00%	27
Total market value of assets		**545**		484
Actual value of defined benefit liabilities		**730**		648
Deficit in the Plan		**(185)**		(164)
Related deferred tax asset		**55**		49
Net pension liability		**(130)**		(115)

If the above amounts had been recognised in the Financial statements, the Group's net assets and reserves at 31 December 2003 would be as follows:

	2003 £m	2002 £m
Net operating assets		
Net operating assets excluding SSAP 24 pension asset	**1,683.8**	1,309.5
FRS 17 pension liability	**(130.0)**	(115.0)
Net operating assets including FRS 17 pension liability	**1,553.8**	1,194.5
Reserves		
Reserves excluding SSAP 24 pension asset	**949.4**	732.1
FRS 17 pension liability	**(130.0)**	(115.0)
Reserves including FRS 17 pension liability	**819.4**	617.1

	2003 £m	2002 £m
Analysis of the amount that would have been charged to operating profit:		
Service cost (including past service cost of nil)	**(9.6)**	(10.3)
Analysis of net return on pension scheme assets that would have been charged to other financial income:		
Expected return on pension scheme assets	**27.7**	34.0
Interest on pension liabilities	**(35.8)**	(35.0)
	(8.1)	(1.0)
Analysis of the amount that would have been recognised in statement of total recognised gains and losses:		
Actual return less expected return on assets	**16.2**	(65.1)
Experience gains and losses on liabilities	**(3.7)**	33.4
Changes in assumptions	**(33.1)**	(62.7)
Actuarial loss	**(20.6)**	(94.4)
Movement in deficit during the year:		
Deficit in scheme at 31 December 2002	**(164.0)**	(70.0)
Movement in year:		
Service cost	**(9.6)**	(10.3)
Pension contributions	**17.3**	11.7
Net return on pension scheme assets	**(8.1)**	(1.0)
Actuarial loss	**(20.6)**	(94.4)
Deficit in scheme at 31 December 2003	**(185.0)**	(164.0)

9 Pension Arrangements (continued)

History of experience gains and losses	2003	2002
Difference between expected and actual returns on scheme assets (£m)	16.2	(65.1)
Percentage of scheme assets	3%	13%
Experience gains and losses on scheme liabilities (£m)	(3.7)	33.4
Percentage of scheme liabilities	1%	5%
Total amount recognised in statement of recognised gains and losses (£m)	(20.6)	(94.4)
Percentage of scheme liabilities	3%	15%

10 Directors' Remuneration

Details of Directors' emoluments are contained within the Remuneration Report on pages 40 to 43 commencing with the paragraph entitled Pensions.

11 Tangible Assets – Group

	2003			
	Property Freehold £m	Property Leasehold £m	Plant and Equipment £m	Total £m
Cost				
1 January	3.4	0.2	44.6	48.2
Exchange adjustments	–	–	(1.1)	(1.1)
Capital expenditure	–	0.3	8.2	8.5
Disposals	–	(0.1)	(5.8)	(5.9)
31 December	3.4	0.4	45.9	49.7
Accumulated depreciation				
1 January	1.5	0.1	24.4	26.0
Exchange adjustments	–	–	(0.3)	(0.3)
Disposals	–	(0.1)	(4.4)	(4.5)
Charge for the year	0.1	0.1	7.1	7.3
31 December	1.6	0.1	26.8	28.5
Net book value				
31 December	1.8	0.3	19.1	21.2
1 January	1.9	0.1	20.2	22.2

Leasehold properties had terms of below fifty years at the balance sheet date.

12 Investments

	Group	Parent
	Investments in own shares	Investments in subsidiary undertaking
Opening balances		
1 January – net book value		
Cost	1.8	1,490.0
Provisions	(1.8)	(110.2)
	–	1,379.8
Movements		
Additions at cost	8.5	–
Provision for long term incentive plan	(6.9)	–
Release of provisions against investment cost	–	15.6
31 December – net book value		
Cost	10.3	1,490.0
Provisions	(8.7)	(94.6)
	1.6	1,395.4

In the opinion of the Directors the value of the Company's investments in its subsidiary undertakings is not less than the amount at which it is stated in the balance sheet. The Company's principal investments in subsidiary undertakings are shown in note 33.

During the year, the Group acquired 2.5 million own shares for £8.5 million in order to provide shares to certain employees under the long term incentive plan. £6.9 million has been charged as an expense to the profit and loss account and the provision offset against the cost of shares. The nominal value of own shares held is £0.8 million and the dividends waived on these shares amounted to £0.1 million (2002 £nil).

13 Stock

	Group	
	2003 £m	2002 £m
Land held for development	**1,728.6**	1,518.0
Construction work in progress	**577.8**	500.8
Part exchange properties	**28.4**	33.6
Other stock	**31.0**	27.5
	2,365.8	2,079.9

14 Debtors

	Group		Parent	
	2003 £m	2002 £m	2003 £m	2002 £m
Receivable within one year:				
– trade debtors	**35.7**	29.6	**–**	–
– amounts owed by subsidiary undertakings	**–**	–	**1,690.3**	1,243.5
– corporate taxation	**–**	–	**5.0**	–
– other debtors	**52.3**	62.5	**0.5**	2.0
– prepayments and accrued income	**10.2**	9.5	**1.0**	–
	98.2	101.6	**1,696.8**	1,245.5
Receivable after more than one year:				
– trade debtors	**1.6**	6.6	**–**	–
– amounts owed by subsidiary undertakings	**–**	–	**286.9**	249.8
– deferred tax asset (note 24)	**11.0**	15.5	**–**	–
– other debtors	**8.0**	6.6	**–**	–
	20.6	28.7	**286.9**	249.8
	118.8	130.3	**1,983.7**	1,495.3

15 Creditors: Amounts Falling Due Within One Year

	Group		Parent	
	2003 £m	2002 £m	2003 £m	2002 £m
Finance debt (note 17)	**17.4**	12.2	**5.6**	5.9
Trade creditors	**124.5**	110.1	**–**	–
Land creditors	**234.5**	214.2	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**1,856.4**	1,331.5
Accruals and deferred income	**212.7**	178.1	**8.7**	7.4
Corporate taxation	**58.6**	64.6	**–**	–
Other taxation and social security creditors	**7.0**	4.6	**–**	–
Deferred consideration on acquisition	**–**	207.6	**–**	207.6
Other creditors	**48.7**	46.1	**0.8**	0.5
Proposed dividend (note 6)	**32.2**	22.3	**32.2**	22.3
	735.6	859.8	**1,903.7**	1,575.2

16 Creditors: Amounts Falling Due After More Than One Year

	Group		Parent	
	2003 £m	2002 £m	**2003 £m**	2002 £m
Finance debt (note 17)	**535.4**	411.3	**535.4**	410.6
Trade creditors	**1.2**	–	**–**	–
Land creditors	**55.5**	36.6	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**322.3**	249.5
Other creditors	**10.9**	7.2	**–**	–
	603.0	455.1	**857.7**	660.1

17 Finance Debt

	Group		Parent	
	2003 £m	2002 £m	**2003 £m**	2002 £m
Secured finance debt				
Other loans	**1.6**	2.3	**–**	–
Unsecured finance debt				
US$ private placement ($63.8 million 2002 $73.4 million)	**35.5**	45.6	**35.5**	45.6
US$ private placement ($320 million and £30 million)	**207.9**	227.6	**207.9**	227.6
US$ private placement ($150 million)	**85.3**	–	**85.3**	–
Bank loans and overdrafts	**222.5**	148.0	**212.3**	143.3
	551.2	421.2	**541.0**	416.5
Total finance debt	**552.8**	423.5	**541.0**	416.5
Maturity of borrowings				
Under one year	**17.4**	12.2	**5.6**	5.9
Over one year and up to two years	**5.4**	131.2	**5.4**	131.0
Over two years and up to five years	**160.3**	30.3	**160.3**	29.8
Over five years	**369.7**	249.8	**369.7**	249.8
	552.8	423.5	**541.0**	416.5
Repayable over five years				
Repayable in full on maturity after five years	**57.0**	0.3	**57.0**	0.3
Repayable by instalments after five years	**312.7**	249.5	**312.7**	249.5
	369.7	249.8	**369.7**	249.8
Committed undrawn facilities				
Over one year and up to two years	**–**	115.0	**–**	115.0
Over two years and up to five years	**525.0**	234.5	**525.0**	234.5
Over five years	**188.0**	199.7	**188.0**	199.7
	713.0	549.2	**713.0**	549.2

Security – The loan of £1.6 million (2002 £2.3 million) is secured on current assets.

Terms of loans – The US$63.8 million (£35.5 million) private placement is divided into 2 separate tranches, US$28.8 million is repayable in 3 equal annual instalments commencing between 0 and 1 year and US$35 million is repayable in full on maturity between 5 and 6 years. The US$ private placement of US$320 million plus £30 million (£207.9 million) was arranged during last year. US$110 million is repayable between 5 and 6 years, and US$70 million plus £30 million is repayable between 8 and 9 years, US$110 million is repayable between 10 and 11 years and US$30 million is repayable between 13 and 14 years. The US$150 million private placement was arranged this year. $54 million is repayable between 6 and 7 years, $28 million between 9 and 10 years, $38 million 11 and 12 years and $30 million between 14 and 15 years. Of the US$150 million private placement $23 million has been temporarily swapped into sterling. £1.6 million of other loans are repayable within one year. The unsecured bank loans and overdrafts are all repayable in full on maturity, £10.1 million (2002 £4.7 million) within 1 year, £0 million (2002 £125 million) between 1 and 2 years, £155 million (2002 £18 million) over 2 years and up to 5 years, and £57 million (2002 £0.3 million) over 5 years.

The Group maintains central committed bank borrowing facilities (both drawn and undrawn) which total £925 million at December 2003 (2002 £692.5 million) and on which borrowings may be repaid and subsequently redrawn. £245.0 million of these facilities fall due for renewal in excess of 5 years, £680 million falls due between 2 and 5 years.

Gearing – Gearing is calculated by expressing finance debt less cash at bank and in hand as a percentage of shareholders' funds.

18 Finance Debt Interest Rate and Currency Profile

The financial and treasury policy is described in the Operating and Financial Review on page 26. After taking into account the various interest rate swaps entered into by the Group, the currency and interest rate exposures of the finance debt of the Group were:

	2003			2002		
	Fixed Rate £m	**Floating Rate £m**	**Total £m**	Fixed Rate £m	Floating Rate £m	Total £m
Sterling	**220.0**	**43.0**	**263.0**	220.0	(42.4)	177.6
US $	**274.2**	**15.6**	**289.8**	225.0	20.6	245.6
Other	**–**	**–**	**–**	–	0.3	0.3
	494.2	**58.6**	**552.8**	445.0	(21.5)	423.5

	2003		2002	
	Weighted Average Fixed Rate	**Weighted Average Years to Maturity of Fixed Rate**	Weighted Average Fixed Rate	Weighted Average Years to Maturity of Fixed Rate
US $ Fixed Rate Borrowings	**4.91%**	**5.7**	6.34%	9.1 years
£ Fixed Rate Borrowings	**5.98%**	**6.7**	5.98%	7.7 years

Interest rates – US$33 million of the US$63.8 million private placement has effectively been swapped into floating US$ interest rates based on a margin over 6 months US$ LIBOR. The remaining US$30.8 million is at a fixed coupon averaging 7.8%. The US$320 million private placement is at a fixed averaged interest rate of 6.13%. US$100 million of this private placement has been swapped into rates which are fixed for approximately 3 years at a rate of 4.83% with the remaining period floating. US$10 million has been swapped into floating rates.The £30 million tranche of the private placement is at a fixed rate of 6.8%. The US$150 million private placement arranged this year is swapped into floating rates with US$70 million fixed for one year at an average rate of 2.0% and US$80 million fixed for 2 years at an average rate of 2.74%.

Bank borrowings under 1 year (£11.8 million) are borrowings on short term facilities in the different currencies in which the Group has activities. These are at floating rates of interest based on margins over Base Rate or the equivalent short term measure in the currencies concerned. Bank borrowings in excess of 1 year (£210.7 million) are on floating rate borrowing based on a margin over LIBOR in the currencies concerned. £190 million of floating rate bank borrowings have been fixed at a rate of 5.14% before margin.

The average interest rate in 2003, calculated by dividing the net interest payable in the year before discounted interest on the deferred consideration by the average daily net borrowings, was 5.4% (2002 5.1%).

Caps – At 31 December 2003 the Group had effectively US$50 million of embedded interest rate caps which gives protection if US$ interest rates exceed 7% in the period up to October 2004 and £200 million of interest rate caps which giving protection if sterling interest rates exceed 4.75% in 2004.

19 Financial Asset Interest Rate and Currency Profile

	2003		2002	
Cash deposits	**Floating Rate £m**	**Total £m**	Floating Rate £m	Total £m
Sterling	**0.1**	**0.1**	23.3	23.3
US $	**23.0**	**23.0**	24.3	24.3
Other	**0.5**	**0.5**	0.3	0.3
	23.6	**23.6**	47.9	47.9

These cash deposits are at floating rates of interest, based on current short term money market rates.

20 Other Financial Assets/Liabilities

Other financial assets	2003 Fixed Rate £m	2003 Non-Interest Bearing £m	2003 Total £m	2002 Fixed Rate £m	2002 Non-Interest Bearing £m	2002 Total £m
Sterling	–	6.2	6.2	–	10.9	10.9
US $	–	3.0	3.0	–	1.7	1.7
Other	0.4	–	0.4	0.6	–	0.6
	0.4	9.2	9.6	0.6	12.6	13.2

The weighted average interest rate on fixed rate other financial assets is 7.0% (2002 7.0%).

The maturity of fixed rate other financial assets is between 1 and 5 years (2002 between 2 and 6 years), and the maturity of non-interest bearing financial assets is on average 3 years (2002 3 years).

Other financial liabilities

	2003 £m	2002 £m
Sterling	(67.6)	(43.8)

£67.6 million (2002 £43.8 million) falls due between 1 and 9 years (2002 between 1 and 3 years).

All other financial liabilities are non-interest bearing.

In addition to the above, the Group had rental guarantee provisions of £6.5 million (2002 £7.9 million) in respect of leasehold property meeting the definition of financial liabilities. These financial liabilities are considered to be floating rate financial liabilities as in establishing the provisions the cash flows have been discounted.

All short term debtors and creditors have been excluded from the disclosures shown in notes 20, 21 and 23, as allowed under Financial Reporting Standard 13.

21 Interest Rate and Currency Hedges

As explained in the Operating and Financial Review on page 26, the Group's policy is to hedge part of the interest rate risk and transactional currency exposure. Gains and losses on interest rate and currency hedges are not recognised until the exposure that is being hedged is itself recorded. Unrecognised and deferred gains and losses on interest and currency instruments used for hedging, and the movements therein, are as follows:

	Unrecognised			Deferred		
	Gains £m	Losses £m	Net £m	Gains £m	Losses £m	Net £m
Gains/Losses on hedges at 31 December 2002	5.0	(4.7)	0.3	–	–	–
Gains/Losses arising in previous years included in 2003 income	(3.1)	2.8	(0.3)	–	–	–
Gains/Losses arising before 31 December 2002 not included in 2003 income	1.9	(1.9)	–	–	–	–
Gains/Losses arising in 2003 not included in 2003 income	3.5	(0.5)	3.0	–	(1.5)	(1.5)
Gains/Losses on hedges at 31 December 2003	5.4	(2.4)	3.0	–	(1.5)	(1.5)
of which:						
Gains/Losses to be recognised in 2004	4.7	(2.4)	2.3	–	(1.5)	(1.5)
Gains/Losses to be recognised in 2005 or later	0.7	–	0.7	–	–	–

22 Currency Exposure and Analysis of Net Assets

The Group's principal subsidiaries have little transactional currency exposure as they neither export goods nor import any material amount of products nor have any significant level of intra-group trading or provision of services. Consequently, none of the principal subsidiaries has any material net foreign currency monetary assets/liabilities by reference to their local currencies and hence the amount of foreign exchange differences included in the Group profit and loss account for 2002 and 2003 was not material.

The table below provides a currency analysis of the net assets of the Group:

	2003			2002		
	Net Operating Assets £m	**Net Borrowings £m**	**Net Assets £m**	Net Operating Assets £m	Net Borrowings £m	Net Assets £m
Sterling	**1,421.4**	**(262.9)**	**1,158.5**	1,057.3	(154.3)	903.0
US $	**277.7**	**(266.8)**	**10.9**	261.0	(221.3)	39.7
Other	**0.1**	**0.5**	**0.6**	0.3	–	0.3
Total Net Assets	**1,699.2**	**(529.2)**	**1,170.0**	1,318.6	(375.6)	943.0

23 Fair Values

The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, excluding accrued interest, and is calculated by reference to market rates discounted to current value. Where market values are not available, fair values have been calculated by discounting cash flows at prevailing interest and exchange rates. All debt and financial instruments used to manage the interest rate and currency of borrowings with a maturity of less than three months after the balance sheet date are assumed to have a fair value equal to the book value. The book values are the amounts recorded in the balance sheet. Financial liability provisions relate to rental guarantees as set out in note 25. Under the Group's accounting policy, foreign currency assets and liabilities that are hedged using currency swaps are translated at the forward rate inherent in the contracts. Consequently, the book value of the relevant asset or liability effectively includes the fair value of the hedging instrument. For the purpose of the table below, the book value of the relevant asset or liability is shown gross of the effect of the hedging instrument.

	2003		2002	
	Book Value £m	**Fair Value £m**	Book Value £m	Fair Value £m
Primary financial instruments held or issued to finance the Group's operations:				
Short term borrowings	**(17.4)**	**(17.4)**	(12.2)	(12.2)
Long term borrowings	**(535.4)**	**(547.7)**	(411.3)	(419.9)
Cash deposits	**23.6**	**23.6**	47.9	47.9
Other financial assets	**9.6**	**8.5**	13.2	11.7
Other financial liabilities	**(67.6)**	**(56.9)**	(43.8)	(39.5)
Financial liability provisions	**(6.5)**	**(6.5)**	(7.9)	(7.9)
Derivative financial instruments held to manage the interest rate and currency profile:				
Interest rate swaps	**–**	**3.0**	–	0.3
Currency swaps	**(1.5)**	**(1.5)**	–	–

24 Deferred Taxation

	Group 2003 £m	Group 2002 £m
Accelerated capital allowances	**3.1**	7.2
Tax losses carried forward	**–**	–
Other timing differences	**7.9**	8.3
Asset at 31 December 2003	**11.0**	15.5
Asset at 1 January 2003	**15.5**	19.3
Deferred tax charge in the profit and loss account (note 5)	**(4.5)**	(3.8)
Asset at 31 December 2003	**11.0**	15.5

The deferred tax asset has not been discounted.

25 Provisions for Liabilities and Charges

	2003 Remedial Work £m	2003 Rental Guarantees £m	2003 Total £m
Group			
1 January	**20.4**	**7.9**	**28.3**
Movements			
Exchange adjustments	**(0.3)**	**–**	**(0.3)**
Interest discounted	**–**	**0.4**	**0.4**
Provided	**1.1**	**0.2**	**1.3**
Utilised	**(0.1)**	**(2.0)**	**(2.1)**
	0.7	**(1.4)**	**(0.7)**
31 December	**21.1**	**6.5**	**27.6**

Remedial work – The provision covers various obligations across the Group, including aftercare and restoration at Springfield Environmental Limited, which are of a long term nature, provisions for losses on construction contracts for which responsibility was retained by the Group following the asset swap with Tarmac PLC in 1996, and housing maintenance provisions which should be utilised over the next two years.

Rental guarantees – The provision covers shortfalls anticipated under leasehold commitments. An estimate has been made of the level of income and expenditure anticipated for each property, and the timing of the utilisation of the provision chiefly covers the next three years. Net outgoings have been discounted on a pre-tax basis using the short term cost of borrowing.

26 Share Capital

Ordinary shares of 25p each	Number of Shares (000) 2003	Number of Shares (000) 2002	£m 2003	£m 2002
Authorised	**500,000**	500,000	**125.0**	125.0
Allotted, called-up and fully paid				
– 1 January	**377,245**	373,317	**94.3**	93.3
– Allotted under employee share schemes and scrip dividend	**6,808**	3,928	**1.7**	1.0
– 31 December	**384,053**	377,245	**96.0**	94.3

Details of employee share schemes and of outstanding share options are shown in the section entitled Employee Share Schemes on page 32.

27 Reserves

	2003	
	Share Premium £m	Profit and Loss £m
Group		
Reserves at 1 January	**107.5**	**741.2**
Movements		
Retained profit for the year	–	**214.2**
Exchange adjustments	–	**(1.6)**
Scrip dividend	**(1.0)**	**11.3**
Shares allotted under employee share schemes	**2.7**	–
Contribution to QUEST	–	**(0.3)**
Reserves at 31 December	**109.2**	**964.8**

The cumulative amount of goodwill written off since 1 January 1986, net of goodwill relating to subsidiary undertakings disposed of, is £45.7 million (2002 £45.7 million)

A scrip dividend alternative was offered to shareholders this year. The £11.3 million (2002 £5.7 million) scrip dividend paid has been credited back to reserves.

During the year, the Group's QUEST subscribed for new shares in George Wimpey Plc in order to meet exercises of share options under the SAYE scheme. A subsidiary transferred £0.5 million to George Wimpey QUEST Trustees Limited, of which £0.2 million was by way of loan and £0.3 million by way of gift.

Included in exchange adjustments are exchange gains of £28.4 million (2002 £21.3 million) arising on foreign currency borrowings designated as hedges of net investments overseas.

	Share Premium £m	Profit and Loss £m
Parent		
Reserves at 1 January	**107.5**	**461.1**
Movements		
Retained profit for the year	–	**(62.1)**
Exchange adjustments	–	**(0.9)**
Scrip dividend	**(1.0)**	**11.3**
Shares allotted under employee share schemes	**2.7**	–
Reserves at 31 December	**109.2**	**409.4**

In accordance with the provisions of Section 230 of the Companies Act 1985, a separate profit and loss account for the parent company is not presented. The Company's loss attributable to ordinary shareholders is £15.4 million (2002 profit of £64.3 million).

28 Reconciliation of Operating Profit to Cash Inflow from Operating Activities

	Group	
	2003 £m	2002 £m
Operating profit	**429.8**	323.8
Depreciation	**7.3**	6.0
Land held for development realised from land and house sales	**665.3**	622.7
(Increase)/decrease in stock (excluding land held for development)	**(90.7)**	81.5
Decrease/(increase) in debtors	**4.7**	(17.2)
Increase in creditors	**68.7**	3.0
(Decrease)/increase in provisions for liabilities and charges	**(0.8)**	8.9
Net cash inflow from operating activities before land expenditure	**1,084.3**	1,028.7
Expenditure on land held for development	**(892.6)**	(631.8)
Increase in land creditors	**39.1**	28.9
Cash inflow from operating activities	**230.8**	425.8

29 Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

	Group 2003 £m	2002 £m
Returns on investments and servicing of finance		
Interest received	**2.3**	4.0
Interest paid	**(45.5)**	(29.4)
Net cash outflow for returns on investments and servicing of finance	**(43.2)**	(25.4)
Capital expenditure and financial investments		
Purchase of tangible assets	**(8.5)**	(11.9)
Purchase of own shares	**(8.5)**	(1.8)
Sale of tangible assets	**2.2**	6.4
Net cash outflow for capital expenditure and financial investment	**(14.8)**	(7.3)
Acquisitions and disposals		
Sale of subsidiary undertaking	**–**	15.8
Purchase of Laing Homes	**(214.7)**	(84.8)
Cash acquired on purchase of Laing Homes	**–**	17.8
Purchase of McAlpine Homes	**–**	(262.6)
Net cash outflow for acquisitions and disposals	**(214.7)**	(313.8)
Financing		
Shares allotted under employee share schemes	**3.4**	2.1
Debt due within a year	**(0.8)**	(25.9)
Debt due beyond a year	**154.8**	79.9
Net cash inflow from financing	**157.4**	56.1

30 Analysis of Net Debt

	1 January 2003 £m	Cash Flow £m	Exchange Movement £m	31 December 2003 £m
Net cash				
Cash at bank and in hand	**47.9**	**(22.0)**	**(2.3)**	**23.6**
Less deposits treated as liquid resources	**(33.0)**	**10.0**	**–**	**(23.0)**
	14.9	**(12.0)**	**(2.3)**	**0.6**
Bank overdrafts	**(5.3)**	**(6.0)**	**–**	**(11.3)**
	9.6	**(18.0)**	**(2.3)**	**(10.7)**
Liquid resources				
Deposits included in cash treated as liquid resources	**33.0**	**(10.0)**	**–**	**23.0**
Debt due within one year	**(6.9)**	**0.8**	**–**	**(6.1)**
Debt due after one year	**(411.3)**	**(154.8)**	**30.7**	**(535.4)**
Total	**(375.6)**	**(182.0)**	**28.4**	**(529.2)**

The Group defines liquid resources as short term deposits maturing or capable of being realised within one year.

31 Contingent Liabilities

	Parent 2003 £m	2002 £m
Amounts outstanding in respect of borrowings under guarantees given on behalf of Subsidiary undertakings	**10.1**	4.6

32 Commitments

	Group 2003 £m	2002 £m
Operating leases		
Annual commitments under operating leases expiring:		
– within one year	**1.5**	0.4
– within two to five years	**3.6**	4.2
– after five years	**2.7**	4.7
	7.8	9.3
Of which:		
– land and buildings	**7.5**	9.0
– other	**0.3**	0.3

33 Subsidiary Undertakings

Principal Subsidiary Undertakings	Country of Operation/Registration	Activities
George Wimpey UK Ltd	UK/England	Homes
Laing Homes Ltd	UK/England	Homes
Morrison Homes Inc	USA	Homes
Wimpey Overseas Holdings Ltd	UK/England	Corporate

NOTES:

1. The subsidiary undertakings listed are those held at 31 December 2003 which significantly affect the amount of the profit or the assets of the Group.
2. In all cases the Group's interest is in the equity share capital.
3. All subsidiary undertakings listed above are wholly owned and held directly by the parent company at 31 December 2003, except for Morrison Homes Inc. which is a wholly owned subsidiary of Wimpey Overseas Holdings Ltd.

34 Disclosure of Related Party Transactions

The following disclosure is required under Financial Reporting Standard 8. George Wimpey Plc funds the Wimpey Staff Personal Accident Scheme (The Scheme) which provides discretionary personal accident benefits to the members of the Wimpey Staff Pension Scheme. There is an interest free loan from The Scheme to the Group which is repayable at one month's notice. The balance owed by the Group to The Scheme was £0.5 million throughout the year.

Auditors' Report

Independent Auditors' Report to the members of George Wimpey Plc

We have audited the financial statements which comprise the Group profit and loss account, the balance sheets, the Group cash flow statement, the statement of Group total recognised gains and losses, the reconciliation of movement in Group shareholders' funds, accounting policies and the related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Directors' Remuneration Report ('the auditable part').

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the Directors' Remuneration Report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the Directors' Remuneration Report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's Statement, Chief Executive's Review, Operating and Financial Review, Board of Directors, Corporate Social Responsibility, Director's Report, Corporate Governance and the Remuneration Report.

We review whether the Corporate Governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the Directors' Remuneration Report. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the auditable part of the Directors' Remuneration Report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 2003 and of the profit and cash flows of the Group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the Directors' Remuneration Report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
LONDON
24 FEBRUARY 2004

Five Year Review

	2003 £m	2002 £m	2001 £m	2000 £m	1999 £m
Profit and Loss Account					
Turnover	**2,878.5**	2,600.1	1,895.9	1,702.0	1,526.9
Operating profit before exceptional operating items	**429.8**	329.7	213.1	170.2	118.8
Exceptional operating items	**–**	(5.9)	(28.9)	–	–
Operating profit	**429.8**	323.8	184.2	170.2	118.8
Exceptional non-operating items	**–**	–	–	–	10.6
Profit on ordinary activities before interest	**429.8**	323.8	184.2	170.2	129.4
Interest – net payable	**(51.6)**	(37.9)	(32.2)	(24.1)	(16.6)
Profit on ordinary activities before taxation	**378.2**	285.9	152.0	146.1	112.8
Tax on profit on ordinary activities	**(117.3)**	(94.3)	(48.3)	(47.8)	(38.3)
Equity minority interests	–	–	–	–	(0.2)
Profit for the financial year	**260.9**	191.6	103.7	98.3	74.3
Dividends	**(46.7)**	(34.3)	(30.8)	(27.7)	(24.4)
Retained profit	**214.2**	157.3	72.9	70.6	49.9
Balance Sheet					
Fixed assets	**28.0**	28.1	25.2	17.4	22.1
Stock	**2,365.8**	2,079.9	1,829.1	1,204.0	985.4
Other working capital	**(667.0)**	(761.1)	(671.4)	(285.1)	(188.0)
Provisions for liabilities and charges	**(27.6)**	(28.3)	(16.6)	(9.3)	(10.5)
Net operating assets	**1,699.2**	1,318.6	1,166.3	927.0	809.0
Shareholders' funds	**1,170.0**	943.0	783.3	706.8	629.8
Equity minority interests	**–**	–	–	–	0.1
Net finance debt	**529.2**	375.6	383.0	220.2	179.1
Assets employed	**1,699.2**	1,318.6	1,166.3	927.0	809.0
Statistics					
Return on average shareholders' funds (after tax and before exceptional items)	**24.7%**	22.7%	16.4%	14.7%	10.6%
Earnings per ordinary share – basic	**68.5p**	51.1p	27.9p	26.6p	20.2p
Earnings per ordinary share – diluted	**67.1p**	50.0p	27.7p	26.5p	20.1p
Earnings per ordinary share before exceptional items – basic	**68.5p**	52.2p	32.8p	26.6p	17.3p
Earnings per ordinary share before exceptional items – diluted	**67.1p**	51.1p	32.6p	26.5p	17.2p
Dividends per ordinary share	**12.25p**	9.1p	8.25p	7.5p	6.6p
Shareholders' funds per ordinary share	**305p**	250p	210p	191p	171p
Ratios					
Dividend cover (times)	**5.6**	5.6	3.4	3.5	3.0
Interest cover before exceptional items and interest on deferred consideration (times)	**9.8**	11.9	8.0	7.1	7.2
Gearing	**45%**	40%	49%	31%	28%

Notice of Meeting

Notice is hereby given that the twenty sixth Annual General Meeting of George Wimpey Plc will be held on 22 April 2004 at 11:30 am at The Royal Aeronautical Society, No 4 Hamilton Place, London W1V 0BQ, to transact the following business:

Ordinary Business

1) To receive and consider the report of the Directors and Accounts for the year ended 31 December 2003.

2) That a final dividend in respect of the year ended 31 December 2003 be and is hereby declared due and payable on 14 May 2004 to shareholders on the register at close of business on 5 March 2004, such final dividend to be payable only in respect of such of the shares in respect of which the relevant holder of the shares has not exercised any entitlement to receive new shares instead of a dividend in cash pursuant to the scrip dividend scheme.

To re-elect the following Directors who retire by rotation:

3) Mr J H Robinson

4) Mr J M Blackburn

5) Mr D M Williams

and to re-appoint:

6) Baroness Dean of Thornton-le-Fylde

7) To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.

To consider and if thought fit, to pass the following resolutions which are to be proposed, in the case of resolutions 8, and 11, as ordinary resolutions and, in the case of resolutions 9 and 10, as special resolutions of the Company:

8) That the Directors be and they are hereby generally and unconditionally authorised in substitution for all previous authorities conferred upon them to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 (2) of the Companies Act 1985) up to an aggregate nominal value of £32,017,837, provided that this authority shall expire 5 years after the date of passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

9) That subject to the passing of the resolution numbered 8 above, the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority conferred by the resolution numbered 8 above as if sub-section (1) of section 89 of the Companies Act 1985 did not apply to any such allotment, provided that this power shall be limited:

a) to the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer or a scrip dividend alternative in each case in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate as nearly as may be to the respective number of ordinary shares held or deemed to be held by them, and subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £4,802,675;

and shall expire 5 years after the date of passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

10) That the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 (3) of the Companies Act 1985) of not more than 38,421,405 ordinary shares of 25p each in its share capital at a price not less than 25p per share and not more than 5% above the average of the middle market quotations for the ordinary shares in the Company taken from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which such shares are contracted to be purchased (in each case exclusive of any expenses) provided that the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held after the date hereof (except that the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract).

Special Business

11) That the Remuneration Report contained within the report of the Directors and Accounts for the year ended 31 December 2003 is hereby approved.

Explanation of Resolutions

Resolution 1: To Receive the Directors' Report and Accounts

The Directors are required to present to the meeting the Directors' and Auditors' reports and the accounts for the year ended 31 December 2003.

Resolution 2: To Approve a Dividend

The proposed 2003 final dividend of 8.45 pence per share will be paid on 14 May 2004 to shareholders who are on the register on 5 March 2004. The final dividend will be paid in cash to all shareholders other than those who exercise their right, to receive shares instead of their cash dividend pursuant to the scrip dividend scheme.

Resolution 3: To Re-elect Mr J H Robinson

Article 103 of the Company's Articles of Association states that one third of the Directors must retire annually, those doing so being the longest serving since last being re-elected. Mr J H Robinson offers himself for re-election.

Resolution 4: To Re-elect Mr J M Blackburn

Mr J M Blackburn offers himself for re-election in accordance with Article 103 of the Company's Articles of Association.

Resolution 5: To Re-elect Mr D M Williams

Mr D M Williams offers himself for re-election in accordance with Article 103 of the Company's Articles of Association.

Resolution 6: To Re-appoint Baroness Dean of Thornton-le-Fylde

Article 108 allows the Board to appoint a person to the Board during the year, subject to them being re-appointed at the subsequent Annual General Meeting. Baroness Brenda Dean was appointed on 7 October 2003 and offers herself for re-appointment.

Directors' biographical details are shown on page 28. The Board recommends the re-election and the re-appointment of the above Directors.

Resolution 7: To Re-appoint PricewaterhouseCoopers as Auditors

This resolution proposes the re-appointment of PricewaterhouseCoopers LLP as auditors, and permits the Directors to fix their remuneration.

Resolutions 8/9: To Allot Shares and Disapply Pre-emption Rights

Under section 80 of the Companies Act 1985, the Directors cannot generally allot shares in the Company unless they are authorised to do so by the Company in general meeting. Resolution 8 will authorise the Directors to issue new shares up to the lower of one third of the amount of the nominal value of the issued share capital of the Company as at the date of this Notice – i.e. up to a value of £32,017,837 or the amount of the nominal value of the authorised but unissued share capital of the Company. The authority will expire 5 years after the date of passing of this resolution. The Directors have no present intention of issuing shares, except as needed to satisfy the exercise of options under the Company's Employee Share Scheme and the allotment of shares pursuant to such elections made by shareholders of the Company.

Under Resolution 9, the Directors will remain subject to constraints on the issue of shares for cash. They will be able to issue such shares for cash only:

- in connection with a rights issue, open offer or other pre-emptive offer or a scrip dividend alternative, or:
- up to 5% of the nominal value of the Company's issued share capital as at 12 February 2004, i.e. £4,802,675.

Resolution 10: To Empower the Company to Make Market Purchases of its Shares.

This resolution is intended to renew the authority of the Directors to make market purchases of shares within a 10% limit, and in accordance with Article 53 of the Company's Article of Association. The Board has no immediate intention of exercising this authority. Moreover, purchases will only be made if they would result in an expected increase in earnings per share, will take into account other available investment opportunities and will be in the best interests of shareholders generally. Any shares purchased in accordance with this authority will subsequently be cancelled.

Options were outstanding as at 12 February 2004 to subscribe for a total number of 9,925,826 ordinary shares, or 2.58% of the Company's issued share capital.

If the authority to purchase shares is ever used in full, the proportion of issued share capital represented by this figure would be 2.87%.

Resolution 11: To Approve the Remuneration Report of the Company.

In accordance with the Directors' Remuneration Report Regulations 2002 the Board is required to present the Directors' Remuneration Report to shareholders for approval at the meeting. The Remuneration Report is contained in the report of the Directors and Accounts for the year ended 31 December 2003 which is set out on pages 38 to 43. The Board considers that appropriate executive remuneration plays a vital part in helping to achieve the Company's overall objectives. The vote will have advisory status in respect of the remuneration policy and overall remuneration packages and is not specific to individual levels of remuneration.

By Order of the Board

James Jordan

JAMES J. JORDAN
GROUP COMPANY SECRETARY
GEORGE WIMPEY PLC
MANNING HOUSE
22 CARLISLE PLACE
LONDON SW1P 1JA
24 FEBRUARY 2004

Action to be Taken

Whether or not you intend to attend the Annual General Meeting, you are requested to complete the enclosed Form of Proxy and return it to the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA as soon as possible and in any event so as to be received no later than 48 hours before the time appointed for the Annual General Meeting. The completion and submission of a Form of Proxy will not prevent you from attending and voting in person if you so wish.

Recommendation

Your Directors are of the opinion that the resolutions to be proposed at the Annual General Meeting are in the best interests of shareholders as a whole and recommend you to vote in favour of them. They will be doing so in respect of their own beneficial shareholdings.

Attendance and Voting

As a shareholder of George Wimpey Plc, you have the right to attend and vote at the Annual General Meeting.

Please bring with you the accompanying Form of Proxy/Admission Card. It will authenticate your right to attend, speak and vote, and will speed your admission. Please keep it until the end of the meeting. The meeting will commence at 11:30am and light refreshments will be available from 11:00am and also after the conclusion of the meeting.

You may also find it helpful to bring your Annual Report with you so that you can refer to it at the meeting.

If you do not wish, or are unable, to attend, you may appoint either the Chairman of the meeting or someone else of your choice to act on your behalf and to vote in the event of a poll. That person is known as a 'proxy'. You are advised to use the enclosed Form of Proxy to appoint a proxy.

A proxy need not be a shareholder and may attend and vote on behalf of the shareholder who appointed him or her.

At the meeting, the proxy can act for the member he or she represents. This includes the right to join in or demand a poll, but it does not include the right to vote on a show of hands. The proxy is also valid for any adjournment of the meeting.

Please tick the appropriate box alongside each resolution on the Form of Proxy to indicate whether you wish your votes to be cast 'for', or 'against', or whether you wish to withold your vote from, that resolution. Unless you give specific instructions on how to vote on a particular resolution, your proxy will be able, at his or her discretion, either to vote 'for' or 'against' that resolution or to withold from voting.

Before posting the form to the registrar, please check that you have signed it. In the case of joint holders, either of you may sign it.

The Forms of Proxy must be received in the offices of the Company's registrars no later than 11:30am on 20 April 2004. Any Form of Proxy received after this time will be void.

NOTES:

i. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of him or her. The proxy need not be a member of the Company.

ii. Instruments appointing proxies must be received by the Company's registrars not less than 48 hours before the time fixed for the meeting.

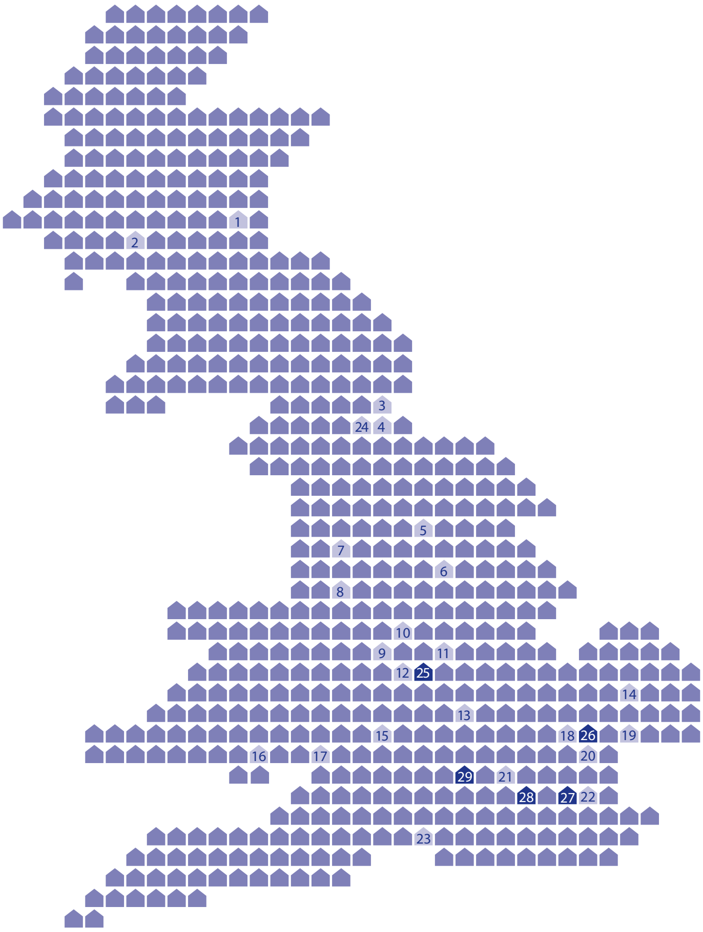
iii. Contracts of service with Directors' and the register of Directors' Interests will be available for inspection at the registered office of the Company during usual business hours between the date of this Notice and the Annual General Meeting and at the venue of the Annual General Meeting for 15 minutes prior to the commencement of the meeting and until its conclusion.

iv. A copy of the full report of the Directors and Accounts for the year ended 31 December 2003, including the Remuneration Report referred to in Resolutions 1 and 11 respectively, is also available on www.georgewimpeyplc.co.uk

v. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders who are registered on the Company's share register at 6:00pm on 20 April 2004 shall be entitled to attend the Annual General Meeting and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 6:00pm on 20 April 2004 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Business Directory

George Wimpey Plc – UK and US

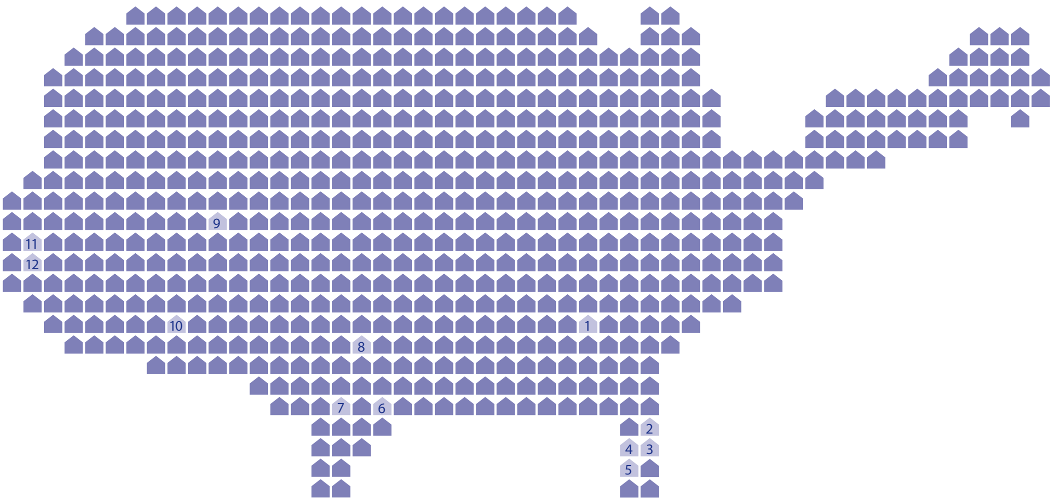


George Wimpey UK

1 East Scotland Region
2 West Scotland Region
3 North Region
4 North East Region
5 North Yorkshire Region
6 South Yorkshire Region
7 Manchester Region
8 North West Region
9 North Midlands Region
10 Midlands Region
11 East Midlands Region
12 West Midlands Region
13 South Midlands Region
14 East Anglia Region
15 South West Region
16 Cardiff sub-office
17 Bristol Region
18 North London Region
19 East London Region
20 Central London Region
21 West London Region
22 South London Region
23 Southern Region
24 George Wimpey City

Laing Homes Ltd

25 Midland Region
26 North Thames Region
27 South East Thames Region
28 South West Thames Region
29 Thames Valley Region



Morrison Homes Inc

1 Atlanta Division
2 Orlando Division
3 Jacksonville Operation
4 Tampa Division
5 Sarasota Operation
6 Houston Division
7 Dallas Division
8 Austin Division
9 Denver Division
10 Phoenix Division
11 Sacramento Division
12 Central Valley Operation

George Wimpey Plc

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www.georgewimpeyplc.co.uk

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2 West Scotland Region
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3 North Region
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6 South Yorkshire Region
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20 Central London Region
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24 George Wimpey City
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Executive Vice President
of Operations: Steve Parker
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Senior Vice President Southeast Region:
Gregg Goldenberg

2 Orlando Division
Acting Division President:
Gregg Goldenberg
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Region: Douglas Moss

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John Napolitan

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12 Central Valley Division
Division President: Phill Bodem
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Tel: 001 209 545 8111

Shareholder Information

Annual General Meeting
22 April 2004 11:30am at The Royal Aeronautical Society, No 4 Hamilton Place, London W1V 0BQ.

Results
2003 year end results – 24 February 2004
2004 half year results – 28 July 2004

Dividends
Final Dividend – subject to approval at the Annual General Meeting, a final recommended dividend of 8.45 pence will be payable on 14 May 2004 to ordinary shareholders whose names appear in the register of members at the close of business on 5 March 2004. The ex-dividend date is 3 March 2004.

Interim dividend – dates to be announced in July 2004

Once these dates have been approved they will be displayed on our website www.georgewimpeyplc.co.uk

The scrip dividend scheme introduced by the Company in 2002 continues to be available to shareholders. For more information, please contact Lloyds TSB Registrars.

Shareholders' Services
The Company continues to encourage private shareholders.

Shareview dealing
On the Company's behalf, Lloyds TSB Registrars operate a phone or internet based low cost share sales service in George Wimpey Plc shares. The telephone service is available on 0870 850 0852 and the internet based service at the website, www.shareview.co.uk/dealing.

Postal share dealing service
Cazenove & Co also offer a low cost postal share dealing service on behalf of the Company.

For any further details on either service please contact the Group Company Secretary at the Registered Office or by telephone on 020 7802 9888.

Corporate Individual Savings Account (ISA)
This service is available to George Wimpey shareholders. ISAs are a useful way of holding your shares as any gains made on the value of the shares held in the George Wimpey Corporate ISA are free of Capital Gains Tax when sold.

For further information, contact The Share Centre on 01296 41 41 44 or by e-mail to info@share.co.uk. Alternatively, you can visit their website at www.share.co.uk.

ShareGift
Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating them to charity through ShareGift, a registered charity administered by The Orr Mackintosh Foundation. A ShareGift donation form can be obtained from Lloyds TSB Registrars. Further information about ShareGift is available at www.sharegift.org or by writing to: ShareGift, The Orr Mackintosh Foundation, 24 Grosvenor Gardens, London SW1W 0DH.

Private Shareholders
If you have a query about your holding of George Wimpey Plc shares or need to change your details, for example address or payment of dividend requirements, please contact the Registrars at the address shown.

Website
Further details of the Group's activities and products can be seen on its website at www.georgewimpeyplc.co.uk. Services available include:

- e-mail alert service
- download Company reports
- access press releases
- download investor presentations
- view management presentation via webcasts
- interactive share price charting tool

Registered Office
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SW1P 1JA

Tel: 020 7802 9888

Registered Number
1397926

Registrars
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA

Tel: 0870 600 3970

You can see more details of your shareholding on Lloyds TSB Registrars website on www.shareview.co.uk

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