PERSIMMON

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

Persimmon plc today announces half year results for the six months ended 30 June 2012.

Highlights

- Underlying pre-tax profits* increased 65% to £98.7m (2011: £59.7m)
- Revenue 13% ahead at £806.7m (2011: £712.8m)
- Legal completions up 6% to 4,712 (2011: 4,439) and average selling price increased 7% to £171,206 (2011: £160,583)
- Strong improvement in operating margin** increasing 320bps to 12.2% (2011: 9.0%)
- Excellent cash generation of £112.9m (2011: £55.1m) with net cash of £135.2m as at 30 June 2012 (June 2011: net borrowings of £15.2m)
- Landbank strengthened, 5,779 new plots acquired on 50 sites in the first half of the year, bringing the total of owned and controlled plots to 63,786 (2011: 62,364), representing over 6.5 years supply at current sales levels
- Continued focus on the development of strategic land with c.34% of replacement land successfully converted from the Group's strategic landbank
- Net assets per share increased 4% to 625.7p (2011: 601.1p)
- Underlying basic earnings per share* increased 66% to 25.7p (2011: 15.5p)
- Strong forward sales of £1,041m (2011: £1,005m) – up 4%

*stated before exceptional items of £1.7m (2011: £2.2m) and goodwill impairment of £2.1m (2011: £1.6m)

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Capital Return Plan

- Strong first half performance represents an excellent start to the delivery of the new strategy and plan to return £1.9bn (620p per share) to shareholders over 9 years
- Group well on track to make first dividend payment of 75p per share in June 2013

Nicholas Wrigley, Chairman said: "The Group has made an excellent start to the current financial year, underlying pre-tax profit up 65% and an operating margin of 12.2% - an improvement of 320bps compared to the first half of 2011. These results reflect the early success of Persimmon's new strategy to grow into a stronger, larger business whilst returning £1.9bn of surplus cash to shareholders.

The future growth of Persimmon will continue to be based on the solid foundations of the good results achieved in the first half of 2012."

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Analysts unable to attend in person may listen to today's presentation live at 9:00am, please use the dial in details below:
Telephone number: +44 (0)20 3450 9987
Confirmation code: 4360957

A webcast of today's analyst presentation will be available on www.corporate.persimmonhomes.com this afternoon.

HALF YEAR REPORT – TUESDAY 21 AUGUST 2012

CHAIRMAN'S STATEMENT

The Group's strong performance in the first half of 2012 represents an excellent start to the delivery of the new strategy announced at the start of the year. This strategy involves the return of £1.9bn of surplus capital to shareholders over the next nine years whilst investing further in the business to support Persimmon's growth into a stronger, larger business at the end of the capital return period, 2021. Underlying profit before tax was 65% ahead of last year at £98.7m (2011: £59.7m), operating margins reached 12.2% (2011: 9.0%), cash holdings amounted to £135.2m at the end of June (June 2011: £15.2m net borrowings) and our consented land bank increased to 63,786 plots (June 2011: 62,364 plots).

RESULTS

Legal completions for the first half of 2012 increased 6% to 4,712 new homes (2011: 4,439). With average selling price increasing 7% to £171,206 (2011: £160,583) due to the completion of a greater volume of family homes, total revenues were £806.7m an increase of 13% on the prior year (2011: £712.8m).

Persimmon Homes, our family housing business, legally completed 2,838 new homes in the first half of the year, 4% ahead of the prior year, with the North division volumes up 21% to 1,080 new homes. The average selling price* in the Persimmon Homes business of £171,703 was 3% ahead of the prior year due to change in sales mix, underlying pricing having remained stable.

Charles Church has continued to perform well with an increase of 30% in legal completions to 1,123 new homes in the first half of the year representing 23.8% of our total sales (2011: 19.5%). Average selling price* of £233,565 was 8% up from £215,963 in the first half of last year in this premium housing business.

Westbury Partnerships delivered 751 affordable housing legal completions in the first half, down 12% on the previous year. However, the forward sold position remains strong and we therefore expect to complete a similar number of affordable homes for the full year when compared to 2011 (1,789 new homes). Whilst average selling prices achieved in the first six months were 7% lower than the prior year at £89,485, average prices in the forward order book are c. 9% higher at c. £98,000.

We remain focused on pursuing further improvement in our profitability and returns. Underlying gross margin for the first six months of 2012 was 16.7%, up from 13.7% last year. This increase reflects the realisation of increases in development value from historic land investments, the introduction of more recently acquired sites and the continued close control of the Group's cost base. The increase in the Group's underlying operating margin to 12.2% (2011: 9.0%) is in line with these gross margin gains. Underlying operating profit of £98.1m is 53% ahead of the prior year (2011: £64.2m).

As a result of the continued margin expansion we have increased our free cash generation from operating activities for the first half of 2012 to £112.9m (2011: £55.1m). Our strong liquidity has resulted in net finance income of £0.6m (2011: net finance cost of £4.5m).

Underlying basic earnings per share increased by 66% to 25.7 pence (2011: 15.5 pence). Net assets per share increased to 625.7 pence (30 June 2011: 601.1 pence; 31 December 2011: 608.6 pence).

DIVIDEND

The Group's new strategic plan incorporates the payment of £6.20 per share of surplus capital to shareholders over the next nine years. The first payment of 75 pence per share is planned to be made by way of a dividend payment in June 2013.

CURRENT TRADING

Private sales weekly reservation rates through the first half of the year were up 18%, well ahead of the prior year. In line with the normal quieter summer selling period sales rates have now slowed, but our private weekly sales rate has remained 5% ahead of the prior year since the start of our third quarter.

The value of our current forward sales, including legal completions from 1 July 2012 is now 4% up on the same point last year at £1,041m (2011: £1,005m).

Selling prices have continued to remain stable and cancellation rates remain at historically low levels of c. 18%. Our sites continue to deliver improving gross margins with the margins in the forward order book building on the progress we have made in the first half of the year. We opened 65 new sites during the first half which provide additional opportunity for margin growth. We anticipate opening a further c. 60 new sites in the second half of the year to maintain our strong nationwide outlet network at c. 380 sites.

Although the UK housing market remains constrained by the reduced availability of mortgage credit we have continued to see strong demand from first time buyers for the Government backed FirstBuy shared equity scheme. We have retained a shared equity interest in c. 30% of our sales in the first half of the year, up from c. 24% last year, due to the availability of the FirstBuy scheme. We anticipate a lower proportion of sales supported by our FirstBuy offer in the second half of the year as we sell through our allocation under this scheme. As a result we expect a similar proportion of our full year sales to be supported by an element of shared equity as last year at c. 26%.

Customers are also seeking to take advantage of our part exchange facilities in growing numbers with over 20% of our private sale customers using this incentive. This facility provides a convenient way of assisting customers with their house move in this challenging market. Our part exchange stock holding remains low at £47.3m (2011: £36.4m). In addition, we are actively marketing the Government backed NewBuy 5% deposit mortgage product launched in March 2012 which is now generating good levels of customer interest. We have achieved total sales, including legal completions to date, of 220 new homes using the NewBuy mortgage product.

LAND

At 30 June 2012 we had 63,786 plots of land owned and under control (30 June 2011: 62,364 plots), representing over six and a half years of forward land supply at the current level of sales.

We continue to identify good investment opportunities in the land market which will support further improvement in returns as the sites are released for sale in the future. We acquired 5,779 new plots on 50 sites in the first six months of the year, c. 34% of which were converted from our strategic land holdings. Sites converted from our strategic land, such as at Newark (189 plots), Harleston in East Anglia (120 plots) and Abergavenny in South Wales (240 plots) provide valuable anchor sites for our regional businesses at excellent margins.

We are generally encouraged by our early experience of working within the new National Planning Policy Framework and remain confident that our c. 16,100 acres of strategic land has the potential to deliver up to 90,000 plots of consented land at low cost, underpinning the Group's aim to grow into a stronger, larger business over the strategic plan period to 2021.

OUTLOOK

We expect conditions in the UK housing market to remain challenging reflecting the wider issues within the economy. However, we anticipate continued firm underlying demand for new homes but this will remain constrained by the low level of mortgage availability.

We are continuing to work with the mortgage lending institutions to help provide customers with appropriate opportunities to gain access to the housing market and also to move to their next home as their lifestyle requirements change. Government initiatives such as NewBuy are an important feature in helping the industry deliver the new homes and associated infrastructure which will support UK economic growth over the next few years. We are pleased to see recent rate reductions by the lenders which should help affordability.

Our continued efforts in promoting land through the planning system in partnership with local communities will deliver excellent new sites from our strategic land bank in line with the requirements of the new National Planning Policy Framework.

I am confident that the future growth of Persimmon will continue to be based upon the solid foundations which have delivered such a good result in the first half of 2012 in line with the long term strategic course we have set out. This success is based upon the hard work, imagination and determination of all our employees across the UK. On behalf of the Board I congratulate all our staff on their performance and look forward to their future achievements.

Nicholas Wrigley
Chairman
20 August 2012

All underlying performance figures are stated before goodwill impairment and exceptional items.
*** Calculated from nominal value of turnover – before fair value charge on shared equity sales.**

PERSIMMON PLC
Condensed Consolidated Statement of Comprehensive Income
For the six months to 30 June 2012 (unaudited)

Continuing operations	Note	Six months to 30 June 2012			Six months to 30 June 2011			Year to 31 December 2011		
		Before exceptional items £m	Exceptional items (note 3) £m	Total £m	Before exceptional items £m	Exceptional items (note 3) £m	Total £m	Before exceptional items £m	Exceptional items (note 3) £m	Total £m
Revenue		806.7	-	806.7	712.8	-	712.8	1,535.0	-	1,535.0
Cost of sales		(672.3)	1.7	(670.6)	(615.4)	12.0	(603.4)	(1,312.0)	13.3	(1,298.7)
Gross profit		134.4	1.7	136.1	97.4	12.0	109.4	223.0	13.3	236.3
Other operating income		8.0	-	8.0	3.7	-	3.7	8.9	-	8.9
Operating expenses		(46.4)	-	(46.4)	(38.5)	-	(38.5)	(83.3)	-	(83.3)
Profit from operations before impairment of intangible assets		98.1	1.7	99.8	64.2	12.0	76.2	153.0	13.3	166.3
Impairment of intangible assets		(2.1)	-	(2.1)	(1.6)	-	(1.6)	(4.4)	-	(4.4)
Profit from operations		96.0	1.7	97.7	62.6	12.0	74.6	148.6	13.3	161.9
Finance income		4.2	-	4.2	3.2	7.1	10.3	7.5	7.1	14.6
Finance costs		(3.6)	-	(3.6)	(7.7)	(16.9)	(24.6)	(12.4)	(16.9)	(29.3)
Profit before tax		96.6	1.7	98.3	58.1	2.2	60.3	143.7	3.5	147.2
Tax	4.1	(21.1)	(0.4)	(21.5)	(12.9)	(0.6)	(13.5)	(37.3)	(0.9)	(38.2)
Profit after tax (all attributable to equity holders of the parent)		75.5	1.3	76.8	45.2	1.6	46.8	106.4	2.6	109.0
Other comprehensive (expense)/income										
Actuarial (loss)/gains on defined benefit pension schemes	10	(11.1)	-	(11.1)	42.7	-	42.7	7.8	-	7.8
Tax	4.2	2.7	-	2.7	(12.0)	-	(12.0)	(3.0)	-	(3.0)
Other comprehensive (expense)/income for the period, net of tax		(8.4)	-	(8.4)	30.7	-	30.7	4.8	-	4.8
Total recognised income for the period		67.1	1.3	68.4	75.9	1.6	77.5	111.2	2.6	113.8
Earnings per share [i]										
Basic	5			25.4p			15.5p			36.1p
Diluted	5			25.2p			15.4p			35.9p
Non-GAAP measures - Underlying earnings per share [ii]										
Basic	5			25.7p			15.5p			36.8p
Diluted	5			25.5p			15.4p			36.5p

[i] Earnings per share is calculated in accordance with IAS 33 'Earnings Per Share'.
[ii] Underlying earnings per share excludes exceptional items and goodwill impairment.

PERSIMMON PLC
Condensed Consolidated Balance Sheet
At 30 June 2012 (unaudited)

	Note	30 June 2012 £m	30 June 2011 £m	31 December 2011 £m
Assets				
Non-current assets				
Intangible assets		**248.6**	253.8	250.8
Property, plant and equipment		**29.2**	28.9	28.7
Investments accounted for using the equity method		**3.0**	3.0	3.0
Available for sale financial assets		**186.9**	137.2	164.0
Trade and other receivables		**3.1**	5.5	2.7
Deferred tax assets		**27.8**	25.8	25.2
		498.6	454.2	474.4
Current assets				
Inventories	7	**1,965.8**	2,019.8	2,003.4
Trade and other receivables		**65.7**	56.6	52.8
Cash and cash equivalents	9	**136.9**	1.0	41.0
Assets held for sale		**1.1**	2.9	2.0
		2,169.5	2,080.3	2,099.2
Total assets		**2,668.1**	2,534.5	2,573.6
Liabilities				
Non-current liabilities				
Trade and other payables		**(99.5)**	(100.3)	(94.0)
Deferred tax liabilities		**(18.8)**	(20.9)	(19.6)
Retirement benefit obligation	10	**(71.4)**	(48.6)	(59.5)
		(189.7)	(169.8)	(173.1)
Current liabilities				
Loans and borrowings		**(1.7)**	(16.3)	(0.1)
Trade and other payables		**(505.1)**	(453.3)	(482.4)
Current tax liabilities		**(77.7)**	(84.6)	(78.7)
		(584.5)	(554.2)	(561.2)
Total liabilities		**(774.2)**	(724.0)	(734.3)
Net assets		**1,893.9**	1,810.5	1,839.3
Equity				
Ordinary share capital issued		**30.3**	30.3	30.3
Share premium		**233.7**	233.6	233.6
Other non-distributable reserve		**281.4**	281.4	281.4
Retained earnings		**1,348.5**	1,265.2	1,294.0
Total equity		**1,893.9**	1,810.5	1,839.3

PERSIMMON PLC
Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months to 30 June 2012 (unaudited)

	Share capital £m	Share premium £m	Other non-distributable reserve £m	Retained earnings £m	Total £m
Six months ended 30 June 2012:					
Balance at 31 December 2011	30.3	233.6	281.4	1,294.0	1,839.3
Profit for the period	-	-	-	76.8	76.8
Other comprehensive (expense)/income	-	-	-	(8.4)	(8.4)
Transactions with owners:					
Dividends on equity shares	-	-	-	(18.2)	(18.2)
Issue of new shares	-	0.1	-	-	0.1
Exercise of share options/share awards	-	-	-	2.1	2.1
Share-based payments	-	-	-	3.7	3.7
Satisfaction of share options from own shares held	-	-	-	(1.5)	(1.5)
Balance at 30 June 2012	**30.3**	**233.7**	**281.4**	**1,348.5**	**1,893.9**
Six months ended 30 June 2011:					
Balance at 31 December 2010	30.3	233.6	281.4	1,198.7	1,744.0
Profit for the period	-	-	-	46.8	46.8
Other comprehensive (expense)/income	-	-	-	30.7	30.7
Transactions with owners:					
Dividends on equity shares	-	-	-	(13.6)	(13.6)
Exercise of share options/share awards	-	-	-	0.2	0.2
Share-based payments	-	-	-	2.5	2.5
Satisfaction of share options from own shares held	-	-	-	(0.1)	(0.1)
Balance at 30 June 2011	**30.3**	**233.6**	**281.4**	**1,265.2**	**1,810.5**
Year ended 31 December 2011:					
Balance at 31 December 2010	30.3	233.6	281.4	1,198.7	1,744.0
Profit for the year	-	-	-	109.0	109.0
Other comprehensive (expense)/income	-	-	-	4.8	4.8
Transactions with owners:					
Dividends on equity shares	-	-	-	(25.6)	(25.6)
Exercise of share options/share awards	-	-	-	(1.1)	(1.1)
Share-based payments	-	-	-	4.7	4.7
Satisfaction of share options from own shares held	-	-	-	3.5	3.5
Balance at 31 December 2011	**30.3**	**233.6**	**281.4**	**1,294.0**	**1,839.3**

PERSIMMON PLC
Condensed Consolidated Cash Flow Statement
For the six months to 30 June 2012 (unaudited)

	Note	**Six months to 30 June 2012 £m**	Six months to 30 June 2011 £m	Year to 31 December 2011 £m
Cash flows from operating activities:				
Profit for the period		**76.8**	46.8	109.0
Tax charge recognised in profit or loss	4.1	**21.5**	13.5	38.2
Finance income		**(4.2)**	(3.2)	(7.5)
Finance costs		**3.6**	7.7	12.4
Depreciation charge		**1.9**	1.9	3.8
Amortisation of intangible assets		**0.1**	0.1	0.3
Impairment of intangible assets		**2.1**	1.6	4.4
Profit on disposal of property, plant and equipment		**-**	(0.3)	(0.4)
Share-based payment charge		**2.5**	2.2	4.2
Exceptional items		**(1.7)**	(2.2)	(3.5)
Other non-cash items		**1.4**	0.8	2.5
		104.0	68.9	163.4
Movements in working capital:				
Decrease in inventories		**39.3**	65.4	83.0
(Increase)/decrease in trade and other receivables		**(9.2)**	(2.6)	7.9
Increase/(decrease) in trade and other payables		**24.9**	(37.2)	(42.6)
Increase in available for sale financial assets		**(22.9)**	(22.0)	(48.8)
Cash generated from operations		**136.1**	72.5	162.9
Interest paid		**(1.2)**	(9.4)	(10.9)
Make-whole fees on early redemption of senior loan notes		**-**	(15.3)	(15.3)
Interest received		**0.1**	0.2	0.2
Receipts on cancellation of swaps		**-**	7.1	7.1
Tax paid		**(22.1)**	-	(22.1)
Net cash inflow from operating activities		**112.9**	55.1	121.9
Cash flows from investing activities:				
Investment in existing jointly controlled entities		**-**	(0.2)	(0.2)
Purchase of property, plant and equipment		**(1.7)**	(2.2)	(4.0)
Proceeds from sale of property, plant and equipment		**0.1**	0.7	1.1
Proceeds from sale of assets held for sale		**0.4**	-	0.6
Net cash outflow from investing activities		**(1.2)**	(1.7)	(2.5)
Cash flows from financing activities:				
Repayment of borrowings		**-**	(40.7)	(41.4)
Early redemption of senior loan notes		**-**	(136.4)	(136.4)
Financing transaction costs		**-**	(3.6)	(3.7)
Finance lease principal payments		**(0.1)**	(0.5)	(0.5)
Share options consideration		**0.8**	0.1	2.4
Dividends paid		**(18.2)**	(13.6)	(25.6)
Net cash outflow from financing activities		**(17.5)**	(194.7)	(205.2)
Increase/(decrease) in net cash and cash equivalents	8	**94.2**	(141.3)	(85.8)
Cash and cash equivalents at the beginning of the period		**41.0**	126.8	126.8
Cash and cash equivalents at the end of the period	9	**135.2**	(14.5)	41.0

Notes to the condensed consolidated half year financial statements (unaudited)

1. Basis of preparation

The half year financial statements for the six months to 30 June 2012 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union. The half year financial statements are unaudited, but have been reviewed by the auditors whose report is set out on page 14. This report should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRSs as adopted by the European Union.

The comparative figures for the financial year ended 31 December 2011 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012:

- Amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets. This has had no significant impact on the Group's financial position or performance.

The Group has not applied the following amendments to standards which are EU endorsed but not yet effective:

- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income.
- Amendments to IAS 19 Employee Benefits.

The Group is currently considering the implication of these amendments on the financial position and performance of the Group.

Going concern

After making due enquiries, and in accordance with the FRC's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated half year financial statements.

2. Segmental analysis

The Group's operating segments have similar economic characteristics, products, construction processes and types of customers, and meet the aggregation criteria of IFRS 8 in full. Consequently, the Group has aggregated its geographic operations into one reportable segment which is housebuilding in the United Kingdom.