HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

Persimmon plc today announces half year results for the six months ended 30 June 2013.

Highlights

- Legal completions up 7% to 5,022 (2012: 4,712)
- Underlying pre-tax profits* increased 40% to £135.3m (2012: £96.9m†)
- Revenue 12% ahead at £899.9m (2012: £806.7m)
- Strong improvement in operating margin* increasing 300bps to 15.1% (2012: 12.1%†) achieving targeted operating margin range eighteen months ahead of plan
- Underlying basic earnings per share* increased 35% to 34.1p (2012: 25.2p†)
- Net cash inflow from operating activities increased 38% to £143.0 million (2012: £104.0 million); net cash of £48.1m as at 30 June 2013 (2012: £135.2m)
- Strong investment in new land of £236 million (2012: £142 million); 7,538 new plots acquired bringing the total of owned and controlled plots to 70,716 (2012: 63,786)
- Underlying return on average capital employed** up 40% at 14.1% (2012: 10.1%)
- Forward sales up 21% at £1,257m (2012: £1,041m)
- Achieved over 1,700 reservations under Help to Buy since the scheme launched

* Stated before exceptional credits of £0.8m (2012 : £1.7m credit) and goodwill impairment of £3.2m (2012 : £2.1m)
** 12 month rolling average stated before exceptional credits of £0.8m (2012 : £1.7m credit) and goodwill impairment of £3.2m (2012 : £2.1m)
† Restated for amendment to IAS19 "Employee Benefits"

Capital Return Plan

- First milestone of strategic plan successfully achieved - 75p per share paid on 28 June 2013 totalling £228 million
- Board indicated its intention to make a payment of 10p per share in June 2014 in part acceleration of the next scheduled payment of 95p; level of accelerated payment will continue to be reviewed

Nicholas Wrigley, Chairman said: "During the first half of 2013 we have invested further in the business in support of increasing our future volumes."

"In addition to good growth in sales and profits we have also reached our target margin range of 15-17% eighteen months ahead of plan. Our focus remains on the delivery of our long term strategy and we are well placed to continue to make good progress."

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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 3427 1905
Confirmation code: Persimmon

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

HALF YEAR REPORT – TUESDAY 20 AUGUST 2013

CHAIRMAN'S STATEMENT

Persimmon's results for the first half of 2013 reflect a period of solid progress, with further increases in output, operating margin and cash generation, against a backdrop of improving customer demand.

Underlying pre-tax profits* increased by 40% to £135.3 million (2012: £96.9 million[†]) and underlying operating margin* improved further to 15.1% (2012: 12.1%[†]). We achieved our targeted operating margin range of 15% to 17% eighteen months ahead of plan as a result of the focussed and disciplined approach to the delivery of 5,022 new homes in the first six months of the year, an increase of 7% over the prior year (2012: 4,712 new homes). The Group remains highly cash generative with £74.5 million of free cash net inflow before delivery of the first capital return payment, resulting in cash holdings of £48.1 million (2012: £135.2 million) at 30 June. Persimmon invested £236 million (2012: £142 million) in new land in the period adding 7,538 new plots of land to the consented land bank which totalled 70,716 plots (June 2012: 63,786 plots) and will support the anticipated further growth of the business.

The first payment of £228 million of surplus capital under our Capital Return Plan was made on 28 June 2013.

<u>RESULTS</u>

There was an improvement in the availability of mortgage credit and a gradual reduction in mortgage interest costs through the first half. Customers were further assisted by the introduction of the Government sponsored "Help to Buy" equity loan scheme from 1 April 2013.

The average selling price of new homes sold in the period was £179,199 (2012: £171,206), 5% ahead of the prior year due to the mix benefit of an increased proportion of larger family homes. Selling prices in the first half of the year have been stable. Group revenues of £899.9 million advanced 12% over last year (2012: £806.7 million).

Profitability and return on capital employed continue to improve with the execution of our operational plans. Underlying gross margin** of 19.7% in the first six months increased 300 basis points over the prior year (2012: 16.7%). Strong control over development costs and overheads, continued realisation of gains in the development value of historic land investments, and successfully opening 90 new sites, have all contributed to this further step forward in profitability. Underlying operating profit* of £136.3 million (2012: £97.7 million[†]) is 40% ahead of the prior year and generated an operating margin* of 15.1% (2012: 12.1%[†]). Underlying return on capital employed*** for the twelve month period to 30 June 2013 is 14.1% (2012: 10.1%). The 40% increase in return on capital employed reflects the combination of the increased profitability of the Group together with strong capital disciplines being exercised by management, including the first payment made to shareholders of £228 million under the Capital Return Plan.

Legal completion volumes increased across all our brands. The Persimmon family housing brand increased volumes by 5% to 2,982 new homes delivered, with Charles Church increasing by 2% to 1,140 new homes. Our Westbury Partnerships business sold 900 new homes to our housing association partners in the first six months of 2013, an increase of 20% over last year. These volume increases were supported by Space4, our closed-panel timber frame manufacturing business, which increased output by c. 15% in the period.

Underlying basic earnings per share* improved by 35% to 34.1 pence (2012: 25.2 pence†). Net assets per share decreased to 616.6 pence (30 June 2012: 625.7 pence; 31 December 2012: 658.2 pence) reflecting the capital discipline associated with the Group's long term strategy and the first payment under the Capital Return Plan.

RETURNS TO SHAREHOLDERS

The first payment under the Group's Capital Return Plan of 75 pence per share totalling £228 million was made on 28 June 2013. Our strategic plan aims to return £6.20 per share, a total of £1.9 billion of surplus capital, to shareholders by 30 June 2021, whilst also growing the business. The Board has indicated an intention to make a payment of 10 pence per share in June 2014 in part acceleration of the next scheduled payment of 95 pence per share in June 2015. The level of the accelerated payment will continue to be reviewed prior to the Board's formal recommendation regarding the June 2014 payment on the announcement of the 2013 Full Year results of the Group scheduled for Tuesday 25 February 2014.

CURRENT TRADING

Our weekly private sale reservation rate for the first half of the year was 12% ahead of last year. From 1 April 2013 we saw further momentum in the Spring sales season following the introduction of the Government sponsored "Help to Buy" measures. Since that date our weekly private sale reservation rate has been over 30% stronger than the prior year. Our current order book, including legal completions since 1 July 2013, is now 21% up on the same point last year at £1,257 million (2012: £1,041 million).

Visitors to sites for the year to date were 15% stronger than the prior year and cancellations continue to run at historically low levels at 16% (2012: 18%).

With the recent improvement in sales rates, further growth in our output will be supported by maintaining our strong national outlet network. Supplementing our existing locations with new replacement sites remains a key focus. Having successfully opened the planned 90 new sites in the first half of the year, we expect to open a further 85 new sites through the second half of the year. We continue to make a swift start on all available sites as soon as they achieve an implementable detailed planning consent and currently have 390 active sites distributed across the UK.

Where we have opened up new sites we are experiencing good sales rates due to pent up demand and have seen robust selling prices. Across all of our sites selling prices reflect the different regional market influences. The Government's "Help to Buy" equity loan offer has seen a strong take up in the market. We have now achieved over 1,700 reservations on this scheme.

LAND

We have continued to make significant new investment in acquiring high quality land. During the first six months of the year we acquired 7,538 new plots of land and made land payments of £236 million (2012: £142 million).

Strategic land promotion remains a key priority for the Group. We have added a further 800 acres of land into our strategic land portfolio in the first half to underpin our ability to deliver new homes in the future. We successfully delivered 1,659 plots of new land into the consented land bank from our strategic land holdings in the period, representing 22% of the 7,538 replacement plots acquired. We are particularly pleased to have secured planning consents at Harlow in Essex for 333 plots and at Market Harborough in Leicestershire for 110 plots after a period of promotion of over 10 years in each case. We remain committed to bringing through these high quality sites to provide additional new homes in desirable locations that appeal to our customers. We continue to hold over 16,500 acres of strategic land which we are promoting for residential development purposes.

At 30 June 2013 we owned and controlled 70,716 consented plots (June 2012: 63,786 plots) representing c. 6.5 years forward supply. A key element of our strategy is to continue to grow the output of the Group, which we anticipate will result in the consented land bank returning towards a five year supply over the medium term.

Whilst the planning process has improved with the introduction of the National Planning Policy Framework, achieving an implementable detailed consent continues to present a major challenge to increasing the pace at which we are able to expand sales and construction. While these uncertainties persist we will continue to maintain a higher level of land investment to bring visibility to our production planning and the expansion of the Group over future years.

OUTLOOK

The gradual improvement in the UK mortgage market was confirmed by recent Bank of England data which showed a c. 20% increase in mortgage approvals in May and June this year compared to the same period last year. This improvement, further assisted by the introduction of the "Help to Buy" scheme, is providing the necessary medium term support to demand in the UK housing market. We expect to welcome visitors to our show homes in increasing numbers over coming weeks and months attracted by the good levels of affordability provided on all our sites.

The Group is working hard to increase production in response to the improved demand evident in all our regional markets, investing to support sustainable growth and increasing output significantly from our Space4 factory. To deliver the volume to meet this increased demand, we are maintaining our strong investment in land and stepping up our investment in construction. The Group will open 85 new sites before the end of the year and is building on all sites where it has an implementable planning consent, creating many new jobs in the process. In particular, Persimmon's multi-year trade apprenticeship programme has been expanded and will see over 100 apprentices join the business each year, and a corresponding programme of new hires in technical, managerial and sales functions across our office network.

Through the second half of this year we will continue to focus on the basics of good housebuilding to deliver further improvement in the performance of the business. We anticipate that Persimmon will continue to make good progress but we remain mindful of the wider economic challenges facing the UK economy.

The performance of Persimmon in the first half of 2013 results from the unstinting hard work and expertise of all our employees. We remain committed to the pursuit of our strategic objectives and their successful achievement will be as a result of the determination and efforts of the Persimmon team across the UK. On behalf of the Board I commend all our staff for their individual contributions and encourage their future success.

Nicholas Wrigley
Chairman
19 August 2013

* Stated before exceptional credits of £0.8m (2012: £1.7m credit) and goodwill impairment of £3.2m (2012: £2.1m)
** Stated before exceptional credits of £0.8m (2012: £1.7m credit)
*** 12 month rolling average stated before exceptional credits of £0.8m (2012: £1.7m credit) and goodwill impairment of £3.2m (2012: £2.1m)
† 2012 comparatives restated for amendment to IAS19 "Employee Benefits"

PERSIMMON PLC
Condensed Consolidated Statement of Comprehensive Income
For the six months to 30 June 2013 (unaudited)

	Note	**Six months to 30 June 2013**			Six months to 30 June 2012 (restated – note 1)			Year to 31 December 2012 (restated – note 1)		
		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
Continuing operations										
Revenue		**899.9**	**-**	**899.9**	806.7	-	806.7	1,721.4	-	1,721.4
Cost of sales		**(722.2)**	**0.8**	**(721.4)**	(672.3)	1.7	(670.6)	(1,419.5)	2.8	(1,416.7)
Gross profit		**177.7**	**0.8**	**178.5**	134.4	1.7	136.1	301.9	2.8	304.7
Other operating income		**8.3**	**-**	**8.3**	8.0	-	8.0	10.1	-	10.1
Operating expenses		**(52.9)**	**-**	**(52.9)**	(46.8)	-	(46.8)	(95.6)	-	(95.6)
Profit from operations before impairment of intangible assets		**136.3**	**0.8**	**137.1**	97.7	1.7	99.4	222.5	2.8	225.3
Impairment of intangible assets		**(3.2)**	**-**	**(3.2)**	(2.1)	-	(2.1)	(6.1)	-	(6.1)
Profit from operations		**133.1**	**0.8**	**133.9**	95.6	1.7	97.3	216.4	2.8	219.2
Finance income		**5.7**	**-**	**5.7**	4.2	-	4.2	9.2	-	9.2
Finance costs		**(6.7)**	**-**	**(6.7)**	(5.0)	-	(5.0)	(10.2)	-	(10.2)
Profit before tax		**132.1**	**0.8**	**132.9**	94.8	1.7	96.5	215.4	2.8	218.2
Tax	4.1	**(31.8)**	**(0.2)**	**(32.0)**	(20.7)	(0.4)	(21.1)	(50.0)	(0.7)	(50.7)
Profit after tax (all attributable to equity holders of the parent)		**100.3**	**0.6**	**100.9**	74.1	1.3	75.4	165.4	2.1	167.5
Other comprehensive expense										
Items that will not be reclassified to profit and loss										
Actuarial losses on defined benefit pension schemes	11	**(2.5)**	**-**	**(2.5)**	(9.3)	-	(9.3)	(6.9)	-	(6.9)
Tax	4.2	**0.6**	**-**	**0.6**	2.3	-	2.3	1.6	-	1.6
Other comprehensive expense for the period, net of tax		**(1.9)**	**-**	**(1.9)**	(7.0)	-	(7.0)	(5.3)	-	(5.3)
Total recognised income for the period		**98.4**	**0.6**	**99.0**	67.1	1.3	68.4	160.1	2.1	162.2
Earnings per share [i]										
Basic	5			**33.3p**			24.9p			55.4p
Diluted	5			**33.0p**			24.8p			54.9p
Non-GAAP measures - Underlying earnings per share [ii]										
Basic	5			**34.1p**			25.2p			56.7p
Diluted	5			**33.9p**			25.0p			56.2p

[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 2013 (unaudited)

	Note	**30 June 2013 £m**	30 June 2012 £m	31 December 2012 £m
Assets				
Non-current assets				
Intangible assets		**241.4**	248.6	244.5
Property, plant and equipment		**30.9**	29.2	29.9
Investments accounted for using the equity method		**3.0**	3.0	3.0
Available for sale financial assets	8	**211.5**	186.9	202.9
Trade and other receivables		**6.5**	3.1	4.5
Deferred tax assets		**17.9**	27.8	13.4
		511.2	498.6	498.2
Current assets				
Inventories	7	**2,098.6**	1,965.8	2,051.0
Trade and other receivables		**77.2**	65.7	47.3
Cash and cash equivalents	10	**48.1**	136.9	201.5
Assets held for sale		**1.0**	1.1	1.1
		2,224.9	2,169.5	2,300.9
Total assets		**2,736.1**	2,668.1	2,799.1
Liabilities				
Non-current liabilities				
Trade and other payables		**(147.2)**	(99.5)	(128.6)
Deferred tax liabilities		**(20.8)**	(18.8)	(20.7)
Partnership liability		**(48.7)**	-	(52.5)
Retirement benefit obligations	11	**(2.1)**	(71.4)	(4.1)
		(218.8)	(189.7)	(205.9)
Current liabilities				
Loans and borrowings		**-**	(1.7)	-
Trade and other payables		**(548.7)**	(505.1)	(535.9)
Partnership liability		**(5.3)**	-	(5.3)
Current tax liabilities		**(89.7)**	(77.7)	(58.3)
		(643.7)	(584.5)	(599.5)
Total liabilities		**(862.5)**	(774.2)	(805.4)
Net assets		**1,873.6**	1,893.9	1,993.7
Equity				
Ordinary share capital issued		**30.4**	30.3	30.3
Share premium		**157.7**	233.7	234.2
Capital redemption reserve		**76.7**	-	-
Other non-distributable reserve		**281.4**	281.4	281.4
Retained earnings		**1,327.4**	1,348.5	1,447.8
Total equity		**1,873.6**	1,893.9	1,993.7

PERSIMMON PLC
Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months to 30 June 2013 (unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other non-distributable reserve £m	Retained earnings £m	Total £m
Six months ended 30 June 2013:						
Balance at 31 December 2012	30.3	234.2	-	281.4	1,447.8	1,993.7
Profit for the period	-	-	-	-	100.9	100.9
Other comprehensive expense	-	-	-	-	(1.9)	(1.9)
Transactions with owners:						
Allotment of B/C Shares	-	(76.7)	-	-	-	(76.7)
Redemption and cancellation of B Shares	-	-	76.7	-	(76.7)	-
Dividends on C Shares	-	-	-	-	(151.2)	(151.2)
Issue of new shares	0.1	0.2	-	-	-	0.3
Own shares purchased	-	-	-	-	(0.7)	(0.7)
Exercise of share options/share awards	-	-	-	-	(1.1)	(1.1)
Share-based payments	-	-	-	-	9.1	9.1
Satisfaction of share options from own shares held	-	-	-	-	1.2	1.2
Balance at 30 June 2013	**30.4**	**157.7**	**76.7**	**281.4**	**1,327.4**	**1,873.6**
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 (restated)	-	-	-	-	75.4	75.4
Other comprehensive expense (restated)	-	-	-	-	(7.0)	(7.0)
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**
Year ended 31 December 2012:						
Balance at 31 December 2011	30.3	233.6	-	281.4	1,294.0	1,839.3
Profit for the year (restated)	-	-	-	-	167.5	167.5
Other comprehensive expense (restated)	-	-	-	-	(5.3)	(5.3)
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(18.2)	(18.2)
Issue of new shares	-	0.6	-	-	-	0.6
Own shares purchased	-	-	-	-	(0.5)	(0.5)
Exercise of share options/share awards	-	-	-	-	(0.7)	(0.7)
Share-based payments	-	-	-	-	9.6	9.6
Satisfaction of share options from own shares held	-	-	-	-	1.4	1.4
Balance at 31 December 2012	**30.3**	**234.2**	**-**	**281.4**	**1,447.8**	**1,993.7**

PERSIMMON PLC
Condensed Consolidated Cash Flow Statement
For the six months to 30 June 2013 (unaudited)

	Note	**Six months to 30 June 2013 £m**	Six months to 30 June 2012 (restated - note 1) £m	Year to 31 December 2012 (restated – note 1) £m
Cash flows from operating activities:				
Profit for the period		**100.9**	75.4	167.5
Tax charge recognised in profit or loss	4.1	**32.0**	21.1	50.7
Finance income		**(5.7)**	(4.2)	(9.2)
Finance costs		**6.7**	5.0	10.2
Depreciation charge		**2.2**	1.9	3.9
Amortisation of intangible assets		**-**	0.1	0.2
Impairment of intangible assets		**3.2**	2.1	6.1
Profit on disposal of property, plant and equipment		**(0.1)**	-	(0.1)
Profit on disposal of assets held for sale		**(0.1)**	-	-
Share-based payment charge		**5.2**	2.5	5.7
Exceptional items		**(0.8)**	(1.7)	(2.8)
Other non-cash items		**(0.5)**	1.8	(0.8)
Cash inflow from operating activities		**143.0**	104.0	231.4
Movements in working capital:				
(Increase)/decrease in inventories		**(46.8)**	39.3	(40.9)
(Increase)/decrease in trade and other receivables		**(25.3)**	(9.2)	13.6
Increase in trade and other payables		**21.2**	24.9	75.2
Increase in available for sale financial assets		**(8.6)**	(22.9)	(38.9)
Cash generated from operations		**83.5**	136.1	240.4
Interest paid		**(1.7)**	(1.2)	(2.5)
Interest received		**0.9**	0.1	0.5
Tax paid		**(0.4)**	(22.1)	(56.6)
Net cash inflow from operating activities		**82.3**	112.9	181.8
Cash flows from investing activities:				
Purchase of property, plant and equipment		**(3.2)**	(1.7)	(4.4)
Proceeds from sale of property, plant and equipment		**0.1**	0.1	0.2
Proceeds from sale of assets held for sale		**0.2**	0.4	0.4
Net cash outflow from investing activities		**(2.9)**	(1.2)	(3.8)
Cash flows from financing activities:				
Finance lease principal payments		**-**	(0.1)	(0.1)
Payment of Partnership Liability		**(4.5)**	-	-
Own shares purchased		**(0.7)**	-	(0.5)
Share options consideration		**0.3**	0.8	1.3
B Share Redemption		**(76.7)**	-	-
Dividends paid		**(151.2)**	(18.2)	(18.2)
Net cash outflow from financing activities		**(232.8)**	(17.5)	(17.5)
(Decrease)/increase in net cash and cash equivalents	9	**(153.4)**	94.2	160.5
Cash and cash equivalents at the beginning of the period		**201.5**	41.0	41.0
Cash and cash equivalents at the end of the period	10	**48.1**	135.2	201.5

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

1. Basis of preparation

The half year condensed financial statements for the six months to 30 June 2013 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct 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 17. This report should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRSs as adopted by the European Union.

The comparative figures for the financial year ended 31 December 2012 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 2012, 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 2013:

- Amendments to IAS 19 Employee Benefits
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
- Amendments to IFRS 13 Fair Value Measurement
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities
- Amendments to IAS 32 Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities
- Annual improvements to IFRSs 2009-2011 Cycle

With the exception of IAS 19 Employee Benefits the effects of the implementation of these standards have been limited to disclosure amendments.

The amendments to IAS 19 affect the allowable actuarial assumptions in calculation of the annual expense of defined benefit pension schemes. In particular the actuarial assumptions in relation to asset returns are limited to the discount rate applied to liabilities. As a result of the changes the accounting charge for the year ended 31 December 2012 has been increased by £3.6m (period to 30 June 2012 £1.8m). For the current period, the profit is £2.6m lower than it would have been prior to the amendment to IAS 19.

In implementing these changes the company has also reviewed its accounting policies in relation to the expensing of defined benefit pension scheme costs. Previously all expenses in relation to provision of long term employee benefits were charged as an operating expense. However, to more appropriately reflect the nature of the costs the company will now charge the net finance cost element of such benefits as financing expense. Following this change (and reflecting the increased financing cost associated with Amendment to IAS 19 Employee Benefits) £2.9m of expense has been reclassified for the year ending 31 December 2012 (£1.4m for period ending 30 June 2012). As required equal adjustments have been made to the actuarial gains and losses within Other Comprehensive Expense. Shareholders' Equity remains as previously reported as do the previously reported Balance Sheets.

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

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements

- IFRS 12 Disclosures of Interests in Other Entities

- IAS 27 Separate Financial Statements

- IAS 28 Investments in Associates and Joint Ventures

The Group is currently considering the implication of these standards, however it is anticipated the impact of these standards on the financial position and performance of the Group will be minimal and effects will principally relate to amendment and extension of current disclosures.

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.

3. Exceptional items

Impairment of inventories

At 30 June 2013, the Group reviewed the net realisable value of its land and work in progress carrying values of its sites. This resulted in a net reversal of the previous write-down of inventories of £0.8m (2012: £1.7m). Further details are provided in note 7.

4. Tax

4.1 Analysis of the tax charge for the period

	Six months to 30 June 2013 £m	Six months to 30 June 2012 (restated) £m	Year to 31 December 2012 (restated) £m
Tax charge comprises:			
UK corporation tax in respect of the current period	**32.5**	26.3	41.4
Adjustments in respect of prior periods	**(0.6)**	(5.2)	(6.0)
	31.9	21.1	35.4
Deferred tax relating to origination and reversal of temporary differences	**0.1**	(0.2)	14.7
Adjustments recognised in the current period in respect of prior periods deferred tax	**-**	0.2	0.6
	0.1	-	15.3
	32.0	21.1	50.7

4.2 Deferred tax recognised in other comprehensive expense

	Six months to 30 June 2013 £m	Six months to 30 June 2012 (restated) £m	Year to 31 December 2012 (restated) £m
Recognised on actuarial losses on pension schemes	**(0.6)**	(2.3)	(1.6)

4.3 Deferred tax recognised directly in equity

	Six months to 30 June 2013 £m	Six months to 30 June 2012 £m	Year to 31 December 2012 £m
Arising on transactions with equity participants			
Related to equity-settled transactions	**(3.9)**	(1.2)	(3.9)

As at 30 June 2013, the Group has recognised deferred tax assets on deductible temporary differences at 23%, the rate enacted at the end of the reporting period.

The Autumn statement, published on 5 December 2012, announced that the rate of UK corporation tax will fall to 21% by April 2014, with a proposed further 1% reduction from 1 April 2015. These rate reductions were enacted on 17 July 2013. The rate fell from 24% to 23% from 1 April 2013, as announced in the 2012 budget. These rate changes will reduce the Group's future current tax charge accordingly.

5. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held in the Employee Benefit Trusts and treasury shares, all of which are treated as cancelled, which were 303.3m (June 2012: 302.5m, December 2012: 302.6m).

Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive ordinary shares from the start of the period, giving a figure of 305.6m (June 2012: 304.7m, December 2012: 305.4m).

Underlying earnings per share excludes exceptional items and goodwill impairment. The earnings per share from continuing operations were as follows:

	Six months to 30 June 2013	Six months to 30 June 2012 (restated)	Year to 31 December 2012 (restated)
Basic earnings per share	**33.3p**	24.9p	55.4p
Underlying basic earnings per share	**34.1p**	25.2p	56.7p
Diluted earnings per share	**33.0p**	24.8p	54.9p
Underlying diluted earnings per share	**33.9p**	25.0p	56.2p

The calculation of the basic and diluted earnings per share is based upon the following data:

	Six months to 30 June 2013 £m	Six months to 30 June 2012 (restated) £m	Year to 31 December 2012 (restated) £m
Underlying earnings attributable to shareholders	**103.5**	76.2	171.5
Exceptional items net of related taxation	**0.6**	1.3	2.1
Goodwill impairment	**(3.2)**	(2.1)	(6.1)
Earnings attributable to shareholders	**100.9**	75.4	167.5

6. Returns to shareholders

	Six months to 30 June 2013 £m	Six months to 30 June 2012 £m	Year to 31 December 2012 £m
Final dividend for the year ended 31 December 2012 of nil (2011: 6.0p)	**-**	18.2	18.2
Return of Capital to B Shareholders on 28 June 2013 of 75.0p per share (2012: nil)	**76.7**	-	-
Dividend to C Shareholders on 28 June 2013 of 75.0p per share (2012: nil)	**151.2**	-	-
Total return to shareholders	**227.9**	18.2	18.2

On 6th May 2013 the company allotted 102.2m redeemable preference shares with a nominal value of 75p each (the "B Shares") and 201.6m non-cumulative preference shares with a nominal value of 0.0001p each (the "C Shares") by way of a bonus issue, as detailed in the shareholder circular dated 18 March 2013.

On 28th June 2013 all B shares were redeemed and subsequently cancelled on the payment of 75p per share. On the same date a dividend of 75p per share was paid to all holders of C Shares. Following this payment all C shares were reclassified as Deferred Shares. The Deferred Shares were subsequently purchased on 18 July for an aggregate consideration of 1p and then cancelled on the same day.

7. Inventories

	30 June 2013 £m	30 June 2012 £m	31 December 2012 £m
Land	**1,538.4**	1,404.0	1,495.7
Work in progress	**460.9**	463.8	443.1
Part exchange properties	**50.4**	47.3	58.6
Showhouses	**48.9**	50.7	53.6
	2,098.6	1,965.8	2,051.0

As set out in note 3, at 30 June 2013 the Group conducted a further review of the net realisable value of its land and work in progress portfolio. The impact of these reviews on the net realisable value of inventories is a net exceptional credit to the consolidated statement of comprehensive income of £0.8m (2012: £1.7m). A reversal of £8.7m (2012: £14.3m) on inventories that were written down in a previous accounting period and an impairment of land and work in progress of £7.9m (2012: £12.6m) were recognised during the half year. This reversal/charge arose due to forecast selling prices and development costs on individual sites being higher or lower than previously estimated by management as a result of changing conditions, and/or development plans. Our approach to our net realisable value review has been consistent with that conducted at 31 December 2012 which was fully disclosed in the financial statements for the year ended on that date.

The key judgements in estimating the future net present realisable value of a site were the estimation of likely sales prices, house types and costs to complete the developments. Sales prices and costs to complete were estimated on a site-by-site basis based upon existing market conditions. If the UK housing market were to improve or deteriorate in the future then further adjustments to the carrying value of land and work in progress may be required.

Following this review £184.7m (2012: £273.3m) of inventories are valued at fair value less costs to sell rather than at historical cost.

8. Financial Instruments

The fair value of financial assets and liabilities are not materially different from their carrying value.

Financial assets and liabilities carried at fair value are categorised within the hierarchical classification of IFRS 7 (as defined within the standard) as follows:

	30 June 2013 £m Level 3	30 June 2012 £m Level 3	31 December 2012 £m Level 3
Available for sale financial assets	**211.5**	186.9	202.9

Fair values of financial assets and liabilities are determined by reference to the rates at which they could be exchanged between knowledgeable and willing parties. Where no such price is readily available then fair value is determined by discounting net forward cash flows for the residual period of the contract by a risk adjusted rate.

In the case of available for sale assets there is uncertainty over the final timing and value of receipts which cannot be fully assessed from observable market data. Available for sale assets consist of a substantial number of low value individual assets and have therefore been valued based on market indices and not on individual valuations. Key assumptions in the fair value assessment of available for sale assets are:

- regional house price movements based on the Group's actual experience of regional house pricing and management forecasts of future movements
- discount rate of 8% (2012: 8%) based on current observed market interest rates offered to private individuals on secured second loans

9. Reconciliation of net cash flow to net cash

	Note	**Six months to 30 June 2013 £m**	Six months to 30 June 2012 £m	Year to 31 December 2012 £m
(Decrease)/increase in net cash and cash equivalents		**(153.4)**	94.2	160.5
Decrease in debt and finance lease obligations		**-**	0.1	0.1
(Decrease)/increase in net cash from cash flows		**(153.4)**	94.3	160.6
Non-cash movements		**-**	-	-
(Decrease)/increase in net cash		**(153.4)**	94.3	160.6
Net cash at beginning of period		**201.5**	40.9	40.9
Net cash at end of period	10	**48.1**	135.2	201.5

10. Analysis of net cash

	Note	**30 June 2013 £m**	30 June 2012 £m	31 December 2012 £m
Cash and cash equivalents		**48.1**	136.9	201.5
Bank overdrafts		**-**	(1.7)	-
Net cash and cash equivalents		**48.1**	135.2	201.5
Net cash at end of period	9	**48.1**	135.2	201.5

11. Retirement benefit obligations

The amounts recognised in the statement of comprehensive income are as follows:

	Six months to 30 June 2013 £m	Six months to 30 June 2012 (restated) £m	Year to 31 December 2012 (restated) £m
Current service cost	**1.4**	1.5	2.9
Administrative expenses	**0.8**	0.5	0.7
Past service credit	**-**	-	(2.7)
Settlement cost	**-**	1.2	1.2
Pension cost recognised as operating expense	**2.2**	3.2	2.1
Pension cost recognised as net finance cost	**-**	1.4	2.9
Total defined benefit pension cost expensed in the consolidated income statement	**2.2**	4.6	5.0
Actuarial losses recognised in other comprehensive expense	**2.5**	9.3	6.9
Total defined benefit scheme loss recognised	**4.7**	13.9	11.9

The amounts included in the balance sheet arising from the Group's obligation in respect of its defined benefit schemes are as follows:

	30 June 2013 £m	30 June 2012 £m	31 December 2012 £m
Present value of funded obligations	**(421.9)**	(393.6)	(406.2)
Fair value of scheme assets	**419.8**	322.2	402.1
Deficit in the scheme and net liability in the balance sheet	**(2.1)**	(71.4)	(4.1)

An update on the 31 December 2012 IAS 19 valuation, adjusted for current market conditions has been obtained from the schemes' actuary as at 30 June 2013, which has been used as the basis for these figures.

12. Related parties

There are no disclosable related party transactions (as required by DTR 4.2.8R) during the period (2012: nil).

13. Seasonality

In common with the rest of the UK housebuilding industry, the Group experiences the highest level of sales in spring and autumn, which also results in peaks and troughs in the Group's working capital profile. Therefore, any economic weakness which affects the peak selling seasons can have a disproportionate impact on the reported results.

Principal risks and uncertainties

The Group's financial and operational performance is subject to a significant number of risks. These risks are subject to continual assessment by management to mitigate and minimise their effect on our business. There are also many risks which are outside of our control which can affect our business. The principal risks facing our business are:

Risk	Impact	Mitigation
Strategy	The Board has adopted its strategy as it believes it is the one most likely to add the greatest value for shareholders and stakeholders. It is possible that, with time, factors become known that indicate that the strategy currently being pursued is not the most effective or efficient and that alternative strategies may be more appropriate.	The Group's strategy is agreed by the Board at an annual strategy meeting and thereafter regularly reviewed at Board meetings and by the executive Directors. The Board engages with management and employees to ensure the strategy is communicated and understood and that all employees have a clear understanding of the potential benefits and risks of the strategy.
National and regional economic conditions	The housebuilding industry is sensitive to changes in unemployment, interest rates and consumer confidence. Further deterioration in economic conditions may significantly decrease demand and pricing for new homes, which could have a material effect on our business revenues, margins and profits and result in the impairment of asset values.	We minimise the level of speculative build undertaken by closely controlling our work in progress levels. We carry out extensive due diligence prior to our land investment decisions to capture best margins. We monitor our geographical spread to mitigate the effects of local microeconomic fluctuations.
Mortgage availability	Any restrictions in the market availability of mortgages for our customers could reduce demand for our homes and affect revenues, margins and profits.	We ensure construction is matched to our level of sales. We can use shared equity to enable buyers with small deposits to purchase our homes.
Regulatory compliance	Our business is subject to extensive and complex laws and regulations principally relating to planning, the environment and health and safety. Our obligations to comply with legislation can result in delays causing us to incur substantial costs and prohibit or restrict land development and construction. Non compliance could also result in damage to the Company's reputation.	We operate comprehensive management systems to ensure regulatory compliance and reduction in reputational risk, particularly relating to the health and safety of our workforce, customers and visitors. We hold a landbank sufficient to provide security of supply for short term requirements.
Capital requirements	Our ability to continue to manage our business may depend on our ability to access capital on appropriate terms. We could be adversely affected by a change in our credit rating or disruption in the capital markets resulting in credit facilities not being available. We also require access to bonding facilities to secure planning, road and sewer agreements for our developments.	The Group actively maintains an appropriate mixture of medium and long term debt facilities and bonding lines to ensure sufficient funds and bonding are available to support operations. The Group regularly reviews its forecast capital requirements to ensure these facilities are sufficient to support anticipated demands.

The Chairman's statement and the above section on principal risks and uncertainties comprise the Company's interim management report.

Statement of Directors' responsibilities in respect of the Half Year Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting

- the Half Year Report includes a fair review of the information required by:

    - DTR 4.2.7R being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

    - DTR 4.2.8R being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Persimmon Plc are:

Nicholas Wrigley	Chairman
Jeff Fairburn	Group Chief Executive
Mike Killoran	Group Finance Director
Nigel Greenaway	South Division Chief Executive
Richard Pennycook	Senior Independent Director
Jonathan Davie	Non-executive Director
Mark Preston	Non-executive Director
Marion Sears	Non-executive Director

By order of the Board

Jeff Fairburn
Group Chief Executive

Mike Killoran
Group Finance Director

19 August 2013

The Group's annual financial reports, half year reports and interim management statements are available from the Group's website at www.corporate.persimmonhomes.com.

Independent Review Report to Persimmon Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2013 which comprises the Condensed consolidated statement of comprehensive income, Condensed consolidated balance sheet, Condensed consolidated statement of changes in shareholders' equity, Condensed consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Iain Moffatt

For and on behalf of KPMG Audit Plc

Chartered Accountants
1 The Embankment, Neville Street
Leeds LS1 4DW
19 August 2013