

Where the heart is

Half Year Report 30 June 2008



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Chairman's Statement



Persimmon announces its Half Year Results and Interim Management Report for the six months ended 30 June 2008.

Results

As we stated at the time of our trading update on 8 July 2008, trading conditions have been the most challenging in Persimmon's recent history. Our results for the period reflect this difficult market.

During the period we legally completed 5,501 units (H1 2007: 8,002) at an average selling price of £181,485 (H1 2007: £189,255). This combination of lower volumes and reduced average selling price, partly as a consequence of an increasing proportion of affordable housing, produced a turnover of £998.4 million, which was a reduction of 34% on the same period last year (H1 2007: £1,514 million).

The underlying profit from operations for the period was £139.7 million, (stated before exceptional items of £64.0 million), (H1 2007: £315.3 million), representing an operating margin of 14.0% (H1 2007: 20.8%). As previously reported, the reduction in underlying operating margin reflects the many pressures experienced in the market since autumn 2007. Underlying pre-tax profits were down by 64% at £100.9 million (before exceptional items).

During the period it has been necessary to take action to restructure the business. This is explained within the Business Overview below. As a result it has been necessary to recognise exceptional restructuring costs of £15 million at the half year stage. In addition, due to the significant change in market conditions leading to weakness in selling prices, we have reviewed the net realisable value of our inventories and the status of all our potential land transactions. This has resulted in the writedown of owned land of c. £40 million which represents c. 1.5% of the value of the landbank on our balance sheet. In addition we have written off option fees and professional fees of £9 million relating to potential land transactions from which we have withdrawn. This creates a total exceptional charge of £64 million.

Total net borrowings at 30 June 2008 were £905.5 million representing a gearing level of 40% (31 December 2007: 31%). This level of debt is comfortably within our committed facilities of £1.4 billion. We continue to focus on cash management in all parts of our business. As long as market conditions do not deteriorate further we would expect to generate c. £200 million of free cash inflow through the second half of this year. Furthermore we expect our debt to reduce significantly over the following 12-18 months. The net interest charge for the period was £38.8 million. Return on average capital employed was 15.0% (H1 2007: 22.9%).

Given the significantly weaker trading environment that we have experienced this year and the continuing uncertainty over the outlook for the rest of 2008, the Board has decided to pay an interim dividend of 5.0p per share. The Board recognises the importance of paying a cash dividend to shareholders, but also feels that it is prudent to manage the cash resources of the Group during the current period of difficult trading. The interim dividend will be payable on 17 October 2008 to shareholders on the Register on 5 September 2008.

The Board will review the final dividend at the time of the announcement of our Preliminary Results for the year ended 31 December 2008 and will take into consideration how the business has performed in 2008 as well as its outlook for 2009.

Business Overview

During the last six months we have taken significant action to restructure our business to address the changed conditions in which we operate and to optimise our position for when market conditions improve. This is to ensure our business is of the correct scale to be in line with our expectation of a weaker market, which is due mainly to the significant reduction in mortgage availability.

The actions we have taken include the following measures previously announced:

- 3 offices closed in February
- c. 1,100 office redundancies and c. 900 site based job losses
- Land purchases significantly reduced
- Build costs reduced
- Strong focus on increasing affordable housing volumes
- Postponement of some new site starts
- Reappraisal of existing planning consents to improve product mix and returns

We believe these actions will ensure that Persimmon is best placed to meet the challenges of the current market and to react to any change of conditions in the future.

The total cash cost of the restructuring is £15 million. The annual cash savings will be c. £45 million with the full benefit of these savings commencing from September this year.

In addition, as already stated, we have looked carefully at the value of our land holdings and associated costs based upon the current market conditions. We are making a provision of £40 million at this stage but will continue to monitor the value of these assets very closely over future months. Any need for additional writedown of land values will ultimately depend upon how the housing market performs in the future.

At 30 June 2008 we owned or controlled 76,159 plots (December 2007: 78,863). Approximately 27% of these plots were acquired through our strategic land portfolio. In addition we also control a further c. 21,000 acres of strategic land. This land is either owned outright, the majority of which is held at agricultural values, or under legal option on terms which allow us to purchase land at a discount to future

market value when planning is received. When the market improves this will be an important provider of future land plots for our business at attractive prices. Our landbank strategy has created significant flexibility to allow us to control our land spend going forward. In the absence of a sustained recovery in sales, we have the option to reduce our landbank to a level that we feel is appropriate for the needs of the business. This presents the opportunity for a significant cash saving for the Group.

A key difference that we have experienced during the current downturn has been that all our divisions, North, Central and South experienced similar trading conditions at the same time. Pressure on volumes, prices and an increase in sales and marketing costs have been experienced in all parts of the country. This is unusual, as normally in tougher markets there is a time lag as local economies react at different times. The reality is that obtaining a mortgage, which is the largest factor affecting the housing market, is equally difficult in every part of the UK at present.

Our partnership housing business continues to perform well and is increasing volumes. We are benefiting from our focus on the expansion of Westbury Partnerships, which specialises in developing affordable homes, and also from the additional activity of many of the Persimmon operations which have built excellent relationships with Registered Social Landlords and the Housing Corporation. We expect this to continue to benefit the performance of the business.

Outlook

Sales for the second half of 2008, including legal completions since 1 July 2008 are currently at c. £835 million (21 August 2007: £1.35 billion). This, when added to first half revenues would represent over 90% of our expected turnover for 2008.

Whilst at the beginning of April we experienced a significant market downturn, sales volumes since then have not deteriorated any further. However, prices and margins remain under pressure as the industry seeks to dispose of stock housing. We believe that this action is making good progress and the number of stock houses being sold on a weekly basis should eventually lead to a significant reduction of stock levels across the industry. A relatively low level of exposure to high rise apartments, being less than 2% of our total landbank is helpful at a time when this specific market is particularly difficult.

We also continue to offer a part-exchange scheme to our purchasers on a selective basis. This is an excellent marketing tool in these market conditions. We continue to operate tight controls and we reduced the level of part-exchange stock held to c. £120 million at 30 June 2008 (December 2007: £147 million).

Visitor levels remain reasonable and cancellation rates have settled back to a level of c. 33% from a high point of over 40% in recent months. We now await the autumn selling season which depending on the level of activity will help to give a clearer picture for 2009. However, the current economic conditions, the uncertainties surrounding the general financial markets and mortgage availability will be defining factors in the return to a more normal housing market. Until we see an improvement in respect of these factors it is difficult to predict the short term future with confidence.

The recent speculation regarding a change to stamp duty on housing transactions has undoubtedly caused further delay and uncertainty in respect of house purchases. However, we are pleased that the Government has confirmed it is considering various alternatives for assisting the housing market, particularly with respect to improving mortgage availability. We look forward to confirmation of any proposals at the earliest opportunity. In the meantime we continue to apply extreme caution to all our business decisions.

The demands on our staff throughout this period of significantly challenging market conditions and the need to restructure our business have been significant. We deeply regret that this restructuring has resulted in many loyal and committed staff and employees losing their jobs. All our teams have responded most admirably whilst at the same time adjusting to the reality of the changed environment in which we are operating. The Board cannot express its thanks enough for all their hard work and efforts throughout these difficult times.

We are confident that our business, having been restructured, is in a strong position to move forward whenever the market improves.

John White Chairman
20 August 2008

Condensed Consolidated Income Statement

for the six months to 30 June 2008

(unaudited)

	Note	Before exceptional items £m	Exceptional items £m	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m	Year to 31 December 2007 £m
Revenue		998.4	-	998.4	1,514.4	3,014.9
Cost of sales	2	(821.1)	(49.0)	(870.1)	(1,147.3)	(2,278.8)
Gross profit		177.3	(49.0)	128.3	367.1	736.1
Other operating income		13.9	-	13.9	11.9	40.1
Operating expenses	2	(51.6)	(15.0)	(66.6)	(64.0)	(122.3)
Share of results of jointly controlled entities		0.1	-	0.1	0.3	1.0
Profit from operations		139.7	(64.0)	75.7	315.3	654.9
Finance income		2.6	-	2.6	0.3	1.9
Finance costs		(41.4)	-	(41.4)	(34.5)	(74.1)
Profit before tax		100.9	(64.0)	36.9	281.1	582.7
Income tax expense	3	(28.7)	18.2	(10.5)	(84.5)	(169.2)
Profit after tax (all attributable to equity holders of the parent)		72.2	(45.8)	26.4	196.6	413.5
Earnings per shareⁱ						
Basic	5			8.8p	65.5p	137.5p
Diluted	5			8.8p	65.2p	136.8p
Non-GAAP measures						
Underlying earnings per shareⁱⁱ						
Basic	5			24.1p	65.5p	138.3p
Diluted	5			24.0p	65.2p	137.6p

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

Condensed Consolidated Statement of Recognised Income and Expense

for the six months to 30 June 2008

(unaudited)

	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m	Year to 31 December 2007 £m
Effective portion of changes in fair value of cash flow hedges	1.9	7.6	11.9
Net actuarial (losses)/gains on defined benefit pension schemes	(4.3)	35.5	36.1
Taxation on items taken directly to equity	0.7	(12.9)	(15.6)
Net (expense)/income recognised directly in equity	(1.7)	30.2	32.4
Profit for the period	26.4	196.6	413.5
Total recognised income for the period (all attributable to equity holders of the parent)	24.7	226.8	445.9

Condensed Consolidated Balance Sheet

as at 30 June 2008
(unaudited)

	Note	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Assets				
Non-current assets				
Intangible assets		467.7	470.3	467.8
Property, plant and equipment		44.9	46.5	47.8
Investments		3.2	3.0	3.2
Other receivables		25.2	13.5	17.2
Deferred tax assets		51.7	57.4	51.4
		592.7	590.7	587.4
Current assets				
Inventories		3,528.3	3,188.8	3,386.6
Trade and other receivables		160.7	181.3	180.2
Cash and cash equivalents	7	14.0	14.1	2.1
		3,703.0	3,384.2	3,568.9
Total assets		4,295.7	3,974.9	4,156.3
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings	7	(667.3)	(508.6)	(527.5)
Forward currency swaps	7	(46.8)	(85.2)	(58.0)
Deferred tax liabilities		(30.8)	(36.6)	(32.0)
Retirement benefit obligation	9	(61.4)	(64.6)	(60.7)
Other liabilities		(142.0)	(110.3)	(92.4)
		(948.3)	(805.3)	(770.6)
Current liabilities				
Interest bearing loans and borrowings	7	(191.6)	(62.9)	(130.9)
Forward currency swaps	7	(16.7)	(7.0)	(10.0)
Trade and other payables		(745.3)	(753.4)	(749.0)
Current tax liabilities		(119.0)	(141.8)	(150.4)
		(1,072.6)	(965.1)	(1,040.3)
Total liabilities		(2,020.9)	(1,770.4)	(1,810.9)
Net assets		2,274.8	2,204.5	2,345.4
Shareholders' equity				
Ordinary share capital issued	8	30.3	30.2	30.3
Share premium		233.6	233.5	233.6
Hedge reserve		2.1	1.0	0.7
Other non-distributable reserve		281.4	281.4	281.4
Retained earnings		1,727.4	1,658.4	1,799.4
Total shareholders' equity		2,274.8	2,204.5	2,345.4

Condensed Consolidated Cash Flow Statement

for the six months to 30 June 2008

(unaudited)

	Note	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m	Year to 31 December 2007 £m
Cash flows from operating activities:				
Profit for the period		26.4	196.6	413.5
Adjustments for:				
Income tax expense		10.5	84.5	169.2
Finance income		(2.6)	(0.3)	(1.9)
Finance costs		41.4	34.5	74.1
Depreciation charge		4.5	5.0	9.8
Amortisation of intangible assets		0.1	0.1	0.2
Impairment of intangible assets		–	–	2.4
Share of results of jointly controlled entities		(0.1)	(0.3)	(1.0)
Profit on disposal of property, plant and equipment		(0.4)	(0.8)	(1.0)
Share-based payment charge		3.3	3.1	6.0
Non-cash exceptional items	2	61.8	–	–
Other non-cash items		0.4	(0.1)	–
Profit from operations before working capital movements		145.3	322.3	671.3
Movements in working capital:				
Increase in inventories		(190.7)	(228.9)	(426.7)
Decrease/(increase) in trade and other receivables		11.5	(4.6)	(7.2)
Increase in trade and other payables		24.2	52.1	25.6
Net cash (used in)/from operations		(9.7)	140.9	263.0
Interest paid		(34.7)	(30.3)	(66.2)
Interest received		2.6	0.3	1.9
Tax paid		(43.4)	(49.0)	(126.3)
Net cash (used in)/from operating activities		(85.2)	61.9	72.4
Cash flows from investing activities:				
Received from jointly controlled entities		0.1	0.1	0.6
Purchase of property, plant and equipment		(2.1)	(4.9)	(10.6)
Proceeds from sale of property, plant and equipment		1.3	4.1	4.6
Net cash used in investing activities		(0.7)	(0.7)	(5.4)
Cash flows from financing activities:				
Repayment of borrowings		(75.7)	(11.9)	(68.0)
Drawdown of loan facilities		280.0	–	75.0
Finance lease principal payments		(0.7)	(0.7)	(1.4)
Own shares purchased		(2.2)	–	(25.5)
Exercise of share options		0.6	0.4	2.3
Dividends paid to Group shareholders		(98.1)	(58.2)	(114.1)
Net cash from/(used in) financing activities		103.9	(70.4)	(131.7)
Increase/(decrease) in net cash and cash equivalents	6	18.0	(9.2)	(64.7)
Net cash and cash equivalents at beginning of period		(48.8)	15.9	15.9
Net cash and cash equivalents at end of period	7	(30.8)	6.7	(48.8)

Notes to the Condensed Consolidated Half Year Financial Statements

(unaudited)

1 Basis of Preparation and Approval of the Half Year Financial Statements

The half year financial statements for the six months to 30 June 2008 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. This report should be read in conjunction with the Group's Annual Report and Accounts 2007, which has been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies adopted in the preparation of the half year financial statements are the same as those set out in the Group's Annual Report and Accounts 2007 except as noted below in relation to exceptional items.

The comparative figures for the financial year ended 31 December 2007 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 237(2) or (3) of the Companies Act 1985.

The half year financial statements are unaudited and were approved by the Board of Directors on 20 August 2008.

Accounting policy - Exceptional items

Exceptional items comprise items of income and expense that are material in amount and unlikely to recur and which merit separate disclosure in order to provide an understanding of Persimmon's underlying financial performance. Examples of events giving rise to the disclosure of income and expense as exceptional items include, but are not limited to, reorganisation of operations and economic events which necessitate a review of asset valuations.

2 Exceptional Items

During the six months to 30 June 2008, the Group incurred £64.0m of exceptional charges of which £15.0m was redundancy related, £9.0m arises from the withdrawal from land purchase contracts, with the remainder relating to a write-down of inventories which reduces the carrying amount of inventories to their net realisable value. At 30 June 2008, £2.2m of the total estimated cash cost of £15.0m had been expended.

These exceptional items reflect management action taken in response to the significant recent changes in market conditions. No such charges were incurred in 2007.

3 Taxation

Taxation has been calculated at 28.5% of profit before taxation (six months ended 30 June 2007: 30.0% and year ended 31 December 2007: 29.0%). This is the estimated effective tax rate for the year ending 31 December 2008.

4 Dividends

The final dividend for 2007 of 32.7p (2006: 32.7p) was approved by shareholders during the period and a charge of £98.1m (2006: £97.7m) was taken to reserves.

The proposed interim dividend of 5.0p (2007: 18.5p) was approved by the Board on 20 August 2008, and has not been included as a liability as at 30 June 2008. This will be paid on 17 October 2008 to shareholders registered at the close of business on 5 September 2008.

Notes to the Condensed Consolidated Half Year Financial Statements

(unaudited)

5 Earnings Per Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held in the Employee Share Ownership Trust, the Employee Benefit Trust and treasury shares, all of which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares from the start of the accounting period. The Company has only one category of dilutive potential ordinary shares: those share options and awards granted to directors and employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. Diluted earnings per share is calculated by dividing earnings by the diluted weighted average number of shares.

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 2008	Six months to 30 June 2007	Year to 31 December 2007
Basic earnings per share	8.8p	65.5p	137.5p
Underlying basic earnings per share	24.1p	65.5p	138.3p
Diluted earnings per share	8.8p	65.2p	136.8p
Underlying diluted earnings per share	24.0p	65.2p	137.6p

a) Earnings

	Six months to 30 June 2008	Six months to 30 June 2007	Year to 31 December 2007
	£m	£m	£m
Underlying earnings attributable to shareholders	72.2	196.6	415.9
Exceptional items net of related taxation	(45.8)	-	-
Goodwill impairment	-	-	(2.4)
Earnings attributable to shareholders	26.4	196.6	413.5

b) Weighted average share capital

	Six months to 30 June 2008	Six months to 30 June 2007	Year to 31 December 2007
	£m	£m	£m
For basic earnings per share	299,930,754	300,016,777	300,673,519
Options and awards	912,715	1,723,271	1,539,446
For diluted earnings per share	300,843,469	301,740,048	302,212,965

Notes to the Condensed Consolidated Half Year Financial Statements

(unaudited)

6 Reconciliation of Net Cash Flow to Net Debt

	Note	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m	Year to 31 December 2007 £m
Increase/(decrease) in net cash and cash equivalents		18.0	(9.2)	(64.7)
(Increase)/decrease in debt and finance lease obligations		(203.6)	12.6	(5.6)
(Increase)/decrease in net debt from cash flows		(185.6)	3.4	(70.3)
New finance lease obligations		(0.4)	(1.0)	(1.7)
Non-cash movements		1.9	12.2	11.9
(Increase)/decrease in net debt		(184.1)	14.6	(60.1)
Net debt at beginning of period		(724.3)	(664.2)	(664.2)
Net debt at end of period	7	(908.4)	(649.6)	(724.3)

7 Analysis of Net Debt

	Note	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Cash and cash equivalents		14.0	14.1	2.1
Bank overdrafts		(44.8)	(7.4)	(50.9)
Net cash and cash equivalents		(30.8)	6.7	(48.8)
Bank loans		(280.0)	-	(75.0)
US and UK senior loan notes due within one year		(141.0)	(48.6)	(73.3)
US, UK & EU senior loan notes due after more than one year		(385.6)	(506.4)	(450.7)
Other loan notes due within one year		(4.6)	(5.9)	(5.3)
Forward currency swaps		(63.5)	(92.2)	(68.0)
Finance lease obligations		(2.9)	(3.2)	(3.2)
Net debt at end of period	6	(908.4)	(649.6)	(724.3)

8 Share Capital

During the six months to 30 June 2008, the Company made direct market purchases of 250,000 of its own shares at an average price of £6.82. Including associated purchase costs, the total cost of the shares was £1,716,160. Furthermore, the Employee Benefit Trust, which holds shares for participants of the Company's various share schemes, also made market purchases of 80,000 shares at an average price of £5.51.

During the year ended 31 December 2007, the Company made direct market purchases of 2,444,118 of its own shares at an average price of £9.07. Including associated purchase costs the total cost of the shares bought was £22,308,471. The Employee Benefit Trust made market purchases of 250,000 shares at an average price of £12.73.

At 30 June 2008, the Company had 2,517,499 shares with a market value of £8.0m.

Notes to the Condensed Consolidated Half Year Financial Statements

(unaudited)

9 Defined Benefit Pension Schemes

The amounts recognised in income are as follows:

	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m	Year to 31 December 2007 £m
Current service cost	2.7	3.4	6.7
Interest cost	9.6	9.1	18.3
Expected return on schemes' assets	(9.7)	(9.3)	(18.6)
Total recognised in the consolidated income statement	2.6	3.2	6.4
Net actuarial loss/(gain)	4.3	(35.5)	(36.1)
Total recognised in the Statement of Recognised Income and Expense in the period	4.3	(35.5)	(36.1)
Total defined benefit schemes loss/(gain) recognised in the period	6.9	(32.3)	(29.7)

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

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Present value of funded obligations	(308.5)	(326.7)	(340.0)
Fair value of schemes' assets	247.1	262.1	279.3
Deficit in the schemes and net liability in the balance sheet	(61.4)	(64.6)	(60.7)

An update on the 31 December 2007 IAS19 valuation, adjusted for current market conditions, has been obtained from the schemes' actuary as at 30 June 2008, which has been used as the basis for these figures.

10 Related Parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no material changes to any other related party transactions disclosed in the Group's Annual Report and Accounts 2007 during the interim period under review.

Principal Risks and Uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year are those detailed on page 9 of the Group's Annual Report and Accounts 2007, and have not changed. These include: poor economic conditions or slowdown and disruption in the capital markets. Further details regarding assessment of the risks and current market conditions are included within the interim management report. A copy of the Group's Annual Report and Accounts 2007 is available on the Group's website at www.persimmonhomes.com

Statement of Directors' Responsibilities

The Directors 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 as adopted by the EU
- the Interim Management Report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, 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
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, 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 set out on page 13 of this Half Year Report.

By order of the Board

Mike Farley
Group Chief Executive

Mike Killoran
Group Finance Director

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 Year Report for the six months ended 30 June 2008 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Balance Sheet, Condensed Consolidated Cash Flow Statement, Condensed Consolidated Statement of Recognised Income and Expense and the related explanatory notes. We have read the other information contained in the Half Year 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 Services Authority ('the UK FSA'). 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 Year Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year Report in accordance with the DTR of the UK FSA.

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 Year 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 Year 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 Year Report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc

Chartered Accountants

Leeds

20 August 2008

Directors

John White	Group Chairman	Hamish Leslie Melville	Non-Executive Director
Mike Farley	Group Chief Executive	David Thompson	Senior Independent Director
Mike Killoran	Group Finance Director	Neil Davidson	Non-Executive Director
David Bryant	Group Development Director	Nicholas Wrigley	Non-Executive Director
		Richard Pennycook	Non-Executive Director

Company Information

Group Company Secretary

Neil Francis

Registered Office

Persimmon House
Fulford, York YO19 4FE
Telephone (01904) 642199
Fax (01904) 610014

Company Number

1818486

Auditors

KPMG Audit Plc

Bankers

The Royal Bank of Scotland plc
Lloyds TSB Bank plc
Barclays Bank PLC
Bank of Scotland
National Australia Bank Ltd
HSBC plc

Financial Advisors/Stockbrokers

Citigroup Global Markets Limited
Merrill Lynch International

Solicitors

Mayer Brown International LLP

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone (0870) 7030178

Shareholder Information

Financial Calendar

Shares ex dividend	3 September 2008
Record date for interim dividend entitlement	5 September 2008
Final day for receipt of elections for dividend reinvestment plan	26 September 2008
Interim dividend payment date	17 October 2008
Interim Management Statement	18 November 2008
Announcement of Preliminary Results	3 March 2009
Annual General Meeting	23 April 2009

Information on the Internet

Our website www.persimmonhomes.com contains financial and corporate information and our Sustainability Report 2007 as well as our Home Finder Facility for prospective home buyers.

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