HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015
TUESDAY 18 AUGUST 2015

Persimmon plc today announces half year results for the six months ended 30 June 2015.

Highlights

- Profit before tax increased 31% to £272.8m (2014: £208.9m)
- Revenue up 11% to £1.33bn (2014: £1.20bn)
- Legal completions increased 7% to 6,855 new homes sold (2014: 6,408), average selling price increased 4% to £194,378 (2014: £186,970)
- Further expansion of underlying operating margin* to 20.5% (2014: 17.7%), an increase of 280bps
- Return on average capital employed** increased by 27% to 27.5% (2014: 21.7%)
- Strong land investment with 11,539 plots of land secured in the period bringing consented land bank to 92,404 plots
- Continued success in securing planning consent for the Group's strategic land bank with 2,974 plots converted in the period
- Net free cash generation*** of £191m in the period (2014: £122m)
- Net cash of £278m at 30 June 2015 (2014: £326m)
- Underlying basic earnings per share* increased 43% to 78.6p (2014: 54.8p)
- Current forward sales 12% ahead at over £1.71bn (2014: £1.53bn)
- Third payment of surplus capital under the Capital Return Plan of £291m (95p per share) paid 2 April 2015

* stated before goodwill impairment

** 12 month rolling average stated before goodwill impairment

*** net free cash generation stated before Capital Return Plan payments

Jeff Fairburn, Group Chief Executive, said: "Persimmon has traded well in the first half of 2015. The Group continues to take advantage of the current market opportunities to deliver sustainable growth whilst also utilising its excellent cash generation to build a strong asset platform for the future. We have now entered the traditionally slower summer weeks for the market. Our private sale reservation rate since 1 July is currently 5% ahead of the same period last year which is a reflection of the continuation of healthy customer demand.

The performance in the first half of 2015 further demonstrates the results of the Group's focus on successfully executing its operational objectives and the delivery of the ten year strategic plan launched in 2012. We are confident that our long term strategic focus through the current cycle will continue to deliver strong returns for our shareholders."

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Analysts unable to attend in person may listen to the presentation live at 09:30am by using the details below:

Telephone number: +44(0)20 3427 1907

Password: Persimmon

Webcast link: http://edge.media-server.com/m/p/89jud86s
(An archived webcast of today's analyst presentation will be available on www.corporate.persimmonhomes.com this afternoon.)

HALF YEAR REPORT – TUESDAY 18 AUGUST 2015

CHAIRMAN'S STATEMENT

Persimmon's results for the first half of 2015 reflect strong trading, with solid revenue growth, continued improvement in operating profitability and a strengthening of the financial position of the business. Profit before tax increased by 31% to £272.8 million (2014: £208.9 million), underlying operating margins* progressed to 20.5% (2014: 17.7%), cash balances totalled £278 million at the end of June (2014: £326 million) and the consented land bank increased to 92,404 plots (December 2014: 87,720 plots).

The Group remains focussed on successfully executing the operational objectives which underpin the delivery of the ten year strategic plan launched in early 2012. Management continue to target high quality land investment in support of the delivery of superior shareholder returns through the cycle. It is intended that the Group's strong cash generation will enable the payment of a total of £1.9 billion of surplus capital to shareholders over the strategic plan period whilst also having built Persimmon into a stronger business at its conclusion.

The Group continues to focus on managing the key drivers of sustained value creation and cash generation through the housing cycle. The Group invested £586 million of cash in land over the twelve month period ended 30 June 2015 whilst also generating £457 million of free net cash inflow before capital returns, equivalent to c. 149 pence per share. The third instalment of surplus capital under our Capital Return Plan of 95 pence per share, or £291 million, was made on 2 April 2015 bringing the total returned to date to £733 million or c. 40% of the planned total return of £1.9 billion.

RESULTS

Customer activity remained healthy throughout the first half of 2015 and strengthened after the General Election in early May. Total revenues increased by 11% to £1,332.5 million (2014: £1,198.1 million). Legal completions of 6,855 new homes increased by 7% over the prior year (2014: 6,408) with an average selling price 4% higher at £194,378 (2014: £186,970).

The growth of the Group is enabled by its continued investment in high quality replacement land. As we open these new sites we realise the planned improvements in profitability, returns and cash generation. Since we launched our new strategy in 2012 we have invested £2.17 billion in land, opened 607 new sites including the 122 new outlets opened in the first half of 2015 and have delivered c.41,800 newly built homes to our customers. Through the continual renewal of our outlet network we have been able to reduce the cost of land recoveries on our legal completions. In addition, by growing our output by 45% over the period since we launched our strategy, we have been able to improve our build efficiencies and overhead recoveries. As a result, in the first half of 2015 gross margins improved by 210 basis points over the prior year to 24.0% (2014: 21.9%). In addition, the Group's underlying operating profit* increased by 29% to £273.3 million (2014: £212.5 million) reflecting an operating margin* of 20.5% (2014: 17.7%) which has increased by 280 basis points over last year.

The long term strategy of the Group includes the growth of each of our regional businesses to achieve their optimal scale based upon sustainable market share in their local markets. Whilst maximising the value of each new home sold the Group will continue to prioritise sales rates appropriate to prevailing market conditions. There remains scope to improve our owner occupier average sales rate to reach an optimal level of 0.70 - 0.75 sales per site per week for the year as a whole. In addition, establishing sustainable market share may provide the opportunity to expand our office network. In the first half of the year we opened two new offices, one in Stockton to cover our Teesside region and a second in Castle Bromwich to cover our Central region. These new offices have inherited a number of experienced staff and existing sites from their neighbouring businesses and enjoyed a good start to trading. This carefully managed approach to supporting the Group's activities in its regional markets ensures that control over our operations is of the highest quality and operating efficiency is maximised. To support the growth of the Group, since the launch of the new long term strategy we have created over 1,500 new jobs with the additional expansion of our subcontract workforce across our site network.

The combination of the Group's increased profitability and continued capital discipline has resulted in underlying return on average capital employed** improving year on year by 27% to 27.5% (2014: 21.7%) .

The Group aims to deliver a sustainable mix of well priced new homes in attractive locations to communities across all its regional markets. Over the last eighteen months the Group has opened a greater proportion of new sites offering traditional family housing to the private sale market under the Persimmon brand. The Group delivered 510 more Persimmon homes in the first half of 2015 compared to the prior year, an increase of 13% to a total of 4,558 new homes sold. We have continued to target the delivery of our higher value Charles Church branded new homes in a reduced number of premium locations in keeping with its heritage. Charles Church legally completed 1,197 new homes in the first half of the year (2014: 1,372 new homes). Westbury Partnerships increased sales to the Group's housing association partners in the first half of the year to 1,100 new homes (2014: 988 new homes) reflecting the Group's strong delivery of new site openings.

We continue to target additional increases in production. Recognising that the availability of skilled labour remains a challenge, the Group has invested further in training programmes for apprentices and trainees across our nationwide office network. Our Combat to Construction scheme, which is training leavers from the UK's armed services in the trade skills the Group needs to support its build programmes, continues to develop and we are seeking to grow this scheme over future periods. We look forward to our trainees' growing contribution to the expansion in the Group's operations. The Group's growth has been supported by our Space4 timber frame and closed panel manufacturing facility. This modern method of construction helps secure greater efficiencies in resourcing and site activities supporting the delivery of our increased build requirements. Space4 delivered insulated panel frames to construct 2,619 new homes in the first half of the year (2014: 2,483 units).

With pre-tax profits increasing 31% year on year and the Group's effective corporation tax rate reduced by a prior year tax credit resulting from the removal of some outstanding uncertainties relating to the Group's prior year tax computations, the Group delivered a 43% increase in basic earnings per share to 78.6 pence (2014: 54.8 pence). At this point we expect the Group's effective corporation tax rate for 2015 to be c. 17%.

The combination of strong trading and capital discipline resulted in a total capital value per share generated in the first six months of the year of 84.8 pence, before the third payment under the Capital Return Plan. This is an increase of 55% over the value generated in the first half of 2014 (54.6 pence per share). The third instalment under the Capital Return Plan of 95 pence per share totalling £291 million was paid on 2 April 2015. This resulted in a decrease in reported net assets per share at 30 June of 10.2 pence to 705.2 pence from 715.4 pence at 31 December 2014.

RETURNS TO SHAREHOLDERS

The Group's long term strategy is to deliver superior shareholder value through the housing cycle. The management team are focussed on delivering this value by growing the Group to optimal scale whilst exercising disciplined, well-judged capital investment through the cycle. A key feature of the strategy is the delivery of strong cash generation enabling shareholders to receive capital that is considered surplus to the reinvestment needs of the business. Management's long term commitment to shareholders is to return £6.20 per share, or £1.9 billion of capital, to shareholders over a ten year period to June 2021.

Total surplus capital of £2.40 per share, or £733 million, has now been paid to shareholders. The fourth instalment under the plan is scheduled for early July 2016 and will be finalised with the 2015 Full Year results of the Group scheduled to be announced on Tuesday 23 February 2016.

LAND

Investing in new land at the right point in the housing cycle will enable the Group to deliver superior shareholder value through the cycle. We have continued to invest in land in the open market with compelling future returns whilst also converting our strategic land at attractive values. Maintenance of our high quality outlet network across regional markets is key to supporting the Group's future operations.

In the open market we acquired a total of 8,565 new plots across 52 sites during the first half of the year. In addition, we secured planning consent for 2,974 plots from our strategic land bank on 16 outlets. We also added a further c.1,300 acres of land to our strategic land portfolio which totalled c.18,000 acres at 30 June 2015.

The Group had 92,404 plots of land owned and under control in its consented land bank at 30 June 2015 (June 2014: 82,250 plots) with c. 43% previously held as strategic land by the Group.

We welcome the renewed impetus given to securing further improvements to planning processes provided by recent government initiatives including the requirement for local authorities to establish their local housing plans by early 2017. These should assist the delivery of more land for development to support the required increase in site numbers and new home building. The Group's planning teams remain dedicated to working with local communities and planning authorities to enable a start to be made on new sites as soon as practicably possible.

CURRENT TRADING

We have now entered the traditionally slower summer sales season. Since 1 July visitors to our sites have been in line with last year and cancellation rates have continued at the lower levels of recent years. Since 1 July our private sales rate has been 5% ahead of the same period last year.

Our current order book, including legal completions from 1 July 2015, is now 12% stronger than at the same point last year at £1.71 billion (2014: £1.53 billion). We have 6,149 new homes sold forward into the private sale market which is 11% up on last year with an average selling price of c. £213,000, a 3% increase.

OUTLOOK

The UK economic recovery continues to progress. With stronger employment in the UK being supported by further growth in job creation, the improvement in real disposable income over the last twelve months is helping to support and improve customer confidence. This creates a positive backdrop for the housing market across the regions.

We are encouraged that the mortgage market has responded to firm customer demand through the first half of the year. We expect growth in mortgage lending to continue. After retreating a little through the second half of 2014 mortgage approvals for house purchase in June of 66,582 were c. 2% higher than in June 2014. We believe that the combination of appropriate lending regulation, a measured approach to the assessment of customer credit worthiness and the pursuit of balanced oversight measures by the Bank of England will support the sustainability of the housing market over the longer term. With lenders increasingly competing for greater numbers of customers we expect that the house building industry will have the opportunity to continue to expand output to achieve higher levels of new home delivery. We anticipate a good autumn selling season after the summer holiday period draws to a close in early September.

The Group will pursue further increases in build activity and productivity to continue the sustainable growth of the business towards optimal scale in each of its regional markets. This will more fully utilise our operational gearing capacity to deliver improved profitability and cash generation. The Group will seek to deliver our newly built homes to customers promptly and thereby secure superior asset turn in support of higher levels of returns.

Delivering new sales outlets to replace those from which we are fully sold remains a key focus for each of our regional businesses. Having already opened 28 new sites so far in the second half of the year we plan to open around a further 100 new outlets during this period. We continue to sell new homes from all our sites where we have an implementable planning consent. We are currently selling from 390 active outlets.

The first half of 2015 has been a period of solid sustainable growth for Persimmon. Management remain focussed on achieving strong trading results whilst also creating a high quality platform for the future development of the business. I would like to record my thanks on behalf of the Board for the hard work and achievements of all the Group's employees in delivering such an excellent performance. I remain confident of the future successful development of the Group.

Nicholas Wrigley

Chairman

17 August 2015

* stated before goodwill impairment (2015:£3.8m, 2014:£4.0m)

** 12 month rolling average stated before goodwill impairment

PERSIMMON PLC
Condensed Consolidated Statement of Comprehensive Income
For the six months to 30 June 2015 (unaudited)

	Note	**Six months to 30 June 2015**	Six months to 30 June 2014	Year to 31 December 2014
		Total £m	Total £m	Total £m
Revenue		**1,332.5**	1,198.1	2,573.9
Cost of sales		**(1,012.4)**	(936.2)	(2,002.1)
Gross profit		**320.1**	261.9	571.8
Other operating income		**7.7**	3.1	8.6
Operating expenses		**(58.3)**	(56.5)	(115.1)
Profit from operations before impairment of intangible assets		**273.3**	212.5	473.3
Impairment of intangible assets		**(3.8)**	(4.0)	(8.0)
Profit from operations		**269.5**	208.5	465.3
Finance income		**12.9**	7.6	15.9
Finance costs		**(9.6)**	(7.2)	(14.2)
Profit before tax		**272.8**	208.9	467.0
Tax	3.1	**(35.8)**	(45.7)	(95.0)
Profit after tax (all attributable to equity holders of the parent)		**237.0**	163.2	372.0
Other comprehensive income/(expense)				
Items that will not be reclassified to profit:				
Remeasurement gains/(losses) on defined benefit pension schemes	10	**11.5**	0.2	(41.6)
Tax	3.2	**(2.3)**	-	8.3
Other comprehensive income/(expense) for the period, net of tax		**9.2**	0.2	(33.3)
Total recognised income for the period		**246.2**	163.4	338.7
Earnings per share [i]				
Basic	4	**77.3p**	53.5p	121.8p
Diluted	4	**75.6p**	53.4p	121.7p
Non-GAAP measures - Underlying earnings per share [ii]				
Basic	4	**78.6p**	54.8p	124.5p
Diluted	4	**76.8p**	54.7p	124.3p

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

PERSIMMON PLC
Condensed Consolidated Balance Sheet
At 30 June 2015 (unaudited)

	Note	**30 June 2015 £m**	30 June 2014 £m	31 December 2014 £m
Assets				
Non-current assets				
Intangible assets		**226.1**	233.9	229.9
Property, plant and equipment		**35.6**	32.7	33.4
Investments accounted for using the equity method		**3.0**	3.0	3.0
Available for sale financial assets	7	**192.9**	210.9	201.3
Trade and other receivables		**9.0**	8.8	8.2
Deferred tax assets		**41.0**	23.4	30.3
Retirement benefit assets	10	**11.5**	40.0	-
		519.1	552.7	506.1
Current assets				
Inventories	6	**2,648.1**	2,273.6	2,408.2
Trade and other receivables		**102.9**	99.7	62.7
Cash and cash equivalents		**278.0**	326.3	378.4
Assets held for sale		**-**	0.9	0.9
		3,029.0	2,700.5	2,850.2
Total assets		**3,548.1**	3,253.2	3,356.3
Liabilities				
Non-current liabilities				
Trade and other payables		**(350.1)**	(179.3)	(265.3)
Deferred tax liabilities		**(20.1)**	(25.7)	(17.8)
Partnership liability		**(43.4)**	(46.1)	(47.4)
Retirement benefit obligations	10	**-**	-	(0.5)
		(413.6)	(251.1)	(331.0)
Current liabilities				
Trade and other payables		**(882.7)**	(689.1)	(731.5)
Capital Return liability		**-**	(213.9)	-
Partnership liability		**(5.3)**	(5.3)	(5.3)
Current tax liabilities		**(84.7)**	(87.3)	(95.9)
		(972.7)	(995.6)	(832.7)
Total liabilities		**(1,386.3)**	(1,246.7)	(1,163.7)
Net assets		**2,161.8**	2,006.5	2,192.6
Equity				
Ordinary share capital issued		**30.7**	30.6	30.6
Share premium		**8.5**	101.3	103.4
Capital redemption reserve		**236.5**	76.7	136.7
Other non-distributable reserve		**276.7**	281.4	281.4
Retained earnings		**1,609.4**	1,516.5	1,640.5
Total equity		**2,161.8**	2,006.5	2,192.6

PERSIMMON PLC
Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months to 30 June 2015 (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 2015:						
Balance at 31 December 2014	30.6	103.4	136.7	281.4	1,640.5	2,192.6
Profit for the period	-	-	-	-	237.0	237.0
Other comprehensive income	-	-	-	-	9.2	9.2
Transactions with owners:						
Allotment of B/C shares	-	(95.1)	-	(4.7)	-	(99.8)
Redemption and cancellation of B/C shares	-	-	99.8	-	(99.8)	-
Dividends on equity shares	-	-	-	-	(191.3)	(191.3)
Issue of new shares	0.1	0.2	-	-	-	0.3
Exercise of share options/share awards	-	-	-	-	(0.6)	(0.6)
Share-based payments	-	-	-	-	13.8	13.8
Satisfaction of share options from own shares held	-	-	-	-	0.6	0.6
Balance at 30 June 2015	**30.7**	**8.5**	**236.5**	**276.7**	**1,609.4**	**2,161.8**
Six months ended 30 June 2014:						
Balance at 31 December 2013	30.5	160.0	76.7	281.4	1,496.9	2,045.5
Profit for the period	-	-	-	-	163.2	163.2
Other comprehensive expense	-	-	-	-	0.2	0.2
Transactions with owners:						
Allotment of B/C shares	-	(60.0)	-	-	-	(60.0)
Dividends on equity shares	-	-	-	-	(153.9)	(153.9)
Issue of new shares	0.1	1.3	-	-	-	1.4
Exercise of share options/share awards	-	-	-	-	(0.7)	(0.7)
Share-based payments	-	-	-	-	10.3	10.3
Satisfaction of share options from own shares held	-	-	-	-	0.5	0.5
Balance at 30 June 2014	**30.6**	**101.3**	**76.7**	**281.4**	**1,516.5**	**2,006.5**
Year ended 31 December 2014:						
Balance at 31 December 2013	30.5	160.0	76.7	281.4	1,496.9	2,045.5
Profit for the year	-	-	-	-	372.0	372.0
Other comprehensive income	-	-	-	-	(33.3)	(33.3)
Transactions with owners:						
Allotment of B/C shares	-	(60.0)	-	-	-	(60.0)
Redemption and cancellation of B/C shares	-	-	60.0	-	(60.0)	-
Dividends on equity shares	-	-	-	-	(153.9)	(153.9)
Issue of new shares	0.1	3.4	-	-	-	3.5
Exercise of share options/share awards	-	-	-	-	(0.7)	(0.7)
Share-based payments	-	-	-	-	18.8	18.8
Satisfaction of share options from own shares held	-	-	-	-	0.7	0.7
Balance at 31 December 2014	**30.6**	**103.4**	**136.7**	**281.4**	**1,640.5**	**2,192.6**

PERSIMMON PLC
Condensed Consolidated Cash Flow Statement
For the six months to 30 June 2015 (unaudited)

	Note	**Six months to 30 June 2015 £m**	Six months to 30 June 2014 £m	Year to 31 December 2014 £m
Cash flows from operating activities:				
Profit for the period		**237.0**	163.2	372.0
Tax charge	3.1	**35.8**	45.7	95.0
Finance income		**(12.9)**	(7.6)	(15.9)
Finance costs		**9.6**	7.2	14.2
Depreciation charge		**3.4**	2.7	6.2
Impairment of intangible assets		**3.8**	4.0	8.0
Share-based payment charge		**4.5**	7.1	10.2
Other non-cash items		**(5.3)**	(0.8)	(1.8)
Cash inflow from operating activities		**275.9**	221.5	487.9
Movements in working capital:				
Increase in inventories		**(239.9)**	(78.7)	(213.3)
(Increase)/decrease in trade and other receivables		**(33.5)**	(8.6)	34.5
Increase in trade and other payables		**238.2**	47.5	173.5
Decrease in available for sale financial assets		**8.4**	4.5	14.1
Cash generated from operations		**249.1**	186.2	496.7
Interest paid		**(3.7)**	(3.8)	(4.6)
Interest received		**0.3**	0.3	0.5
Tax paid		**(48.3)**	(54.3)	(96.1)
Net cash inflow from operating activities		**197.4**	128.4	396.5
Cash flows from investing activities:				
Purchase of property, plant and equipment		**(5.6)**	(3.6)	(7.8)
Proceeds from sale of assets held for sale		**1.3**	-	-
Net cash outflow from investing activities		**(4.3)**	(3.6)	(7.8)
Cash flows from financing activities:				
Financing transaction costs		**-**	(1.7)	(1.8)
Payment of Partnership Liability		**(2.7)**	(2.5)	(2.5)
Share options consideration		**0.3**	1.4	3.6
B Share Redemption		**(99.8)**	-	(60.0)
Dividends paid		**(191.3)**	-	(153.9)
Net cash outflow from financing activities		**(293.5)**	(2.8)	(214.6)
(Decrease)/increase in net cash and cash equivalents	9	**(100.4)**	122.0	174.1
Cash and cash equivalents at the beginning of the period		**378.4**	204.3	204.3
Cash and cash equivalents at the end of the period		**278.0**	326.3	378.4

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 2015 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 at the end of this report. This report should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

The comparative figures for the financial year ended 31 December 2014 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 2014, 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 2015:

- Amendment to IAS19: Defined Benefit Plans: Employee Contributions

- Annual Improvements to IFRSs 2010-2012 Cycle

- Annual Improvements to IFRSs 2011-2013 Cycle

The effects of the implementation of these standards have been limited to disclosure amendments.

There are currently no standards or amendments which are EU endorsed but not yet effective.

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 has only one reportable operating segment, being housebuilding within the UK, under the control of the Executive Board. The Executive Board has been identified as the Chief Operating Decision Maker as defined under IFRS 8: Operating Segments.

3. Tax

3.1 Analysis of the tax charge for the period

	Six months to 30 June 2015 £m	Six months to 30 June 2014 £m	Year to 31 December 2014 £m
Tax charge comprises:			
UK corporation tax in respect of the current period	**58.5**	43.6	100.7
Adjustments in respect of prior periods	**(21.4)**	-	(6.7)
	37.1	43.6	94.0
Deferred tax relating to origination and reversal of temporary differences	**(1.3)**	2.1	1.9
Adjustments recognised in the current period in respect of prior periods deferred tax	**-**	-	(0.9)
	(1.3)	2.1	1.0
	35.8	45.7	95.0

The mainstream rate of corporation tax reduced to 20% from April 2015 from 21%. The Group will be subject to a mainstream rate of 20.25% in respect of the year ended 31 December 2015 and thereafter 20%.

The Group's overall effective tax rate has been reduced by a prior year tax credit resulting from the removal of some outstanding uncertainties regarding the Group's prior year tax computations. This has delivered a reduction of 7.2% in the effective rate of tax to 13.1% for the first half of 2015. The Group's effective tax rate for the 2015 full year is anticipated to be c.17% at this point.

3.2 Deferred tax recognised in other comprehensive income

	Six months to 30 June 2015 £m	Six months to 30 June 2014 £m	Year to 31 December 2014 £m
Recognised on remeasurement gains/(losses) on pension schemes	**2.3**	-	(8.3)

3.3 Deferred tax recognised directly in equity

	Six months to 30 June 2015 £m	Six months to 30 June 2014 £m	Year to 31 December 2014 £m
Arising on transactions with equity participants			
Related to equity-settled transactions	**(9.4)**	(3.2)	(8.5)

As at 30 June 2015, the Group has recognised deferred tax assets on deductible temporary differences at 20%, the rate enacted at the end of the reporting period.

4. 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 any treasury shares all of which are treated as cancelled) which were 306.4m (June 2014: 304.8m, December 2014: 305.3m).

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 313.4m (June 2014: 305.6m, December 2014: 305.7m).

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 2015	Six months to 30 June 2014	Year to 31 December 2014
Basic earnings per share	**77.3p**	53.5p	121.8p
Underlying basic earnings per share	**78.6p**	54.8p	124.5p
Diluted earnings per share	**75.6p**	53.4p	121.7p
Underlying diluted earnings per share	**76.8p**	54.7p	124.3p

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

	Six months to 30 June 2015 £m	Six months to 30 June 2014 £m	Year to 31 December 2014 £m
Underlying earnings attributable to shareholders	**240.8**	167.2	380.0
Goodwill impairment	**(3.8)**	(4.0)	(8.0)
Earnings attributable to shareholders	**237.0**	163.2	372.0

5. Dividends/Return of capital

At the general meeting of the Company on 19 March 2015 the shareholders approved the third payment of the Capital Return Plan being £291.1m (or 95p per share) by way of a B share/C share scheme.

On 30 March 2015 the company allotted 105.1m redeemable preference shares with a nominal value of 95p each (the "B Shares") and 201.5m non-cumulative preference shares with a nominal value of 0.0001p each (the "C Shares") by way of a bonus issue utilising share premium and other reserves, as detailed in the shareholder circular dated 24 February 2015.

On 2 April 2015 the B Shares were redeemed for consideration of 95 pence per share and the C Shares were reclassified as Deferred shares following payment of a 95 pence dividend per C Share. All Deferred shares were purchased for an aggregate of 1 pence and subsequently cancelled on 14 April 2015.

	Six months to 30 June 2015 £m	Six months to 30 June 2014 £m	Year to 31 December 2014 £m
Return of capital to B shareholders of 95p per share (2014: 70p)	**99.8**	60.0	60.0
Dividend to C shareholders of 95p per share (2014: 70p)	**191.3**	153.9	153.9
Total return to shareholders	**291.1**	213.9	213.9

6. Inventories

	30 June 2015 £m	30 June 2014 £m	31 December 2014 £m
Land	**2,030.1**	1,707.3	1,842.4
Work in progress	**508.5**	477.6	464.7
Part exchange properties	**66.1**	45.5	52.4
Showhouses	**43.4**	43.2	48.7
	2,648.1	2,273.6	2,408.2

At 30 June 2015 the Group conducted a further review of the net realisable value of its land and work in progress portfolio. This review did not give rise to an exceptional credit or debit to the consolidated statement of comprehensive income (2014: £nil). Our approach to the net realisable value review has been consistent with that conducted at 31 December 2014 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 £84.2m (2014: £109.3m) of inventories are valued at fair value less costs to sell rather than at historical cost.

7. Available for sale financial assets

	30 June 2015 £m	30 June 2014 £m	31 December 2014 £m
Available for sale financial assets at beginning of period	**201.3**	215.4	215.4
Additions	**0.7**	1.6	2.5
Settlements	**(16.6)**	(12.8)	(30.3)
Gains (Finance income)	**7.5**	6.7	13.7
Available for sale financial assets at end of period	**192.9**	210.9	201.3

There have been no gains/losses recognised in other comprehensive income other than those recognised through finance income in profit and loss. Of the gains recognised in finance income for the period £4.1m (2014: £4.3m) was unrealised.

8. Financial Instruments

In aggregate, 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 Revised (as defined within the standard) as follows:

	30 June 2015 Level 3 £m	30 June 2014 Level 3 £m	31 December 2014 Level 3 £m
Available for sale financial assets	**192.9**	210.9	201.3

Available for sale financial assets
Available for sale financial assets are carried at fair value. The fair value is determined by reference to the rates at which they could be exchanged by knowledgeable and willing parties. Fair value is determined by discounting forecast cash flows for the residual period of the contract by a risk adjusted rate.

There exists an element of uncertainty over the precise final valuation and timing of cash flows arising from these assets. As a result the Group has applied inputs based on current market conditions and the Group's historic experience of actual cash flows resulting from such arrangements. These inputs are by nature estimates and as such the fair value has been classified as level 3 under the fair value hierarchy laid out in IFRS 13: Fair Value Measurement.

Significant unobservable inputs into the fair value measurement calculation include regional house price movements based on the Group's actual experience of regional house pricing and management forecasts of future movements, weighted average duration from inception to settlement of 10 years (2014: 10 years) and discount rate of 8% (2014: 8%) based on current observed market interest rates on secured second loans.

The discounted forecast cash flow calculation is dependent upon the estimated future value of the properties on which the available for sale financial assets are secured. Adjustments to this input, which might result from a change in the wider property market, would have a proportional impact upon the fair value of the asset. Furthermore, whilst not easily assessable in advance, the resulting change in security value may affect the credit risk associated with the counterparty, influencing fair value further.

9. Reconciliation of net cash flow to net cash

	Six months to 30 June 2015 £m	Six months to 30 June 2014 £m	Year to 31 December 2014 £m
(Decrease)/increase in net cash and cash equivalents	**(100.4)**	122.0	174.1
Decrease in debt and finance lease obligations	**-**	-	-
(Decrease)/increase in net cash from cash flows	**(100.4)**	122.0	174.1
Non-cash movements	**-**	-	-
(Decrease)/increase in net cash	**(100.4)**	122.0	174.1
Net cash at beginning of period	**378.4**	204.3	204.3
Net cash at end of period	**278.0**	326.3	378.4

10. Retirement benefit assets/obligations

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

	Six months to 30 June 2015 £m	Six months to 30 June 2014 £m	Year to 31 December 2014 £m
Current service cost	**1.5**	1.4	2.8
Administrative expense	**0.4**	0.5	1.1
Pension cost recognised as operating expense	**1.9**	1.9	3.9
Pension cost recognised as net finance credit	**-**	(0.7)	(1.6)
Total defined benefit pension cost recognised in profit or loss	**1.9**	1.2	2.3
Remeasurement (gains)/losses recognised in other comprehensive income/expense	**(11.5)**	(0.2)	41.6
Total defined benefit scheme (gain)/loss recognised	**(9.6)**	1.0	43.9

The amounts included in the balance sheet arising from the Group's obligations in respect of the Pension Schemes are as follows:

	30 June 2015 £m	30 June 2014 £m	31 December 2014 £m
Fair value of Pension Scheme assets	**513.3**	482.5	506.3
Present value of funded obligations	**(501.8)**	(442.5)	(506.8)
Net pension asset/(liability)	**11.5**	40.0	(0.5)

An update on the 1 January 2014 IAS 19 valuation, adjusted for current market conditions, has been obtained from the schemes' actuary as at 30 June 2015 and has been used as the basis for these figures.

11. Related parties

There are no disclosable related party transactions (as required by DTR 4.2.8R) during the period (2014: none).

12. 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

Risk	Impact	Mitigation
National and regional economic conditions	The housebuilding industry is sensitive to changes in unemployment, interest rates and consumer confidence. Any 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 control the level of build on-site by closely managing our work in progress levels. We carry out extensive due diligence prior to our land investment decisions to capture best returns. We monitor our geographical spread to mitigate the effects of local microeconomic fluctuations. We monitor lead indicators on the future direction of the UK housing market so as to manage our exposure to any future market disruption.
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 monitor Bank of England commentary on credit conditions. We ensure that our investment in land and construction is appropriate for our level of sales and our expectations for market conditions. We monitor the Council of Mortgage Lenders' monthly reports and lenders' announcements for trends in lending.
Health and safety	The health and safety of our employees, subcontractors, home owners and visitors to our construction sites is of paramount importance to us. Accidents on our sites could lead to reputational damage and financial penalties.	We ensure that the Board's health and safety strategy is implemented by our comprehensive management systems and controls, overseen by our Group Health and Safety Department to minimise accidents on our sites.
Regulatory compliance	Our business is subject to extensive and complex laws and regulations relating to planning and the environment. 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 Group's reputation.	We operate comprehensive management systems to ensure regulatory compliance. We hold a landbank sufficient to provide security of supply for short to medium term requirements and engage extensively with planning stakeholders.
Resources	Rapid expansion in UK housebuilding has driven an increase in demand for both materials and skilled labour and may cause costs to increase ahead of our expectations.	We closely monitor our build programmes enabling us to manage and react to any supply chain issues. We operate in-house apprentice and training programmes to support our need for increased skilled labour.
Strategy	The Board has adopted its strategy as it believes it is the one most likely to add the greatest sustainable 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.

The Chairman's statement and the above section on principal risks 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 as adopted by the EU

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

  - 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

  - 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:

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

By order of the Board

Jeff Fairburn
Group Chief Executive

Mike Killoran
Group Finance Director

17 August 2015

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 2015 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 2015 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 LLP

Chartered Accountants
1 The Embankment, Neville Street
Leeds LS1 4DW
17 August 2015