HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Persimmon plc today announces half year results for the six months ended 30 June 2016.

Highlights

- Profit before tax increased 29% to £352.3m (2015: £272.8m)
- Revenue up 12% to £1.49bn (2015: £1.33bn)
- Legal completions increased 6% to 7,238 new homes sold (2015: 6,855) - an additional 383 new homes delivered
- Average selling price of £205,762 up 6% (2015: £194,378)
- Further expansion of underlying operating margin* to 23.8% (2015: 20.5%), an increase of 330bps
- Return on average capital employed** increased by 29% to 35.6% (2015: 27.5%)
- 7,108 plots of new land secured in the period bringing consented land bank to 93,519 plots
- Continued success in securing planning consent for the Group's strategic land bank with 2,856 plots converted in the period, 40% of the new plots acquired in the period
- Net free cash generation*** of £229.9m in the period (2015: £190.7m)
- Net cash of £462.0m at 30 June 2016 (2015: £278.0m)
- Basic earnings per share increased 19% to 92.0p (2015: 77.3p)
- Current forward sales 2% ahead at £1.75bn (2015: £1.71bn)
- Fourth payment of surplus capital under the Capital Return Plan of £338.3m (110p per share) paid 1 April 2016

* 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's robust trading performance in the first half of 2016 was driven by our continued focus on meeting market demand to deliver controlled sustainable growth. The Group's strong cash generation has supported further disciplined land investment embedding value for the future."

"While the result of the EU Referendum has created increased economic uncertainty, customer interest since then has been robust with visitor numbers to our sites around 20% ahead year on year. Our private sale reservation rate since 1 July is currently 17% ahead of the same period last year. The Group is now trading through the traditionally slower summer weeks but customer demand remains encouraging and we anticipate a good autumn sales season."

"We are confident that our long term strategic focus 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 1916

Password: Persimmon

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

HALF YEAR REPORT – TUESDAY 23 AUGUST 2016

CHAIRMAN'S STATEMENT

Persimmon's results for the first six months of 2016 reflect robust revenue growth, further improvement in operating profitability, excellent free cash generation, and a very strong balance sheet.

Profit before tax increased by 29% to £352.3 million (2015: £272.8 million), underlying operating margin* improved a further 330bps to 23.8% (2015: 20.5%), cash balances of £462.0 million were held at the end of June (2015: £278.0 million) and the consented land bank totalled 93,519 plots (December 2015: 93,649 plots).

The Group remains focussed on successfully executing the ten year strategic plan launched at the start of 2012. The Group has continued to target disciplined land investment in support of the delivery of superior shareholder returns through the cycle. Our strategy emphasises strong cash generation. This will enable the payment of a total of £2.76 billion of surplus capital to shareholders over the strategic plan period at the same time as building the Group into a stronger business.

Management continues to pursue the key drivers of sustained value creation and cash generation through the housing cycle. The Group invested over £635 million of cash in land over the twelve month period ended 30 June 2016 whilst also generating £522 million of free net cash inflow before capital returns, equivalent to c. 170 pence per share. On 1 April 2016 the group paid the fourth instalment under the Capital Return Plan of 110 pence per share, or £338 million, bringing the total returned to date to £1,071 million, c. £550 million more than was originally planned by that date.

RESULTS

Market conditions through the first half of 2016 were positive. The Group increased total revenues by 12% year on year to £1,489.3 million (2015: £1,332.5 million). Sales volumes increased by 6% to 7,238 new home legal completions (2015: 6,855) with an average selling price 6% higher at £205,762 (2015: £194,378).

In the first six months of the year the number of visitors to our sites was 8% ahead of the prior year. The continued strength of the market is reflected in our weekly private sales rate per site of 0.75 which was 4% ahead of the first half of 2015, the rate for the prior year having increased 11% on 2014. We continue to prioritise sales rates appropriate to prevailing market conditions to maximise values.

Average selling prices have increased year on year for both the Group's private sale brands. The average Persimmon price rose by 6% to £206,334 and for Charles Church by 16% to £317,827. The increase in Charles Church average pricing reflects the continued focus on delivering higher value new homes in premium locations. Charles Church delivered 973 new homes in the period (2015: 1,197) whilst Persimmon achieved 5,143 legal completions (2015: 4,558). The Group's sales to its housing association partners totalled 1,122 new homes (2015: 1,100 new homes) representing a similar proportion of the sales mix as in the prior period.

The Group's strategy of controlled profitable growth is supported by well-judged investment in high quality replacement land. Our priority is to maximise the value of our developments for customers, shareholders and other stakeholders, by delivering a sustainable mix of new homes in attractive locations across the UK in increasing numbers, as markets allow. As we start construction on new sites and release properties for sale we achieve the anticipated profitability, returns and cash generation. From the launch of our long term strategy at the start of 2012 to 30 June 2016 the Group has delivered 56,750 newly built homes to customers, increasing the number of new homes it has built and sold by over 60%. This has been facilitated by investing c. £2.4 billion in new land and opening 845 new sites over this period, including 108 new outlets opened in the first half of the current year.

The Group's target is to achieve optimal sustainable scale for each of its 28 house building businesses in their local markets. Over the last eighteen months we have opened four new businesses, in Perth - North Scotland, Stockton - Teesside, Castle Bromwich - Central, and Launceston - Cornwall. These new businesses have continued to make good progress in scaling up to meet local market demand whilst allowing their sister companies to optimise their delivery in adjoining territories. By adopting this carefully managed approach to supporting Group operations we secure high quality control over all our activities and maximise our efficiencies. We anticipate these four new businesses will deliver c. 1,600 units over the next twelve months creating over 6,500 new jobs** in the process.

As a result of opening up new sites and growing the business we have been able to reduce the cost of land recoveries on our legal completions and improve our build efficiencies and overhead recoveries. The Group's first half gross margins have improved by 290 basis points over the prior year to 26.9% (2015: 24.0%). In addition, our underlying operating profit* increased by 30% to £354.5 million (2015: £273.3 million) reflecting further progress of the Group's operating margin* to 23.8% (2015: 20.5%) which has increased by 330 basis points over last year.

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 (before the fourth payment under the Capital Return Plan) of 69.6 pence. The fourth Capital Return Plan payment of 110 pence per share on 1 April resulted in a decrease in reported net assets per share at 30 June of 40.4 pence to 760.3 pence from 800.7 pence at 31 December 2015.

The Group's underlying return on average capital employed*** improved year on year by 29% to 35.6% (2015: 27.5%) and underlying basic earnings per share* for the first six months of 2016 of 93.3 pence increased by 19% over the prior year (2015: 78.6 pence).

RETURNS TO SHAREHOLDERS

Persimmon's long term strategy is to sustain the delivery of superior shareholder value through the housing cycle. This value will accrue by growing the business to optimal scale whilst exercising disciplined, well-judged capital investment at the right time through the cycle. Strong cash generation is the essential ingredient enabling shareholders to receive capital that is considered surplus to the reinvestment needs of the business. In February 2016 we increased our Capital Return commitment to our shareholders by 45% to £2.76 billion, or £9.00 per share, to be paid over the ten year period to June 2021.

Total surplus capital of £3.50 per share, or £1,071 million, has now been paid to shareholders. The remaining Capital Return of £5.50 per share is planned to be paid in equal instalments of £1.10 per share over the next five years. The fifth instalment under the Plan is scheduled for early July 2017 and will be finalised with the 2016 Full Year results of the Group to be announced on Tuesday 28 February 2017.

LAND

In line with the disciplines of our strategic objectives we have been increasingly selective in acquiring new land through the first half of the year. The Group acquired a total of 7,108 new plots of land across 38 sites including 2,856 plots converted from our strategic land bank in 15 locations. In addition, we added c. 550 acres of land to our strategic land portfolio which totalled c.17,500 acres at 30 June 2016.

The Group owned and controlled 93,519 plots in its consented land bank at 30 June 2016 (June 2015: 92,404 plots) with c. 45% previously held by the Group as strategic land.

By investing in high quality new land at the right time in the housing cycle superior shareholder value will be sustained. It is likely that uncertainty around the potential impact of the EU Referendum result on the UK economy will persist for some time. In this environment, we will remain cautious with respect to new land investment but will continue to proceed with attractive opportunities on a selective basis.

We are encouraged by the early action taken by the UK government to reduce political uncertainty and its continued engagement with the industry to promote measures to maintain the momentum of housing construction across the UK. We look forward to working with central and local government agencies to fully deliver the local plan requirements stipulated by the National Planning Policy Framework. The Group's planning teams remain focussed on working with local communities and planning authorities to resolve outstanding matters efficiently in order to facilitate starts on new sites as soon as practicably possible. This work remains essential to ensure the Group's outlet network is properly maintained to support the future delivery of the newly built homes that local communities desperately need and that will, in part, help solve the chronic housing shortage across the UK.

CURRENT TRADING

Whilst the result of the EU Referendum has created increased uncertainty, the news was quickly digested by our customers. Customer interest since then has been robust with a strengthening of visitor numbers to our sites compared to the same period last year, visitors per site per week being c. 20% ahead year on year. After a modest increase in the week following the referendum result, cancellations have returned to normal levels and are currently running slightly lower than the same period last year. As usual we continue to monitor market activity closely whilst also reviewing broader external conditions to ensure our actions remain disciplined and aligned with our strategic objectives.

Since 1 July our private sales rate has been 17% ahead of the same period last year.

Our current order book, including legal completions from 1 July 2016, is now 2% stronger than at the same point last year at £1.75 billion (2015: £1.71 billion). We have 5,836 new homes sold forward into the private sale market (2015: 6,149) with an average selling price of c. £224,200 (2015: £213,000).

OUTLOOK

The UK vote to leave the EU on 23 June has added uncertainty to the economic outlook. The UK economy currently enjoys improved and resilient employment levels and some improvement in real disposable incomes. With the cost of mortgage funding remaining at compelling levels, which is set to be supported by a competitive but disciplined lending market for some time to come, the housing market across our regions remains confident. We are encouraged by the continued healthy demand for mortgage support with lenders approving c. 198,000 loans for house purchase during the second quarter of the year, a very similar number when compared with the same period last year which was buoyed by last year's General Election result. We anticipate a good autumn sales season once the summer holiday period comes to an end in early September.

We plan to increase our build activity and productivity to continue the sustainable growth of the business to reach optimal scale in each of our regional markets. We aim to improve the availability of stock for our customers whilst the prompt delivery of each new home will continue to support the excellent level of Group returns. We anticipate our cash generation will remain strong.

Maintaining and enhancing our strong outlet network remains a key priority for each of our regional businesses. We have opened 48 new sites so far in the second half of the year and we plan to open around a further c. 90 new outlets during this period. We expect these new sites to support further improvement in the Group's gross margins as home sales from these outlets are legally completed over coming months. We are currently selling from 375 active outlets and have a further 5 sites where we have commenced construction of infrastructure on securing an implementable detailed planning consent.

The Group's performance in the first half of 2016 has been robust. We have been steadfast in the application of our strategic principles since the launch of our ten year plan in early 2012, which has resulted in the Group being in a very strong position to take advantage of market opportunities as events unfold. We remain vigilant to any changes in market conditions in the light of the challenges that the country faces. However, we remain focussed on achieving the best outcomes for our shareholders based upon a high quality land bank which will support the future development of the business.

On behalf of the Board, I congratulate all the Group's employees on these outstanding results and thank the whole Persimmon team for their hard work and dedication. I remain confident of the continuing successful development of the Group.

Nicholas Wrigley

Chairman

22 August 2016

* stated before goodwill impairment (2016:£4.0m, 2015:£3.8m)

** estimate of jobs created from increase in new homes built ref. "The Economic Footprint of UK House Building" HBF March 2015

*** 12 month rolling average stated before goodwill impairment

PERSIMMON PLC
Condensed Consolidated Statement of Comprehensive Income
For the six months to 30 June 2016 (unaudited)

	Note	**Six months to 30 June 2016**	Six months to 30 June 2015	Year to 31 December 2015
		Total £m	Total £m	Total £m
Revenue		**1,489.3**	1,332.5	2,901.7
Cost of sales		**(1,088.5)**	(1,012.4)	(2,164.4)
Gross profit		**400.8**	320.1	737.3
Other operating income		**6.4**	7.7	11.6
Operating expenses		**(56.7)**	(58.3)	(122.7)
Profit from operations before impairment of intangible assets		**354.5**	273.3	634.5
Impairment of intangible assets		**(4.0)**	(3.8)	(8.3)
Profit from operations		**350.5**	269.5	626.2
Finance income		**9.7**	12.9	22.1
Finance costs		**(7.9)**	(9.6)	(18.8)
Profit before tax		**352.3**	272.8	629.5
Tax	3.1	**(69.3)**	(35.8)	(107.6)
Profit after tax (all attributable to equity holders of the parent)		**283.0**	237.0	521.9
Other comprehensive (expense)/income				
Items that will not be reclassified to profit:				
Remeasurement (charges)/gains on defined benefit pension schemes	10	**(58.2)**	11.5	7.5
Tax	3.2	**10.5**	(2.3)	(1.1)
Other comprehensive (expense)/income for the period, net of tax		**(47.7)**	9.2	6.4
Total comprehensive income for the period		**235.3**	246.2	528.3
Earnings per share [i]				
Basic	4	**92.0p**	77.3p	170.3p
Diluted	4	**89.2p**	75.6p	166.4p
Non-GAAP measures - Underlying earnings per share [ii]				
Basic	4	**93.3p**	78.6p	173.0p
Diluted	4	**90.4p**	76.8p	169.1p

[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 2016 (unaudited)

	Note	**30 June 2016 £m**	30 June 2015 £m	31 December 2015 £m
Assets				
Non-current assets				
Intangible assets		**217.6**	226.1	221.6
Property, plant and equipment		**40.1**	35.6	37.4
Investments accounted for using the equity method		**3.0**	3.0	3.0
Available for sale financial assets	7	**163.2**	192.9	177.9
Trade and other receivables		**9.2**	9.0	10.1
Deferred tax assets		**37.0**	41.0	46.6
Retirement benefit assets	10	**5.8**	11.5	18.0
		475.9	519.1	514.6
Current assets				
Inventories	6	**2,742.5**	2,648.1	2,645.3
Trade and other receivables		**125.2**	102.9	91.5
Cash and cash equivalents		**462.0**	278.0	570.4
		3,329.7	3,029.0	3,307.2
Total assets		**3,805.6**	3,548.1	3,821.8
Liabilities				
Non-current liabilities				
Trade and other payables		**(308.3)**	(350.1)	(372.6)
Deferred tax liabilities		**(15.1)**	(20.1)	(18.3)
Partnership liability		**(40.5)**	(43.4)	(44.6)
Retirement benefit obligations	10	**(45.0)**	-	-
		(408.9)	(413.6)	(435.5)
Current liabilities				
Trade and other payables		**(956.4)**	(882.7)	(846.8)
Partnership liability		**(5.4)**	(5.3)	(5.4)
Current tax liabilities		**(91.1)**	(84.7)	(78.3)
		(1,052.9)	(972.7)	(930.5)
Total liabilities		**(1,461.8)**	(1,386.3)	(1,366.0)
Net assets		**2,343.8**	2,161.8	2,455.8
Equity				
Ordinary share capital issued		**30.8**	30.7	30.7
Share premium		**9.7**	8.4	9.3
Capital redemption reserve		**236.5**	236.5	236.5
Other non-distributable reserve		**276.8**	276.8	276.8
Retained earnings		**1,790.0**	1,609.4	1,902.5
Total equity		**2,343.8**	2,161.8	2,455.8

PERSIMMON PLC
Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months to 30 June 2016 (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 2016:						
Balance at 31 December 2015	30.7	9.3	236.5	276.8	1,902.5	2,455.8
Profit for the period	-	-	-	-	283.0	283.0
Other comprehensive income	-	-	-	-	(47.7)	(47.7)
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(338.3)	(338.3)
Issue of new shares	0.1	0.4	-	-	(0.1)	0.4
Own shares purchased	-	-	-	-	(1.0)	(1.0)
Exercise of share options/share awards	-	-	-	-	(0.8)	(0.8)
Share-based payments	-	-	-	-	(8.3)	(8.3)
Satisfaction of share options from own shares held	-	-	-	-	0.7	0.7
Balance at 30 June 2016	**30.8**	**9.7**	**236.5**	**276.8**	**1,790.0**	**2,343.8**
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 expense	-	-	-	-	9.2	9.2
Transactions with owners:						
Allotment of B/C shares	-	(95.2)	-	(4.6)	-	(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**	**8.4**	**236.5**	**276.8**	**1,609.4**	**2,161.8**
Year ended 31 December 2015:						
Balance at 31 December 2014	30.6	103.4	136.7	281.4	1,640.5	2,192.6
Profit for the year	-	-	-	-	521.9	521.9
Other comprehensive income	-	-	-	-	6.4	6.4
Transactions with owners:						
Allotment of B/C shares	-	(95.2)	-	(4.6)	-	(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	1.1	-	-	-	1.2
Exercise of share options/share awards	-	-	-	-	(0.6)	(0.6)
Share-based payments	-	-	-	-	24.8	24.8
Satisfaction of share options from own shares held	-	-	-	-	0.6	0.6
Balance at 31 December 2015	**30.7**	**9.3**	**236.5**	**276.8**	**1,902.5**	**2,455.8**

PERSIMMON PLC
Condensed Consolidated Cash Flow Statement
For the six months to 30 June 2016 (unaudited)

	Note	**Six months to 30 June 2016 £m**	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
Cash flows from operating activities:				
Profit for the period		**283.0**	237.0	521.9
Tax charge	3.1	**69.3**	35.8	107.6
Finance income		**(9.7)**	(12.9)	(22.1)
Finance costs		**7.9**	9.6	18.8
Depreciation charge		**3.9**	3.4	7.1
Impairment of intangible assets		**4.0**	3.8	8.3
Share-based payment charge		**4.1**	4.5	11.2
Net imputed interest income		**2.2**	0.2	1.3
Other non-cash items		**(2.7)**	0.2	(0.5)
Cash inflow from operating activities		**362.0**	281.6	653.6
Movements in working capital:				
Increase in inventories		**(92.7)**	(237.8)	(232.0)
Increase in trade and other receivables		**(32.1)**	(38.9)	(27.8)
Increase in trade and other payables		**35.6**	230.7	196.5
Decrease in available for sale financial assets		**22.1**	13.5	35.6
Cash generated from operations		**294.9**	249.1	625.9
Interest paid		**(3.4)**	(3.7)	(4.4)
Interest received		**1.5**	0.3	1.2
Tax paid		**(52.2)**	(48.3)	(128.3)
Net cash inflow from operating activities		**240.8**	197.4	494.4
Cash flows from investing activities:				
Purchase of property, plant and equipment		**(7.4)**	(5.6)	(11.1)
Proceeds from sale of assets held for sale		**-**	1.3	-
Proceeds from sale of property, plant and equipment		**0.7**	-	1.3
Net cash outflow from investing activities		**(6.7)**	(4.3)	(9.8)
Cash flows from financing activities:				
Financing transaction costs		**(0.9)**	-	-
Payment of Partnership Liability		**(2.8)**	(2.7)	(2.7)
Own shares purchased		**(1.0)**	-	-
Share options consideration		**0.5**	0.3	1.2
B Share Redemption		**-**	(99.8)	(99.8)
Dividends paid		**(338.3)**	(191.3)	(191.3)
Net cash outflow from financing activities		**(342.5)**	(293.5)	(292.6)
(Decrease)/increase in net cash and cash equivalents	9	**(108.4)**	(100.4)	192.0
Cash and cash equivalents at the beginning of the period		**570.4**	378.4	378.4
Cash and cash equivalents at the end of the period		**462.0**	278.0	570.4

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 2016 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 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

The comparative figures for the financial year ended 31 December 2015 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 2015, 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 2016:

- Amendments to IAS27: Equity Methods in Separate Financial Statements

- Amendments to IAS1: Disclosure Initiative

- Amendments to IAS16 and IAS38: Clarification of Acceptable Methods of Depreciation and Amortisation

- Amendments to IFRS11: Accounting for Acquisition of Interests in Joint Operations

- Amendments to IAS16 and IAS41: Bearer Plants

- Annual Improvements to IFRSs 2012-2014 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 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued in 2014, 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 2016 £m	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
Tax charge comprises:			
UK corporation tax in respect of the current period	**71.1**	58.5	132.2
Adjustments in respect of prior periods	**(6.1)**	(21.4)	(21.5)
	65.0	37.1	110.7
Deferred tax relating to origination and reversal of temporary differences	**0.2**	(1.3)	(2.1)
Adjustments recognised in the current period in respect of prior periods deferred tax	**4.1**	-	(1.0)
	4.3	(1.3)	(3.1)
	69.3	35.8	107.6

3.2 Deferred tax recognised in other comprehensive income

	Six months to 30 June 2016 £m	Six months to 30 June 2015 £m	Year to 31December 2015 £m
Recognised on remeasurement (charges)/gains on pension schemes	**(10.5)**	2.3	1.1

3.3 Deferred tax recognised directly in equity

	Six months to 30 June 2016 £m	Six months to 30 June 2015 £m	Year to 31December 2015 £m
Arising on transactions with equity participants			
Related to equity-settled transactions	**12.4**	(9.4)	(13.7)

As at 30 June 2016, the Group has recognised deferred tax assets on deductible temporary differences at 18%, 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 307.7m (June 2015: 306.4m, December 2015: 306.4m).

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 317.3m (June 2015: 313.4m, December 2015: 313.6m).

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

	Six months to 30 June 2016	Six months to 30 June 2015	Year to 31 December 2015
Basic earnings per share	**92.0p**	77.3p	170.3p
Underlying basic earnings per share	**93.3p**	78.6p	173.0p

Diluted earnings per share	**89.2p**	75.6p	166.4p
Underlying diluted earnings per share	**90.4p**	76.8p	169.1p

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

	Six months to 30 June 2016 £m	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
Underlying earnings attributable to shareholders	**287.0**	240.8	530.2
Goodwill impairment	**(4.0)**	(3.8)	(8.3)
Earnings attributable to shareholders	**283.0**	237.0	521.9

5. Dividends/Return of capital

On 1 April 2016 the fourth payment of the Capital Return Plan being £338.3m (or 110p per share) was paid as a cash dividend.

	Six months to 30 June 2016 £m	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
2015 Return of capital to B shareholders of 95p per share	**-**	99.8	99.8
2015 Dividend to C shareholders of 95p per share	**-**	191.3	191.3
2016 Dividend to all shareholders of 110p per share	**338.3**	-	-
Total return to shareholders	**338.3**	291.1	291.1

6. Inventories

	30 June 2016 £m	30 June 2015 £m	31 December 2015 £m
Land	**2,085.5**	2,030.1	2,046.7
Work in progress	**587.4**	508.5	517.9
Part exchange properties	**27.4**	66.1	38.3
Showhouses	**42.2**	43.4	42.4
	2,742.5	2,648.1	2,645.3

At 30 June 2016 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 (2015: £nil). Our approach to the net realisable value review has been consistent with that conducted at 31 December 2015 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 £42.7m (2015: £84.2m) of inventories are valued at fair value less costs to sell rather than at historical cost.

7. Available for sale financial assets

	30 June 2016 £m	30 June 2015 £m	31 December 2015 £m
Available for sale financial assets at beginning of period	**177.9**	201.3	201.3
Additions	**0.4**	0.7	1.3
Settlements	**(23.2)**	(16.6)	(40.4)
Gains (Finance income)	**8.1**	7.5	15.7
Available for sale financial assets at end of period	**163.2**	192.9	177.9

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 £3.3m (2015: £4.1m) 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 2016 Level 3 £m	30 June 2015 Level 3 £m	31 December 2015 Level 3 £m
Available for sale financial assets	**163.2**	192.9	177.9

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 (2015: 10 years) and discount rate of 8% (2015: 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 2016 £m	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
(Decrease)/increase in net cash and cash equivalents in cash flow	**(108.4)**	(100.4)	192.0
Net cash at beginning of period	**570.4**	378.4	378.4
Net cash at end of period	**462.0**	278.0	570.4

10. Retirement benefit assets/obligations

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

	Six months to 30 June 2016 £m	Six months to 30 June 2015 £m	Year to 31 December 2015 £m
Current service cost	**1.2**	1.5	3.0
Administrative expense	**0.4**	0.4	0.9
Pension cost recognised as operating expense	**1.6**	1.9	3.9
Pension cost recognised as net finance credit	**(0.3)**	-	-
Total defined benefit pension cost recognised in profit or loss	**1.3**	1.9	3.9
Remeasurement charges/(gains) recognised in other comprehensive expense/income	**58.2**	(11.5)	(7.5)
Total defined benefit scheme charge/(gain) recognised	**59.5**	(9.6)	(3.6)

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

	30 June 2016 £m	30 June 2015 £m	31 December 2015 £m
Fair value of Pension Scheme assets	**536.0**	513.3	512.0
Present value of funded obligations	**(575.2)**	(501.8)	(494.0)
Net pension (liability)/asset	**(39.2)**	11.5	18.0

An update on the 31 December 2015 IAS 19 valuation, adjusted for current market conditions, has been obtained from the schemes' actuary as at 30 June 2016 and has been used as the basis for these figures. The remeasurement charges recognised in the period largely resulted from a reduction in the applied discount rate due to the fall in UK bond yields. This gave rise to an increase in the fair value of the Group's pension scheme liabilities in the period.

11. Related parties

There are no disclosable related party transactions (as required by DTR 4.2.8R) during the period (2015: 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
UK's exit from the EU	Following the referendum vote on 23 June 2016 and the decision to leave the European Union, uncertainty surrounding the UK economy has increased. Such uncertainty may reduce consumer confidence such that demand and pricing for new homes may be impacted affecting revenues, profits and cash flows and may result in the impairment of asset values. In addition, the devaluation of the UK currency and a possible tightening of the availability of construction skills due to potential changes to legislation governing free movement of labour may impact costs and build activity.	We continue to closely monitor the impact of this increased uncertainty on the UK economy and the housing market through the review of external information and changes in the behaviour of our customer base. Close management of work in progress levels matching supply to demand will continue and land investment decisions will continue to be assessed to ensure exposure to market disruption is mitigated. The overall shortage of supply of housing in the UK may provide a degree of support to the housing market should these circumstances arise. Action taken by the Government to adjust policy to support UK economic performance may provide further mitigation as might any response with respect to interest rates by the Bank of England. We will continue to employ robust tendering processes to maintain strong cost control over Group sourcing. In addition, we will remain focussed on our training initiatives to improve the supply of the necessary construction skills the Group requires.
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	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

	substantial costs and prohibit or restrict land development and construction. Non compliance could also result in damage to the Group's reputation.	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
David Jenkinson	Group Managing Director
Jonathan Davie	Non-Executive Director
Marion Sears	Non-Executive Director
Rachel Kentleton	Non-Executive Director
Nigel Mills	Non-Executive Director

By order of the Board

Jeff Fairburn
Group Chief Executive

Mike Killoran
Group Finance Director

22 August 2016

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 2016 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Shareholders’ Equity, the Condensed Consolidated Cash Flow Statement and the related notes 1 to 12. 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 guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

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 Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

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 United Kingdom. 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 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
22 August 2016