

PERSIMMON PLC
INTERIM REPORT
JUNE 2005



+ 7 %

AVERAGE SELLING PRICE £183,581

+ 7 %

OPERATING PROFIT £251.8m

+ 7 %

PROFIT BEFORE TAX £234.9m

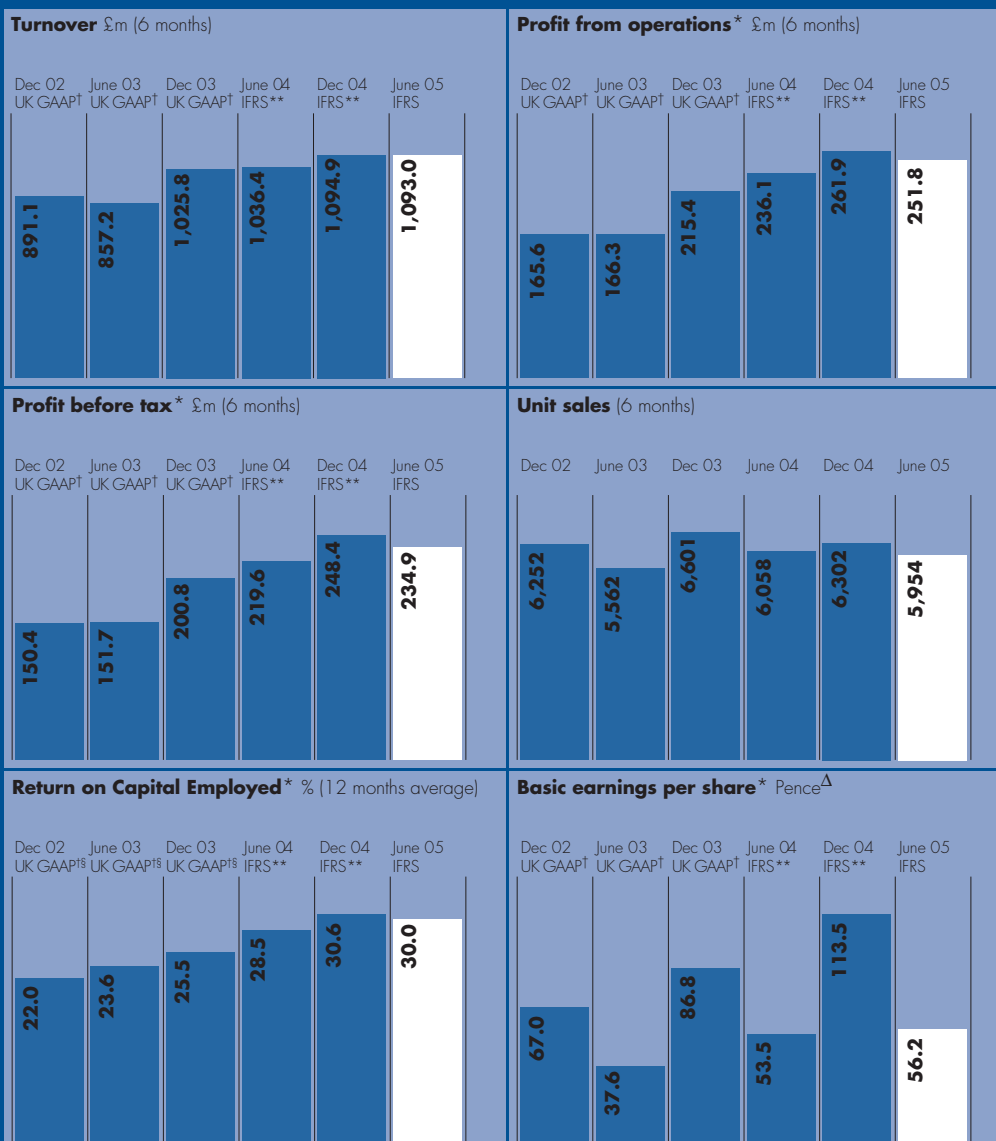
+ 5 %

BASIC EARNINGS PER SHARE 56.2p

+ 32 %

DIVIDEND PER SHARE 12.0p

Financial Highlights



Δ June 6 months, December 12 months

† Comparatives for 2002–3 are prepared on previous UK GAAP.

* Comparatives for 2002–3 shown before goodwill amortisation.

‡ Comparatives for 2002–3 are restated for the effects of UITF 38 (Accounting for ESOP trusts).

** Comparatives for 2004 are restated on IFRS GAAP.

Chairman's Statement

Persimmon is pleased to announce its interim results for the six months to 30 June 2005. These figures have been prepared in accordance with International Financial Reporting Standards ("IFRS") which are expected to be effective at 31 December 2005.

Persimmon increased pre-tax profits in the period by 7 per cent to £235 million, compared with £220 million in the first half of 2004, a record for the first six month period of any financial year in the company's history. Earnings per share increased to 56.2 pence (H1 2004: 53.5 pence).

When we published our restatement of financial information for 2004 under IFRS on 24 May 2005, we demonstrated that the transition from U.K. Generally Accepted Accounting Principles ("UK GAAP") did not have a material effect on our financial results. This remains the case for 2005; for example, profit before tax and goodwill amortisation on a UK GAAP basis for the first half of 2005 was £237 million.

As widely publicised, the first six months of 2005 saw more difficult trading conditions for U.K. house builders than for many years. However, due to the inherent strengths of the Persimmon business, we have continued to trade successfully throughout this period.

Completed sales of our homes in the first six months were marginally lower at 5,954 units (H1 2004: 6,058 units). Average selling prices rose to £183,581 (H1 2004: £171,082), giving an increased turnover of £1.1 billion, against £1.0 billion in the first half of 2004.

We are increasing our interim dividend to 12.0 pence per share, which represents a 32 per cent increase over the 9.1 pence per share interim dividend paid in 2004. This increase reflects our previously stated policy of moving to pay approximately 40 per cent of the anticipated total annual dividend at the interim stage. The total dividend for the full year 2005 will be not less than 30.4 pence per share (2004: 27.5 pence per share), which would represent an increase of 10.5 per cent. The interim dividend will be payable on 21 October 2005 to shareholders on the Register on 2 September 2005.

Persimmon's net borrowings (including forward currency swap liabilities) at 30 June 2005 were further reduced to £179.5 million (30 June 2004: £253.5 million). Gearing reduced to 12 per cent from 20 per cent at 30 June 2004. Interest cover was 14.9 times (H1 2004: 14.3 times). Return on average capital employed was 30.0 per cent (H1 2004: 28.5 per cent).

The impact of the selective use of incentives and additional marketing costs due to the slowdown in demand has been mitigated to a large extent by our ability to minimise other cost increases. We have therefore been able to deliver operating margins of 23.0 per cent, similar to the high level recorded in the comparative period (H1 2004: 22.8 per cent). If current market conditions continue we would expect some further pressure in respect of increased sales costs, but we do not expect any significant reduction in margins in the second half.

During the period, we have continued to make further progress in a number of areas of the business. Completions in the South Division were 3,127 homes (H1 2004: 2,987) with an average selling price of £178,560 (H1 2004: £176,356).



Operating margin* % (6 months)

Dec 02 UK GAAP†	June 03 UK GAAP†	Dec 03 UK GAAP†	June 04 IFRS**	Dec 04 IFRS**	June 05 IFRS
18.6	19.4	21.0	22.8	23.9	23.0

Earnings before interest, taxation, depreciation and amortisation

£m (6 months)

Dec 02 UK GAAP†	June 03 UK GAAP†	Dec 03 UK GAAP†	June 04 IFRS**	Dec 04 IFRS**	June 05 IFRS
168.8	169.8	218.4	239.5	265.5	255.4

† Comparatives for 2002-3 are prepared on previous UK GAAP.

* Comparatives for 2002-3 shown before goodwill amortisation.

**Comparatives for 2004 are restated on IFRS GAAP.

The North Division which experienced the most noticeable change in customer sentiment over the last 12 months, saw a reduction in legal completions to 2,259 (H1 2004: 2,568). We have continued to target realistic sales volumes in the prevailing market conditions, whilst offering the appropriate mix of product for sale. By doing so we have maximised selling prices and protected margins. Average selling price increased by 12% to £166,535 (H1 2004: £148,962).

Our Charles Church business continued to move forward strongly with legal completions of 568 (H1 2004: 503) at an average selling price of £279,014 (H1 2004: £252,964). This business is now well set to benefit from the platform we have created within the Division and we expect to achieve further good growth in volumes and profits over the forthcoming years. The spread of house types within this business with prices ranging from £150,000 to over £1 million gives extra resilience and will ensure that good levels of sales are achieved with this premium range offering.

Last year we commented that we were being cautious about our purchase of new land. We have continued with this stance, whilst successfully acquiring more new exciting development opportunities at attractive prices. Our land bank now consists of 62,157 plots owned and under control with a further 6,521 plots proceeding to contract.

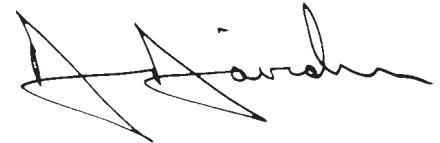
In addition we control over 19,000 acres of strategic land which includes a number of potential large schemes which we are continuing to progress through the planning system. We expect to secure a large number of future plots for development through this process in support of the Government's desire to increase housing output in the U.K.

Whilst the current market requires us to be flexible in our approach to both sales and marketing, it is nevertheless one in which we can continue to operate successfully. Our geographic spread combined with our comprehensive range of house types enables Persimmon to react to these regional variations and emphasises the benefits and strengths of our position as a truly national house builder. Achieved sales revenue of houses for legal completion during the second half of 2005 is currently at circa £980 million, a similar level to last year.

In addition we continue to open new developments across all parts of the U.K. and experience good levels of visitors to our existing showhomes. With 11 per cent more outlets open compared to last year we are well positioned to achieve our sales aspirations. Indeed the number of net new reservations achieved to date since the beginning of July have been circa 8 per cent higher than for the same period of 2004.

The recent reduction in interest rates, continuing low unemployment levels and the good fundamentals of the U.K. house building industry, together with the strong position of Persimmon's business, give us great confidence for the future. In anticipation of the normal increase in activity during the autumn months we remain optimistic for the business in 2005 and are well placed for 2006 and beyond.

We are very grateful for all the efforts of our many loyal staff, without whom these continuing achievements would not be possible.



Duncan Davidson Chairman
23 August 2005

Consolidated Income Statement

(unaudited)

	Note	Six months to 30 June 2005 £m	Six months to 30 June 2004 (restated) £m	Year to 31 December 2004 (restated) £m
Revenue		1,093.0	1,036.4	2,131.3
Cost of sales		(799.2)	(760.4)	(1,549.4)
Gross profit		293.8	276.0	581.9
Net operating expenses		(42.0)	(39.9)	(83.9)
Profit from operations		251.8	236.1	498.0
Net finance costs		(16.9)	(16.5)	(30.0)
Profit before tax		234.9	219.6	468.0
Income tax expense	4	(72.0)	(67.3)	(143.7)
Profit after tax		162.9	152.3	324.3
Earnings per share				
Basic	5	56.2p	53.5p	113.5p
Diluted	5	55.9p	53.0p	112.8p

The results of the Group relate entirely to continuing operations.

Consolidated Balance Sheet

(unaudited)

	Note	30 June 2005 £m	30 June 2004 (restated) £m	31 December 2004 (restated) £m
Assets				
Non-current assets				
Intangible assets		182.0	182.0	182.0
Property, plant and equipment		29.2	26.7	28.2
Deferred tax assets		32.1	16.0	22.4
		243.3	224.7	232.6
Current assets				
Inventories		2,138.1	1,852.6	1,992.8
Trade and other receivables		95.3	109.4	98.7
Cash and cash equivalents	3	96.1	24.7	84.6
		2,329.5	1,986.7	2,176.1
Total assets		2,572.8	2,211.4	2,408.7
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings	3	(234.5)	(246.6)	(223.7)
Forward currency swaps	3	(25.9)	(21.9)	(35.2)
Deferred tax liabilities		(9.2)	(3.6)	(2.2)
Retirement benefit obligation		(66.8)	(54.3)	(66.3)
Other liabilities		(59.0)	(62.2)	(61.1)
		(395.4)	(388.6)	(388.5)
Current liabilities				
Trade and other payables		(543.3)	(472.0)	(511.5)
Current tax liabilities		(84.2)	(74.1)	(81.2)
Forward currency swaps	3	(1.4)	(0.2)	(2.2)
Interest bearing loans and borrowings	3	(16.3)	(11.9)	(19.7)
		(645.2)	(558.2)	(614.6)
Total liabilities		(1,040.6)	(946.8)	(1,003.1)
Net assets		1,532.2	1,264.6	1,405.6
Shareholders' equity				
Ordinary share capital issued		29.2	28.7	28.9
Share premium		226.6	217.9	221.2
Own shares		(4.0)	(3.2)	(3.2)
Hedge reserve		3.1	8.4	5.2
Merger reserve		281.4	281.4	281.4
Other reserve		1.2	1.2	1.2
Retained earnings		994.7	730.2	870.9
Total shareholders' equity		1,532.2	1,264.6	1,405.6

Consolidated Cash Flow Statement

(unaudited)

	Note	Six months to 30 June 2005 £m	Six months to 30 June 2004 (restated) £m	Year to 31 December 2004 (restated) £m
Cash flows from operating activities:				
Net profit after income taxes		162.9	152.3	324.3
Adjustments for:				
Tax		72.0	67.3	143.7
Pensions charge		0.4	–	0.9
Depreciation charge		3.6	3.4	7.0
(Profit)/loss on disposal of property, plant and equipment		(0.2)	(0.1)	0.1
Net finance costs		16.9	16.5	30.0
Share based payment charge		1.0	0.9	2.1
Operating profit before working capital changes		256.6	240.3	508.1
Changes in working capital:				
Increase in inventories		(145.3)	(197.0)	(337.2)
Decrease/(increase) in trade and other receivables		3.4	(0.7)	10.0
Increase in trade and other payables		25.2	98.0	134.2
Net cash from operations		139.9	140.6	315.1
Interest paid		(13.5)	(14.9)	(26.4)
Tax paid		(70.3)	(55.5)	(127.6)
Net cash from operating activities		56.1	70.2	161.1
Cash flows from investing activities:				
Purchases of property, plant and equipment		(4.3)	(6.1)	(12.9)
Proceeds from sale of property, plant and equipment		0.7	0.6	2.5
Interest received		0.3	0.3	0.6
Net cash used in investing activities		(3.3)	(5.2)	(9.8)
Cash flows from financing activities:				
Repayment of borrowings		(1.6)	(16.6)	(16.6)
Finance lease principal payments		(0.6)	(0.4)	(0.9)
Exercise of share options		3.3	2.6	6.0
Dividends paid to group shareholders		(38.2)	(18.2)	(43.1)
Net cash used in financing activities		(37.1)	(32.6)	(54.6)
Increase in net cash and cash equivalents	2	15.7	32.4	96.7
Net cash and cash equivalents at beginning of period		79.4	(17.3)	(17.3)
Net cash and cash equivalents at end of period	3	95.1	15.1	79.4

Statement of Recognised Income and Expense

(unaudited)

	Six months to 30 June 2005 £m	Six months to 30 June 2004 (restated) £m	Year to 31 December 2004 (restated) £m
Losses on cash flow hedges	(3.0)	(4.3)	(8.9)
Actuarial losses on defined benefit schemes	-	-	(11.1)
Taxation taken directly to equity	1.4	1.3	6.0
Net expense recognised directly in equity	(1.6)	(3.0)	(14.0)
Profit for the period	162.9	152.3	324.3
Total recognised income for the period	161.3	149.3	310.3

Statement of Changes in Equity

(unaudited)

	Ordinary share capital issued £m	Share premium £m	Own shares £m	Hedge reserve £m	Merger reserve £m	Other reserve £m	Retained earnings £m	Shareholders' equity £m
Six months ended 30 June 2005								
Balance at 1 January 2005	28.9	221.2	(3.2)	5.2	281.4	1.2	870.9	1,405.6
Exercise of share options/share awards	0.1	5.6	(0.8)	–	–	–	(2.5)	2.4
Scrip dividends	0.2	(0.2)	–	–	–	–	15.0	15.0
Share options charge and taxation thereon	–	–	–	–	–	–	1.5	1.5
Retained profits for the period	–	–	–	–	–	–	162.9	162.9
Valuation of currency swaps and taxation thereon	–	–	–	(2.1)	–	–	–	(2.1)
Dividends declared	–	–	–	–	–	–	(53.1)	(53.1)
Balance at 30 June 2005	29.2	226.6	(4.0)	3.1	281.4	1.2	994.7	1,532.2
Six months ended 30 June 2004								
Balance brought forward at transition	28.4	214.2	(5.5)	11.4	281.4	1.2	596.5	1,127.6
Exercise of share options/share awards	0.1	3.9	2.3	–	–	–	(1.5)	4.8
Scrip dividends	0.2	(0.2)	–	–	–	–	13.9	13.9
Share options charge and taxation thereon	–	–	–	–	–	–	1.1	1.1
Retained profits for the period	–	–	–	–	–	–	152.3	152.3
Valuation of currency swaps and taxation thereon	–	–	–	(3.0)	–	–	–	(3.0)
Dividends declared	–	–	–	–	–	–	(32.1)	(32.1)
Balance at 30 June 2004	28.7	217.9	(3.2)	8.4	281.4	1.2	730.2	1,264.6

Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) expected to be endorsed by the European Union (EU) and effective (or available for early adoption) at 31 December 2005. Comparative information for the six months ended 30 June 2004 and the year ended 31 December 2004 has been restated on an IFRS basis. For further information see the Basis of preparation policy on page 11. A summary of the more important Group accounting policies is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost and fair value conventions modified by the revaluation of certain fixed assets.

Changes in accounting policy

On 1 January 2005 the Company adopted IFRS. These accounts have been prepared on a consistent basis under applicable IFRS and the effects of this transition reported in accordance with IFRS 1 (Firsttime Adoption of IFRSs).

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 30 June 2005. The results of any subsidiaries sold or acquired are included in the Group income statement up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary are charged to the post acquisition income statement.

Joint arrangements

The Group's share of profits and losses from its investments in joint arrangements is accounted for on a direct basis and is included in the consolidated income statement. The Group's share of its investments' assets and liabilities is accounted for on a directly proportional basis in the consolidated balance sheet.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the separable identifiable net assets acquired. Goodwill arising on acquisition of subsidiaries and businesses is capitalised as an asset.

In accordance with IFRS 3 (Business Combinations), goodwill has been frozen at its net book value as at 1 January 2004 and will not be amortised. Instead, it will be subject to an impairment review, with any impairment losses being recognised immediately in the income statement.

Goodwill arising prior to 31 December 1997, of £32.7m and previously written off against reserves, has not been reinstated.

Property, plant and equipment

Depreciation on property, plant and equipment is provided using the straight line method to write off the cost or valuation less estimated residual value, over the following number of years:

Plant, fixtures and fittings – 3 to 5 years.

Freehold buildings – 50 years.

No depreciation is provided on freehold land.

Leases

Assets financed by means of a finance lease are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on such assets is charged to the income statement in accordance with the accounting policy above over the shorter of the lease term and the asset life. The interest element of payments to leasing companies is calculated on a straight line basis over the lease term and charged to the income statement.

Accounting Policies continued

Amounts payable under operating leases are charged to work in progress or net operating expenses on a straight line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value, after deducting deposits received. Land includes undeveloped land and land under development but excludes land being developed under licence agreements and land option payments (see below). Work in progress comprises direct materials, labour costs, site overheads, associated professional charges and other attributable overheads.

Licensed land prepayments

The Group makes payments when entering into licence agreements for the right to build and sell houses on land owned by third parties. Upon legal completion, the buyer pays the outstanding sales proceeds to the Group. The Group pays the landowner the agreed price of the land. In some instances the Group has guaranteed certain payments at appropriate dates. Where there are timing differences between the contracted payment terms and the profile of legal completions these are shown within current assets or liabilities.

Land options

Payments made to secure purchase option agreements over land are shown as a current asset within receivables and are stated at the lower of cost and net realisable value. Upon exercise, in accordance with the option agreement, the amounts are transferred into inventories.

Revenue recognition

Revenue represents the total sales value of legally completed properties, excluding land sales and part exchange properties (which are included within operating expenses). Revenue and profit on sales are recognised upon legal completion of the title to the customer.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are declared or paid.

Net operating expenses

Net operating expenses represent administration costs incurred by the business, which are written off to the income statement as incurred.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short term cash deposits). The Group routinely utilises short term bank overdraft facilities, which are repayable on demand as an integral part of its cash management policy. As such these are included as a component of net cash and cash equivalents within the cash flow statement. Offset arrangements across Group businesses have been applied to arrive at the net cash and overdraft figures.

Borrowing costs

Interest is written off to the income statement as incurred.

Taxation

Provision is made for current tax on taxable profits for the year. Full provision is made for deferred tax in line with IAS 12 (Income Taxes).

Retirement benefit costs

The Group operates a defined benefit pension scheme, which is now closed to new members. It also has a defined contribution scheme for employees who are not members of the defined benefit scheme. The liability in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the scheme assets, together with adjustments for actuarial gains and losses.

In accordance with IFRS 1, the Group has recognised the pension liability in full as at 1 January 2004. It has applied the requirements of IAS 19 (Employee Benefits) (Revised), recognising expected scheme gains and losses via the income statement and actuarial gains and losses via reserves. This policy is subject to endorsement of IAS 19 (Revised) by the EU.

Payments to the defined contribution scheme are accounted for on an accruals basis. Once the payments have been made, the Group has no further payment obligations.

Financial instruments

The Group uses currency swaps and interest rate swaps to manage financial risk. Interest charges and financial liabilities are stated after taking account of these swaps.

The Group has also entered into cash flow hedges to mitigate exposure to both foreign currency and interest rates on these loans. Cash flow hedges are held at fair value in the balance sheet. Gains and losses on these instruments are taken to reserves until realised. On realisation such gains are reported in the income statement net of related charges.

Share-based payment

Charges for employee services received in exchange for share-based payment have been made for all schemes granted after 7 November 2002 in accordance with IFRS 2 (Share-based Payment).

The fair value of such options has been calculated using the Binomial Option Pricing Model, based upon publicly available market data at the point of grant.

Basis of preparation

EU law (IAS Regulation EC 1606/2002) requires that the next annual consolidated financial statements of the Group, for the year ending 31 December 2005, be prepared in accordance with IFRS adopted for use in the EU (adopted IFRS).

This interim financial information has been prepared on the basis of the recognition and measurement requirements of IFRS in issue that either are endorsed by the EU and effective (or available for early adoption) at 31 December 2005 or are expected to be endorsed and effective (or available for early adoption) at 31 December 2005, the Group's first annual reporting date at which it is required to use adopted IFRS. Based on these adopted and unadopted IFRS, the Directors have made assumptions about the accounting policies expected to be applied, which are as set out above, when the first annual IFRS financial statements are prepared for the year ending 31 December 2005.

In particular, the Directors have assumed that IAS 19 (Employee Benefits) (Revised) issued by the International Accounting Standards Board will be adopted by the EU in sufficient time that it will be available for use in the annual IFRS financial statements for the year ending 31 December 2005.

In addition, the adopted IFRS that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 December 2005 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that period will only be determined finally when the annual consolidated financial statements are prepared for the year ending 31 December 2005.

The figures for the half years to 30 June 2005 and 30 June 2004 are unaudited. The figures included in the income statement for the year to 31 December 2004, the balance sheet at 31 December 2004 and the cash flow statement for the year to 31 December 2004 have been adjusted to comply with IFRS expected to be effective (or available for early adoption) at 31 December 2005. The latest published accounts for the year to 31 December 2004, prepared under UK GAAP, have been delivered to the Registrar of Companies. The report of the Auditors on those accounts was unqualified.

Persimmon issued the restatement of its financial information for 2004 under IFRS on 24 May 2005, including reconciliation of IFRS comparative figures to the latest published accounts. The report of the Auditors on this restatement was unqualified.

Notes

1 Dividends

The final dividend for 2004 of 18.4p (2003: 11.3p) was approved by shareholders during the period and a charge of £53.1m (2003: £32.1m) taken to reserves.

The Directors propose an interim dividend of 12.0p (2004: 9.1p). No charge has yet been made for this dividend in accordance with IAS 10 (Events After the Balance Sheet Date).

2 Reconciliation of Net Cash Flow to Net Debt

	Six months to 30 June 2005 £m	Six months to 30 June 2004 (restated) £m	Year to 31 December 2004 (restated) £m
Increase in net cash and cash equivalents	15.7	32.4	96.7
Decrease in debt and finance leases	2.2	17.0	17.5
Decrease in net debt from cash flows	17.9	49.4	114.2
New finance leases	(0.8)	(0.4)	(0.9)
Non cash flow movements	(2.9)	(4.3)	(8.9)
Decrease in net debt	14.2	44.7	104.4
Net debt at beginning of period	(196.2)	(300.6)	(300.6)
Net debt at end of period	(182.0)	(255.9)	(196.2)

3 Analysis of Net Debt

	30 June 2005 £m	30 June 2004 (restated) £m	31 December 2004 (restated) £m
Cash and cash equivalents	96.1	24.7	84.6
Bank overdrafts	(1.0)	(9.6)	(5.2)
Net cash and cash equivalents	95.1	15.1	79.4
US and UK senior loan notes due within one year	(14.3)	(1.6)	(13.4)
US and UK senior loan notes due after more than one year	(233.0)	(244.9)	(222.5)
Forward currency swaps	(27.3)	(22.1)	(37.4)
Finance leases	(2.5)	(2.4)	(2.3)
Net debt at end of period	(182.0)	(255.9)	(196.2)

4 Taxation

Taxation has been calculated at 30.6% of profit before taxation (six months to 30 June 2004: 30.8% and year ended 31 December 2004: 30.8%). This is the estimated effective tax rate for the year to 31 December 2005.

5 Earnings Per Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders of £162.9m (six months to 30 June 2004: £152.3m and year ended 31 December 2004: £324.3m) by the weighted average number of ordinary shares in issue during the year, excluding those held in the Employee Share Ownership Trust and the Employee Benefit Trust, which are treated as cancelled. The weighted average number of shares is 289,689,694 (30 June 2004: 284,261,574 and 31 December 2004: 285,707,897).

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential 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 year.

The weighted average number of shares so calculated is 291,318,992 (30 June 2004: 287,078,220 and 31 December 2004: 287,530,169).

Transition to IFRS

Reconciliations of profit and equity have been included below to enable a comparison of the 2005 interim figures with those published in the previous financial year.

Reconciliation of Profit

Six months to 30 June 2004

	Previously reported under UK GAAP £m	IFRS 2 Share-based Payment £m	IFRS 3 Business Combinations £m	IAS 2 Inventories £m	IAS 19 Employee Benefits £m	Effect of transition to IFRS £m	Restated under IFRS £m
Revenue	1,036.4	–	–	–	–	–	1,036.4
Cost of sales	(761.1)	–	–	0.7	–	0.7	(760.4)
Gross profit	275.3	–	–	0.7	–	0.7	276.0
Net operating expenses	(45.7)	0.2	5.4	–	0.2	5.8	(39.9)
Profit from operations	229.6	0.2	5.4	0.7	0.2	6.5	236.1
Net finance costs	(14.7)	–	–	(1.8)	–	(1.8)	(16.5)
Profit before tax	214.9	0.2	5.4	(1.1)	0.2	4.7	219.6
Income tax expense	(67.8)	0.2	–	0.3	–	0.5	(67.3)
Profit after tax	147.1	0.4	5.4	(0.8)	0.2	5.2	152.3
Earnings per share							
Basic	51.7p	0.1p	1.9p	(0.3)p	0.1p	1.8p	53.5p
Diluted	51.2p	0.1p	1.9p	(0.3)p	0.1p	1.8p	53.0p

Reconciliation of Profit

Year to 31 December 2004

	Previously reported under UK GAAP £m	IFRS 2 Share-based Payment £m	IFRS 3 Business Combinations £m	IAS 2 Inventories £m	IAS 19 Employee Benefits £m	Effect of transition to IFRS £m	Restated under IFRS £m
Revenue	2,131.3	–	–	–	–	–	2,131.3
Cost of sales	(1,550.8)	–	–	1.4	–	1.4	(1,549.4)
Gross profit	580.5	–	–	1.4	–	1.4	581.9
Net operating expenses	(94.5)	0.3	10.8	–	(0.5)	10.6	(83.9)
Profit from operations	486.0	0.3	10.8	1.4	(0.5)	12.0	498.0
Net finance costs	(26.4)	–	–	(3.6)	–	(3.6)	(30.0)
Profit before tax	459.6	0.3	10.8	(2.2)	(0.5)	8.4	468.0
Income tax expense	(145.1)	0.4	–	0.7	0.3	1.4	(143.7)
Profit after tax	314.5	0.7	10.8	(1.5)	(0.2)	9.8	324.3
Earnings per share							
Basic	110.1p	0.2p	3.8p	(0.5)p	(0.1)p	3.4p	113.5p
Diluted	109.4p	0.2p	3.8p	(0.5)p	(0.1)p	3.4p	112.8p

Note: Full details of the impact of the first time adoption of IFRS for Persimmon were issued on 24 May 2005, and can be found on the Company's website at www.persimmonhomes.com

Transition to IFRS continued

Reconciliation of Equity

As at 31 December 2004

	Previously reported under UK GAAP £m	Opening balance sheet adjustment £m	IAS 19 Employee Benefits £m	IFRS 2 Share-based Payment £m	IAS 39 Financial Instruments £m	Dividend adjustment £m	IFRS 3 Business Combinations £m	IAS 2 Inventories £m	Reclassification £m	Effect of transition to IFRS £m	Restated under IFRS £m
Assets											
Non-current assets											
Intangible assets	171.2	–	–	–	–	–	10.8	–	–	10.8	182.0
Property, plant and equipment	28.2	–	–	–	–	–	–	–	–	–	28.2
Deferred tax assets	–	15.2	3.6	0.9	–	–	–	0.7	2.0	22.4	22.4
	199.4	15.2	3.6	0.9	–	–	10.8	0.7	2.0	33.2	232.6
Current assets											
Inventories	2,003.9	(5.6)	–	–	–	–	–	(5.5)	–	(11.1)	1,992.8
Trade and other receivables	102.3	(3.7)	0.4	–	–	–	–	–	(0.3)	(3.6)	98.7
Cash and cash equivalents	84.6	–	–	–	–	–	–	–	–	–	84.6
	2,190.8	(9.3)	0.4	–	–	–	–	(5.5)	(0.3)	(14.7)	2,176.1
Total assets	2,390.2	5.9	4.0	0.9	–	–	10.8	(4.8)	1.7	18.5	2,408.7
Liabilities											
Non-current liabilities											
Interest bearing loans and liabilities	(264.2)	29.6	–	–	10.8	–	–	–	0.1	40.5	(223.7)
Forward currency swaps	–	(14.7)	–	–	(20.5)	–	–	–	–	(35.2)	(35.2)
Deferred tax liabilities	–	(4.9)	–	–	2.7	–	–	–	–	(2.2)	(2.2)
Retirement benefit obligation	–	(54.3)	(12.0)	–	–	–	–	–	–	(66.3)	(66.3)
Other liabilities	(66.2)	3.5	–	–	–	–	–	1.7	(0.1)	5.1	(61.1)
	(330.4)	(40.8)	(12.0)	–	(7.0)	–	–	1.7	–	(58.1)	(388.5)
Current liabilities											
Trade and other payables	(569.7)	37.2	–	–	–	21.0	–	1.6	(1.6)	58.2	(511.5)
Current tax liabilities	(81.2)	–	–	–	–	–	–	–	–	–	(81.2)
Forward currency swaps	–	(0.2)	–	–	(2.0)	–	–	–	–	(2.2)	(2.2)
Interest bearing loans and liabilities	(21.6)	(0.8)	–	–	2.8	–	–	–	(0.1)	1.9	(19.7)
	(672.5)	36.2	–	–	0.8	21.0	–	1.6	(1.7)	57.9	(614.6)
Total liabilities	(1,002.9)	(4.6)	(12.0)	–	(6.2)	21.0	–	3.3	(1.7)	(0.2)	(1,003.1)
Net assets	1,387.3	1.3	(8.0)	0.9	(6.2)	21.0	10.8	(1.5)	–	18.3	1,405.6
Shareholders' equity											
Ordinary share capital issued	28.9	–	–	–	–	–	–	–	–	–	28.9
Share premium	221.2	–	–	–	–	–	–	–	–	–	221.2
Own shares	(3.2)	–	–	–	–	–	–	–	–	–	(3.2)
Hedge reserve	–	11.4	–	–	(6.2)	–	–	–	–	5.2	5.2
Merger reserve	281.4	–	–	–	–	–	–	–	–	–	281.4
Other reserve	1.2	–	–	–	–	–	–	–	–	–	1.2
Retained earnings	857.8	(10.1)	(8.0)	0.9	–	21.0	10.8	(1.5)	–	13.1	870.9
Total shareholders' equity	1,387.3	1.3	(8.0)	0.9	(6.2)	21.0	10.8	(1.5)	–	18.3	1,405.6

Note: Full details of the impact of the first time adoption of IFRS for Persimmon were issued on 24 May 2005, and can be found on the Company's website at www.persimmonhomes.com

Reconciliation of Equity

As at 30 June 2004

	Previously reported under UK GAAP £m	Opening balance sheet adjustment £m	IAS 19 Employee Benefits £m	IFRS 2 Share-based Payment £m	IAS 39 Financial Instruments £m	Dividend adjustment £m	IFRS 3 Business Combinations £m	IAS 2 Inventories £m	Reclassification £m	Effect of transition to IFRS £m	Restated under IFRS £m
Assets											
Non-current assets											
Intangible assets	176.6	–	–	–	–	–	5.4	–	–	5.4	182.0
Property, plant and equipment	26.7	–	–	–	–	–	–	–	–	–	26.7
Deferred tax assets	–	15.2	–	0.4	–	–	–	0.4	–	16.0	16.0
	203.3	15.2	–	0.4	–	–	5.4	0.4	–	21.4	224.7
Current assets											
Inventories	1,861.2	(5.6)	–	–	–	–	–	(3.0)	–	(8.6)	1,852.6
Trade and other receivables	112.9	(3.7)	0.2	–	–	–	–	–	–	(3.5)	109.4
Cash and cash equivalents	24.7	–	–	–	–	–	–	–	–	–	24.7
	1,998.8	(9.3)	0.2	–	–	–	–	(3.0)	–	(12.1)	1,986.7
Total assets	2,202.1	5.9	0.2	0.4	–	–	5.4	(2.6)	–	9.3	2,211.4
Liabilities											
Non-current liabilities											
Interest bearing loans and liabilities	(280.4)	29.6	–	–	2.8	–	–	–	1.4	33.8	(246.6)
Forward currency swaps	–	(14.7)	–	–	(7.2)	–	–	–	–	(21.9)	(21.9)
Deferred tax liabilities	(1.6)	(4.9)	–	–	1.3	–	–	–	1.6	(2.0)	(3.6)
Retirement benefit obligation	–	(54.3)	–	–	–	–	–	–	–	(54.3)	(54.3)
Other liabilities	(65.2)	3.5	–	–	–	–	–	0.9	(1.4)	3.0	(62.2)
	(347.2)	(40.8)	–	–	(3.1)	–	–	0.9	1.6	(41.4)	(388.6)
Current liabilities											
Trade and other payables	(501.6)	37.2	–	–	–	(5.9)	–	0.9	(2.6)	29.6	(472.0)
Current tax liabilities	(74.1)	–	–	–	–	–	–	–	–	–	(74.1)
Forward currency swaps	–	(0.2)	–	–	–	–	–	–	–	(0.2)	(0.2)
Interest bearing loans and liabilities	(12.2)	(0.8)	–	–	0.1	–	–	–	1.0	0.3	(11.9)
	(587.9)	36.2	–	–	0.1	(5.9)	–	0.9	(1.6)	29.7	(558.2)
Total liabilities	(935.1)	(4.6)	–	–	(3.0)	(5.9)	–	1.8	–	(11.7)	(946.8)
Net assets	1,267.0	1.3	0.2	0.4	(3.0)	(5.9)	5.4	(0.8)	–	(2.4)	1,264.6
Shareholders' equity											
Ordinary share capital issued	28.7	–	–	–	–	–	–	–	–	–	28.7
Share premium	217.9	–	–	–	–	–	–	–	–	–	217.9
Own shares	(3.2)	–	–	–	–	–	–	–	–	–	(3.2)
Hedge reserve	–	11.4	–	–	(3.0)	–	–	–	–	8.4	8.4
Merger reserve	281.4	–	–	–	–	–	–	–	–	–	281.4
Other reserve	1.2	–	–	–	–	–	–	–	–	–	1.2
Retained earnings	741.0	(10.1)	0.2	0.4	–	(5.9)	5.4	(0.8)	–	(10.8)	730.2
Total shareholders' equity	1,267.0	1.3	0.2	0.4	(3.0)	(5.9)	5.4	(0.8)	–	(2.4)	1,264.6

UK GAAP comparative figures as at 30 June 2004 have been restated from those previously published to reflect the adoption of IFRS 38 (Accounting for ESOP trusts) at 31 December 2004.

Note: Full details of the impact of the first time adoption of IFRS for Persimmon were issued on 24 May 2005, and can be found on the Company's website at www.persimmonhomes.com

Transition to IFRS continued

Reconciliation of Equity

As at 1 January 2004

	Previously reported under UK GAAP £m	IAS 19 Employee Benefits £m	IFRS 2 Share-based Payment £m	IAS 39 Financial Instruments £m	Dividend adjustment £m	IAS 2 Inventories £m	Reclassification £m	Effect of transition to IFRS £m	Restated under IFRS £m
Assets									
Non-current assets									
Intangible assets	182.0	–	–	–	–	–	–	–	182.0
Property, plant and equipment	24.1	–	–	–	–	–	–	–	24.1
Deferred tax assets	–	16.3	0.3	–	–	0.3	(1.7)	15.2	15.2
	206.1	16.3	0.3	–	–	0.3	(1.7)	15.2	221.3
Current assets									
Inventories	1,661.2	–	–	–	–	(5.6)	–	(5.6)	1,655.6
Trade and other receivables	112.4	(3.7)	–	–	–	–	–	(3.7)	108.7
Cash and cash equivalents	0.8	–	–	–	–	–	–	–	0.8
	1,774.4	(3.7)	–	–	–	(5.6)	–	(9.3)	1,765.1
Total assets	1,980.5	12.6	0.3	–	–	(5.3)	(1.7)	5.9	1,986.4
Liabilities									
Non-current liabilities									
Interest bearing loans and liabilities	(295.6)	–	–	31.0	–	–	(1.4)	29.6	(266.0)
Forward currency swaps	–	–	–	(14.7)	–	–	–	(14.7)	(14.7)
Deferred tax liabilities	–	–	–	(4.9)	–	–	–	(4.9)	(4.9)
Retirement benefit obligation	–	(54.3)	–	–	–	–	–	(54.3)	(54.3)
Other liabilities	(37.8)	–	–	–	–	2.1	1.4	3.5	(34.3)
	(333.4)	(54.3)	–	11.4	–	2.1	–	(40.8)	(374.2)
Current liabilities									
Trade and other payables	(439.4)	–	–	–	32.1	2.4	2.7	37.2	(402.2)
Current tax liabilities	(61.7)	–	–	–	–	–	–	–	(61.7)
Forward currency swaps	–	–	–	(0.2)	–	–	–	(0.2)	(0.2)
Interest bearing loans and liabilities	(19.7)	–	–	0.2	–	–	(1.0)	(0.8)	(20.5)
	(520.8)	–	–	–	32.1	2.4	1.7	36.2	(484.6)
Total liabilities	(854.2)	(54.3)	–	11.4	32.1	4.5	1.7	(4.6)	(858.8)
Net assets	1,126.3	(41.7)	0.3	11.4	32.1	(0.8)	–	1.3	1,127.6
Shareholders' equity									
Ordinary share capital issued	28.4	–	–	–	–	–	–	–	28.4
Share premium	214.2	–	–	–	–	–	–	–	214.2
Own shares	(5.5)	–	–	–	–	–	–	–	(5.5)
Hedge reserve	–	–	–	11.4	–	–	–	11.4	11.4
Merger reserve	281.4	–	–	–	–	–	–	–	281.4
Other reserve	1.2	–	–	–	–	–	–	–	1.2
Retained earnings	606.6	(41.7)	0.3	–	32.1	(0.8)	–	(10.1)	596.5
Total shareholders' equity	1,126.3	(41.7)	0.3	11.4	32.1	(0.8)	–	1.3	1,127.6

UK GAAP comparative figures as at 1 January 2004 have been restated from those originally published to reflect the adoption of UITF 38 (Accounting for ESOP trusts) at 31 December 2004.

Note: Full details of the impact of the first time adoption of IFRS for Persimmon were issued on 24 May 2005, and can be found on the Company's website at www.persimmonhomes.com

Independent Review Report to Persimmon plc

Introduction

We have been engaged by the Company to review the financial information set out on pages 4 to 16 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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 Listing Rules of the Financial Services Authority. 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 interim report, including the financial information contained therein, is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

As disclosed in the Accounting Policies note to the financial information, the next annual financial statements of the Group will be prepared in accordance with IFRS adopted for use in the European Union.

The accounting policies that have been adopted in preparing the financial information are consistent with those that the Directors currently intend to use in the next annual financial statements. There is, however, a possibility that the Directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRS adopted for use by the European Union. This is because, as disclosed in the Accounting Policies note (Retirement benefit costs), the Directors have anticipated that certain standards, which have yet to be formally adopted for use in the EU, will be so adopted in time to be applicable to the next annual financial statements.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

KPMG Audit Plc

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23 August 2005

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Chris Johnson
John Cassie
Jeff Fairburn
Corinne Gill

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North West Regional Chairman
Yorkshire Regional Chairman
Scotland Regional Chairman
North East Regional Chairman
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Group Development Director
Deputy Chief Executive
Birmingham Regional Chairman
Western Regional Chairman
Central Regional Chairman
Division Finance Director

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Chairman:
Brian Thomson

Shareholder Information

Financial Calendar

Record date for interim dividend entitlement	2 September 2005
Interim dividend payment date	21 October 2005
Trading Update	22 December 2005
Announcement of Preliminary Results	27 February 2006
Annual General Meeting	20 April 2006
Payment of final dividend	21 April 2006

Registrar's Services

Computershare Investor Services PLC, our Registrar, has an internet facility whereby shareholders in Persimmon plc are able to access details of their shareholding subject to passing an identity check. You can access this service on their website at www.computershare.com. The site also includes information on recent trends in our share price.

A telephone share dealing service has been established with Computershare Investor Services PLC, which provides shareholders with a simple way of buying or selling the Company's ordinary shares on the London Stock Exchange. The commission is 1%, subject to a minimum charge of £15. In addition stamp duty, currently 0.5% is payable on purchases. There are no forms to complete and the share price at which you deal will generally be confirmed to you whilst you are still on the telephone. The service is available from 8am to 4.30pm Monday to Friday excluding bank holidays on telephone number 0870 703 0084. Please ensure you have your Shareholder Reference Number (SRN) ready when making the call. The SRN appears on your share certificate. Detailed terms and conditions are available on request; please phone 0870 703 0178.

This is not a recommendation to buy, sell or hold shares in Persimmon plc. If you are unsure of what action to take, contact a financial advisor authorised under the Financial Services and Markets Act 2000. Please note that share values may go down as well as up, which may result in you receiving less than you originally invested.

In so far as this statement constitutes a financial promotion for the share dealing service provided by Computershare Investor Services it has been approved by Computershare Investor Services PLC for the purpose of Section 21(2)(b) of the Financial Services and Markets Act 2000 only. Computershare Investor Services PLC is regulated by the Financial Services Authority.

Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.

ShareGift

Shareholders who hold a small number of shares which may be uneconomic to sell may wish to consider gifting their shares to ShareGift, the charity share donation scheme (registered charity 1052686). ShareGift accumulates shares until they have sufficient to sell and then uses the proceeds to support UK charities. Further details can be obtained from ShareGift on 0207 337 0501, www.ShareGift.org and also from our Registrars.

Persimmon plc Directors

Duncan Davidson Non-Executive Chairman
John White Group Chief Executive
Mike Farley South Division Chief Executive
John Millar North Division Chief Executive
Mike Killoran Group Finance Director
David Bryant Group Development Director

Sir Chips Keswick Non-Executive Director
Hamish Leslie Melville Non-Executive Director
David Thompson Senior Independent Director
Neil Davidson Non-Executive Director
Adam Applegarth Non-Executive Director

Company Information

Group Company Secretary

Neil Francis

Registered Office
Persimmon House
Fullford, York YO19 4FE
Telephone (01904) 642199
Fax (01904) 610014

Company Number
1818486

Auditors
KPMG Audit Plc

Registrars
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 7NH
Telephone 0870 703 0178

Bankers

The Royal Bank of Scotland plc
Lloyds TSB Bank plc
Yorkshire Bank PLC
Barclays Bank PLC
Bank of Scotland
National Westminster Bank plc

Joint Financial Advisors/Stockbrokers

Hoare Govett Ltd (a member of
ABN Amro Group)
Citigroup Global Markets Limited

Solicitors

Mayer, Brown, Rowe & Maw LLP

Information on the Internet www.persimmonhomes.com

Our website contains financial and corporate information and our Corporate Responsibility Report as well as a home finder facility for prospective home buyers.

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