

CHAIRMAN'S STATEMENT



I have great pleasure in announcing another record set of results for Persimmon for the 6 months ended 30 June 2006.

RESULTS

Net pre-tax profits for the period (stated before exceptional reorganisation costs) were £271.5 million an increase of 16% (H1 2005: £235 million). During the period we completed 8,226 units (H1 2005: 5,954) representing an increase of more than 38%. Turnover was £1,550 million (H1 2005: £1,093 million) which is an increase of 42% on the prior half year period. Operating profit was £309.1 million (H1 2005: £251.8 million) an increase of 23%, and earnings per share increased 15% to 64.4p (H1 2005: 56.2p) (both stated before exceptional reorganisation costs).

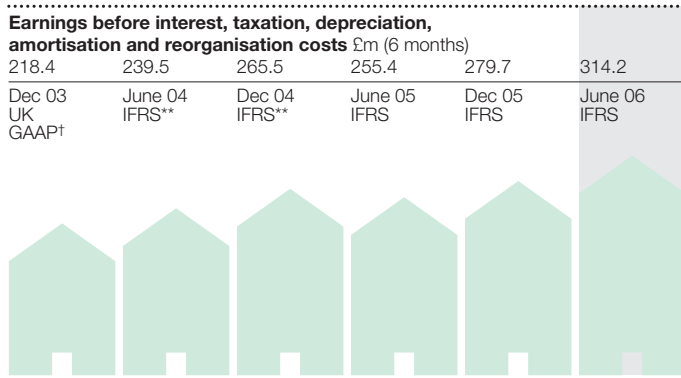
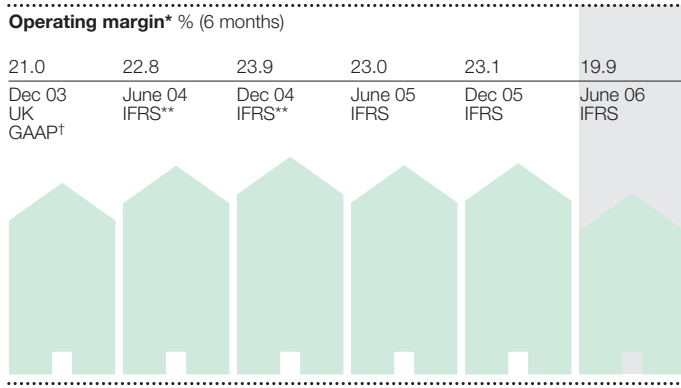
On 17 January 2006 we completed the purchase of Westbury for £664 million (including costs) plus acquired debt of £422 million. The results announced therefore include 5½ months of trading from Westbury. The integration of Westbury has been completed ahead of expectations and the Group is well placed to take advantage of a strong and stable housing market.

I am particularly pleased to report that we have achieved an operating margin on the combined business of 19.9% (before exceptional reorganisation costs) during the period (H1 2005: 23.0%). Despite the expected dilution of Group margin following the Westbury acquisition we continue to achieve margins at the top end of industry levels. Prior to acquisition, Westbury's operating margin was 13.9% and in decline. Our key objective post acquisition was leveraging Persimmon's best practice and purchasing power, and by the half year we had successfully halted the margin decline.

Debt levels were reduced significantly ahead of our original projections at the time of the acquisition. Whilst we made land payments of c. £320 million during the period, we also controlled work in progress tightly and applied strict discipline to our stock levels. By doing so we generated a strong cash inflow from operations of £417 million which delivered £284 million of free cashflow. This reduced gearing to 50% by 30 June 2006, six months ahead of our plans. During the period we also terminated an acquired Westbury Joint Venture arrangement, Wescott. This action reduces future funding costs and gives us greater control benefiting the overall outcome of the developments concerned.

Interest costs increased to £37.6 million (H1 2005: £16.9 million) reflecting the extra debt taken on to fund the acquisition. ROACE was 25.0% compared with 28.8% for the full year of 2005. Interest cover was a comfortable 7.8 times (H1 2005: 14.9 times).

We are increasing the interim dividend in line with underlying earnings growth by 15% to 13.8p per share. This is an expression of our confidence in the success of our latest acquisition and in the future earnings capacity of the Group. The interim dividend will be payable on 20 October 2006 to shareholders on the Register at 1 September 2006.



† Comparatives for 2003 are prepared on previous UK GAAP.

* 2006 figures stated before reorganisation costs, comparatives for 2003 shown before goodwill amortisation.

** Comparatives for 2004 are restated on IFRS GAAP.

As previously reported we took action to integrate Westbury quickly and effectively in order to improve performance going forward. In doing so we rationalised the enlarged business with the closure of 8 offices and c. 550 job reductions. The cost of the reorganisation has largely now been incurred at a one-off cost of c. £15 million. The synergy savings we expect to deliver from the action we have taken will be in excess of £40 million per annum for 2007 and beyond. In addition, by taking swift action we have accelerated the delivery of the savings. For 2006 we originally forecast delivery of c. £25 million of savings, with £5 million realised in the period to 30 June 2006, and the balance during the second half of 2006. In fact we have achieved savings of £10 million to 30 June 2006 and are on course to deliver at least a further £20 million of synergy savings in the second half.

DIVISIONAL SPLIT

During the period we restructured our management teams to ensure that we continue to apply our tried and tested discipline within the enlarged Group whilst maintaining the ability to react quickly to changing market conditions and challenges.

Mike Farley has taken over from me as Group Chief Executive following a very successful period as Divisional Chief Executive of the original South Division. Since his appointment he has overseen the integration of Westbury and the implementation of the new structures with great effect.

We now operate from three geographic divisions each under the control of a Divisional Chief Executive who presides over a Divisional Board. This divisional structure has performed admirably throughout the period and is well set to deliver good results over many years.

The new South Division, whose Chief Executive Nigel Greenaway (age 46) has been with Persimmon since 1986, completed 1,866 units at an average selling price of £192,911 (H1 2005: £186,191). Price per sq ft increased by 4% in the 12 month period. Generally prices have held up well with a reduction in the use of incentives. Margins have not been under as much pressure in this Division as some other areas of the country and they have been maintained at the previous high levels, whilst we continue to sell at good rates.

The new Central Division, whose Chief Executive David Thornton (age 49) has been with Persimmon for 14 years, completed 2,968 units at an average selling price of £168,147 (H1 2005: £169,582). Price per sq ft increased by 3% in the 12 month period. Prices in this Division have generally been stable with some pressure on margins in the north of its area of operation, whilst the Midlands has been patchy. Currently sales rates are quite satisfactory for the time of year.

The new North Division, whose Chief Executive Jeff Fairburn (age 40) has been with Persimmon for 16 years, completed 1,926 units at an average selling price of £169,432 (H1 2005: £167,114). Price per sq ft increased by 1% in the 12 month period. This Division covers Scotland, an area which has continued to trade strongly. The North East of England has firmed up following a more difficult trading period in the second half of last year. Elsewhere in the North the market varies from challenging to stable whilst margins have generally remained firm.

The Charles Church brand completed 1,466 units at an average selling price of £248,731 (H1 2005: £279,014). This reduction in average selling price was planned to accord with our strategy of broadening the product offering and is also below the £250,000 threshold for stamp duty increases. This was mainly due to the impact of a high proportion of Westbury sales particularly in the North West and an increased number of sales in the North generally.

Charles Church volumes achieved in the first half puts us on target to complete c. 3,000 units in a full year, as indicated earlier this year following the Westbury acquisition. The gross profit per plot we have achieved with this brand is at a higher level than that of the Core housing division although the margin is lower. This represents good potential for improvement as we realise better operating efficiencies as volumes increase and national coverage is achieved.

LAND

We have stated many times that land is the essential ingredient for house builders and the attention and emphasis we have placed upon its acquisition and control over many years has been and will continue to be key to our success.

Over recent years our strategy has been to acquire large land opportunities where we saw best value. A number of those acquisitions are now being developed having been carefully master planned over the past 2-3 years. For example, the 78 acre redundant brownfield site at Cape Hill Brewery in Birmingham which we agreed to purchase for £26 million in 2003 now has planning for 836 homes and will generate sales revenue of over £145 million. Development works are well underway and the first release of homes for sale have been reserved very quickly. We anticipate first occupations in September this year. Demand is very strong and we expect the development to continue to produce good volumes and margins for several years.

Similarly, the 97 acre ex Massey Ferguson plant site in Coventry which we agreed to purchase in January 2004 for £22.5 million has been cleared and remediated. Infrastructure works are well advanced and the first homes were offered for sale last month with an excellent response from purchasers. We now have consent for over 650 homes and 36 acres for B1/B2 commercial use at this location. The expected gross revenue for the homes content will be in excess of £105 million and all of the Group's brands will be active on site, Persimmon, Charles Church and Westbury Partnerships.

The Group has a total landbank of 92,156 plots, a c. 5 year supply of which 78,305 plots are owned and under control with a further 13,851 plots where we have agreed terms to purchase and are proceeding to contract. In addition we control 23,210 acres of land in our strategic land portfolio. A large amount of the strategic land acquired with Westbury has excellent potential and we are confident it will provide a significant number of consented plots to our landbank over future years. For example, we recently received a resolution to grant planning consent for over 1,000 homes on an ex Westbury strategic site at Andover and a further c. 120 homes at Salisbury and look forward to bringing a number of other sites on stream during the current year.

Additionally we are currently finalising the planning agreements to develop c. 800 homes in Bridgwater acquired with the Beazer acquisition having promoted this land for development for many years. This shows once again the significant benefits of our past corporate acquisition strategy.

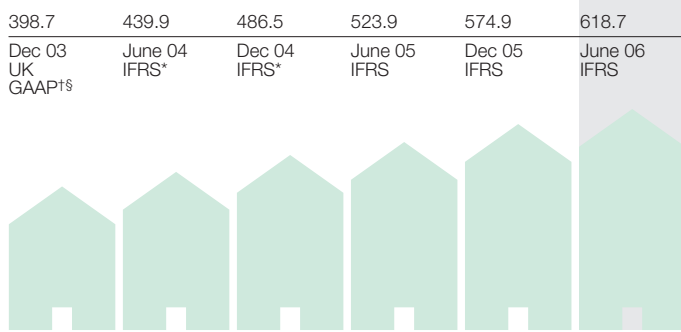
Of course Persimmon also achieves successes on its other existing long term land holdings such as the imminent conclusion of the planning negotiations for c. 630 homes plus 6 hectares of employment use at Old Sarum, Salisbury.

All of these strategic land holdings will be acquired at a discount to open market value under the terms of our legal options therefore ensuring excellent margins and again highlights the benefits of long term strategic planning and investment.

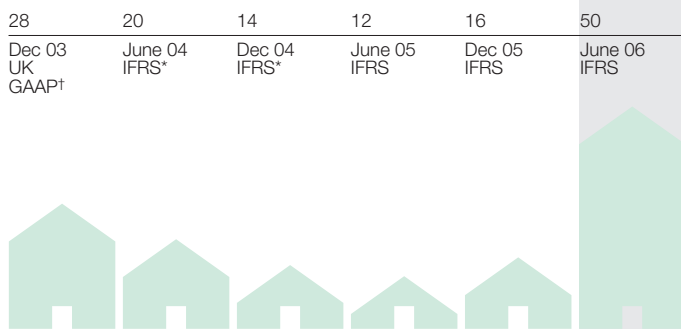
We were also delighted to receive consent for 280 homes at Newcastle-under-Lyme on land which was acquired by Beazer as part of a parcel of land holdings from British Coal and is owned freehold at non-residential values.

Given the restrictive planning regime in the UK, it has been Persimmon's long-held view that in order to compete effectively, provide certainty and give us the flexibility we need to operate in all market conditions, we need to maintain and build a long landbank with a good mix of long and short term land opportunities. This has been one of the cornerstones of our success over the years. Should Government initiatives prove successful in releasing extra volume into the market, we will of course review our strategy and we are confident that Persimmon is in an excellent position to react to any change in regulatory environments.

Net assets per share Pence



Gearing %



† Comparatives for 2003 are prepared on previous UK GAAP.
 * Comparatives for 2004 are restated on IFRS GAAP.
 § Comparatives for 2003 are restated for the effects of UITF 38 (Accounting for ESOP trusts).

SPACE4 AND SOCIAL HOUSING

We are excited by the benefits and opportunities emerging through the Westbury Partnerships and Space4 businesses. We are supporting both these businesses with our Group expertise and procurement strengths. We have given clear direction to both these operations and by working closely together with Housing Associations believe we can offer a solution to some of the affordable housing problems the Government wishes to resolve.

Whilst there is still a way to go, we are pleased with the response we have received to our initiative to provide a Modern Methods of Construction solution to this problem. Already we are working closely on a number of land situations with Housing Associations and associated land owners as well as refining house types to supply the Space4 product to them at acceptable prices. We expect to report further good progress with these initiatives in due course.

OUTLOOK

Visitor levels to our sites remain good whilst volumes of sales reservations and revenues are ahead of last year on a like for like basis. Currently total sales revenues for the year 2006 including completions to date are at an all time high of c. £2.9 billion. In addition, we have c. 120 new outlets planned to open over the next three months at a time when sales volumes usually increase following the summer months. The high level of sales already achieved and the opening of these new outlets puts us in a healthy position to achieve our volume expectations for the full year. We do not however expect to see significant selling price increases above those already realised this year. Therefore we are redoubling our efforts to keep increases in build costs and overheads to a minimum.

We have been encouraged by recent moves by the Government to improve the planning process and we welcome the decision to reconsider the necessity for full implementation of Housing Information Packs. The Bank of England's recent decision to implement a quarter point rise in interest rates, effectively reversing last August's cut, has had no tangible effect on our business or on visitor levels or enquiries. These remain at healthy levels and employment prospects remain good. For the majority of our homebuyers, decisions to move are driven primarily by their family dynamics and therefore we expect this healthy market to be sustainable.

Finally, I thank all our staff, new and old, for all their efforts, particularly over the last few months during the integration period. I have no doubt that thanks to their hard work we have a great platform for further profitable growth.

John White Chairman
22 August 2006