



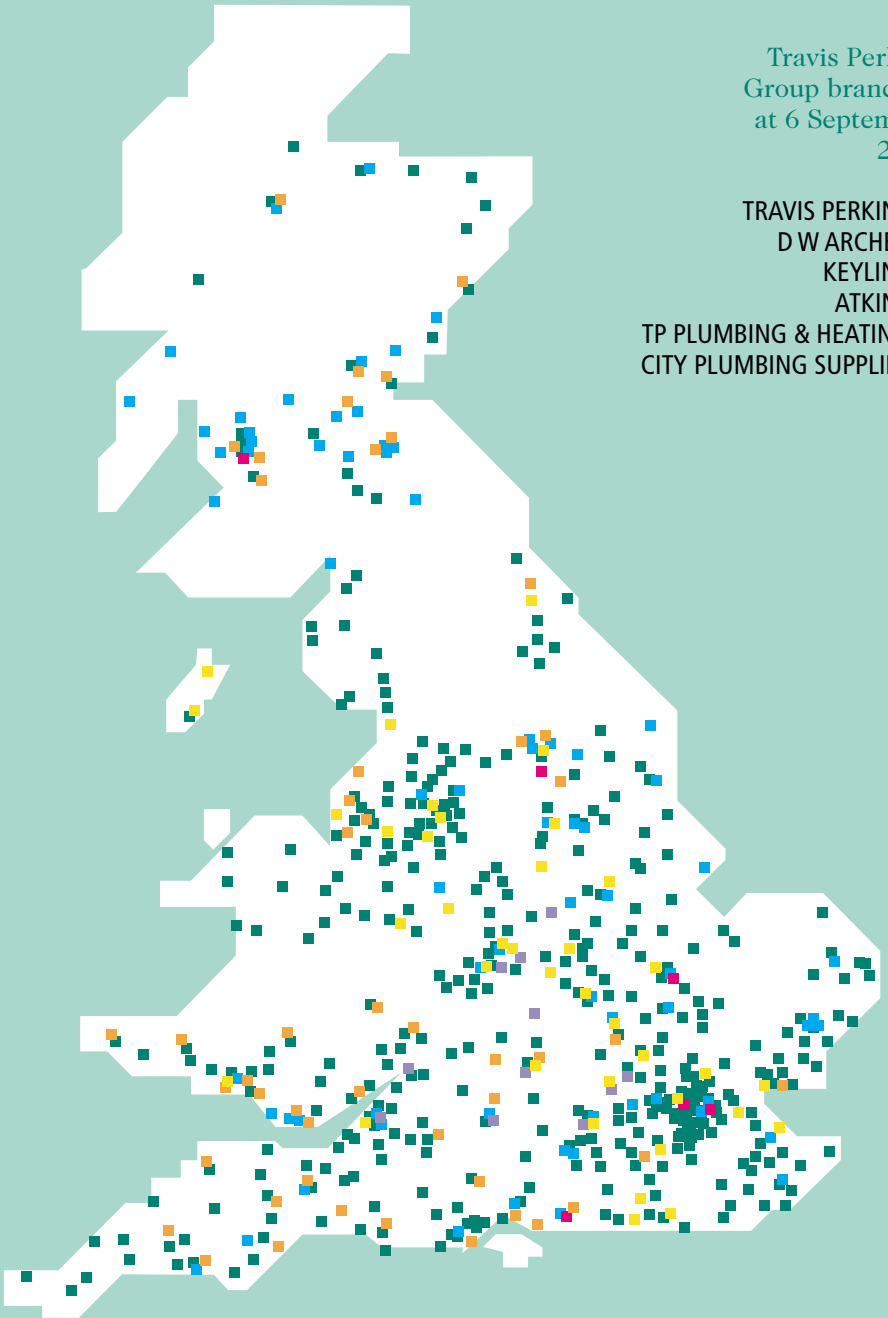
TRAVIS PERKINS PLC
I N T E R I M R E P O R T
2 0 0 2





Travis Perkins
Group branches
at 6 September
2002

- TRAVIS PERKINS ■
- D W ARCHER ■
- KEYLINE ■
- ATKINS ■
- TP PLUMBING & HEATING ■
- CITY PLUMBING SUPPLIES ■





We continue to invest in our delivery fleet.



Financial highlights

£m	Six months to 30 June	
	2002 (Reviewed)	2001 (Reviewed) (Restated)
Turnover	663.8	628.4
Operating profit before amortisation of goodwill	75.6	62.7
Profit before taxation	66.0	52.7
Profit after taxation	43.8	34.6
Total equity shareholders' funds	408.2	376.4
Basic earnings per ordinary share	39.1p	31.2p
Adjusted earnings per ordinary share (before amortisation of goodwill and profit on the sale of properties)	43.5p	35.6p
Dividend per ordinary share	6.1p	5.4p

Turnover up 5.6%

Profit before taxation up 25.2%

Adjusted earnings per share up 22.2%

Dividend per share up 13.0%

Chairman's interim statement



I am pleased to report pre-tax profits for the six months ended 30 June 2002 of £66.0 million, an increase of 25.2 per cent over the £52.7 million earned in 2001.

Basic earnings per share were 39.1 pence, compared with 31.2 pence in 2001, an increase of 25.3 per cent. Adjusted earnings per share (prior to goodwill amortisation and excluding profit from the sale of surplus properties) were 43.5 pence, compared with 35.6 pence in

2001, an increase of 22.2 per cent.

The board has declared an interim dividend of 6.1 pence per share, an increase of 13 per cent on the 2001 interim dividend of 5.4 pence.

Operating cash flows were 10.2 per cent higher than the first half of 2001 at £102.7 million.

Free cash flow, (cash flow before debt repayments, acquisitions and capital expenditure) was £71.9 million, an increase of 5.3 per cent over the £68.3 million generated last year.

The free cash was used to fund capital expenditure and the acquisition of new businesses which together cost £26.8 million.

As a result of borrowings being reduced by £45.1 million in the period to £81 million, gearing at 30 June 2002 fell to 19.8 per cent, compared with 32.6 per cent at 31 December 2001.

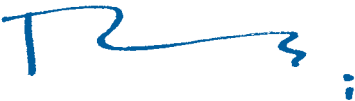
Net interest payable was covered 17.6 times by operating profit before goodwill amortisation compared with 11 times for the first half of 2001.

I announced at the Annual General Meeting in May, the forthcoming retirement of Neil Clarke from our Board at the end of December. Neil, who joined the Board in 1990, is the Group's senior non-executive director as well as Chairman of the Audit Committee and Chairman of the Remuneration and Nominations Committee. Over the last twelve years, a period which has seen great change for the Company, Neil has been a constant source of wise counsel to the Board. His contribution has been greatly valued by his colleagues who

wish him well for the future.

We have reviewed the structure of Board Sub-Committees and I am pleased to announce that Michael Dearden will be Chairing the Audit Committee and Peter Maydon the Remuneration Committee from January 2003. In addition Ted Adams will take over the Chairmanship of the Pension Scheme Trustee Company.

We are pleased with our performance in the first half, achieved against a background of market growth, increased contributions from earlier acquisitions and the positive results of our continuous improvement programmes. While we do not expect the overall market to be as strong in the second half, our focus on acquisitions and organic growth position us well for further progress.



T.E.P. Stevenson
Chairman
6 September 2002

Chief executive's report



RESULTS

Group operating profit before amortisation of goodwill rose 20.6 per cent during the first half to £75.6 million from £62.7 million in the first half of 2001. Sales increased 5.6 per cent to £663.8 million from £628.4 million. Like for like sales were up 4.3 per cent per working day - there were 2 less working days in 2002. Acquisitions contributed growth of 2.9 per cent. Sales benefited from continued investment in acquisitions and greenfield sites as well as in the existing branch network. The return on sales increased to 11.4 per cent from 10.0 per cent as a result of improvements in gross margin and tight control of overheads.

The 101 Keyline branches acquired in June 1999 continue to improve and we have met the 8 per cent return on sales target we set ourselves at the time of the acquisition. Good progress has been achieved by the 38 former Sharpe and Fisher branches and 9 Broombys branches which are all performing ahead of the financial targets set when the businesses were first acquired.

DEVELOPMENTS

Consistent with our growth strategy, 20 new branches were added through acquisitions and greenfield site openings in the half year to 30 June 2002. Of these 15 resulted from acquisitions, the largest being the 6 branch network of Joseph Spark and Son Ltd in the Manchester area. In addition 5 greenfield sites were opened, comprising 2 Plumbing & Heating outlets, 2 general merchant outlets and 1 new insulation centre. Our branch network at 30 June 2002 had increased to 521.

On 1 July we acquired the business of plumbing and heating specialist City Plumbing Supplies for £38.2 million with an estimated £0.8 million of debt, thereby adding a further 48 branches to our total network. This acquisition increases significantly our presence in the plumbing and heating sector. It will complement the TP Plumbing & Heating brand and the sales of these products from our generalist branches. A further 4 acquired branches and 2 greenfield openings have been added since the half year, bringing the present total to 575 branches.

BRANCH IMPROVEMENTS

We continue to invest in our existing branch network and during the half year we completed major redevelopment projects at Mitcham, Crowthorne, Malton, East Kilbride and Preston. Another focus has been the improvement of the lightside trading areas of DW Archer and Keyline branches.

Projects were carried out at all 11 Archer branches to improve the shop areas and introduce a wider range of products. Similar refurbishments were also completed at 15 Keyline branches with the introduction of enhanced ranges of both lightside and timber and forest products. A similar number of projects will be completed at other Keyline branches during the second half of the year. Sales and margins are improving as a result of these initiatives. Additional investment in landscaping centres has proved beneficial, as sales of hard landscaping products grew strongly during the first half. Sales of own brand products also increased at an above average rate, boosted by further expansion of the product range. Investment in new milling machinery continued with improvements to our facilities in the South East which will increase operating efficiencies as well as the availability of prepared timber in our branches.

INFORMATION TECHNOLOGY

Investment in systems has again helped to improve stock, debtor and purchase invoice processing. Our bad debt charge has now been reduced to its lowest percentage in recent years. Automated stock replenishment programmes continue to be expanded and are showing good results, in terms of stock levels and improved sales as a result of increased product availability.

E-commerce investment is focusing on bespoke projects designed to integrate with both customers' and suppliers' own systems thereby reducing the need for manual data entry. While website traffic has increased, actual sales via the internet remain low. By the end of the first half of 2002 over three-quarters of all purchase invoices, and almost one third of purchase orders, were exchanged electronically.

CUSTOMER SERVICE

Our constant aim throughout the company is to improve customer service, and to this end Key Performance Indicator tracking provides information on our progress. Major changes now being made to our point of sale systems will enable us to complete trade counter sales more quickly. We continue to invest in both technology and staff training to ensure the highest standards of service.

HEALTH AND SAFETY

Our policy of recording and analysing all accidents that occur on our premises is proving informative. This has resulted in modifications to our commercial vehicle design and in improved personal protective equipment being issued to staff. During the first half we upgraded the process for inspecting and maintaining wood working machinery and in addition automated the collection and analysis of data from risk management audits. We are confident that these initiatives will lead to further improvements in the health and safety aspects of our operations.

THE ENVIRONMENT

We remain committed to improving our performance on environmental issues and with this in view we have implemented projects to reduce environmental impacts. Volatile organic compound emissions have been further reduced by converting additional plant to aqueous based treatment fluids. In addition we have phased out entirely our use of chromated copper arsenate fluids, in favour of alternatives, which avoid the use of chrome or arsenic based compounds.

In order to reduce our overall consumption of electricity, we have installed automated light switching in selected warehouses and are also further reducing particulate emissions by installing particulate filters on additional commercial vehicles.

We are moving, in conjunction with our suppliers, towards our target of improving the percentage of timber purchased that is certified to recognised standards.

FUTURE EXPANSION

Our proven strategy of expanding in the UK through the acquisition of independent merchants and the opening of greenfield sites continues and, to this end, we have pinpointed gaps in our regional coverage and identified target acquisitions. At the same time our commitment to continuous improvement is enabling us to achieve target returns at additional sites more rapidly than before.

The recent acquisition of City Plumbing Supplies, which marks a significant step in the enlargement of our Plumbing and Heating business, is totally consistent with our stated strategy and provides a strong platform for further growth in this sector. In addition we are developing our specialisations in tool hire, dry lining and insulation, timber and hard landscaping products.

STAFF

On behalf of the board, I would like to express our thanks to all employees for their contribution to a good start to 2002.



F. J. McKay
Chief Executive
6 September 2002

Independent Review Report to Travis Perkins plc

INTRODUCTION

We have been instructed by the company to review the financial information for the six months ended 30 June 2002, which comprises the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, related notes 1 to 8, and the reconciliation of movements in equity shareholders' funds. 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.

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 of the Financial Services Authority, which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained within Bulletin 1999/4 issued by the Auditing Practices Board for use in the UK. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, assessing whether accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with UK Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim 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 2002.

Deloitte & Touche
Chartered Accountants
Birmingham
6 September 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

\$m	Six months 30 June 2002 (Reviewed)	Six months 30 June 2001 Restated (Reviewed)	Year 31 Dec 2001 Restated (Audited)
Turnover	663.8	628.4	1,279.3
Operating profit before amortisation of goodwill	75.6	62.7	129.1
Amortisation of goodwill	(5.4)	(5.2)	(10.5)
Operating profit after amortisation of goodwill	70.2	57.5	118.6
Profit on sale of properties	0.5	0.3	1.4
Profit on ordinary activities before interest and taxation	70.7	57.8	120.0
Net interest payable	(4.3)	(5.7)	(10.7)
Other finance (costs)/income	(0.4)	0.6	1.2
Profit on ordinary activities before taxation	66.0	52.7	110.5
Tax on profit on ordinary activities	(22.2)	(18.1)	(35.5)
Profit on ordinary activities after taxation	43.8	34.6	75.0
Dividends paid and proposed	(6.8)	(6.0)	(19.3)
Retained profit transferred to reserves	37.0	28.6	55.7
Earnings per ordinary share			
Basic	39.1p	31.2p	67.3p
Diluted	38.5p	30.9p	66.7p
Adjusted (before amortisation of goodwill and profit on sale of properties)	43.5p	35.6p	75.5p
Dividend per ordinary share	6.1p	5.4p	17.2p

CONSOLIDATED BALANCE SHEET

£m	As at 30 June 2002 (Reviewed)	As at 30 June 2001 Restated (Reviewed)	As at 31 Dec 2001 Restated (Audited)
Fixed assets			
Tangible assets	237.0	223.9	226.4
Intangible assets - goodwill	187.2	191.2	187.3
Investments	5.0	5.2	4.9
	429.2	420.3	418.6
Current assets			
Stocks	140.6	140.9	132.7
Debtors	230.1	241.5	215.7
Properties held for resale	1.4	1.7	1.8
Cash at bank and in hand	65.9	16.5	37.0
	438.0	400.6	387.2
Creditors: amounts falling due within one year	(334.2)	(299.0)	(287.4)
Net current assets	103.8	101.6	99.8
Total assets less current liabilities	533.0	521.9	518.4
Creditors: amounts falling due after more than one year	(75.0)	(125.0)	(100.0)
Provisions for liabilities and charges	(11.2)	(7.6)	(8.9)
Net assets excluding pension deficit	446.8	389.3	409.5
Pension deficit	(38.6)	(12.9)	(22.7)
Net assets including pension deficit	408.2	376.4	386.8
Capital and reserves			
Called up share capital	11.2	11.2	11.2
Share premium account	62.6	59.8	61.0
Revaluation reserves	31.6	31.4	31.5
Profit and loss account	302.8	272.9	283.1
Total equity shareholders' funds	408.2	375.3	386.8
Minority interests - non equity	-	1.1	-
	408.2	376.4	386.8

The interim financial statement was approved by the board of directors on 6 September 2002.
Signed on behalf of the board of directors.

F.J. McKay
P.N. Hampden Smith } *Directors*

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Six months 30 June 2002 (Reviewed)	Six months 30 June 2001 Restated (Reviewed)	Year 31 Dec 2001 Restated (Audited)
£m			
Profit attributable to shareholders of the company	43.8	34.6	75.0
Actuarial gains and losses recognised in the pension schemes	(23.6)	(22.6)	(43.6)
Deferred tax	6.9	6.5	10.7
Unrealised surplus on revaluation of investment properties	-	-	0.6
Revaluation of property transferred to current assets	-	(0.1)	(0.3)
Total recognised gains and losses relating to the period	27.1	18.4	42.4
Prior period adjustment as a result of FRS 17	-	-	7.9
Prior period adjustment as a result of FRS 19	(7.3)	-	-
Total gains recognised since last report	19.8	18.4	50.3

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RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Six months 30 June 2002 (Reviewed)	Six months 30 June 2001 Restated (Reviewed)	Year 31 Dec 2001 Restated (Audited)
£m			
Equity shareholders' funds at 1 January			
as previously stated	394.1	356.5	356.5
Prior period adjustment as a result of FRS 17	-	7.9	7.9
Prior period adjustment as a result of FRS 19	(7.3)	(5.6)	(5.6)
Equity shareholders' funds at 1 January as restated	386.8	358.8	358.8
Profit attributable to shareholders of the company	43.8	34.6	75.0
Dividends	(6.8)	(6.0)	(19.3)
Retained profit transferred to reserves	37.0	28.6	55.7
New share capital subscribed	1.1	4.1	4.9
Revaluation of property transferred to current assets	-	(0.1)	(0.3)
Unrealised surplus on revaluation of investment properties	-	-	0.6
Actuarial gains and losses	(16.7)	(16.1)	(32.9)
Net increase in shareholders' funds	21.4	16.5	28.0
Equity shareholders' funds at 30 June / 31 December	408.2	375.3	386.8

CONSOLIDATED CASH FLOW STATEMENT

£m	Six months 30 June 2002 (Reviewed)	Six months 30 June 2001 (Reviewed)	Year 31 Dec 2001 (Audited)
Net cash inflow from operating activities	102.7	93.2	166.9
Returns on investments and servicing of finance			
Interest received	0.5	0.1	0.1
Interest paid	(4.1)	(7.5)	(13.5)
Dividends paid to minority interest	-	-	(0.3)
Net cash flow for returns on investments and servicing of finance	(3.6)	(7.4)	(13.7)
Taxation			
UK corporation tax paid	(15.1)	(10.0)	(34.7)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(16.7)	(16.7)	(29.1)
Receipts from sales of tangible fixed assets	1.9	2.0	4.4
Receipts from sales of own shares held	0.1	-	0.5
Net cash outflow for capital expenditure and financial investment	(14.7)	(14.7)	(24.2)
Acquisitions			
Purchase of business undertakings	(12.1)	(11.4)	(15.1)
Net cash acquired with business undertakings	-	0.2	0.1
Purchase of minority interest	-	-	(1.1)
Net cash outflow for acquisitions	(12.1)	(11.2)	(16.1)
Equity dividends paid	(13.2)	(11.6)	(17.8)
Cash inflow before financing	44.0	38.3	60.4
Financing			
Issue of ordinary share capital	1.1	4.1	4.9
Repayment of bank loans	(25.0)	(25.0)	(25.0)
Issue of unsecured loan notes	2.0	-	-
Repayment of unsecured loan notes	(0.1)	(0.9)	(3.3)
Capital element of finance lease rentals	(0.1)	(0.1)	(0.1)
Net cash outflow from financing	(22.1)	(21.9)	(23.5)
Increase in cash in the period	21.9	16.4	36.9

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

During the period the group adopted FRS 19 – Deferred Tax. This has resulted in a restatement of the 31 December 2001 and 30 June 2001 financial statements. In addition, the June 2001 financial statements have been restated to reflect the effect of the group's adoption of FRS 17 in its December 2001 financial statements. Other than stated above, the interim financial statements have been prepared on the basis of the accounting policies set out in the group's statutory accounts for the year ended 31 December 2001.

The financial information for the six months ended 30 June 2002 and 30 June 2001 is unaudited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. This information has been reviewed by Deloitte & Touche, the group's auditors, and a copy of their review report appears on page 9 of this Interim Report.

The financial information for the year ended 31 December 2001 is extracted from the audited accounts for that period, as adjusted for the effect of implementing FRS 19 during 2002. The auditor's report was unqualified and did not contain a statement under s237 (2) or (3) of the Companies Act 1985.

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2 Taxation

The tax charge on ordinary activities for the six months ended 30 June 2002 has been calculated at the rate that it is expected will apply for the year ending 31 December 2002.

3 Earnings per ordinary share

	Six months 30 June 2002	Six months 30 June 2001 Restated	Year 31 Dec 2001 Restated
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Basic earnings per ordinary share are calculated from the following ratio:

Profit on ordinary activities after taxation	<u>£43.8 million</u>	<u>£34.6 million</u>	<u>£75.0 million</u>
Average number of shares in issue	<u>112,090,719</u>	111,114,420	111,454,347

Diluted earnings per ordinary share are calculated from the following ratio:

Profit on ordinary activities after taxation	<u>£43.8 million</u>	<u>£34.6 million</u>	<u>£75.0 million</u>
Average number of shares in issue including outstanding options	<u>113,829,918</u>	112,074,271	112,381,453

Adjusted earnings per share (before amortisation of goodwill and profit on sale of properties) are presented in addition to the basic earnings per ordinary share since, in the opinion of the directors, this presents a better like-for-like comparison of the earnings of the group between the relevant periods.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3 Earnings per ordinary share (continued)

Basic earnings per ordinary share may be reconciled to adjusted earnings per ordinary share as follows:

	Six months 30 June 2002	Six months 30 June 2001 Restated	Year 31 Dec 2001 Restated
Pence			
Adjusted earnings per ordinary share	43.5p	35.6p	75.5p
Amortisation of goodwill	(4.8)p	(4.7)p	(9.4)p
Profit on sale of properties	0.4p	0.3p	1.2p
Basic earnings per ordinary share	39.1p	31.2p	67.3p

4 Dividend per ordinary share

The interim dividend of 6.1 pence per ordinary share will be paid on 1 November 2002 to shareholders on the register on 4 October 2002. The shares will be quoted ex-dividend on 2 October 2002.

5 Reconciliation of operating profit to net cash inflow from operating activities

	Six months 30 June 2002	Six months 30 June 2001 Restated	Year 31 Dec 2001
£m			
Operating profit after amortisation of goodwill	70.2	57.5	118.6
Amortisation of goodwill	5.4	5.2	10.5
Depreciation and other amounts written off fixed assets	10.2	9.1	19.0
Profit on sale of fixed assets	(0.3)	(0.3)	(0.1)
(Increase) / decrease in stocks	(5.6)	1.6	10.8
Increase in debtors	(13.4)	(21.7)	(0.6)
Increase in creditors	36.2	41.8	8.7
Net cash inflow from operating activities	102.7	93.2	166.9

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6 Reconciliation of net cash flow to movement in net debt

£m	Six months 30 June 2002	Six months 30 June 2001	Year 31 Dec 2001
Increase in cash in the period	21.9	16.4	36.9
Cash outflow to repay debt	25.2	25.1	28.4
Non-cash changes	(2.0)	0.9	-
Movement in net debt	45.1	42.4	65.3
Net debt at 1 January	(126.1)	(191.4)	(191.4)
Net debt at 30 June / 31 December	(81.0)	(149.0)	(126.1)

7 Analysis of increase in cash and debt

£m	Six months 30 June 2002	Six months 30 June 2001	Year 31 Dec 2001
Cash at bank and in hand	65.9	16.5	37.0
Bank overdrafts	(7.1)	(0.1)	(0.1)
Bank loans	(125.0)	(150.0)	(150.0)
Finance leases less than 1 year	(0.1)	(0.2)	(0.2)
Unsecured loan notes	(14.7)	(15.2)	(12.8)
Net debt at 30 June / 31 December	(81.0)	(149.0)	(126.1)

8 Post balance sheet event

On 1 July 2002 the company acquired the entire issued share capital of City Plumbing Supplies Holdings Limited for £38.2 million.

OTHER INFORMATION

DIRECTORS

T.E.P. Stevenson CHAIRMAN
F.J. McKay CHIEF EXECUTIVE
P.N. Hampden Smith FINANCE DIRECTOR
J.P. Carter DIRECTOR
J.N. Clarke NON-EXECUTIVE
E.C. Adams NON-EXECUTIVE
M.B. Dearden NON-EXECUTIVE
C.M. Fisher NON-EXECUTIVE
P.J. Maydon NON-EXECUTIVE

COMPANY SECRETARY

A.S. Pike

REGISTERED OFFICE

Lodge Way House, Harlestone Road, Northampton NN5 7UG

PRINCIPAL OPERATING SUBSIDIARIES

The principal operating subsidiaries of the group and their registered offices are:

Travis Perkins Trading Company Limited (Builders merchants)	Lodge Way House, Harlestone Road, Northampton NN5 7UG.
Keyline Builders Merchants Limited (Builders merchants)	Southbank House, 1 Strathkelvin Place, Kirkintilloch, Glasgow G66 1HX.
City Plumbing Supplies Holdings Limited (Plumbers merchants)	47 Endless Street, Salisbury, Wiltshire SP1 3UH.
Travis Perkins (Properties) Limited (Property management company)	Lodge Way House, Harlestone Road, Northampton NN5 7UG.

LOW COST POSTAL DEALING SERVICE

HSBC Stockbrokers offer a low cost dealing service for our shareholders, dedicated to the trading of shares in Travis Perkins plc. Further details may be obtained from the company secretary at the company's registered office.

INTERNET

There are sites on the internet which carry information about the principal brands of the company at the following addresses:

www.travisperkins.co.uk
www.keyline.co.uk
www.tpph.com
www.dwarcher.co.uk
www.toolmart.co.uk
www.cityplumbing.co.uk

These sites include information about all branch locations and allow access to prices of the product range available. Customers are also able to construct their own price quotation which includes any special price arrangements which have been negotiated with the company.

Copies of this Interim Report will be sent to the shareholders and made available to the public at the company's registered office. Further information about the company (including financial information) appears on the internet at: www.travisperkins.co.uk



Travis Perkins, Lodge Way House, Harlestone Road, Northampton, NN5 7UG