

1 August 2007

TRAVIS PERKINS PLC**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

Revenue up 12% to £1,586 m

Like-for-like growth 8.6%, giving LFL gains in trade and retail market share

Operating profit up 12% to £155.5 m

Profit before tax increased by 17% to £128.6 m

*Adjusted basic earnings per share up by 14% to 72.2 p

Basic earnings per share up 20% to 75.7 p

Interim dividend per share increased by 20% from 12.1 p to 14.5 p

	6 months to 30 June 2007 £m	6 months to 30 June 2006 £m	Increase
Revenue	1,585.8	1,411.7	+12.3%
Operating profit	155.5	139.2	+11.7%
Profit before taxation	128.6	110.4	+16.5%
*Adjusted basic earnings per share	72.2p	63.3p	+14.1%
Basic earnings per share	75.7p	63.3p	+19.6%
Interim dividend per share	14.5p	12.1p	+19.8%

*Adjusted basic earnings per share is stated before an exceptional deferred tax credit of £4.3m (2006: £nil) arising from the reduction in the corporation tax rate to 28% (note 5).

Geoff Cooper, Chief Executive, said:

“The performance of the Group in the first half of this year has been strong. We have continued to drive revenue gains and cost savings through our “best practice” programme and further expand our branch networks. These have delivered strongly improved operating profit, profit before tax and earnings per share and have further reduced debt. We continue to gain like-for-like and total market share in both our trade and retail divisions.

“Whilst we remain cautious about market prospects due to the potential impact of increasing interest rates on both new and secondary housing markets and weakening consumer confidence, the strong all-round performance of the Group leaves us confident of further financial progress in the second half year”

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Group Overview

For the six months to 30 June 2007, revenue at £1,585.8 million, was up by 12.3% over the comparable period last year. Group operating profits were up by 11.7% with the Group's operating margin, at 9.8%, slightly ahead of last year on an underlying basis. Profit before tax increased by 16.5% to £128.6 million reflecting lower financing costs. Adjusted basic earnings per share increased by 14.1% to 72.2p, reflecting a slightly higher effective tax rate of 31.6% due to lower property profits. Improved asset utilisation increased our group return on capital employed from 14.4% to 16.4%. Basic earnings per share increased by 19.6% to 75.7p, incorporating the effect of a one off deferred taxation credit equivalent to 3.5p as a result of deferred tax liabilities reversing at a rate of 28% rather than 30% previously.

These results show good progress against all our key performance indicators. The more positive market conditions that we previously identified contributed to the successful performance of the two divisions. However, our specific programmes introduced to improve the performance of our like-for-like estate have been the main driver of these strong results. We continue to gain both like-for-like and total market share in both our trade and retail divisions.

We remain focused on increasing cash flow and have further reduced group net debt from £804 million to £759 million. Our adjusted operating cash flow conversion rate was 114% (note 12). The decrease in group net debt has been achieved despite a tripling of capital expenditure and accelerated store and branch openings. Our overall investment in capital expenditure and acquisitions has increased from £24.8 million to £64.5 million.

We are increasing our interim dividend by 20% to 14.5p, reflecting both our strong current and prospective cash flows, and our progressive dividend policy.

Our pension fund is now in surplus by £1 million, having been in deficit by £81 million at December 2006. This reflects a significant improvement in the funding position primarily due to a 70 basis points increase in the liability discount rate to 5.8% as represented by the yield on the index of AA corporate bonds with a maturity greater than 15 years.

Merchandising

We achieved a consistently strong performance across the four businesses operating under the Travis Perkins brand and the four specialist brands, Keyline, City Plumbing, CCF and Benchmarx.

EBIT in the trade division grew by 14.1%, reflecting from the impact of a significant number of wide ranging best practice projects affecting every major part of our Group. These projects include initiatives to ensure greater consistency of pricing and more effective marketing, refinement of customer relationship management and further cost management activity to boost productivity.

Product availability has improved through the support of our recently established supply chain management team. This, combined with an increased emphasis on sharper definition of core range in branches, has contributed to strong sales growth.

Like-for-like sales per trading day improved by 9.6%, with price inflation representing 7% and volume growth representing 2.6%. The most marked increase in inflation has been in the timber category, representing 19% of our sales, where prices have increased by 14%.

Despite improved buying terms, gross margins declined slightly as a result of market resistance to the abnormally high price increases experienced on known value items. In addition to a continued but lower level of incremental synergy gains from the combination of Travis Perkins and Wickes, our procurement activity in the first half has included an increased investment in global sourcing activity. We maintain a 3-year target of tripling our direct sourcing turnover to £100 million.

Our costs continue to be well controlled with overheads declining as a percentage of sales, a 7.3% increase in productivity per employee and operational gearing gains due to good growth in revenues.

Overall our trade division shows a sector leading EBIT margin of 11.2%, which gained 10 basis points over the comparable period last year.

Retail

Our retail division grew EBIT before property profits of £1.4 million (2006: £4.1 million) by 14.1% and increased like-for-like sales growth ahead of the market. This performance reflected our continued emphasis on improved space utilisation and increased investment in refreshing and selectively adding to our range, together with further initiatives to continue to attract more trade customers. Sales of products related to outdoor projects have been particularly strong. In this period there has been a slow down in “bigger ticket” consumer spend within showrooms, which we believe reflects customer caution following recent interest rate increases. However, despite this slow down we are increasing our market share in this segment.

Overall like-for-like sales showed growth of 6.3%. Core sales have grown by 9.3%, with price inflation at 4.4% and volume growth of 4.9%. On the same basis, showroom sales declined by 7.4%.

Our gross margins also declined slightly over the period, reflecting a negative margin mix from stronger outdoor project and weaker showroom sales and selected price investment in known value items.

Variable overheads declined as a percentage of sales due to productivity growth of 6.8%. Our fixed costs continued to increase as a percentage of sales, but at a lower rate than in previous periods. The high rate of property cost inflation continues to decrease, but our increased rate of store expansion has resulted in some additional one-off costs.

Overall our retail business improved operating margin (before property profits of £1.4m, 2006: £4.1m) from 6.2% to 6.4%, maintaining its sector leading position.

Markets

As we expected, trading conditions in the first half of this year have been strong, boosted by a relatively high rate of product cost and price inflation. We estimate volume growth in the trade and retail market, taken together, to be about 3%. We judge volume in these markets to still be 4% below the levels seen in 2004. The strength of the housing market in the last year has been the primary contributor to the growth in consumption of building materials. However, we have also seen stronger repair, maintenance and improvement activity. Public sector and commercial work has declined slightly.

The overall rate of space expansion in the trade sector is consistent with last year at around 4%, whilst space in the retail sector is growing at 2%.

The trend of high product cost inflation continues, driven by timber shortages and rising energy costs. We are partially offsetting this inflationary pressure through benefits from our procurement programmes and continued efficiency gains.

Development

The group is currently trading from 1,052 branches, an addition of 30 branches in the six-month period. Expansion equates to a 3.7% increase in sales in the period, in line with our medium term objective of adding 4% per annum across our business. We have added new outlets to every one of our nine businesses, through a combination of brownfield openings and acquisitions.

Our largest acquisition was Passmores, a dry lining specialist centred in London, which has now been successfully integrated into our CCF business and has added around 15% to its revenue.

The successful rollout of Benchmarx, our specialist trade joinery brand continues, with 7 branches opened during the period. We expect to have in excess of 20 operating branches by the end of 2007. This new brand, which is only a year old, is already generating over £10 million of turnover from a standing start. Initial customer feedback has confirmed our offer is judged superior to existing providers in this market. We have recently boosted our recruitment activities to support the continued growth of this business.

We continue to expand our retail estate and expect to add around 6% space this year. Our stepped-up branch network expansion programme is on track to open 70 branches this year. We are continuing to grow our estate across all our business brands, investing in all opportunities that meet our investment return criteria. We are not specifically focusing on any single business unit for accelerated growth, as we believe that all have substantial opportunities to increase their footprint.

Overall we expect to end the year with almost 1,100 branches. We are currently building on our already promising pipeline for 2008.

We are making good progress on our strategy of generating value through active management of our property portfolio. Two small property disposals were completed in the first half. We have a number of surplus or relocation sites nearing planning completion. Overall, we maintain our target of generating a consistent level of profit each year from active management of our properties. However, the timing of these profits will, by their nature, be variable during the course of any given year. In 2006, if the second half exceptional property disposal is excluded, they mainly arose in the first half. In contrast, in 2007 a proportionately greater impact is expected in the second half.

Health, Safety and Environment

We remain committed to the maintenance of the highest standards in health and safety. Following substantial reviews in both our Trade and Retail divisions in the last two years, we have established a new group health and safety function and have embarked on a comprehensive programme to establish new procedures, update risk assessments, upgrade facilities, and improve awareness. Accident frequency rates have decreased during the period, although we expect them to show an increase in the immediate future, as improved reporting systems prompt more open reporting of incidents.

We continue to pursue the environmental objectives previously articulated which include; cutting our carbon footprint; decreasing the amount of waste going to landfill; and having zero notifiable environmental incidents across the Group.

People and Organisation

With the entry in to adjacent channels, including the retail market, the Group now comprises nine businesses, four of which operate under the Travis Perkins brand. To support further expansion of these businesses and anticipated development of new channels, we have coalesced our management structure. Joe Mescall, previously Managing Director of Travis Perkins, South East becomes Divisional Chairman, Travis Perkins Brand and Arthur Davidson, previously Managing Director of Keyline, becomes Divisional Chairman of the specialist brands. Together with Jeremy Bird, Managing Director of Wickes, these appointments increase the prominence of our operating businesses at the Group's Executive Committee. Whilst we have strengthened our support functions to build an effective low-cost shared services centre, we maintain our view that the operating businesses and their stores and branches should remain pre-eminent. Directors of central functions will continue to report to Managing Directors at business board meetings, not vice versa.

Outlook

We have performed strongly across all our business units in the first half of this year. We have exceeded both our financial and operational targets. Our performance in March and April was particularly strong.

We remain cautious about the economic climate in the second half of the year as a result of the uncertain interest rate outlook. As previously anticipated our lead indicators are now showing the early signs of a slowing in demand.

Even though we anticipate a slower rate of market growth, we remain in good shape. Robust performance from our like-for-like estate as a result of our self-improvement programmes and continued network expansion, makes us confident of further growth in the second half.

Consolidated income statement

	Six months 30 June 2007 (Reviewed)	Six months 30 June 2006 (Reviewed)	Year 31 Dec 2006 (Audited)
	£m	£m	£m
Revenue	1,585.8	1,411.7	2,848.8
Operating profit (before exceptional property profit)	155.5	139.2	278.0
Exceptional property profit	-	-	11.6
Operating profit	155.5	139.2	289.6
Finance income (note 4)	3.0	1.6	1.9
Finance costs (note 4)	(29.9)	(30.4)	(59.6)
Profit before tax	128.6	110.4	231.9
Tax before exceptional tax credit	(40.7)	(33.9)	(64.9)
Exceptional tax credit	4.3	-	-
Tax (note 5)	(36.4)	(33.9)	(64.9)
Profit for the period	92.2	76.5	167.0
Earnings per share (note 6)			
Basic	75.7p	63.3p	137.9p
Diluted	75.0p	62.8p	136.8p
Proposed dividend per share (note 7)	14.5p	12.1p	25.3p

All results relate to continuing operations.

Statement of recognised income and expense

	Six months 30 June 2007 (Reviewed) £m	Six months 30 June 2006 (Reviewed) £m	Year 31 Dec 2006 (Audited) £m
Actuarial gains on defined benefit pension scheme	75.9	39.6	41.4
Gains on cash flow hedges	5.5	5.0	7.9
Tax on items taken directly to equity	(22.8)	(14.4)	(13.7)
Net income recognised directly in equity	58.6	30.2	35.6
Transferred to income statement on cash flow hedges	(0.9)	(0.6)	(0.6)
Tax on items transferred from equity	(0.2)	(0.2)	0.1
Profit for the period	92.2	76.5	167.0
Total recognised income and expense for the period	149.7	105.9	202.1

Consolidated balance sheet

	As at 30 June 2007 (Reviewed) £m	As at 30 June 2006 (Reviewed) £m	As at 31 Dec 2006 (Audited) £m
ASSETS			
Non-current assets			
Property, plant and equipment	450.1	439.2	426.4
Goodwill	1,296.5	1,279.9	1,282.0
Retirement benefit asset	1.1	-	-
Other intangible assets	162.5	162.5	162.5
Derivative financial instruments	8.5	-	3.8
Investment property	3.9	4.0	3.9
Available-for-sale investments	2.0	-	2.0
Deferred tax asset	-	30.0	24.2
Total non-current assets	1,924.6	1,915.6	1,904.8
Current assets			
Inventories	319.6	270.1	294.4
Trade and other receivables	438.8	393.4	363.8
Derivative financial instruments	1.9	0.3	0.5
Cash and cash equivalents	39.7	130.8	56.3
Total current assets	800.0	794.6	715.0
Total assets	2,724.6	2,710.2	2,619.8

Consolidated balance sheet (continued)

	As at 30 June 2007 (Reviewed) £m	As at 30 June 2006 (Reviewed) £m	As at 31 Dec 2006 (Audited) £m
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	12.2	12.2	12.2
Share premium account	175.7	168.2	172.2
Revaluation reserves	24.7	26.2	25.3
Hedging reserve	8.4	0.7	4.0
Own shares	(7.9)	(8.1)	(7.9)
Accumulated profits	845.4	643.0	727.3
Total equity	1,058.5	842.2	933.1
Non-current liabilities			
Interest bearing loans and borrowings	701.4	965.2	763.6
Derivative financial instruments	43.2	25.4	30.9
Retirement benefit obligation	-	99.9	80.8
Long-term provisions	15.9	11.9	13.1
Deferred tax liabilities	68.6	73.2	71.1
Total non-current liabilities	829.1	1,175.6	959.5
Current liabilities			
Interest bearing loans and borrowings	89.3	2.8	89.2
Unsecured loan notes	7.8	8.0	7.9
Derivative financial instruments	0.3	-	0.2
Trade and other payables	671.1	609.8	565.2
Tax liabilities	35.1	39.2	34.2
Short-term provisions	33.4	32.6	30.5
Total current liabilities	837.0	692.4	727.2
Total liabilities	1,666.1	1,868.0	1,686.7
Total equity and liabilities	2,724.6	2,710.2	2,619.8

The interim financial statements were approved by the board of directors on 31 July 2007.

Signed on behalf of the board of directors.

G. I. Cooper)

P. N. Hampden Smith) *Directors*

Consolidated cash flow statement

	Six months 30 June 2007 (Reviewed) £m	Six months 30 June 2006 (Reviewed) £m	Year 31 Dec 2006 (Audited) £m
Operating profit	155.5	139.2	289.6
Adjustments for:			
Depreciation of property, plant and equipment	27.5	26.9	53.7
Other non cash movements	2.9	1.7	3.8
Gain on disposal of property, plant and equipment	(2.3)	(4.3)	(17.1)
Operating cash flows before movements in working capital	183.6	163.5	330.0
Increase in inventories	(22.7)	(6.0)	(29.7)
Increase in receivables	(68.3)	(67.9)	(38.9)
Increase in payables	103.0	130.8	82.9
Cash payments to the pension scheme in excess of the charge to income statement	(4.4)	(3.3)	(21.0)
Cash generated from operations	191.2	217.1	323.3
Interest paid	(29.0)	(28.9)	(59.8)
Income taxes paid	(37.4)	(28.9)	(57.3)
Net cash from operating activities	124.8	159.3	206.2
Cash flows from investing activities			
Interest received	0.1	0.7	0.8
Acquisition of shares in unit trust	-	-	(2.0)
Proceeds on disposal of property, plant and equipment	2.5	5.1	38.9
Purchases of property, plant and equipment	(49.1)	(21.0)	(50.4)
Acquisition of businesses net of cash acquired	(17.9)	(8.9)	(10.9)
Net cash used in investing activities	(64.4)	(24.1)	(23.6)
Financing activities			
Proceeds from the issue of share capital	3.5	2.7	6.9
Payment of finance lease liabilities	(1.2)	(2.4)	(2.8)
Repayment of unsecured loan notes	(0.1)	(0.2)	(0.3)
Decrease in bank loans	(48.4)	(32.8)	(143.7)
Dividends paid	(30.8)	(27.8)	(42.5)
Net cash used in financing activities	(77.0)	(60.5)	(182.4)
Net (decrease)/increase in cash and cash equivalents	(16.6)	74.7	0.2
Cash and cash equivalents at beginning of period	56.3	56.1	56.1
Cash and cash equivalents at end of period	39.7	130.8	56.3

Notes to the interim financial statements

1 General information and accounting policies

The Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union, and on the historic cost basis, except that derivative financial instruments are stated at their fair value. The Interim Financial Statements include the accounts of the company and all its subsidiaries.

The financial information for the six months ended 30 June 2007 and 30 June 2006 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 LLP, the Group's auditors, and a copy of their review report appears on page 18 of this Interim Report. A copy of the statutory accounts for the year ended 31 December 2006 as prepared under IFRS has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified.

The accounting policies adopted by Travis Perkins plc are set out in the 2006 full year financial statements which are available on the Travis Perkins' web site www.travisperkins.co.uk. These accounting policies have been consistently applied in all the periods presented.

2 Business segments

For management purposes, the Group is currently organised into two operating divisions – Builders Merchants and DIY Retailing. These divisions are the basis on which the Group reports its primary segment information. Segment results include items directly attributable to segments as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses.

Segment information

Six months ended 30 June 2007

	Builders Merchants	DIY Retailing	Eliminations	Consolidated
	£m	£m	£m	£m
Revenue	1,117.6	471.5	(3.3)	1,585.8
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Result				
Segment result	125.5	31.4	-	156.9
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Unallocated corporate expenses				(1.4)
Net finance costs				(26.9)
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Profit before taxation				128.6
Taxation				(36.4)
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Profit for the period				92.2
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Notes to the interim financial statements

2 Business segments (continued)

Six months ended 30 June 2006

	Builders Merchandising £m	DIY Retailing £m	Eliminations £m	Consolidated £m
Revenue	988.3	424.5	(1.1)	1,411.7
Result				
Segment result	110.0	30.4	-	140.4
Unallocated corporate expenses				(1.2)
Net finance costs				(28.8)
Profit before taxation				110.4
Taxation				(33.9)
Profit for the period				76.5

Year ended 31 December 2006

	Builders Merchandising £m	DIY Retailing £m	Eliminations £m	Consolidated £m
Revenue	2,000.3	848.5	-	2,848.8
Result				
Segment result	240.3	54.2	(0.1)	294.4
Unallocated corporate expenses				(4.8)
Net finance costs				(57.7)
Profit before taxation				231.9
Taxation				(64.9)
Profit for the year				167.0

Notes to the interim financial statements

3 Pension scheme

	£m
Gross deficit 1 January 2007	(80.8)
Current service costs	(6.2)
Contributions	10.6
Other finance income	1.6
Actuarial gains	75.9
Gross surplus at 30 June 2007	1.1
Deferred tax liability	(0.3)
Net surplus at 30 June 2007	0.8

4 Finance costs

	Six months 30 June 2007 £m	Six months 30 June 2006 £m	Year 31 Dec 2006 £m
Interest on bank loans and overdrafts*	(28.3)	(28.2)	(55.5)
Interest on unsecured loans	-	-	(0.4)
Interest on obligations under IFRS finance leases	(1.0)	(1.1)	(1.9)
Interest on obligations under UK GAAP finance leases	-	(0.1)	(0.1)
Other finance costs – pension schemes	-	(0.4)	(0.4)
Unwinding of discounts in provisions	(0.5)	(0.6)	(1.1)
Net loss on re-measurement of derivatives at fair value	(0.1)	-	(0.2)
Finance costs	(29.9)	(30.4)	(59.6)
Interest on bank deposits	0.1	0.7	0.8
Net gain on re-measurement of derivatives at fair value	1.3	0.9	1.1
Other finance income – pension schemes	1.6	-	-
Finance income	3.0	1.6	1.9
Net finance costs	(26.9)	(28.8)	(57.7)
*Includes amortisation of issue costs of bank loans	(0.3)	(0.3)	(0.6)

Notes to the interim financial statements

5. Tax

	Six months 30 June 2007 £m	Six months 30 June 2006 £m	Year 31 Dec 2006 £m
Current tax			
UK corporation tax			
- current year	40.0	34.5	62.7
- prior year	-	-	(4.1)
Total current tax charge	40.0	34.5	58.6
Deferred tax			
- current year	(3.6)	(0.6)	2.6
- prior year	-	-	3.7
Total deferred tax	(3.6)	(0.6)	6.3
Total tax charge	36.4	33.9	64.9

Tax for the interim period is charged at 31.6% on profits before tax and property profits (Year to 31 December 2006 31.9%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year. On 26 June 2007 the House of Commons approved the Finance Bill which reduces the UK standard rate of Corporation tax from 30% to 28% with effect from 1 April 2008. The reduction in rate results in an exceptional deferred tax credit of £4.3 million in the current year charge.

6 Earnings per share

a) Basic and diluted earnings per share

	Six months 30 June 2007 £m	Six months 30 June 2006 £m	Year 31 Dec 2006 £m
Earnings			
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	92.2	76.5	167.0
Number of shares			
	No.	No.	No.
Weighted average number of shares for the purposes of basic earnings per share	121,700,084	120,942,231	121,060,158
Dilutive effect of share options on potential shares	1,195,633	896,273	1,054,815
Weighted average number of shares for the purposes of diluted earnings per share	122,895,717	121,838,504	122,114,973

Notes to the interim financial statements**6 Earnings per share (continued)****b) Adjusted earnings per share**

Adjusted earnings per share is calculated by excluding the effect of the exceptional property profit and the exceptional tax credit from earnings.

	Six months 30 June 2007 £m	Six months 30 June 2006 £m	Year 31 Dec 2006 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	92.2	76.5	167.0
Exceptional tax credit	(4.3)	-	-
Exceptional property profits	-	-	(11.6)
Tax on exceptional property profits	-	-	(1.2)
Earnings for adjusted earnings per share	87.9	76.5	154.2
Adjusted basic earnings per share	72.2p	63.3p	127.4p
Adjusted diluted earnings per share	71.5p	62.8p	126.3p

7 Dividends

Amounts were recognised in the financial statements as distributions to equity shareholders in the following periods:

	Six months 30 June 2007 £m	Six months 30 June 2006 £m	Year 31 Dec 2006 £m
Final dividend for the year ended 31 December 2006 of 25.3 pence (2005 23.0 pence) per share	30.8	27.8	27.8
Interim dividend for the year ended 31 December 2006 of 12.1 pence per share	-	-	14.7

The proposed interim dividend of 14.5 pence per ordinary share in respect of the year ending 31 December 2007 was approved by the Board on 26 July 2007 and in accordance with IFRS has not been included as a liability as at 30 June 2007. It will be paid on 2 November 2007 to shareholders on the register on 5 October 2007. The shares will be quoted ex-dividend on 3 October 2007.

Notes to the interim financial statements

8 Borrowings

At 30 June 2007 the Group had the following borrowing facilities available:

	30 June 2007 £m	30 June 2006 £m	31 Dec 2006 £m
Drawn facilities			
US guaranteed senior notes	189.6	231.2	201.0
5 year term loan	227.0	270.0	270.0
5 year revolving credit facility	345.0	460.0	350.0
	761.6	961.2	821.0
Undrawn facilities			
5 year revolving credit facility	355.0	240.0	350.0
Bank overdrafts	25.0	25.0	25.0
	380.0	265.0	375.0

9 Share capital

	Authorised		Allotted	
	No.	£m	No.	£m
Ordinary shares of 10p				
At 1 January 2007	135,000,000	13.5	122,047,994	12.2
Allotted under share option schemes	-	-	299,457	-
At 30 June 2007	135,000,000	13.5	122,347,451	12.2

10 Acquisition of businesses

During the period the Group has acquired 8 companies with 13 branches for a combined value of £17.9 million (after adjusting for cash acquired at the date of acquisition) that resulted in goodwill of £14.5 million.

11 Net debt reconciliation

	30 June 2007 £m	30 June 2006 £m	31 Dec 2006 £m
Net debt at 1 January	(804.4)	(982.4)	(982.4)
(Decrease)/increase in cash and cash equivalents	(16.6)	74.7	0.2
Cash flows from debt	49.7	35.4	146.8
Fair value of derivatives	11.4	27.4	31.6
Decrease in finance charges netted off bank debt	(0.3)	(0.3)	(0.6)
Finance lease surrendered	1.4	-	-
Net debt at 30 June / 31 December	(758.8)	(845.2)	(804.4)

Notes to the interim financial statements

12 Adjusted operating cash flow conversion rate

	30 June	30 June	31 Dec
	2007	2006	2006
	£m	£m	£m
Cash generated from operations	191.2	217.1	323.3
Cash payments to the pension scheme in excess of the charge to income statement	4.4	3.3	21.0
Net replacement capital expenditure	(17.9)	(2.0)	(11.4)
Adjusted operating cash flow	177.7	218.4	332.9
Operating profit (before exceptional property profit)	155.5	139.2	278.0
Adjusted operating cash flow conversion rate	114%	157%	120%

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 2007 which comprises the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense and related notes 1 to 12. 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 Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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 formed.

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 are 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 the guidance contained in Bulletin 1999/4 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 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 International Standards on Auditing (UK and Ireland) 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 2007.

Deloitte & Touche LLP
Chartered Accountants
Birmingham, UK
31 July 2007