TRAVIS PERKINS PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

FINANCIAL HIGHLIGHTS

- Revenue down 13%
- Profit before tax down 27%
- Net debt reduced by £491m (including £300m rights issue) and gearing now 36%
- Free cash flow up 43% at £196m
- Net debt to EBITDA ratio down to 1.7 times
- Industry leading operating margin of 8.7% for Merchanting and 7.2% for Retail

OPERATING HIGHLIGHTS

- Network maintained, with only 3 closures out of 1,223 branches
- Trading tactics adapted successfully to maximise profits and cash
- Overhead reductions ahead of plan with cost base anticipated to be lower by £60m in 2009
- Gross margin erosion limited to 30 basis points
- Strong kitchen-led retail performance

	Six months ended 30 June 2009	**Year-on-year change**	**Six months ended 30 June 2008**
	£m	**%**	**£m**
Revenue	**1,454.2**	**(13.0)**	**1,671.0**
Operating profit	**117.6**	**(24.5)**	**155.8**
Profit before taxation	**90.4**	**(27.4)**	**124.5**
Basic earnings per share	**42.3p**	**(27.8)**	**58.6p**
Interim dividend per share	**-**	**-**	**14.5p**

Geoff Cooper, Chief Executive, commented:

"Although some signs of stability in our markets have appeared recently, there remain short term risks on the downside.

The Group has performed ahead of our expectations in these testing markets conditions. We have cut costs, traded well and generated strong free cash flow. This has produced good operating margins, and together with the strengthening of the balance sheet has significantly reduced net debt.

With strong market positions, attractive services and products, and financial security the Group is well placed to continue to perform ahead of competitors through this recession and to grow its business as longer term market prospects improve".

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INTERIM MANAGEMENT REPORT

GROUP OVERVIEW

Against a background of the most severe recession in our sector for many years, the Group has responded well and achieved results ahead of our plan.

With very tough trading conditions across all our markets, we sought to trade flexibly, with tactics designed to maximise profits and cash and minimise counterparty risk. This has included avoiding absorbing our capacity with low margin business and reducing our exposure to thinly capitalised firms. For the six months to 30 June 2009 revenue at £1,454m was down by 13% compared with the same period last year. Group operating profits were down by 24.5% to £118m with the Group's operating margin at 8.1% against 9.3% last half-year. Profit before tax declined by 27.4% to £90m. Adjusted earnings per share fell by 27.8% to 42.3 pence, partly reflecting a weighted average 3% more shares following the rights issue.

The actions we implemented in 2008 to prepare the Group for the sharp downturn in construction activity in 2009 have served us well. We expect to exceed our original target for cost savings, with the 2009 cost base of the Company now expected to be some £60m lower than in 2008, against an original target of £50m, with additional headcount and distribution savings. These actions, together with initiatives to improve stock ratios and constrain capital expenditure have helped boost cash flow. The Group generated free cash flow of £196m in the first half of 2009, a 43% increase on last year. Overall, including net proceeds from the rights issue of £300m, net debt was reduced to £527m. For covenant purposes net debt was £482m, giving a net debt/EBITDA ratio of 1.7 times and interest cover of 5.5 times. During the period we spent £29m exiting from higher fixed interest rate swap arrangements and have taken out new swaps, bringing our current borrowing cost down to 3.5%.

The gross deficit of the pension scheme increased by £47m to £117m in the 6 months to June. The increase was primarily due to an increase in expected inflation and therefore in pension liabilities.

Whilst these financing ratios have significantly enhanced the Group's financial security, the outlook for our markets remains challenging. Although some signs of stability have appeared recently, there remain risks to the downside. Under these circumstances, the Board proposes not to re-instate the payment of dividends at this stage.

These challenging conditions have put pressure on our operating margins. However, our trading stance and actions on costs have meant that we have been able to report operating margins of 8.7% in Merchanting and 7.2% in Retail, which remain ahead of those of our competitors. We estimate that some 550 of our competitors' branches, representing nearly 5% of the capacity of our sector, have closed so far in this recession. This has boosted the prospects of operators like ourselves who have been able to maintain their branch networks. We have closed only 3 of the network of 1,223 of our branches operating at the beginning of 2009.

MARKETS

In recent months evidence has emerged indicating that some of our markets are beginning to stabilise. Shortly after the outset of this downturn we estimated that volumes in our markets would fall by about 25% and reach a low point in mid 2009 in response to the underlying difficult economic circumstances in the UK. Latest indicators point to an overall trough of 25%, but the trough in merchanting of a little over 30%, will occur a few months later than we forecast whilst the retail trough, of around 15%, occurred in first quarter of this year.

Although the recession has broadly followed our forecasts, there have been a few noteworthy differences from our predictions. The retail DIY market has performed more strongly, boosted by relatively good weather since February. This has particularly benefited sales of seasonally sensitive products, such as outdoor furniture, where our businesses have little market presence. In contrast, trade customers exposed to the 'heavier' end of the market, serving large new construction projects, have suffered more than we forecast. Although an expansion of new work in the public sector has offset some of the decline, the severe and continuing fall in commercial, warehousing and industrial projects has surprised even the most pessimistic commentators. Housing, an important driver of many of our revenue streams, has been stable for a few months and our house-building clients are beginning to open up mothballed sites, having reduced sharply their inventories.

We have also seen in the first half a 'normal' level of price competition for this kind of downturn. However, relatively strong product cost inflation and market participants' desire to protect profits seems to have blunted aggression somewhat. Having cut our costs and capacity sharply before the end of 2008, we have sought to trade flexibly, preferring to protect our gross margin rather than fill our capacity with low margin work.

We entered the year with sales price inflation at around 7%, reflecting manufacturers' desire to recover past cost increases and protect their own profits in the face of falling volumes. Manufacturing capacity reductions helped sustain this relatively high level of inflation for a while, but latterly we have seen the rate of inflation fall. At the half year inflation was running at 4% and we expect this to fall further by the end of 2009.

Whilst signs of stabilisation in some of our markets have been around for a few months now, there remain risks on the downside, although any further weakening of markets is likely to be gradual. The volume of repair and maintenance work, historically less volatile than most segments of our markets, has held up well. However, future trends in this segment are sensitive to activity levels in the housing market and trends in disposable incomes. Housing equity withdrawal provided a strong boost to this segment over the 10 years prior to this recession, and we assume it does not return for the foreseeable future. The lead indicators for activity in heavy construction, outside of the Olympics project, are worrying for all participants in that market. The strong public sector driven spend in that segment is likely to come to a very sharp slowdown within the next two years. We estimate some 6% of our revenue, but a lower proportion of our operating profit, is derived from that segment.

OPERATIONAL PERFORMANCE

Merchanting

Turnover in the merchanting division was down 17.8%, with both general and specialist merchanting falling by a similar amount, Overall EBIT decreased by 32.7% to £83.9m. Like-for-like turnover per trading day was down 18.5%. Although the trend of like for like turnover improved slightly towards the end of the period, this mainly reflected the annualisation of weakening comparatives from the prior year. Cumulatively our volumes were around 30% below the peak of early 2008 by June 2009.

Our general merchanting business, operating in four distinct business units under the Travis Perkins brand took a stance of maximising gross profits through maintaining gross margins in a very competitive trading environment. This was achieved by maximising stock inflation gains as well as improving the mix of business. Supply chain initiatives to cut delivery vehicles resulted in distribution costs decreasing as a percentage of turnover. Similarly, sales per employee increased following the reduction of colleague numbers at the end of 2008.

As with last year, Travis Perkins enjoyed continued success in growing turnover from dedicated public sector supply operations for social housing. We have also targeted and successfully expanded our business with major contractors serving the stronger parts of the construction market such as regulated industries, infrastructure and PFI projects.

We have continued to leverage flexibly our new warehouse facility in Northampton, rationalising the centralisation of Tile distribution from three warehouses to one. In addition, we centralised a number of other products for the first time, most notably doors where we have achieved a significant improvement in availability and, as a consequence, a good uplift in sales. We are also benefiting from our central distribution vehicles backhauling waste to our new central cardboard and plastic recycling operation. This facility will also benefit our future growth in global sourcing and the resultant buying gains.

Our four specialist merchanting businesses, Keyline, CCF, City Plumbing and Benchmarx, have consistently experienced difficult markets both in terms of available volume and in terms of pricing. Whilst the results have been adversely affected by a high bad debt charge in the early part of the year there have been good gains on overhead reduction and working capital improvement through a reduction in stock levels whilst maintaining good availability.

Our actions on our cost base across the merchanting division have helped ensure that our mature branches continue to make a contribution. Apart from the rationalisation of a small number of branches that takes place every year we do not anticipate significant branch closures either this year or in 2010.

Overall, our merchanting division achieved an operating margin of 8.7% over the six-month period, 2% lower than last year. Whilst gross margins were 50 basis points below last year's level due to market pressure on commodity items, overheads as a percentage of sales increased by 220 basis points. The relative increase in overheads came mainly in fixed cost elements such as rent and rates and areas of high inflation such as gas and electricity. Total headcount in the merchanting division at the end of June was 15% lower than at the same point in the prior year.

Retail

In difficult markets, mitigated by the effect of the closure of a competitor at the end of 2008 and a strong Easter, we grew our EBIT by 12.5% whilst turnover fell by 1.8%.

For the first half Wickes like-for-like turnover per trading day was down 2.4% with core products down 5.9% and the kitchen and bathrooms turnover up by 16.6%. Having troughed in the early part of the year at around 15% below peak levels, which occurred in early 2008, volumes have gradually improved throughout the year to be running at the end of June at around 5% below the peak.

The DIY market exhibited its best rates of growth in seasonal and 'soft end' products where we have a relatively lower share, however, Wickes has seen excellent rates of growth in kitchens and other products backed by a strong television advertising campaign, which significantly improved both brand recognition and recognition of the high quality of product we offer.

The television campaign was one element of a radical overhaul of our customer communication strategy, implemented at the end of 2008. This change has also involved introduction of a fully featured product catalogue, increased delivery options for customers, and further rapid growth in our website originated orders. Early evaluation of this campaign has indicated we are achieving high rates of return from the new marketing investments we have made.

Following its acquisition in November 2007 we have continued to grow Tile Giant and are part way through a successful programme to maximise buying synergies for other parts of the Group. Like-for-like turnover for the six months was down 15.2% with an improving trend towards the end of the period. We have added a net 2 outlets during the period, taking the total to 80 at the end of June.

Overall the retail division achieved an operating margin of 7.2%, 90 basis points ahead of last year. Whilst the success of our kitchen sales involved a small investment in margin contributing to a gross margin decline of 90 basis points, our overhead to sales ratio improved by 230 basis points. This has arisen from a number of cost reduction initiatives mainly in the areas of central cost and headcount. Numbers employed at the end of June are 7% lower than at the same point last year with productivity 9% higher than 2008.

ToolStation

Our associate company, ToolStation, traded from 50 stores at 30 June 2009 having opened 17 stores since December 2008 and expanded its central distribution facilities with a new warehouse in Redditch during the period.

Property

We have continued our policy of active management of our property resources, albeit at a reduced scale.

The significant reduction in land values caused by the recession has meant that we have curtailed or suspended many of our projects to release value from our property portfolio since we do not believe we would achieve target values in the present environment. However, we have continued with projects where the particular circumstances of our counterparties have meant that values have been sustained at, or near, our estimates. These have included 9 sale and leaseback transactions with private property investors, yielding £10m of cash and £5m of profit in the period. A further 7 transactions are close to completion, with an expected cash value of £9m. Other sales of properties and property related transactions have yielded proceeds of £4m and profits of £3m in the period.

These transactions have helped us to maintain our ambition of realising up to £20m of cash, with a useful contribution to profit every year for the foreseeable future. Until 2009, some of the cash released from this programme each year was re-invested in property, so as to provide a long-term stream of opportunities. In 2009 we have not sought to make any such investments, in line with our policy of conserving cash and reducing net debt.

HEALTH, SAFETY AND ENVIRONMENT

The very considerable effort, led by the Board's Health and Safety Committee, applied to improving our health and safety ('H&S') performance is beginning to bear fruit. Having radically overhauled our reporting mechanisms and re-written policies and guidance, we re-based our H&S performance statistics in 2007 and 2008 to provide robust data on which to measure progress. H&S investment has been stepped up in our own operating environments and in personal protective equipment, and an increased level of attention,

communication and action is now given to H&S amongst operating management and our colleagues in branches and stores.

In 2009 we have seen improvements in a number of aspects of H&S performance, including lower accident frequency and severity rates, compliance with procedures, correct use of equipment and 'near miss' reporting. However, we believe significant further improvements are necessary and intend to pursue our goal of achieving industry-leading performance in H&S.

The Group continues to develop its trade in low and zero carbon-building products. This has included installing some of these products ourselves – for example, one of our newest branches in Tolworth has opened with part of its electricity requirements being met by solar photovoltaic panels on its roof.

Further capital investment has been directed to improving gas consumption and we expect to see a significant reduction in carbon dioxide emissions from gas heating this coming winter.

We have also invested in vehicle tracking software which has already allowed us to increase the fuel and operational efficiency of our large distribution fleet and we expect greater efficiencies in the second half of 2009.

We have completed the installation of new larger baling equipment at several of our distribution centres and are taking back and recycling waste plastic and cardboard from 98% of our branches.

PEOPLE AND ORGANISATION

With continued pressure on volume through the first half of the year, we monitored closely productivity ratios and flexed our headcount accordingly. Headcount in the merchanting division is now 15% lower than last year and pressure on our people has risen significantly despite lower volumes. Cuts have been made in senior management and central functions as well as in branches.

Our overall structure has been broadly unchanged. One central function has been closed and its responsibilities absorbed into other functions. Building on the success in general merchanting of our initiative to gain market share amongst major contractors, we have embarked on a similar exercise in specialist merchanting. This will be spearheaded by David Stewart, formerly Managing Director of Keyline, who becomes Commercial Director for the specialist merchanting division. Andrew Harrison, having significantly improved the financial performance of Benchmarx in its post-launch phase as its Managing Director, succeeds David as Managing Director of Keyline. Chris Larkin, one of our leading Regional Directors in the general merchanting division, succeeds Andrew as Managing Director of Benchmarx. These moves are further confirmation of the strength in depth of our management resources and the quality of our succession planning.

BALANCE SHEET

In June we raised £300m net of fees via a 7 for 10 rights issue priced at 365p, which represented a discount of 38.5% to our theoretical ex rights price. The rights issue, which was carried out at a point at which we had greater visibility than previously of our markets, enabled us to preserve our attractive financing arrangements, reduce debt and increase headroom over financial covenants whilst improving our position to trade through the recession through increasing our flexibility to operate and invest in core businesses. In addition, it strengthens our competitive and strategic position, which will enable us to exploit recovery potential and expand as conditions improve.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group have been and are expected to remain consistent with those described on pages 34 to 38 of the 2008 Annual Report and Accounts. These risks included Going Concern, Financial Risk Management, Liquidity Risk, Interest Rate Risk, and Capital Risk. The Group's ability to manage those risks has been further strengthened following the rights issue which took place during the first half year. In addition as also explained on pages 34 to 38 of the 2008 Annual Report and Accounts the Group is exposed to Credit Risk, Capital Risk, Tax Risk, Market Conditions, Product Availability and Prices, Human Resources, Information Technology, Legislation, Environmental and Pensions.

OUTLOOK

Although some signs of stability in our markets have appeared recently, there remain risks on the downside. The Group is well positioned to deal with this outlook, and there continue to be signs of stress amongst some competitors.

The housing market, both in terms of new construction and secondary transactions has been stable for some three to four months, housing prospects are further supported by a levelling off in the number of mortgage approvals and a slight firming in house prices. However, activity in the housing market remains severely constrained when measured against historic levels, with people reluctant to take on additional financial commitments and lenders demanding more stringent conditions. Against this background, it is perhaps not surprising that home improvement activity has been stronger than anticipated and that many builders complain about being undercut by their own clients.

Consumer confidence has stabilised somewhat, but lingering concerns remain over 'big-ticket' expenditure and unemployment is still rising. Whilst consumer disposable incomes have been boosted by fiscal measures, consumers remain wary. Retailers offering a strong value-led proposition, such as Wickes Tile Giant and ToolStation, are increasingly attractive in this environment.

We remain of the view that the trough in our markets, albeit a little deeper than we first thought, will have appeared around the middle of this year. We also remain of the view that there will be no significant upturn in construction activity before the end of 2010. There will be variations in segments of the market, with perhaps a slightly rosier outlook for housing but still declining heavy construction market. Repair, Maintenance and Improvement ("RMI") work, our most important and least volatile segment, will remain weak, but is unlikely to decline much further than it has to date. We don't see green shoots, but at least less toxic waste is being spilt on the soil.

It is difficult to judge what might happen beyond 2010. Privately funded new build and RMI work should recover from historically low levels. Given the extremely poor outlook for public sector work, it is to be hoped that any recovery is sufficient to compensate and provide some measure of growth for the market overall.

The Group's trading stance has served it well in these challenging market conditions. We have reduced costs sharply, and continue to do so, where necessary, on a branch-by-branch basis. We have traded tactically to maximise profit and cash. These actions have supported operating margins and enabled us to keep all but a handful of our branches open. Whilst the rate of competitor closures has slowed, we expect the prospect of another tough winter will prove too much for some of the weaker companies operating in our sector.

Our offer is regarded as superior in most of the segments of the market in which we trade. Economic pressures have increased the proportion of business placed purely on price considerations, and whilst our competitiveness is judged to be strong by customers, we have sought to avoid chasing volume at low margin. We are happy in this trading environment, to give up a little market share. As construction activity increases, we expect price sensitivity to become less significant and expect to be able to revert to our medium and long-term trend of out-performing our markets on a like-for-like basis.

With strong market positions, attractive services and products, and financial security we are well placed to continue to perform ahead of competitors through this recession and to grow our business as longer-term market prospects improve.

The Interim Management Report has been prepared solely to provide additional information to shareholders as a body to assess the Group's strategies and the potential for those strategies to succeed, and should not be relied on by any other party for any other purpose.
The Interim Management Report contains forward-looking statements and these statements:

- have been made by Directors in good faith based on the information available to them up to the time of their approval of this report; and
- should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

Condensed consolidated income statement

	Six months ended 30 June 2009 (Reviewed)	Six months ended 30 June 2008 (Reviewed)	Year ended 31 Dec 2008 (Audited)
	£m	£m	£m
Revenue	**1,454.2**	1,671.0	3,178.6
Operating profit before exceptional items	**117.6**	155.8	271.5
Exceptional items	**-**	-	(56.2)
Operating profit after exceptional items	**117.6**	155.8	215.3
Finance income (note 5)	**1.2**	2.8	7.7
Finance costs (note 5)	**(28.4)**	(34.1)	(76.7)
Profit before tax	**90.4**	124.5	146.3
Tax before exceptional tax credit	**(25.3)**	(37.5)	(58.6)
Exceptional tax credit	**-**	-	14.2
Tax (note 6)	**(25.3)**	(37.5)	(44.4)
Profit for the period	**65.1**	87.0	101.9
Earnings per share (note 7)			
`Basic	**42.3p**	58.6p	68.6p
Diluted	**41.0p**	58.2p	67.8p
Total dividend declared per share (note 8)	**-**	14.5p	14.5p

All results relate to continuing operations.

During the second half of 2008 the Group incurred an exceptional charge of £56.2m associated with the severe downturn in the construction market. Throughout the interim accounts the term adjusted has been used to indicate the effect of the exceptional item has been excluded from the disclosure being made.

Condensed consolidated statement of comprehensive income

	Six months ended 30 June 2009 (Reviewed)		Six months ended 30 June 2008 (Reviewed)		Year ended 31 Dec 2008 (Audited)	
	£m	**£m**	£m	£m	£m	£m
Profit for the period		**65.1**		87.0		101.9
Cash flow hedges:						
Gains / (losses) arising during the period	**15.5**		12.6		(17.1)	
Transferred to income statement	**3.0**		(2.1)		(3.6)	
	18.5		10.5		(20.7)	
Actuarial losses on defined benefit pension scheme	**(51.5)**		(33.9)		(70.3)	
	(33.0)		(23.4)		(91.0)	
Unamortised cash flow hedge cancellation payment	**(19.1)**		-		-	
Tax relating to components of other comprehensive income	**14.4**		9.5		19.6	
Other comprehensive loss for the period		**(37.7)**		(13.9)		(71.4)
Total comprehensive income for the period		**27.4**		73.1		30.5

Condensed consolidated statement of changes in equity

	Six months ended 30 June 2009						
	Issued share capital £m	**Share premium account £m**	**Revaluation reserve £m**	**Hedging reserve £m**	**Own shares £m**	**Retained earnings £m**	**Total equity £m**
At 1 January 2009	**12.3**	**179.5**	**23.8**	**(17.8)**	**(83.7)**	**904.1**	**1,018.2**
Profit for the period	-	-	-	-	-	65.1	**65.1**
Cash flow hedges	-	-	-	18.5	-	-	**18.5**
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(51.5)	**(51.5)**
Unamortised cash flow hedge cancellation payment	-	-	-	(19.1)	-	-	**(19.1)**
Tax relating to components of other comprehensive income	-	-	-	-	-	14.4	**14.4**
Total comprehensive income for the period	**-**	**-**	**-**	**(0.6)**	**-**	**28.0**	**27.4**
Issue of shares	8.6	304.9	-	-	-	-	**313.5**
Costs of issuing shares	-	(13.2)	-	-	-	-	**(13.2)**
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	(0.2)	-	-	0.2	**-**
Debit to equity for equity-settled share based payments	-	-	-	-	-	0.1	**0.1**
At 30 June 2009	**20.9**	**471.2**	**23.6**	**(18.4)**	**(83.7)**	**932.4**	**1,346.0**

Condensed consolidated statement of changes in equity (continued)

	Six months ended 30 June 2008						
	Issued share capital £m	Share premium account £m	Revaluation reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 1 January 2008	12.3	178.9	24.2	2.9	(83.7)	902.5	1,036.9
Profit for the period	-	-	-	-	-	87.0	87.0
Cash flow hedges	-	-	-	10.5	-	-	10.5
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(33.9)	(33.9)
Tax relating to components of other comprehensive income	-	-	-	-	-	9.5	9.5
Total comprehensive income for the period	-	-	-	10.5	-	62.6	73.1
Dividend paid	-	-	-	-	-	(35.6)	(35.6)
Issue of share capital	-	0.5	-	-	-	-	0.5
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	(0.2)	-	-	0.2	-
Credit to equity for equity-settled share based payments	-	-	-	-	-	1.6	1.6
At 30 June 2008	12.3	179.4	24.0	13.4	(83.7)	931.3	1,076.5

	Year ended 31 December 2008						
	Issued share capital £m	Share premium account £m	Revaluation reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 1 January 2008	12.3	178.9	24.2	2.9	(83.9)	902.5	1,036.9
Profit for the year	-	-	-	-	-	101.9	101.9
Cash flow hedges	-	-	-	(20.7)	-	-	(20.7)
Actuarial (losses) on defined benefit pension schemes	-	-	-	-	-	(70.3)	(70.3)
Tax relating to components of other comprehensive income	-	-	-	-	-	19.6	19.6
Total comprehensive income for the year	-	-	-	(20.7)	-	51.2	30.5
Dividends paid	-	-	-	-	-	(52.5)	(52.5)
Issue of share capital	-	0.6	-	-	-	-	0.6
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	(0.4)	-	-	0.4	-
Own shares	-	-	-	-	0.2	(0.2)	-
Credit to equity for equity-settled share based payments	-	-	-	-	-	2.7	2.7
At 31 December 2008	12.3	179.5	23.8	(17.8)	(83.7)	904.1	1,018.2

Condensed consolidated balance sheet

	As at 30 June 2009 (Reviewed) £m	As at 30 June 2008 (Reviewed) £m	As at 31 Dec 2008 (Audited) £m
ASSETS			
Non-current assets			
Property, plant and equipment	**509.4**	540.1	534.5
Goodwill	**1,352.6**	1,351.6	1,351.4
Other intangible assets	**162.5**	162.5	162.5
Interest in associates	**28.6**	13.0	19.6
Derivative financial instruments	**35.3**	13.4	80.3
Investment property	**3.4**	3.4	3.4
Available-for-sale investments	**2.0**	2.1	2.0
Deferred tax asset	**32.7**	11.9	19.5
Total non-current assets	**2,126.5**	2,098.0	2,173.2
Current assets			
Inventories	**309.0**	330.8	321.9
Trade and other receivables	**401.3**	486.3	386.2
Derivative financial instruments	**-**	1.0	2.4
Cash and cash equivalents	**278.9**	27.3	7.7
Total current assets	**989.2**	845.4	718.2
Total assets	**3,115.7**	2,943.4	2,891.4

Condensed consolidated balance sheet (continued)

	As at 30 June 2009 (Reviewed) £m	As at 30 June 2008 (Reviewed) £m	As at 31 Dec 2008 (Audited) £m
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	**20.9**	12.3	12.3
Share premium account	**471.2**	179.4	179.5
Revaluation reserve	**23.6**	24.0	23.8
Hedging reserve	**(18.4)**	13.4	(17.8)
Own shares	**(83.7)**	(83.9)	(83.7)
Retained earnings	**932.4**	931.3	904.1
Total equity	**1,346.0**	1,076.5	1,018.2
Non-current liabilities			
Interest bearing loans and borrowings	**764.4**	928.5	1,007.3
Derivative financial instruments	**3.1**	29.2	25.8
Retirement benefit obligation	**116.8**	42.6	69.9
Long-term provisions	**45.2**	18.3	47.8
Deferred tax liabilities	**73.0**	76.2	74.7
Total non-current liabilities	**1,002.5**	1,094.8	1,225.5
Current liabilities			
Interest bearing loans and borrowings	**36.5**	1.8	13.9
Unsecured loan notes	**4.5**	7.6	3.9
Derivative financial instruments	**1.6**	-	-
Trade and other payables	**654.2**	693.2	582.2
Tax liabilities	**28.9**	33.1	9.1
Short-term provisions	**41.5**	36.4	38.6
Total current liabilities	**767.2**	772.1	647.7
Total liabilities	**1,769.7**	1,866.9	1,873.2
Total equity and liabilities	**3,115.7**	2,943.4	2,891.4

The interim financial statements were approved by the board of directors on 29 July 2009.

Signed on behalf of the Board of Directors.

G. I. Cooper
P. N. Hampden Smith } *Directors*

Condensed consolidated cash flow statement

	Six months ended 30 June 2009 (Reviewed) £m	Six months ended 30 June 2008 (Reviewed) £m	Year ended 31 Dec 2008 (Audited) £m
Operating profit	**117.6**	155.8	271.5
Adjustments for:			
Depreciation of property, plant and equipment	**30.1**	31.3	63.0
Other non cash movements	**0.1**	2.6	4.6
Losses of associate	**1.5**	-	1.4
Gain on disposal of property, plant and equipment	**(8.2)**	(3.7)	(6.0)
Operating cash flows before movements in working capital	**141.1**	186.0	334.5
Decrease in inventories	**12.9**	4.7	13.3
(Increase) / decrease in receivables	**(12.5)**	(60.8)	32.3
Increase / (decrease) in payables	**74.7**	106.2	(22.5)
Cash payments on 2008 exceptional items	**(2.5)**	-	(8.5)
Cash payments to the pension scheme in excess of the charge to income statement	**(6.1)**	(4.9)	(11.5)
Cash generated from operations	**207.6**	231.2	337.6
Swaps cancellation payments	**(28.7)**	-	-
Interest paid	**(17.5)**	(31.5)	(63.0)
Income taxes paid	**(6.2)**	(34.4)	(66.0)
Net cash from operating activities	**155.2**	165.3	208.6
Cash flows from investing activities			
Interest received	**0.2**	0.1	0.3
Acquisition of shares in unit trust	**-**	(0.3)	(0.3)
Proceeds on disposal of property, plant and equipment	**11.1**	4.1	14.9
Interest in associate	**(9.5)**	(13.0)	(20.7)
Purchases of property, plant and equipment	**(13.0)**	(69.5)	(97.3)
Acquisition of businesses net of cash acquired	**-**	(23.5)	(22.5)
Net cash used in investing activities	**(11.2)**	(102.1)	(125.6)
Financing activities			
Proceeds from the issue of share capital	**300.3**	0.5	0.6
Bank facility fee	**-**	(9.3)	(14.7)
Payment of finance lease liabilities	**(0.8)**	(1.2)	(2.1)
Repayment of unsecured loan notes	**-**	(7.8)	(11.5)
Decrease in bank loans	**(160.0)**	(8.8)	(33.7)
Dividends paid	**-**	(35.6)	(52.5)
Net cash generated in financing activities	**139.5**	(62.2)	(113.9)
Net increase / (decrease) in cash and cash equivalents	**283.5**	1.0	(30.9)
Cash and cash equivalents at beginning of period	**(4.6)**	26.3	26.3
Cash and cash equivalents at end of period	**278.9**	27.3	(4.6)

Notes to the interim financial statements

1. General information and accounting policies

The Interim Financial Statements have been prepared 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 Group").

Basis of preparation

The financial information for the six months ended 30 June 2009 and 30 June 2008 is unaudited. This information has been reviewed by Deloitte LLP, the Group's auditors, and a copy of their review report appears on page 25 of this interim report. The financial information for the year ended 31 December 2008 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for that year ended 31 December 2008 as prepared under IFRS has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Management is currently of the opinion that the Group's forecasts and projections show that the Group should be able to operate within its banking facilities and comply with its banking covenants. The Group is however exposed to a number of significant risks and uncertainties, which could affect the Group's ability to meet management's forecasts and projections, and hence its ability to meet its banking covenants. The directors believe that the Group has the flexibility to react to changing market conditions and is adequately placed to manage its business risks successfully despite the uncertain economic outlook and challenging macro economic conditions. After making enquiries, the directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the interim financial information.

The accounting policies adopted by Travis Perkins plc are set out in the 2008 full year financial statements, which are available on the Travis Perkins web site www.travisperkinsplc.com. These accounting policies have been consistently applied in all the periods presented except for as described below:

Changes in accounting policy

In the current financial year, the Group has adopted International Financial reporting Standard 8 "Operating Segments and "International Accounting Standard 1 "Presentation of Financial Statements" (revised 2007).

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. As a result, the segmental information required by IAS 34, which is included in note 2, is presented in accordance with IFRS 8. The comparatives have been restated accordingly.

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and the statement of comprehensive income. As a result, a condensed consolidated statement of changes in equity has been included in the primary statements, showing the changes in each component of equity for each period presented.

The following International Financial Reporting Standards were also adopted by the Group in the current financial year, but have had no material impact on the results or disclosures in these accounts:

IFRS 1; First-Time Adoption of IRFSs

IAS27: Consolidation and Separate Financial Statements- Endorsed

IFRS2: Share-Based Payment

IFRS7: Financial Instruments: Disclosures

IAS23: Borrowing Costs

IAS32: Financial Instruments: Presentation

IFRIC 13: Customer Loyalty Programmes

IFRIC 15: Construction of Real Estate

IFRIC 16: Hedges of a Net Investment in a Foreign Operation.

2. Business segments

For management purposes, the Group is currently organised into two operating divisions – Merchanting and Retail. 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. Information regarding the Group's operating segments is reported below. Amounts reported conform to the requirements of IFRS 8.

Segment information

Six months ended 30 June 2009

	Merchanting	Retail	Consolidated
	£m	£m	£m
Revenue	962.2	492.0	**1,454.2**
Result			
Segment result	83.9	35.2	**119.1**
Share of losses of associate			**(1.5)**
Finance costs			**(27.2)**
Profit before taxation			**90.4**
Taxation			**(25.3)**
Profit for the period			**65.1**

Notes to the interim financial statements

2. Business segments (continued)

Six months ended 30 June 2008

	Merchanting	Retail	Consolidated
	£m	£m	£m
Revenue	1,170.0	501.0	1,671.0
Result			
Segment result	124.7	31.3	156.0
Share of losses of associate			(0.2)
Net finance costs			(31.3)
Profit before taxation			124.5
Taxation			(37.5)
Profit for the period			87.0

Year ended 31 December 2008

	Merchanting	Retail	Consolidated
	£m	£m	£m
Revenue	2,237.9	940.7	3,178.6
Result			
Segment result	206.5	10.2	216.7
Share of losses of associate			(1.4)
Net finance costs			(69.0)
Profit before taxation			146.3
Taxation			(44.4)
Profit for the year			101.9

For the purposes of monitoring segment performance the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of cash, investments in associates and tax assets.

Segment	**30 June 2009**	30 June 2008	31 Dec 2008
	£m	£m	£m
Merchanting	**1,218.1**	1.411.8	1,298.5
Retail	**1,356.6**	1,333.1	1,345.6
Unallocated corporate assets	**541.0**	198.5	247.3
Total	**3,115.7**	2,943.4	2,891.4

Notes to the interim financial statements

3. Seasonality

The Group's operations are mainly unaffected by seasonal factors. In 2008, the period to 30 June accounted for 53% of the annual turnover (2007:49.8%).

4. Pension scheme

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 Dec 2008 £m
Gross deficit 1 January	**(69.9)**	(16.0)	(16.0)
Current service costs	**(2.9)**	(4.6)	(8.9)
Contributions	**9.0**	9.5	20.5
Other finance charges	**(1.5)**	2.4	4.8
Actuarial losses	**(51.5)**	(33.9)	(70.3)
Gross deficit at 30 June / 31 December	**(116.8)**	(42.6)	(69.9)
Deferred tax asset	**32.7**	11.9	19.5
Net deficit at 30 June / 31 December	**(84.1)**	(30.7)	(50.4)

Notes to the interim financial statements

5. Finance costs

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 Dec 2008 £m
Interest receivable	**1.2**	-	0.5
Net gain on re-measurement or settlement of derivatives at fair value	**-**	0.4	2.4
Other finance income – pension scheme	**-**	2.4	4.8
Finance income	**1.2**	2.8	7.7
Interest on bank loans and overdrafts	**(13.8)**	(32.1)	(62.4)
Amortisation of issue costs of bank loans	**(1.4)**	(0.5)	(2.2)
Interest on unsecured loans	**-**	-	(0.2)
Interest on obligations under finance leases	**(0.6)**	(0.8)	(1.6)
Cancellation of swaps measured at fair value	**(0.8)**	-	-
Amortisation of cancellation payment for swaps accounted for as cash flow hedges	**(3.6)**	-	-
Unwinding of discounts in provisions	**(1.9)**	(0.7)	(1.6)
Other finance charges – pension scheme	**(1.5)**	-	-
Net loss on re-measurement or settlement of derivatives at fair value	**(4.8)**	-	(8.7)
Finance costs	**(28.4)**	(34.1)	(76.7)
Net finance costs	**(27.2)**	(31.3)	(69.0)

Notes to the interim financial statements

6. Tax

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 Dec 2008 £m
Current tax			
UK corporation tax			
- current year	**26.0**	35.3	42.0
- prior year	**-**	-	(0.6)
Total current tax charge	**26.0**	35.3	41.4
Deferred tax			
- current year	**(0.7)**	2.2	3.1
- prior year	**-**	-	(0.1)
Total deferred tax	**(0.7)**	2.2	3.0
Total tax charge	**25.3**	37.5	44.4

Tax for the interim period is charged at 28% on profits before tax (Year to 31 December 2008 30.3%), representing the best estimate of the corporation tax rate expected for the full financial year.

7. Earnings per share

a) Basic and diluted earnings per share

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 Dec 2008 £m
Earnings			
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent	**65.1**	87.0	101.9
Number of shares	**No.**	No.	No.
Weighted average number of shares for the purposes of basic earnings per share pre-rights issue adjustment	**117,034,434**	116,987,414	117,004,114
Rights issue adjustment	**37,022,193**	31,559,618	31,474,107
Weighted average number of shares for the purposes of basic earnings per share revised	**154,056,627**	148,547,032	148,478,221
Dilutive effect of share options on potential shares	**4,673,830**	905,018	1,715,810
Weighted average number of shares for the purposes of diluted earnings per share	**158,730,457**	149,452,050	150,194,031

Notes to the interim financial statements

7. Earnings per share (continued)

b) Adjusted earnings per share

Adjusted earnings per share is calculated by excluding the effect of the exceptional items in 2008 from earnings.

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 Dec 2008 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent	**65.1**	**87.0**	101.9
Exceptional items	**-**	**-**	56.2
Exceptional tax credit	**-**	**-**	(14.2)
Earnings for adjusted earnings per share	**65.1**	**87.0**	143.9
Adjusted basic earnings per share	**42.3p**	**58.6p**	96.9p
Adjusted diluted earnings per share	**41.0p**	**58.2p**	95.8p

8. Dividends

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

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 Dec 2008 £m
Final dividend for the year ended 31 December 2008 of nil pence (2007 30.4 pence) per share	**-**	35.5	35.5
Interim dividend for the year ended 31 December 2008 of 14.5 pence per share	**-**	-	17.0

Notes to the interim financial statements

9. Borrowings

At 30 June 2009, the Group had the following borrowing facilities available:

	30 June 2009 £m	30 June 2008 £m	31 Dec 2008 £m
Drawn facilities			
US guaranteed senior notes	**262.8**	203.2	311.4
5 year term loan	**525.0**	525.0	525.0
5 year revolving credit facility	**-**	185.0	160.0
Bank overdraft	**-**	-	12.3
	787.8	913.2	1,008.7
Undrawn facilities			
5 year revolving credit facility	**475.0**	290.0	315.0
Bank overdraft	**40.0**	50.0	37.7
	515.0	340.0	352.7

10. Share capital

	Authorised		Allotted	
Ordinary shares of 10p	No.	£m	No.	£m
At 1 January 2009	135,000,000	13.5	122,719,114	12.3
Authorised on rights issue	85,000,000	8.5	-	-
Allotted on rights issue	-	-	85,903,379	8.6
At 30 June 2008	**220,000,000**	**22.0**	**208,622,493**	**20.9**

On 12 June 2009, Travis Perkins plc issued 85,905,379 ordinary shares at an issue price of £3.65 pursuant to a rights issue offering of 7 new shares for every 10 existing shares. The total gross proceeds were £313.5m with issue costs of £13.2m. The issue costs have been charged to the share premium account.

Notes to the interim financial statements

11. Net debt reconciliation

	30 June 2009 £m	30 June 2008 £m	31 Dec 2008 £m
Net debt at 1 January	**(1,017.4)**	(941.0)	(941.0)
Increase / (decrease) in cash and cash equivalents	**283.5**	1.0	(30.9)
Cash flows from debt	**160.8**	17.8	47.3
Change in fair value of derivatives	**48.6**	0.1	(108.2)
(Decrease) / increase in finance charges netted off bank debt	**(1.4)**	8.8	12.5
Finance lease surrendered	**-**	2.7	2.9
Loan notes issued	**(0.6)**	-	-
Net debt at 30 June / 31 December	**(526.5)**	(910.6)	(1,017.4)

12. Non-statutory information

	Six months ended 30 June 2009 £m	Six months ended 30 June 2008 £m	Year ended 31 Dec 2008 £m
a) Gearing			
Net Debt under IFRS	**(526.5)**	(910.6)	(1,017.4)
IAS 17 finance leases	**23.9**	25.1	24.5
Fair value adjustment to debt	**31.6**	(27.9)	80.2
Finance charges netted off bank debt	**(11.1)**	(8.8)	(12.5)
Net debt under covenant calculations	**(482.1)**	(922.2)	(925.2)
Total equity	**1,346.0**	1,076.6	1,018.2
Gearing	**35.8%**	85.7%	90.9%
b) Covenant calculations (rolling 12 months)			
Profit before taxation	**112.2**	257.3	146.3
Net finance costs	**64.9**	62.9	69.0
IFRS adjustments	**(1.6)**	(2.8)	(2.8)
Exceptional items	**56.2**	-	56.2
Adjusted EBIT under covenant calculations	**231.7**	317.4	268.7
Depreciation	**61.8**	60.1	63.0
IFRS Adjustments	**(1.4)**	(1.3)	(1.4)
Adjusted EBITDA under covenant calculations	**292.1**	376.2	330.3
Adjusted Net debt to EBITDA	**1.65x**	2.45x	2.80x
Covenantable net interest payable (rolling 12 months)	**41.9**	62.9	62.1
Interest cover	**5.53x**	5.05x	4.33x

Notes to the interim financial statements

12. Non-statutory information (continued)

c) Adjusted free cash flow	**Six months ended 30 June 2009 £m**	Six months ended 30 June 2008 £m	Year ended 31 Dec 2008 £m
Net debt at 1 January	(1,017.4)	(941.0)	(941.0)
Net debt at 30 June / 31 December	(526.5)	(910.6)	(1,017.4)
Decrease / (increase) in net debt	490.9	30.4	(76.4)
Dividends paid	-	35.6	52.5
Net cash outflow for expansion capital expenditure	5.6	41.3	53.5
Acquisition of businesses net of cash acquired	-	36.5	22.5
Acquisition of shares in unit trust	-	-	0.3
Cash payments on 2008 exceptional items	2.5	-	8.5
Interest in associate	9.5	-	20.7
Proceeds from the issue of share capital	(300.3)	(0.1)	(0.6)
Swap cancellation fees	28.7	-	-
Change in fair value of debt	(48.6)	0.1	108.2
Decrease / (increase) in finance charges netted off bank debt	1.4	(8.8)	(12.5)
Loan notes issued	0.6	-	-
Finance lease surrendered	-	(2.9)	(2.9)
Cash payments to the pension scheme in excess of the charge to income statement	6.1	4.9	11.5
Free cash flow	196.4	137.0	185.3

13. Related party transactions

The Group has a related party relationship with its subsidiaries and with its directors. Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no material related party transactions with directors. The Group has advanced a further £9.5m to its associate company ToolStation Limited. Operating transactions with ToolStation Limited were not significant during the period.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting”;

(b) the Interim Management Report includes a fair review of the information required by DTR 4.2 .7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the Interim Management Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties transactions and changes therein).

By order of the Board

G. I. Cooper	P. N. Hampden Smith
Chief Executive	Finance Director
29 July 2009	

Independent Review Report to Travis Perkins plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the income statement, the statement of comprehensive income, the statement of changes in equity, the balance sheet, the cash flow statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements 2410 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 half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants
Birmingham, UK
29 July 2009