

29 July 2010

TRAVIS PERKINS PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

FINANCIAL HIGHLIGHTS

- Revenue up by 5% to £1,522m
- Adjusted Profit before tax up by 24% to £112m
- Net debt down to £410m, a £103m underlying reduction (Note 12)
- Adjusted Net Debt to EBITDA improved to 1.2 times (Note 13)
- Industry leading operating margin of 7.9%
- Dividend payment resuming with a 5.0p per share interim payout

OPERATING HIGHLIGHTS

- First half result ahead of management's expectations
- Successful launch of organic growth developments in both divisions
- Both divisions increasing market share on a like-for-like basis
- Network expansion resumed on a cautious basis - now up to 1,315 units
- Recommended offer for The BSS Group plc announced 5 July of £658m enterprise value

	Six months ended 30 June 2010	Year-on-year change	Six months ended 30 June 2009
	£m	%	£m
Revenue	1,522.1	4.7	1,454.2
Adjusted operating profit*	120.4	2.4	117.6
Profit before taxation	107.2	18.6	90.4
Adjusted profit before tax*	111.8	23.7	90.4
Adjusted basic earnings per share*	39.6p	(6.4)	42.3p
Basic earnings per share	37.9p	(10.4)	42.3p
Proposed dividend per share	5.0p	-	-

* On 5 July 2010 the Company announced a recommended offer to acquire The BSS Group plc. Adjusted operating profit is stated after adding back an exceptional item of £4.6m relating to the costs incurred in respect of this acquisition. These costs (excluding integration costs) are estimated to total £18m by the year-end, assuming the transaction completes.

Geoff Cooper, Chief Executive, commented:

"We have performed ahead of our expectations in the first half of 2010. We remain determined to further develop our customer propositions via an exciting programme of organic growth initiatives with the aim of stretching our lead over competitors. We continue to see modest market growth following a severe recession, we view the future with confidence."

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INTERIM MANAGEMENT REPORT

GROUP OVERVIEW

In the first six months of 2010 we have experienced a gradual return of confidence in both our performance and prospects, which has led to excellent results, the resumption of dividends and activity to continue the expansion of our Group – most notably through the offer, announced shortly after the period end, to acquire The BSS Group plc (“BSS”).

Over the winter our markets continued to show signs of stabilisation and despite a poor, weather affected, start in January and February the first half-year saw a strong rebound in construction activity, led by a pick up in new house building.

The change in trading conditions prompted us to revert our trading stance to the successful strategies we deployed before the recession. This has meant we are once again out-growing our trade and retail markets on a like-for-like basis, whilst continuing to achieve industry leading operating margins. Better market conditions, and better relative performance from us, have enabled the Group to report profits ahead of our original expectations for the period, despite being behind after only two months of the half-year.

For the six months to 30 June 2010 revenue, at £1,522.1m, was 4.7% up compared with the same period last year. Group adjusted operating profits were up 2.4% to £120.4m, with adjusted profit before tax ahead by 23.7% to £111.8m. Adjusted earnings per share was down 6.4% to 39.6 pence, reflecting a weighted average 30.9% more shares following the rights issue. Over the half-year, the year-on-year trend of monthly profit showed consistent improvement, and this has led the Board to approve payment of an interim dividend of 5.0 pence per share.

Exceptional costs of £4.6m relate to the BSS acquisition and are estimated to total (excluding integration costs) £18m by the year end, assuming completion of the BSS transaction.

The Group's adjusted operating margin fell slightly, at 7.9% against 8.1% last half-year. This reflects higher merchanting operating margins offset by lower retail margins. The rate of year-on-year merchanting gross margin decline has stabilised as competitive conditions have eased. We attribute this to the availability of more construction activity and an approximate 6% reduction in sector capacity since the recession began. Retail gross margins were up by just under 2%.

In view of the change in market conditions, we began to cautiously invest in new capabilities, particularly in retail and also in capacity to support further improvements in our offer and service levels to our customers. Whilst this has increased our overheads, we have seen gains in productivity, and we aim to gain the benefits of operating leverage as volume continues to pick up.

The Group generated adjusted free cash flow of £137.7m in the first half of 2010 and net debt was reduced to £410.5m. For covenant purposes adjusted net debt (note 13) was £336.7m, giving a net debt / EBITDA ratio of 1.19 times. Interest cover was 16.75 times. This lower level of net debt left the Group with significant unused capacity in its banking facilities, and during the period, in agreement with our lenders, we bought in, but did not cancel £84.3m of our £1,000m revolving credit facility in return for a profit of £2.6m, which has benefited our finance charges in the half-year income statement.

The gross deficit of the pension scheme decreased by £6.5m to £36.5m in the 6 months to June. This was assisted by a £34.7m one off pension contribution and other company contributions of £9m which more than mitigated adverse Investment markets and a reduction in the corporate bond rate increasing liabilities in the period

The Group has recommended resuming the payment of dividends based on our prospects, the strong first half trading performance and strong cash generation. Initially we will be basing this off a conservative level of cover with an interim dividend level of 5.0 pence per share. The Group's objective is to grow dividends ahead of earnings to reduce the current level of cover over the medium term until a satisfactory level of dividend cover is attained. The interim dividend will be paid on 15 November to shareholders on the register at close of business on 22 October.

MARKETS

After the significant and rapid falls in construction activity experienced in the first half of 2009, our market stabilised towards the end of that year. From March 2010 onwards we saw a strong rebound in activity and a

reversal in the divergent fortunes of the trade and retail markets. Although the rebound has continued in July, we expect the rate of recovery to moderate.

Given the unprecedented scale and rapidity of the contraction in activity in 2009, it is perhaps no surprise that we have recently seen a sharp year-on-year increase in activity. Against the historic levels of new building and repair works, the market has only progressed from appalling in 2009 to miserable now. However, the current low level of activity on this perspective still represents a significant gain in market volume from the troughs of last year. Since activity is still some way off peak levels, we expect further growth, albeit gradual.

Significant uncertainties remain, and we expect any recovery to be uneven and gradual. Public sector new construction, which we estimate represents less than 10% of our revenue, is certain to come under considerable pressure – but with the full effect probably not emerging until the second half of next year. New house building, from which we estimate we now derive 17% of our revenue, is unlikely to continue the very strong rate of growth seen in this first half which was spurred on by house builders opening mothballed sites to re-build their inventories. Indeed, recent lead indicators suggest new house building activity is likely to slow in the second half-year. However, we expect the difficulties with mortgage availability and low consumer confidence are only likely to dent the second half rate of gain over the very low levels of building in 2009, rather than produce another contraction.

Against these more volatile segments of our market, we expect to see a continuation of the gradual recovery in the more resilient repair, maintenance and improvement (“RMI”) sector. The RMI sector, which we estimate represents some 70% of our revenue, is driven by a range of diverse factors, including consumer and corporate confidence, public sector budgets and activity in the secondary housing market. Whilst signals here are mixed, once again activity levels could remain low on an historic perspective, and yet still show significant improvement over 2009.

Commercial and industrial markets, which represent less than 10% of our turnover, and have the greatest impact on our Specialist merchanting business, were relatively weak during the period.

Materials for RMI work are purchased by both consumers and tradesmen. Both types of customer use our retail and merchanting outlets, but consumers are much more strongly represented in Wickes, Tile Giant and ToolStation, our retail brands.

In 2009, we were pleasantly surprised by the shallow trough experienced in the retail market, where we had expected a much larger fall in volume. The fall in private individuals’ property costs and lower than expected unemployment no doubt helped consumers considerably, with an increase in funds available to them after spend on non-discretionary items. With the rate of VAT returning to 17.5% on 1 January 2010, the strong market trends seen as 2009 closed were rapidly reversed as we came into 2010. The hike in VAT also seemed to signal a change of sentiment amongst consumers, and it was this, together with poor weather through until March caused a number of lost days trading and meant that the retail market started the year poorly.

Although market trends improved in the second quarter, retail volumes were down overall for the first half-year compared to last year. In 2010, with no further interest rate reductions available to cushion consumers from the effect of continued high inflation, the retail DIY market has contracted, in contrast to the bounce back in activity in the trade market. With price inflation running at about 3.4%, we estimate retail market volume is down by about 3% over the first half of 2009.

In contrast, the trade market, which had a much worse time last year benefited from the recovery in housing noted above, and grew by an estimated 5.0%. With price inflation of 2.8%, volumes were up by 2.6%. RMI volumes in the trade market were also ahead, reflecting a recovery in the use of tradesmen for RMI work, who are typically used by corporates and public sector clients, and for more demanding and larger projects.

We continue to see a slight contraction in sector capacity, with competitors announcing a few branch closures each month, most of which have come from publicly owned networks. Independent merchants have generally performed relatively better through the recession due to their strong customer relationships and an injection of cash from lower working capital.

OPERATIONAL PERFORMANCE

Merchanting

Turnover in the merchanting division was up 6.0%. Overall earnings before interest and taxation (“EBIT”) increased by 13.6% to £95.3m. Like-for-like turnover per trading day was up by 5.4%. The trend of like-for-like turnover in the last two months has been strong, at 10.4%.

Our general merchanting business, operating in four distinct business units under the Travis Perkins brand implemented a number of improvements to our service to builders, with increased product availability, and better ranges in branches which are more adapted to local market requirements. Travis Perkins also expanded its sales resources under a restructured sales organisation and invested in new technology to support sales activity. Further contract wins have been achieved in the local authority and social landlord stores market. We have seen good growth in both fleeted and re-hire toolhire business with recent improved demand for larger plant and site accommodation. These initiatives have contributed to gains in market share, and we are once again out-growing the market on a like-for-like basis, against both national and independent merchants.

We have continued to leverage flexibly our new warehouse facility in Northampton, centralising the distribution of more products to increase product availability, improve gross margin and support our expansion of direct sourcing. The success of our work here has led us to expand our central warehouse facilities, and we have taken an assignment of a lease on a further large (491,000sq ft) warehouse near our existing facilities in Northampton. The expansion of supply chain capacity boosts gross margin via increased product centralisation and expansion of our direct sourcing activities. We are targeting \$100m of purchases of directly sourced products, and aim to expand further to strengthen our ability to withstand market pressures on gross margin.

Our four specialist merchanting businesses, Keyline, CCF, City Plumbing and Benchmarx, have also experienced a recovery in their markets and have all grown their revenues on a like-for-like basis in the first half-year. Keyline and CCF have both benefited from the new housing recovery, but are still experiencing falling volumes from large commercial construction projects. Whilst the performance of both businesses continued to improve as the period closed, CCF, with its greater exposure to commercial projects is having a tougher time. In contrast, City Plumbing has enjoyed strong volumes, partly boosted by the boiler scrappage scheme, whilst the progress of Benchmarx in the trade kitchen market has accelerated. We continue to exploit customer dissatisfaction with the longer-standing merchants in this market, and have achieved exceptionally strong like-for-like sales growth. Benchmarx has generated profit in recent months, and we expect its growing awareness amongst small specialist joiners to support further profitable market share gains.

There has been no significant network growth although smaller Benchmarx units have been successfully implanted into a number of Travis Perkins and Keyline branches, and similarly the rollout of City Heating Spares has commenced in the City Plumbing branches.

Overall, our merchanting division achieved an operating margin of 9.3% over the six-month period, 0.6% higher than last year. Whilst gross margins were 30 basis points below last year's level due to market pressure on commodity items, overheads as a percentage of sales decreased by 90 basis points (including 30 basis points relating to increased property profits). Total headcount in the merchanting division at the end of June was 2% higher than at the same point in the prior year.

Retail

Against the unpromising market background we continued to take share on a like-for-like basis and a number of improvements in our proposition delivered good sales growth.

For the first half Wickes overall revenue increased by 1.7%. Like-for-like turnover per trading day was down 0.5% with core products down 3.3% and kitchen and bathrooms ("K&B") turnover up by 11.6%. This strong performance in K&B (representing around 22% of Wickes' turnover) reflects the cumulative impact of a number of initiatives taken by us, including our effective advertising campaign and introduction of new bathroom ranges. It has, however, become evident in recent weeks that the market for such big ticket items has become more difficult and this is reflected in our first quarter K&B sales growth, which was significantly ahead of K&B sales growth in the second quarter.

We also enjoyed success with initiatives in core products, including a new paint range, and expansion of our multi-channel range, where we now offer all products, including so-called "big and bulky" products, on a next day delivery. These core product initiatives were only feasible with support from essential group functions such as Supply Chain that have been formed with a combination of skills from both retail and merchanting disciplines. We believe this gives us unique advantages in the building materials market, and aim to continuously improve our propositions in both markets to introduce enhancements that competitors without this combination of skills will find difficult to replicate.

Consistent with our view of market influences, those of our stores with a greater proportion of trade customers shared greater market out performance than those with more consumer orientated, retail customers.

We have added 3 Wickes stand alone kitchen and bathroom stores in the first half and plan a further 2 in the second half.

Following its acquisition in November 2007 we have continued to grow Tile Giant and take market share, on both a total and a like-for-like basis. Like-for-like turnover for the six months was up 3.5%. We have added 6 outlets during the period, taking the total to 92 at the end of June.

The momentum built up by our retail initiatives and store expansion over the last two years has meant we have grown our market share in gross terms, and also outperformed the market on a like-for-like basis during the first half year. Apart from a brief bout of market madness just before Easter, competitive conditions have remained tough but rational. Whilst the occasional amnesia inspired promotional campaign might be expected from time to time, the strength of our propositions continues to ensure we can outperform the market on a long run basis.

Overall the retail division achieved an operating margin of 5.2%, 2.0% lower than last year, reflecting the fall in volume, with our revenue from our initiatives unable to completely compensate for the contraction in the market. In addition margin was diluted slightly from the launch cost of our initiatives, which increased market share and are back on track to deliver a good cash payback.

ToolStation

Our associate company, ToolStation, also outperformed its peers in the multi-channel sphere, with like-for-like sales growing by 50%. ToolStation traded from 66 stores at 30 June 2010 having opened 33 stores since December 2008 and expanded its central distribution facilities with a new warehouse in Redditch. Over one third of its stores are making a positive contribution, with those stores that have reached their forecast maturity date exceeding the contribution levels set in the original investment case – and still growing ahead of market growth rates.

Property

We have continued our policy of actively managing our property resources, and achieved some significant successes in the first half year.

We completed 5 medium sized projects, and one large project – Guildford – during the period, securing our full year ambitions for cash and profits by 30 June. We do not expect any significant property profits in the second half of 2010. The Guildford project will allow us to establish a Wickes store and a range of trade offers, including new Travis Perkins and City Plumbing facilities, on the busiest trading location in the town. We continue to look to deploy the cash generated from the programme in further development opportunities and land purchases, with the aim of protecting and improving our trading position in each catchment area and providing further property projects in the longer term.

We have a further 70 projects in progress, and are confident of sustaining our targets for cash and profits as a perpetual feature of our financial performance.

BALANCE SHEET

Net Debt

Having spent much of 2009 conserving cash and strengthening the balance sheet through the rights issue in May 2009, we maintained our caution in our trading and investment strategies during the first half of 2010. Net debt reduced to £410.5m from £467.2m at the end of 2009, after allowing for a special contribution of £34.7m to the pension scheme (see below) and a £11.4m adverse exchange movement on our US private placement loan notes (which are fully hedged) the underlying debt reduction for the half year is £102.8m

Our approach to cash management meant that we allowed capital expenditure to rise only slightly as we concentrated on maintaining the fabric of the Group's branch network and carrying out essential works, such as those required for health and safety purposes. Acquisition and brownfield activity was relatively light by historical standards, and mainly involved expansion of the lower cost networks, such as Tile Giant and ToolStation.

Pension

In June 2010 we reached an agreement with the trustees of our final salary pension scheme to fund £34.7m of the deficit using a group controlled special purpose vehicle ("SPV"). The pension scheme will be entitled to receive the income of the SPV for a period of up to 20 years, subject to funding levels, and this income is backed by the security of 16 Travis Perkins freehold properties. The existing cash funding to reduce the deficit of the pension scheme reduces from £20.4m to £18m in 2010 and £16m in 2011.

The net deficit in our final salary pension scheme reduced by £4.7m to £26.3m. This was assisted by the £34.7m cash injection referred to above and other company contributions of £9m which more than mitigated adverse investment markets and a reduction in the corporate bond rate increasing liabilities in the period.

Treasury

At the instigation of one of our counterparty banks, we realised £13.7m cash from cancelling an in the money cross currency swap associated with our US private placement borrowings. This derivative has been replaced by four US Dollar forward contracts.

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 38 to 43 of the 2009 Annual Report and Accounts. These risks included Going Concern, Financial Risk Management, Liquidity Risk and Interest Rate Risk. In addition as also explained on pages 38 to 43 of the 2009 Annual Report and Accounts the Group is exposed to Credit Risk, Capital Risk, Tax Risk, Market Conditions, Product Availability and Prices, Acquisition Risk, Human Resources, Information Technology, Legislation, Environmental and Pensions.

BSS

Having announced our recommended cash and shares offer totalling £658m of enterprise value on 5 July 2010 we made our submission to the Office of Fair Trading on 19 July 2010. The scheme document and prospectus and shareholder circular are expected to be submitted to BSS and Travis Perkins shareholders later today with shareholder meetings to be held on 19 August 2010.

OUTLOOK

In July like-for-like sales are 10% ahead in merchandising whereas Wickes core like-for-like sales are down 1.5% and K&B ordered sales are down 1.1%.

Predicting the course of any recovery from this recession remains problematic where there is a risk of wider economic developments impacting the construction market. However, the depth of the trough in market activity experienced in 2009 leads us to conclude that we will see modest growth in the trade market in 2010, but consumer worries will produce a small fall in the retail market value. Overall, we expect the market in 2010 to be a little stronger than management's original expectations, even after a probable weakening, in the second half-year, of current growth trends.

In 2011, we anticipate that a gradual recovery in private sector new build and RMI work will just offset the probable impact of public sector investments being scaled back to an affordable level and expect further modest growth. In the retail market we may see, in 2011, a repeat of the slow start to trading due to the further rise in VAT scheduled for January 1 2011.

Whilst the course of the recovery may be uneven in the short term, underlying demand factors continue to suggest that we are at, or near, the bottom of the trough in construction activity. In that context we have considered the many and various development options available to us and have begun to invest in growing the Group.

The success of investment in operations depends significantly on our ability to derive superior returns from operations in our markets, which, in turn depends crucially on our ability to put in place an offer that tradesmen, contractors, developers, consumers and all other types of customer find better than our competitors. Happily this remains the case for most of our businesses at most times of the year. This robust position gives the Group significant scope and many opportunities for growth.

We remain determined to further develop our customer propositions with the aim of stretching our lead over competitors via an exciting programme of organic initiatives. While we continue to see modest market growth following a severe recession, we view the future with confidence.

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 2010 (Reviewed)	Six months ended 30 June 2009 (Reviewed)	Year ended 31 Dec 2009 (Audited)
	£m	£m	£m
Revenue	1,522.1	1,454.2	2,930.9
Operating profit before exceptional items	120.4	117.6	224.6
Exceptional items (note 4)	(4.6)	-	32.7
Operating profit after exceptional items	115.8	117.6	257.3
Finance income (note 6)	11.2	1.2	5.6
Finance costs (note 6)	(19.8)	(28.4)	(50.2)
Profit before tax	107.2	90.4	212.7
Tax before exceptional tax charge	(32.0)	(25.3)	(46.1)
Tax credit / (charge) on exceptional items	1.3	-	(9.2)
Tax (note 7)	(30.7)	(25.3)	(55.3)
Profit for the period	76.5	65.1	157.4
Earnings per share (note 8)			
Basic	37.9p	42.3p	88.4p
Diluted	36.7p	41.0p	86.2p
Total dividend declared per share (note 9)	5.0p	-p	-p

All results relate to continuing operations.

Condensed consolidated statement of comprehensive income

	Six months ended 30 June 2010 (Reviewed) £m	Six months ended 30 June 2009 (Reviewed) £m	Year ended 31 Dec 2009 (Audited) £m
Profit for the period	76.5	65.1	157.4
Cash flow hedges:			
(Losses) / gains arising during the period	(0.7)	15.5	14.7
Transferred to income statement	0.3	3.0	0.4
	(0.4)	18.5	15.1
Actuarial losses on defined benefit pension scheme	(40.4)	(51.5)	(28.3)
	(40.8)	(33.0)	(13.2)
Amortisation of cash flow hedge cancellation payment	2.8	(19.1)	(14.0)
Tax relating to components of other comprehensive income	10.6	14.4	12.5
Other comprehensive loss for the period	(27.4)	(37.7)	(14.7)
Total comprehensive income for the period	49.1	27.4	142.7

Condensed consolidated statement of changes in equity

	Six months ended 30 June 2010						
	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 2010 (Audited)	20.9	471.2	21.3	(12.1)	(83.7)	1,042.8	1,460.4
Profit for the period	-	-	-	-	-	76.5	76.5
Cash flow hedges	-	-	-	(0.4)	-	-	(0.4)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(40.4)	(40.4)
Amortisation of cash flow hedge cancellation payment	-	-	-	2.8	-	-	2.8
Tax relating to components of other comprehensive income	-	-	-	(0.7)	-	11.3	10.6
Total comprehensive income for the period	-	-	-	1.7	-	47.4	49.1
Issue of shares	-	0.1	-	-	-	-	0.1
Own shares	-	-	-	-	0.3	(0.3)	-
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	-	-	-	-	-	6.1	6.1
At 30 June 2010 (Reviewed)	20.9	471.3	21.1	(10.4)	(83.4)	1,096.2	1,515.7

Condensed consolidated statement of changes in equity (continued)

	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 (Audited)	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	-
Credit to equity for equity- settled share based payments	-	-	-	-	-	0.1	0.1
At 30 June 2009 (Reviewed)	20.9	471.2	23.6	(18.4)	(83.7)	932.4	1,346.0

Condensed consolidated statement of changes in equity (continued)

	Year ended 31 December 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 (Audited)	12.3	179.5	23.8	(17.8)	(83.7)	904.1	1,018.2
Profit for the year	-	-	-	-	-	157.4	157.4
Cash flow hedges	-	-	-	15.1	-	-	15.1
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(28.3)	(28.3)
Unamortised cash flow hedge cancellation payment	-	-	-	(14.0)	-	-	(14.0)
Tax relating to components of other comprehensive income	-	-	-	4.6	-	7.9	12.5
Total comprehensive income for the year	-	-	-	5.7	-	137.0	142.7
Issue of share capital	8.6	304.9	-	-	-	-	313.5
Cost of issuing shares	-	(13.2)	-	-	-	-	(13.2)
Realisation of revaluation reserve in respect of property disposals	-	-	(2.1)	-	-	2.1	-
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	(0.4)	-	-	0.4	-
Debit to equity for equity- settled share based payments	-	-	-	-	-	(0.8)	(0.8)
At 31 December 2009 (Audited)	20.9	471.2	21.3	(12.1)	(83.7)	1,042.8	1,460.4

Condensed consolidated balance sheet

	As at 30 June 2010 (Reviewed) £m	As at 30 June 2009 (Reviewed) £m	As at 31 Dec 2009 (Audited) £m
ASSETS			
Non-current assets			
Property, plant and equipment	483.4	509.4	499.0
Goodwill	1,352.8	1,352.6	1,352.8
Other intangible assets	162.5	162.5	162.5
Interest in associates	45.2	28.6	31.7
Derivative financial instruments	55.6	35.3	44.7
Investment property	0.4	3.4	3.3
Available-for-sale investments	1.5	2.0	1.5
Deferred tax asset	10.2	32.7	12.0
Total non-current assets	2,111.6	2,126.5	2,107.5
Current assets			
Inventories	337.7	309.0	312.7
Trade and other receivables	462.7	401.3	375.4
Derivative financial instruments	1.0	-	-
Cash and cash equivalents	351.5	278.9	347.2
Total current assets	1,152.9	989.2	1,035.3
Total assets	3,264.5	3,115.7	3,142.8

Condensed consolidated balance sheet (continued)

	As at 30 June 2010 (Reviewed) £m	As at 30 June 2009 (Reviewed) £m	As at 31 Dec 2009 (Audited) £m
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	20.9	20.9	20.9
Share premium account	471.3	471.2	471.2
Revaluation reserve	21.1	23.6	21.3
Hedging reserve	(10.4)	(18.4)	(12.1)
Own shares	(83.4)	(83.7)	(83.7)
Retained earnings	1,096.2	932.4	1,042.8
Total equity	1,515.7	1,346.0	1,460.4
Non-current liabilities			
Interest bearing loans and borrowings	698.5	764.4	739.1
Derivative financial instruments	8.2	3.1	6.1
Retirement benefit obligation	36.5	116.8	43.0
Long-term provisions	43.7	45.2	43.7
Deferred tax liabilities	59.4	73.0	62.8
Total non-current liabilities	846.3	1,002.5	894.7
Current liabilities			
Interest bearing loans and borrowings	60.2	36.5	71.5
Unsecured loan notes	3.3	4.5	3.8
Derivative financial instruments	-	1.6	-
Trade and other payables	763.2	654.2	638.7
Tax liabilities	29.4	28.9	28.1
Short-term provisions	46.4	41.5	45.6
Total current liabilities	902.5	767.2	787.7
Total liabilities	1,748.8	1,769.7	1,682.4
Total equity and liabilities	3,264.5	3,115.7	3,142.8

The interim financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 28 July 2010 and signed on its behalf by:

G. I. Cooper
Chief Executive

P. N. Hampden Smith
Finance Director

Condensed consolidated cash flow statement

	Six months ended 30 June 2010 (Reviewed) £m	Six months ended 30 June 2009 (Reviewed) £m	Year ended 31 Dec 2009 (Audited) £m
Operating profit before exceptional items	120.4	117.6	224.6
Adjustments for:			
Depreciation of property, plant and equipment	28.3	30.1	58.7
Other non cash movements	5.9	0.1	(1.5)
Impairment of investment	-	-	0.5
Losses of associate	1.2	1.5	3.2
Gain on disposal of property, plant and equipment	(11.5)	(8.2)	(12.0)
Operating cash flows before movements in working capital	144.3	141.1	273.5
(Increase) / decrease in inventories	(25.0)	12.9	9.2
(Increase) / decrease in receivables	(78.4)	(12.5)	12.4
Increase in payables	127.0	74.7	52.3
Payments on exceptional items	(2.2)	(2.5)	(2.5)
Payments to the pension scheme in excess of the charge to profits	(43.8)	(6.1)	(25.1)
Cash generated from operations	121.9	207.6	319.8
Interest paid	(11.6)	(17.5)	(30.5)
Swap cancellation fees	-	(28.7)	(28.7)
Income taxes paid	(20.3)	(6.2)	(27.3)
Net cash from operating activities	90.0	155.2	233.3
Cash flows from investing activities			
Interest received	3.8	0.2	1.5
Proceeds on disposal of property, plant and equipment	9.4	11.1	20.8
Purchases of property, plant and equipment	(19.4)	(13.0)	(28.6)
Interest in associate	(13.0)	(9.5)	(12.9)
Acquisition of businesses net of cash acquired	-	-	(1.0)
Net cash used in investing activities	(19.2)	(11.2)	(20.2)
Financing activities			
Proceeds from the issue of share capital	0.1	300.3	300.3
Payment of finance lease liabilities	(0.7)	(0.8)	(1.5)
Repayment of unsecured loan notes	(0.6)	-	(0.1)
Partnership receipt from defined benefit pension scheme	34.7	-	-
Swap cancellation receipt	13.7	-	-
Decrease in bank loans	(113.7)	(160.0)	(160.0)
Net cash generated in financing activities	(66.5)	139.5	138.7
Net increase in cash and cash equivalents	4.3	283.5	351.8
Cash and cash equivalents at beginning of period	347.2	(4.6)	(4.6)
Cash and cash equivalents at end of period	351.5	278.9	347.2

Notes to the interim financial statements

1. General information and accounting policies

The Interim Financial Statements have been prepared on the historical 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 2010 and 30 June 2009 is unaudited. This information has been reviewed by Deloitte LLP, the Group's auditors, and a copy of their review report appears on page 26 of this interim report. The financial information for the year ended 31 December 2009 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2009 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.

The unaudited interim financial statements for the six months ended 30 June 2010 have prepared in accordance with IAS 34 "Interim Financial Reporting" and have been prepared on the basis of IFRS's as adopted by the European Union.

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 2009 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

IFRS 3 'Business Combinations' (revised 2008) and IAS 27 'Consolidated and Separate Financial Statements' (revised 2008). The adoption of these standards has not had a material effect on the condensed interim financial statements of the Group during the period to 30 June 2010. However, the key changes to the Group's previous accounting policy for business combinations are as follows:

- Acquisition transaction costs which would previously have been included in the cost of a business combination are now expensed to the income statement as they are incurred;
- Any changes to the cost of an acquisition, including contingent consideration, resulting from events after the date of acquisition are recognised in the income statement. Previously such changes resulted in an adjustment to goodwill; and
- Where the Group has a pre-existing equity interest in the entity acquired, it re-measures that previously-held interest to fair value as at the date of obtaining control, and recognises any resulting gain or loss in the income statement.

Impacts of Standards and Interpretations in issue but not yet effective

At the date of authorisation of these condensed interim financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue, but not yet effective:

- Amendments to various standards arising from annual improvements issued in April 2009
- Amendments to various standards arising from annual improvements issued in May 2010
- IFRS 2 (issued June 2009) – Share based payments cash settled transactions
- IAS 24 (issued November 2009) – Related party Disclosures
- IAS 27 (revised 2008) – Amendments arising from amendments to IFRS 3
- IAS 31 (revised 2008) – Amendments arising from amendments to IFRS 3

Notes to the interim financial statements

- IAS 32 (revised 2009) – Amendments relating to classification of rights issues
- IFRS 9 (issued November 2009)- Financial Instruments
- IFRIC 14 (issued November 2009) - Prepayments of a Minimum Funding Requirement

The Directors anticipate that adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

2. Business segments

For management purposes, the Group is currently organised into two operating divisions – Merchancing 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 2010

	Merchancing £m	Retail £m	Consolidated £m
Revenue	1,020.0	502.1	1,522.1
Result			
Segment result	95.3	26.3	121.6
Share of losses of associate			(1.2)
Exceptional item			(4.6)
Finance income			11.2
Finance costs			(19.8)
Profit before taxation			107.2
Taxation			(30.7)
Profit for the period			76.5

Six months ended 30 June 2009

	Merchancing £m	Retail £m	Consolidated £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 income			1.2
Finance costs			(28.4)
Profit before taxation			90.4
Taxation			(25.3)
Profit for the period			65.1

Notes to the interim financial statements

2. Business segments (continued)

Year ended 31 December 2009

	Merchanting £m	Retail £m	Consolidated £m
Revenue	1,950.2	980.7	2,930.9
Result			
Segment result	170.8	57.0	227.8
Share of losses of associate			(3.2)
Exceptional item			32.7
Finance income			5.6
Finance costs			(50.2)
Profit before taxation			212.7
Taxation			(55.3)
Profit for the year			157.4

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 2010 £m	30 June 2009 £m	31 Dec 2009 £m
Merchanting	2,410.6	2,155.1	2,234.5
Retail	1,476.0	1,356.6	1,438.8
Unallocated corporate assets	559.2	541.0	524.5
Eliminations	(1,181.3)	(937.0)	(1,055.0)
Total	3,264.5	3,115.7	3,142.8

3. Seasonality

The Group's operations are mainly unaffected by seasonal factors. In 2009, the period to 30 June accounted for 50% of the Group's annual turnover (2008: 53%).

4. Exceptional items

On 5 July 2010 the Company announced a recommended offer to acquire BSS. The exceptional item of £4.6m relates to the unavoidable costs incurred in respect of this acquisition by 30 June 2010. The costs (excluding integration costs) are expected to total £18m by the year end.

With effect from 1 December 2009 the Company and the Trustee of the Pension Scheme agreed to amend the terms of the Travis Perkins defined benefits scheme to include a cap on future pensionable salary increases of 3% per annum. This was treated as a curtailment event and the resulting exceptional reduction of £32.7m in the benefit obligation was included in other operating income and identified as an exceptional item for the year-ended 31 December 2009.

Notes to the interim financial statements

5. Pension scheme

In June 2010 we reached an agreement with the trustees of our final salary pension scheme to fund £34.7m of the deficit using a special purpose vehicle. The pension scheme will be entitled to receive the income of the SPV for a period of up to 20 years, subject to funding levels and this income is backed by the security of 16 Travis Perkins freehold properties. The SPV is controlled by the Group.

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 Dec 2009 £m
Gross deficit 1 January	(43.0)	(69.9)	(69.9)
Current service cost	(2.9)	(2.9)	(5.8)
Other finance income / (charges)	3.1	(1.5)	(2.6)
Effect of curtailment	-	-	32.7
Contributions received by the Scheme	46.7	9.0	30.9
Actuarial losses recognised in the statement of comprehensive income	(40.4)	(51.5)	(28.3)
Gross deficit at 30 June / 31 December	(36.5)	(116.8)	(43.0)
Deferred tax asset	10.2	32.7	12.0
Net deficit at 30 June / 31 December	(26.3)	(84.1)	(31.0)

6. Finance costs

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 Dec 2009 £m
Interest receivable	6.8	1.2	5.6
Amortisation of cancellation receipt for swap accounted for as fair value hedge	1.3	-	-
Other finance income – pension scheme	3.1	-	-
Finance income	11.2	1.2	5.6
Interest on bank loans and overdrafts	(12.0)	(13.7)	(26.2)
Amortisation of issue costs of bank loans	(2.1)	(1.4)	(2.9)
Interest on unsecured loans	(0.1)	(0.1)	(0.2)
Interest on obligations under finance leases	(0.6)	(0.6)	(1.3)
Cancellation of swaps measured at fair value	-	(0.8)	(0.8)
Amortisation of cancellation payment for swaps accounted for as cash flow hedges	(2.8)	(3.6)	(8.7)
Unwinding of discounts in provisions	(2.0)	(1.9)	(3.8)
Other finance charges – pension scheme	-	(1.5)	(2.6)
Net loss on re-measurement or settlement of derivatives at fair value	(0.2)	(4.8)	(3.7)
Finance costs	(19.8)	(28.4)	(50.2)
Net finance costs	(8.6)	(27.2)	(44.6)

Notes to the interim financial statements

7. Tax

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 Dec 2009 £m
Current tax			
UK corporation tax			
- current year	(21.6)	(26.0)	(47.3)
- prior year	-	-	0.9
Total current tax charge	(21.6)	(26.0)	(46.4)
Deferred tax			
- current year	(9.1)	0.7	(8.9)
Total deferred tax	(9.1)	0.7	(8.9)
Total tax charge	(30.7)	(25.3)	(55.3)

Tax for the interim period is charged at 28.6% on profits before tax (year to 31 December 2009: 26.0%), representing the best estimate of the corporation tax rate expected for the full financial year. The Emergency Budget 2010 introduced a reduction in the rate of corporation tax from 28% to 27% from 1 April 2011. This legislation was substantively enacted on 21 July 2010. This rate will be applied in calculating the value of the Group's deferred tax assets and liabilities at 31 December 2010 and on the effective tax rate for the Group for the period commencing 1 April 2011.

8. Earnings per share

a) Basic and diluted earnings per share

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 Dec 2009 £m
Earnings			
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent	76.5	65.1	157.4
Number of shares			
	No.	No.	No.
Weighted average number of shares for the purposes of basic earnings per share pre-rights issue adjustment	201,665,103	117,034,434	117,034,434
Rights issue adjustment	-	37,022,193	61,001,501
Weighted average number of shares for the purposes of basic earnings per share revised	201,665,103	154,056,627	178,035,935
Dilutive effect of share options on potential shares	6,590,764	4,673,830	4,427,564
Weighted average number of shares for the purposes of diluted earnings per share	208,255,867	158,730,457	182,463,499

Notes to the interim financial statements

8. Earnings per share (continued)

b) Adjusted earnings per share

Adjusted earnings per share are calculated by excluding the effect of the exceptional items in 2010 and 2009 from earnings.

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 Dec 2009 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent	76.5	65.1	157.4
Exceptional items	4.6	-	(32.7)
Tax (credit) / charge on exceptional items	(1.3)	-	9.2
Earnings for adjusted earnings per share	79.8	65.1	133.9
Adjusted basic earnings per share	39.6p	42.3p	75.2p
Adjusted diluted earnings per share	38.3p	41.0p	73.4p

9. Dividends

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

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 Dec 2009 £m
Final dividend for the year ended 31 December 2009 of nil pence (2008: nil pence) per share	-	-	-
Interim dividend for the year ended 31 December 2010 of 5 pence (2009: nil pence) per share	-	-	-

The proposed interim dividend of 5.0p per share in respect of the year ending 31 December 2010 was approved by the Board on 28 July 2010 and has not been included as a liability as at 30 June 2010. It will be paid on 15 November 2010 to shareholders on the register at close of business on 22 October 2010. The share will be quoted ex-dividend on 20 October 2010.

Notes to the interim financial statements

10. Borrowings

At the period end, the Group had the following borrowing facilities available:

	30 June 2010 £m	30 June 2009 £m	31 Dec 2009 £m
Drawn facilities			
US guaranteed senior notes	297.6	262.8	271.7
5 year term loan	411.3	525.0	525.0
	708.9	787.8	796.7
Undrawn facilities			
5 year revolving credit facility	475.0	475.0	475.0
Bank overdraft	40.0	40.0	40.0
	515.0	515.0	515.0

11. Share capital

	Authorised		Allotted	
	No.	£m	No.	£m
Ordinary shares of 10p				
At 1 January 2010	400,000,000	40.0	208,631,466	20.9
Allotted under share option schemes	-	-	26,008	-
At 30 June 2010	400,000,000	40.0	208,657,474	20.9

12. a) Net debt reconciliation

	30 June 2010 £m	30 June 2009 £m	31 Dec 2009 £m
Net debt at 1 January	(467.2)	(1,017.4)	(1,017.4)
Increase in cash and cash equivalents	4.3	283.5	351.8
Cash flows from debt	66.6	160.8	161.6
(Increase) / decrease in fair value of derivatives	(9.3)	48.6	39.7
Exchange loss on private placement loan	(2.1)	-	-
Finance charges netted off bank debt	(2.1)	(1.4)	(2.9)
Other non cash movements	(0.7)	-	-
Loan notes issued	-	(0.6)	-
Net debt at 30 June / 31 December	(410.5)	(526.5)	(467.2)

b) Underlying net debt

The reduction in underlying net debt of £102.8m is calculated by adding the decrease in net debt of £56.7m (Note 13c), reversing the increase in derivatives of £9.3m (Note 12a) reversing the exchange loss on private placement loan of £2.1m (Note 12a) and adjusting for the impact of the pension SPV of £34.7m (Note 5).

Notes to the interim financial statements

13. Non-statutory information

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 Dec 2009 £m
a) Gearing			
Net Debt under IFRS	(410.5)	(526.5)	(467.2)
IAS 17 finance leases	22.5	23.9	23.2
Fair value adjustment to debt	49.8	31.6	40.5
Unamortised interest rate swap settlement	6.9	-	-
Exchange loss on private placement loan	2.1	-	-
Finance charges netted off bank debt	(7.5)	(11.1)	(9.6)
Net debt under covenant calculations	(336.7)	(482.1)	(413.1)
Total equity	1,515.7	1,346.0	1,460.4
Gearing	22.2%	35.8%	28.3%
b) Covenant calculations (rolling 12 months)			
Profit before taxation	229.5	112.2	212.7
Net finance costs	26.0	64.9	44.6
Depreciation and impairments	56.9	61.8	58.7
EBITDA under IFRS	312.4	238.9	316.0
Exceptional items	(28.1)	56.2	(32.7)
Reversal of IFRS effect	(2.5)	(3.0)	(2.5)
Adjusted EBITDA under covenant calculations	281.8	292.1	280.8
Adjusted Net debt to EBITDA	1.19x	1.65x	1.47x
Net interest payable under covenant calculations (rolling 12 months)	13.5	41.9	20.8
Interest cover	16.75x	5.53x	10.67x

Notes to the interim financial statements

13. Non-statutory information (continued)

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 Dec 2009 £m
c) Adjusted free cash flow			
Net debt at 1 January	(467.2)	(1,017.4)	(1,017.4)
Net debt at 30 June / 31 December	(410.5)	(526.5)	(467.2)
Decrease in net debt	56.7	490.9	550.2
Net cash outflow for expansion capital expenditure	7.9	5.6	11.1
Net cash outflow for acquisition of investments	-	-	1.0
Swap cancellation fee	-	28.7	28.7
Cash impact of exceptional items	2.2	2.5	2.5
Interest in associate	13.0	9.5	12.9
Shares issued	(0.1)	(300.3)	(300.3)
Change in fair value of debt	9.3	(48.6)	(39.7)
Exchange loss on private placement loan	2.1	-	-
Other non cash movements	0.7	-	-
Decrease in finance charges netted off bank debt	2.1	1.4	2.9
Loan notes issued	-	0.6	-
Special pension contributions	43.8	6.1	25.1
Adjusted free cash flow	137.7	196.4	294.4

14. 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 increased its investment in its associate company ToolStation by £12m and has advanced a further £1m in the form of a loan. 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
Chief Executive
28 July 2010

P. N. Hampden Smith
Finance Director
28 July 2010

INDEPENDENT REVIEW REPORT TO TRAVIS PERKINS PLC

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 2010 which comprises the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 14. 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 (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 2010 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 and Statutory Auditors
London, UK
28 July 2009