25 July 2013

TRAVIS PERKINS PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

IMPROVING TREND AND OUTLOOK WITH 6% ADJUSTED EPS GROWTH AND INTERIM DIVIDEND UP 25%

FINANCIAL HIGHLIGHTS

- Revenue growth of 1.6%; 0.9% on a like-for-like basis
- Revenue in the final two months of the half increased by 7%, 6.1% like-for-like
- Adjusted profit before tax up £5m to £136m up 4.1%
- Profit after tax of £106m down 18.9%
- Adjusted EPS up 6% to 43.9p from 41.4p
- Net debt reduced by £46m to £406m driven by increased free cash flow of £116m
- 25% increase in interim dividend to 10.0p

OPERATING HIGHLIGHTS

- Start to the year very tough with significant deflation
- Considerable step up in performance in May and June
- Strong cost control in General Merchanting division
- Revenue for Specialist division up 8.0%
- Operating margin up 0.4% in Plumbing and Heating
- Acquisition of Solfex in the renewable energy products sector

	Six months ended 30 June 2013	**Year-on-year change**	Six months ended 30 June 2012 **(Restated)
	£m	**%**	£m
Revenue	**2,449.5**	**1.6**	2,411.5
Adjusted operating profit*	**147.5**	**(2.3)**	150.9
Adjusted profit before tax*	**136.1**	**4.1**	130.7
Profit after taxation	**106.2**	**(18.9)**	130.9
Adjusted basic earnings per share*	**43.9p**	**6.0**	41.4p
Basic earnings per share	**44.2p**	**(19.6)**	55.0p
Proposed dividend per share	**10.0p**	**25.0**	8.0p

* Throughout these condensed consolidated financial statements consistent with the approach last year the term adjusted has been used to signify that the effect of exceptional items, amortisation of intangible assets and the associated tax impacts have been excluded from the disclosure being made. Full details of the exceptional items for both 2013 and 2012 are given in notes 6 and 7.

** The Group has adopted the requirements of IAS 19 (revised 2011) for the first time during 2013. As a result the 2012 comparative numbers have been restated to ensure that 2012 and 2013 have been prepared on a comparable basis. Full details of the effect of applying IAS 19 (revised 2011) are given in notes 1 and 4.

Geoff Cooper, Chief Executive, commented:

“We anticipated a poor first quarter, however this was exacerbated by the early and cold weather and Easter. Lead indicators for the remainder of this year, and for 2014, are strengthening, with new housing leading the way.

All four divisions are making progress with an improving trend in all markets and are flexibly managing volume, gross margin and costs so as to optimise returns.

With our management teams’ proven ability to select and execute trading tactics matched to market conditions, we are confident of further sales growth and improving returns. Our increasing confidence in this is reflected in the 25% increase in the interim dividend payable in November.

Enquiries:

Geoff Cooper, Chief Executive

Tony Buffin, Finance Director

Travis Perkins Plc +44 (0) 1604 683 222

David Bick / Mike Feltham / Mark Longson

Square1 Consulting Limited +44 (0) 20 7929 5599

INTERIM MANAGEMENT REPORT

Summary The Group has made solid progress in the first half against a background of challenging market conditions. Headline revenue grew by 1.6% and like-for-like revenue by 0.9%.

The first four months of the year were characterised by unseasonably cold weather resulting in total sales for this period falling by 1.2%. More normal seasonal weather patterns and the Government's help-to-buy programme increased construction activity from mid-April. This combined with the Group's self-help measures resulted in total revenue in the last two months of the period increasing by 7.0%.

The very weak market conditions experienced in the first four months of the year created poor conditions for passing through price increases from suppliers resulting in product sales deflation for the Group of approximately 1.5% in the half. As a result the Group took actions to help maintain margins and better manage costs. The improvement in market conditions in the second quarter and encouraging lead indicators suggest that the predicted better trading performance forecast for the second half is now on a more solid footing. The improving sales trend coupled with robust cost control has contributed to adjusted earnings per share for the first half increasing by 6% compared with the corresponding prior period.

On 30 January the Group completed the small, but strategically significant acquisition of Solfex, a business which provides integrated renewal energy systems to installers. The acquisition is expected to enhance opportunities to increase sales of renewal energy products across the Group. The Group also announced the planned investment in a new 60,000^{sqm} distribution centre in Warrington. This investment in warehousing capacity will enable the Group to come out of some of its less efficient warehouses and improve lead times and availability across a wider range of products.

Financial Performance Group revenue was £2,450m, an increase of £38m, up 1.6%, compared to the prior corresponding period and like-for-like revenue increased by 0.9%. Store expansion, principally in Toolstation, net of the effect of one less trading day owing to a combination of the leap year and extra bank holiday in 2012, which only affected the consumer businesses, added 0.7% to revenue.

For the six months ended 30 June 2013 adjusted EBITA (adjusted operating profit) was £148m, £3m and 2.3% lower than the corresponding prior period, with all businesses significantly underperforming our expectations in the first quarter, but recovering strongly in May and June. That gave the Group an adjusted operating margin of 6.0%, which was 30 bps lower than last year. Gross margins were lower in the General and Specialist Merchanting divisions, however, managements' cost mitigation activities meant the overhead to revenue ratio for the Group remained flat. The Group experienced market price deflation across its businesses of approximately 1.5% in the first half.

Reported profit before tax decreased by £20m to £135m owing to lower exceptional net credits of £8m compared to £32m in the prior corresponding period (note 6), principally as a result of the fair value accounting treatment for the Toolstation acquisition.

The tax charge for the half was £28m (2012: £24m). The underlying tax charge, excluding the effect of exceptional items was £28m (2012: £30m), which resulted in an effective rate of 22.4% (2012: 24.6%). The effective rate reduction reflects the fall in the statutory rate of corporation tax.

Adjusted earnings per share were 43.9 pence compared with 41.4 pence last year[1]. There was no significant difference between basic and diluted earnings per share.

There has been a £9m decrease in the combined gross deficit of the Group's defined benefit schemes in the 6 months to June 2013 to £48m. Strong equity markets increased scheme assets by £20m, a higher discount rate decreased liabilities by £28m and the Group made additional contributions of £9m above the on-going service charge. However a higher inflation rate assumption together with other finance charges increased liabilities by £48m.

Footnote 1 – Following the Group's adoption of the revised International Financial Reporting Standard on pensions, the 2012 results have been restated to reflect the changes required when calculating other finance income in respect of the Group's pension schemes. This change, which is detailed in note 4 to the condensed financial statements, reduced the previously stated earnings per share for 2012 by 2.3p.

Cash generated in the first half reduced net debt by a further £46m (2012: £20m) to £406m (31 December 2012: £452m). Adjusted free cash flow for the period was £116m (2012: £99m). At 30 June 2013 the ratio of net debt to EBITDA was 0.87x (31 December 2012: 0.95x).

In the last two years dividend growth has exceeded earnings growth as the Board has sought to reduce dividend cover whilst at the same time enabling the Group to reduce net debt and continue to invest for sustainable future growth and returns. In February the Board announced that it intends to update the capital markets about its operating plans in the autumn of this year. This update will include a review of capital structure.

The Board believes that whilst the Group's prospects continue to improve it is appropriate to increase the interim dividend so that dividend cover falls within the range guidance of 2.5 to 3.5 times. Accordingly the Board is recommending a 25% increase in the interim dividend from 8.0 pence to 10.0 pence. It will be paid on 11 November 2013 to shareholders on the register at close of business on 11 October 2013.

Markets Macro-economic conditions remained weak for much of the first half with continuing austerity measures overhanging a number of the market segments to which we supply building materials. The Board however welcomes the Government's initiatives to stimulate volume in the housing market and is pleased that there appears to be greater momentum behind major medium term infrastructure projects, particularly in road and rail.

Construction output is forecast by industry participants to fall 2.1% in 2013, following an 8.1% reduction in 2012. Key market indicators, including private housing transactions, have improved in the first half, although some end markets continue to struggle. Merchanting market volumes declined by around 0.1% for the four month period ended 30 April, whilst in the consumer market, which remains more difficult, volumes fell by approximately 5% to 6% compared with the same period in the prior year. On that basis the Group's volumes are believed to have moved broadly in line with the market.

Sales price deflation during the half, particularly from commodity products such as copper, was around 1.5%, but prices have stabilised more recently. The pick-up in activity since the end of the first quarter has led to a shortage of product in some categories and this should support a return to low levels of inflation in the second half of the year.

Looking ahead to the second half of 2013 and beyond, lead indicators suggest we will see modest growth returning to most market segments. Housing transactions and consumer confidence influence many of our segments, particularly our main revenue driver of repair, maintenance and improvement expenditure. Both these important lead indicators appear to be trending positively, albeit from low levels. Infrastructure and other public sector markets are predicted to grow, whilst the commercial and industrial segment continues to show little sign of life.

Operational Performance After a difficult start to the year when for the first four months group revenue declined by 1.2%, all the divisions performed more strongly during the last two months of the first half with the result that group revenues increased by 7.0% during that period and by 1.6% for the first half as a whole.

Total revenue	General Merchanting	Specialist Merchanting	Consumer	Plumbing & Heating	Total
	%	%	%	%	%
4 months to 30 April 2013	0.3	5.7	(5.0)	(2.4)	(1.2)
2 months to 30 June 2013	10.8	12.4	8.6	-	7.0
First half	3.9	8.0	(0.2)	(1.6)	1.6

The first half revenue increase was driven by significant volume improvements in all divisions except the plumbing and heating business where a focus on reducing lower margin business resulted in a small net reduction in sales, but an improvement in margins. Overall like-for-like revenue per trading day for the Group increased by 0.9%.

	General Merchanting	Specialist Merchanting	Consumer	Plumbing & Heating	Total
	%	%	%	%	%
Volume	4.4	9.3	1.7	(1.5)	2.4
Price	(1.7)	(1.2)	(2.8)	(0.4)	(1.5)
Like-for-like per day	2.7	8.1	(1.1)	(1.9)	0.9
Trading day impact	-	-	(0.6)	-	(0.1)
Expansion / disposals	1.2	(0.1)	1.5	0.3	0.8
Total revenue change	3.9	8.0	(0.2)	(1.6)	1.6

With the exception of General Merchanting, each of the Group's divisions has either improved or virtually maintained operating margin (before property profits) compared to the corresponding period in 2012. Robust cost control resulted in the ratio of overheads to revenue for the Group remaining flat, whilst group gross margins were lower as a result of significant market deflation during the very difficult first quarter. Good progress was made in improving profitability in the Plumbing and Heating division, with our businesses selectively choosing not to pursue or continue low margin contracts and eliminating operating costs. The Group's synergy programme remains on course to deliver the £37m of full year benefits forecast in February which has helped to offset the impacts of deflation during the half.

	General Merchanting	Specialist Merchanting	Consumer	Plumbing & Heating	Total
	%	%	%	%	%
2012 operating margin	10.8	5.3	4.7	4.2	6.3
Property disposals	0.1	(0.2)	-	-	-
Gross margin	(1.1)	(1.6)	0.3	0.7	(0.3)
Overheads	(0.1)	1.5	-	(0.3)	-
2013 operating margin	9.7	5.0	5.0	4.6	6.0

General Merchanting

	2013	2012	Change
Revenue	£754.2m	£725.9m	3.9%
LFL growth			2.7%
Segment profit	£72.8m	£78.5m	(7.3)%
Operating margin	9.7%	10.8%	(110) bps

General Merchanting revenue grew by 3.9% and 2.7% on a like-for-like basis. There has been a material step up in revenues from the 0.3% increase in the first four months of 2013 to 10.8% growth for the rest of the half. Market wide deflation, stronger relative growth from lower margin major house building customers and category mix effects more than offset the growth in higher margin tool-hire revenue and resulted in a 110bps fall in gross margin. Both revenue and price inflation trends steadily improved through the period and the division enters the second half with strong trading momentum. The division expects gross margin for 2013 as a whole will be lower than 2012. Whilst operational gearing on rising volumes means operating margin is expected to improve through the balance of the year, operating margin for the year as a whole is expected to be slightly lower than 2012.

Robust cost management along with actions to improve margins on certain customer groups helped to mitigate the effects of significant price deflation during the first half. The introduction of new trade-focused promotional offers on everyday products has been well received by customers. Improvements in operational gearing were less than in previous periods as a result of investment in IT

and trialling new branch formats. The extension of tool-hire implants continued during the half with 11 new outlets opening in branches.

A pilot new format branch opened in the period to trial extended ranges in the lightside offer coupled with reduced stockholding and better availability across both lightside and heavyside ranges, traded with very positive initial results. This format involves a simpler 'customer journey' through the branch and although much more work is needed to determine whether some of the concepts can be rolled through the network, the very early customer response is encouraging.

Our managed services branches, which operate solely to service local authorities, registered social landlords and their contractors, again performed strongly with a number of new contract wins during the period. There are currently 42 such dedicated operations and the Group was pleased to have been awarded the 'Most Innovative Supplier 2013' award at the Housing Innovation Awards. The development of value added services, such as central order desks and building design input, to a number of larger national contractors helped grow the business' share of this sector.

The General Merchanting business is well placed to continue to grow profitably from a combination of additional self help measures and any further market improvements.

Specialist Merchanting

	2013	2012	Change
Revenue	£316.8m	£293.2m	8.0%
LFL growth			8.1%
Segment profit	15.7	15.6	0.6%
Operating margin	5.0%	5.3%	(30) bps

Despite poor weather in the first four months of the year, revenue for the Specialist Merchanting division grew by 8.0%, with the Division benefiting from the administration of a leading civils distribution merchant in 2012. The revenue released into the market from this failed business had traditionally been delivered on structurally low margins. Taking on this business diluted gross margins for the division, although profitability is expected to improve as the business demonstrates its added value to customers over time.

However management action to ensure tight cost control kept underlying overhead levels in line with 2012. This combined with a significant growth in direct sales, which attract lower costs, has led to an improvement in the ratio of overheads to revenue.

In addition to servicing its own customers, the division continues to provide valuable opportunities for the General Merchanting and Consumer divisions to grow sales to their respective customers by making ranges of specialist products available through internal supply. Overall, before property profits, the division has improved profits by 3.5% in the first half and steady progress was made in keeping the business' operations safe through improved training and colleague engagement initiatives.

Keyline saw further growth in rail sector sales, assisted by the successful presentation of its proposition at the Railex exhibition in London. Sales to the utilities sector also progressed well and the business created further specialisation opportunities in geo-technical products. Activity levels in new housing resulted in increased sales to specialist sub contractors and this has driven operational gearing on a well-managed cost base. Research continues to show that Keyline's customers rated its service highly and the business is well positioned for growth in the second half.

Benchmarx delivered good like-for-like revenue growth, slightly outperforming the market leader during the first four months in the first half and benefited strongly from operational gearing as the business controlled costs whilst continuing to mature its sales profile in branches. The business also made good progress in both growing its customer base, aided by its CRM system, and in enhancing its activities in the contract kitchens segment. Working with resources across the Group, Benchmarx is in the process of simplifying its supply chain and product range proposition in order to both lower its cost of goods sold and enhance its service to customers, the benefits of which will crystallise fully in 2014.

CCF's like-for-like sales growth was modest in the first four months of the year as construction projects were delayed due to weather and to margin protection actions taken in the business. May and June produced stronger like-for-like performance resulting from the focus on growing the

customer base and from higher activity levels in new housing. As a result, CCF's like-for-like sales outperformed the market leader during the first half. The business has improved its across-the-counter offer to customers and has strengthened its commercial and specialist field sales teams to good effect. A new branch was opened at Belvedere in July in order to build CCF's presence in the South East.

Consumer

	2013	2012	Change
Revenue	£586.6m	£587.5m	(0.2)%
LFL growth			(1.1)%
Segment profit	29.5	27.5	7.3%
Operating margin	5.0%	4.7%	30 bps

Overall, the division made good progress towards improving its operating margin despite revenue being 0.2% lower than for the corresponding period last year. Gross margins improved and good control of costs resulted in operating margin improving by 30 bps to 5.0%.

Revenue in Wickes declined in the first half as a result of the poor weather during the first four months of the year. In May and June improving consumer confidence and better weather has reversed the revenue decline with revenue for the last eight weeks of the period being 8.6% higher than 2012. The like-for-like estate increased market share in the first four months of the year owing to the benefits of a strong kitchen and bathroom performance and the beneficial effect of the introduction of trade requested brands.

The division reported significant sales price deflation during the period as it continued to invest in lower prices through its red pencil programme to improve its offer. Despite suffering price deflation, gross margins improved through a combination of better sourcing, improved terms, the removal of MyCard in 2012 and the switch away from third-party logistics in the "To Order" bathroom business.

Good cost control has been exercised by Wickes with the ratio of overheads to revenue remaining flat despite like-for-like revenue declining.

Staff costs were reduced following the introduction of auto-replenishment stock systems in store. Rent costs were also reduced through selective downsizing of some of the larger stores, sub letting the vacated space and relocating stores to smaller sites. This is an on-going programme which we expected to significantly benefit the business going forward.

Toolstation revenue and profits both increased through a combination of like-for-like growth, which saw it significantly outperform its main competitor over the thirteen weeks to the start of May and continued network expansion. During the period Toolstation expanded its number of stores by 11, and by 30 June it operated out of 134 stores in the UK. The first four Toolstation implants opened within existing Wickes sites and are making strong progress. Customer feedback has been very encouraging with both businesses benefiting from improved footfall.

The Group continues to test the Toolstation format in the Netherlands from five sites. The proposition continues to be refined to reflect feedback from customers and the demands of the local market, however, further work is required to prove out the operating model.

Tile Giant has traded well in a tough market, indeed better than the market leader during the second quarter of the year, with positive like-for-like revenue for the first half and improved trading momentum in May and June.

Plumbing & Heating

	2013	2012	Change
Revenue	£791.9m	£804.9m	(1.6)%
LFL growth			(1.9)%
Segment profit	36.1	34.0	6.2%
Operating margin	4.6%	4.2%	40 bps

Plumbing and heating markets remained tough with demand generally subdued. Pricing pressure continued with resistance from installers to manufacturer price increases. However, in all businesses

product and customer mix initiatives together with good progress on buying synergies improved gross margins. Actions taken at the end of the fourth quarter of 2012 to reduce costs within PTS and F&P have been executed well and the results are ahead of expectations.

PTS like-for-like volumes and revenues were lower than last year as the business concentrated on exiting low margin business and experienced a slow start to social housing contract sales in the half.

The roll out of the PTS POS system is ahead of schedule, with 286 of the 316 locations operating on the new system. The physical roll out should be completed in July.

BSS Industrial performed well in a tight market where projects have been delayed. Despite intense price competition BSS gross margins improved owing to better sourcing arrangements. Encouraging progress continues to be made developing drainage and tool hire categories where performance significantly improved over 2012.

City Plumbing Supplies experienced modest like-for-like growth, however improvements in mix resulted in a strong gross margin performance. The new bathroom concept, now operating from 58 locations, continued to deliver strong growth in a very depressed market.

Outlook and Strategy The significant improvement in trading activity in May and June and trend of lead indicators gives the Group confidence that the anticipated recovery in the second half will materialise.

There continues to be an improvement in some of the key lead indicators for the building materials market. Property transactions for the first five months have increased by 3.9% year-on-year and mortgage approvals are also ahead of the prior year in response to the Government's initiatives even though the stamp duty holiday was removed in the prior year corresponding period. Indicators of consumer confidence and spending remain mixed and therefore the consumer market is expected to only show a modest improvement over the remainder of this year.

Property profits for the year are expected to be around £15m, which similarly to 2012, will be almost entirely weighted to the second half.

The Group will continue to focus on cash generation and anticipates net debt at the year end will be around £340m, slightly higher than the previous estimate of £325m, reflecting the earlier return to growth of the trade market, where we incur a net working capital investment, compared to the retail market, where we enjoy a net working capital credit.

The Group expects full year earnings per share to be in line with the market consensus, which we estimate to be around 100 pence.

The Group is well placed to benefit from any sustained recovery in the market and will continue to deploy capital where there is clear evidence of generating superior sustainable returns.

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 44 and 45 of the 2012 Annual Report and Accounts. Details are provided for risks relating to market conditions, competitive pressures, information technology, colleague recruitment and succession, supplier dependency and the defined benefit pension scheme funding.

Cautionary Statement

The Interim Management Report (IMR) 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 IMR contains certain forward-looking statements. 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, but such statements 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 2013 (Reviewed) £m	Six months ended 30 June 2012 (Reviewed) (Restated) £m	Year ended 31 Dec 2012 (Audited) (Restated) £m
Revenue	**2,449.5**	2,411.5	4,844.9
Operating profit before amortisation and exceptional items	**147.5**	150.9	325.7
Exceptional items (note 6)	**-**	0.9	(8.7)
Operating profit before amortisation and after exceptional items	**147.5**	151.8	317.0
Amortisation of intangible assets	**(9.1)**	(8.7)	(17.4)
Operating profit	**138.4**	143.1	299.6
Exceptional investment income (note 6)	**7.7**	31.9	39.5
Net finance costs (note 4b and 5)	**(11.4)**	(20.2)	(39.9)
Profit before tax	**134.7**	154.8	299.2
Tax before exceptional tax credit	**(28.5)**	(30.0)	(66.0)
Exceptional effect of reduction in corporation tax rate	**-**	6.3	13.4
Tax (charge) / credit on exceptional items	**-**	(0.2)	2.1
Tax (note 7)	**(28.5)**	(23.9)	(50.5)
Profit for the period	**106.2**	130.9	248.7
Earnings per share (note 8)			
Basic	**44.2p**	55.0p	104.3p
Diluted	**42.7p**	53.1p	100.6p
Total dividend declared per share (note 9)	**10.0p**	8.0p	25.0p

All results relate to continuing operations.

The adoption of the new International Financial Reporting Standard IAS 19 (revised 2011) during the period has resulted in profits for prior periods being restated (note 4). Throughout this interim statement, where numbers have been restated, this is indicated.

Condensed consolidated statement of comprehensive income

	Six months ended 30 June 2013 (Reviewed) £m	Six months ended 30 June 2012 (Reviewed) (Restated) £m	Year ended 31 Dec 2012 (Audited) (Restated) £m
Profit for the period	**106.2**	130.9	248.7
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gains / (losses) on defined benefit pension schemes	**1.6**	(6.4)	(31.7)
Deferred tax rate change	**-**	(2.3)	(5.5)
Income taxes relating to items not reclassified	**(0.3)**	1.6	7.2
	1.3	(7.1)	(30.0)
Items that may be reclassified subsequently to profit and loss:			
Cash flow hedges:			
Losses arising during the year	**(0.8)**	(0.8)	(8.5)
Reclassification adjustment for losses included in profit	**2.7**	1.0	8.8
Movement on cash flow hedge cancellation payment	**0.8**	2.0	4.1
Income tax relating to items that may be reclassified	**-**	(0.5)	(0.9)
	2.7	1.7	3.5
Other comprehensive income / (loss) for the period net of tax	**4.0**	(5.4)	(26.5)
Total comprehensive income for the period	**110.2**	125.5	222.2

Condensed consolidated statement of changes in equity

	Six months ended 30 June 2013								
	Issued share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
At 1 January 2013 (Audited)	24.5	487.2	326.5	20.1	(1.6)	(62.4)	1,513.8	-	**2,308.1**
Profit for the period	-	-	-	-	-	-	106.2	-	**106.2**
Other comprehensive income for the period net of tax	-	-	-	-	2.7	-	1.3	-	**4.0**
Total comprehensive income for the period	-	-	-	-	2.7	-	107.5	-	**110.2**
Dividends	-	-	-	-	-	-	(40.9)	-	**(40.9)**
Issue of share capital	-	2.3	-	-	-	1.5	-	-	**3.8**
Own shares	-	-	-	-	-	10.5	(10.5)	-	**-**
Realisation of revaluation reserve in respect of property disposals	-	-	-	(0.1)	-	-	0.1	-	**-**
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	-	(0.1)	-	-	0.1	-	**-**
Tax on share based payments	-	-	-	-	-	-	5.7	-	**5.7**
Credit to equity for equity-settled share based payments	-	-	-	-	-	-	6.1	-	**6.1**
Change in non-controlling interest	-	-	-	-	-	-	-	1.4	**1.4**
At 30 June 2013 (Reviewed)	**24.5**	**489.5**	**326.5**	**19.9**	**1.1**	**(50.4)**	**1,581.9**	**1.4**	**2,394.4**

Condensed consolidated statement of changes in equity (continued)

	Six months ended 30 June 2012							
	Issued share capital	Share premium account	Merger reserve	Revaluation reserve	Hedging reserve	Own shares	Retained earnings (Restated)	Total equity (Restated)
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2012 (Audited)	24.4	480.8	326.5	20.8	(5.1)	(75.2)	1,335.6	2,107.8
Profit for the period	-	-	-	-	-	-	130.9	130.9
Other comprehensive income for the period net of tax	-	-	-	-	1.7	-	(7.1)	(5.4)
Total comprehensive income for the year	-	-	-	-	1.7	-	123.8	125.5
Dividends	-	-	-	-	-	-	(32.1)	(32.1)
Issue of share capital	-	2.6	-	-	-	0.4	-	3.0
Own shares	-	-	-	-	-	6.6	(6.6)	-
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	-	(0.1)	-	-	0.1	-
Foreign exchange differences	-	-	-	-	-	-	(0.3)	(0.3)
Deferred tax rate change	-	-	-	0.2	-	-	-	0.2
Tax on share based payments	-	-	-	-	-	-	2.9	2.9
Credit to equity for equity-settled share based payments	-	-	-	-	-	-	7.0	7.0
At 30 June 2012 (Reviewed)	24.4	483.4	326.5	20.9	(3.4)	(68.2)	1,430.4	2,214.0

Condensed consolidated statement of changes in equity (continued)

Year ended 31 December 2012

	Issued share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Hedging reserve £m	Own shares £m	Retained earnings (Restated) £m	Total equity (Restated) £m
At 1 January 2012 (Audited)	24.4	480.8	326.5	20.8	(5.1)	(75.2)	1,335.6	2,107.8
Profit for the period	-	-	-	-	-	-	248.7	248.7
Other comprehensive income for the period net of tax	-	-	-	-	3.5	-	(30.0)	(26.5)
Total comprehensive income for the year	-	-	-	-	3.5	-	218.7	222.2
Dividends	-	-	-	-	-	-	(51.2)	(51.2)
Issue of share capital	0.1	6.4	-	-	-	12.8	(10.4)	8.9
Realisation of revaluation reserve in respect of property disposals	-	-	-	(1.4)	-	-	1.4	-
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	-	(0.2)	-	-	0.2	-
Deferred tax rate change	-	-	-	0.9	-	-	-	0.9
Tax on share based payments	-	-	-	-	-	-	4.3	4.3
Credit to equity for equity-settled share based payments	-	-		-	-	-	15.2	15.2
At 31 December 2012 (Audited)	24.5	487.2	326.5	20.1	(1.6)	(62.4)	1,513.8	2,308.1

Condensed consolidated balance sheet

	As at 30 June 2013 (Reviewed) £m	As at 30 June 2012 (Reviewed) £m	As at 31 Dec 2012 (Audited) £m
ASSETS			
Non-current assets			
Goodwill	**1,812.6**	1,809.1	1,807.5
Other intangible assets	**417.3**	433.5	424.8
Property, plant and equipment	**586.4**	573.6	578.4
Derivative financial instruments	**17.6**	34.5	12.8
Investment property	**0.4**	0.4	0.4
Interest in associates	**7.1**	5.6	6.7
Available-for-sale investments	**2.7**	2.4	2.4
Retirement benefit asset (note 4)	**4.0**	11.5	1.6
Total non-current assets	**2,848.1**	2,870.6	2,834.6
Current assets			
Inventories	**671.2**	644.2	637.1
Trade and other receivables	**820.3**	782.2	733.7
Derivative financial instruments	**2.2**	1.5	12.7
Cash and cash equivalents	**103.5**	60.6	139.1
Total current assets	**1,597.2**	1,488.5	1,522.6
Total assets	**4,445.3**	4,359.1	4,357.2

Condensed consolidated balance sheet (continued)

	As at 30 June 2013 (Reviewed) £m	As at 30 June 2012 (Reviewed) £m	As at 31 Dec 2012 (Audited) £m
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	**24.5**	24.4	24.5
Share premium account	**489.5**	483.4	487.2
Merger reserve	**326.5**	326.5	326.5
Revaluation reserve	**19.9**	20.9	20.1
Hedging reserve	**1.1**	(3.4)	(1.6)
Own shares	**(50.4)**	(68.2)	(62.4)
Retained earnings	**1,581.9**	1,430.4	1,513.8
Equity attributable to owners of the Company	**2,393.0**	2,214.0	2,308.1
Non- controlling interest	**1.4**	-	-
Total equity	**2,394.4**	2,214.0	2,308.1
Non-current liabilities			
Interest bearing loans and borrowings	**453.5**	194.4	195.2
Derivative financial instruments	**-**	5.7	4.9
Retirement benefit obligations (note 4)	**52.3**	56.2	59.1
Long-term provisions	**20.8**	23.5	20.0
Long-term other payables	**0.8**	54.6	47.0
Deferred tax liabilities	**79.2**	93.9	85.0
Total non-current liabilities	**606.6**	428.3	411.2
Current liabilities			
Interest bearing loans and borrowings	**55.6**	429.7	396.1
Derivative financial instruments	**1.6**	-	2.6
Trade and other payables	**1,249.8**	1,149.7	1,107.6
Tax liabilities	**78.0**	77.5	74.8
Short-term provisions	**59.3**	59.9	56.8
Total current liabilities	**1,444.3**	1,716.8	1,637.9
Total liabilities	**2,050.9**	2,145.1	2,049.1
Total equity and liabilities	**4,445.3**	4,359.1	4,357.2

The interim financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 24 July 2013 and signed on its behalf by:

G. I. Cooper
Chief Executive

A. D. Buffin
Finance Director

Condensed consolidated cash flow statement

	Six months ended 30 June 2013 (Reviewed)	Six months ended 30 June 2012 (Reviewed) (Restated)	Year ended 31 Dec 2012 (Audited) (Restated)
	£m	£m	£m
Operating profit before amortisation and exceptional items	**147.5**	150.9	325.7
Adjustments for:			
Depreciation of property, plant and equipment	**35.2**	33.9	69.4
Other non cash movements	**6.1**	7.4	16.1
Losses of associates	**0.1**	-	0.3
Gain on disposal of property, plant and equipment	**(2.0)**	(1.1)	(17.1)
Operating cash flows before movements in working capital	**186.9**	191.1	394.4
Increase in inventories	**(32.0)**	(26.8)	(19.2)
(Increase) / decrease in receivables	**(91.9)**	(37.5)	5.1
Increase / (decrease) in payables	**113.5**	36.5	(25.0)
Payments on exceptional items	**(2.1)**	(4.9)	(4.7)
Payments to the pension schemes in excess of the charges to profits	**(8.6)**	(8.9)	(23.0)
Cash generated from operations	**165.8**	149.5	327.6
Interest paid	**(11.3)**	(12.5)	(27.4)
Income taxes paid	**(25.9)**	(30.3)	(64.5)
Net cash from operating activities	**128.6**	106.7	235.7
Cash flows from investing activities			
Interest received	**0.4**	0.1	0.1
Proceeds on disposal of property, plant and equipment	**6.0**	7.0	32.6
Purchases of property, plant and equipment	**(52.2)**	(44.5)	(82.3)
Interests in associates	**(0.5)**	(1.8)	(2.9)
Acquisition of businesses net of cash acquired	**(6.8)**	(23.4)	(24.5)
Net cash used in investing activities	**(53.1)**	(62.6)	(77.0)
Financing activities			
Proceeds from the issue of share capital	**3.8**	2.9	8.9
Net movement in finance lease liabilities	**(1.1)**	(0.7)	5.7
Repayment of bank loans	**(72.9)**	(32.2)	(61.6)
Dividends paid	**(40.9)**	(32.1)	(51.2)
Net cash from financing activities	**(111.1)**	(62.1)	(98.2)
Net (decrease) / increase in cash and cash equivalents	**(35.6)**	(18.0)	60.5
Cash and cash equivalents at beginning of period	**139.1**	78.6	78.6
Cash and cash equivalents at end of period	**103.5**	60.6	139.1

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 condensed 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 2013 and 30 June 2012 is unaudited. This information has been reviewed by Deloitte LLP, the Group's auditor, and a copy of their review report appears on page 32 of this interim report. The financial information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2012 as prepared under IFRS as adopted by the E.U. has been delivered to the Registrar of Companies. The auditor’s report on those accounts was not qualified, did not include a reference to any matters to which the auditor 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 2013 have been prepared in accordance with IAS 34 “Interim Financial Reporting” and have been prepared on the basis of IFRSs 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 2012 full year financial statements, which are available on the Travis Perkins web site www.travisperkinsplc.com. Except as noted below in respect of IAS 19 (revised 2011) and IFRS 13 these accounting policies have been consistently applied in all the periods presented.

IAS 19 (revised 2011) and the related consequential amendments have impacted the accounting for the Group’s defined benefit schemes, by replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability. Prior year comparatives have been restated and the restated movements on the retirement benefit obligations and finance costs are given in notes 4. As the Group has always recognised actuarial gains and losses immediately, there has been no effect on the prior year defined benefit obligation. There is no impact on cash flows.

IFRS 13 has impacted the measurement of fair value for certain financial assets and financial liabilities by requiring businesses to reflect credit risk in the calculation of fair values. In addition certain additional disclosures are required and these are set out in note 15.

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:

- IAS 27 (revised) Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures
- IAS 32 (amended) Offsetting Financial Assets and Liabilities
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities

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.

Notes to the interim financial statements

2. Business segments

As required by IFRS 8 the operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to assess their performance. All four divisions sell building materials to a wide range of customers, none of which are dominant, and operate almost exclusively in the United Kingdom. Segment profit represents the profit earned by each segment without allocation of certain central costs, finance income and costs and income tax expense. Unallocated segment assets and liabilities comprise financial instruments, current and deferred taxation, cash and borrowings and pension scheme assets and liabilities.

Segment information

Six months ended 30 June 2013

	General Merchanting £m	Specialist Merchanting £m	Consumer £m	Plumbing & Heating £m	Unallocated £m	Consolidated £m
Revenue	**754.2**	**316.8**	**586.6**	**791.9**	**-**	**2,449.5**
Result						
Segment result pre-exceptional items and amortisation	**72.8**	**15.7**	**29.5**	**36.1**	**(6.6)**	**147.5**
Exceptional investment income	**-**	**-**	**7.7**	**-**	**-**	**7.7**
Amortisation of intangible assets	**-**	**-**	**(2.4)**	**(6.7)**	**-**	**(9.1)**
Segment result	**72.8**	**15.7**	**34.8**	**29.4**	**(6.6)**	**146.1**
Finance income	**-**	**-**	**-**	**-**	**4.5**	**4.5**
Finance costs	**-**	**-**	**-**	**-**	**(15.9)**	**(15.9)**
Profit before taxation	**72.8**	**15.7**	**34.8**	**29.4**	**(18.0)**	**134.7**
Taxation	**-**	**-**	**-**	**-**	**(28.5)**	**(28.5)**
Profit for the period	**72.8**	**15.7**	**34.8**	**29.4**	**(46.5)**	**106.2**

Notes to the interim financial statements

2. Business segments (continued)

Six months ended 30 June 2012

	General Merchanting	Specialist Merchanting	Consumer	Plumbing & Heating	Unallocated (Restated)	Consolidated (Restated)
	£m	£m	£m	£m	£m	£m
Revenue	725.9	293.2	587.5	804.9	-	2,411.5
Result						
Segment result before exceptional items and amortisation of goodwill	78.5	15.6	27.5	34.0	(4.7)	150.9
Exceptional investment income	-	-	31.9	-	-	31.9
Exceptional items	-	(0.1)	6.0	(5.0)	-	0.9
Amortisation of intangible assets	-	-	-	(8.7)	-	(8.7)
Segment result	78.5	15.5	65.4	20.3	(4.7)	175.0
Finance income	-	-	-	-	1.2	1.2
Finance costs	-	-	-	-	(21.4)	(21.4)
Profit before taxation	78.5	15.5	65.4	20.3	(24.9)	154.8
Taxation	-	-	-	-	(23.9)	(23.9)
Profit for the period	78.5	15.5	65.4	20.3	(48.8)	130.9

Year ended 31 December 2012

	General Merchanting	Specialist Merchanting	Consumer	Plumbing & Heating	Unallocated (Restated)	Consolidated (Restated)
	£m	£m	£m	£m	£m	£m
Revenue	1,456.7	603.6	1,152.5	1,632.1	-	4,844.9
Result						
Segment result before exceptional items and amortisation of goodwill	167.3	31.5	64.7	72.8	(10.6)	325.7
Exceptional investment income	-	-	39.5	-	-	39.5
Exceptional items	-	(0.2)	6.0	(14.5)	-	(8.7)
Amortisation of intangible assets	-	-	(4.9)	(12.5)	-	(17.4)
Segment result	167.3	31.3	105.3	45.8	(10.6)	339.1
Finance income	-	-	-	-	2.7	2.7
Finance costs	-	-	-	-	(42.6)	(42.6)
Profit before taxation	167.3	31.3	105.3	45.8	(50.5)	299.2
Taxation	-	-	-	-	(50.5)	(50.5)
Profit for the year	167.3	31.3	105.3	45.8	(101.0)	248.7

Notes to the interim financial statements

2. Business segments (continued)

Segment Assets	**30 June 2013**	30 June 2012	31 Dec 2012
	£m	£m	£m
General Merchanting	**2,211.1**	2,124.0	2,121.7
Specialist Merchanting	**470.9**	454.7	469.7
Consumer	**1,755.3**	1,695.4	1,653.4
Plumbing & Heating	**1,150.6**	1,138.3	1,166.6
Unallocated	**134.0**	121.0	179.3
Eliminations	**(1,276.6)**	(1,174.3)	(1,233.5)
Total assets	**4,445.3**	4,359.1	4,357.2

Segment Liabilities	**30 June 2013**	30 June 2012	31 Dec 2012
	£m	£m	£m
General Merchanting	**(763.9)**	(707.4)	(659.7)
Specialist Merchanting	**(12.3)**	(15.2)	(13.7)
Consumer	**(491.0)**	(504.9)	(415.5)
Plumbing & Heating	**(227.1)**	(297.7)	(232.4)
Unallocated	**(1,833.2)**	(1,794.2)	(1,961.3)
Eliminations	**1,276.6**	1,174.3	1,233.5
Total liabilities	**(2,050.9)**	(2,145.1)	(2,049.1)

3. Seasonality

The Group’s trading operations are mainly unaffected by seasonal factors. In 2012, the period to 30 June accounted for 50% of the Group’s annual revenue (2011: 49%).

4. Retirement benefit obligations

(a) Pension scheme movement	**Six months ended 30 June 2013**	Six months ended 30 June 2012 (Restated)	Year ended 31 Dec 2012 (Restated)
	£m	£m	£m
Gross deficit 1 January	**(57.5)**	(45.7)	(45.7)
Current service cost	**(5.4)**	(5.1)	(10.0)
Administration expenses	**(0.4)**	(0.4)	(0.9)
Other finance cost	**(1.0)**	(1.1)	(2.1)
Contributions received by the Schemes	**14.4**	14.0	32.9
Actuarial gains / (losses) recognised in the statement of comprehensive income	**1.6**	(6.4)	(31.7)
Gross deficit at 30 June / 31 December	**(48.3)**	(44.7)	(57.5)
Pension surplus	**4.0**	11.5	1.6
Pension deficit	**(52.3)**	(56.2)	(59.1)
Gross deficit at 30 June / 31 December	**(48.3)**	(44.7)	(57.5)
Deferred tax	**10.9**	10.7	13.0
Net deficit at 30 June / 31 December	**(37.4)**	(34.0)	(44.5)

Notes to the interim financial statements

(b) Prior period restatement

IAS 19 (revised 2011) and the related consequential amendments have impacted the accounting for the Group's defined benefit schemes, by replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability. Prior year comparatives have been restated with an increase in net finance cost of £6.6m in the period to 30 June 2012 and £13.2m in the period to 31 December. Administration expenses for the schemes totalling £0.4m and £0.9m have been deducted from operating profit for the periods to 30 June 2012 and 31 December 2012 and actuarial losses in the statement of other comprehensive income have been reduced by £7.0m and £14.1m for the same periods. The combined net deficit of the schemes at 30 June and 31 December is unaffected. There is no impact on cash flows.

Further details of the impact of the prior period restatement are given in the table below.

Impact on income statement	Six months ended 30 June 2012			Year ended 31 December 2012		
	As previously stated £m	Prior period adjustment £m	As restated £m	As previously stated £m	Prior period adjustment £m	As restated £m
Adjusted operating profit	151.3	(0.4)	150.9	326.6	(0.9)	325.7
Exceptional items and amortisation	(7.8)	-	(7.8)	(26.1)	-	(26.1)
Operating profit	143.5	(0.4)	143.1	300.5	(0.9)	299.6
Exceptional investment income	31.9	-	31.9	39.5	-	39.5
Finance income	6.7	(5.5)	1.2	13.8	(11.1)	2.7
Finance costs	(20.3)	(1.1)	(21.4)	(40.5)	(2.1)	(42.6)
Profit before tax	161.8	(7.0)	154.8	313.3	(14.1)	299.2
Tax	(25.5)	1.6	(23.9)	(53.7)	3.2	(50.5)
Profit for the period	136.3	(5.4)	130.9	259.6	(10.9)	248.7
Impact on profit before tax						
Profit before tax	161.8	(7.0)	154.8	313.3	(14.1)	299.2
Exceptional items and amortisation	(24.1)	-	(24.1)	(13.4)	-	(13.4)
Adjusted profit before tax	137.7	(7.0)	130.7	299.9	(14.1)	285.8
Impact on profit after tax						
Profit after tax	136.3	(5.4)	130.9	259.6	(10.9)	248.7
Exceptional items and amortisation	(32.4)	-	(32.4)	(32.8)	-	(32.8)
Adjusted profit after tax	103.9	(5.4)	98.5	226.8	(10.9)	215.9
Impact on earnings per share						
Basic	57.3p	(2.3)p	55.0p	108.9p	(4.6)p	104.3p
Adjusted basic	43.7p	(2.3)p	41.4p	95.1p	(4.5)p	90.6p
Diluted	55.3p	(2.2)p	53.1p	105.0p	(4.4)p	100.6p

Notes to the interim financial statements

5. Finance costs

	Six months ended 30 June 2013	Six months ended 30 June 2012 (Restated)	Year ended 31 Dec 2012 (Restated)
	£m	£m	£m
Interest receivable	**0.1**	0.1	0.4
Amortisation of cancellation receipt for swap accounted for as fair value hedge	**0.5**	0.5	1.0
Net gain on re-measurement or settlement of derivatives at fair value	**3.9**	0.6	1.3
Finance income	**4.5**	1.2	2.7
Interest on bank loans and overdrafts	**(9.9)**	(12.3)	(23.5)
Amortisation of issue costs of bank loans	**(0.7)**	(0.6)	(1.2)
Other interest	**(0.8)**	(0.6)	(1.7)
Interest on obligations under finance leases	**(0.5)**	(0.6)	(1.1)
Amortisation of cancellation payment for swaps accounted for as cash flow hedges	**(0.8)**	(2.0)	(4.1)
Unwinding of discounts in provisions	**(2.2)**	(2.5)	(5.0)
Other finance costs – pension scheme	**(1.0)**	(1.1)	(2.1)
Net loss on re-measurement or settlement of derivatives at fair value	**-**	(1.7)	(3.9)
Finance costs	**(15.9)**	(21.4)	(42.6)
Net finance costs	**(11.4)**	(20.2)	(39.9)

6. Pre-tax exceptional items

Pre-tax exceptional items comprise:

- On 3 January 2012 the Group completed the acquisition of 100% of the share capital of Toolstation Limited. The total consideration payable is dependent upon future performance and expansion of the business over the period to December 2013. The contingent consideration was reassessed on 30 June 2013 and as a result the amount previously recognised of £47.0m has been reduced to £39.3m with the difference of £7.7m being credited to the income statement in 2013 as exceptional investment income (note 14);

- In the half year and full year 2012, £35.3m of exceptional fair value gains were recognised in investment income when the requirements of IFRS 3 (2008) Business Combinations were applied to the investments held in Toolstation. This acquisition resulted in the existing 30% associate interest being re-measured to its fair value at the acquisition date. Contingent consideration payable on the Toolstation acquisition was reassessed on 30 June 2012 and 31 December 2012 with an increase in the fair value of the consideration of £3.4m being charged to exceptional investment income in the half year, and a reduction in the fair value of consideration of £4.2m being credited in the full year;

- In 2012 £5.1m of exceptional operating costs associated with the BSS integration were incurred in the half year 2012 with £14.7m charged for the full year;

- In the half year and full year 2012, £6.0m was released through operating profit in relation to onerous lease provisions that were no longer required because the properties to which they related had been sublet.

Notes to the interim financial statements

7. Tax

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 (Restated) £m	Year ended 31 Dec 2012 (Restated) £m
Current tax			
UK corporation tax			
- current year	**(31.6)**	(32.8)	(65.8)
- prior year	**0.6**	-	1.1
Total current tax charge	**(31.0)**	(32.8)	(64.7)
Deferred tax			
- current year	**2.5**	8.9	14.9
- prior year	**-**	-	(0.7)
Total deferred tax	**2.5**	8.9	14.2
Total tax charge	**(28.5)**	(23.9)	(50.5)

Tax for the interim period is charged on profits before tax, based on the best estimate of the corporate tax rate for the full financial year adjusted for exceptional items. On 2 July 2013 Finance Act 2013 (FA 2013) passed through the House of Commons and hence became substantively enacted, which confirmed the proposed reductions in the corporation tax rate by 2% to 21% with effect from 1 April 2014 and by a further 1% to 20% with effect from 1 April 2015.

As FA 2013 was not substantively enacted at the interim balance sheet date of 30 June 2013 these rate reductions have not been reflected in the calculation of the Group's deferred tax liability, which has been calculated using the corporation tax rate on that date of 23%.

Had FA 2013 been substantively enacted at the balance sheet date the Group's deferred tax liability would have been calculated using a rate of 20%, reducing the provided liability by £11.1m. This reduction in liability would have been reflected by a credit to the Income Statement of £20.3m and a charge taken directly to reserves of £9.2m.

The effects of the change in tax rate will be reflected in the full year accounts to 31 December 2013.

The tax charge for half year 2012 included an exceptional credit of £6.3m arising from a reduction in the rate of UK corporation tax from 25% to 24% on 6 April 2012. A further reduction in the rate of corporation tax received Royal Assent on 17 July 2012, reducing the UK corporation tax rate to 23%. This reduction was not reflected in the half year 2012 financial statements, but was reflected in the full year 2012 accounts giving rise to a total £13.4m exceptional credit.

Notes to the interim financial statements

8. Earnings per share

a) Basic and diluted earnings per share

Earnings	**Six months ended 30 June 2013 £m**	Six months ended 30 June 2012 (Restated) £m	Year ended 31 Dec 2012 (Restated) £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent	**106.2**	130.9	248.7

Number of shares	**No.**	No.	No.
Weighted average number of shares for the purposes of basic earnings per share	**240,123,645**	237,925,458	238,388,160
Dilutive effect of share options on potential shares	**8,677,576**	8,455,965	8,809,106
Weighted average number of shares for the purposes of diluted earnings per share	**248,801,221**	246,381,423	247,197,266

b) Adjusted earnings per share

Adjusted earnings per share are calculated by excluding the effects of the exceptional items and amortisation of intangible assets in 2013 and 2012 from earnings.

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 (Restated) £m	Year ended 31 Dec 2012 (Restated) £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent	**106.2**	130.9	248.7
Exceptional items	**(7.7)**	(32.8)	(30.8)
Amortisation of intangible assets	**9.1**	8.7	17.4
Tax on amortisation of intangible assets	**(2.1)**	(2.2)	(4.0)
Tax on exceptional items	**-**	0.2	(2.1)
Effect of reduction in corporation tax rate on deferred tax	**-**	(6.3)	(13.3)
Earnings for adjusted earnings per share	**105.5**	98.5	215.9
Adjusted earnings per share	**43.9p**	41.4p	90.6p
Adjusted diluted earnings per share	**42.4p**	40.0p	87.3p

Notes to the interim financial statements

9. Dividends

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

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 Dec 2012 £m
Final dividend for the year ended 31 December 2012 of 17.0 pence (2011: 13.5 pence) per share	**40.9**	32.1	32.1
Interim dividend for the year ended 31 December 2012 of 8.0 pence per share	**-**	-	19.1

The proposed interim dividend of 10.0p per share in respect of the year ending 31 December 2013 was approved by the Board on 24 July 2013 and has not been included as a liability as at 30 June 2013. It will be paid on 11 November 2013 to shareholders on the register at close of business on 11 October 2013. The shares will be quoted ex-dividend on 9 October 2013.

10. Borrowings

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

	30 June 2013 £m	30 June 2012 £m	31 Dec 2012 £m
Drawn facilities			
US guaranteed senior notes	**141.4**	272.7	261.1
5 year committed revolving facility	**260.0**	293.8	264.4
15 month committed revolving facility	**50.0**	-	-
	451.4	566.5	525.5
Undrawn facilities			
5 year committed revolving facility	**290.0**	475.0	475.0
Bank overdraft	**40.0**	40.0	40.0
	330.0	515.0	515.0

The £550m revolving credit facility expires on 14 December 2016 whilst the £50m revolving credit facility expires on 31 March 2014. $200m of the unsecured senior loan notes were repaid on 28 January 2013 with the remaining $200m falling due on 26 January 2016.

11. Share capital

	Allotted	
Ordinary shares of 10p	No.	£m
At 1 January 2013	244,853,057	24.5
Allotted under share option schemes	247,844	-
At 30 June 2013	**245,100,901**	**24.5**

Notes to the interim financial statements

12. Net debt reconciliation

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 Dec 2012 £m
Net debt at 1 January	**(452.2)**	(583.2)	(583.2)
(Decrease) / increase in cash and cash equivalents	**(35.6)**	(18.0)	60.5
Cash flows from debt	**74.0**	32.9	55.9
Decrease in fair value of derivatives	**7.7**	5.5	14.4
Exchange (loss) / gain on private placement	**(4.1)**	0.7	2.7
Finance charges netted off bank debt	**5.4**	(0.6)	(1.2)
Lease surrendered	**-**	-	0.1
Amortisation swap cancellation receipt	**0.5**	0.5	1.1
Discount unwind on liability to pension scheme	**(1.3)**	(1.3)	(2.5)
Net debt at 30 June / 31 December	**(405.6)**	(563.5)	(452.2)

13. Non-statutory information

a) Gearing

	At 30 June 2013 £m	At 30 June 2012 £m	At 31 Dec 2012 £m
Net Debt under IFRS as adopted by the E.U.	**(405.6)**	(563.5)	(452.2)
IAS 17 finance leases	**18.1**	19.5	18.7
Unamortised swap cancellation receipt	**2.4**	3.5	2.9
Liability to pension scheme	**35.2**	35.6	36.9
Fair value adjustment to debt	**15.8**	30.4	19.5
Finance charges netted off bank debt	**(5.7)**	(0.9)	(0.3)
Net debt under covenant calculations	**(339.8)**	(475.4)	(374.5)
Total equity	**2,394.4**	2,214.0	2,308.1
Gearing	**14.2%**	21.5%	16.2%

Notes to the interim financial statements

b) Covenant calculations (rolling 12 months)

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 Dec 2012 £m
EBITDA under IFRS as adopted by the E.U.	**399.2**	410.8	426.8
Exceptional items	**(5.7)**	(29.9)	(30.8)
Pre-acquisition EBITDA	**0.3**	3.2	-
Reversal of IFRS effect	**(2.4)**	(2.7)	(2.6)
Adjusted EBITDA under covenant calculations	**391.4**	381.4	393.4
Net debt under covenant calculations (note 13a)	**339.8**	475.4	374.5
Adjusted net debt to EBITDA	**0.87x**	1.25x	0.95x
Net interest payable under covenant calculations (rolling 12 months)	**22.4**	23.0	24.8
Interest cover	**14.4x**	13.6x	13.1x

13. Non-statutory information (continued)

c) Adjusted free cash flow

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 Dec 2012 £m
Operating profit before amortisation and exceptional items	**147.5**	150.9	325.7
Depreciation	**35.2**	33.9	69.4
Other non cash movements	**6.2**	7.4	16.4
Gain on disposal of property plant and equipment	**(2.0)**	(1.1)	(17.1)
Movement on working capital	**(10.4)**	(27.8)	(39.1)
Net interest paid	**(10.9)**	(12.4)	(27.3)
Income tax paid	**(25.9)**	(30.3)	(64.5)
Replacement capital expenditure	**(29.5)**	(28.7)	(54.3)
Proceeds from disposal of property, plant and equipment	**6.0**	7.0	32.6
Adjusted free cash flow	**116.2**	98.9	241.8

Notes to the interim financial statements

14. Acquisitions

a) Solfex Energy Systems Limited

On the 30 January 2013 the Group acquired 88.2% of the issued share capital of Solfex Energy Systems Limited ("Solfex"). Solfex is a specialist distributor of renewables technology. The Group has options to acquire the remaining 11.8% in July 2013 and consequently a non-controlling interest of £1.4m has been recognised. The profit for the period attributable to the non-controlling interest is £0.0m. The acquisition was accounted for using the purchase method of accounting. Provisional fair values ascribed to identifiable assets as at 30 January 2013 are shown in the table below.

	Fair value acquired £m
Net assets acquired:	
Property, plant and equipment	0.1
Identifiable intangible assets	1.5
Inventories	2.1
Trade and other receivables	1.1
Cash at bank	1.5
Trade and other payables	(0.2)
Deferred tax liabilities	(0.3)
	5.8
Goodwill – addition during the period	4.3
	10.1
Satisfied by:	**£m**
Cash paid in current period	7.9
Contingent consideration	0.8
	8.7
Non controlling interest	1.4
	10.1

The contingent consideration payable in 2013, 2014 and 2015 is dependent upon future performance and expansion of the business over the period to December 2015. After taking into account the requirements of the purchase and sale agreement the total cash payment is expected to be £1.0m.

International Financial Reporting Standard ("IFRS") 3 (2008) requires the consideration transferred in a business combination to be measured at fair value and therefore the future cash consideration has been discounted by £0.2m.

If the actual consideration paid in the earn out years differs from our current estimate of £0.8m, then IFRS 3 (2008) will require the difference to pass through the income statement. Given any such difference will not relate to trading, we anticipate it will be shown as an exceptional item.

In addition, it is currently expected that, dependent on future profits, a further £1.9m will be paid to the previous majority shareholder who is employed by the Group. As required by IFRS 3 (2008), this will be treated as remuneration and charged to the income statement as it is earned.

Total revenue and operating profit for Solfex for the period from 30 January 2013 to 30 June 2013 were £4.3m and £0.3m respectively. If the acquisition of Solfex had been completed on the first day of the financial year, group revenues would have been £2,449.9m and the Group's operating profit would have been £147.5m.

Goodwill recognised consists of the benefits from forecast growth and the assembled workforce. None of the goodwill recognised is expected to be deductible for income tax purposes. Acquisition costs charged in administration expenses in the period to 30 June 2013 amounted to £0.2m. The fair value of the acquired receivables is £1.1m. All acquired receivables are expected to be collected in full.

Notes to the interim financial statements

14. Acquisitions (continued)

b) Toolstation Limited

On 3 January 2012 the Group completed the acquisition of 100% of the share capital of Toolstation Limited. The total consideration payable is dependent upon future performance and expansion of the business over the period to December 2013. The contingent consideration was reassessed on 30 June 2013 and as a result the amount previously recognised of £47.0m has been reduced to £39.3m with the difference of £7.7m being credited to the income statement as exceptional investment income.

15. Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Foreign currency forward contracts are measured using quoted forward exchange rates;
- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates; and
- Deferred consideration liabilities are calculated using forecasts of future performance of acquisitions discounted to present value. The total deferred consideration creditor of £40.1m represents estimated amounts payable on the acquisition of Toolstation of £39.3m which is disclosed in trade and other payables and an amount payable on the acquisition of Solfex of £0.8m, which is disclosed in long term other payables (note 14).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year. There are no non-recurring fair value measurements.

Included in assets

Level 2	**As at 30 June 2013 £m**	As at 30 June 2012 £m	At 31 Dec 2012 £m
Foreign currency forward contracts at fair value through profit and loss	**2.2**	1.5	**-**
Foreign currency forward contracts designated and effective as hedging instruments carried at fair value	**1.6**	-	-
Cross currency interest rate swaps designated and effective as hedging instruments carried at fair value	**16.0**	34.5	25.5
	19.8	36.0	25.5
Current assets	**2.2**	1.5	12.7
Non-current assets	**17.6**	34.5	12.8
	19.8	36.0	25.5

Notes to the interim financial statements

15. Financial Instruments (continued)

Included in liabilities

Level 2	**As at 30 June 2013 £m**	As at 30 June 2012 £m	At 31 Dec 2012 £m
Foreign currency forward contracts at fair value through profit and loss	**-**	-	0.7
Foreign currency forward contracts designated and effective as hedging instruments carried at fair value	**-**	1.0	3.7
Interest rate swaps at fair value through profit and loss	**1.0**	2.6	1.9
Interest rate swaps designated and effective as cash hedging instruments	**0.6**	2.1	1.2
Level 3			
Deferred consideration at fair value through profit and loss	**40.1**	54.6	47.0
	41.7	60.3	54.5
Current liabilities	**40.9**	-	2.6
Non-current liabilities	**0.8**	60.3	51.9
	41.7	60.3	54.5

16. 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 related party transactions with directors. The Group advanced a further net £0.5m (2012: £1.8m) in the form of loans to its associate companies The Mosaic Tile Company Limited and Rinus Roofing Limited. Operating transactions with The Mosaic Tile Company Limited and Rinus Roofing 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	**A. D. Buffin**
Chief Executive 24 July 2013	Finance Director 24 July 2013

INDEPENDENT REVIEW REPORT TO TRAVIS PERKINS PLC

We have been engaged by the Company to review the set of condensed consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2013 which comprise, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 16. 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 it 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 2013 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 Auditor
London, UK
24 July 2013