Travis Perkins plc

Interim results for the six months ended 30th June 2015

Strong momentum, trading in line with plan and investing for sustainable growth

£m	H1 2015	H1 2014	Change
Revenue	2,943	2,731	7.8%
Like-for-like revenue(1)			*5.7%*
Operating profit	185	175	5.7%
Property profits	*3*	*8*	
Operating profit excluding property profits	*182*	*167*	*9.0%*
Operating profit	176	166	6%
Net profit after taxation	127	123	3.3%
Basic earnings per share (pence)	51.3p	50.5p	1.6%
Adjusted operating profit(2)	185	175	5.7%
Adjusted operating profit excluding property profits(2)	*182*	*167*	*9.0%*
Adjusted profit before taxation(2)	167	162	3.1%
Adjusted net profit after taxation(2)	134	130	3.1%
Adjusted earnings per share(2) (pence)	54.2p	53.4p	1.5%
Dividend per share	14.75p	12.25p	20.4%
Lease adjusted ROCE	10.5%	10.5%	-
Free cash flow	156	189	-
Lease adjusted net debt	1,824	1,807	-

Highlights

- Revenue increased by 7.8% with like-for-like revenue up 5.7% (16.5% on a two-year basis)
- Adjusted operating profit, excluding the impact of property profits, increased by 9.0% to £182m
- Adjusted EPS increased by 1.5% to 54.2p, lower than the growth in adjusted operating profit due to lower property profits and non-cash charges relating to foreign exchange contracts
- Interim dividend increased 20.4% to 14.75p, reflecting confidence in future growth prospects
- Gross capital investment of £131m, including £45m of freehold property investments
- Network expansion continued, with 49 new branches and stores and a further 15 implants to better utilise existing space
- Lease adjusted net debt maintained at £1.8bn
- Lease adjusted return on capital employed was maintained at 10.5% reflecting timing of property profits and capital investment to drive on-going market outperformance and sustainable growth

John Carter – Chief Executive Officer said:

"The Group has delivered a strong underlying performance in the first half. Our key strategic priorities are unchanged; modernising General Merchanting, transforming Wickes and completing the Plumbing & Heating re-segmentation programme. We continue to anticipate a full year result in line with expectations and delivering against our targets including low double-digit profit growth and sales outperformance of our markets. In support of these targets we have increased both capital and operational investment in our businesses to improve our customer propositions across range, availability and value, whilst allowing us to leverage the scale of the business."

(1)Details of non-GAAP measures can be found in notes 5, 11 and 12.
(2)The term "adjusted" is used to signify that the effects of exceptional items, amortisation of intangible assets and the associated tax impacts have been excluded from the disclosure being made.

Divisional Performance

	Revenue		Adjusted Operating Margin				LAROCE	
			Inc. Property profits		Exc. Property profits			
	Total	LFL	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014
General Merchanting	7.8%	6.7%	9.4%	9.8%	9.3%	8.9%	16%	17%
Plumbing & Heating	(0.7)%	(2.9)%	3.1%	3.6%	3.1%	3.3%	8%	8%
Contracts	17.9%	13.9%	6.3%	6.8%	6.3%	6.8%	13%	12%
Consumer	8.6%	6.5%	5.9%	5.6%	5.6%	5.6%	7%	6%
Group	**7.8%**	**5.7%**	**6.3%**	**6.4%**	**6.2%**	**6.1%**	**10.5%**	**10.5%**

General Merchanting

- Revenue increased by 7.8%, with good growth across the UK and continued market outperformance. Sales growth was particularly strong in heavyside categories.
- Underlying adjusted operating margins, excluding property profits, were sustained with gross margin improving; a function of good progress in sourcing initiatives and solid price inflation pass through. This was offset by costs incurred as part of on-going improvement activity and investment in customer service teams in Travis Perkins branches initiated in the second half of 2014.
- Property profits of £1m were lower than the previous year (2014: £8m) owing to profit recognition from the St. Pancras branch development in 2014.
- Plans to modernise the Travis Perkins business are progressing well with over 400 branches now served by heavyside range centres. This has improved the range and availability of heavyside products and has resulted in sales uplifts for the branches supplied by the range centres. The new branch format trials are progressing well, with 12 now in operation.

Plumbing & Heating

- The heating market continues to be difficult with intense price competition impacting sales in both PTS and F&P. However, there are signs of recovery in the local bathroom installer market, served by City Plumbing.
- As expected, revenue was down slightly in the first half, driven by the non-recurrence of sales linked to the Energy Company Obligation (ECO) Scheme, tougher market conditions, and disruption from the re-segmentation programme. Like-for-like sales growth was positive in the second quarter and it is expected that this positive growth will continue through 2015.
- Underlying adjusted operating profit, which excludes property profits and one-offs incurred in 2014, reduced by £1m. This was mainly due to costs incurred in the conversion of PTS branches into City Plumbing, and reduced operating leverage given the lower sales volume.
- Good progress is being made on the resegmentation programme, with 48 branch conversions from PTS to City Plumbing completed in the half. This brings the number of converted branches to 94, meaning more than half of the intended 180 conversions are now complete. A further 25 branches were closed where sites were not well positioned, with customers transferring to larger catchment PTS branches or local City Plumbing branches.

Contracts

- Revenue grew by 17.9% due to very strong growth in Keyline and CCF with both businesses taking significant market share. BSS maintained its position as the market leader in the industrial plumbing market in a more competitive operating environment.
- Adjusted operating margin reduced by 50 basis points, reflecting a 120 basis points reduction in gross margins, primarily as a result of higher sales growth in the lower margin businesses, a shift of product mix in Keyline towards heavyside products and more pricing

competition in BSS' markets. This was partially offset by a 60 basis points improvement in operating costs. Lease adjusted returns increased by 1ppt to 13%.

- The integration of Rudridge into the Keyline business is progressing in line with plans. Optimising the Contracts footprint is a key focus, combined with relocating and redesigning branches to improve operational efficiency, and adding further CCF branches to provide a better service to customers and improve the efficiency of the delivery network.

Consumer

- Revenue increased by 8.6% to £693m with like-for-like sales growth consistently above 6% through the first half of the year, demonstrating continued strong outperformance of the market.
- Underlying adjusted operating margin, which excludes property profits, was maintained at 5.6%, with progression on gross margin offsetting over £4m of costs incurred to conduct the planned extensive range reviews in Wickes to improve the customer proposition.
- The expansion of the Toolstation network is continuing at pace, with a further 18 branches opened in the first half, taking Toolstation to 202 branches in the UK and Netherlands.

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Summary

The Group is making good progress in executing the five-year strategic plan set out in December 2013. Improvements have been made in each of the four areas of value creation; customer innovation; optimising the network; utilising scale advantage; and portfolio management.

The Group continues to improve customer propositions through investments in new store formats, with 12 new format Travis Perkins branches and three new format Wickes stores opening in the half. Three heavyside range centres are now operational with Tilbury joining Warrington and Cardiff. These range centres provide customers with an extended range of over 3,000 products for next day delivery, and a further 3,000 for next week delivery through over 400 Travis Perkins branches. The businesses in the Consumer division continued to invest in price to give better value to customers and grow volumes and market share. Wickes, as planned, undertook a number of more extensive range reviews to improve and broaden the product offer. Online platforms have continued to evolve; with a one-hour click and collect service now offered by Wickes and Toolstation. In Plumbing and Heating the roll out of bathroom showrooms in the City Plumbing format continued, supporting the significant branch re-segmentation programme.

Forty-nine new trading locations were added in the half, in addition to 15 implants into existing sites. The re-segmentation of the Plumbing & Heating division, whereby PTS branches are converted to City Plumbing branches in order to focus on specific customer groups and improve returns, is proceeding to plan. During the half 48 conversions from PTS branches to City Plumbing were completed and 25 sites no longer required were closed.

The Group continued to leverage its scale advantage through targeted investments in shared infrastructure. The two primary lightside distribution centres in Northampton and Warrington supply multiple businesses, and the heavyside network is now providing a range extension to over 60% of Travis Perkins branches. The Group continued to focus on sourcing improvements, achieving sourcing synergies between businesses wherever possible, and continuing to increase direct sourcing volumes through its buying team in Asia. Investment in technology improvement programmes also continued, including better network connectivity, supply chain systems improvements and multichannel capability.

The Group continues to focus on return on capital as a critical measure of performance ensuring that capital is employed across the business in the most effective and efficient way possible. This includes both assessing how much capital is employed in particular businesses, for example the re-allocation of capital within the Plumbing & Heating division from PTS to City Plumbing, and how the property portfolio is managed to provide the best operating sites for each business.

Each division holds authority over the development and execution of divisional business plans, with the divisional management teams making good progress so far in 2015. Further work is underway to more closely align divisional performance and incentives.

Financial Performance

Group revenue increased by £212m, or 7.8%, to £2,943m. Like-for-like sales grew by 5.7% with additional growth through opening new branches and the inclusion of Primaflow and Rudridge into the Group results. There was no change in the number of trading days in 2015 when compared with the prior year.

Adjusted operating profits increased by 5.7% to £185m. Excluding property profits, adjusted operating profit increased by 9.0%. At a divisional level, adjusted operating profits grew in General Merchanting, Contracts and Consumer, with a small decline in Plumbing & Heating.

Adjusted operating margin of 6.3% was 10 bps lower than the prior year (2014: 6.4%) owing to the recognition of lower property profits. Profit from property transactions was always expected to be weighted towards the second half of 2015 and there is no change to the £20m guidance previously given for the full year. Underlying adjusted operating margin, excluding property profits, increased by 10 basis points to 6.5% due to gross margin improvement partially offset by the effect of higher operating costs.

The Group financing charge was £5m higher in the first half of 2015 than 2014 largely due to a £4m non-cash charge from the mark-to-market valuation of foreign exchange contracts.

The effective tax rate was consistent with prior periods at 20%.

Adjusted earnings per share (EPS) increased by 0.8 pence to 54.2 pence. This 1.5% improvement was driven by a 3.1% increase in profit after tax, partly diluted by an increase in the weighted average number of shares in issue due to the exercise of share options and other share related contracts. Basic EPS increased by 1.6% to 51.3 pence (2014: 50.5 pence); there was no significant difference between basic and diluted EPS.

Net working capital increased in the first half by £31m, primarily driven by an expected increase in trade receivables as more trade credit was extended to customers in line with sales growth and the mix of business. Inventory was held flat, demonstrating good stock control achieved through better management systems and the benefits of centralised distribution.

The Group generated £156m of free cash flow in the half. This was lower than the £189m generated in the first half of 2014 which benefited from a number of non-recurring benefits. The strong cash conversion of 84% provides the Group continued surety in its ability to fund its five-year strategic investment plan. Capital investment increased to £131m from £65m in 2014, demonstrating the Group's determination to invest in the business to expand the branch network, improve customer propositions and infrastructure to drive market outperformance and grow returns to shareholders over the long-term. Capital investment included £45m of freehold property purchases.

Lease adjusted ROCE was maintained at 10.5% despite the timing of property profits being skewed to the second half of 2015 and the significant capital investments.

The half year dividend is increased to 14.75p per share, up 20.4%, and reflects the high level of confidence in the future growth prospects and cash generating ability of the business.

Market drivers

In the UK, demand for housing continues to outpace supply. Population growth, immigration and a trend towards smaller family units is creating around 225,000 new households per year, while only 141,000 new homes were built in 2014. This demand for houses along with historic under-investment in the existing housing stock gives a reasonable expectation of growth in both the new house-building and the repair, maintenance and improvement (RMI) markets.

The RMI market is closely linked to secondary housing transactions. Following a strong recovery in the first half of 2014, the number of mortgage approvals dipped in the third quarter of 2014 following the Mortgage Market Review. The reduction in mortgage approvals has fed through, with a three to six month lag, to a dip in the number of secondary market transactions completed. This in turn had an negative impact on RMI sales in the UK through the second quarter of 2015, as signalled previously. Mortgage approval rates have since recovered to mid-2014 levels, which gives confidence that there will be further growth in the RMI market in the second half of 2015.

The overall economic outlook remains encouraging, with falling unemployment, low interest rates and low inflation contributing to rises in real wages and increased consumer confidence. Solid mortgage availability, continuing Government support for first-time buyers and rising house prices has resulted in mortgage approvals and subsequent housing transactions returning to a sustainable level of around 100,000 transactions per month. This underpins the Group's long term investment, growth and return plans.

Guidance

Expectations for the Group's financial performance in 2015 remain unchanged.

The outlook on inflation remains mixed, with the positive trends in heavyside materials softening in the second quarter, and continuing deflation in lightside products coupled with lower commodity prices. Strong two-year like-for-like sales growth is expected to continue through 2015, with the Group's overall medium-term sales growth expected to remain at around 6 to 7%.

EBITA growth in the low double-digits is expected to continue, driven by higher volumes and improved operational efficiency, partially offset by continuing investment. Property profits are expected to be around £20m in 2015, weighted towards the second half of the year.

Capital expenditure is now expected to be above £200m in 2015 as freehold investments, branch network expansion and the improvements to store formats are accelerated reflecting the Group's success in identifying opportunities. The actual level of capital expenditure will however depend on the quality and availability of freehold sites.

The effective tax rate is expected to be approximately 20% and dividend growth should continue to surpass EBITA growth in order to achieve the targeted medium-term cover range of 2.5x to 3.25x.

Business Performance

Revenue

Total revenue and like-for-like sales both increased in the first half.

Like-for-like revenue growth	General Merchanting	Plumbing & Heating	Contracts	Consumer	Group
Q1 2015	8.1%	(6.1)%	15.1%	6.0%	**5.1%**
Q2 2015	5.3%	1.0%	12.9%	6.9%	**6.3%**
First half 2015	6.7%	(2.9)%	13.9%	6.5%	**5.7%**
H1 two-year like-for-like	**22.3%**	**4.3%**	**26.5%**	**13.7%**	**16.5%**

Like-for-like sales growth at a Group level accelerated in the second quarter to 6.3%, driven by an improving performance in Plumbing & Heating as the impact of government incentives reduced. As expected, following the exceptionally high growth rates throughout 2014, the like-for-like growth rates in the General Merchanting and Contracts divisions slowed in the second quarter.

Like-for-like sales growth of 5.7% in the half was encouraging given the prior year comparatives and contributed to two-year like-for-like growth of 16.5% with particularly strong growth in both General Merchanting and Contracts.

The RMI market experienced some weakness in Q2 2015 as it lagged a dip in mortgage approval rates in the third quarter of 2014 coupled with the effects of uncertainty related to the May general election. Stronger mortgage approvals in early 2015 provide confidence that stronger growth will resume in the second half of the year. The Wickes transformation plan and good growth in both Toolstation and Tile Giant contributed to the continued above market growth in the Consumer division.

Total revenue	**General Merchanting**	**Plumbing & Heating**	**Contracts**	**Consumer**	**Group**
Volume	4.9%	(2.1)%	12.1%	10.8%	**6.0%**
Price and mix	1.8%	(0.8)%	1.8%	(4.3)%	**(0.3)%**
Like-for-like revenue growth	6.7%	(2.9)%	13.9%	6.5%	**5.7%**
Network expansion and acquisitions	1.1%	2.2%	4.0%	2.1%	**2.1%**
Total revenue growth	**7.8%**	**(0.7)%**	**17.9%**	**8.6%**	**7.8%**

General Merchanting volumes grew by 4.9%, with an additional 1.8% growth from inflation and the mix of products sold. There was positive price inflation in heavyside products, although this softened in the second quarter. In timber positive price inflation from the first quarter reversed to deflation in the second quarter in part owing to the strength of Sterling. Lightside products continued the trend of modest price deflation as commodity prices remain weak and sourcing of products drives lower costs passed through to customers.

In Plumbing & Heating volumes were lower owing to the effects of a competitive market, disruption from the branch re-segmentation programme and cycling the conclusion of government incentives in 2014.

Price inflation in Contracts was positive on heavyside products, partially offset by increased competition in the industrial plumbing market. Keyline and CCF volume growth was strong, resulting in 12.1% like-for-like volume growth in the Contracts division.

Significant volume growth in the Consumer division benefitted from further investment in price, with more focused promotions and clearance investment as a part of the extensive range reviews underway in Wickes.

The branch network expansion programme continued through a combination of new store and branch openings and better utilisation of space in the existing portfolio through implants in existing locations, including Benchmarx, Tool Hire and Managed Services representation in the General Merchanting division. In Plumbing & Heating the acquisition of Primaflow in 2014 is now contributing to the sales of F&P. The Contracts division also benefitted from the addition to the network of the four Rudridge branches, as well as two new CCF branches and one new Keyline branch.

Adjusted Operating Margin

Change in margin	**General Merchanting**	**Plumbing & Heating**	**Contracts**	**Consumer**	**Group**
H1 2014 adjusted operating margin	9.8%	3.6%	6.8%	5.6%	**6.4%**
Gross margin	1.7%	1.0%	(1.2)%	0.2%	**0.8**%
Operating costs	(1.3)%	(1.5)%	0.7%	(0.2)%	**(0.7)**%
Adjusted operating margin excluding change in property profits	10.2%	3.1%	6.3%	5.6%	**6.5%**
Change in property profits	(0.8)%	-	-	0.3 %	**(0.2)**%
H1 2015 adjusted operating margin	**9.4%**	**3.1%**	**6.3%**	**5.9%**	**6.3%**

Group adjusted operating margins reduced by 0.1ppts, primarily driven by the difference in the timing of property profits compared to the prior year. The Group generated property profits of £3m in the first half of 2015, down from £8m in 2014. Property profits of around £20m are expected for the year as a whole which will be weighted to the second half.

Gross margins improved by 80 bps driven by gains in General Merchanting and Plumbing & Heating, partially offset by a decline in gross margins in Contracts. General Merchanting gross margins improved through good cost price management and management of cost price inflation pass through. The resegmentation of branches in the Plumbing & Heating division helped improve gross margins by 100 bps as the mix of business moved towards the higher margin City Plumbing format. In the Contracts division gross margins reduced because of a change in the mix of business within the division. The strong sales growth in Keyline and CCF combined with higher volumes of direct to customer sales reduced gross margins. The Contracts division, however, benefited from good cost control which resulted in higher operating profits.

Group operating costs increased, reflecting investments in customer service, range reviews, the supply chain, training and development in the Plumbing & Heating division, and new store formats. These investments provide the basis for continued market outperformance

Balance Sheet and Cash Flow

The Group continued to make good progress towards the targeted financial metrics laid out in 2013.

	Medium Term Guidance	**H1 2015**	**FY 2014**	**H1 2014**
Net debt		£395m	£358m	£298m
Lease debt		£1,429m	£1,469m	£1,509m
Lease adjusted net debt		£1,824m	£1,827m	£1,807m
Lease adjusted gearing		43.8%	44.1%	44.1%
Fixed charge cover	3.5x	3.3x	3.1x	3.0x
LA net debt : EBITDAR	2.5x	2.8x	2.8x	2.8x

On-balance sheet net debt increased by £37m in the first half of 2015, with the additional funds invested in freehold property. Lease debt reduced by £40m from the position at 31 December 2014, with liabilities calculated at eight times the Group rental charge. Overall lease adjusted net debt fell by £3m to £1,824m compared to the prior year closing position. This change in the mix of on and off balance sheet leverage is consistent with the Group's plans for deleveraging.

Lease adjusted gearing reduced by 30 bps in the first half to 43.8%. Fixed charge cover increased by 0.2x to 3.3x, driven by improved profitability and a reduction in lease costs.

The Group continued to generate strong free cash flows.

Free Cash Flow ***(£m)***	**H1 2015**	**H1 2014**
EBITA	185	175
Depreciation of PPE and other non-cash movements	49	44
Net gain/(loss) on disposal of PPE	3	(4)
Change in working capital	(31)	22
Maintenance capex	(26)	(23)
Interest	(10)	(8)
Tax paid	(14)	(17)
Free Cash Flow	**156**	**189**
Cash conversion rate	**84%**	**108%**

The Group generated £156m of free cash flow, with a conversion rate of 84%. The net working capital outflow of £31m included approximately £90m of increases in trade receivables since 31 December 2014 owing to the growth in trade sales and the mix of business. Notwithstanding, debtor days reduced to 54 days, from 55 days in December 2014, due to an active programme to improve collections. Inventory was held flat through better management systems and the benefits of centralised distribution. Trade payables increased by around £60m since 31 December 2014, in line with higher sales.

Maintenance capex spend increased slightly to £26m as the property portfolio is maintained to a safe and secure standard for team members and customers. Interest payments were £2m higher in the half following the issuance of the public bond in September 2014.

In line with the Group's plans to increase investment and returns to shareholders the cash cost of the final 2014 dividend paid in the half increased to £64m. A further £9m was paid into the pension schemes in line with the agreed deficit reduction plans. A triennial review is underway for both of the main defined benefit schemes which will be completed before the year end. In February 2015 the £14m acquisition of Rudridge was also concluded.

Implementation of the strategic plan continued to progress, with investment in the individual businesses to improve customer propositions and drive continued outperformance of the markets and sustained growth in returns. In the first half of 2015 £131m of capital was invested into the business.

Capital investment	**£m**	**H1 2015**	**H1 2014**
Extending leadership	New TP / Wickes / Toolstation / CCF / Benchmarx branches Benchmarx implants / showrooms / Tool hire implants	20	16
Investing to grow	New Wickes / TP formats Distribution centres Plumbing & Heating branch conversions	25	1
Re-engineering and infrastructure build	Multi-channel development IT infrastructure upgrades	15	11
Growth capital investment		60	28
	Freehold property	45	14
	Maintenance	26	23
Total capital investment		**131**	**65**

The investment of £45m in freehold property was financed in part by cash flow and in part by the £37m increase in on-balance sheet debt. As previously outlined, increasing the level of freehold property assets enables the Group to secure very attractive operating sites that might otherwise not be available, gives operating flexibility, and allows it to benefit from capital appreciation and development gains alongside adding to the strength of the balance sheet.

Alongside the investments to expand the Group's branch network, improvements were made to the customer proposition through new store formats, wider range and better availability and continued investment in new information technology. Click and collect services were upgraded in the first half of the year, with Toolstation and Wickes providing a one-hour service. Travis Perkins adopted a new electronic proof of delivery (EPOD) system, reducing the administrative burden on the business and improving delivery traceability for customers.

General Merchanting

	H1 2015	H1 2014	*Change*
Total revenue	£979m	£908m	*7.8%*
Like-for-like growth			*6.7%*
Adjusted operating profit	£92m	£89m	*3.4%*
Adjusted operating profit excluding property profits	*£91m*	*£81m*	*12.3%*
Adjusted operating margin	9.4%	9.8%	*(40)bps*
LAROCE	16%	17%	*(1)ppt*
Branch network	799	772[(3)]	*27*

[(3)]Branch numbers at 31st December 2014

General Merchanting revenue increased by 7.8%, 6.7% on a like-for-like basis, with continuing outperformance of the market. There was good growth across every region of the UK, with particular strength in heavyside products. As expected, sales growth in the second quarter moderated owing to the decline in housing transactions experienced in late 2014, uncertainty around the May general election and the effect of strong prior year comparatives.

The benefits of range centres contributed to heavyside sales growth in those branches served by Warrington and Cardiff. The range centre in Tilbury, serving Travis Perkins branches in London and the South East, opened in July.

The programme to modernise Travis Perkins branch formats continued, with 12 branches now operating with the new shop and yard layouts. Initial signs from these branches are encouraging with strong sales growth and positive customer feedback.

Benchmarx continues to grow through a combination of organic growth, and opening of new branches. Benchmarx again outperformed the market increasing its market share in trade kitchens. In the first half of the year the Benchmarx product range was refreshed, providing a stronger platform for further growth in the second half of the year.

The expansion of the General Merchanting network progressed well. Seven new Travis Perkins branches were opened as well as 20 new Benchmarx branches, including nine implants on existing Travis Perkins sites.

The roll out of specialist Tool Hire counters within Travis Perkins branches continued at pace, supported by the growing network of range centres. The heavyside range centre network is able to support the Tool Hire proposition through holding tool hire assets which are available for next day delivery into branch. There are currently 205 Tool Hire implants across the Travis Perkins network.

Adjusted operating profits, excluding property profits, grew by 12.3% to £91m, reflecting an increase in gross margins partly offset by the higher operating costs from continuing investment. Gross margins increased despite increasing competitiveness in the market, through a combination of leveraging the Group's scale and the benefits of the distribution network to improve sourcing, and better management of cost price inflation pass through to customers. This gross margin improvement was offset by additional operating costs from the new heavyside range centres and investment in store formats and service.

Property profits in the first half of 2014 included £7m of profits from the St Pancras branch development which were not repeated in 2015. Lease adjusted returns reduced modestly owing to lower property profits and increases in sales to customers using credit, the more sustainable supplier payment strategy, and new branch openings and capital investment, which are expected to drive improvements in long-term shareholder returns.

Plumbing & Heating

	H1 2015	H1 2014	*Change*
Total revenue	£667m	£672m	*(0.7)%*
Like-for-like growth			*(2.9)%*
Adjusted operating profit	£21m	£24m	*(12.5)%*
Adjusted operating profit excluding property and one-offs	*£21m*	*£22m*	*(4.5)%*
Adjusted operating margin	3.1%	3.6%	*(50)bps*
LAROCE	8%	8%	-
Network expansion (no. branches)	484	505(3)	*(21)*

(3)Branch numbers at 31st December 2014

The heating market continues to be very competitive, leading to intense pricing pressure. This impacted the sales of both PTS and F&P. There are signs of recovery in the local bathroom installer market which is more closely correlated with consumer confidence and improvements in wider economic conditions.

Like-for-like revenue in Plumbing & Heating in the first half was down 2.9%, primarily due to the impact of boiler sales through the government backed ECO scheme that were brought forward into the first quarter of 2014. Despite the tough start to 2015, Plumbing & Heating sales growth has improved steadily throughout the half, and returned to growth in the second quarter.

The programme to re-segment the Plumbing & Heating business by converting PTS branches to City Plumbing progressed well, with 48 further site conversions in the half, and 94 completed to date of the 180 planned. The reconfiguration of the two businesses will enable each to focus on a specific customer group, with PTS covering sales of heating systems to larger contract installers, and City Plumbing focusing on local plumbers and bathroom installers. The new PTS operating model will operate from larger, but fewer, depot style branches, reducing capital intensity. The PTS sales teams have been working closely with large contract customers to manage the transition to these larger PTS branches and with local plumbing customers to ensure they are better served from new and existing City Plumbing branches.

The re-segmentation programme is enabling the City Plumbing branch network to increase rapidly, with 45 additional City Plumbing branches now located across the UK compared with December 2014. This net figure comprises of 48 branches rebranded from PTS, two branches opened on new sites with five branches closing in the half. City Plumbing stores rebranded from PTS over the last year have shown good sales growth and higher returns.

Following the acquisition of Primaflow to enhance the product offering of the F&P business, the Primaflow supply chain has now been fully integrated into the F&P distribution network. As part of the Group’s plan to simplify and consolidate distribution networks where possible, the PTS supply chain has been integrated into the Group’s lightside facilities in Warrington and Northampton. The remaining PTS distribution centres will be closed by the end of 2015.

Adjusted operating profit for the division reduced by £3m, with adjusted operating margin 50 basis points lower. This was driven in part by the impact of ECO one-off contracts and sourcing benefits in 2014.

Lease adjusted returns were flat at 8%, as lower adjusted operating profits are offset by a reduction in capital employed through the closure of branches and strong debtor management.

Contracts

	H1 2015	H1 2014	*Change*
Total revenue	£605m	£513m	*17.9%*
Like-for-like growth			*13.9%*
Adjusted operating profit	£38m	£35m	*8.6%*
Adjusted operating profit excluding property and one-offs	*£38m*	*£35m*	*8.6%*
Adjusted operating margin	6.3%	6.8%	*(50)bps*
LAROCE	13%	12%	*1ppt*
Network expansion (no. branches)	177	171[3]	*6*

[3] Branch numbers at 31st December 2014

The Contracts division continued its strong growth trend, with like-for-like growth in the first half of 13.9%. This growth was concentrated in the Keyline and CCF businesses, both of which have exposure to both the commercial buildings market and the new house building construction market. Sales in BSS were broadly flat in a very competitive market.

BSS continues to be the largest operator in the industrial plumbing market. In order to maintain its position BSS has invested in improving its price position, product range and customer service whilst also investing to operate more cost efficiently over the longer term.

The Contracts division branch network continued to evolve in order to provide national coverage for each brand, and to ensure that branches are in the most optimal locations. A new format Keyline branch was opened in Lincoln. This new format is designed to enhance the specialist heavyside range offer and reduce property costs whilst improving operational efficiency. This new, low-cost format, when fully refined, is intended to provide the blueprint for future new or relocated branches. The acquisition of Rudridge added four branches in the South East. Two additional CCF branches were also opened with plans to open further branches well advanced. Two BSS sites were relocated during the half to reduce costs and improve customer accessibility.

Adjusted operating margins reduced by 50 basis points, reflecting a 120 basis points reduction in gross margins, offset by a 70 basis points improvement in operating costs. The dilution of divisional gross margins was primarily the result of the shift in sales mix towards the lower margin but strong returning CCF and Keyline businesses.

Divisional gross margins were lower owing to the growth of CCF and Keyline and a higher mix of direct to customer business. In achieving the strategic ambition of Keyline becoming the first choice supplier of civils, drainage and heavyside products in the UK a conscious decision was made to focus more on heavyside products which carry a lower gross margin. CCF has a focused approach to win significant market share in certain categories and channels which offer lower gross margins but strong returns. While the additional volume dilutes divisional margin it also contributes to improving efficiency and cash returns resulting in a 1ppt improvement in lease adjusted return on capital to 13%.

Consumer

	H1 2015	H1 2014	*Change*
Total revenue	£693m	£638m	*8.6%*
Like-for-like growth			*6.5%*
Adjusted operating profit	£41m	£36m	*13.9%*
Adjusted operating profit excluding property and one-offs	*£39m*	*£36m*	*8.3%*
Adjusted operating margin	5.9%	5.6%	*30bps*
LAROCE	7%	6%	*1ppt*
Network expansion (no. branches)	544	527[(3)]	*17*

[(3)]Branch numbers at 31st December 2014

The Consumer division has made further market share gains in the first half of the year, with total revenue growth of 8.6% and like-for-like growth of 6.5%. This performance demonstrates the continued improvement of the Wickes business through the transformation programme, the strength of the customer proposition in Toolstation and encouraging growth in Tile Giant.

The businesses in the Consumer division continue to invest in their value propositions in order to maintain market-leading prices and drive continued growth in market share. As planned Wickes undertook a significant number of range reviews in the half, incurring costs of over £4m in the process. Costs of this order are expected in the second half of the year as further range reviews are completed.

Three Wickes stores were re-modelled in the first half. The trial stores include a new trade counter, which improves stock density and availability, as well as the layout of the store in heavyside and decorating categories. This enables both retail and trade customers to shop the store more efficiently. The layout changes also enable better product adjacencies, more focused seasonal and promotional offers, and a more inviting kitchen and bathroom showroom. There remains more work to do to refine the new format, however initial customer responses have been positive.

The Wickes online offer was further improved, with the launch of a one-hour click and collect service. Online sales now make up over 8% of Wickes sales, with half of the growth in online sales coming through click and collect.

The growth of the Toolstation business continued with a strong revenue performance in the first half of the year, driven by organic growth in sales through existing stores and the addition of 18 new branches. Toolstation also benefitted from the introduction of a new one-hour click and collect service.

Tile Giant started 2015 well, with good like-for-like growth, exceeding growth in the tile market and gaining market share.

Adjusted operating margins, excluding property profits, were flat in the first half owing to improvements in gross profit margin, up 20 basis points offset in part by new Toolstation store operating costs. Property profits of £2m (2014: £nil) resulted in adjusted operating profits growing by nearly 14% to £41m in the half.

Lease adjusted returns improved by 1 percentage point to 7%, driven by the improvement in profitability.

Outlook

Good progress has been made during the first half in executing the Group's plans to improve customer propositions, optimise space, further develop scale advantage and better manage the Group's portfolio of businesses. Investment in capital and operating expenditure will continue as planned. The Group has made encouraging progress in implementing its plans with evidence of improvement beginning to show through outperformance of the market and the financial results, however, much remains to be done.

Allowing for the increased capital expenditure, there is no change to the company's guidance for the full-year and it is the Group's intention to continue to manage the balance sheet towards the target financial metrics set out in 2013.

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 59 to 63 of the 2014 Annual Report and Accounts. Details are provided for risks relating to market conditions, competitive pressures, information technology, colleague recruitment, retention and succession, supplier dependency and direct sourcing, defined benefit pension scheme funding, future expansion and further business transformation.

Condensed consolidated income statement

	Six months ended 30 Jun 2015 (Reviewed)	Six months ended 30 Jun 2014 (Reviewed)	Year ended 31 Dec 2014 (Audited)
	£m	£m	£m
Revenue	**2,943.0**	2,730.5	5,580.7
Operating profit before amortisation and exceptional items	**185.2**	175.2	384.0
Exceptional items	**-**	-	(23.3)
Amortisation of intangible assets	**(8.9)**	(8.8)	(17.6)
Operating profit	**176.3**	166.4	343.1
Net finance costs (note 5)	**(17.7)**	(12.7)	(21.7)
Profit before tax	**158.6**	153.7	321.4
Tax before exceptional items	**(31.8)**	(30.5)	(68.0)
Tax on exceptional items	-	-	5.3
Tax (note 6)	**(31.8)**	(30.5)	(62.7)
Profit for the period	**126.8**	123.2	258.7
Attributable to:			
Owners of the company	**126.8**	123.1	258.5
Non-controlling interests	**-**	0.1	0.2
Earnings per ordinary share (note 7)			
Basic	**51.3p**	50.5p	105.9p
Diluted	**50.1p**	49.0p	102.8p
Total dividend declared per share (note 8)	**14.75p**	12.25p	38.0p

All results relate to continuing operations.

Condensed consolidated statement of comprehensive income

	Six months ended 30 Jun 2015 (Reviewed)	Six months ended 30 Jun 2014 (Reviewed)	Year ended 31 Dec 2014 (Audited)
	£m	£m	£m
Profit for the period	**126.8**	123.2	258.7
Items that will not be reclassified subsequently to profit and loss:			
Actuarial losses on defined benefit pension schemes	**(12.5)**	(3.5)	(48.4)
Income taxes relating to items not reclassified	**2.5**	0.7	9.5
	(10.0)	(2.8)	(38.9)
Items that may be reclassified subsequently to profit and loss:			
Cash flow hedges:			
Losses arising during the year	**(2.7)**	(4.4)	(0.1)
Reclassification adjustment for losses included in profit	**2.6**	4.3	0.3
	(0.1)	(0.1)	0.2
Other comprehensive loss for the period net of tax	**(10.1)**	(2.9)	(38.7)
Total comprehensive income for the period	**116.7**	120.3	220.0

Condensed consolidated statement of changes in equity

	Six months ended 30 June 2015								
	Issued share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Hedging reserve £m	Own shares £m	Other £m	Retained earnings £m	Total equity £m
At 1 January 2015 (Audited)	24.9	510.5	326.5	18.1	0.2	(28.5)	(1.5)	1,827.5	2,677.7
Profit for the period	-	-	-	-	-	-	-	126.8	126.8
Other comprehensive income for the period net of tax	-	-	-	-	(0.1)	-	-	(10.0)	(10.1)
Total comprehensive income for the period	-	-	-	-	(0.1)	-	-	116.8	116.7
Dividends	-	-	-	-	-	-	-	(63.7)	(63.7)
Issue of share capital	-	0.8	-	-	-	1.4	-	-	2.2
Own shares	-	-	-	-	-	10.6	-	(10.6)	-
Tax on share based payments	-	-	-	-	-	-	-	0.6	0.6
Foreign exchange	-	-	-	-	-	-	-	(0.3)	(0.3)
Credit to equity for equity-settled share based payments	-	-	-	-	-	-	-	5.3	5.3
At 30 June 2015 (Reviewed)	**24.9**	**511.3**	**326.5**	**18.1**	**0.1**	**(16.5)**	**(1.5)**	**1,875.6**	**2,738.5**

Condensed consolidated statement of changes in equity (continued)

	Six months ended 30 June 2014								
	Issued share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Hedging reserve £m	Own shares £m	Other £m	Retained earnings £m	Total equity £m
At 1 January 2014 (Audited)	24.7	498.0	326.5	18.4	-	(40.6)	(1.7)	1,689.9	2,515.2
Profit for the period	-	-	-	-	-	-	0.1	123.1	123.2
Other comprehensive income for the period net of tax	-	-	-	-	(0.1)	-	-	(2.8)	(2.9)
Total comprehensive income for the period	-	-	-	-	(0.1)	-	0.1	120.3	120.3
Dividends	-	-	-	-	-	-	-	(51.2)	(51.2)
Issue of share capital	-	1.1	-	-	-	0.9	-	-	2.0
Own shares	-	-	-	-	-	4.6	-	(4.6)	-
Realisation of revaluation reserve in respect of property disposals	-	-	-	(0.2)	-	-	-	0.2	-
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	-	(0.1)	-	-	-	0.1	-
Tax on share based payments	-	-	-	-	-	-	-	(2.5)	(2.5)
Credit to equity for equity-settled share based payments	-	-	-	-	-	-	-	6.0	6.0
At 30 June 2014 (Reviewed)	24.7	499.1	326.5	18.1	(0.1)	(35.1)	(1.6)	1,758.2	2,589.8

Condensed consolidated statement of changes in equity (continued)

	Year ended 31 December 2014								
	Issued share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Hedging reserve £m	Own shares £m	Other £m	Retained earnings £m	Total equity £m
At 1 January 2014 (Audited)	24.7	498.0	326.5	18.4	-	(40.6)	(1.7)	1,689.9	2,515.2
Profit for the year	-	-	-	-	-	-	0.2	258.5	258.7
Other comprehensive income for the year net of tax	-	-	-	-	0.2	-	-	(38.9)	(38.7)
Total comprehensive income for the year	-	-	-	-	0.2	-	0.2	219.6	220.0
Dividends	-	-	-	-	-	-	-	(81.1)	(81.1)
Issue of share capital	0.2	12.5	-	-	-	12.1	-	(10.5)	14.3
Realisation of revaluation reserve in respect of property disposals	-	-	-	(0.2)	-	-	-	0.2	-
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	-	(0.1)	-	-	-	0.1	-
Tax on share based payments	-	-	-	-	-	-	-	(0.5)	(0.5)
Foreign exchange	-	-	-	-	-	-	-	(0.1)	(0.1)
Credit to equity for equity-settled share based payments	-	-	-	-	-	-	-	9.9	9.9
At 31 December 2014 (Audited)	24.9	510.5	326.5	18.1	0.2	(28.5)	(1.5)	1,827.5	2,677.7

Condensed consolidated balance sheet

	As at 30 Jun 2015 (Reviewed)	As at 30 Jun 2014 (Reviewed)	As at 31 Dec 2014 (Audited)
	£m	£m	£m
ASSETS			
Non-current assets			
Goodwill	**1,824.4**	1,813.9	1,816.8
Other intangible assets	**408.2**	408.1	406.8
Property, plant and equipment	**761.8**	626.7	689.3
Derivative financial instruments	**3.9**	6.1	18.7
Investment property	**0.4**	0.4	0.4
Interest in associates	**3.2**	7.6	1.7
Available-for-sale investments	**3.2**	2.7	3.2
Total non-current assets	**3,005.1**	2,865.5	2,936.9
Current assets			
Inventories	**745.2**	688.4	742.7
Trade and other receivables	**1,024.7**	962.0	931.8
Derivative financial instruments	**8.9**	-	2.5
Cash and cash equivalents	**128.0**	95.7	108.3
Total current assets	**1,906.8**	1,746.1	1,785.3
Total assets	**4,911.9**	4,611.6	4,722.2

Condensed consolidated balance sheet (continued)

	As at 30 Jun 2015 (Reviewed) £m	As at 30 Jun 2014 (Reviewed) £m	As at 31 Dec 2014 (Audited) £m
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	**24.9**	24.7	24.9
Share premium account	**511.3**	499.1	510.5
Merger reserve	**326.5**	326.5	326.5
Revaluation reserve	**18.1**	18.1	18.1
Hedging reserve	**0.1**	(0.1)	0.2
Own shares	**(16.5)**	(35.1)	(28.5)
Other reserves	**(1.5)**	(1.6)	(1.5)
Retained earnings	**1,875.6**	1,758.2	1,827.5
Total equity	**2,738.5**	2,589.8	2,677.7
Non-current liabilities			
Interest bearing loans and borrowings	**400.6**	223.9	440.0
Derivative financial instruments	**-**	6.8	0.5
Retirement benefit obligations (note 4)	**102.4**	65.4	97.5
Long-term provisions	**9.1**	17.7	7.8
Long-term other payables	**-**	1.9	-
Deferred tax liabilities	**63.6**	70.8	66.7
Total non-current liabilities	**575.7**	386.5	612.5
Current liabilities			
Interest bearing loans and borrowings	**133.4**	168.5	43.5
Derivative financial instruments	**2.3**	1.5	-
Trade and other payables	**1,304.6**	1,332.0	1,255.2
Tax liabilities	**89.8**	78.3	71.6
Short-term provisions	**67.6**	55.0	61.7
Total current liabilities	**1,597.7**	1,635.3	1,432.0
Total liabilities	**2,173.4**	2,021.8	2,044.5
Total equity and liabilities	**4,911.9**	4,611.6	4,722.2

The interim condensed financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 3 August 2015 and signed on its behalf by:

John Carter — Chief Executive Officer

Tony Buffin — Chief Financial Officer

Condensed consolidated cash flow statement

	Six months ended 30 Jun 2015 (Reviewed) £m	Six months ended 30 Jun 2014 (Reviewed) £m	Year ended 31 Dec 2014 (Audited) £m
Operating profit before amortisation and exceptional items	**185.2**	175.2	384.0
Adjustments for:			
Depreciation of property, plant and equipment	**41.9**	36.9	74.9
Amortisation of internally generated intangibles	**1.2**	-	0.7
Other non-cash movements	**5.0**	6.0	9.9
Losses of associates	**0.8**	1.7	3.3
Gains on disposal of property, plant and equipment	**(4.3)**	(8.7)	(26.8)
Operating cash flow	**229.8**	211.1	446.0
Increase in inventories	**(0.9)**	(0.7)	(48.5)
Increase in receivables	**(82.2)**	(140.4)	(107.7)
Increase in payables	**52.5**	162.6	48.9
Payments on exceptional items	-	-	(3.8)
Pension payments in excess of the charges to profits	**(9.2)**	(10.7)	(24.7)
Cash generated from operations	**190.0**	221.9	310.2
Interest paid	**(9.8)**	(8.1)	(15.2)
Income taxes paid	**(14.0)**	(16.8)	(49.9)
Net cash from operating activities	**166.2**	197.0	245.1
Cash flows from investing activities			
Interest received	**0.2**	0.1	0.2
Proceeds on disposal of property, plant and equipment	**6.6**	4.4	30.8
Development of software	**(9.3)**	-	(14.0)
Purchases of property, plant and equipment	**(121.5)**	(64.5)	(150.9)
Interests in associates	**(2.3)**	(1.9)	(2.1)
Acquisition of businesses net of cash acquired	**(14.0)**	(0.8)	(15.7)
Net cash used in investing activities	**(140.3)**	(62.7)	(151.7)
Financing activities			
Proceeds from the issue of share capital	**2.2**	2.0	14.3
Decrease in finance lease liabilities	**(1.3)**	(1.2)	(2.5)
Bond issue costs	**-**	-	(2.6)
Increase / (decrease) in loans, liabilities to pension scheme	**56.6**	(68.0)	(243.0)
Increase in sterling bond	**-**	-	250.0
Dividends paid	**(63.7)**	(51.2)	(81.1)
Net cash from financing activities	**(6.2)**	(118.4)	(64.9)
Net increase in cash and cash equivalents	**19.7**	15.9	28.5
Cash and cash equivalents at the beginning of the period	**108.3**	79.8	79.8
Cash and cash equivalents at the end of the period	**128.0**	95.7	108.3

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 2015 and 30 June 2014 is unaudited. The June 2015 information has been reviewed by KPMG LPP, the Group's auditor, and a copy of their review report appears on page 38 of this interim report. The June 2014 information was reviewed by Deloitte LLP. The financial information for the year ended 31 December 2014 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 2014 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 2015 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.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2014.

The accounting policies adopted by Travis Perkins plc are set out in the 2014 full year financial statements, which are available on the Travis Perkins web site www.travisperkinsplc.com.

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. 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.

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:

- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- Annual improvements to IFRSs 2010-2012
- Annual improvements to IFRSs 2011-2013
- Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- IFRS 15 - Revenue Recognition

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 CODM which is considered to be the Board of Directors 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.

Six months ended 30 June 2015

	General Merchanting £m	Plumbing & Heating £m	Contracts £m	Consumer £m	Unallocated £m	Consolidated £m
Revenue	**978.9**	**667.1**	**604.5**	**692.5**	**-**	**2,943.0**
Result						
Segment result before amortisation and property profits	91.7	21.2	38.0	38.7	(7.8)	**181.8**
Property profits	0.6	-	0.4	2.4	-	**3.4**
Segment result before amortisation	92.3	21.2	38.4	41.1	(7.8)	**185.2**
Amortisation of acquired intangible assets	-	(3.4)	(3.1)	(2.4)	-	**(8.9)**
Segment result	92.3	17.8	35.3	38.7	(7.8)	**176.3**
Finance income	-	-	-	-	0.7	**0.7**
Finance costs	-	-	-	-	(18.4)	**(18.4)**
Profit before taxation	92.3	17.8	35.3	38.7	(25.5)	**158.6**
Taxation	-	-	-	-	(31.8)	**(31.8)**
Profit for the period	**92.3**	**17.8**	**35.3**	**38.7**	**(57.3)**	**126.8**

Notes to the interim financial statements

2. Business segments (continued)

Six months ended 30 June 2014

	General Merchanting £m	Plumbing & Heating £m	Contracts £m	Consumer £m	Unallocated £m	Consolidated £m
Revenue	907.6	671.7	513.1	638.1	-	2,730.5
Result						
Segment result before amortisation and property profits	81.2	24.1	34.8	36.1	(8.9)	167.3
Property profits	7.9	-	-	-	-	7.9
Segment result before amortisation	89.1	24.1	34.8	36.1	(8.9)	175.2
Amortisation of acquired intangible assets	-	(3.5)	(2.9)	(2.4)	-	(8.8)
Segment result	89.1	20.6	31.9	33.7	(8.9)	166.4
Finance income	-	-	-	-	0.7	0.7
Finance costs	-	-	-	-	(13.4)	(13.4)
Profit before taxation	89.1	20.6	31.9	33.7	(21.6)	153.7
Taxation	-	-	-	-	(30.5)	(30.5)
Profit for the period	89.1	20.6	31.9	33.7	(52.1)	123.2

Year ended 31 December 2014

	General Merchanting £m	Plumbing & Heating £m	Contracts £m	Consumer £m	Unallocated £m	Consolidated £m
Revenue	1,872.7	1,353.3	1,071.3	1,283.4	-	5,580.7
Result						
Segment result before amortisation and property profits	169.3	53.8	71.3	76.7	(13.4)	357.7
Property profits	14.1	11.3	0.3	0.6	-	26.3
Segment result before exceptional items and amortisation	183.4	65.1	71.6	77.3	(13.4)	384.0
Exceptional items	-	(28.7)	-	10.0	(4.6)	(23.3)
Amortisation of acquired intangible assets	-	(7.0)	(5.7)	(4.9)	-	(17.6)
Segment result	183.4	29.4	65.9	82.4	(18.0)	343.1
Finance income	-	-	-	-	5.6	5.6
Finance costs	-	-	-	-	(27.3)	(27.3)
Profit before taxation	183.4	29.4	65.9	82.4	(39.7)	321.4
Taxation	-	-	-	-	(62.7)	(62.7)
Profit for the year	183.4	29.4	65.9	82.4	(102.4)	258.7

Notes to the interim financial statements

2. Business segments (continued)

Segment Assets	30 Jun 2015	30 Jun 2014	31 Dec 2014
	£m	£m	£m
General Merchanting	**1,477.4**	1,429.3	1,453.4
Plumbing & Heating	**949.4**	930.6	961.5
Contracts	**831.3**	712.3	735.5
Consumer	**1,486.7**	1,426.9	1,436.2
Unallocated	**167.1**	112.5	135.6
Total assets	**4,911.9**	4,611.6	4,722.2

Segment Liabilities	30 Jun 2015	30 Jun 2014	31 Dec 2014
	£m	£m	£m
General Merchanting	**(441.4)**	(474.4)	(420.2)
Plumbing & Heating	**(217.2)**	(216.3)	(265.2)
Contracts	**(329.2)**	(302.8)	(280.7)
Consumer	**(361.5)**	(389.0)	(334.7)
Unallocated	**(824.1)**	(639.3)	(743.7)
Total liabilities	**(2,173.4)**	(2,021.8)	(2,044.5)

3. Seasonality

The Group’s trading operations when assessed on a half yearly basis are mainly unaffected by seasonal factors. In 2014, the period to 30 June accounted for 49% of the Group’s annual revenue (2013: 48%)

Notes to the interim financial statements

4. Retirement benefit obligations

(a) Pension scheme movement	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Actuarial (deficit) / surplus	**(80.8)**	0.3	0.3
Additional liability recognised for minimum funding requirements	**(16.7)**	(71.7)	(71.7)
Gross deficit at 30 June / 31 December	**(97.5)**	(71.4)	(71.4)
Service costs charged to the income statement	**(7.1)**	(5.8)	(10.7)
Net interest expense	**(1.6)**	(1.2)	(2.4)
Contributions from sponsoring companies	**16.3**	16.5	35.4
Return on plan assets (excluding amounts included in net interest)	**6.2**	16.9	70.2
Actuarial gains / (losses) arising from changes in financial assumptions	**11.8**	(48.7)	(175.3)
Actuarial gains arising from experience adjustments	**28.3**	-	1.7
(Increase) / decrease arising from IFRIC 14 restriction	**(58.8)**	28.3	55.0
Gross deficit at 30 June / 31 December	**(102.4)**	(65.4)	(97.5)
Actuarial (deficit) / surplus	**(26.9)**	(22.0)	(80.8)
Additional liability recognised for minimum funding requirements	**(75.5)**	(43.4)	(16.7)
Gross deficit at 30 June / 31 December	**(102.4)**	(65.4)	(97.5)

(b) Net pension scheme deficit	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Gross deficit at 30 June / 31 December	**(102.4)**	(65.4)	(97.5)
Deferred tax	**20.5**	13.0	19.2
Net deficit at 30 June / 31 December	**(81.9)**	(52.4)	(78.3)

(c) Amounts recognised in the statement of comprehensive income	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Return on plan assets (excluding amounts included in net interest)	**6.2**	16.9	70.2
Actuarial gains / (losses) arising from changes in financial assumptions	**11.8**	(48.7)	(175.3)
Actuarial gains arising from experience adjustments	**28.3**	-	1.7
(Increase) / decrease arising from IFRIC 14 restriction	**(58.8)**	28.3	55.0
	(12.5)	(3.5)	(48.4)

Notes to the interim financial statements

5. Finance costs

	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Interest receivable	**0.2**	0.1	0.5
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	**-**	0.1	4.1
Finance income	**0.7**	0.7	5.6
Interest on bank loans and overdrafts	**(5.0)**	(7.7)	(12.7)
Interest on sterling bond	**(3.6)**	-	(2.1)
Amortisation of issue costs of bank loans	**(1.0)**	(0.8)	(1.7)
Other interest	**(1.4)**	(1.3)	(3.4)
Interest on obligations under finance leases	**(0.4)**	(0.4)	(1.2)
Unwinding of discounts – SPV loan	**(1.2)**	(1.2)	(2.5)
Unwinding of discounts – property provisions	**(0.5)**	(0.8)	(1.3)
Other finance costs – pension scheme	**(1.6)**	(1.2)	(2.4)
Net loss on re-measurement or settlement of derivatives at fair value	**(3.7)**	-	-
Finance costs	**(18.4)**	(13.4)	(27.3)
Net finance costs	**(17.7)**	(12.7)	(21.7)

	Year ended 30 Jun 2015 £m	Year ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Interest on bank loans and overdrafts	**(10.0)**	(15.7)	(12.7)
Interest on sterling bond	**(5.7)**	-	(2.1)
Other interest	**(3.5)**	(2.3)	(3.4)
Interest receivable	**0.6**	0.8	0.5
Net interest for covenant purposes	**(18.6)**	(17.2)	(17.7)
Interest on bank loans and overdrafts	**(10.0)**	(15.7)	(12.7)
Interest on sterling bond	**(5.7)**	-	(2.1)
Amortisation of issue costs of bank loans	**(1.9)**	(1.6)	(1.7)
Interest on obligations under finance leases	**(1.2)**	(1.2)	(1.2)
Unwinding of discounts – SPV loan	**(2.4)**	(2.5)	(2.5)
Loan note interest	**(0.7)**	(0.3)	(0.6)
Interest for fixed charge ratio purposes	**(21.9)**	(21.3)	(20.8)

Notes to the interim financial statements

6. Tax

	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Current tax			
UK corporation tax			
- current year	**(32.8)**	(31.0)	(64.9)
- prior year	**-**	7.7	11.1
Total current tax	**(32.8)**	(23.3)	(53.8)
Deferred tax			
- current year	**1.0**	(1.0)	(1.9)
- prior year	**-**	(6.2)	(7.0)
Total deferred tax	**1.0**	(7.2)	(8.9)
Total tax charge	**(31.8)**	(30.5)	(62.7)

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.

The tax charge for the 2014 full year included an exceptional credit of £5.3m due to enacted changes in the rate of corporation tax.

It is possible that later in the year the Group will have to pay approximately £50m in corporation tax to H M Revenue and Customs in respect of an uncertain tax position outlined in the 2014 annual report. This uncertain tax position is included in the tax liabilities of £89.8m.

7. Earnings per share

a) Basic and diluted earnings per share

Earnings	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent Company	**126.8**	123.1	258.5
Number of shares	No.	No.	No.
Weighted average number of shares for the purposes of basic earnings per share	**246,949,512**	243,686,355	244,146,721
Dilutive effect of share options on potential ordinary shares	**5,942,074**	7,660,421	7,295,091
Weighted average number of shares for the purposes of diluted earnings per share	**252,891,586**	251,346,776	251,441,812

Notes to the interim financial statements

b) Adjusted earnings per share

Adjusted earnings per share are calculated by excluding the effects of amortisation of intangible assets and exceptional items in 2015 and 2014 from earnings.

	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent Company	**126.8**	123.1	258.5
Exceptional items	**-**	-	23.3
Amortisation of acquired intangible assets	**8.9**	8.8	17.6
Tax on amortisation of acquired intangible assets	**(1.8)**	(1.7)	(3.5)
Tax on exceptional items	**-**	-	(5.3)
Earnings for adjusted earnings per share	**133.9**	130.2	290.6
Adjusted earnings per share	**54.2p**	53.4p	119.0p
Adjusted diluted earnings per share	**52.9p**	51.8p	115.6p

8. Dividends

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

	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Final dividend for the year ended 31 December 2014 of 25.75 pence (2013: 21.0 pence) per share	**63.7**	51.2	51.2
Interim dividend for the year ended 31 December 2014 of 12.25 pence per share	**-**	-	29.9

The proposed interim dividend of 14.75p per share in respect of the year ending 31 December 2015 was approved by the Board on 3 August 2015 and has not been included as a liability as at 30 June 2015. It will be paid on 10 November 2015 to shareholders on the register at close of business on 9 October 2015. The shares will be quoted ex-dividend on 8 October 2015.

Notes to the interim financial statements

9. Borrowings

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

	As at 30 Jun 2015 £m	As at 30 Jun 2014 £m	As at 31 Dec 2014 £m
Drawn facilities			
Unsecured senior notes	**130.3**	123.3	133.1
5 year committed revolving credit facility	**100.0**	50.0	-
15 month committed revolving credit facilities	**-**	125.0	-
Sterling bond	**253.9**	-	255.5
	484.2	298.3	388.6
Undrawn facilities			
5 year committed revolving credit facility	**450.0**	500.0	550.0
15 month committed revolving credit facilities	**-**	25.0	-
Bank overdraft	**30.0**	30.0	30.0
	480.0	555.0	580.0

The £550m revolving credit facility expires on 14 December 2016. $200m of unsecured senior loan notes fall due for repayment on 26 January 2016.

10. Share capital

	Allotted	
Ordinary shares of 10p	No.	£m
At 1 January 2015	**248,702,988**	24.9
Allotted under share option schemes	**152,066**	-
At 30 June 2015	**248,855,054**	24.9

11. Net debt reconciliation

	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Net debt at 1 January	**(358.1)**	(343.9)	(343.9)
Increase in cash and cash equivalents	**19.7**	15.9	28.5
Cash flows from debt	**(55.3)**	69.2	(1.9)
Issue of Toolstation loan notes	**-**	(37.6)	(37.6)
Finance charges movement	**(1.0)**	(0.8)	(1.7)
Amortisation swap cancellation receipt	**0.5**	0.5	1.0
Discount unwind on liability to pension scheme	**(1.2)**	(1.3)	(2.5)
Net debt at 30 June / 31 December	**(395.4)**	(298.0)	(358.1)

Notes to the interim financial statements

12. Non-statutory information

a) Net debt under covenant calculations

	As at 30 Jun 2015 £m	As at 30 Jun 2014 £m	As at 31 Dec 2014 £m
Reported net debt	**(395.4)**	(298.0)	(358.1)
IAS 17 finance leases	**15.2**	16.8	16.0
Unamortised swap cancellation receipt	**0.4**	1.4	0.9
Liability to pension scheme	**34.1**	34.7	36.0
Finance charges netted off bank debt	**(4.7)**	(4.1)	(5.7)
Net debt under covenant calculations	**(350.4)**	(249.2)	(310.9)

b) Covenant calculations (rolling 12 months)

	30 Jun 2015 £m	30 Jun 2014 £m	31 Dec 2014 £m
EBIT	**353.0**	357.7	343.1
Depreciation and amortisation	**99.6**	90.6	93.2
EBITDA	**452.6**	448.3	436.3
Exceptional items	**23.3**	-	23.3
Adjusted EBITDA	**475.9**	448.3	459.6
Reversal of IFRS effect	**(2.4)**	(2.7)	(2.4)
Adjusted EBITDA under covenant calculations	**473.5**	445.6	457.2
Net debt under covenant calculations (note 12a)	**350.4**	249.2	310.9
Adjusted net debt to EBITDA (maximum 3x)	**0.74x**	0.56x	0.68x
Net interest payable under covenant calculations (rolling 12 months)	**18.6**	17.2	17.7
Interest cover (minimum 3.5x)	**21.1x**	21.8x	21.6x

c) Ratio of lease adjusted net debt to EBITDAR (rolling 12 months)

	30 Jun 2015 £m	30 Jun 2014 £m	31 Dec 2014 £m
Adjusted EBITDA	**475.9**	448.3	459.6
Property operating lease rentals	**178.6**	188.6	183.6
Adjusted EBITDAR	**654.5**	636.9	643.2
Reported net debt	**395.4**	298.0	358.1
Property operating rentals x8	**1,428.8**	1,508.8	1,468.8
Lease adjusted net debt	**1,824.2**	1,806.8	1,826.9
Lease adjusted net debt to adjusted EBITDAR	**2.8x**	2.8x	2.8x

Notes to the interim financial statements

12. Non-statutory information (continued)

d) Fixed charge cover (rolling 12 months)

	30 Jun 2015 £m	30 Jun 2014 £m	31 Dec 2014 £m
Adjusted EBITDAR	**654.5**	636.9	643.2
Property operating lease rentals	**178.6**	188.6	183.6
Interest for fixed charge cover (note 5)	**21.9**	21.3	20.8
Fixed charge	**200.5**	209.9	204.4
Fixed charge cover	**3.3x**	3.0x	3.1x

e) Adjusted free cash flow

	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Operating profit before amortisation and exceptional items	**185.2**	175.2	384.0
Depreciation and amortisation of internally generated intangible assets	**43.1**	36.9	75.6
Other non-cash movements	**5.8**	7.7	13.2
Gain on disposal of property plant and equipment	**(4.3)**	(8.7)	(26.8)
Movement on working capital	**(30.6)**	21.5	(107.3)
Net interest paid	**(9.6)**	(8.0)	(15.0)
Income tax paid	**(14.0)**	(16.8)	(49.9)
Replacement capital expenditure	**(25.8)**	(23.2)	(49.9)
Proceeds from disposal of property, plant and equipment	**6.6**	4.4	30.8
Adjusted free cash flow	**156.4**	189.0	254.7

Notes to the interim financial statements

12. Non-statutory information (continued)

f) Return on capital ratios (rolling 12 months)

Group return on capital employed is calculated as follows

	30 Jun 2015 £m	30 Jun 2014 £m	31 Dec 2014 £m
Operating profit	**353.0**	357.7	343.1
Amortisation of intangible assets	**17.7**	17.6	17.6
Exceptional items	**23.3**	-	23.3
Adjusted operating profit	**394.0**	375.3	384.0
Opening net assets	**2,589.8**	2,353.0	2,515.2
Net pension deficit	**52.4**	78.8	57.4
Goodwill written off	**92.7**	92.7	92.7
Net borrowings	**296.7**	405.6	347.6
Exchange and fair value adjustment	**1.3**	(15.8)	(3.7)
Opening capital employed	**3,032.9**	2,914.3	3,009.2
Closing net assets	**2,738.5**	2,589.8	2,677.7
Net pension deficit	**81.9**	52.4	78.3
Goodwill written off	**92.7**	92.7	92.7
Net borrowings	**406.0**	296.7	375.2
Exchange and fair value adjustment	**(10.6)**	1.3	(17.1)
Closing capital employed	**3,308.5**	3,032.9	3,206.8
Average capital employed	**3,170.7**	2,973.6	3,108..0
Adjusted pre–tax return on capital	**12.4%**	12.6%	12.4%

Group lease adjusted return on capital employed is calculated as follows

	30 Jun 2015 £m	30 Jun 2014 £m	31 Dec 2014 £m
Adjusted operating profit	**394.0**	375.3	384.0
50% of property operating lease rentals	**89.3**	94.3	91.8
Lease adjusted operating profit	**483.3**	469.6	475.8
Average capital employed	**3,170.7**	2,973.6	3,108.0
Property operating lease rentals x8	**1,428.8**	1,508.8	1,468.8
Lease adjusted capital employed	**4,599.5**	4,482.4	4,576.8
Lease adjusted return on capital employed	**10.5%**	10.5%	10.4%

Notes to the interim financial statements

12. Non-statutory information (continued)

g) Lease adjusted gearing

	As at 30 Jun 2015 £m	As at 30 Jun 2014 £m	As at 31 Dec 2014 £m
Reported net debt	**395.4**	298.0	358.1
Property operating lease rentals x8	**1,428.8**	1,508.8	1,468.8
Lease adjusted net debt	**1,824.2**	1,806.8	1,826.9
Property operating lease rentals x8	**1,428.8**	1,508.8	1,468.8
Total equity	**2,738.5**	2,589.8	2,677.7
	4,167.3	4,098.6	4,146.5
Lease adjusted gearing	**43.8%**	44.1%	44.1%

h) Like-for-like sales

Like-for-like sales are a measure of underlying sales performance for two successive periods. Branches contribute to like-for-like sales once they have been trading for more than twelve months. Revenue included in like-for-like sales is for the equivalent times in both years being compared. When branches close, revenue is excluded from the prior year figures for the months equivalent to the post closure period in the current year.

13. 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 £1.2m, all of which is included in trade and other payables represent estimated amounts payable on the acquisition of Solfex of £0.2m and an amount payable on the acquisition of Plumbnation of £1.0m.

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.

Notes to the interim financial statements

13. Financial instruments (continued)

Included in assets

Level 2	As at 30 Jun 2015 £m	As at 30 Jun 2014 £m	As at 31 Dec 2014 £m
Foreign currency forward contracts at fair value through profit and loss	**-**	-	2.5
Interest rate swaps designated and effective as hedging instruments carried at fair value	**3.9**	-	8.0
Cross currency interest rate swaps designated and effective as hedging instruments carried at fair value	**8.9**	6.1	10.7
	12.8	6.1	21.2
Current assets	**8.9**	-	2.5
Non-current assets	**3.9**	6.1	18.7
	12.8	6.1	21.2

Included in liabilities

Level 2	As at 30 Jun 2015 £m	As at 30 Jun 2014 £m	As at 31 Dec 2014 £m
Foreign currency forward contracts at fair value through profit and loss	**1.2**	1.5	-
Foreign currency forward contracts designated and effective as hedging instruments carried at fair value	**1.1**	6.8	0.5
Level 3			
Deferred consideration at fair value through profit and loss	**1.2**	3.0	1.4
	3.5	11.3	1.9
Current liabilities	**3.5**	2.6	1.4
Non-current liabilities	**-**	8.7	0.5
	3.5	11.3	1.9

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 related party transactions with directors other than in respect of remuneration. The Group advanced a further net £2.3m (2013: £1.9m) in the form of loans to its associates. Operating transactions with associated companies were not significant during the period.

Notes to the interim financial statements

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU;

- The Interim Management Report includes a fair review of the information required by:
  (a) DTR 4.2 .7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions with have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

John Carter	**Tony Buffin**
Chief Executive Officer 3 Aug 2015	Chief Financial Officer 3 Aug 2015

INDEPENDENT REVIEW REPORT TO TRAVIS PERKINS PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and the related explanatory notes. 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 the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 reached.

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 DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

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 UK. A review of interim financial information consists of making enquiries, 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 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Greg Watts
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

3 August 2015