30 July 2014

TRAVIS PERKINS PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

STRONG REVENUE AND EARNINGS GROWTH WITH ENCOURAGING EARLY PROGRESS ON STRATEGIC PRIORITIES

	Six months ended 30 June 2014	**Year-on-year change**	Six months ended 30 June 2013
	£m	**%**	£m
Revenue	**2,730.5**	**11.5**	2,449.5
Adjusted operating profit[(1)]	**175.2**	**18.8**	147.5
Adjusted profit before tax[(1)]	**162.5**	**19.4**	136.1
Profit after taxation	**123.2**	**16.0**	106.2
Adjusted basic earnings per share[(1)]	**53.4p**	**21.6**	43.9p
Basic earnings per share	**50.5p**	**14.3**	44.2p
Proposed dividend per share	**12.25p**	**22.5**	10.00p

HIGHLIGHTS

- Like-for-like revenue[(2)] increased by 10.2% with growth in all divisions
- Adjusted operating profit[(2)] up 18.8% to £175m with adjusted operating margin[(2)] up 0.4% to 6.4%
- Adjusted EPS[(2)] improved by 21.6% to 53.4p
- Interim dividend increased by 22.5% to 12.25p
- Lease adjusted return on capital[(2)] employed improved by 1ppt to 10.5%
- Strong free cash flow[(2)] with cash generated from operations up £56m to £222m
- Net debt[(2)] reduced by £51m to £297m
- Capital expenditure up 24% at £65m in the half
- New fascias opened in every division, totalling 55 for the Group

John Carter, Chief Executive, commented:

"A combination of improving market conditions, increasing customer confidence and the successful introduction of a number of self-help initiatives has driven a strong first half performance.

Travis Perkins' success is built on our 23,500 team members who work hard every day to deliver great customer service. We have outperformed our markets and see good growth opportunities for stepping up our investment in the customer proposition, leveraging our superior scale, supply chain capabilities and for network expansion and format optimisation. These exciting organic growth opportunities along with a clear focus on return on capital should continue to create substantial shareholder value. Trading is consistent with our expectation and with lead indicators in our different markets encouraging, the Group is expected to show continued solid growth for the remainder of the year.

It is early days in executing the Group's strategy, but all divisional teams have made good progress towards implementing those plans set out in December 2013. We have managed the business carefully to increase returns on capital whilst at the same time making strategic investments that should improve future performance."

(1) Throughout this Report the term "adjusted" has been 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.

(2) Details of non-GAAP measures can be found in notes 5, 11 and 12.

Divisional Performance[3]

	Revenue Growth		Adjusted Operating Margin		Lease Adjusted Return on Capital Employed (Rolling 12 Months)	
	Total	LFL	2014	Change from 2013	2014	2013
General Merchanting	15.3%	14.6%	9.8%	0.6ppt	17%	16%
Contracts	12.4%	11.1%	6.8%	(0.4)ppt	12%	12%
Consumer	8.8%	6.8%	5.6%	0.6ppt	6%	6%
Plumbing and Heating	8.4%	7.4%	3.6%	0.5ppt	8%	6%
Group	11.5%	10.2%	6.4%	0.4ppt	10.5%	9.5%

General Merchanting

- Revenue improved by 15.3% outperforming the market, with all product categories performing strongly
- Sector leading operating margin sustained excluding property profits; up 0.6ppt including property profits
- Steady progress made in modernising the proposition through range trials, new warehouse facilities and branch opening programme

Contracts

- Revenue increased by 12.4% with all businesses performing strongly
- Gross margins were down slightly due to selling price deflation, product mix changes and selective price investment
- Costs well controlled whilst planned investments made to improve the customer proposition

Consumer

- Revenue up 8.8% despite significant Q1 promotional activity in the kitchen and bathroom market
- Operating margin up 0.6ppt owing to good Wickes cost management and strong operating leverage in Toolstation
- Early days for the new management team in Wickes, but initial customer feedback about the changes being trialled is encouraging

Plumbing and Heating

- Revenue improved by 8.4% in the half, however, Q2 revenue growth slowed
- Lower gross margins owing to competitive pricing and greater volumes of boiler sales were more than offset by strong cost management lifting operating margin to 3.6%
- Network reconfiguration well underway to re-align City Plumbing and PTS branches to customer groups

[3] The divisional allocation for 2013 has been restated as a result of the divisional structure being changed on 1 January 2014 (note 2).

Enquiries:

John Carter	Chief Executive	
Tony Buffin	Chief Financial Officer	
Matt Johnson	Investor Relations	matt.johnson@travisperkins.co.uk
	Travis Perkins	+44 (0) 7584 491 284
David Allchurch		
Katharine Wynne	Tulchan Communications	+44 (0) 207 353 4200

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

INTERIM MANAGEMENT REPORT

Summary The Group has made good progress during the first half in starting to execute on the plans set out in December 2013. Investments are being made in improving customer propositions, optimising space, leveraging scale and better managing the Group's portfolio of businesses.

Improving conditions in the repair, maintenance and improvement ("RMI") market supported by continued growth in new house-building and better weather during the first quarter when compared with 2013, has resulted in the Group delivering a headline revenue increase of 11.5% and like-for-like revenue growth of 10.2%. All four divisions have seen good revenue growth, and are all outperforming their respective markets.

Group adjusted operating margin increased by 40bps to 6.4%. Adjusted operating margin benefited by 20bps from the recognition of property profits from the disposal of the St Pancras site. Consistent with the Group's plans, gross margin reduced modestly as the Group invested in prices to grow volume and in part owing to changes in the mix of products sold. As planned, the reduction in gross margin was more than offset by robust cost management.

Lead market indicators are encouraging and the Group expects to make further progress in implementing its strategy during the second half.

Financial Performance Group revenue rose by £281m or 11.5% to £2,731m. Like-for-like sales rose by 10.2% with space growth adding a further 1.3ppt to revenue growth. There was no change in the number of trading days in 2014 when compared with the prior year.

All divisions recorded an increase in operating profits, which resulted in Group adjusted EBITA (adjusted operating profit) increasing by £28m to £175m (2013: £147m), a rise of 18.8%.

Gross margins fell by 0.8ppt, reflecting competitive pressure in all but the General Merchanting Division, selective price investment and mix changes. However, strong overhead control and higher property profits have improved the Group's adjusted operating margin by 0.4ppt to 6.4% (2013: 6.0%).

First half net finance costs increased by £2m to £13m (2013: £11m). Gains from marking-to-market foreign currency contracts and derivatives were £4m lower than in 2013, offset by reduced finance charges on lower net debt.

The effective tax rate for the Group was 19.8% (2013: 21.2%), which resulted in a tax charge of £30.5m (2013: £28.5m). The standard rate of corporation tax for 2014 is 21.5% (2013: 23.25%), but the Group's effective tax rate was lower in both years principally because of non-taxable property profits in 2014 (2013: exceptional investment income) credited to the income statement.

Adjusted earnings per share (EPS) increased by 9.5 pence to 53.4 pence. This 21.6% improvement in adjusted EPS was driven by a 23.5% increase in profit after tax, which was 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 14.3% to 50.5 pence (2013: 44.2 pence); there was no significant difference between basic and diluted EPS.

Good working capital management has resulted in strong cash flows, despite the Group significantly increasing capital investment to £65m in the half up from £52m in 2013. Whilst revenue increased by 11.5% improved stock control and a concerted effort to reduce slow moving stock resulted in no increase in stock when compared to the year end closing position. Tax payments were £9m lower than in 2013 due to the impact of timing differences and the fall in the statutory corporation tax rate. However, it is possible that as a result of changes in Government legislation in the most recent budget, 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 2013 annual report.

Adjusted free cash flow was £73m higher than last year at £189m (2013: £116m). At 30 June 2014 net debt was £297m (31 December 2013: £348m).

The contractual settlement of the acquisition of Toolstation, which was completed during the period, was satisfied by the issue of £38m of loan notes redeemable within six years of the date of issue.

Lease adjusted return on capital employed (LAROCE) increased to 10.5% (2013: 9.5%). The significant step up reflects the improvement in operating profits over the last twelve months and solid working capital management, along with weaker comparatives in the year ended June 2013 partly as a result of poor weather and the trading environment.

The interim dividend has been increased by 22.5% to 12.25 pence (2013: 10.0 pence) in line with the Board's strategy of progressively increasing the dividend to within a dividend cover range of 2.5x to 3.25x from 2014 onwards.

Lead Indicators The various lead indicators the Group monitors have shown improvement as the year has progressed. Whilst those for housing transactions and mortgage approvals are strong, they have suffered from some recent short-term softening. That said, they remain well ahead of last year and the Group believes the recent pronouncements by the Government and the Bank of England are supportive of more modest and sustainable medium term house price inflation and transaction volumes.

Overall the Group considers that current indications for future market performance are encouraging.

Operational Performance[4] Total revenue, like-for-like revenue and adjusted operating margin for the Group have all increased during the first half.

Like-for-Like Revenue	General Merchanting	Contracts	Consumer	Plumbing & Heating	Total
Quarter to 31 March 2014	16.6%	12.8%	6.9%	13.2%	12.7%
Quarter to 30 June 2014	13.3%	9.7%	6.8%	1.2%	8.1%
First half	14.6%	11.1%	6.8%	7.4%	10.2%

Total Revenue	General Merchanting	Contracts	Consumer	Plumbing & Heating	Total
Volume growth	11.4%	9.5%	9.8%	8.1%	9.8%
Price and mix	3.2%	1.6%	(3.0)%	(0.7)%	0.4%
Like-for-like revenue growth	14.6%	11.1%	6.8%	7.4%	10.2%
Expansion / disposals	0.7%	1.3%	2.0%	1.0%	1.3%
Total revenue growth	15.3%	12.4%	8.8%	8.4%	11.5%

Like-for-like revenue grew strongly in the first quarter as the market continued to recover, and owing to a weaker comparative period in 2013 which was adversely affected by poor weather. Growth continued in all divisions into the second quarter albeit, as expected, at a slightly lower rate. The Plumbing and Heating division experienced a more marked deterioration with the boiler market suffering an industry-wide slow down owing to better weather and the pull forward of boiler installations into 2013 and early 2014 as part of certain government inducement schemes.

The 2013 trend for selling prices continued into 2014 with a return to generally low levels, but moderating, selling price deflation, which contributed to the overall price and mix revenue change of 0.4%. General Merchanting experienced price inflation primarily in lower margin heavy-side categories. Price investment in Wickes resulted in greater selling price deflation, coupled with a promotionally intensive Q1 kitchen and bathroom sale period.

[4] Divisional performance is based on the new divisional structure in place from 1 January 2014. The comparative results for 2013 have been restated

The Group has continued its programme of new branch openings, utilising existing space more effectively and rationalising underperforming sites. This resulted in a net increase in revenues of £32m which represented 1.3% of group sales. In the first half of 2014 the Group opened 55 new stores and branches including eight Toolstation implants in Wickes stores and 27 Benchmarx implants in Travis Perkins sites. At 30 June, after closing 20 branches, some ahead of being relocated, primarily in P&H, the Group traded from 1,974 sites (31 December 2013: 1,939).

Adjusted Operating Margin	General Merchanting	Contracts	Consumer	Plumbing & Heating	Total
2013 operating margin	9.2%	7.2%	5.0%	3.1%	6.0%
Gross margin	(0.1)%	(0.7)%	(2.0)%	(0.9)%	(0.8)%
Overheads	-	0.3%	2.6%	1.4%	1.0%
Property profits	0.7%	-	-	-	0.2%
2014 operating margin	9.8%	6.8%	5.6%	3.6%	6.4%

The modest gross margin reduction in the half from price investment and product mix changes was broadly in line with the Group's expectation. The lower gross margin was more than offset by stronger volumes reducing costs as a function of sales, resulting in operating margin improving by 20bps on an underlying basis to 6.2% and 40bps to 6.4%, when the benefit of continuing gains from the property development programme is included.

Overhead control remained strong, despite additional investment in IT, the PTS and CPS conversion programme and the disruptive effect of new openings and implants.

Property profits will be more evenly distributed in 2014 when compared with 2013. First half property profits were £8m, a significant increase over the £1m reported for the equivalent period in 2013, and remain on track to deliver a contribution to operating profits of around £20m in 2014 (2013: £17m).

General Merchanting Division

	2014	2013	Change
Revenue	£908m	£787m	15.3%
LFL growth			14.6%
Segment profit	£89m	£73m	22.6%
Operating margin	9.8%	9.2%	0.6ppt
LAROCE	17%	16%	1ppt
Capital expenditure	£47m	£36m	£11m
Network expansion (No. branches)	781	742	39

During the first half, the Division focussed on improving performance through taking advantage of a better trading environment, whilst investing in its customer service proposition and beginning to lay the foundations for growth in its network.

Divisional revenue grew by 15.3%, 14.6% on a like-for-like basis. Like-for-like revenue growth reduced modestly from 16.6% in Q1 to 13.3% in Q2, however, encouragingly the growth in the second quarter was against significantly stronger prior year comparatives. This resulted in two year like-for-like growth of around 20% in Q2 up from around 13% in Q1.

All product categories performed well, with tool hire and heavyside products particularly strong.

Cost price increases have largely been reflected in selling price inflation, resulting in gross margins remaining broadly consistent with the prior year. As expected sector leading operating margins were sustained on an underlying basis and grew by 0.6ppt after the inclusion of gains from the disposal of properties. As a result, operating profit increased by £16m to £89m in the half and by £9m to £81m after adjusting for property gains.

During the first half of 2014, two new general merchanting branches were opened (Borehamwood and Bracknell) along with three new managed services branches, dedicated to operating solely to service local authorities. A further 3-5 new branches, and 4-6 new managed services branches, are expected to open this year as the Division's branch expansion opening programme accelerates. Additionally, one new Benchmarx location (Gloucester) was opened in the first half.

In line with the Group's strategy to tailor its brands to local catchments, 14 Keyline branches have been converted to the Travis Perkins brand, with two branches converted from Travis Perkins to the Keyline brand and one Travis Perkins site rebranded to CCF. The rebranding of 27 kitchen showrooms in Travis Perkins branches under the Benchmarx fascia was also completed during the first half.

Travis Perkins continued to develop and trial new formats as did the strategy to co-locate with other group brands on Group Trade Parks. A range expansion trial has been successfully carried out in a small number of branches, with further piloting of the proposition planned in the second half. A new multi-channel IT platform is part way through development, and will be extended in Travis Perkins during 2015 and 2016. Toolhire implant openings continued with 16 new hire centres established in the first half. New satellite Toolhire branches planned for opening in the second half will be served from the Warrington regional distribution centre (RDC). This is the first of our RDC network, with the Cardiff RDC due to open in Q4 this year followed by the South East RDC in 2015. The RDCs enable a wider range of heavyside products to be made more readily available to branches and customers.

Contracts Division

	2014	2013	Change
Revenue	£513m	£457m	12.4%
LFL growth			11.1%
Segment profit	£35m	£33m	5.5%
Operating margin	6.8%	7.2%	(0.4)ppt
LAROCE	12%	12%	-
Capital expenditure	£8m	£8m	-
Network changes (No. branches)	171	182	(11)

The Division grew revenues by 12.4% in the first half, with good progress made in specialist categories in all three businesses. The market remains competitive with price being a significant driver to grow volumes in CCF, Keyline and BSS.

LFL sales in the period were 11.1% up driven by the Division's selective price investments, growth in specialist category sales and in part owing to weaker prior year comparatives.

Price investment to grow volumes impacted gross margins as did price deflation in a number of categories. Costs were well controlled, whilst specific investments were made to widen the product range in a number of specialist categories and to improve the quality of the sales process for highly technical product solutions.

One new CCF branch was opened in the half and in addition to the Keyline and Travis Perkins rebranded sites a new branch format for Keyline was trialled with plans to open in two new locations by the end of this year.

Work continued to leverage the benefits of the newly-established Contracts Division; in areas of project tracking, national accounts management and customer service proposition development.

The launch of Sektor, CCF's partitions business continued, with investment being made to broaden the range, in new showrooms and in the sales team. Early results are encouraging and although still relatively small in terms of revenues, sales are expected to accelerate through the remainder of the year.

Operating margin reduced owing to competitive market pricing, mix changes and selective price investments, which were not fully offset by cost management programmes. Despite slightly lower operating margins, the benefit of higher volumes resulted in operating profits growing to £35m (2013: £33m) up 5.5%.

LAROCE was in line with the prior year, reflecting growth in profits and investment in working capital to broaden ranges in specialist categories.

Consumer Division

	2014	2013	Change
Revenue	£638m	£587m	8.8%
LFL growth			6.8%
Segment profit	£36m	£30m	22.4%
Operating margin	5.6%	5.0%	0.6ppt
LAROCE	6%	6%	-
Capital expenditure	£7m	£6m	£1m
Network changes (No. branches)	507	489	18

Revenue growth was 8.8% compared with the prior year and like-for-like revenues grew by 6.8%. Solid revenue growth in quarter one, owing in part to better weather than in the comparable period, was achieved despite intense promotional activity in the kitchen and bathroom market. This intense promotional activity did however impact gross margins..

Encouragingly, like-for-like growth of 6.8% in the second quarter was consistent with that in the first quarter despite stronger comparatives. Improvements in the promotional programme, ranging and pricing also helped to recover margins in the second quarter.

In the first half two Wickes stores were relocated, optimising space and improving profitability. Eight new Toolstation branches were opened as implants in Wickes, improving the customer proposition and optimising space. A further seven standalone Toolstation branches were opened in the period. Tile Giant opened one new store and closed three stores in the half. These estate changes are both profitable and return enhancing. Three new store openings are planned for Wickes in the second half together with one further relocation.

Operating costs in the Division were well controlled, falling as a percentage of sales, offsetting the impact of lower gross margins. Strong growth in Wickes online sales resulted in increases in store delivery costs with work on-going to enhance the efficiency of online delivery.

The Wickes management team was strengthened during the half and now includes experience from across the UK's retail, online and FMCG sectors. The Group believes it is well placed to refine the strategy for the business and to set about implementing those plans in store.

Toolstation again performed well in the half, both in headline revenue growth and like-for-like revenue growth. Fifteen new stores were opened including Wickes implants and there are plans to open at least 25 new stores in the year as a whole.

Plumbing and Heating Division

	2014	2013	Change
Revenue	£672m	£619m	8.4%
LFL growth			7.4%
Segment profit	£24m	£19m	27.5%
Operating margin	3.6%	3.1%	0.5ppt
LAROCE	8%	6%	2ppt
Capital expenditure	£3m	£2m	£1m
Network expansion (No. branches)	515	526	(11)

Revenue in the division increased by 8.4% in the period despite a continuation of the challenging trading conditions experienced in 2013. The boiler market contributed to strong revenue growth in Q1 up 13.2%. Growth in the first quarter in the boiler category was supported by the government backed Eco (Energy Company Obligation) scheme. Given the significant growth in boiler sales in the first quarter and the marked deterioration in the market in the second quarter it is difficult to gauge how the market will perform until the heating season is underway from September onwards.

The gross margin included the benefit of a number of one off short term contracts, which are not expected to repeat in the second half of the year. Despite these benefits gross margin declined by 0.9ppt as the business was adversely affected by a change in sales mix in favour of boilers, increased cost price inflation and intense competitive pricing.

Operating costs in the period were well controlled with the ratio of costs to sales improving by 1.4ppt. from the continued focus on productivity improvements. Improvement in the cost ratio has been delivered despite on-going investment in new showrooms, spares implants in branches and costs associated with the development and implementation of work to reconfigure PTS branches to the CPS format.

Quarterly operating margin improved to 3.6% and on an underlying basis to 3.3% after taking account of the benefits from short-term contracts and re-configuration and disruption costs.

In March 2014, the Division announced plans to clarify the P&H format strategy, aligning the PTS business to support large contract customers with CPS to support local installers. As at 30 June 2014, 43 branches had commenced, or were in the preparation stages of conversion. Two branches have completed the change from a PTS to a CPS format. The conversion programme will provide local installers with greater access to the new CPS showroom format and an improved product offer. Over time the changes will also reduce the capital employed required to serve larger contract customers whilst at the same time improving availability.

The conversion programme will continue through the second half, with investment in enhanced training and development facilities for team members in both PTS and CPS enabling improvements to customer service.

Within CPS the Endeavour bathroom showroom concept continued to show good results. Approximately 30 conversions will be completed by the end of the year, helping trade customers to win new business.

Outlook Improvements in consumer confidence, the Government's continued support for the UK housing market and solid mortgage availability provide a sound backdrop for the remainder of the year. Solid 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. Although the Group has made an encouraging start to implementing its plans, much remains to be done.

Strong cash generation remains a focus in order to deliver the Group's ambition of sustainable growth in dividends and shareholder returns.

The Group anticipates that the full year outturn will be in line with its expectations.

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 39 to 41 of the 2013 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 and future expansion.

Condensed consolidated income statement

	Six months ended 30 June 2014 (Reviewed)	Six months ended 30 June 2013 (Reviewed)	Year ended 31 Dec 2013 (Audited)
	£m	£m	£m
Revenue	**2,730.5**	2,449.5	5,148.7
Operating profit before amortisation	**175.2**	147.5	347.6
Amortisation of intangible assets	**(8.8)**	(9.1)	(17.9)
Operating profit	**166.4**	138.4	329.7
Exceptional investment income	**-**	7.7	9.4
Net finance costs (note 5)	**(12.7)**	(11.4)	(26.5)
Profit before tax	**153.7**	134.7	312.6
Tax before exceptional tax credit	**(30.5)**	(28.5)	(68.0)
Exceptional effect of reduction in corporation tax rate	**-**	-	20.1
Tax (note 6)	**(30.5)**	(28.5)	(47.9)
Profit for the period	**123.2**	106.2	264.7
Attributable to:			
Owners of the company	**123.1**	106.2	264.6
Non-controlling interests	**0.1**	-	0.1
Earnings per ordinary share (note 7)			
Basic	**50.5p**	44.2p	109.9p
Diluted	**49.0p**	42.7p	105.7p
Total dividend declared per share (note 8)	**12.25p**	10.0p	31.0p

All results relate to continuing operations.

Condensed consolidated statement of comprehensive income

	Six months ended 30 June 2014 (Reviewed)	Six months ended 30 June 2013 (Reviewed) (Restated Note 4)	Year ended 31 Dec 2013 (Audited)
	£m	£m	£m
Profit for the period	**123.2**	106.2	264.7
Items that will not be reclassified subsequently to profit and loss:			
Actuarial (losses) / gains on defined benefit pension schemes	**(3.5)**	16.0	34.0
Deferred tax rate change	**-**	-	(11.5)
Income taxes relating to items not reclassified	**0.7**	(3.6)	(7.0)
	(2.8)	12.4	15.5
Items that may be reclassified subsequently to profit and loss:			
Cash flow hedges:			
Losses arising during the year	**(4.4)**	(0.8)	(5.0)
Reclassification adjustment for losses included in profit	**4.3**	2.7	6.1
Movement on cash flow hedge cancellation payment	**-**	0.8	0.8
Income tax relating to items that may be reclassified	**-**	-	(0.3)
	(0.1)	2.7	1.6
Other comprehensive income for the period net of tax	**(2.9)**	15.1	17.1
Total comprehensive income for the period	**120.3**	121.3	281.8

Condensed consolidated statement of changes in equity

	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	Accumulated profits £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)

	Six months ended 30 June 2013								
	Issued share capital	Share premium account	Merger reserve	Revaluation reserve	Hedging reserve	Own shares	Other	Accumulated profits (Restated Note 4d)	Total equity (Restated)
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2013 (Audited)(Restated)	24.5	487.2	326.5	20.1	(1.6)	(62.4)	-	1,461.3	2,255.6
Profit for the period	-	-	-	-	-	-	-	106.2	106.2
Other comprehensive income for the period net of tax	-	-	-	-	2.7	-	-	12.4	15.1
Total comprehensive income for the year	-	-	-	-	2.7	-	-	118.6	121.3
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)	1.4	1,540.5	2,353.0

Condensed consolidated statement of changes in equity (continued)

Year ended 31 December 2013

	Issued share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Hedging reserve £m	Own shares £m	Other £m	Accumulated profits £m	Total equity £m
At 1 January 2013 (Audited)	24.5	487.2	326.5	20.1	(1.6)	(62.4)	-	1,461.3	2,255.6
Profit for the period	-	-	-	-	-	-	0.1	264.6	264.7
Other comprehensive income for the period net of tax	-	-	-	-	1.6	-	-	15.5	17.1
Total comprehensive income for the year	-	-	-	-	1.6	-	0.1	280.1	281.8
Dividends	-	-	-	-	-	-	-	(65.1)	(65.1)
Issue of share capital	0.2	10.8	-	-	-	21.8	-	(18.9)	13.9
Realisation of revaluation reserve in respect of property disposals	-	-	-	(2.8)	-	-	-	2.8	-
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	-	-	(0.2)	-	-	-	0.2	-
Deferred tax rate change	-	-	-	1.3	-	-	-	-	1.3
Tax on share based payments	-	-	-	-	-	-	-	15.7	15.7
Foreign exchange	-	-	-	-	-	-	-	0.1	0.1
Fair value of put option	-	-	-	-	-	-	(1.8)	-	(1.8)
Credit to equity for equity-settled share based payments	-	-	-	-	-	-	-	13.7	13.7
At 31 December 2013 (Audited)	24.7	498.0	326.5	18.4	-	(40.6)	(1.7)	1,689.9	2,515.2

Condensed consolidated balance sheet

	As at 30 June 2014 (Reviewed) £m	As at 30 June 2013 (Reviewed) (Restated Note 4) £m	As at 31 Dec 2013 (Audited) £m
ASSETS			
Non-current assets			
Goodwill (note 15)	**1,813.9**	1,812.6	1,813.9
Other intangible assets	**408.1**	417.3	409.8
Property, plant and equipment	**626.7**	586.4	609.9
Derivative financial instruments	**6.1**	17.6	9.3
Investment property	**0.4**	0.4	0.4
Interest in associates	**7.6**	7.1	7.3
Available-for-sale investments	**2.7**	2.7	2.7
Total non-current assets	**2,865.5**	2,844.1	2,853.3
Current assets			
Inventories	**688.4**	671.2	687.7
Trade and other receivables	**962.0**	820.3	822.9
Derivative financial instruments	**-**	2.2	-
Cash and cash equivalents	**95.7**	103.5	79.8
Total current assets	**1,746.1**	1,597.2	1,590.4
Total assets	**4,611.6**	4,441.3	4,443.7

Condensed consolidated balance sheet (continued)

	As at 30 June 2014 (Reviewed) £m	As at 30 June 2013 (Reviewed) (Restated) £m	As at 31 Dec 2013 (Audited) £m
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	**24.7**	24.5	24.7
Share premium account	**499.1**	489.5	498.0
Merger reserve	**326.5**	326.5	326.5
Revaluation reserve	**18.1**	19.9	18.4
Hedging reserve	**(0.1)**	1.1	-
Own shares	**(35.1)**	(50.4)	(40.6)
Other reserves	**(1.6)**	-	(1.7)
Retained earnings	**1,758.2**	1,540.5	1,689.9
Equity attributable to owners of the Company	**2,589.8**	2,351.6	2,515.2
Non-controlling interest	**-**	1.4	-
Total equity	**2,589.8**	2,353.0	2,515.2
Non-current liabilities			
Interest bearing loans and borrowings	**223.9**	453.5	421.6
Derivative financial instruments	**6.8**	-	4.5
Retirement benefit obligations (note 4)	**65.4**	102.3	71.4
Long-term provisions	**17.7**	20.8	20.7
Long-term other payables	**1.9**	0.8	1.9
Deferred tax liabilities	**70.8**	66.6	61.3
Total non-current liabilities	**386.5**	644.0	581.4
Current liabilities			
Interest bearing loans and borrowings	**168.5**	55.6	5.8
Derivative financial instruments	**1.5**	1.6	1.8
Trade and other payables	**1,332.0**	1,249.8	1,218.1
Tax liabilities	**78.3**	78.0	73.2
Short-term provisions	**55.0**	59.3	48.2
Total current liabilities	**1,635.3**	1,444.3	1,347.1
Total liabilities	**2,021.8**	2,088.3	1,928.5
Total equity and liabilities	**4,611.6**	4,441.3	4,443.7

The interim condensed financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 29 July 2014 and signed on its behalf by:

J. P. Carter — Chief Executive

A. D. Buffin — Chief Financial Officer

Condensed consolidated cash flow statement

	Six months ended 30 June 2014 (Reviewed) £m	Six months ended 30 June 2013 (Reviewed) £m	Year ended 31 Dec 2013 (Audited) £m
Operating profit before amortisation and exceptional items	**175.2**	147.5	347.6
Adjustments for:			
Depreciation of property, plant and equipment	**36.9**	35.2	71.3
Other non-cash movements	**6.0**	6.1	13.7
Losses of associates	**1.7**	0.1	2.5
Gains on disposal of property, plant and equipment	**(8.7)**	(2.0)	(18.1)
Operating cash flows before movements in working capital	**211.1**	186.9	417.0
Increase in inventories	**(0.7)**	(32.0)	(48.5)
Increase in receivables	**(140.4)**	(91.9)	(83.6)
Increase in payables	**162.6**	113.5	61.5
Payments on exceptional items	**-**	(2.1)	(4.6)
Payments to the pension schemes in excess of the charges to profits	**(10.7)**	(8.6)	(22.6)
Cash generated from operations	**221.9**	165.8	319.2
Interest paid	**(8.1)**	(11.3)	(21.0)
Income taxes paid	**(16.8)**	(25.9)	(59.2)
Net cash from operating activities	**197.0**	128.6	239.0
Cash flows from investing activities			
Interest received	**0.1**	0.4	0.5
Proceeds on disposal of property, plant and equipment	**4.4**	6.0	16.9
Purchases of property, plant and equipment	**(64.5)**	(52.2)	(107.2)
Interests in associates	**(1.9)**	(0.5)	(2.9)
Acquisition of businesses net of cash acquired	**(0.8)**	(6.8)	(9.3)
Net cash used in investing activities	**(62.7)**	(53.1)	(102.0)
Financing activities			
Proceeds from the issue of share capital	**2.0**	3.8	13.9
Net movement in finance lease liabilities	**(1.2)**	(1.1)	(2.1)
Repayment of bank loans	**(68.0)**	(72.9)	(143.0)
Dividends paid	**(51.2)**	(40.9)	(65.1)
Net cash from financing activities	**(118.4)**	(111.1)	(196.3)
Net increase / (decrease) in cash and cash equivalents	**15.9**	(35.6)	(59.3)
Cash and cash equivalents at the beginning of the period	**79.8**	139.1	139.1
Cash and cash equivalents at the end of the period	**95.7**	103.5	79.8

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 2014 and 30 June 2013 is unaudited. This information has been reviewed by Deloitte LLP, the Group's auditor, and a copy of their review report appears on page 35 of this interim report. The financial information for the year ended 31 December 2013 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 2013 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 2014 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. 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 2013 full year financial statements, which are available on the Travis Perkins web site www.travisperkinsplc.com. These accounting policies have been consistently applied in all the periods presented.

Following guidance issued during October 2013 by the FRRP regarding the treatment of a schedule of contributions in relation to a minimum funding requirement under IFRIC 14, the Group reconsidered the appropriate accounting treatment for its pension fund obligations. As a result the defined benefit pension schemes pension obligations and associated deferred tax at 30 June 2013 have been restated in the balance sheet with a consequent adjustment in actuarial gains and losses in the statement of other comprehensive income. Full details of the restatement are given in note 4(d).

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 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. From the 1 January 2014 the Group's divisions have been realigned and segmental information has been prepared to reflect the revised structure. The most significant change in the structure was to combine the three businesses that supply products under contract arrangements to large construction companies. This newly formed Contracts division incorporates BSS Industrial formerly reported in the Plumbing and Heating Division. In addition Benchmarx which was previously reported in the Specialist division is now reported in the General Merchanting division. The half year and full year 2013 segments have been restated to reflect the revised structure. 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 2014

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

Six months ended 30 June 2013

	General Merchanting £m	Contracts £m	Consumer £m	Plumbing & Heating £m	Unallocated £m	Consolidated £m
Revenue	786.9	456.6	586.6	619.4	-	2,449.5
Result						
Segment result before exceptional items and amortisation	72.7	33.0	29.5	18.9	(6.6)	147.5
Exceptional investment income	-	-	7.7	-	-	7.7
Amortisation of intangible assets	-	(3.2)	(2.4)	(3.5)	-	(9.1)
Segment result	72.7	29.8	34.8	15.4	(6.6)	146.1
Finance income	-	-	-	-	4.5	4.5
Finance costs	-	-	-	-	(15.9)	(15.9)
Profit before taxation	72.7	29.8	34.8	15.4	(18.0)	134.7
Taxation	-	-	-	-	(28.5)	(28.5)
Profit for the period	72.7	29.8	34.8	15.4	(46.5)	106.2

Notes to the interim financial statements

2. Business segments (continued)

Year ended 31 December 2013

	General Merchanting £m	Contracts £m	Consumer £m	Plumbing & Heating £m	Unallocated £m	Consolidated £m
Revenue	1,647.7	955.7	1,179.8	1,365.5	-	5,148.7
Result						
Segment result before exceptional items and amortisation	176.4	67.5	63.0	56.4	(15.7)	347.6
Exceptional investment income	-	-	9.4	-	-	9.4
Amortisation of intangible assets	-	(6.1)	(4.9)	(6.9)	-	(17.9)
Segment result	176.4	61.4	67.5	49.5	(15.7)	339.1
Finance income	-	-	-	-	3.7	3.7
Finance costs	-	-	-	-	(30.2)	(30.2)
Profit before taxation	176.4	61.4	67.5	49.5	(42.2)	312.6
Taxation	-	-	-	-	(47.9)	(47.9)
Profit for the year	176.4	61.4	67.5	49.5	(90.1)	264.7

Segment Assets	**30 June 2014 £m**	30 June 2013 £m	31 Dec 2013 £m
General Merchanting	**1,429.3**	1,334.4	1,335.7
Contracts	**712.3**	661.6	692.9
Consumer	**1,426.9**	1,405.7	1,406.5
Plumbing & Heating	**930.6**	905.8	911.9
Unallocated	**112.5**	133.8	96.7
Total assets	**4,611.6**	4,441.3	4,443.7

Segment Liabilities	**30 June 2014 £m**	30 June 2013 £m	31 Dec 2013 £m
General Merchanting	**(474.4)**	(457.7)	(421.5)
Contracts	**(302.8)**	(223.5)	(229.8)
Consumer	**(389.0)**	(384.3)	(380.7)
Plumbing & Heating	**(216.3)**	(202.5)	(235.6)
Unallocated	**(639.3)**	(820.3)	(660.9)
Total liabilities	**(2,021.8)**	(2,088.3)	(1,928.5)

Notes to the interim financial statements

3. Seasonality

The Group's trading operations when assessed on a half yearly basis are mainly unaffected by seasonal factors. In 2013, the period to 30 June accounted for 48% of the Group's annual revenue (2012: 50%)

4. Retirement benefit obligations

(a) Pension scheme movement	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 (Restated) £m	Year ended 31 Dec 2013 £m
Gross deficit at 1 January	**(71.4)**	(57.5)	(57.5)
Additional liability recognised for minimum funding requirements	**-**	(68.4)	(68.4)
Gross deficit restated	**(71.4)**	(125.9)	(125.9)
Current service cost	**(5.4)**	(5.4)	(10.3)
Administration expenses	**(0.4)**	(0.4)	(0.8)
Net interest expense	**(1.2)**	(1.0)	(2.1)
Contributions received by the Schemes	**16.5**	14.4	33.7
Return on plan assets (excluding amounts included in net interest)	**16.9**	21.9	68.0
Actuarial losses arising from changes in financial assumptions	**(48.7)**	(20.3)	(30.7)
Reduction / (increase) in minimum funding requirement liability	**28.3**	14.4	(3.3)
Gross deficit at 30 June / 31 December	**(65.4)**	(102.3)	(71.4)

(b) Net pension scheme deficit	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 (Restated) £m	Year ended 31 Dec 2013 £m
Gross deficit at 30 June / 31 December	**(65.4)**	(102.3)	(71.4)
Deferred tax	**13.0**	23.5	14.0
Net deficit at 30 June / 31 December	**(52.4)**	(78.8)	(57.4)

(c) Amounts recognised in the statement of comprehensive income	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 (Restated) £m	Year ended 31 Dec 2013 £m
Return on plan assets (excluding amounts included in net interest)	**16.9**	21.9	68.0
Actuarial losses arising from changes in financial assumptions	**(48.7)**	(20.3)	(30.7)
Reduction / (increase) in minimum funding requirement liability	**28.3**	14.4	(3.3)
	(3.5)	16.0	34.0

Notes to the interim financial statements

4. Retirement benefit obligations (continued)

(d) Prior period restatement

Following guidance issued during October 2013 from the FRRP regarding the treatment of a schedule of contributions in relation to a minimum funding requirement under IFRIC 14, the Group has reconsidered the appropriate accounting treatment for its pension fund obligations. As a result the defined benefit pension schemes pension obligations in the balance sheet have been restated at 30 June 2013 with consequent adjustments to deferred tax and actuarial gains and losses shown in the statement of comprehensive income. Further details of the impact of the prior period restatement are given in the tables below.

	Six months ended 30 June 2013		
	As previously stated £m	Prior period adjustments £m	As restated £m
Profit after tax	106.2	-	106.2
Items that will not be reclassified subsequently to profit and loss			
Actuarial gains on defined benefit pension schemes	1.6	14.4	16.0
Income taxes relating to items not reclassified	(0.3)	(3.3)	(3.6)
	1.3	11.1	12.4
Items that may be reclassified subsequently to profit and loss	2.7	-	2.7
Total comprehensive income	110.2	11.1	121.3

	Six months ended 30 June 2013		
	As previously stated £m	Prior period adjustments £m	As restated £m
Retirement benefit asset	4.0	(4.0)	-
Deferred tax liability	79.2	(12.6)	66.6
Retirement benefit obligation	52.3	50.0	102.3
Other liabilities	1,919.4	-	1,919.4
Total liabilities	2,050.9	37.4	2,088.3
Accumulated profits	1,581.9	(41.4)	1,540.5
Other capital and reserves	812.5	-	812.5
Total equity and liabilities	4,445.3	(4.0)	4,441.3

Notes to the interim financial statements

5. Finance costs

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 Dec 2013 £m
Interest receivable	**0.1**	0.1	0.8
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**	3.9	1.9
Finance income	**0.7**	4.5	3.7
Interest on bank loans and overdrafts	**(7.7)**	(9.9)	(17.9)
Amortisation of issue costs of bank loans	**(0.8)**	(0.7)	(1.5)
Other interest	**(1.3)**	(0.8)	(1.8)
Interest on obligations under finance leases	**(0.4)**	(0.5)	(1.3)
Amortisation of cancellation payment for swaps accounted for as cash flow hedges	**-**	(0.8)	(0.8)
Unwinding of discounts – SPV loan	**(1.3)**	(1.3)	(2.5)
Unwinding of discounts – property provisions	**(0.7)**	(0.9)	(1.5)
Other finance costs – pension scheme	**(1.2)**	(1.0)	(2.1)
Net loss on re-measurement or settlement of derivatives at fair value	**-**	-	(0.8)
Finance costs	**(13.4)**	(15.9)	(30.2)
Net finance costs	**(12.7)**	(11.4)	(26.5)

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m	Year ended 31 Dec 2013 £m
Interest on bank loans and overdrafts	**(15.7)**	(20.9)	(17.9)
Other interest	**(2.3)**	(2.0)	(1.8)
Interest receivable	**0.8**	0.5	0.8
Net interest for covenant purposes	**(17.2)**	(22.4)	(18.9)
Interest on bank loans and overdrafts	**(15.7)**	(20.9)	(17.9)
Amortisation of issue costs of bank loans	**(1.6)**	(1.3)	(1.5)
Interest on obligations under finance leases	**(1.2)**	(1.0)	(1.3)
Unwinding of discounts - SPV	**(2.5)**	(2.6)	(2.5)
Loan note interest	**(0.3)**	(0.2)	(0.2)
Interest for fixed charge ratio purposes	**(21.3)**	(26.0)	(23.4)

Notes to the interim financial statements

6. Tax

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 Dec 2013 £m
Current tax			
UK corporation tax			
- current year	**(31.0)**	(31.6)	(68.9)
- prior year	**7.7**	0.6	1.0
Total current tax charge	**(23.3)**	(31.0)	(67.9)
Deferred tax			
- current year	**(1.0)**	2.5	19.0
- prior year	**(6.2)**	-	1.0
Total deferred tax	**(7.2)**	2.5	20.0
Total tax charge	**(30.5)**	(28.5)	(47.9)

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 2013 full year included an exceptional credit of £20.1m arising from a reduction in the rate of UK corporation tax from 23% to 21% on 1 April 2014 and a further reduction of 1% to 20% from 1 April 2015.

It is likely that as a result of changes in Government legislation in the most recent budget, 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 2013 annual report.

7. Earnings per share

a) Basic and diluted earnings per share

Earnings	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Year ended 31 Dec 2013 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent	**123.1**	106.2	264.6
Number of shares	**No.**	No.	No.
Weighted average number of shares for the purposes of basic earnings per share	**243,686,355**	240,123,645	240,829,833
Dilutive effect of share options on potential shares	**7,660,421**	8,677,576	9,428,138
Weighted average number of shares for the purposes of diluted earnings per share	**251,346,776**	248,801,221	250,257,971

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 in 2014 and amortisation of intangible assets and exceptional items in 2013 from earnings.

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 Dec 2013 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity share holders of the Parent	**123.1**	106.2	264.6
Exceptional items	**-**	(7.7)	(9.4)
Amortisation of intangible assets	**8.8**	9.1	17.9
Tax on amortisation of intangible assets	**(1.7)**	(2.1)	(3.6)
Effect of reduction in corporation tax rate on deferred tax	**-**	-	(20.1)
Earnings for adjusted earnings per share	**130.2**	105.5	249.4
Adjusted earnings per share	**53.4p**	43.9p	103.6p
Adjusted diluted earnings per share	**51.8p**	42.4p	99.7p

8. Dividends

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

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 Dec 2013 £m
Final dividend for the year ended 31 December 2013 of 21.0 pence (2012: 17.0 pence) per share	**51.2**	40.9	40.9
Interim dividend for the year ended 31 December 2013 of 10.0 pence per share	**-**	-	24.2

The proposed interim dividend of 12.25p per share in respect of the year ending 31 December 2014 was approved by the Board on 29 July 2014 and has not been included as a liability as at 30 June 2014. It will be paid on 11 November 2014 to shareholders on the register at close of business on 10 October 2014. The shares will be quoted ex-dividend on 9 October 2014.

Notes to the interim financial statements

9. Borrowings

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

	As at 30 June 2014 £m	As at 30 June 2013 £m	As at 31 Dec 2013 £m
Drawn facilities			
US guaranteed senior notes	**123.3**	141.4	128.7
5 year committed revolving facility	**50.0**	260.0	190.0
15 month committed revolving facilities	**125.0**	50.0	50.0
	298.3	451.4	368.7
Undrawn facilities			
5 year committed revolving facility	**500.0**	290.0	360.0
15 month committed revolving facilities	**25.0**	-	-
Bank overdraft	**30.0**	40.0	40.0
	555.0	330.0	400.0

The £550m revolving credit facility expires on 14 December 2016 whilst the £150m revolving bilateral credit facilities expire on 31 March 2015. $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 2014	246,786,289	24.7
Allotted under share option schemes	182,189	-
At 30 June 2014	**246,968,478**	**24.7**

11. Net debt reconciliation

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 Dec 2013 £m
Net debt at 1 January	**(347.6)**	(452.2)	(452.2)
Increase / (decrease) in cash and cash equivalents	**15.9**	(35.6)	(59.3)
Cash flows from debt	**69.2**	74.0	145.1
Decrease in fair value of derivatives	**3.1**	7.7	14.1
Exchange gain / (loss) on private placement	**1.9**	(4.1)	1.7
Issue of loan notes	**(37.6)**	-	-
Finance charges netted off bank debt	**(0.8)**	5.4	4.5
Amortisation swap cancellation receipt	**0.5**	0.5	1.0
Discount unwind on liability to pension scheme	**(1.3)**	(1.3)	(2.5)
Net debt at 30 June / 31 December	**(296.7)**	(405.6)	(347.6)

The loan notes issued are in respect of the deferred consideration arising on the acquisition of Toolstation.

Notes to the interim financial statements

12. Non-statutory information

a) Net debt under covenant calculations

	As at 30 June 2014 £m	As at 30 June 2013 £m	As at 31 Dec 2013 £m
Reported net debt	**(296.7)**	(405.6)	(347.6)
IAS 17 finance leases	**16.8**	18.1	17.6
Unamortised swap cancellation receipt	**1.4**	2.4	1.9
Liability to pension scheme	**34.7**	35.2	36.5
Fair value adjustment to debt	**(1.3)**	15.8	3.7
Finance charges netted off bank debt	**(4.1)**	(5.7)	(4.9)
Net debt under covenant calculations	**(249.2)**	(339.8)	(292.8)

b) Covenant calculations (rolling 12 months)

	30 June 2014 £m	30 June 2013 £m	31 Dec 2013 £m
EBIT	**357.7**	294.9	329.7
Depreciation and amortisation	**90.6**	88.5	89.2
EBITDA	**448.3**	383.4	418.9
Exceptional items	**-**	9.6	-
Adjusted EBITDA	**448.3**	393.0	418.9
Pre-acquisition EBITDA	**-**	0.1	-
Reversal of IFRS effect	**(2.7)**	(2.4)	(2.6)
Adjusted EBITDA under covenant calculations	**445.6**	390.7	416.3
Net debt under covenant calculations (note 12a)	**249.2**	339.8	292.8
Adjusted net debt to EBITDA	**0.56x**	0.87x	0.7x
Net interest payable under covenant calculations (rolling 12 months)	**17.2**	22.4	18.9
Interest cover	**21.8x**	14.4x	18.3x

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

	30 June 2014 £m	30 June 2013 £m	31 Dec 2013 £m
Adjusted EBITDA	**448.3**	393.0	418.9
Property operating lease rentals	**188.6**	181.1	184.3
Adjusted EBITDAR	**636.9**	574.1	603.2
Reported net debt	**296.7**	405.6	347.6
Property operating rentals x8	**1,508.8**	1,448.8	1,474.4
Lease adjusted net debt	**1,805.5**	1,854.4	1,822.0
Lease adjusted net debt to adjusted EBITDAR	**2.8x**	3.2x	3.0x

Notes to the interim financial statements

12. Non-statutory information (continued)

d) Fixed charge cover (rolling 12 months)

	30 June 2014 £m	30 June 2013 £m	31 Dec 2013 £m
Adjusted EBITDAR	**636.9**	574.6	603.2
Property operating lease rentals	**188.6**	181.1	184.3
Interest for fixed charge cover (note 5)	**21.3**	26.0	23.4
Fixed charge	**209.9**	207.1	207.7
Fixed charge cover	**3.0x**	2.8x	2.9x

e) Adjusted free cash flow

	Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m	Year ended 31 Dec 2013 £m
Operating profit before amortisation and exceptional items	**175.2**	147.5	347.6
Depreciation	**36.9**	35.2	71.3
Other non cash movements	**7.7**	6.2	16.2
Gain on disposal of property plant and equipment	**(8.7)**	(2.0)	(18.1)
Movement on working capital	**21.5**	(10.4)	(70.6)
Net interest paid	**(8.0)**	(10.9)	(20.5)
Income tax paid	**(16.8)**	(25.9)	(59.2)
Replacement capital expenditure	**(23.2)**	(29.5)	(44.0)
Proceeds from disposal of property, plant and equipment	**4.4**	6.0	16.9
Adjusted free cash flow	**189.0**	116.2	239.6

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 June 2014 £m	30 June 2013 £m	31 Dec 2013 £m
Operating profit	**357.7**	294.9	329.7
Amortisation of intangible assets	**17.6**	17.8	17.9
Exceptional items	**-**	9.6	-
Adjusted operating profit	**375.3**	322.3	347.6
Opening net assets	**2,353.0**	2,214.0	2,255.6
Net pension deficit	**78.8**	34.0	97.0
Goodwill written off	**92.7**	92.7	92.7
Net borrowings	**405.6**	563.5	452.2
Exchange adjustment	**(15.8)**	(30.4)	(19.5)
Opening capital employed	**2,914.3**	2,873.8	2,878.0
Closing 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 adjustment	**1.3**	(15.8)	(3.7)
Closing capital employed	**3,032.9**	2,914.3	3,009.2
Average capital employed	**2,973.6**	2,894.1	2,943.6
Adjusted pre–tax return on capital	**12.6%**	11.1%	11.8%

Group lease adjusted return on capital employed is calculated as follows

	30 June 2014 £m	30 June 2013 £m	31 Dec 2013 £m
Adjusted operating profit	**375.3**	322.3	347.6
50% of property operating lease rentals	**94.3**	90.5	92.2
Lease adjusted operating profit	**469.6**	412.8	439.8
Average capital employed	**2,973.6**	2,894.1	2,943.6
Property operating lease rentals x8	**1,508.8**	1,448.8	1,474.4
Lease adjusted capital employed	**4,482.4**	4,342.9	4,418.0
Lease adjusted return on capital employed	**10.5%**	9.5%	10.0%

Notes to the interim financial statements

12. Non-statutory information (continued)

g) Lease adjusted gearing

	As at 30 June 2014 £m	As at 30 June 2013 £m	As at 31 Dec 2013 £m
Reported net debt	**296.7**	405.6	347.6
Property operating lease rentals x8	**1,508.8**	1,448.8	1,474.4
Lease adjusted net debt	**1,805.5**	1,854.4	1,822.0
Property operating lease rentals x8	**1,508.8**	1,448.8	1,474.4
Total equity	**2,589.8**	2,353.0	2,515.2
	4,098.6	3,801.8	3,989.6
Lease adjusted gearing	**44.1%**	48.8%	45.7%

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 £3.0m represents estimated amounts payable on the acquisition of Solfex of £1.1.m which is disclosed in long term other payables and an amount payable on the acquisition of Plumbnation of £1.9m, of which £0.8m is disclosed in long term other payables and £1.1m in trade and other payables..

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 June 2014 £m**	As at 30 June 2013 £m	As at 31 Dec 2013 £m
Foreign currency forward contracts at fair value through profit and loss	**-**	2.2	-
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	**6.1**	16.0	9.3
	6.1	19.8	9.3
Current assets	**-**	2.2	-
Non-current assets	**6.1**	17.6	9.3
	6.1	19.8	9.3

Included in liabilities

Level 2	**As at 30 June 2014 £m**	As at 30 June 2013 £m	As at 31 Dec 2013 £m
Foreign currency forward contracts at fair value through profit and loss	**1.5**	-	1.5
Foreign currency forward contracts designated and effective as hedging instruments carried at fair value	**6.8**	-	4.5
Interest rate swaps at fair value through profit and loss	**-**	1.0	-
Interest rate swaps designated and effective as cash flow hedging instruments	**-**	0.6	0.3
Level 3			
Deferred consideration at fair value through profit and loss	**3.0**	40.1	40.6
	11.3	41.7	46.9
Current liabilities	**2.6**	40.9	40.5
Non-current liabilities	**8.7**	0.8	6.4
	11.3	41.7	46.9

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 £1.9m (2013: £0.5m) in the form of loans to its associate companies Rinus Roofing Limited and Toolstation Europe. Operating transactions with associated companies were not significant during the period.

Notes to the interim financial statements

15. Goodwill and other intangible assets

Given the available headroom of £37m disclosed in the 2013 year end accounts for the PTS cash generating unit and the recent deterioration in the boiler market the Directors considered it prudent to perform an impairment test as at 30 June 2014. No impairment was identified but the Directors have conducted a sensitivity analysis to determine the specific value for each assumption, all other assumptions remaining the same, that would result in the carrying value of goodwill and other intangible assets equalling their recoverable amounts. The results of the impairment test and the sensitivity analysis are shown in the table below.

There were no indicators of possible impairment for other CGUs at 30 June 2014 and so no impairment tests were performed,

30 June 2014							
CGU Grouping	Headroom	Like-for-like Market Volume (Average per annum)		Discount rate		Long term growth rate	
		Assumption	Sensitivity	Assumption	Sensitivity	Assumption	Sensitivity
PTS	£43m	2.2%	0.9%	9.2%	10.9%	2.1%	(0.2)%

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

J. P. Carter	**A. D. Buffin**
Chief Executive 29 July 2014	Chief Financial Officer 29 July 2014

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 2014 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 15. 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 Conduct 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 2014 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 Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London, UK
29 July 2014