



TRAVIS
PERKINS PLC

2 0 0 7 A N N U A L R E P O R T A N D A C C O U N T S



Travis Perkins plc
A leader in builders
merchandising and home
improvement retailing

REASONS TO INVEST IN TRAVIS PERKINS

■ INDUSTRY LEADING TRADE AND RETAIL OPERATING MARGINS

■ HIGH RETURN ON CAPITAL EMPLOYED

■ GAINING LIKE-FOR-LIKE MARKET SHARE IN TRADE AND
RETAIL BUSINESSES

■ SIGNIFICANT BOLT-ON GROWTH ACROSS SEVEN BRANDS AND
FURTHER BRAND EXPANSION POTENTIAL

■ SIGNIFICANT COMPETITIVE ADVANTAGES AS JUDGED
BY CUSTOMERS

■ EFFICIENT CAPITAL STRUCTURE

■ RESILIENT REPAIR, MAINTENANCE AND IMPROVEMENT
DRIVEN BUSINESS

■ GOOD LONG-TERM INDUSTRY GROWTH DYNAMICS

■ FAVOURABLE DEMOGRAPHICS

■ GOVERNMENT DRIVEN DECENT HOMES INITIATIVE

■ GOVERNMENT COMMITMENT TO GROWTH IN HOME BUILDING

If you have sold or transferred all of your holding of ordinary shares, you should pass this document, the accompanying form of proxy and any additional correspondence to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



OUR GROUP MISSION

“Continue to deliver better returns by... putting in place and growing the best businesses, with outstanding people and operations, providing comprehensive building material solutions, to everyone creating, maintaining, repairing or improving the built environment, ... helping to build Britain”

OUR GROUP VISION

To ensure that anyone in Britain who wants to access any kind of building materials through any form of supply channel will have a Travis Perkins group operation as their first or first alternative choice



OUR GROUP VALUES

1. Angie Brown, showroom assistant, Wickes Newcastle

2. Darren Scriven, management trainee, Travis Perkins South West, Milford Haven

3. Jason Simpson, branch manager, CCF Birmingham

4. Lee Sadler, assistant branch manager, City Plumbing Supplies Ipswich

5. Wayne Bowditch, assistant branch manager, Tile Giant Macclesfield

6. Rebecca Probert, administrator, Keyline Exeter

7. Kevin Hunt, yard assistant, Travis Perkins Midlands, Birmingham Central

8. Tom O'Hare, assistant branch manager, Travis Perkins Northern, Loanhead

9. Daniel Beresford, branch manager, Travis Perkins South East, St Albans

10. Sinead McGing, administrator, Benchmark Watford

At Travis Perkins, we:

Know our customers – we understand their needs, beat their expectations, treat them with respect, and know our major customers personally.

Talk and listen – we say what we mean clearly and honestly, we listen carefully; we respond objectively, we explain our decisions.

Are with you, not against you – we seek mutual benefits with all stakeholders; we think about the impact of our actions; we search for similarities.

Know how to do our jobs – not just today, but for the next job; we equip ourselves with the skills needed to perform and be confident we can perform.

Like to deliver – we enjoy being the best; we know exactly what each of us is expected to achieve; we focus on getting results, simply.

Work together – we actively work with each other; when something goes wrong, the first thing we will do is fix the problem; not look for someone to blame.

Always try to get better – we constructively challenge how we work; we look for fresh ideas that are different; we only have rules where they are necessary because we use our common sense.

Are proud to be here – this is a great company; everyone working with us is welcome; we make work enjoyable for everyone.

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The photographs in this annual report feature ten new branches to the Travis Perkins Group, one from each of our businesses. The front cover shows a colleague from each of the featured branches.

The Company would like to thank all those colleagues featured for their co-operation during the production of this Report and Accounts.

Kathie Wilks, showroom manager, City Plumbing Supplies Ipswich, discussing possible bathroom layouts with a customer

FINANCIAL HIGHLIGHTS

- REVENUE UP 11.9% TO £3,187M
- ADJUSTED OPERATING PROFIT UP 15.1% TO £320M
- ADJUSTED OPERATING MARGIN UP 28 BASIS POINTS TO 10.0%
- ADJUSTED PRE TAX PROFIT UP 18.7% TO £261M
- ADJUSTED EPS UP 17.6% TO 149.8P
- DIVIDEND DECLARED UP 20.1% TO 44.9P PER SHARE

OPERATING HIGHLIGHTS

- ACQUISITION AND EXPANSION CAPEX INVESTMENT STEPPED UP TO £138M
- GAINS MADE IN BOTH TOTAL AND LIKE-FOR-LIKE MARKET SHARE
- WICKES COMES TOP OF CONSUMER SURVEYS OF DIY STORES
- 107 NEW OUTLETS OPENED DURING THE YEAR

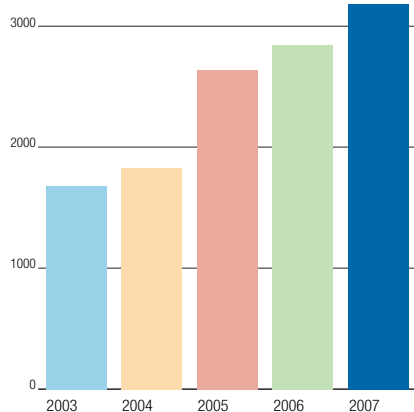
Tom Aitken, yard sales assistant,
Travis Perkins Loanhead, loading concrete
slabs on to a customer's vehicle

FINANCIAL HIGHLIGHTS

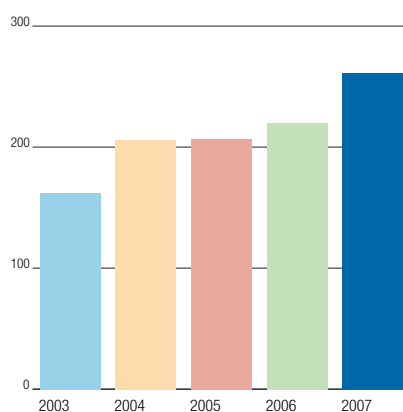
	2007		2006
	£m	%	£m
Revenue	3,186.7	11.9	2,848.8
Adjusted:*			
Operating profit (note 5a)	319.9	15.1	278.0
Profit before taxation (note 5b)	261.4	18.7	220.3
Profit after taxation (note 5b)	181.1	17.4	154.2
Basic earnings per ordinary share (pence) (note 12)	149.8	17.6	127.4
Statutory:			
Operating profit	319.9	10.5	289.6
Profit before taxation	261.4	12.7	231.9
Profit after taxation	185.3	11.0	167.0
Basic earnings per ordinary share (pence)	153.3	11.2	137.9
Total dividend declared per ordinary share (pence) (note 13)	44.9	20.1	37.4

* During the year the Group recognised an exceptional deferred tax credit of £4.2m (2006: £nil) arising from the reduction in the corporation tax rate to 28% (note 11). During 2006 the Group made an exceptional property profit of £11.6m and associated tax effects (note 5a). Throughout these financial statements the term 'adjusted' has been used to signify that the effect of these exceptional items has been excluded from the disclosure being made.

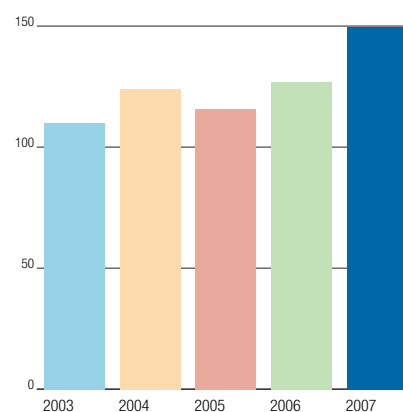
REVENUE (£M)



ADJUSTED PROFIT BEFORE TAXATION (£M)



ADJUSTED BASIC EARNINGS PER SHARE (PENCE)



TP Travis Perkins plc

Travis Perkins, a major PLC, is a main supplier to the building and construction market, one of the largest industries in the UK.



The present day Company was formed in 1988 out of a merger between Travis and Arnold plc, a company with a strong Midlands and Northern based business, and Sandell Perkins plc, a company with an equivalent strength in the South of England.

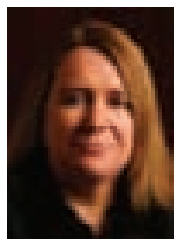
The origins of Sandell Perkins can be traced back over 200 years to 1797 when a carpentry company was first established in London; Travis and Arnold was initially formed as a partnership in 1899. During the early to mid 20th century both businesses expanded before eventually

becoming listed public companies, Travis and Arnold was the first to the market in 1964, followed 22 years later by Sandell Perkins.

2007 saw continued expansion of the Group with new outlets opening in each brand and a new business stream being added in the form of Tile Giant.



Andrew Pike
Company Secretary



Carol Kavanagh
Group Human
Resources Director



Martin Meech
Group Property Director

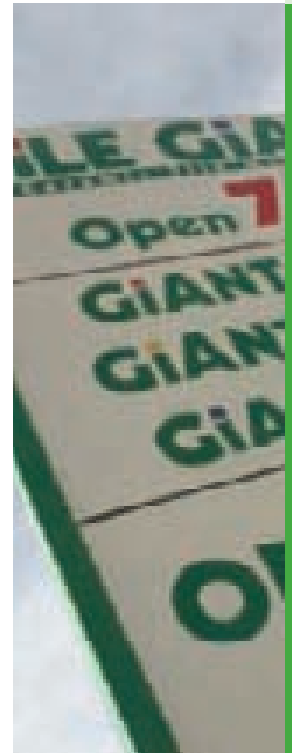
RETAIL DIVISION

The Retail Division comprises two businesses Wickes, a national chain of DIY retail outlets and Tile Giant a ceramic tile merchant acquired in 2007.

Wickes
TILE GIANT



Our new Wickes Extra store in Newcastle, which opened in August 2007



WHO WE ARE

Wickes stores are designed to appeal to tradesmen, who undertake general repairs, maintenance and improvement projects for households and small businesses and to serious DIY customers, who carry out more complete DIY projects. These customers are more demanding in terms of service, quality and price.

The Company meets these expectations by offering a focussed range of high quality, primarily own brand, competitively priced home improvement products, such as timber, building materials, tools and decorative materials. In addition, Wickes stores offer a range of kitchens, conservatories, bathrooms and bedrooms, which are sold through in-store showrooms.

Wickes, which opened its first store in the UK in 1972 at Whitefield in Manchester, was acquired by Travis Perkins in 2005 and the company now operates from 191 stores nationwide.

The Managing Director of Wickes is Jeremy Bird who joined Wickes thirteen years ago and has fulfilled various roles including that of Commercial Director.

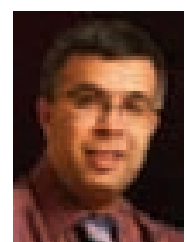
In November 2007 Travis Perkins acquired its seventh

brand, Tile Giant. The acquisition is consistent with the Group's strategy for growth and facilitates entry into the specialist ceramic tile market. The subsequent acquisition in early 2008 of Tile Magic, a seventeen store chain, means the brand is now trading from a total of 51 stores.

Under the leadership of Mo Iqbal, the Managing Director of Tile Giant, the brand offers a strong pipeline for further expansion.



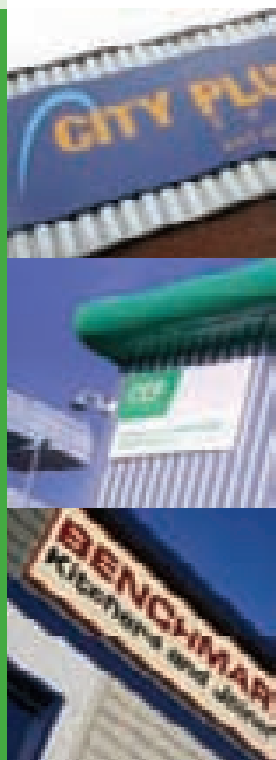
Jeremy Bird
Divisional Chairman
and MD Wickes



Mo Iqbal
MD Tile Giant

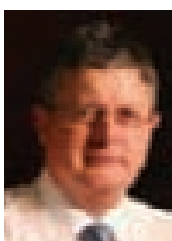
SPECIALIST MERCHANTING

The Specialist Merchanting division was formed in 2007 and is led by the Divisional Chairman, Arthur Davidson. He has worked in merchanting for over thirty years having joined Keyline prior to its acquisition by the Travis Perkins Group. The Specialist Merchanting division consists of four separate businesses trading under the following brands, Keyline, City Plumbing Supplies, CCF and Benchmarx.



Dan Smart, yard supervisor, carefully loading a lorry in readiness for a delivery from Keyline Exeter

WHO WE ARE



Arthur Davidson
Divisional Chairman

Keyline is a major specialist merchant supplying heavy building materials and civils and drainage solutions to the construction industry throughout the UK. Keyline is known for its knowledgeable, friendly staff and is led by Managing Director, Phil Atkinson, who joined the business in November 2007 from the construction sector.

City Plumbing Supplies is a major nationwide plumbing and heating merchant serving both the contract market and the general plumbing and heating market. The company offers high quality products and expert service to the trade. The Managing Director of City Plumbing Supplies is John Frost who joined the Travis Perkins group in 1983.

CCF is a leading supplier of interior building products to the construction industry. It operates throughout the UK, offering a one-stop-shop to its customers from its nationwide branch network. In 2007 CCF was led by Managing Director Andrew Harrison, who joined the Travis Perkins group following the acquisition of Sharpe and Fisher in 1999.

Benchmarx is the first group brand to be created as a completely new business within a market, adjacent to Travis

Perkins' traditional markets. The vision of the business is to become the first choice supplier of kitchen and joinery products to the trade through its competitive pricing, quality products and knowledgeable staff. The Managing Director of Benchmarx is Andrew Harrison, who formerly was Managing Director of CCF.



Phil Atkinson
MD Keyline



John Frost
MD City Plumbing Supplies



Andrew Harrison
MD Benchmarx

GENERAL MERCHANTING

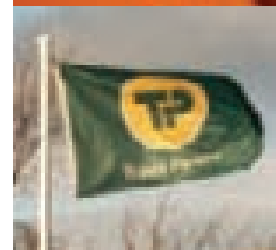
The core businesses of Travis and Arnold plc and Sandell Perkins plc formed, following a merger in 1988, what is now the general merchanting business within the trade division. It trades nationally through the Travis Perkins brand and comprises four geographically individual businesses.



Travis Perkins



Travis Perkins Central Birmingham, a branch opened by the Group in July 2006



WHO WE ARE

Joe Mescall, who has been with the Group since 1974, leads the business in his role as Divisional Chairman. The Managing Directors of the four regional businesses are Ian Church (Travis Perkins Midlands), Phil Gransden (Travis Perkins South East), Norman Bell (Travis Perkins South West) and Mark Nottingham (Travis Perkins Northern).

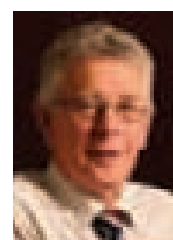
The customers of the general merchanting business are primarily professional tradesmen, ranging from sole traders to national housebuilders, whose key requirements are product range and availability, pricing clarity and customer service. The general merchanting business, through the Travis Perkins brand, operates to high standards in each of these requirements and continues to improve to meet customer needs.

The strategy of the general merchanting division aims to increase market share through implementation of our Best Practice programme and ongoing branch network expansion. The Best Practice programme is designed to enhance our overall service to trade customers and covers all of their key requirements; all four general merchanting businesses are operating to high standards in these areas

and also have stretching targets in place to deliver further improvements.

Network expansion will continue through a combination of acquisitions and brownfield openings, as well as an increasing number of Local Authority and Housing Association stores projects. Potential exists to further increase the number of merchanting branches by 25% over the coming years.

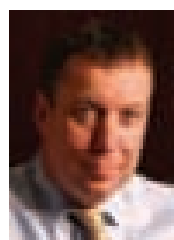
Overall the division has the capacity to deliver continuing growth.



Joe Mescall
Divisional Chairman



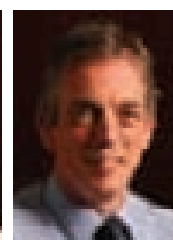
Mark Nottingham
MD Northern



Ian Church
MD Midlands



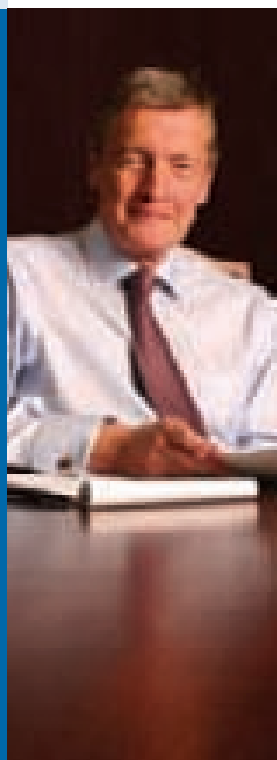
Phil Gransden
MD South East



Norman Bell
MD South West

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007



Tim Stevenson
Chairman

**“THE GROUP
DELIVERED RECORD
FINANCIAL
RESULTS IN 2007”**

The Group had an excellent year in 2007, producing strong financial results, stepping up its rate of branch expansion, growing market share and entering a further new building materials market. We also continued to make progress in building the Group's capabilities, with a strengthening of many of our shared service functions.

RESULTS

The Group delivered record financial results in 2007, with increases in revenue, operating profits and operating margins, profit before tax and earnings per share. Group revenue was up by nearly 12% with adjusted profit before tax up by just under 19% and adjusted earnings per share up by over 17%.

Despite, as ever, competitive conditions in our markets, the adjusted group operating margin grew by 28 basis points to just over 10% - an indication that our strategy of building a strong base of like-for-like growth through a superior offer to customers is delivering for shareholders. The operating margin would have been even higher were it not for the dilutive effect of an accelerated rate of network expansion and roll out of Benchmarx, our new trade kitchen and joinery specialist distributor. We are pleased to report that we continue to maintain our position of having the highest operating margin in both merchant and retail sectors.

We stepped up the rate of branch network expansion adding new branches to each brand and adding a further new business stream to our portfolio in the form of Tile Giant. As at the end of the year our network comprised 1,125 branches, and in the first two months of the year has grown further to 1,166 branches, with 15 branches added in our trade division and 26 stores added in the retail division.

DIVIDEND

The Group continues to be highly cash generative. As a result of this and our confidence in the future prospects of the Group, the Board is recommending a final dividend of 30.4 pence per share. Taken together with the interim dividend of 14.5 pence, this represents a total dividend of 44.9 pence, an increase of 20.1% on the previous year.

BOARD OF DIRECTORS

The composition of the Board was unchanged throughout the year. However, in early January Stephen Carter, a non-

executive director, resigned to take up a position working directly for the Prime Minister. Although Stephen's time with us was relatively brief, he made a significant contribution to Board, with precise and telling interventions in our discussions – always with great tact and support. Mike Dearden, having been asked to extend his appointment with us by a further 2 years following 6 years as a non-executive director, will leave the Board in November this year. Activity is already under way to identify two non-executive directors to replace Stephen and Mike.

EMPLOYEES

Given the strong performance the Group has delivered in 2007, I am sure all shareholders will join me in thanking all our people for their tremendous hard work. Aside from the significant achievements in project related work, where businesses and shared service functions have all made great strides forward, the day-to-day efficiency of our organisation is maintained by the constant dedication and attention to detail of all our people – very often performing routine but essential tasks to a very high level of quality, accuracy and efficiency. To all of them, on behalf of shareholders, I offer my thanks.

OUTLOOK

The well documented problems emanating from financial markets are set to impact on the wider economy in 2008. The consequent adverse effects on consumer confidence and the construction sector are expected to impact on growth rates in our markets progressively over the forthcoming year.

Whilst forecasting market volumes with any accuracy is currently more challenging, cost inflation in goods-for-resale remains high and is expected to increase the value of our market, even if it may take some time to establish new prices at a time when customers' activity levels may be lower than before.

However, despite this less promising outlook, our business is in better shape to withstand a more challenging environment. We expect to enjoy better levels of business activity than our competitors, a stronger Wickes business, growth available from two new markets, and an increased contribution to profits from recent accelerated expansion of our well established brands.

The strengthening of our central functions – such as IT



and supply chain – is yielding further sourcing gains and productivity improvements. The active management of our property assets is expected to contribute increased profits and cash flows in 2008 and beyond. In addition we will continue to monitor our lead indicators and deploy the Group's traditional strengths in active cost control to manage our cost ratios before expected movements in turnover trends.

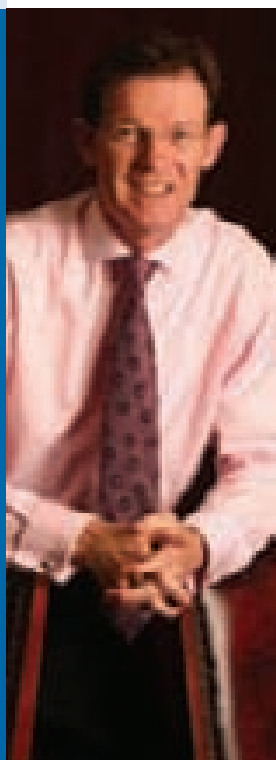
With like-for-like performance ahead of market, superior operating margins to any comparable operator and a full pipeline of opportunities to expand further, we are well placed to continue our progress in what we expect to be a more challenging market in 2008.



T. E. P. Stevenson
Chairman
3 March 2008

CHIEF EXECUTIVE'S REVIEW OF THE YEAR

FOR THE YEAR ENDED 31 DECEMBER 2007



Geoff Cooper
Chief Executive

**“ADJUSTED
GROUP
OPERATING
MARGIN GREW BY
28 BASIS POINTS
TO 10.04%”**

INTRODUCTION

At the beginning of 2007 we predicted that our markets would grow well in the first half, but would begin to slow in the second half. In the event, a stronger than expected housing market propelled our market growth for a longer period, and at a stronger rate. However, the well documented turbulence in credit markets and its associated impact on housing and consumer confidence has impacted lead indicators and we are now seeing, in the early part of 2008, a sharper than expected slowing of growth rates, albeit from a higher than expected level of market activity.

Against this background, the Group achieved strong results in 2007 and accelerated its branch expansion programme. All of our businesses performed well, with both our trade and retail divisions growing their like-for-like sales ahead of market growth rates. This superior performance underlines the attractiveness to customers of our 7 trade and retail brands, and enabled us to simultaneously grow market share and expand our operating margin.

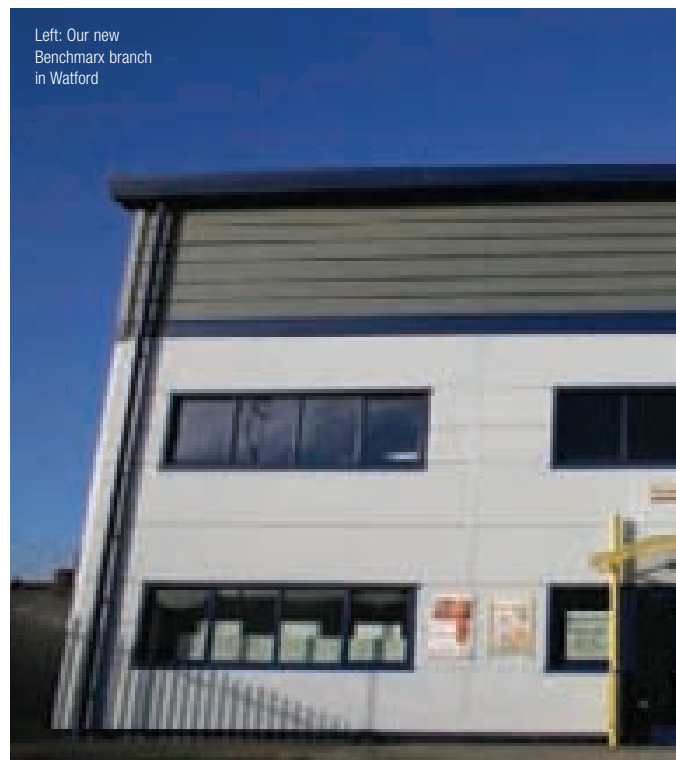
In addition to the 75 branches we added to our existing brands during the year, we entered a new market via the acquisition of Tile Giant, further implementing our strategy of entering adjacent channels for the distribution of building materials. Our expansion programme continues to deliver returns ahead of those predicted at the time of each branch opening and generates good incremental returns for shareholders.

PERFORMANCE

The Group delivered record financial results in 2007, with good progress from the three key elements of our strategy - driving like-for-like performance, expanding our branch network and entering adjacent channels.

As a result of the change in the corporation tax rate announced by the Government, the group tax charge for 2007 has been reduced by an exceptional deferred tax credit of £4.2m. During 2006 the Group made an exceptional property profit of £11.6m which realised £31.5m of cash receipts. Throughout this annual report, consistent with our approach last year, the term 'adjusted' has been used to signify that the effects of the 2007 and 2006 exceptional items have been excluded from the disclosures being made.

For 2007, the Group's revenue was up by 11.9% to £3,187m (2006: £2,849m), with adjusted profit before tax



Left: Our new
Benchmark branch
in Watford

up by 18.7% to £261m (2006: £220m), and adjusted earnings per share up by 17.6% to 149.8 pence (2006: 127.4 pence). The revenue increase of 11.9% comprised 8.1% from like-for-like sales, with network expansion accounting for the remaining 3.8%.

Adjusted group operating margin grew by 28 basis points to 10.04% (2006: 9.76%) (note 5c). This increase was achieved primarily through improved management of our operations and scale benefits, which produced lower overhead ratios, operating efficiencies and further labour productivity gains. Competitive conditions in both trade and retail markets, as always, remained tough and gross margins reduced slightly. In addition, the accelerated rate of expansion and launch of Benchmark, our trade kitchen and joinery specialist, had a dilutive effect on operating margin. New branches typically take 6 to 18 months to reach breakeven and we estimate that without this dilutive effect the operating margin would have been higher by some 20 basis points.

The 63 basis point improvement in the Group's operating cost ratio was achieved despite our investing to strengthen central functions to support further growth. Both our



Richie Nichol, shop floor supervisor, Wickes Newcastle, cutting timber for a customer



Ray Halls, driver, City Plumbing Supplies Ipswich, loading bathroom showroom products onto a van, ready for delivery



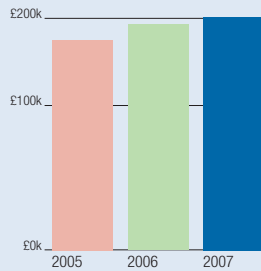
Mark Evans, branch manager, Travis Perkins Central Birmingham, checking product availability



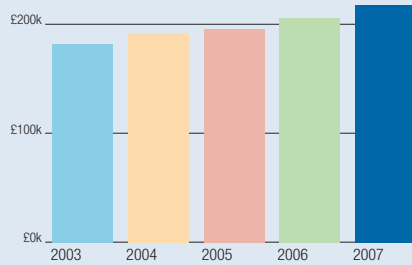
Robert Blades, sales co-ordinator, CCF Birmingham, taking one of many sales calls the branch receives each day



RETAIL PRODUCTIVITY PER EMPLOYEE



MERCHANDISING PRODUCTIVITY PER EMPLOYEE



divisions maintained tight controls over headcount and other costs, and operating cost ratios improved in both divisions – by 38 basis points in trade and 93 basis points in retail. Whilst colleague numbers inevitably increased as the Group expanded, productivity improved in both divisions, with merchandising recording a 6.1% gain and retailing ahead by 3.4%. Furthermore, on five year lease reviews settled in 2007, the average annual rate of rental increase experienced continued to decline, supporting our view that rental inflation is easing.

Our trade division continued its customer segmentation work and implemented a series of marketing initiatives, succeeding in increasing our share of spend by existing customers and converting an increased proportion of prospective customers. This, combined with significant operational improvements in product range, stock availability and yard service levels enabled the division to increase like-for-like sales ahead of market growth rates. Our surveys indicate an improved perception of our trade branches as a preferred source of building materials. We intend to continue our work to stretch our lead on these

indicators of customer preference and differentiation.

Trade division, sales grew by 12.7% with sales from new branch openings contributing 3.5% and increased like-for-like sales per working day contributing 9.2%. This comprised 5.8% of price inflation and a 3.4% growth in volume. Both general and specialist merchandising performed well, with like-for-like sales per working day up by 9.2% in general merchandising and 8.7% in specialist merchandising. We estimate that our trade businesses are growing their sales some 2% ahead of market growth rates, with market share gains coming equally from national competitors and independent merchant competitors. Adjusted operating margin in the trade division was up by 24 basis points to 11.43% (note 5c), with a strong performance from the Travis Perkins general merchandising brand - operating margin for the specialist distribution businesses was lower, reflecting more competitive conditions in the dry lining and insulation market following the acquisition of a large proportion of the independent sector over the last two years.

Our retail business also achieved good revenue performance, growing both like-for-like and total market

share. These gains were mainly attributable to a continued programme of range enhancements, new store sales initiatives and improved store standards. This work was recognised in two recent surveys of customers by independent retail research organisations, which showed Wickes to be the UK's favourite home improvement retailer – a remarkable result given that we are geographically under-represented. In addition we successfully launched the Wickes transactional website with an investment considerably less than for an average Wickes store. The website achieved breakeven within 12 months and is now regularly amongst the top 10 stores for weekly takings.

expansion is continuing to deliver the benefits of scale. This approach means we are well positioned to maintain our leadership, pursuing our aim of having the 'best business with the best operating margin', in each of our markets.

Gross margins in both divisions continued to benefit from our work to rationalise our supplier base, increase our global sourcing volumes and complete the few remaining projects from the Wickes synergy programme. However, these gains were eroded by margin pressure as competitors fought to retain business against our improved service. Although prices of some commodity products in the retail market were reduced by one or two competitors, our

**“WE INVESTED
£174M ON
CAPITAL AND
ACQUISITION
EXPENDITURE”**



Like-for-like sales for the full year of Wickes' core products were up by 7.5% and on the same basis showroom sales fell by 4.6%, reflecting continued weakness in consumers' willingness to spend on so-called 'big ticket' purchases. Overall like-for-like sales in Wickes were up 5.5% with 3.8% price inflation and a 1.7% volume increase. Network expansion, which has been stepped up over the last year, added 4.3% to Wickes' sales which in total increased by 9.8%. Wickes increased its market share over the year, with most recently available data showing an increase in share of the market of major DIY retailers of 1% from a year earlier. Retail operating margin increased by 28 basis points to 6.67% (note 5c) for 2007, driven mainly by economies of scale following the volume gains from like-for-like sales growth and space expansion.

We are pleased to report that we continue to maintain our position of having the highest operating margin in both merchant and retail sectors where we operate. Our focus on driving stronger performance from our like-for-like estate has delivered increased profits, and is making us a tougher competitor in each market in which we trade. Our

volumes of these products grew in line with or above market trend and gross margins decreased only slightly. Overall, various pricing and promotional initiatives by retail competitors appears not to have impacted Wickes' sales.

We invested £174m (including £8m of loan notes issued) on capital and acquisition expenditure, including £138m (including loan notes) spent on expanding the Group. We also loaned £76m to the Group's Employee Share Ownership Trust to purchase shares to satisfy outstanding share option grants. Tight control of our daily cash position meant we reported only marginally higher interest costs despite these investments and increasingly difficult conditions in the debt capital markets and a resultant rise in the costs of short-term debt. Interest cover improved to 5.4 times EBIT (note 10). The timing of certain cash flows at the year end meant that the final balance sheet showed an increase in net debt to £941m – and £28m of out flows impacted by timing issues mainly related to payments to Wickes suppliers on the 53rd Monday of the year which reversed within 7 days of the end of the year (note 33).

MARKETS

For 2007, we believe the trade market showed strong growth continuing the recovery started in 2006, whilst the retail market showed a slight improvement. Market value in 2007 was boosted by stronger than expected inflation in building materials, particularly in timber. Although the rate of inflation has moderated, we are still seeing inflation in the range of 2% to 4% across our group, as manufacturers seek to pass on continued increases in energy and mineral costs. Without expansion of our global sourcing programme, inflation, particularly in retail, would be stronger. With good activity levels for customers in 2007,

environmental performance, and introduce new products to market in response to planning and end-user demands, avoiding peripheral products of questionable environmental value – like domestic windmills – and, over time, improve this contribution.

The new government formed in the middle of the year re-confirmed that expansion of housing and investment in the built environment remains a high priority. Commercial opportunities from the 2012 Olympics and Thames Gateway regeneration programmes are now beginning to materialise in to firm orders, albeit at a low level. In the home improvement market, the increasing trend of employing self



Gavin Ferguson and Tom Aitken, yard supervisor and yard sales assistant, Travis Perkins Loanhead, loading a lorry prior to delivery. It is the first Travis Perkins merchant park, with CCF and City Plumbing Supplies sharing the site

we were able to establish new prices in our markets relatively quickly. With markets slowing, this may prove more difficult in 2008.

2007 has seen yet further government and commercial initiatives that strengthen the prospects for good long-term growth in our markets. The supply and unit value of building materials is set to grow over the long term as a result of structural factors such as the rate of household formation. This growth will benefit further from new regulatory requirements resulting from a number of major reviews, including studies of the impact of climate change, housing needs and the state of our housing stock. Building products provided through our ten businesses and seven brands (the Travis Perkins brand operating as four geographically defined businesses) have a major contribution to managing climate change issues. From a benchmarking exercise conducted by us in 2007, we estimate that the gross margin earned by us from products having a beneficial environmental impact, less the cost of complying with new environmental management and reporting is just over £30m. We aim to continue our work to increase our own

employed tradesmen to do work that previously constituted a DIY project is benefiting our retail business given its strong market share amongst this customer group. As a result of these market factors, we continue to expect good long-term growth in our core markets.

Conversion of these factors into current spending depends on short-term conditions, principally consumer confidence and activity levels in the housing market. The well documented turbulence in financial markets and its associated impact on the economy, consumers and the construction sector has impacted lead indicators and we are now seeing, in the early part of 2008, a sharper than expected slowing of growth rates, albeit from a higher than expected level of market activity. This slowing of growth has followed the trends experienced previously, where our markets tend to react to a change in housing, consumer and infrastructure conditions after a lag of around 6 months.

Our early sales performance in 2008 reflects this, with like-for-like sales in our merchandising division for the first two months ahead by 5.7% and like-for-like sales for the

first 8 weeks trading in retail up by 0.9%. These rates are some 3% to 4% below the performance we achieved in the fourth quarter of 2007.

There has been much debate about whether current conditions mirror those seen in the downturn in our markets in 2005, or whether they bear a closer relationship to the more severe period of slow down in 1991 to 1993. Whilst no comparison will produce a perfect match, thus far in the current year our analysis of lead indicators currently suggests activity levels may bear a greater resemblance to 2005. Both in early 2005 and early 2008, the outlook for the housing market looked poor, whilst other sources of building material consumption – notably the repair and maintenance sector – looked more positive. In 1991 - 1993, a generally worse economic background, with higher interest rates and unemployment, meant demand weakened across the spectrum of construction and repair activity. Our customers report currently a shortening of orders on hand, particularly for new housing construction work. The outlook for repair, maintenance and improvement work, where we enjoy proportionately higher margins, remains relatively more firm. Forecasts are, of course, dynamic and the outlook beyond the next few months remains uncertain.

DEVELOPMENT

In the last 24 months, we have broadened our revenue sources, entering the trade kitchen and joinery market and the retail tiling market. The contribution to profits from expansion of our well established brands is benefiting from the increased rate of openings started in 2006, whilst our newer brands are expected to provide greater potential for expansion in later years.

In 2007 our priorities were to improve the customer offer in each of our businesses, implementing our best practice programmes, to take like-for-like market share and to strengthen our central functions to build a strong platform for growth.

We stepped up the rate of branch network expansion, adding new branches to each brand and adding a further new business stream to our portfolio. As at the end of the year our network comprised 1,125 branches, and in the first two months of the year has grown further to 1,166 branches, with 15 branches added in our trade division and

26 in the retail division. All this has been achieved whilst maintaining our investment criteria for all new branches and businesses and, through a post-investment audit reported to the board, ensuring that the programme of network expansion continues to achieve results in excess of those predicted at the time the projects were approved. As the highest margin operator in the market, and with market conditions likely to exert more pressure on weaker operators, in 2008 we expect to see an increased supply of opportunities to expand that will meet our demanding financial criteria.

Wickes

The Wickes business has been fully integrated, its management strengthened, its offer improved and its store formats overhauled and made more productive.

Total retail selling space at Wickes expanded by 6% as a result of launching 6 new stores and re-configuring 3 existing stores. At 31 December, we traded from 185 stores. The re-configuration programme, which involves reclaiming storage space for use as selling area and the construction of mezzanine floors in stores with very high sales densities, will continue in 2008.

These developments, together with a strong pipeline of opportunities to introduce Wickes in new catchments, means that we anticipate the strongest space expansion for Wickes in 2008 since the business was acquired in 2005. The recent Wickes store openings, following our purchase of 7 stores from a home improvement retailer operating in a different segment of the market in 2007, are all trading ahead of expectations, benefiting from the fresh approach to the Wickes offer developed in late 2006. The strength of the Wickes offer means that its expansion programme is delivering good incremental returns despite volumes in the home improvement market not yet recovering to the levels seen in 2004.

Outside Great Britain, we signed an agreement to develop a franchised chain of Wickes stores in The Republic of Ireland. Launch plans are being prepared, with the aim of opening the first store in the second half of 2008.

Travis Perkins

We added a net 22 sites during the year to the Travis Perkins' branch network and traded from 581 sites at the year end. Around 44% of new sites were brownfields, which have relatively attractive returns compared to acquisitions. We undertook major branch refurbishments at a number of branches including Kings Lynn Mill, Wigan, Wisbech and Cheam in 2007 and have 3 projects planned for 2008. We also added a gross 10 toolhire outlets taking our total to 164 in the Group. Travis Perkins is our largest and most prominent brand, and excellent customer goodwill means that new and expanded branches continue to acquire new business quickly and have excellent payback and cash flow characteristics.

Despite having a network approaching 600 branches, we still have significant expansion potential for the Travis



Dan Smart, yard supervisor, Keyline Exeter, restocking planed timber

GROWING AND IMPROVING THE BRANCH NETWORK

	31 Dec 2006	Acquisition	Brownfield	Consolidation	31 Dec 2007	Net 2008 movement to date	3 Mar 2008
TP	559	13	10	(1)	581	13	594
Keyline	76	2	1	-	79	1	80
CCF	25	7	2	-	34	-	34
City Plumbing	177	1	11	-	189	-	189
Wickes	179	-	9	(3)	185	7	192
Benchmark	6	-	19	-	25	1	26
Tile Giant	-	29	3	-	32	19	51
	1,022	52	55	(4)	1,125	41	1,166



Angie Brown, showroom assistant, Wickes Newcastle, discussing the purchase of a new bathroom

Perkins brand in the UK. Our relatively greater efficiency and operating margin means we have good opportunities to acquire selectively good merchanting businesses and create value. As markets become more challenging in 2008, we expect more owners to sell. With many owners considering a sale following the changes to the capital gains tax regime, we are looking for a softening in goodwill prices in the coming months.

Keyline

Our heavyside merchant added 3 branches to its network, finishing the year with 79 branches. In 2006 we introduced

CCF

Our dry-lining ceilings and insulation specialist had a very busy year, with 2 new brownfield openings and the acquisition of a further 7 new branches via the acquisition of 2 excellent regional operators. The CCF business operated from 34 branches at the end of the year. CCF's market is now very largely held in the hands of major national or international distributors who have recently invested in the sector, and with only few suppliers of the key products, competitive conditions remained very tight. Despite this, CCF's 'one-stop shop' offer to contractors means it enjoys a good reputation and new branches deliver good returns. We aim to expand the CCF network further in 2008.

Benchmarkx

Following the good start made by Benchmarkx in 2006, our specialist kitchen and joinery business for the trade, a further 19 branches were added in 2007, bringing the total trading up to 25. Benchmarkx serves a market with attractive returns and growth characteristics and our offer has scored very highly with our new customers in this market. We plan further branch openings in 2008 and we are committed to creating a business with a significant market share in this sector.

Tile Giant

We entered the retail tile market in November via the acquisition of Tile Giant, a 29 store chain operating mainly in the Midlands. With existing revenues from tile products approaching £45m through our existing brands, we are

confident of achieving good synergies through improved buying terms. The tile market is expected to show good growth and we see an excellent opportunity to win a significant market share and help consolidate the sector, under the leadership of Mo Iqbal, Tile Giant's managing director. In early March we acquired Tile Magic, a 17 branch chain operating in London and the South East, and we have a good pipeline of further opportunities to expand.



Nicole Arkley completing the stock merchandising at the new Travis Perkins branch in St. Albans, a task which took just five days

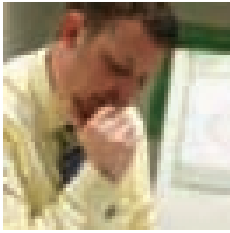
programmes to increase focus on both depth and breadth of specialist stock range and to concentrate on major civil engineering customers. This programme continued in 2007, with 7 branches being re-configured to take new ranges. Following the appointment of a new managing director with a background in construction this work will continue in 2008 and further new branches will be added where market opportunities arise.

City Plumbing Supplies

Following its steady recovery from trading difficulties experience in 2005, City Plumbing Supplies re-started its expansion programme in 2007 and 12 new branches were added, bringing the total trading at the end of the year to 189. All remaining branches not yet converted were refitted to the City Plumbing format from their predecessor brand. Our business is aimed at serving the needs of contractors and jobbing plumbers in the repair and refurbishment sector of the market, for whom branch location is crucial. We plan to continue our rate of expansion in 2008, reflecting our confidence in this business.

ORGANISATIONAL CAPABILITIES

To support our continued growth, the operations side of the Group, led by John Carter our Chief Operating Officer, was re-organised in 2007 with the creation of positions for three divisional chairmen for three collections of businesses – general merchanting, specialist merchanting, and retailing. Joe Mescall, an outstanding managing director for two of our general merchanting businesses during a distinguished 35 year career with the Group became divisional chairman for general merchanting. Arthur Davidson, having managed Keyline with distinction since its acquisition in 1999 – a period during which Keyline's profits more than doubled -



Jason Simpson, branch manager, CCF Birmingham, reviewing online KRA performance indicators for the branch



Daniel Beresford, branch manager, Travis Perkins St. Albans, arranging to meet a potential customer to discuss his requirements



Mick Banner, yard foreman, Travis Perkins Central Birmingham, locating stock with forklift



Tim Halls, branch manager, City Plumbing Supplies Ipswich, confirming stock orders online before they are transmitted to the supplier

and chaired CCF since 2004, became divisional chairman for specialist merchanting. Arthur and Joe join Jeremy Bird, who in only his first year as managing director for Wickes has seen the brand catapulted to the top of customers' lists for their favourite home improvement retailer and overseen a 23% rise in profits, before property gains, as members of the Group's Executive Committee.

Following these appointments, Andrew Harrison, who, as managing director established CCF as a new business in the Group whilst its profits doubled over his four years in that role, moved to become managing director of Benchmark, to help us exploit the significant opportunity presented by our entry in to this market. Also, Phil Gransden was promoted within the board of our Travis Perkins business in the South East to become its managing director. Phil is a further example of the Group's excellent management trainee scheme providing future senior managers. Whilst many of the Group's operating managers – including our Chief Operating Officer, John Carter, come from this source, balance of experience is maintained by sourcing around a third of our senior managers from outside the Group. In 2008, Phil Atkinson, with a background in the construction sector, joined as managing director of Keyline. Phil's sector experience will enable him to lead effectively Keyline's initiative to position itself as the supplier of choice in heavy building materials to major civil engineering contractors and ground workers. Turnover of senior managers is relatively low, and not many leave the Group. When, occasionally they do, we wish them well in their careers and look forward to welcoming them back to our business in the not too distant future.

Our analysis in 2005 identified that performance of our branches, central functions and businesses is significantly correlated with the stability of our teams of colleagues. Expertly led by Carol Kavanagh, our Group Human Resources Director, we have over the last two years introduced a series of measures aimed at improving the retention of colleagues,



Ian Evans, driver, Travis Perkins Milford Haven, preparing a load before delivering it to the customer in one of the branch's vehicles

increasing their skills and raising their engagement with the business. This work has included increased investment in long service awards, new training and development programmes, both for technical and management skills, introduction of a buy-as-you-earn share scheme and better communication of our save-as-you-earn scheme. Our colleague retention has steadily improved over this period - in the trade division it is now up by some 13% over two years to 80%, and it is up by 1.4% in the retail division to 75.5%.

A baseline score for employee engagement was established in 2007 from a survey conducted anonymously by an independent research company, and we aim to steadily improve colleague engagement and performance measured from surveys repeated annually. As a start, we introduced in January 2008 a new incentive scheme for all colleagues not already members of an existing scheme. Unlike many schemes, this rewards colleagues for achieving standards of performance partly linked to customer expectations rather than being linked only to an annual budget or year-on-year financial performance.

To further support colleagues a new group health and

“OUR RETAIL BUSINESS ALSO ACHIEVED GOOD REVENUE PERFORMANCE, GROWING BOTH LIKE-FOR-LIKE AND TOTAL MARKET SHARE”

James Craig, yard sales assistant,
Travis Perkins Milford Haven, selecting
timber from the large quantity stored on site



safety department was established in 2006 with a brief to improve our performance significantly, building on the excellent work carried out in each of the businesses. In its first full year, the department was responsible for overhauling our policies, procedures and reporting systems, and more investment was injected in to health and safety training. A new health and safety committee of the Plc Board has been established to oversee further progress. Its inaugural meeting took place in December 2007 and for the first time a separate report from the Committee will be included in the Annual Report in 2008. In 2007 we saw a continuation of the favourable trends in accident frequency experienced over the previous two years, however, the severity of accidents has increased, increasing our resolve to improve further.

Having established or strengthened several of our central functions in 2006, these functions began to implement work to improve our front line delivery to customers. This included building two new data centres in Northampton to run both trade and retail division systems and provide internal disaster recovery capacity. We develop most of our software ourselves, which external benchmarking shows gives us better business effectiveness and lower cost ratios than competitors. The £14m implementation project for these data centres was completed on time and on budget by our very experienced IT managers and teams, led by Frank Smith, our Group IT director.

Although we kept tight control of costs in 2007, we continued to invest in our colleagues. We recruited 63 people into our industry leading two-year trade management trainee programme in our 2006 intake, and 82% of the original 2005 intake graduating in 2007 were appointed to a range of roles across our businesses and support functions. We will build on the success of this programme by extending it into the retail division. At Wickes, we implemented a 'Master' programme to enhance the skills of store colleagues at all levels. This includes the opportunity to gain a BTEC DIY retail qualification that is unique to Wickes. There are over 3,500 store colleagues that have obtained this qualification. We also continued our actions to improve staff turnover, since good performance here correlates closely with good branch or store performance.

The demands of running the business at an impressive and higher level of performance in 2007 have been borne by all our colleagues. In 2007 I continued my programme of regular visits to our branches, stores, distribution centres and offices and by the end of the year had seen over 300 sites. I also continued to meet with all colleagues in our support functions over a rolling series of communication and feedback sessions during the year. I am continually impressed by the dedication and commitment of my colleagues and would like, on behalf of the Board, to express my thanks to all of them for all their hard work. It has been my pleasure this year to have the opportunity to meet and thank many of our colleagues who are benefiting from our new long service award scheme, which also gives award winners the opportunity to receive shares. This year –

almost unbelievably in this age – we have given 4 awards for 45 years of service, 11 awards for 40 years of service and 33 awards for 35 years of service. Congratulations to all of them.

ENVIRONMENT

Summary

Last year may well be remembered as the year when concerns over human impact on climate change were widely recognised. Policy instruments, internationally and in the UK, to constrain this effect began to take shape and the indirect emissions of carbon and other greenhouse gases from corporate activity, other than just energy use, came into the spotlight.

We hold environmental concerns as a key priority and have significantly increased the time and effort devoted to raising the profile of these issues amongst colleagues and to the understanding of the impact of our operations. This has included initiating work to establish better reporting procedures and systems and the establishment of realistic targets. At this stage of development of our environmental activities we believe this approach is a necessary pre-cursor to driving better performance in our environmental performance indicators in years to come.

We continue to hold to 4 key objectives to reduce our environmental impact; reduce our carbon emissions; reduce waste to landfill; increase certified timber purchases; and prevent local pollution. These are the core areas where we can have the largest effect. We have made significant improvements in the control environment for activities to deliver these objectives. Our ISO 14001 certified environmental management system now covers all activities and operations of the Group, having incorporated Wickes in 2007.

We continue to engage with colleagues, customers, suppliers, regulators, government and civil society, recognising that a partnership and broad consensus between those within the supply chain and other stakeholders is required to achieve genuine progress.

In 2007 we:

- Inaugurated an Environment Week for colleagues to better share plans and promote simple solutions;
- Commenced partnership programmes with customers, suppliers, the Environment Agency, Waste and Resources Action Programme (WRAP), and the Energy Saving Trust and Carbon Trust. The partnerships are looking at better regulation, better waste management and at whole life carbon costing and reduction;
- Signed agreements with Government departments aimed at reducing the impact of plastic bags, working towards zero carbon homes and phasing out sales of non-efficient lighting;
- Continued our membership and participation in environmental forums at the United Kingdom Forest and Trade Network (UKFTN), British Retail Consortium and Construction Products Association;
- Presented and expressed our views to 3 external conference audiences of suppliers and customers;



Wayne Bowditch, assistant branch manager, Tile Giant Macclesfield, discussing a customer's requirements

**“OUR ISO 14001
CERTIFIED
ENVIRONMENTAL
MANAGEMENT
SYSTEM NOW
COVERS ALL
ACTIVITIES AND
OPERATIONS OF
THE GROUP”**

- Produced reports on our environmental performance for Business in the Community, UKFTN, and the Carbon Disclosure Project.

In addition, the Board approved plans for the establishment of an environmental advisory panel made up of stakeholder representatives. The panel will be inaugurated in 2008, and we hope that it will help us shape our longer term environmental strategy to ensure that we remain a responsible business.

Environmental Improvement Plan

As before, we asked Lloyds Register of Quality Assurance to review this section of our annual report to validate both the statements we make and the figures we report against our key performance indicators. A copy of their statement can be found in the environment section of the Travis Perkins web site (www.travisperkins.co.uk).

Performance trends can be seen by examining the graphs included in this section of the report, which combine information from across the business. The final indicators are a combination of measured, averaged and estimated performance. Wherever possible we have used standardised data collection and reporting techniques and continue to work to improve the accuracy of the measures reported. We will always have to estimate a small percentage of our data, due to our continual process of acquisition.

The measure of our reduced impact from our retail plastic bags, comes in part from our signing of a joint Department of Environment Food and Rural Affairs and WRAP agreement to act in Feb 2007.

In November 2007 Tile Giant joined the Group. Since we had no control over its environmental performance over most of the year; no figures from this business are included in this report.

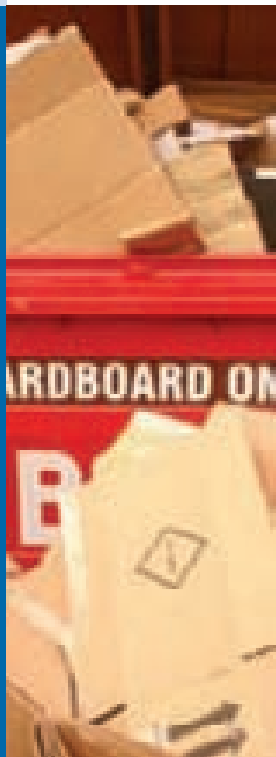
Carbon Management

We calculate carbon dioxide emissions from the generation of energy used for lighting, heating and product processing. We also calculate carbon dioxide emissions from burning fossil fuels to distribute from central warehousing to branch, from branch to customer as well as for business travel in cars. Our combined carbon dioxide emissions in 2007 were 115,128 tonnes. Our emissions per million pounds of turnover are up slightly, however, this reflects our programmes to bring more branch and customer deliveries in house. Elsewhere we have made good progress, such as purchasing more than 220 new more efficient 'euro IV' and 'euro V' compliant trucks for branch to customer distribution and almost a 2% efficiency gain in miles per litre travelled on warehouse to branch distribution. In addition a petrol/electric hybrid car is an option now available to some company car drivers.

The 10% drop from 2005 levels of emissions from energy consumption at Travis Perkins sites used per million pounds of sales is encouraging. This reduction has been achieved by reducing artificial light levels and relying more on daylight in many of our retail buildings and through the procurement of 100% renewable electricity since October 2007.

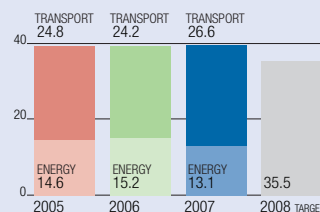
To develop our approach to building carbon management we have installed some micro generating equipment and will expect to see significantly more capacity being installed in the estate this year.

We sold our first solar thermal panel in 2007 and exited the year with a full range of renewable energy and micro generating technologies available nationwide. We also opened our first Renewable Energy Centre where potential installers can gain familiarity with solar thermal systems, ground source heat pumps, air source heat pumps and biomass boilers. This is an important emerging market, since it encapsulates how co-ordinated action through the supply



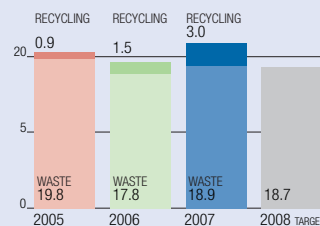
Travis Perkins takes its environmental responsibilities seriously, recycling packaging where possible

CO2 EMISSIONS 2005-2007



Tonnes CO2 per £m group sales

WASTE TONNAGE 2005-2007



Tonnes waste per £m yard sales and core sales excluding sales from direct deliveries

chain can deliver superior environmental performance.

Our target for 2008 remains a 10% reduction in carbon intensity on 2005 levels which we aim to achieve with the initiatives we have already in place. By 2010 we are targeting a 20% reduction in intensity, supported by a building programme for lower lifetime carbon emissions, and further reviews of distribution efficiencies and our heating arrangements in retail.

Waste Management

We more than doubled the amount of waste we separated for recycling in 2007. In total we disposed of 52,861 tonnes of waste, of which 7,178 tonnes (13.5%) was recycled. This significant improvement in recycling packaging materials means that we are succeeding at reducing waste to landfill, which has dropped by almost 7% on 2005. However, the reduction in waste to landfill is not reflected in data for the total waste arising per million pounds of yard and core sales. Indeed, even though we are recycling more, this data indicates we are creating more waste per million pounds of sales now than 2 years ago -

although this is largely as a result of improved management control and reporting of waste. To further increase control over waste in 2008 we will increase the visibility of waste arising and promote waste reduction by targeting different tiers of the business to encourage greater local accountability.

Our targets for 2008 of a 10% decrease in intensity of waste from 2005 levels with 25% being recycled will be achieved by giving visibility of performance to site managers, a zero waste to landfill strategy with our waste management partners and planned initiatives for centralised collection for recycling of a larger number of waste streams.

over next steps. Tile Giant and all other Travis Perkins group businesses are registered under both packaging and WEEE regulations for 2008.

Timber Management

Every branch in the Travis Perkins group that sells timber operates with externally certified chain of custody controls. This traceability on certified timber products is now being demanded by more customers. In 2007 we estimate that we purchased 76% certified material and have some way to go to achieve 85% by the end of this year. According to Defra, the growth in forest areas getting certified is slowing. It



Our new Tile Giant store at Macclesfield, one of fifty one specialist tile outlets in the Group

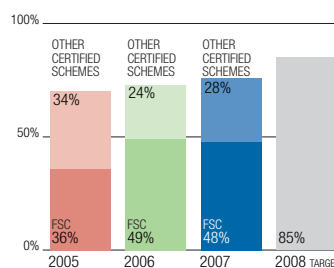
Reducing the amount of packaging we give to our customers is also a form of waste management. We have achieved a good start with this in 2007 and reduced our tonnage of plastic bags given away by 28% compared to 2006. In 2008 we will continue to engage in the debate on local restrictions and taxes for plastic bag use. However, it is our intention to provide clearer guidance to our product suppliers and eliminate the worst examples of over packed products. We will target this improvement and provide measures of success in future reports and business reviews.

When we purchased Tile Giant they were not registered with the Environment Agency, as required by The Producer Responsibility Obligations (Packaging Waste) Regulations or with The Department for Business Enterprise and Regulatory Reform (DBERR) as required by the Waste Electrical Electronic Equipment (WEEE) Regulations, and they remained unregistered at the end of the year. We have informed both the Environment Agency and DBERR of the non registration and DBERR have indicated that they are satisfied with Tile Giant's registration from 2008 onwards. We are currently in discussion with the Environment Agency

seems likely that we will have to increase our share of the certified material available to achieve our targets. The limited current supply is further constrained by availability within different timber producing regions and for different types of timber and forest products. Our experience is that certified hardwoods for plywood and joinery are still in short supply.

Our target for 2008 remains to buy 85% by value of our timber and forest products from certified, well managed

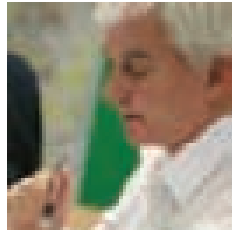
TIMBER CERTIFICATION 2005-2007



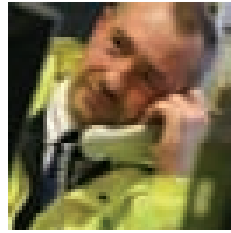
Timber purchased (£)
Note: 2005 data excludes Wickes timber figures



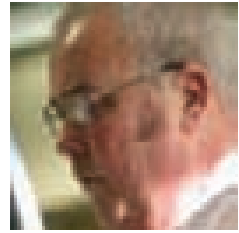
David Smith, branch manager, Travis Perkins Loanhead, providing product advice to a customer



Paul Sutton, transport scheduler, CCF Birmingham, ensuring the delivery timetable meets the needs of our customers



Mark Shepherd, assistant branch manager, Travis Perkins Milford Haven, liaising with the head office payroll department



Bill Binnion, distribution manager, CCF Birmingham, updating computerised stock records

Chris Williams, warehouse assistant, CCF Birmingham, confirming the quantity of insulation in stock



forests and we will continue to work with our supply chain partners towards this end. In addition, we are planning to review our chain of custody arrangements to make sure they remain fit for our expanding business.

Pollution Prevention

In 2007 over 20 of our sites were flooded either by flash floods or by rising water levels. In all of these cases solids, and in many cases oils, from drainage interceptors will have left our sites and entered controlled waters. These incidents are not counted against our KPI as we do not believe they resulted from any failures on our part.

Under normal operating conditions we had 3 spillages of either diesel or paint over the year. In each case the quantity was small and the established emergency procedures were used. There were no investigations by the Environment Agency.

We informed the Environment Agency about a single fly tipping incident involving asbestos before removing it under correct permits.

We were asked by two local authorities to clean up litter and prevent light pollution. In each case we complied fully with their requests and the authorities will be taking no further action.

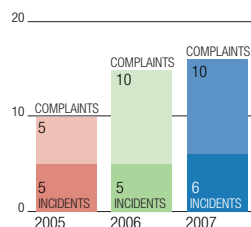
We are pleased to report that we had no prosecutions for any environmental offences in 2007.

Complaints

In 2007 we recorded 10 environmental complaints. The Vehicle Certification Agency (VCA), the regulator for some aspects of the Waste Electrical Electronic Equipment Regulations, complained to us over potential non-compliance with the consumer information requirements in these regulations. The VCA were satisfied with our response and are not pursuing the matter. Six complaints arose from neighbours about traffic, noise, visual intrusion or lighting. Three complaints arose from customers and the general public, dissatisfied with aspects of delivery of our environmental policy.

Our target for 2008 is still to reduce the number of incidents and complaints to zero.

ENVIRONMENTAL INCIDENTS AND COMPLAINTS 2005-2007



COMMUNITY RELATIONS

With an extensive national presence of over 1,100 places across Great Britain where we do business, and deeply embedded relationships in local communities, we actively manage our community relations and our charitable activities.

Our business raised more than £885,000 (2006:

£620,000) for charities, including our three nationally supported charities, NCH (the Children's Charity), Mencap (and its sister charity ENABLE Scotland) and Leukaemia Research UK. This total raised includes direct donations by the Group amounting to £153,656 (2006: £203,996, including a one off donation of £136,113 arising from our exceptional property transaction) and donations by our colleagues through our payroll giving scheme amounting to £40,254 (2006: £33,585). This has been the first full year with our new nominated charities and fundraising has included many new nationally organised events including a family fun day and two charity balls hosted by Wickes and Travis Perkins, which together raised more than £140,000.

Our '1,000 projects in 1,000 places in 1,000 days' community initiative, launched in 2006 to celebrate the milestone of launching our 1,000th branch, continues to go from strength to strength. More than 150 projects have now been completed nationwide and this builds on the work already carried out by many of our branches and stores to support local community projects. Notable projects include bridge building for a scout camp site, fitting out and painting a rape and incest crisis centre, building raised beds and decking for a primary school fruit and vegetable garden, and many more. This programme continues to engage our people, suppliers and customers to work with local community leaders and deliver something of real value to the communities we serve.

In 2007, we continued our rationalised sports sponsorship activity by concentrating on our role as main sponsor of Northampton Saints rugby club and involving our Northamptonshire colleagues in joint community activities.

INVESTOR RELATIONS

Responsibility for communications with shareholders and debt providers rests directly with me and Paul Hampden Smith, our Finance Director, with support and advice from the Company's brokers. We do not employ an investor relations manager. The Company Chairman and Senior Independent Director attend a selection of investor meetings throughout the year, and the Company Chairman attends the meetings to present the Group's interim and preliminary results to buy-side and sell-side analysts. In addition to these meetings, at least one day per month is set aside to meet investors and analysts.

This regular programme is supplemented with two trips per year to meet with investors in The Republic of Ireland, Canada and the USA, and we host a visit for analysts to a selection of our businesses once per year.

In 2007 we conducted over 100 meetings with investors. As part of each exercise to present interim and preliminary results, we typically meet shareholders representing around 54% of the shares outstanding. This includes a 'family lunch' where we meet with representatives of the Travis, Perkins and Fisher families.

Feedback about investors' views is gathered after our scheduled meetings by brokers and occasionally by the Company Chairman, and steps are taken to enhance investor communication in response.



Sinead McGing, administrator, Benchmarkx Watford, checking supplier invoices to goods received records

STRATEGIC PRIORITY**PROGRESS IN 2007****Continue to drive scale benefits:****Acquisition growth and brownfield expansion**

- 107 new branches added, including:
 - 52 acquisitions;
 - 52 brownfields, including 6 Wickes;
 - 1 closure;
 - 6 merchant relocations;
 - 3 Wickes Extra conversions;
 - 2 Wickes' mezzanines built;
 - Developed 13 specialist timber centres.
- Expansion programme continues to exceed projected returns;
- Detailed catchment modelling updated, confirming and extending expansion potential.

Adaptable trading in merchanting

- Like-for-like sales growth consistently ahead of market levels;
- Increased 'share of wallet' through customer segmentation work and targeted marketing campaigns;
- Converted more key customer accounts using targeted selling campaigns;
- Introduced new, bespoke trade customer discounting structures;
- Launched new initiatives to capture more trade cash customers.

Refresh our service offer and gain market share

- Deployed a range of new sales and service initiatives in retail, gaining over 1% of market share;
- Completed a retail space optimisation programme to introduce enhanced product ranges;
- Introduced a new managed installation service for retail in place of sub-contractors;
- Successfully completed trials of a new service package for trade stores.

Review our category presence in each outlet

- Gained market share through introduction of new mandated ranges in trade outlets;
- Established a new group supply chain function;
- Improved product availability through improved supply chain techniques;
- Reduced costs of outside storage through improved capacity planning routines;
- Overhauled quality assurance processes and significantly increased supplier inspections.

Develop or acquire specialist channels in selected categories

- Continued roll-out of Benchmarx, serving specialist joiners;
- Entered the retail tiling market through the acquisition of Tile Giant.

Seek further gross margin expansion

- Out-performed on our synergy and buying gain targets, achieving £92m of benefits in 2007 against an initial synergy target of £35m;
- Introduced a new civils range to Keyline branches;
- Re-designed and re-launched our private label ranges in trade branches;
- Established a new tool hire business unit, boosting like-for-like tool hire sales and margin by over 20%;
- Established specialist brick centres to reduce the use of brick distributors.

Drive further productivity and returns on capital

- Achieved productivity gains of 6.1% in trade and 3.4% in retail;
- Further reduced transport costs ratio through the training of back-up drivers in selected branches;
- Through better procurement practices and management of property costs, reduced overheads;
- Continued our value maximisation property projects, including relocations;
- Disposed of interests in 3 properties, realising £0.8m cash and £6.4m profits.



Shane Taylor, yard assistant, Travis Perkins Central Birmingham, assembling a customer's order ready for collection

STRATEGY

In last year's report to shareholders, we set out the progress we have made on our strategic priorities. These priorities were set and selected to pursue our strategy of out-performing our markets on a like-for-like basis, expanding our networks and entering adjacent channels for the supply of building materials. This year, we have shown the further progress we have made on each of the priorities described in last year's report. See table opposite.

The next phase of implementing our strategy will see a continuation of this work, aimed at meeting the performance standards set in each business' 'Bullseye', particularly in

project was approved. We have observed that some business for sale are suffering a pressure on profitability, and we look for goodwill prices to respond.

We continued our programme of improving capital efficiency through more active management of our property portfolio. From our extensive list of active projects in progress we exchanged contracts or completed on 3 projects, generating profits of £6.4m and cash of £0.8m (£5.6m to follow in 2008). Martin Meech, our Group Property Director has been responsible for creating this programme of work and financial benefits following his arrival in 2005, and is pursuing projects on a further 26

properties. The proportion of freehold or long leasehold properties remained broadly level at 33%, and the net book value of property increased by £50m to £242m as we reinvested cash from this programme in properties that we judge to have attractive growth characteristics.

Our strategy is designed to ensure that we put in place the best businesses – as viewed by customers, and deliver a best in class operating margin. Our established businesses achieve this already, and here we aim to stretch our lead by taking further market share, achieving increasing operating efficiency. Our newer businesses are on a path to achieving a best in class operating margin, and we expect further progress in 2008 and beyond.

With good long-term growth prospects in our markets, proven expansion plans and the best businesses in each segment, we are confident of continuing to deliver excellent returns for shareholders.

G. I. Cooper
Chief Executive
3 March 2008

service, range development, customised pricing for tradesmen and product availability. We will support this work with new technology, using our proven software strategy based mainly on bespoke developments. Projects will include an enhancement to our balanced scorecard branch reporting system to include better customer service metrics, new margin management routines and increased online order capture facilities. In 2007 we seamlessly transferred our data centre to a new facility based at our head office campus in Northampton, and established our own disaster recovery capability through the inauguration of a second 'mirror' data centre a few miles away. These facilities provide a robust and scaleable base to support new technology developments and future branch network expansion.

We will also continue our accelerated branch expansion programme, subject to the availability of brownfield sites and good quality businesses being for sale at the right price. Our programme of branch network expansion, through our annual post-investment audit, continues to deliver returns above the levels predicted at the time each



David Cowell, customer service assistant, Travis Perkins Central Birmingham, replenishing stock after a busy days trading

CHIEF OPERATING OFFICER'S REVIEW OF THE YEAR

FOR THE YEAR ENDED 31 DECEMBER 2007

INTRODUCTION

I am delighted to report a strong and positive performance across all brands and businesses within the Group during 2007. Market conditions although difficult in certain areas proved on balance favourable, and our 'best in class' people took full advantage by delivering creditable market share gains in both trade and retail sectors.

I am especially pleased to welcome Mo Iqbal and his Tile Giant people and business into the Group. Tile Giant represents a further and exciting development of our channel and growth strategy and is the seventh major brand within our portfolio.

We as the wider operations team accelerated our branch and store network expansion programme across all divisions, securing a total of 107 new outlets (gross), 52 of these being generated via acquisition, with Tile Giant, Passmores and SLBM proving the most significant (both joining our CCF business) and a total of 52 net new brownfield operations. I have made comment of this activity and broken this down in more detail within each brand overview section within this report.

We continue to invest in our central functions with the specific aim of strengthening our capabilities to deliver the best possible service to our customers. That in turn will, we believe, increase overall sales and market share that delivers our sector leading financial performance.

I have been particularly pleased with the strong developments and progress of our commercial and supply chain functions. They have made significant contributions to our performance in 2007 and are confident they will continue to add value to the overall performance of our business. I would also highlight our improved effectiveness and strengthening of our marketing function in both our trade and retail divisions, and the alignment of our procurement functions within the Group, as we continue to develop more global sourcing and a global benchmarking culture and attitude.

There were three very significant developments last year. The first was our continued rollout and embedding of our Brand Bullseyes which has enhanced our focus on our customers and the level of customer service we provide. We also undertook a comprehensive employee engagement survey 'You Talk We Listen' supported by YouGov which has given some clear guidance and direction into areas where we should apply increased focus and attention for this most

important of stakeholders within our business. The third major development has been our increased focus on health and safety for all staff, customers, suppliers and other members of the community that we may come into contact with in the varied and vast activities the Group undertakes in its normal course of business.

HEALTH AND SAFETY

Health and safety remains a Group priority at the most senior level and was further enhanced in November 2007, with the formation of a plc Board Health and Safety committee, chaired by Andrew Simon, an independent non-executive director. The other committee members are Tim Stevenson, Company Chairman, Mike Dearden, Senior Independent Director, and myself. The key role of the Committee is to assist the executive management, in their drive to establish and maintain an industry-leading performance in health and safety. Its terms of reference are available on our website, under Investor Centre/Corporate Governance.

Following the comprehensive review undertaken during 2006, the revised health and safety policy was launched to all operating businesses in 2007, via an intensive training programme run by the health and safety team. This commenced with all operational directors and then cascaded through regional management to all branches and stores. In total, we have trained almost 3,000 directors, managers and their assistants in the new health and safety policy, to ensure its effective implementation across the business.

A national manual handling training initiative commenced mid 2007, in conjunction with an external trainer, to train all branch colleagues in safe lifting techniques. This 12 month programme has already demonstrated a significant reduction in manual handling accidents, with a full review of its impact scheduled for the end of 2008.

A reassessment of occupational noise exposure throughout the business took place during 2007, with particular attention being paid to branches with timber mill and tool hire facilities. Tool hire operations continue to operate within or below the lower action level, with timber operations noise exposure typically higher. Hearing protection continues to be a requirement whenever mill equipment is in operation, and all future developments will endeavour to reduce noise at source.

The merchant group assisted the Health and Safety

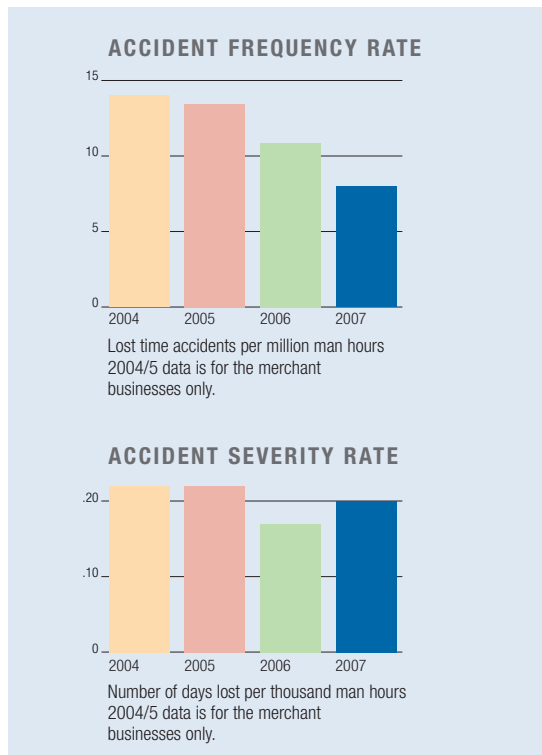


John Carter
Chief Operating Officer

Executive (HSE) during the second half of 2007, in hosting several roadshows across the country, targeted directly at our customers. This was scheduled as part of the HSE campaign to raise awareness about the dangers of falls from vehicles, and included case studies on our own recent improvements to all new Travis Perkins and Keyline merchant vehicles and Wickes home delivery vehicles.

Lead Authority relationships with Harrow and Northampton local authorities continue to form an integral part of our operation, in terms of policy development and ongoing support.

With this continuing focus on the importance of health



and safety, it was pleasing to record a further reduction to the group frequency rate, improving 20% against the 2006 performance, from 10 to 8 (lost time accidents per million hours worked). However, there was a disappointing 17% increase in the group severity rate (days lost per thousand hours worked), predominantly due to the ongoing absence of 3 colleagues following accidents in 2006.

This is the first annual report to include full group data for accident frequency and severity rates. These measures were not historically calculated in the retail business, but we have now been able to calculate total group statistics for both 2006 and 2007, and will use this as the measure in future.

After analysing accident trends, all these high risk areas are being addressed in 2008, with significant training and focus on safe working with vehicles and traffic management (supported by training DVDs for both topics), plus, more active occupational health support for colleagues, where necessary, after an accident.

It is with great sadness that I have to report a fatality involving an employee of a customer, during a collection

David Drake, sales assistant, Travis Perkins Milford Haven, inspecting a delivery of prepared softwood



from their site in September 2007. This involved the collapse of a pack of bricks whilst being lifted by the lorry mounted crane, and is still subject to a Health and Safety Executive investigation.

There was also one health and safety prosecution in 2007, affecting our Keyline business, following an accident in 2006, when a driver fell from the vehicle bed whilst manoeuvring products for delivery.

Vehicle loading and unloading procedures have been the subject of considerable focus over the years, and continue to remain so. Safety bulletins and new training DVDs have been produced to summarise the key safety controls for all

our business our people are pivotal in developing customer relationships that ensure our existing customers continue to return and new customers are attracted to our brand.

In the past 2 years we have developed 'Brand Bulls-eyes' for all of our brands. These articulate the brand essence for each trading brand along with what Travis Perkins wants customers to think and feel as they interact with each brand. In 2007 we felt the time was right to examine how our employment proposition and people strategy could be further developed to best support the delivery of our brand. We wanted to understand more about what our employees thought about working in our business,



Keyline Exeter preparing for one of the many deliveries made each day

drivers, to ensure all deliveries and collections are completed safely and efficiently.

Following a major project with our suppliers, product weights are now printed directly on every invoice, and the external manual handling training has successfully raised awareness of the need for safe lifting and handling.

We remain totally committed to continue the reduction of accidents across the Group, with a further group frequency rate reduction of 10% targeted by the end of 2008. This should produce a similar improvement to the group severity rate.

I believe our ongoing focus on health and safety will continue to strengthen the overall business performance of the Group, and enable us to achieve our vision of ensuring that all employees, and others affected by our business operations, return home safely at the end of each day.

HUMAN RESOURCES

Our People

We believe that in our case, more than for the majority of other businesses, our success depends on our people. In

in order to build on our strengths and improve areas where gaps were identified. With that background we commissioned an independent employee survey 'You Talk, We Listen' in June 2007, to find out more.

One of our new values - 'Talk and Listen' – promises that Travis Perkins says what it means clearly and honestly; listens carefully; responds objectively; and explains its decisions. It was entirely fitting therefore that we should brand our first group-wide employee opinion survey 'You Talk – We Listen'. Through the survey we were keen to establish the level of engagement amongst our employees and the strength, qualities and personality of our brand identity as an employer.

We know that an engaged and committed work force – one that is actively 'living the brand', is likely to perform better, have higher attendance at work and deliver a more positive customer service experience. As a result we will reap rewards in terms of attracting and retaining talent and at the same time build employee engagement, strong feelings of pride about working here and brand advocacy.

There were a number of immediate positives coming

out of the survey. These were that the level of engagement of the majority of our employees compared favourably against national benchmarks supplied by our independent partner. We also observed very strong levels of advocacy in terms of the businesses products and services together with high levels of loyalty towards, and pride about working in, our business.

Opinions about line managers were particularly positive and there was a clear understanding of business goals and objectives across the Company which was very reassuring.

We also identified a small number of critical areas of improvement for us within the areas of:

- Reward;
- Training and development;
- Communications.

As well as a number of 'quick win' actions in response to what our people told us was most important, we have designed and introduced a bonus scheme for 2008 for all those employees not in any other scheme. This is a simple scheme that provides a further opportunity for our people to share in our future success.

Sharing our success

In addition to the bonus scheme recently introduced, we have a wide range of benefits already open to our employees, e.g.:

- Save-As-You-Earn scheme;
- Buy-As-You-Earn scheme;
- Pension plan;
- Discounted voluntary benefits.

Recognition

In the Travis Perkins group, we recognise that the high

standard and quality of the services we provide is dependent on the contribution, application and loyalty of our employees, so in 2006 we launched a new suite of awards under the title, 'The Building Britain Awards'. 2007 was the first year that all of these awards were presented to colleagues at a dedicated gala dinner in July. They included some notable outstanding achievements.

149 colleagues received long service awards after reaching 25, 30, 35, 40 or 45 years service with the Group, and two colleagues, Paul Tomes and Brian Wickham, celebrated an astonishing 50 years service.

Paul is a very loyal colleague and takes an immense amount of pride in his work. Despite reaching 65 last year, he continues to work part time at our branch in Rugby.

Brian started with Travis Perkins in 1957 and he continually applies his knowledge and enthusiasm to a business he has seen evolve dramatically over his 50 years with the Company. Like Paul, Brian continues to serve on the trade counter, on this occasion at our Bournemouth Wallisdown Road branch.

15 colleagues were also awarded our first ever employee-nominated 'Special Achievement Awards for Outstanding Contribution'. All the recipients had incredible stories of consistent outstanding customer service, and loyalty to their colleagues and their business. One colleague saved the life of a fellow colleague just days after taking an in-house first aid course; another has consistently gone beyond the call of duty to prevent fraud being committed against Travis Perkins companies; others were awarded for their passionate charity fundraising for the Group's nominated charities and for their dedication to environmental best practice. Our management trainee scheme is one of the most successful of any business in the UK. It started in 1973 and over 51% of trainees are still employed by the Group. The top year achievers from each business unit are now nominated for the 'Management Trainee of the Year' award. The first award was presented to Gary King.

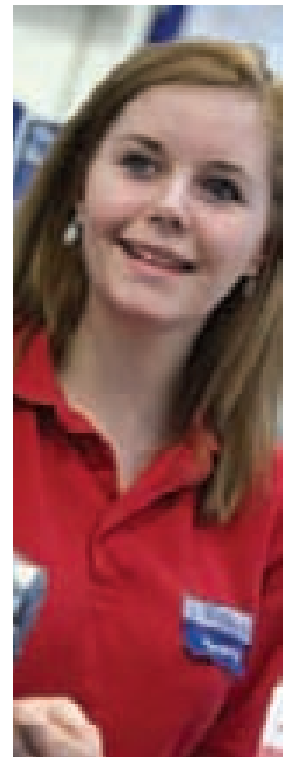
Development

As a result of the success of our management trainee scheme, we have increased our investment in this critical talent pipeline. In 2008 we plan to recruit 150 trainees and have now extended the scheme to include Wickes. 10 directors joined our business via this scheme, as well as 220 other managers.

We have continued to invest in the development programmes that are in place to support individuals from induction, progressing through each step of the career ladder - the 'Master Programme' in Wickes, supported by a new customer service programme and a new senior executive development programme where we are partnering with Insead.

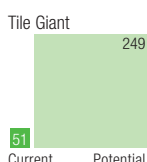
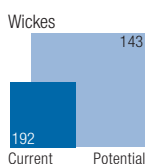
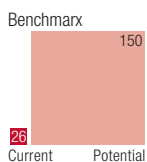
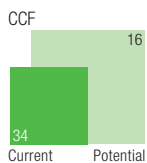
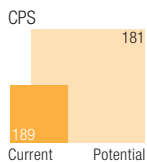
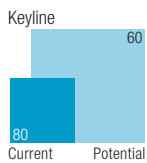
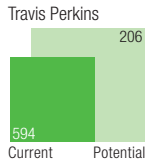
OUR BUSINESSES

The appointment of Joe Mescall and Arthur Davidson as divisional chairmen for our general and specialist merchandising businesses respectively has been an



Emma McQuade, cashier, Wickes Newcastle, taking payment from one of the store's many trade customers

EACH OF OUR BRANDS HAS CONSIDERABLE SCOPE FOR BRANCH NETWORK EXPANSION

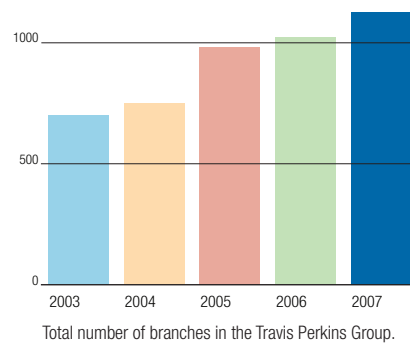


immediate success. Collectively Joe and Arthur have 65 years service within the Group, and bring a vast amount of knowledge and skill to our Executive Committee.

Travis Perkins brand

The Travis Perkins brand is our generalist mixed merchant and remains the cornerstone for the Group both in terms of being the largest brand, and has for many years set the benchmark for outstanding financial performance. It is made up of 4 geographically based, but discreet business units (South East, South West, Midlands and Northern), each with it's own managing director and management teams.

NUMBER OF BRANCHES



Nick Jones and Darren Scriven, branch manager and management trainee, Travis Perkins Milford Haven, discussing the Brand Bullseye

2007 saw the continued growth and development of the Travis Perkins brand, adding a further 22 branches to the network, and growing it's organic sales ahead of the market and other major competitors. The concept and adoption of the Brand Bullseye work very much assisted us to move the businesses forward, by raising the bar on customer service, product quality and availability and a greater focus on clear and consistent pricing to our regular customers.

Working closely with our enlarged marketing team, we undertook some good work to improve our 'share of the total customer spend' and gained good sales growth by targeting low or non-trading customer accounts. In addition we widened revenue sources by developing 13 specialist timber branches, and stepped up our focus on brick sales by opening a further 2 brick centres.

With the promotion of Joe Mescall to divisional chairman of the Travis Perkins brand, I was delighted to appoint Phil Gransden as managing director in the South East. Phil has 28 years service with the Group, and is another fine example of our excellent management trainee's programme.

Keyline

The most significant event for Keyline in 2007 was the promotion of Arthur Davidson, after 8 highly successful years in charge and the appointment of Phil Atkinson as his replacement as managing director, who joined the Group from the construction industry.

Keyline continued it's steady and positive growth by adding a further 3 new branches, and increased it's market share by rolling out the Brand Bullseye concept. We continued to deepen it's focus and specialisation by introducing a new civils range to 10 trial branches, and boosted sales by a more targeted approach to specialist civils contractors.

City Plumbing Supplies

Trading within the plumbing and heating markets remained buoyant, although competitive. Our City Plumbing Supplies business expanded it's branch network in the year by adding a total of 12 new outlets. Like other businesses within the Group, CPS improved compliance with Bullseye level performance standards by communicating key

service level concepts and introduced a monthly bonus scheme to all staff.

Other sales initiatives centered around increasing market share amongst smaller local installers by establishing local branch databases and allocating them to our staff to target these customer accounts. We improved the quality and performance of our showroom managers through a performance grading system and a new performance bonus scheme, and we increased sales by implementing a mandated stock range to improve product availability for our customers.

CCF

A very busy year within this vibrant and exciting business. Strong organic growth was supported by strong network expansion, through the addition of 2 new brownfield operations and the acquisitions of 2 sizable businesses, Passmores (5 branches) and SLBM (2 branches).

We won some good new business amongst the larger contractors with supplier negotiated arrangements, and have continued to invest in strengthening our senior sales executive teams.

After nearly 4 years in the role Andrew Harrison has done an outstanding job within CCF by almost doubling the size of the business whilst delivering sector leading returns on sales, he has deservedly been promoted within the Group to drive the expansion and development of Benchmarx. We expect to announce his replacement and new managing director for CCF shortly.

Benchmarx

Benchmarx our specialist kitchen and joinery business which is dedicated to trade customers only, which opened it's first branch in July 2006, had a positive year of network expansion and growth. By the end of 2007 we were trading from 25 locations in London and the South East.

Andrew Harrison was appointed managing director of this business in 2007 and has set about expanding our customer base, and strengthening our overall product offering. Like other businesses within the Group, Benchmarx also developed and introduced their Brand Bullseye, which will assist in the continued growth of this business.

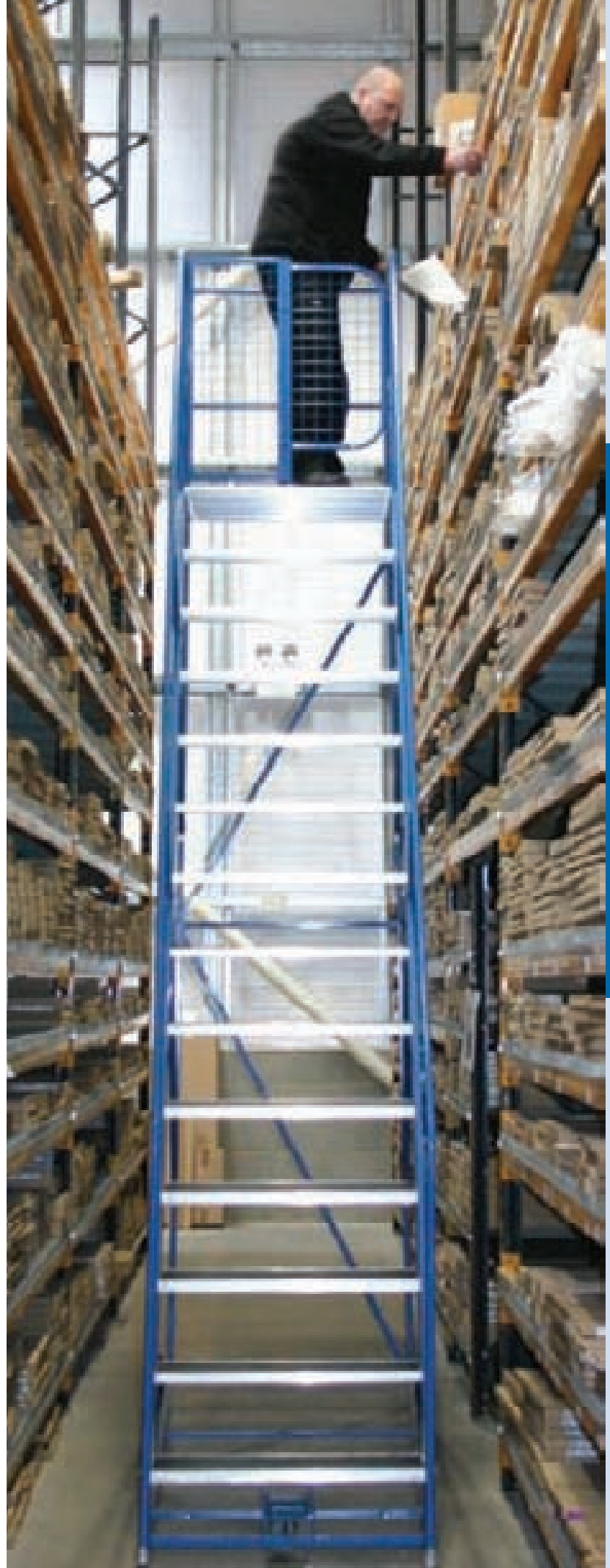
Tool Hire

Although tool hire is not a discreet business unit in it's own right, it does have a managing director in the form of Richard Dey and it's own management team. Under Richard's control, over the last 2 years we have enjoyed strong and positive growth, in both new outlets, but more importantly strong organic sales improvements from the existing estate.

We have now opened our national repair centre in Northampton, which has reduced the number of items under repair by 60% and has assisted us in significantly increasing our tool utilisation.

Wickes

2007 proved another positive year for the Wickes business.

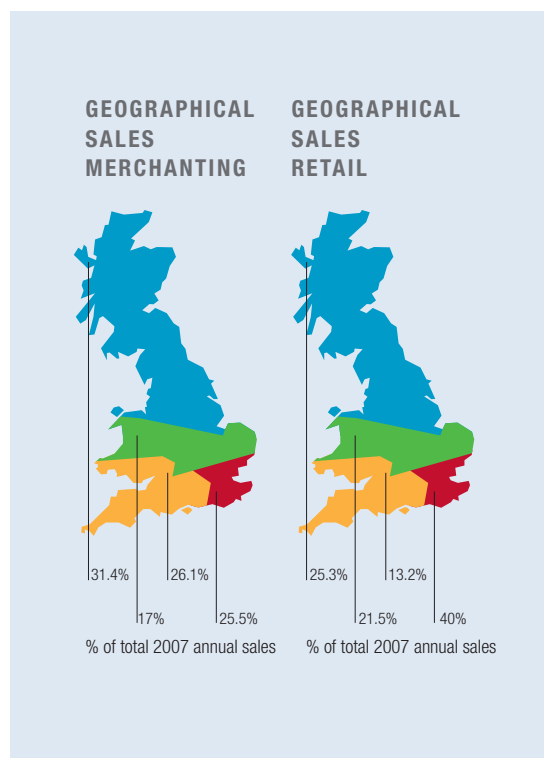


Terry Howard, warehouse supervisor, Benchmarx Watford, picking a kitchen order ready for delivery to a customer's home

"THE BRAND BULLSEYE HAS ENGAGED ALL COLLEAGUES THROUGHOUT THE GROUP TO BECOME EVEN MORE CUSTOMER FOCUSED"

Under Jeremy Bird's stewardship we have very much put sales and customer service at the top of the agenda, and as a result we have enjoyed good growth in market share via both a strong organic sales increase, and good new store openings. During the year we opened 9 new stores, and developed 2 new mezzanines, increasing our net selling space by 250,000 sq ft.

We as a team restructured our marketing and commercial activities. Working in conjunction with our operational teams proved very effective in driving key elements of business, such as product availability and product promotions. These together with strong gains from our



CUSTOMER SERVICE

The Travis Perkins group has increasingly become more customer focused in recent years, and to this end has introduced the Brand Bullseye into every business unit within the Group. This has been a huge undertaking as it encompasses all the elements of our customer experience, range availability, price and service.

The Brand Bullseye has engaged all colleagues throughout the Group to become even more customer focused. It states all the customer service elements we are striving to achieve throughout each company within the Group. To ensure day-to-day continuous improvement for



space optimisation programme drove an increase in the important ratio of sales per square foot.

A lot of really positive things were achieved in the year, however becoming the 'Verdict' DIY Retailer of the year 2007, was a great testimony to all the colleagues that we employ within the Wickes business, and to the continued journey that we are on to put our customer at the centre of all our thoughts and the activities that we undertake.

Wickes e-commerce web business (www.wickes.co.uk) enjoyed excellent sales growth in the year and is now producing a positive profit contribution.

Tile Giant

Tile Giant is our specialist tile retailer that with its 29 stores joined the Group in November 2007. We believe that under the leadership of Mo Iqbal we have an opportunity to develop a sizeable and profitable national network of outlets. We have already identified positive synergies that will arise from Tile Giant being part of our Group, and we look forward to growing the chain over the coming years.

the customer, all the Bullseye elements are incorporated into our best practice programme, which has received a significant amount of investment over the past 2 years.

I take great pride in the delivery of the Brand Bullseye across all businesses within the Group. It is the foundation for our customer relations policy which has been widely communicated throughout the Group and forms the basis for decision making. Due to the wide customer base Travis Perkins serves, each company has the customer service policy embedded into the Bullseye, and has a variety of measurements attached to each element of it.

Our current KRA (Key Result Area) system of reporting is split into financial and non-financial scores. These scores, which determine how well we are performing against our pre-set targets, enable the businesses to prioritise resource in order to increase the gap between themselves and the competition. All KRA measurements are highly visible to everybody within each of our businesses, especially those customer facing colleagues.

As an added element to the KRA system, Travis Perkins has a well defined customer satisfaction programme for all

the major businesses within the Group. This reports on robust customer satisfaction feedback to ensure our internal programmes are hitting the Bullseye target. This programme would not be valid unless we also measured ourselves on a yearly basis against our competitors. This is the most testing of all measurements and is undertaken by an independent research agency. All the Bullseye elements are measured and reported on by our most exacting stakeholder – the customer.

As our working practices have become even more customer focused, it is important for group reporting mechanisms on customer issues and customer satisfaction

branding is not a key purchasing criteria for our customers. Our own label mantra is to provide own label products, whether for our trade or retail businesses, to the same standard or better than the leading brand quality.

Our commercial teams continued to work on the Wickes synergy program to good effect, achieving further value from the transaction in the form of buying gains. We have commenced the gradual process of introducing more category management techniques into our trade teams, and are undertaking trials to prove the returns from using some of the retail merchandising approaches gained from our Wickes colleagues.



Terry Howard, warehouse supervisor, Benchmarx Watford, unloading engineered oak flooring

criteria to reflect this. To this end we will be launching an updated KRA system, to reflect all the Bullseye elements, including customer service criteria, in 2008.

SUPPLIERS AND GLOBAL SOURCING

Having increased our supplier base through the acquisition of Wickes and others in 2005, we have steadily been rationalising numbers and establishing partnerships where we can develop long-term collaborative relationships with selected suppliers. We seek relationships with those suppliers who hold market leading positions and who have the scale to both develop and bring to market new products and who either currently supply or have the potential to supply all our brands. This policy of rationalisation meant that in 2007 the top 25 suppliers represented 47% of our cost of goods sold.

We also made significant progress on our global sourcing programme appointing both an Asian based trading agency, and entering a trading arrangement with a leading freight forwarding company. Within our global sourcing work, we seek to establish a direct line of supply with producers in low cost economies for products where

QUALITY ASSURANCE ('QA') AND CORPORATE SOCIAL RESPONSIBILITY

Quality has always been of the utmost importance to the all our customers and therefore must be a priority for the Travis Perkins group. Following the more recent mergers and acquisitions, the quality functions throughout the Group have been centralised under the stewardship of Robin Proctor and our group supply chain function.

The prime responsibility of the our Quality Assurance Department is to protect the group brands. This is broken down into two key objectives to ensure that Travis Perkins group companies:

- Meet their sourcing and supply chain CSR objectives, by only using suppliers who have acceptable control of their manufacturing, environmental, ethical and health and safety processes;
- Only stock product that conforms to national and international regulations, is safe, fit-for-purpose and conforms to required specifications.

To give some idea of the challenge this gives, at the end of 2007 some 350 primary suppliers were supplying

approximately 120,000 product lines. Within this supplier base there are 1,182 known manufacturing sites of own brand/label products of which 470 are based in Asia. In order to fully support the Asian supplier base, in addition to the group QA offices in the Trade and Retail divisions, we have established a group QA Asia office based in Shenzhen, southern China.

2007 has been a year of consolidation with a change to the QA structure (in both the UK and Asia), redefined internal processes, a more robust product approval and product technical data structure and the issue of a supplier quality manual. The supplier quality manual, which is

department's key objectives in an evolving supply chain as suppliers strive to balance product cost with quality, safety and legislative requirements.

SUPPLY CHAIN

2007 has seen a real step change in our product availability to customers, as we have continued to develop our supply chain processes and our tools to enable supply chain to meet the businesses Brand Bullseye objectives. We have further strengthened our supply chain team, their focus being to improve availability, increase stock turn, reduce supply costs and support the growth plans of our brands.

All of our business Brand Bullseyes have product availability as a core strand in meeting customer needs. During 2007 the focus has been on delivering best in class availability of our key products, most importantly ensuring 'project quantities' are available at all times to our customers. The resulting change is significant and noticeable not only physically through improved branch merchandising, but more importantly in our customers reactions and the resulting sales increase. This best practice project will continue to develop in 2008 and beyond, availability being a key measure of success for our businesses.

As our businesses grow, so do the demands on our supply operations capacity. In 2007 our timber milling operations started the process of consolidation from four sites to three, which will improve costs, while increasing capacity and resilience, through better use of our assets.

Our primary distribution network will see investment in 2008 that will create capacity for current product volume growth, while providing the space to support our global sourcing plans and further centralisation of appropriate products.

Control of stock through supporting systems creates a great opportunity not only to increase stock turn but also to release selling space in our branches. The first stage of this work saw our merchant warehouse reduce stock by 20% whilst improving service to branches.

CONCLUSION

After an excellent year, all parts of the business are in excellent shape. We are well positioned to achieve further growth and market share gains in 2008 and beyond. I would like to place on record my sincere thanks to all our employees and colleagues without whom our success would not have been possible.

J. P. Carter

Chief Operating Officer
3 March 2008



Travis Perkins St Albans, a new brownfield site, shortly before it opened in 2008

designed to help reduce the number of product failures, details our requirements and thus enables us to levy charges for non-compliance.

In addition, we introduced a primary supplier assessment programme at the start of the year, which is proving to be successful in that it is identifying areas for improvement whilst receiving a very positive reaction from those suppliers assessed.

In order to protect our brands we have a programme of visiting our suppliers. During the year we have carried out QA visits to all existing identified high risk manufacturing sites that had not previously been assessed by QA. In January 2007 there were 250 non-high risk supplier sites that we had not visited, by the end of the year this was down to 21 and it will soon be zero. We also undertook 8,500 product quality control checks compared to only 2,500 in 2006.

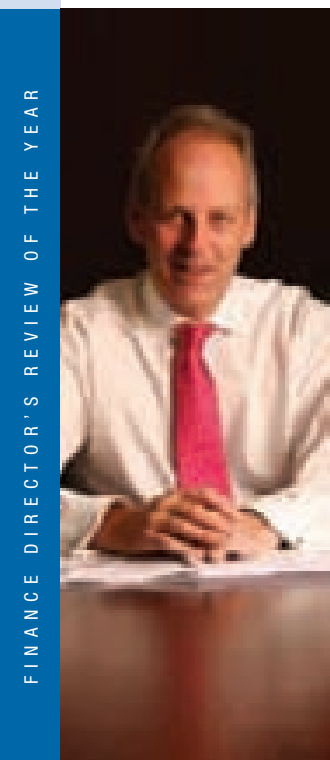
Our objectives for 2008 include further reductions in product failure and further risk reduction through improved reporting and a strategic supplier development programme. This is in addition to maintaining the

Chris Williams loading insulation materials ready for delivery to a customer of CCF Birmingham



FINANCE DIRECTOR'S REVIEW OF THE YEAR

FOR THE YEAR ENDED 31 DECEMBER 2007



Paul Hampden Smith
Finance Director

INTRODUCTION

The Group's financial objectives are set out below. This report provides a commentary on how the business has successfully achieved those objectives in 2007 through generating enhanced profits and strong cash flows which in turn resulted in increased financial capacity. Additionally this report sets out further details of the financial aspects of the Group's strategy, risks and policies.

FINANCIAL OBJECTIVES

The Directors of the Group remain committed to the long-term creation of shareholder value, which they believe is achieved through:

- Increasing the Group's market share through a combination of like-for-like sales growth and targeted expansion through acquisitions, brownfield openings and in-store development;
- Improving profitability with a medium term target for profit growth in percentage terms exceeding that for sales;
- Investing in projects and acquisitions where the pre-tax return on capital employed exceeds the weighted average cost of capital of the Group by a minimum of 4%;
- Generating sufficient free cash flow to enable the Group to expand its operations whilst funding attractive returns to shareholders, reducing its debt and pension deficit;
- Operating an efficient balance sheet, by structuring sources of capital to minimise the Group's weighted average cost of capital consistent with maintaining an investment grade financial profile with interest cover between four and six times EBITA;
- Maintaining long-term dividend cover at between two and a half and three and a half times earnings.

FINANCIAL REVIEW

To ensure the business is focused upon achievement of appropriate targets, a series of key financial performance indicators are monitored throughout the business. For 2007, where indicated, these measures are stated on an adjusted basis stripping out the effects of the exceptional deferred tax credit and in 2006, where indicated, the exceptional property profits. See table below.

Adjusted earnings before interest, tax, depreciation and goodwill amortisation ('EBITDA') (note 37) were £379.0m (2006: £335.7m), an increase of 12.9%.

Higher debt levels, which have resulted from a significant increase of £142m in capital expenditure and a £76m Employee Share Ownership Trust share acquisition programme, combined with higher interest rates, have resulted in an increase in total net interest expense (before other finance income of £3.3m (2006: cost £0.4m) up to £61.8m (2006: £57.3m). Adjusted interest cover (note 10) is approximately 5.4 times (2006: 4.9 times).

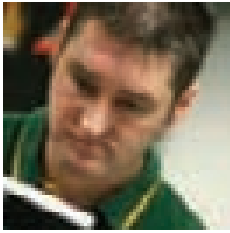
Adjusted group profit before tax (note 5b) was 18.7% ahead of last year at £261.4m (2006: £220.3m).

On 26 June 2007 the House of Commons approved the Finance Bill which reduces the UK standard rate of corporation tax from 30% to 28% with effect from 1 April 2008. The reduction in rate results in an exceptional deferred tax credit of £4.2m in the current year tax charge.

The adjusted tax charge (before the tax credit) was £80.3m (30.7%) compared with £64.9m (28.0%) in 2006. In 2006 the rate was reduced by 2.8% by property profits not chargeable to tax. The rate is higher for 2007 than the UK corporation tax rate of 30% principally because of non-qualifying property expenditure and other items which are not allowable for tax.

	2007	2006	2005	2004
Revenue growth	11.9%	7.9%	44.4%	9.0%
Adjusted profit before tax growth	18.7%	6.6%	0.1%	16.0%
Profit before tax growth	12.7%	12.2%	0.1%	16.0%
Merchandising adjusted operating profit to sales	11.4%	11.2%	11.3%	11.9%
Adjusted interest cover (note 10)	5.4x	4.9x	4.9x	25.9x
Adjusted return on capital (note 36)	16.2%	14.6%	14.8%	25.0%
Adjusted free cash flow (note 35)	£157.8m	£216.6m	£226.1m	£150.7m
Adjusted dividend cover (note 13)	3.3x	3.4x	3.4x	4.1x

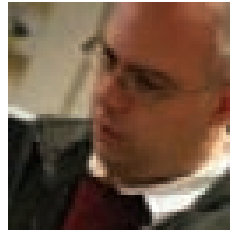
The above table reflects the significant purchase of Wickes in 2005



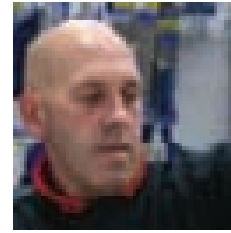
Tom O'Hare, assistant branch manager, Travis Perkins Loanhead, reviewing the branch management accounts online



Rebecca Probert, administrator, Keyline Exeter, completes the day's banking returns



Jeff Smith, branch manager, Benchmax Watford, planning a kitchen layout using the company's computerised kitchen design software



Paul Beetham, forklift truck driver, replenishes stock in the Wickes Newcastle store

Profit after tax was £185.3m an increase of 11.0%. Adjusted profit after tax (note 5b) was £181.1m an increase of £26.9m (17.4%) compared to 2006.

Basic earnings per share was 153.3 pence. Adjusted basic earnings per share (note 12b) was 17.6% higher at 149.8 pence, compared with 127.4 pence in 2006.

Cash flow

In addition to the substantial investments in business development described above, debt at 31 December 2007 was temporarily increased by £28m as a result of payments made to Wickes suppliers on the 53rd Monday of the year. Despite this and a higher level of trade and rebate debtors, the Group has generated £304m of cash from operations (2006: £323m), a decrease of 6.0%. Adjusted free cash flow, (calculated before exceptional property disposals, the extra supplier payment run, expansionary capital expenditure, special pension contributions and dividends) was £157.8m (note 35), 27.1% lower than 2006. As a result of the turbulence in credit markets increasing LIBOR rates, the Group rolled its debt, and therefore paid interest, on a weekly rather than 6 monthly basis for most of the second half of the year. As a result, when combined with the effect of higher debt and higher interest rates, interest payments were £13.5m higher in 2007, than in 2006.

We indicated last year that we intended to increase capital expenditure significantly to grow the Group's brands. The free cash generated by the Group was used in part to fund expansion capital expenditure of £82.2m (2006: £31.6m) in the existing business and in part on new acquisitions, which in total cost £47.2m (2006: £10.9m) plus loan notes issued to the value of £8m.

Pensions

At 31 December 2007 the gross deficit of the scheme was £16m (31 December 2006: gross deficit £80.8m). The net deficit after allowing for deferred tax was £11.5m (2006: net deficit £56.6m).

The significant improvement in the deficit is the result of improved asset returns, more favourable corporate bond rates reducing liabilities and £9.6m of company contributions in excess of the income statement charge (2006: £21m).

The scheme is now 97% funded with the net deficit



Danny Brians, shop-floor assistant, checking stock quantities in our Wickes store in Newcastle

representing less than 1.0% of the Company's market capitalisation at 31 December 2007.

Equity

Total equity, after deducting the pension scheme deficit at 31 December 2007, was £1,036.9m, an increase of £103.8m on 31 December 2006.

During the year, through its Employee Share Ownership Trust, the Group acquired 5.2m shares in the Company at an average cost of 14.56p per share. The shares were acquired for future settlement of share options and share save grants made to employees of the Group.

The Group's adjusted return on capital in 2007 (note 36) was 16.2% (2006: 14.6%), which is substantially higher than the Group's weighted average cost of capital.

At the year-end the share price was 1,204 pence (2006: 1,984 pence) and the market capitalisation £1.5bn (2006: £2.4bn), representing 1.4 times (2006: 2.6 times) shareholders' funds. During the year the daily closing share price ranged from 1,180 pence to 2,121 pence.

Properties

The carrying value of the Group's 347 freehold and 55 long leasehold property portfolio, which was last revalued in 1999 on an existing use basis, is £242m. As well as being one of the Group's considerable operating strengths the portfolio gives it the potential to seek further opportunities to enhance value.

Goodwill and other intangibles

The net book value of goodwill and other intangibles in the balance sheet is £1,492m (2006: £1,445m). Additions to goodwill and intangible assets in the year totalled £47m.

Borrowing facilities

The Group has an £884m syndicated credit facility of which £184m is represented by an amortising term loan and the remainder a revolving credit facility. In addition the Group has access to overdraft facilities of £50m. The term loan is due to be repaid in two £43.2m and two £48.6m tranches six monthly from 30 June 2008, with the final payment due in December 2009. The revolving credit facility is available to the Group until December 2009.

The Group has also issued \$400m fixed rate guaranteed unsecured notes (the 'Notes') with a broad range of US financial institutions. The debt comprises \$200m of Notes repayable in 7 years and the remainder in 10 years resulting in bullet repayments becoming due in 2013 and 2016. The net proceeds were swapped into Sterling at variable rates.

As at 31 December 2007 the Group had net debt of £941m (2006: £804m) (note 33).

Interest rate and currency derivatives

The Group's hedging policy is to maintain the profile of borrowings in the approximate ratio of one third to two thirds at fixed interest rates and the remainder at variable rates.

The Group currently has two amortising interest rate swaps each of £139m, one amortising interest rate floor

and one amortising interest rate cap of £139m, and two non - amortising interest rate swaps each of £50m. Further details are given in note 25.

Liquidity

As at 31 December 2007 the Group had bank borrowings totalling £719m consisting of a term loan of £184m and £535m of draw down on the revolving credit facility. In addition it had drawn down \$400m in respect of the Notes.

The peak level of daily borrowings on a cleared basis in the year to 31 December 2007 was £1,022m (2006: £1,111m). Throughout the year the maximum month end cleared borrowings were £984m (2006: £1,031m). At 31 December 2007 the Group had undrawn facilities of £215m (2006: £375m).

The Group's borrowings are subject to covenants set by the lenders. Covenant compliance is measured semi-annually using financial results prepared under UK GAAP extant at 31 December 2004. During 2007 there were no breaches of the covenants. The key financial covenants are the ratio of net debt to earnings before interest, tax, depreciation and amortisation 'EBITDA', and the ratio of earnings before interest, tax and amortisation 'EBITA' to net interest. At 31 December 2007 under UK GAAP the Group achieved net debt to EBITDA of 2.48x (note 37) and interest cover of 5.4x (note 10).

In addition to these financial covenants the Group's borrowing agreements include general covenants and potential events of default. The Group has complied in all respects with the terms of its borrowing agreements at the date of this report.

FINANCIAL RISK MANAGEMENT

Financial risk management is an integral part of the way the Group is managed. In the course of its business, the Group is exposed primarily to foreign exchange risk, interest rate risk, liquidity risk and credit risk. The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net assets. The Group manages the principal financial risks within policies and operating parameters approved by the Board of Directors and does not enter into speculative transactions.

Treasury activities are managed centrally under a framework of policies and procedures approved by and monitored by the Board. The treasury department is not a profit centre. Its objectives are to protect the assets of the Group and to identify and then manage financial risk. In applying these policies, the Group will utilise derivative instruments, but only for risk management purposes. Under the policies, derivative financial instruments may only be entered into for risk management purposes with A- or better rated financial institutions. A total of six such institutions have been currently identified as potentially suitable for this purpose.

The principal risk facing the Group is an exposure to interest rate fluctuations. Having swapped out its US dollar Notes into Sterling, the Group is not exposed to significant

foreign exchange risk as most purchases are invoiced in Sterling. The risks faced by the Group are described further below.

Capital risk

The Group manages its capital risk by ensuring it has a capital structure appropriate to the ongoing needs of the business that ensures it remains within the covenant limits that apply to its banking arrangements. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24, cash and cash equivalents and equity attributable to equity holders of the parent,

of its anticipated requirements twelve months forward. At 31 December 2007 the nominal value of currency contracts, all of which were US\$ denominated, was \$17m.

As previously stated the Group has borrowed \$400m. The US\$ denominated Notes have fixed rates of interest. The borrowings have been converted to Sterling variable rates using cross currency swaps.

Liquidity risk

The Group's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations without the need to carry significant net debt over the



comprising issued capital, reserves and retained earnings as disclosed in notes 21 to 23.

The capital structure is formally reviewed by the Board as part of its annual strategy review, but it is kept under review by the finance director throughout the year. As necessary, the Company will rebalance its capital structure through raising or repaying debt, issuing equity or paying dividends.

Interest rate risk

The Group borrows in Sterling at floating rates and, where necessary, uses interest rate derivatives to fix rates on approximately 33% to 66% of external debt to generate the preferred interest rate profile and to manage its exposure to interest rate fluctuations.

Currency risk

The Group settles currency related trading obligations using a combination of currency purchased at spot rates and using forward contracts. With direct purchases from overseas continuing to increase, the Group has a policy of maintaining forward contracts for between 30% and 70%

medium term. The Board manages exposure to liquidity risk by maintaining adequate facilities to meet the future needs of the business. Those needs are determined by continuously monitoring forecast and actual cash flows taking into account the maturity of financial assets and liabilities included in the balance sheet.

The Group's principal borrowing facilities are provided by a group of core relationship banks in the form of a term loan and a revolving credit facility and by US institutions in the form of US\$ denominated Notes. The quantum of committed borrowing facilities available to the Group is reviewed regularly and is designed to exceed forecast peak gross debt levels.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contracted obligations resulting in loss to the Group. It arises on financial instruments such as trade receivables, short-term bank deposits and foreign currency hedging transactions. To reduce the risk of loss arising from counterparty default, the Group has a policy of

Keith Webb, regional stock controller, checking stock against a supplier delivery note shortly before the Travis Perkins St. Albans store opened

dealing with credit-worthy counterparties. The Group has policies and procedures to ensure that customers have an appropriate credit history and account customers are given credit limits that are monitored. Short-term bank deposits and foreign currency hedging transactions are executed only with A - or better rated authorised counterparties based on ratings issued by the major rating agencies. Counterparty exposure positions are monitored regularly so that credit exposures to any one counterparty are within predetermined limits.

Trade receivables consist of a large number of customers, spread across diverse industries and

drivers of construction activity including, housing transactions, house price inflation, consumer confidence, interest rates and unemployment. The Board conducts an annual review of strategy, which includes an assessment of likely competitor activity, market forecasts and possible future trends in products, channels of distribution and customer behaviour. Significant events including those in the supply chain that may affect the Group are monitored by the Executive Committee and reported to the Board monthly by the Group CEO. Market trends and competitor performance are also tracked on an ongoing basis and reported to the Board each month.



Adam Coates, store manager, Tile Giant Macclesfield, preparing a customer order for collection

geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics (other than banks providing interest rate and cross currency swaps). The Group defines counterparties as having similar characteristics if they are connected entities. The credit risk in liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Overall, the Group considers that it is not exposed to a significant amount of credit risk.

OTHER RISKS AND UNCERTAINTIES

Market conditions and competitive pressures

The Group's products are sold to tradesmen and retail customers for a broad range of end uses in the built environment. The performance of the market is affected by general economic conditions and a number of specific

Product availability and product prices

Security of supply of products and product quality are monitored by product category directors in the trade and retail businesses. Supplier financial strength, product quality and service levels are monitored on a continuous basis. An annual risk assessment with recovery plans is prepared for the major suppliers across the Group. No supplier accounted for more than 7% of total purchases in 2007. An established QA process is in place throughout the business.

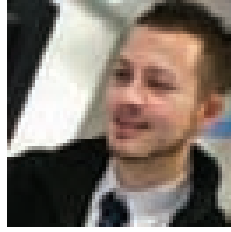
The market price of products distributed by the Group, particularly commodity products, can vary significantly and affect operating results. The Group's businesses actively takes steps to protect themselves from, and maximise the opportunities for, significant anticipated price rises.

Acquisitions and other expansion

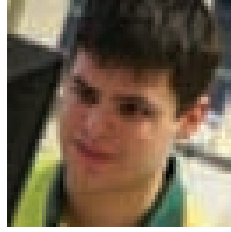
Growth by acquisition continues to be an important part of the strategy of the Group. Significant risk can arise from acquisitions in terms of the initial valuation, the integration programme and the ongoing management of the acquisition. Detailed internal analysis of the market position



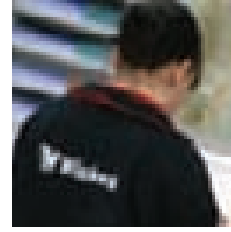
Alex Field, yard assistant, Travis Perkins St. Albans, carrying timber to customer vehicle



Chris Loram, heavy side product leader, booking a sale on the computer, Keyline Exeter



Darren Scriven, based at Travis Perkins Milford Haven, a trainee on our management training scheme



Adele Stobart, stock administrator, undertaking perpetual inventory counts, Wickes Newcastle

of major acquisition targets is undertaken and valuations are completed using discounted cash flow financial models. Independent advisors are used to comment on the strategic implications and the assumptions in valuation models for larger acquisitions. A rolling programme of post acquisition audits is completed and reviewed by the Board each year.

Human resources

The ability to recruit and retain staff at all levels of the Group is an important driver of our overall performance. Salaries and other benefits are benchmarked annually to ensure that the Group remains competitive. A recruitment toolkit is available for both trade and retail outlets. A wide-range of training programmes are in place to encourage staff development and management development programmes are used to assist those identified for more senior positions. The Group Human Resources Director monitors staff turnover by job type and reports to the Board annually. Succession plans are established for the most senior positions within the Group and these are reviewed annually.

Information technology/business continuity

The operations of the Group depend on a wide range of IT systems to operate efficiently. An IT strategy committee reviews performance levels of the key systems and prioritises development work. Maintenance is undertaken on an ongoing basis to ensure the resilience of group systems and escalation procedures are in place to resolve any performance issues at an early stage. An IT disaster recovery plan exists and is tested regularly together with the business continuity plan with arrangements in place for alternative data sites for both trade and retail businesses. Off-site back-up routines are in place for both data centres and application code is also held off-site.

The Group distributes products from five major warehouses in Great Britain. The loss of any single warehouse through fire or other major incident could have a material effect on the availability of product in the trade and retail outlets. Each warehouse has fire detection and alarm systems and a business continuity plan is in place for each site.

Customer credit

Within our trade businesses, one of the key aspects of service is the provision of credit to customers with the

Group carrying the associated credit risk. A detailed review of the credit risk of each customer is carried out using external credit risk services. Total exposures to all customers are monitored monthly with increased credit levels being approved by both operational and financial management. No one customer represents more than 0.5% of sales and the bad debt charge has averaged below 0.5% of credit sales in the last 10 years.

Environmental

Failure to operate within the highest environmental standards may reduce the Group's profitability if such action causes it to come into conflict with legislative requirements. Furthermore, with heightened environmental awareness, companies that fail to meet environmental standards may find their ability to trade or gain access to capital markets reduced.

The Group has accreditation for its environmental management system to the ISO 14001 standard. Further details of the Group's environmental policies and performance are given in the Chief Executive's review of the year. However, to mitigate the potential environmental risks, the Group undertakes comprehensive reviews across all its businesses involving independent external advisers. External verification of environmental performance is undertaken and repeated on an annual basis.

Pensions

The risks in this area relate to the potential for contributions required to meet the benefits promised in the final salary scheme rising to a level that restricts other corporate activity. The Scheme Trustees and the Group obtain independent actuarial advice and formal valuations are carried out at least every three years. The Trustees receive reports on the investment performance quarterly. The Travis Perkins' final salary scheme was closed to all new members in April 2006.

P. N. Hampden Smith

P. N. Hampden Smith

Finance Director

3 March 2008



David Harris, warehouse assistant, putting plasterboard into stock at CCF Birmingham

CORPORATE RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

The Company has not produced a separate corporate social responsibility statement in the report and accounts since it believes these matters are sufficiently important to receive the personal attention of individual directors rather than risking less focus through the exercise of collective responsibility. Instead full details of those areas normally covered by such a report are contained in the reports of the directors responsible for such matters:

Environment	Chief Executive's review of the year
Health and safety	Chief Operating Officer's review of the year
Supply chain	Chief Operating Officer's review of the year
Employees	Chief Operating Officer's review of the year
Community relations	Chief Executive's review of the year

The Board takes account of the significance of environmental, social and governance matters in its conduct of the Company's business. The Board believes that it has adequate information to identify and assess the major environmental, social and governance risks and as part of the system of internal control receives reports on the risks associated with these matters. The Board has received briefings on environmental, social and governance matters during 2007.

DIRECTORS AND PROFESSIONAL ADVISERS



Top left: Tim Stevenson
Top right: Geoff Cooper
Bottom left: Paul Hampden Smith
Bottom right: John Carter

CHAIRMAN

Tim Stevenson O.B.E.,D.L. (aged 59) joined the Board in September 2001 and became Chairman on 1 November 2001. He is a barrister and held a number of senior positions in Burmah Castrol plc between 1975 and 2000, including Chief Executive from 1998. He is also non-executive Chairman of Morgan Crucible plc. He is Chairman of the Nominations Committee and a member of the Remuneration and Health and Safety Committees.

FINANCE DIRECTOR

Paul Hampden Smith (aged 47) is a chartered accountant and joined Sandell Perkins in 1988. Following the merger with Travis & Arnold, he was appointed regional finance director. In 1992, he became Finance Director of Travis Perkins Trading Company Limited and was appointed Finance Director of Travis Perkins plc in 1996. He is a non-executive director of The Polestar Company Ltd.

CHIEF EXECUTIVE

Geoff Cooper (aged 54) joined the Company in February 2005 and was appointed Chief Executive on 1 March 2005. He is a chartered management accountant and worked in management consultancy before joining Gateway (now Somerfield plc) as Finance Director in 1990. In 1994 he became Finance Director of UniChem plc, subsequently Alliance UniChem plc (which later merged with Boots plc to become part of Alliance Boots plc), where he was appointed Deputy Chief Executive in 2001. He is non-executive Chairman of Dunelm Group Plc.

CHIEF OPERATING OFFICER

John Carter (aged 46) joined Sandell Perkins as a management trainee in 1978. Having held regional management positions, he was appointed as Managing Director, Operations in 1996, and became a director of Travis Perkins plc in July 2001. He was appointed Chief Operating Officer in February 2005, and is a member of the Health and Safety Committee.

NON-EXECUTIVE DIRECTORS

Chris Bunker (aged 61) was appointed as a non-executive director in January 2004. He is a chartered management accountant and was Finance Director of Thames Water plc, from 2000 until March 2004. He was previously Finance Director of Tarmac PLC and Westland Group PLC. He is a non-executive director of D S Smith Plc and formerly was a non-executive director of Mowlem plc, Baltimore Technologies plc and Xansa PLC. He is Chairman of the Audit Committee and a member of the Nominations Committee.

John Coleman (aged 55) was appointed as a non-executive director in February 2005. He is a chartered management accountant and was Chief Executive of House of Fraser plc from 1996 to 2006. He was previously Chief Executive of Texas Homecare and of a number of businesses within Burton Group PLC. He is a member of the Remuneration Committee and (from 28 January 2008) the Audit Committee.

Michael Dearden (aged 65) was appointed as a non-executive director in November 2000. He held a number of senior posts with Burmah Castrol plc from 1980 until his retirement at the end of 2000. He was a member of the Group Board from 1995, most recently as Chief Executive of Castrol International. He is a non-executive director of Johnson Matthey plc and of The Weir Group plc and was formerly Chairman of Minova International Limited. He is the Senior Independent Director, and a member of the Audit, Nomination, Remuneration and Health and Safety Committees.

Andrew Simon O.B.E. (aged 62) was appointed as a non-executive director in 2006. He is Chairman of Azelis S.A., non-executive Deputy Chairman of Dalkia Plc, and a non-executive director of Finning International Inc., Management Consulting Group plc and SGL Carbon AG. He was previously Chairman and/or Chief Executive of Evode Group plc from 1980 to 1993, and has also held non-executive directorships with Severn Trent Plc, Ibstock PLC, Laporte Plc, Associated British Ports Holdings PLC, and Brake Bros Holdings Ltd. He is chairman of the Remuneration Committee and of the Health and Safety Committee.

In addition, **Stephen Carter C.B.E.** served as a non-executive director and member of the Audit Committee throughout the year until his resignation on 8 January 2008.



SECRETARY: A. S. Pike

AUDIT COMMITTEE:

C. J. Bunker (Chairman), J. Coleman, M. B. Dearden

REMUNERATION COMMITTEE:

A. H. Simon (Chairman), J. Coleman, M. B. Dearden, T. E. P. Stevenson

NOMINATIONS COMMITTEE:

T. E. P. Stevenson (Chairman), C. J. Bunker, M. B. Dearden

HEALTH AND SAFETY COMMITTEE:

A. H. Simon (Chairman), J. P. Carter, M. B. Dearden, T. E. P. Stevenson

EXECUTIVE COMMITTEE:

G. I. Cooper (Chief Executive and Committee Chairman)

J. P. Carter (Chief Operating Officer)

P. N. Hampden Smith (Finance Director)

J. Bird (Managing Director, Wickes)

A. J. Davidson (Chairman, Specialist Merchanting)

C. Kavanagh (Group HR Director)

M. R. Meech (Group Property Director)

J. Mescall (Chairman, General Merchanting)

A. S. Pike (Company Secretary & Lawyer)

INVESTMENT BANKERS: HSBC Bank plc

CORPORATE BROKERS: Citibank, Dresdner Kleinwort Wasserstein

BANKERS: The Royal Bank of Scotland plc; Barclays Bank plc

SOLICITORS: Clifford Chance LLP, London; Linklaters LLP, London; Hewitsons, Northampton

AUDITORS: Deloitte & Touche LLP, Birmingham

REGISTRARS: Capita Registrars, Huddersfield

Top left: Chris Bunker

Top right: John Coleman

Bottom left: Michael Dearden

Bottom right: Andrew Simon

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2007

COMBINED CODE

The London Stock Exchange first issued the Combined Code on Corporate Governance ('the Code') in 1998 and it was revised most recently in June 2006. Section 1 of the Code is applicable to companies. A statement explaining how the Company has applied the principles and the extent to which it has complied with the provisions of the Code appears below. The Code contains fourteen main principles of governance, which are divided into the following four areas:

1. Directors

The Company is controlled through a board of directors, which presently comprises the Chairman, three executive and four non-executive directors. Tim Stevenson is Chairman and Geoff Cooper is Chief Executive. Michael Dearden is the Senior Independent Non-Executive Director. Chris Bunker, John Coleman and Andrew Simon are also independent non-executive directors. Stephen Carter also served as an independent non-executive director throughout the year, but resigned on 8 January 2008. Appointments of new directors are made by the Board on the recommendation of the Nominations Committee. All directors will submit themselves for re-election at least every three years.

The Board has a formal schedule of matters reserved to it and meets at least ten times a year. It is responsible for overall group strategy, policy on corporate governance matters, acquisition policy, approval of major capital expenditure and consideration of significant financial and operational matters. It monitors the exposure to key business risks and reviews the strategy of the trading subsidiaries, their annual budgets and progress towards the achievement of those budgets and their capital expenditure programmes. It also considers legislative, environmental, health and safety and employment issues. The Board has approved a written statement of the division of key responsibilities between the Chairman and the Chief Executive.

The Chairman leads the Board, ensuring that each director is able to make an effective contribution. He also monitors the information provided to the Board to ensure it is sufficient, timely and clear, and from time to time, the Board reviews the adequacy of this information.

The Board held twelve meetings during 2007. Stephen

Carter and Andrew Simon each missed one meeting because of conflicting business commitments and John Coleman missed one meeting because of illness. Otherwise, all meetings were attended by all directors. One meeting dealt with consideration of the Company's long-term strategy and nine meetings either included visits to parts of the Company's operations or included presentations by senior executives on their areas of responsibility. Individual visits to operational sites by non-executive directors also occurred. In addition to the regular board meetings, key financial information is circulated to directors outside of meetings. The Chairman has regular direct contact with the executive directors and keeps the non-executive directors informed of material developments between board meetings.

All directors have direct access to the Company Secretary and may take independent professional advice in the furtherance of their duties if necessary. The Company maintains directors & officers' insurance in respect of the risk of claims against directors.

The Chairman held one meeting during the year with all the non-executive directors, without the executive directors being present. The Senior Independent Director held a number of individual discussions with other directors during the year, without the Chairman being present, to evaluate the Chairman's performance, and then provided feedback to the Board. The Board has an induction process for new directors, which is facilitated by the Company Secretary. The Chairman ensures that all directors receive appropriate training on appointment and then subsequently as required, taking into account the need to update their skills and their knowledge of the Company's business. They are also regularly provided with information on forthcoming legal and regulatory changes and corporate governance developments, and briefings on the key risks facing the Company, including those identified in the Corporate Responsibility statement on page 45.

The Board has established five standing committees: the Audit Committee, the Remuneration Committee, the Nominations Committee, the Health and Safety Committee and the Executive Committee, which operate within defined terms of reference. Details are available on the Company's website or may be obtained from the Company Secretary. The minutes of committee meetings are available to all the directors. During the year, the



One of several tile border displays at Tile Giant Macclesfield

Remuneration Committee met five times, the Nominations Committee once, the Audit Committee four times and the Health and Safety Committee (which was established in November 2007) once. All these meetings were attended by all members of the relevant committee, except that John Coleman missed one meeting of the Remuneration Committee because of illness and Stephen Carter missed one meeting of the Audit Committee because of a conflicting business engagement. The reports of the Audit Committee, Remuneration Committee, and the Nominations Committee are on pages 51 to 52, 53 to 61 and 62 respectively. The activity of the Health and Safety

Secretary separately, focussing on areas pertinent to the operation of the Board, its committees and each director, and in particular on the current views on those matters identified in 2006 where measures were taken to enhance performance. These interviews formed the basis of a report by the Chairman that was the subject of a discussion by the Board, which was satisfied that the process showed that the Board and its committees worked effectively. However, it agreed a number of measures relating to the nature and presentation of board business, aimed at further enhancing its performance.

A board evaluation process will be carried out in 2008.



Fencing panel stock located in our garden projects centre at Wickes Newcastle

Committee is described in the Chief Operating Officer's review of the year on pages 28 to 30.

The Executive Committee was established in June 2005. Its members are described on page 47. Other executives are invited to attend from time to time in relation to specific matters. The principal purpose of the Committee is to assist the executive directors in the performance of their duties in relation in particular to:

- Strategy, operational plans, policies, procedures and budgets;
- The monitoring of operational and financial performance;
- The assessment and control of risk;
- The prioritisation and allocation of resources.

The Committee met eleven times during the year and all meetings were attended by all members except that Andrew Pike, Company Secretary & Lawyer missed one meeting because of a bereavement.

During the year, the Board undertook an evaluation of its performance and the performance of its committees and the individual directors. This entailed interviews by the Chairman with each other director and the Company

2. Directors' remuneration

The Remuneration Committee consists of the Chairman and three independent non-executive directors, and meets at least four times a year. Its responsibilities include remuneration policy and a review of the performance of executive directors prior to determining their remuneration. The remuneration of the non-executive directors is determined by the Board as a whole, except that the Remuneration Committee makes a recommendation in respect of the Chairman's salary. No director plays a part in the discussion about his own remuneration.

The Remuneration Report is set out on pages 53 to 61.

3. Accountability and audit

A review of the performance of the Group's trading subsidiaries and the financial position of the Group is included in the Chief Executive's review of the year, in the Chief Operating Officer's review of the year and in the Finance Director's review of the year set out on pages 12 to 43. The Board uses them, together with the Chairman's statement on pages 10 and 11 to present a full

assessment of the Company's position and prospects. The Directors' responsibilities for the financial statements are described on page 68.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. In designing the system of internal control, consideration is given to the significant risks to the business, the probability of these risks manifesting themselves and the most cost effective means of controlling them. The system is designed to

carried out an annual review of the overall effectiveness of the system of internal control and risk management procedures, during the year and up until the date of approval of the annual report.

Audit Committee and auditors

The report of the Audit Committee is set out on pages 51 and 52.

4. Relations with shareholders

The Company encourages two-way communication with both its institutional and private investors and responds promptly to all enquiries received. During the year the Chairman and the executive directors, either separately or together, attended a number of meetings with analysts, and with shareholders representing circa 54% of the issued share capital. The Senior Independent Director also attended two meetings with investors in 2007. The Chairman and executive directors report to the Board on any meetings with shareholders or analysts. In addition, written reports about the Company by analysts or brokers are circulated to all directors.

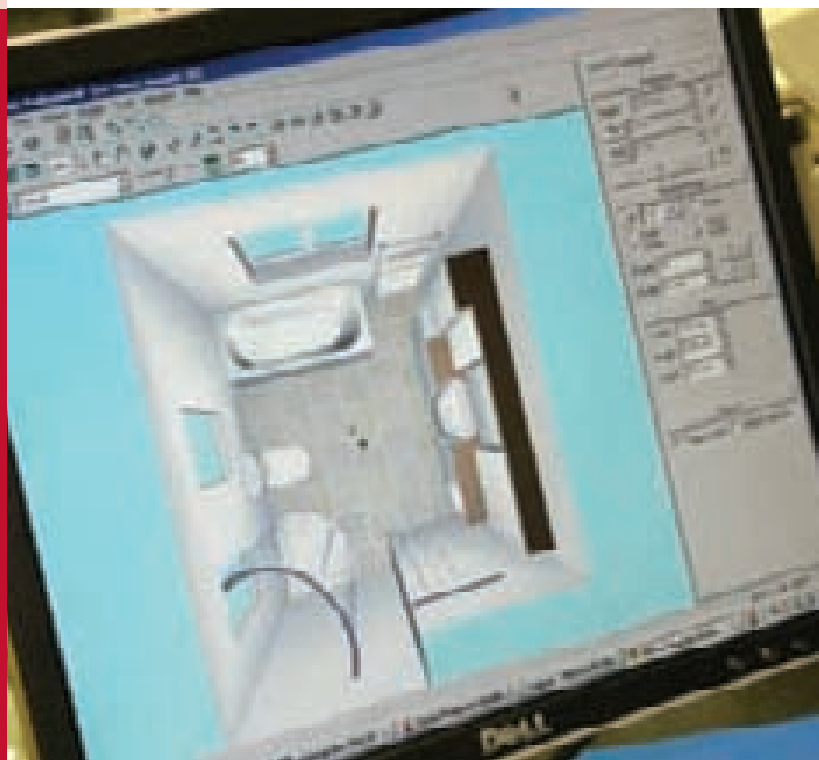
As well as sending annual and interim reports to shareholders, the Company has normally issued trading statements at the Annual General Meeting and around the year end. In 2008, it will issue interim management statements. All shareholders receive at least twenty working days notice of the Annual General Meeting at which all directors are available for questions and a short business presentation takes place. Each substantive issue is the subject of a separate resolution. The numbers of proxy votes for and against each resolution are announced at the meeting, after the voting has taken place, and are subsequently published on the Company's website.

GOING CONCERN

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Company is pleased to report that it has complied throughout the year ended 31 December 2007 with the provisions set out in Section 1 of the Code.



Our on screen City Plumbing bathroom design service enables customers to plan their new bathroom layouts

manage rather than eliminate risk and therefore can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The day-to-day operation of the system of internal control has been delegated to executive directors and senior management, but the effectiveness of the system is regularly reviewed by the Board in a process that accords with the Turnbull Guidance. The Board receives regular reports on specific areas of risk. If appropriate, these reports include recommendations for improvement in controls or for the management of those risks. Measures to integrate risk management processes into the Group's operations, to extend awareness of the importance of risk management and to ensure that recommended improvements are implemented, are regularly reviewed and refreshed. Senior executives are asked, twice a year, to confirm the adequacy of internal controls in their areas of responsibility, identify any control weaknesses, and to confirm the accuracy and completeness of information given to the directors and to the external auditors.

In conjunction with the Audit Committee, the Board has

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

ROLE OF THE AUDIT COMMITTEE

The Audit Committee is responsible for:

- The integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained therein;
- Reviewing the Company's internal financial controls and, unless expressly addressed by the Board itself, the Company's internal control and risk management systems;
- Monitoring and reviewing the effectiveness of the Company's internal audit function;
- Making recommendations to the Board, for a resolution to be put to the shareholders for their approval in general meeting, in relation to the appointment and remuneration of the external auditors;
- Reviewing the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- Reviewing the Company's policy on the engagement of the external auditors to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by an external audit firm.

The Audit Committee is required to report its findings to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and make recommendations as to the steps to be taken. The Committee's full terms of reference are available on the Company's website, or on request to the Company Secretary.

COMPOSITION OF THE AUDIT COMMITTEE

Chris Bunker was Chairman, and Michael Dearden and Stephen Carter, members of the Committee, throughout 2007. John Coleman was appointed a member on 28th January 2008. All members of the Committee are considered to be independent. The Group Company Secretary, Andrew Pike, is secretary to the Committee. The Board considers that Chris Bunker has the recent and relevant financial experience required by the Combined Code (see also the Board profiles on pages 46 and 47).

MEETINGS AND ATTENDANCE

The Committee met four times during 2007 to consider inter alia, the annual and interim results. The Chairman of

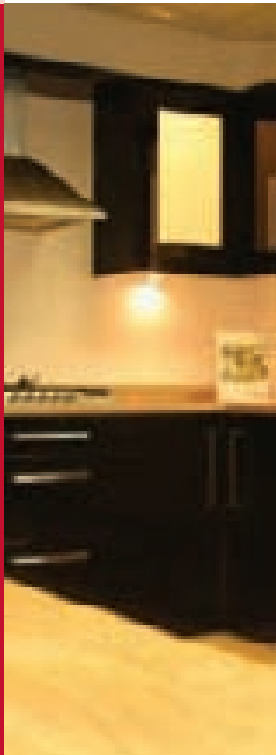


CCF holds a large stock of plasterboard, a fast selling product line

the Committee also invited the Group Chairman, the Group Finance Director, the Group Chief Operating Officer, the Group Financial Controller, the Group Head of Business Risk and Assurance and the external auditors to attend each meeting. During each meeting, the external auditors and the Group Head of Business Risk and Assurance were given the opportunity to talk with the Committee without the presence of management. In addition, during the year, the Committee Chairman held a number of meetings or telephone conferences with the Group Head of Business Risk and Assurance and with the external auditors, all without management being present.

MAIN ACTIVITIES OF THE COMMITTEE DURING THE YEAR

At its meeting in March, the Committee reviewed the annual financial statements of the Company and received reports from the internal auditors on internal control matters and from the external auditors on the conduct of their audit, their review of accounting policies, areas of judgment and the financial statements and their comments on statements



The popular Santo kitchen, one of several ranges on display at Benchmark Watford

concerning risk and internal control. A similar review was undertaken at its July meeting when the interim statements were considered. At these meetings, and at its meetings in May and November, the Committee also reviewed:

- The committee's terms of reference and recommended minor changes to the Board;
- The effectiveness of the system of internal financial control and the system for monitoring and reporting on risks faced by the Group;
- The strategy, staffing (including training) and processes of the internal audit department and recommended to the Board minor changes to the terms of reference of that department;
- The status of actions taken in response to recommendations arising from internal audit work;
- The operation of the Group's whistleblowing policy and agreed a change in the method of operation of the policy;
- The policy on engagement of the external auditor for non-audit work, as referred to below, and its policy on the employment of anyone previously employed by the external auditor;
- The plans presented by the external auditor for conduct of the year-end audit including terms of engagement, fees and letters of engagement;
- The Company's accounting policies and forthcoming International Financial Reporting Standards and other regulatory changes;
- The Company's business continuity planning;
- The satisfaction of the performance condition in a grant under the Company's executive share option scheme
- A proposed policy on the purchase of foreign currencies, which it approved;
- An evaluation of its work carried out as part of the Board evaluation process referred to on page 49, and reported to the Board on this evaluation;
- Any comments received on its 2006 report from institutional investor bodies;
- The effectiveness of the external auditors.

EXTERNAL AUDITORS

The Company places great importance on the effectiveness and independence of its external auditors and together with them is careful to ensure their objectivity is not compromised. At its November meeting, the Auditors presented to the Committee their plans for the forthcoming audit together with details of their proposed fees and how they ensure that their objectivity and independence are not compromised.

It is the role of the Committee to ensure compliance with the Board's policy in respect of services provided by, and fees paid to, the Auditors. Audit fees are negotiated by the Finance Director and approved by the Audit Committee. For other services that may be provided by the Auditors, the Company's policy is:

Audit related services

The Auditor is invited by the Company to undertake those services that they are required to and are most suited to perform. Such work includes certification in respect of borrowings, Stock Exchange related reporting and where appropriate, assistance with acquisitions.

Taxation

The Auditors assist the Group to meet general tax compliance requirements as well as providing advice on acquisitions and tax planning. Should opportunities arise for them to advise on special tax projects, their suitability is assessed at the time to ensure it would not compromise their audit independence, with the work being tendered where appropriate.

Consulting

To avoid any possible conflict of interest the Group's policy is not to employ its Auditors for general consulting work.

Following its November 2007 meeting, the Committee recommended to the Board that a resolution be put to shareholders at the Annual General Meeting for the re-appointment of the external auditors, and to authorise the Directors to fix their remuneration.

INTERNAL AUDIT

As well as its reviews of the internal audit department's strategy and processes, as described above, during its meetings in 2007, the Committee received presentations from the Group Head of Business Risk and Assurance, about the results of work undertaken by the department, and approved its plans for work in 2008. The Committee was satisfied with the overall effectiveness of the department.

OVERVIEW

As a result of its work during the year, and taking into account the result of the Board and Committee evaluation process described on page 49, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence, objectivity and effectiveness of the external and internal auditors.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

C. J. Bunker

Chairman, Audit Committee
3 March 2008

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

INTRODUCTION

This report sets out the Company's remuneration policies for its directors and senior executives and describes how those policies are applied in practice.

The directors confirm that this report has been drawn up in accordance with the requirements of Schedule 7A of the Companies Act 1985 and the Combined Code on Corporate Governance ('the Code'). A resolution to approve the report will be proposed at the Annual General Meeting.

UNAUDITED INFORMATION

Remuneration Committee

The Committee comprises Andrew Simon (Chairman), Tim Stevenson, John Coleman and Michael Dearden, all of whom are independent non-executive directors. It met six times in 2007. The Committee is responsible for the broad policy on directors' and senior executives' remuneration. It determines all aspects of the remuneration packages of the executive directors and reviews with the Chief Executive the remuneration packages of other senior executives. It also oversees the administration of the employee share schemes. The Committee's terms of reference, which are available on our website, require it to give due regard to the best practice contained in the Code.

The Committee keeps itself fully informed of all relevant developments and best practice in remuneration matters and seeks advice where appropriate from external advisors. New Bridge Street Consultants have provided advice to the Committee on executive remuneration and share schemes in the past year. They were appointed by the Committee and provide no other type of services to the Company. In addition, Geoff Cooper (Chief Executive), Paul Hampden Smith (Finance Director), Andrew Pike (Group Company Secretary) and Carol Kavanagh (Group Human Resources Director) have assisted the Committee in its work, but never in respect of their own remuneration.

Policy on executive directors' remuneration

The Company's policy on executive remuneration is to ensure that it has an appropriate mix of fixed and variable pay over the short and long term, to attract, motivate and retain high quality executives with an appropriate blend of skills and experience. This is supported by the following policies:

1. We aim to be competitive in the way we reward our

executive directors, both in base salary and in total remuneration. In determining this, we take account of the relative experience of the individual, their roles, internal relativities and the markets in which the Company competes.

2. We ensure that remuneration packages contribute to the delivery of short and long-term shareholder value. This is reflected in the Company's annual bonus plan and share plans, which are explained in more detail below. A significant proportion of a director's total remuneration package is variable, being subject to the achievement of specified business objectives. In applying this policy, the Committee has taken account of the provisions of Schedule A of the Code.

3. We encourage executives to own Travis Perkins shares. This is exemplified by the compulsory deferral of bonus in shares and by our shareholding guidelines.

The Committee undertook a full review of the senior executives' remuneration structure during 2006. The recommendations described in the 2006 Remuneration Report were approved by shareholders at the 2007 AGM and the new arrangements have been phased in during 2007 and the first quarter of 2008.

No significant changes to the principal elements of the policy have been made for the financial year commencing on 1st January 2008.

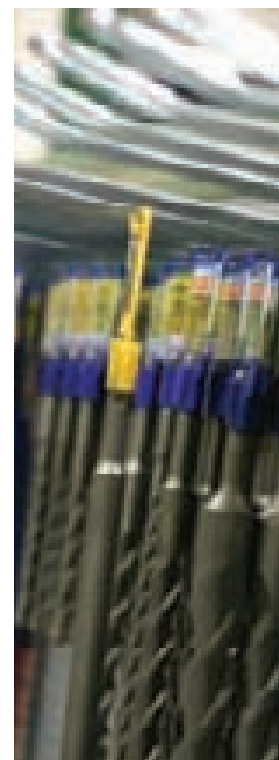
A change to the components for the annual cash bonus has been made for the 2008 financial year and details are described below. The components of the remuneration of the executive directors are as follows:

Basic salary

Salaries are normally reviewed in November each year, with increases taking effect from 1 January in the following year.

The prevailing economic climate, general inflation and the approach to salary awards for other employee groups heavily influenced the base salary increases awarded to the Executive Directors. Accordingly, salary increases based on general inflation were awarded to the three executive directors and, with effect from 1 January 2008, their basic annual salaries (and percentage increases) are:

John Carter	£362,250	(3.5%)
Geoff Cooper	£517,500	(3.5%)
Paul Hampden Smith	£362,250	(3.5%)



Part of the large range of drill bits on display at Travis Perkins St. Albans

Pension arrangements

Historically, the general policy was for executive directors to be members of the Company's final salary pension scheme, although from 1 February 2006 all new employees, including any executive directors, have been, and will be, provided with defined contribution benefits.

In the final salary scheme, executive directors accrue benefits at the lesser of 30ths or such rates as, at age 60, would provide a pension of 2/3rds of final pensionable salary. In the case of John Carter and Paul Hampden Smith, the accrual rates are approximately 1/57 and 1/42 respectively. Final pensionable salary is defined as the average of the best consecutive three of the last ten years of pensionable salary. For pensionable service from 1 December 2004, pensionable salary for all members is basic salary only. As with all other members, executive directors' dependants are eligible for dependants' pensions and payment of a lump sum in the event of death in service. From April 2006, an 'earnings cap' has been applied in respect of benefits based on service only to that date. Also since that date, salary supplement has been made available as an alternative to further service accrual in the final salary scheme, at the member's option, for members the value of whose benefits are at least 80% of the Lifetime Allowance. Geoff Cooper ceased to accrue service related benefit at April 2006 and instead receives a salary supplement calculated with regard to the cost the Company would have incurred in providing continuing pension accrual.

However, during the year the Committee reviewed the approach to setting supplement rates and decided that executives choosing a salary supplement in future would be offered a flat rate, and that the rates used for the Company's defined contribution plan would be used (25% for executive directors). This change in policy does not apply to the two executives who have already chosen a salary supplement.

Salary supplements are not taken into account for the purposes of bonuses or other benefits. There have been no changes in the basis of directors' pension entitlements during the year. There are no unfunded pension commitments or similar arrangements for directors.

Annual bonus payments

At the beginning of the year, the Committee establishes the targets that must be met in order for a bonus to be paid. The change implemented for 2008 is a reduction in the number of bonus criteria from three to two: basic earnings per share growth and return on capital employed. This eliminates any overlap with the previous net debt criterion. A greater proportion of annual bonus (70%) is now dependent on earnings per share growth. On-target bonuses are calibrated at half the maximum and targets are set by reference to the Company's financial plans at the beginning of the year. Individual bonuses are capped at 120% of salary for the Chief Executive and 100% of salary for the Chief Operating Officer and the Finance Director.

One of the conclusions of the incentives review in 2006 was that the annual bonus plan should be de-coupled from

the long term incentives. Accordingly, the annual bonus outcome does not determine the quantum of grant of matching share awards.

It was recognised by the Committee during the 2006 review that the previous bonus deferral arrangement was unnecessarily complex. Therefore from 2007 all bonuses for all senior executives are subject to a common 25% deferral. This means that payment of a quarter of the total bonus earned will be deferred for three years. To ensure alignment of interest with shareholders, the deferred bonus will be payable in shares the number of which shall be calculated at the beginning of the deferral period.

For the 2007 bonus year, maximum bonus was payable if the Company achieved 107.5% of budget for earnings per share, 105% of budget for return on capital employed, and an improvement over budget in average cleared net debt reduction of £15m. As a result of the Company's good results in 2007, bonuses were awarded (before the deferral) as follows:

John Carter	£309,540 (88.44%)
Geoff Cooper	£542,200 (108.44%)
Paul Hampden Smith	£309,540 (88.44%)

Share incentives

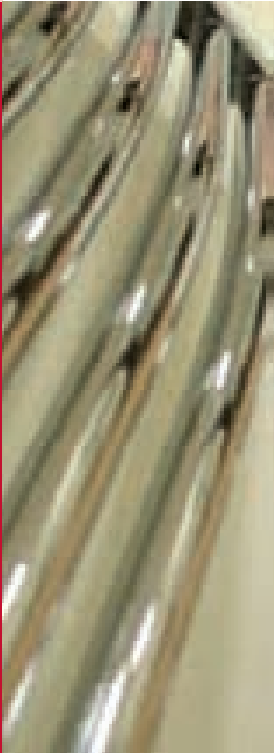
2007 was a transitional year, in which the 2006 bonus plan, and therefore deferred share and matching share awards under the previous policy, applied and share options (and no performance shares) were granted. At the 2007 AGM, new arrangements were agreed, to award performance shares instead of share options to executive directors and senior executives and to operate an amended Share Matching Scheme on a voluntary only basis. Details were provided in the 2006 Remuneration Report and shareholder circular.

a. Awards in 2007

Share options

The 2001 Executive Share Option Scheme provides for the grant of options on an annual basis, with a nominal value limit up to twice basic salary. Options are not granted at a discount to the market value. The exercise of options requires satisfaction of an earnings per share ('EPS') performance condition. EPS was chosen because the Committee considered it to offer the greatest incentive and to be the best rounded measure of year-on-year financial performance at Travis Perkins. For all eligible executives, EPS must exceed inflation by at least 9% over a 3 year period. For the most senior executives, for the grants made in 2007, this allows 25% of their options to be exercised, and for all options to be exercisable EPS growth must exceed inflation by at least 15% over that period. Between 9% and 15%, the number of exercisable options is calculated on a straight line basis. Performance criteria for earlier grants are set out on page 59. The approach to measurement of EPS as a performance measure is described below. There is no re-testing of the performance condition if not met after three years.

There were no occasions during the year on which the Committee exercised its discretion to allow exercise for early leavers.



A Chrome curved multi rail, one of many fast selling heating products available through our City Plumbing Supplies outlets

Share matching awards

Under the rules of the Share Matching Scheme for awards made in 2007, executives could be awarded shares in the Company of a value up to 35% of their annual cash bonus ('Deferred Shares'). These shares are to be held in trust for three years and generally will be forfeited if an executive leaves during this time. In addition, executives could invest up to 35% of annual salary in the Company's shares, ('Investment Shares') using the proceeds of their annual cash bonus. Further awards of shares in the Company (known as 'Matching Shares') were made, the vesting of which is subject to a three-year EPS performance condition. Awards of Matching Shares were linked to the Deferred Shares and the Investment Shares. For the awards made in 2007, the performance criterion is:

- For EPS growth of less than RPI plus 12%, no Matching Shares vest;
- For EPS growth of RPI plus 12%, one Matching Share vests for each three Deferred/Investment Shares;
- For EPS growth of RPI plus 24% or higher, one Matching Share vests for every one Deferred/Investment share; and
- Straight line pro-rating applies between EPS growth of RPI plus 12% and RPI plus 24%.

There were no occasions during the year on which the Committee exercised its discretion to transfer shares to early leavers.

b. Awards in 2008

Performance share awards

As approved by shareholders in 2007, the Performance Share Plan provides for the award to the most senior executives of shares up to 150% of salary. The vesting of performance share awards will depend on the extent to which an EPS performance condition is satisfied over the normal three year vesting period. EPS was chosen for the same reasons as applied to the share options. The following calibration shall apply:

Three year earnings per share growth	Vesting Percentage
Less than RPI + 3% per annum	0%
RPI + 3% per annum	30%
Between RPI + 3% per annum and RPI + 10% per annum	30% to 100% pro rata
RPI + 10% per annum	100%

In the use of EPS as a performance measure in share incentive schemes, the Committee has recognised the potential impact of changes in accounting standards. It has therefore adopted an approach whereby the basis used for measuring EPS growth for each performance period is static even if the method of measurement of EPS in the company accounts changes over the same period. This will ensure consistency in the measurement of the performance of the business for the purposes of the share schemes.

Share matching awards

As approved by shareholders in 2007, it is proposed that in future years, the vesting of Matching Share awards will depend on the extent to which a three year cash return on

capital employed ('CROCE') target is met. This has been chosen because the management and efficient utilisation of cash within the Group is important in the creation of future shareholder value. CROCE is defined as cash generated from operations (as stated on the cash flow statement in the Company's published accounts) adjusted for tax (as per the tax note and income statement) and maintenance capital expenditure (as per the cash flow statement and free cash flow note) divided by the average capital employed during the year (as per the return on equity and return on capital notes). The Matching Award will vest by reference to a weighted average of CROCE over a performance period of three financial years of which the first is the financial year ending 31 December 2008.

For the 2008 award, the following calibration will apply:

- None of the Matching Award will vest unless the weighted average of CROCE is at least 11.5% p.a.;
- If the 11.5% target is hit exactly, 30% of the Matching Award will vest, equivalent to a 0.6:1 match;
- The whole of the Matching Award will vest if the weighted average of CROCE is 12.5% p.a. or more;
- If the weighted average of CROCE falls between these two targets, a proportion of the Matching Award will vest on a straight line basis.

c. Awards vesting in 2008

Share options

For the most senior executives, for the grants made in 2005, EPS needed to exceed inflation by at least 9% over a 3 year period to allow 25% of their options to be exercised, and for all options to be exercisable EPS growth needed to exceed inflation by at least 21% over that period. Between 9% and 21%, the number of exercisable options is calculated on a straight line basis. EPS exceeded inflation by 9.22% and consequently 26.38% of options are exercisable.

Share matching awards

For the awards made in 2005, EPS needed to exceed inflation by at least 12% over a three year period to allow any vesting of the Matching Awards. EPS exceeded inflation by 9.22% and consequently the Matching Awards have lapsed.

Share Dilution

At 31 December 2007, shares under grant for executive share schemes over a 10 year period represented 4.74% of share capital and shares under grant for all employee share schemes over the previous 10 years represented 8.45%. There were 5,409,158 (4.4% of issued share capital) unallocated shares held in the employee trust.

Shareholding guidelines

In March 2005, the Company issued shareholding guidelines to its most senior executives encouraging them to build up a shareholding in the Company over a five-year period. The target shareholding is 100% of salary for the executive directors and 50% of salary for the other executives. Share options, which have vested but not been exercised, count towards these targets. The guidelines were

reviewed in December 2006. While these guidelines are not mandatory, the Committee has reserved the right to take into account an individual's position relative to the target, when making future awards under the Company's share incentive arrangements. At 31 December 2007, each executive director had shareholdings the value of which, based on the average share price during 2007, exceeded the requirement under the guidelines.

Service contracts

The Company's policy for executive directors is to have contracts which are not for a fixed period, and which are

terminable on twelve months notice from the Company, and six months from the director. It is not the policy to specify what compensation would be payable on termination by the Company. If such compensation was due, it would be calculated by reference to the unexpired part of the notice period, and the director's salary and other benefits, including pension rights, taking due account of the duty to mitigate loss. Contracts do not specify any particular level of compensation in the event of termination following change of control of the Company.

Each of the executive directors has a service contract, the date of which is shown below, which will be available for inspection at the Annual General Meeting.

John Carter	6 August 2001
Geoff Cooper	1 February 2005
Paul Hampden Smith	8 October 1996

It is the Company's policy to allow each executive director to hold one non-executive directorship in another company (and to retain the fee payable).

Non-executive directors

The policy of the Board is to recruit non-executive directors of the highest calibre, with a breadth of skills and experience appropriate for the Company's business. Non-executive directors are appointed for a period of three years, at the end of which the appointment may be renewed by mutual agreement. It is the Board's policy that non-executive directors should serve for six years (two three year terms) and that any term beyond this should be subject to a rigorous review. This review would take into account both the need for progressive refreshing of the Board, and the particular requirements of the Company at the time of the possible extension.

Non-executive directors do not have a service contract, but each has received a letter of appointment expiring on the following dates:

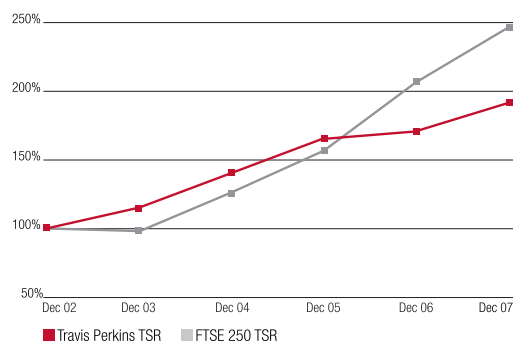
Chris Bunker	January 2010
John Coleman	February 2011
Michael Dearden	November 2008
Andrew Simon	February 2009
Tim Stevenson	September 2010

These letters of appointment will be available for inspection at the Annual General Meeting.

The remuneration of the non-executive directors is determined by the Board (in the case of the Chairman, on the recommendation of the Remuneration Committee). Each non-executive director receives an annual fee. In addition Michael Dearden, Chris Bunker and Andrew Simon receive an additional fee for the role of Senior Independent Director and for chairing the Audit Committee and the Remuneration Committee, respectively. Fees were reviewed at the end of 2007 and it was decided to make no increases in 2008. Non-executive directors do not receive any other benefits and are not eligible to join a company pension scheme. No compensation is payable on termination of their employment, which may be without notice from the Company. They cannot participate in any of the Company's share schemes.

Total shareholder return

As required by the Companies Act the graph below shows total shareholder return for Travis Perkins' shares over the last five years, relative to the FTSE 250 Index. Total shareholder return is defined as a combination of growth in the Company's share price and dividends paid to shareholders. The FTSE 250 Index has been chosen as a comparable broad equity market index because the Company has been a member of it for the five year period.



AUDITED INFORMATION

Travis Perkins' share price information

	2007	2006
Mid-market price at the year end	1,204p	1,984p
Highest mid-market price during the year	2,121p	1,986p
Average mid-market price during the year	1,783p	1,616p
Lowest mid-market price during the year	1,180p	1,341p

Directors' shareholdings

The Directors' holdings of ordinary 10p shares of Travis Perkins plc at 31 December 2006 and 2007 were as follows:

Director	Interest	2007 No.	2006 No.
Chris Bunker	Beneficial owner	7,000	4,000
John Carter	Beneficial owner	34,915	15,042
Stephen Carter	Beneficial owner	2,000	1,000
John Coleman	Beneficial owner	1,450	-
Geoff Cooper	Beneficial owner	43,531	10,000
Michael Dearden	Beneficial owner	4,000	3,000
Paul Hampden Smith	Beneficial owner	45,720	21,785
Andrew Simon	Beneficial owner	2,000	1,000
Tim Stevenson	Beneficial owner	12,400	8,500

Details of directors' share options are given on pages 58 and 60. There have been no changes in the holdings of the Directors between 31 December 2007 and the date of this report.

Amount of directors' emoluments

Part of each executive director's remuneration may consist of benefits in kind not payable in cash, such as the provision of a company car, a fuel card, and private healthcare insurance. No director receives an expense allowance which is chargeable to tax. Details of directors' remuneration are set out in the table below.

	Basic salary		Annual bonus		Benefits in kind		Total remuneration	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Executive								
Geoff Cooper ¹	714	648	542	346	100	33	1,356	1,027
Paul Hampden Smith ²	362	337	310	236	3	10	675	583
John Carter	350	315	310	236	29	29	689	580
Non-executive								
Tim Stevenson	180	160	-	-	-	-	180	160
Chris Bunker	46	41	-	-	-	-	46	41
Stephen Carter ³	38	23	-	-	-	-	38	23
John Coleman	38	33	-	-	-	-	38	33
Michael Dearden	46	41	-	-	-	-	46	41
Andrew Simon	46	34	-	-	-	-	46	34
	1,820	1,632	1,162	818	132	72	3,114	2,522

1 Highest paid director - Basic salary includes a salary supplement of £214,091 (2006: £152,375) which replaced continuing pension accrual from April 2006. This does not count when calculating annual bonus and granting share incentives. Benefits in kind include £70,000 expenses for relocation of his home near to the Group Head Office. Geoff Cooper also received, and retained, in 2007, £77,500 (2006: £75,000) in respect of his non-executive chairmanship of Dunelm Group Plc.

2 Basic salary includes a £10,000 'cash for car' allowance and a £1,500 fuel allowance, which do not count when calculating annual bonus and granting share incentives. Paul Hampden Smith also received, and retained, in 2007, £15,625 in respect of his non-executive directorship of The Polestar Company Ltd.

3 Resigned 8 January 2008.

Directors' pension entitlements

Pension entitlements of the executive directors during the year were as follows:

	John Carter	Paul Hampden Smith	Geoff Cooper
Age at 31 December 2007	46	47	53
	£'000	£'000	£'000
Accrued pension at 31 December 2006	182	40	4
Accrued pension at 31 December 2007	243	51	4
Increase in accrued pension in 2007	61	11	0
Real increase in accrued pension in 2007	54	9	0
Transfer value of the real increase in accrued pension net of member's contributions	640	72	0
Value of increase in accrued benefit	665	96	0
Member's contributions towards pension	25	24	0
Increase in transfer value net of member's contributions	925	121	9
Transfer value of benefits accrued at 31 December 2006	2,075	475	69
Transfer value of benefits accrued at 31 December 2007	3,025	620	78

Notes:

Geoff Cooper ceased future accrual on 5 April 2006, but benefits up to that date retain a link to current salary (subject to the Earnings Cap, which applied up to April 2006).

Salary Sacrifice was introduced for member contributions in April 2006. The figures above include the sacrificed amounts.

Share matching scheme

The following shares (1 April 2005 award price 1,675p, 2 April 2007 award price 2,012p) remain outstanding at 31 December 2007:

	Deferred Shares No.	Deferred Matching Shares No.	Investment Matching Shares No.
At 1 January 2007	11,997	12,916	26,146
Granted during the year	26,012	26,012	69,322
Lapsed during the year	(592)	(1,511)	(2,695)
At 31 December 2007	37,417	37,417	92,773

As explained on page 55, the 11,997 Deferred Matching Shares and 25,135 Investment Matching Shares awarded in 2005 lapse on 1 April 2008.

Participation by directors in the Share Matching Scheme is as follows at 31 December 2007 (31 December 2006 figures are shown in brackets)

	Geoff Cooper	Paul Hampden Smith	John Carter
Deferred shares	6,017 (-)	7,269 (3,160)	7,154 (3,045)
Deferred matching shares	6,017 (-)	7,269 (3,160)	7,154 (3,045)
Investment matching shares	12,636 (-)	16,065 (5,746)	13,961 (5,537)
Number of shares at 31 December	24,670 (-)	30,603 (12,066)	28,269 (11,627)

The performance criteria for the vesting of share matching shares are disclosed on page 55 of the remuneration report.

Share options

The following options over ordinary shares have been granted under the 1995 and the 2001 Executive Share Option Schemes and the Travis Perkins' Sharesave Schemes 1992 and 2002 and remained outstanding at 31 December 2007:

EXECUTIVE SHARE OPTIONS

Outstanding at 1 Jan 2007 No.	Granted during year No.	Lapsed during year No.	Exercised during year No.	Outstanding at 31 December 2007 No.	Exercise price	Exercise period
35,751	-	-	(3,000)	32,751	571.5p	Anytime until 26/4/08
12,260	-	-	-	12,260	602.5p	Anytime until 7/9/10
212,309	-	-	(47,418)	164,891	756.0p	Anytime until 3/7/11
118,521	-	-	-	118,521	1,071.5p	Anytime until 9/4/12
165,333	-	-	(28,176)	137,157	1,067.5p	Anytime until 10/4/13
418,955	-	(67,797)	(144,583)	206,575	1,311.0p	Anytime until 15/3/14
68,701	-	(32,794)	(34,241)	1,666	1,447.0p	Anytime until 29/10/14
9,044	-	(4,425)	(4,619)	-	1,382.0p	
506,505	-	(2,666)	-	*503,839	1,675.0p	From 1/4/08 until 31/3/15
261,490	-	(42,841)	(7,090)	211,559	1,435.0p	From 30/9/08 until 29/9/15
853,763	-	(47,807)	(10,332)	795,624	1,611.0p	From 19/4/09 until 18/4/16
7,180	-	-	-	7,180	1,777.0p	From 14/9/09 until 13/9/16
18,918	-	-	-	18,918	1,784.0p	From 23/11/09 until 22/11/16
-	881,822	(18,046)	-	863,776	1,970.0p	From 22/3/10 until 21/03/17
-	7,237	-	-	7,237	1,589.0p	From 4/10/10 until 3/10/17
2,688,730	889,059	(216,376)	(279,439)	3,081,954		

*As explained on page 55, for the most senior executives, 73.62% of the award made on 1 April 2005 (164,822 shares) will lapse at 31 March 2008.

The performance criteria for the exercise of executive share options granted in 2007 under the 2001 Executive Share Option Scheme are set out on page 54. For earlier grants, for the most senior executives, the number of options vesting at EPS growth of RPI plus 9% and the EPS growth required to achieve 100% vesting are shown below:

Year	Options vesting at RPI + 9%	EPS growth for 100% vesting
2001 - 2004	50%	RPI + 15%
2005	25%	RPI + 21%
2006	25%	RPI + 15%

SHARESAVE OPTIONS

Outstanding at 1 January 2007 No.	Granted during year No.	Lapsed during year No.	Exercised during year No.	Outstanding at 31 December 2007 No.	Exercise price	Exercise period
13,663	-	(1,004)	(12,659)	-	609.5p	
177,386	-	(2,745)	(147,725)	26,916	847.5p	Anytime until 31/5/08
16,586	-	(626)	(15,960)	-	1,079.0p	
132,900	-	(3,391)	(1,834)	127,675	1,079.0p	From 1/12/08 until 31/5/09
178,411	-	(9,174)	(134,689)	34,548	1,156.0p	Anytime until 31/5/08
134,537	-	(7,837)	(691)	126,009	1,156.0p	From 1/12/09 until 31/5/10
402,937	-	(36,922)	(2,124)	363,891	1,159.0p	From 1/12/08 until 31/5/09
257,154	-	(23,761)	(624)	232,769	1,159.0p	From 1/12/10 until 31/5/11
379,695	-	(53,044)	(723)	325,928	1,254.0p	From 1/12/09 until 31/5/10
174,250	-	(20,284)	(33)	153,933	1,254.0p	From 1/12/11 until 31/5/12
-	495,088	(8,726)	-	486,362	1,414.0p	From 1/12/10 until 31/5/11
-	194,744	(3,247)	-	191,497	1,414.0p	From 1/12/12 until 31/5/13
1,867,519	689,832	(170,761)	(317,062)	2,069,528		

DIRECTORS' SHARE OPTIONS (including Sharesave options*) included within the previous tables

	Outstanding at 1 January 2007 No.	Granted during year No.	Lapsed during year No.	Outstanding at 31 December 2007 No.	Exercise price	Exercise period
John	29,398	-	-	29,398	1,071.5p	Anytime until 9/4/12
Carter	32,786	-	-	32,786	1,067.5p	Anytime until 10/4/13
	34,038	-	(16,651)	17,387	1,311.0p	Anytime until 15/3/14
	31,343	-	-	31,343	1,675.0p	From 1/4/08 until 31/3/15
	34,217	-	-	34,217	1,611.0p	From 19/4/09 until 18/4/16
	745	-	-	745	1,254.0p	From 1/12/09 until 31/5/10*
	-	31,091	-	31,091	1,970.0p	From 22/3/10 until 21/3/17
Geoff	53,731	-	-	53,731	1,675.0p	From 1/4/08 until 31/3/15
Cooper	57,262	-	-	57,262	1,611.0p	From 19/4/09 until 18/4/16
	1,389	-	-	1,389	1,159.0p	From 1/12/10 until 31/5/11*
	-	50,761	-	50,761	1,970.0p	From 22/3/10 until 21/3/17
Paul	30,000	-	-	30,000	571.5p	Anytime until 26/4/08
Hampden Smith	39,351	-	-	39,351	756.0p	Anytime until 3/7/11
	31,031	-	-	31,031	1,071.5p	Anytime until 9/4/12
	40,983	-	-	40,983	1,067.5p	Anytime until 10/4/13
	36,708	-	(17,958)	18,750	1,311.0p	Anytime until 15/3/14
	31,343	-	-	31,343	1,675.0p	From 1/4/08 until 31/3/15
	819	-	-	819	1,156.0p	Anytime until 31/5/08*
	34,217	-	-	34,217	1,611.0p	From 19/4/09 until 18/4/16
	-	31,091	-	31,091	1,970.0p	From 22/3/10 until 21/3/17
	-	1,158	-	1,158	1,414.0p	From 1/12/12 until 31/05/13*
519,361	114,101	(34,609)	598,853			

* Sharesave options

No directors' share options were exercised during the year.

At 31 December 2007, in addition to the directors, there were 192 employees (2006: 186) who had holdings of executive share options and 5,040 employees (2006: 4,291) who were participating in the Sharesave Scheme.

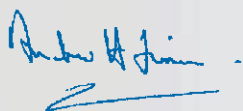
During the year the Company established a Share Incentive Plan: the Travis Perkins Buy-As-You-Earn Plan (BAYE). All employees with at least three months service may purchase partnership shares. As at 31 December 2007 there were 494 participants who had purchased shares.

Marcin Soltys, yard assistant, Travis Perkins
Central Birmingham, putting into stock a pack
of carcassing timber from our Kings Lynn mill

SHAREHOLDERS' APPROVAL

The shareholders will be invited to approve the remuneration policy set out in this report at the Annual General Meeting, at which the Chairman of the Committee will be available to answer any questions.

Approved by the Board and signed on its behalf by:



A. H. Simon

Chairman, Remuneration Committee

3 March 2008



NOMINATIONS COMMITTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The principal role of the Nominations Committee is to identify and nominate for Board approval, candidates to fill board vacancies as and when they arise. It is required to prepare a description of the role, and capabilities required, for any appointment, and to maintain contact with major shareholders about appointments to the Board.

It also reviews the induction process for newly appointed directors, reviews annually the time required of non-executive directors, keeps the structure, size and composition of the Board under review, and considers succession planning for both executive and non-executive directors and for other senior executive posts. The terms of reference of the committee are available on the Company's website or from the Company Secretary.

During the year, the Committee members were Tim Stevenson (Chairman), together with Chris Bunker and Michael Dearden both of whom are independent non-executive directors.

The Committee did not deal with the appointment of any new directors or senior executives during the year. However it met in September 2007 to carry out a general view of succession planning for executive directors and other senior executive posts.

The Chairman of the Nominations Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.



T. E. P. Stevenson
Chairman, Nominations Committee
3 March 2008

Part of a wide range of natural
tile borders available from
Tile Giant Macclesfield

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors present their annual report and audited accounts for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

Travis Perkins is one of the largest builders merchants and home improvement retailers in the UK. The principal activities of the Group are the sale of timber, building materials, plumbing and heating products, and the hiring of tools to the building trade and industry generally and, (since the acquisition in 2005 of Wickes and, in 2007, Tile Giant), to the general public, within the United Kingdom. The Directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next year.

ENHANCED BUSINESS REVIEW

A review of the Group's position, developments and future prospects is contained in the Chairman's statement on pages 10 and 11, the Chief Executive's review of the year on pages 12 to 27, the Chief Operating Officer's review of the year on pages 28 to 36 and the Finance Director's review of the year on pages 38 to 43. A review of the Group's environmental performance is contained in the Chief Executive's review of the year on pages 21 to 25.

RESULTS AND DIVIDENDS

The Group results and dividends for the year ended 31 December 2007 are set out on page 72. If approved, the final dividend will be paid on 15 May 2008 to those shareholders on the register at the close of business on 18 April 2008.

BALANCE SHEET AND POST BALANCE SHEET EVENTS

The balance sheet on pages 73 and 74 shows the Group's financial position. At the year end, in both net assets and cash terms, it is consistent with the prior year. No significant events have occurred since the balance sheet date.

PRINCIPAL RISKS AND UNCERTAINTIES

A review of the Group's principal risks and uncertainties are contained in the Finance Director's review of the year on pages 40 to 43.



One of the bathrooms on display at City Plumbing Supplies Ipswich

DIRECTORS AND THEIR INTERESTS

The names of the Directors at 31 December 2007, together with their biographical details, are set out on pages 46 and 47. All of those Directors held office throughout the year. In accordance with the Company's Articles of Association, Chris Bunker, Geoff Cooper and Paul Hampden Smith will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting. Geoff Cooper and Paul Hampden Smith have a rolling 12 month notice period in their contracts. As a non-executive director, Chris Bunker does not have a service contract. In light of the evaluation of his performance as a result of the process described on page 49, Tim Stevenson, Chairman, confirms on behalf of the Board that Chris Bunker continues to be effective in, and committed to, his role as a non-executive director, including his chairmanship of the Audit Committee.

Directors and officers of the Company are entitled to be indemnified out of the assets of the Company in respect of any liability incurred in relation to the affairs of the Company, or any associate company, to the extent the law

allows. In this regard, the Company is required to disclose that under article 147 of the Company's Articles of Association, the Directors have the benefit of an indemnity, to the extent permitted by the Companies Act 1985 against liabilities incurred by them in the execution of their duties and exercise of their powers. This indemnity is currently in force. In addition, if proceedings against Directors are instituted subsequent to any person acquiring control of the Company, the Company has agreed with each of the Directors that pursuant to article 146(D) of the Company's Articles of Association, the Company shall provide a Director with funds (subject to certain restrictions) to meet expenditure incurred by that Director in defending any criminal or civil proceedings.

A copy of the Company's Articles of Association (which contains this indemnity) is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Company's forthcoming Annual General Meeting.

None of the Directors had an interest in any contract to which the Company or any of its subsidiaries was a party during the year.

The disclosable interests of Directors at 31 December 2007, including holdings, if any, of wives and of children aged under 18, were as detailed in the Directors' Remuneration Report on pages 57, 58 and 60.

SUBSTANTIAL SHAREHOLDINGS

As at 3 March 2008, the Company had received notification under Disclosure Transparency Rules that the holdings and voting rights exceeding the 3% notification threshold were as follows.

	Number	%
C. M. Travis*	7,850,949	6.3
Baillie Gifford and Co	7,033,703	5.75
E. R. A. Travis*	6,677,770	5.4
Legal and General Group PLC	4,962,736	4.05
Barclays Global Investors	4,051,910	3.32

C. M. Travis and E. R. A. Travis have each disclosed that they have voting rights over the same 4,193,257 ordinary shares in aggregate, by virtue of each of them being a trustee of the same Travis family trusts which hold ordinary shares.

CLOSE COMPANY STATUS

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

EMPLOYEES AND CHARITABLE DONATIONS

Statements on these matters are contained in the Chief Operating Officer's review of the year and in the Chief Executive's review of the year respectively on pages 30, 31 and 25.

Details of the number of employees and related costs can be found in note 7 to the financial statements.

The Company is committed to equality of opportunity and

recognises the benefit of diversity within its workforce. It has an Equal Opportunities Policy aimed at ensuring that employment decisions are based on ability and potential regardless of gender, race, colour, ethnic origin or sexual orientation, age or disability. In particular, applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the person concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Group's policies and practices have been established to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests. All employees with more than three months' service are eligible to participate in the Company's Sharesave and Buy as You Earn plans. Details are provided in the Directors' Remuneration report.

POLITICAL DONATIONS

The Group did not give any money for political purposes in the UK nor did it make any donations to EU political organisations or incur any EU political expenditure during the year.

SUPPLIER PAYMENT POLICY

The Group's policy is to pay all of its suppliers in accordance with established terms. Group trade creditors at 31 December 2007 represented 48 days (31 December 2006: 52.5 days) of average purchases of goods and services. The Company's trade creditors at 31 December 2007 represented 30 days (2006: 30 days).

AUDITORS

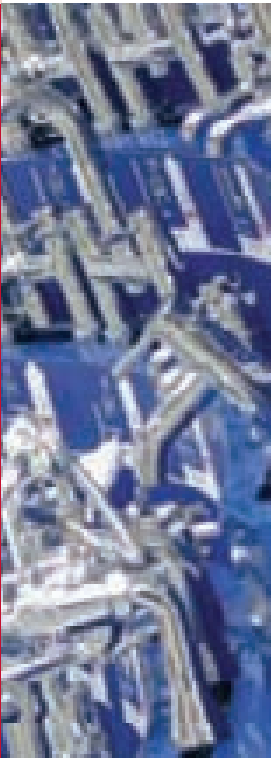
A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors and to authorise the Directors to fix the auditor's remuneration will be proposed at the Annual General Meeting.

STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all reasonable steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.



Wickes Newcastle stocks many bathroom fittings, including a wide selection of taps

SHARE CAPITAL AND CHANGE OF CONTROL

As at 31 December 2007 the Company had an authorised share capital of 135,000,000 ordinary shares of 10 pence each, with an aggregate nominal value of £13,500,000 and an allotted and fully paid share capital of 122,641,849 ordinary shares of 10 pence each, with an aggregate nominal value of £12,264,184.90 (including shares owned by the employee share trust). The ordinary shares are listed on the London Stock Exchange. All the shares rank *pari passu*. The rights and obligations attaching to the Company's shares are set out in the Company's Articles of Association (a copy of which will be available for inspection from the date of this notice up to the time of the Annual General Meeting at the registered office of the Company during usual business hours and at the place of the Annual General Meeting for at least 15 minutes before and during the meeting). Fully paid shares in the Company are freely transferable. There are no persons that hold securities carrying special rights with regard to the control of the Company. Details of the structure of the Company's share capital and changes in the share capital during the year are also included in note 21 to the financial statements.

The Travis Perkins ESOP Trust owns 5,698,300 shares (allocated and unallocated executive share option grants) in the Company (4.65%). Any voting or other similar decisions relating to those shares would be taken by the trustees, who may take account of any recommendation of the Company.

There are no restrictions on voting rights attaching to the Company's ordinary shares. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

The rules governing the appointment and replacement of board members and changes to the Articles of Association accord with usual English company law provisions. The powers of the Company's Directors are set out in the Company's Articles of Association. In particular, the Board has the power to purchase its own shares and is seeking renewal of that power at the forthcoming Annual General Meeting within the limits set out in the notice of that meeting.

There are a number of agreements to which the Company is a party that may take effect, alter or terminate upon a change of control following a takeover bid. None of these agreements is considered to be significant in the context of the Company as a whole.

There are no agreements providing for compensation for Directors or employees on change of control. As set out in the Directors Remuneration Report on page 44, service contracts for executive directors do not specify any particular level of compensation in the event of termination following change of control of the Company. As noted above, the Company has agreed with each of the Directors that it shall provide a Director with funds (subject to certain restrictions) to meet expenditure incurred in defending any criminal or civil proceedings if such proceedings are instituted subsequent to any person acquiring control of the Company.

ANNUAL GENERAL MEETING SPECIAL BUSINESS

The Annual General Meeting of the Company will be held at Northampton Rugby Football Club, Franklin's Gardens, Weedon Road, Northampton, NN5 5BG on Tuesday 13 May 2008 at 11.45 a.m. The following items are to be proposed at the forthcoming Annual General Meeting as items of special business, and the Board recommends that shareholders vote in favour of all resolutions put before the Annual General Meeting.



Stop tap boxes, which are supplied to local authorities throughout the country

Resolution 7: Directors' remuneration report

In accordance with the Directors' Remuneration Report Regulations 2002, this resolution seeks shareholders' approval of the report of the Directors' Remuneration Report as set out on pages 53 to 61.

Resolution 8: Renewal of authority to allot shares

Under the Companies Act 1985, the Board is not able to allot shares except with the general or specific authority of shareholders. Resolution 8 renews the Board's authority to issue share capital up to an aggregate nominal amount of £1,233,034 (being the Company's authorised but unissued share capital). This represents 10.05% of the issued share capital of the Company as at 3 March 2008 (excluding treasury shares). The Company holds no treasury shares at 3 March 2008. The authority extends until the earlier of the conclusion of the next Annual General Meeting and the date fifteen months from the passing of this resolution. The Board does not have any present intention of exercising this authority other than for the purposes of the Company's employee share option schemes.

Resolution 9: Limited authority to allot shares for cash

The Companies Act 1985 provides that, when equity securities are being issued for cash, such securities must first be offered pro-rata to existing shareholders unless the Board is given power to allot them without regard to that requirement. Resolution 9 therefore empowers the Board to allot for cash, equity securities of a nominal amount not exceeding £613,348 (representing 5% of the issued share capital as at 3 March 2008) without first offering such securities to existing shareholders. Under the relevant institutional shareholder voting guidelines, the annual disapplication of pre-emption rights should



Reinforcing mesh, used by ground workers to strengthen concrete foundation slabs

not exceed 5% of the issued share capital and there is also a cumulative limit of 7.5% of issued share capital in any three year period. The authority extends until the earlier of the conclusion of the next Annual General Meeting and the date fifteen months from the passing of this resolution. Any issue of shares for cash will, however, still be subject to the requirements of the UK Listing Authority.

Resolution 10: Amendment of Articles of Association

Resolution 10 proposes certain amendments to the Company's current Articles of Association (the 'Current Articles'). The revised updated Articles of Association (the 'New Articles') are primarily to take account of changes in English law brought about by the Companies Act 2006 (the '2006 Act'). The principal changes are summarised below. Other changes, which are of a minor or technical nature, have not been noted below. As noted at the end of this section, the New Articles showing all the changes to the Current Articles are available for inspection.

1. Articles which duplicate statutory provisions

Provisions in the Current Articles, which replicate provisions contained in the 2006 Act, are in the main amended to bring them into line with the 2006 Act. These include provisions as to the form of resolutions, the variation of class rights and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the 2006 Act.

The Current Articles enable members to act by written resolution. Under the 2006 Act, public companies can no longer pass written resolutions. Provisions dealing with written resolutions have therefore been removed in the New Articles.

3. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. Revised proceedings and quorum requirements for a meeting convened to vary class rights are contained in the 2006 Act. The relevant provisions have therefore been amended in the New Articles.

4. Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the 2006 Act. In particular, a general meeting to consider a special resolution can be convened on 14 days' notice, whereas previously 21 days' notice was required.

5. Votes of members

Under the 2006 Act proxies are entitled to vote on a show of hands, whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that the articles cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may also be appointed in accordance with the 2006 Act. The New Articles reflect all of these new provisions.

6. Conflicts of interest

The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes.

Under the 2006 Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, as long as the articles of association contain a provision permitting this.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers to authorise conflicts are operated effectively.

7. Directors' indemnities and loans to fund expenditure

The 2006 Act has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

A copy of the Current Articles, a copy marked to show the differences between the Current Articles and the New Articles as proposed to be amended pursuant to resolution 10 and a copy of the New Articles incorporating such amendments will be available for inspection from the date of this notice up to the time of the Annual General Meeting at the registered office of the Company during usual business hours and at the place of the Annual General Meeting for at least 15 minutes before and during the meeting. Representatives of the Company's solicitors, Clifford Chance, will be available at the Annual General Meeting to answer any questions.

Resolution 11: Authority to purchase own shares

The authority for the Company to purchase its own shares of 10 pence each granted at last year's Annual General Meeting will expire on the date of the forthcoming Annual General Meeting. The Directors wish to renew this authority and a special resolution, which is set out in full in the

Notice of Annual General Meeting on page 113, will be proposed as special business at the forthcoming Annual General Meeting to give the Company the authority to purchase its own ordinary shares in the market as permitted by the Companies Act 1985. The authority limits the number of shares that could be purchased to a maximum of 12,266,966 (representing 10% of the issued ordinary share capital of the Company as at 3 March 2008) and sets minimum and maximum prices. This authority will expire no later than 15 months after the date of the forthcoming Annual General Meeting.

The Directors consider that it is in the best interests of the Company to have available this authorisation, in case of circumstances when it would be appropriate to use it. They would only use it after consideration of the effect on earnings per share and the longer term benefit for the Company and shareholders generally. The fact that such authorisation is being sought should not be taken to imply that shares would be purchased at any particular price or indeed at all. Any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors to be in the best interests of shareholders at the time.

As at 3 March 2008, there were options over 5,183,405 ordinary shares in the capital of the Company, (including 37,417 Deferred Shares, 37,417 Deferred Matching Shares and 92,773 Investment Matching Shares, these are described in the Share Matching Awards section of the Remuneration Report on pages 55 and 58), which represent 4.23% of the Company's issued ordinary share capital (excluding treasury shares). If the authority to purchase the Company's ordinary shares were exercised in full, these options would represent 4.69% of the Company's issued ordinary share capital (excluding treasury shares). As at 3 March 2008, the Company did not hold any treasury shares in the Company and no warrants over ordinary shares in the capital of the Company existed.

By order of the Board

A. S. Pike

Secretary

3 March 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the group financial statements under International Financial Reporting Standards ('IFRS') as adopted by the European Union and have also elected to prepare the Parent Company financial statements in accordance with IFRS as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulations.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

Directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions in the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report and enhanced business review that comply with the requirements of the Companies Act 1985.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAVIS PERKINS PLC

FOR THE YEAR ENDED 31 DECEMBER 2007

We have audited the Group and Parent Company financial statements (the 'financial statements') of Travis Perkins plc for the year ended 31 December 2007 which comprise the Group and Parent Company Income Statements, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Recognised Income and Expense and the related notes 1 to 37. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements. The information

given in the Directors' report includes that specific information presented in the Chairman's statement, the Chief Executive's review of the year, the Chief Operating Officer's review of the year and the Finance Director's review of the year that is cross referred from the Business Review section of the Directors' report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Parent Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered

necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

OPINION

In our opinion:

- The financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and the Parent Company's affairs as at 31 December 2007 and of the Group's and the Parent Company's profit for the year then ended;
- The financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and

- The information given in the Directors' Report is consistent with the financial statements.

As explained in Note 1 to the group financial statements, the Group in addition to complying with its legal obligations to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

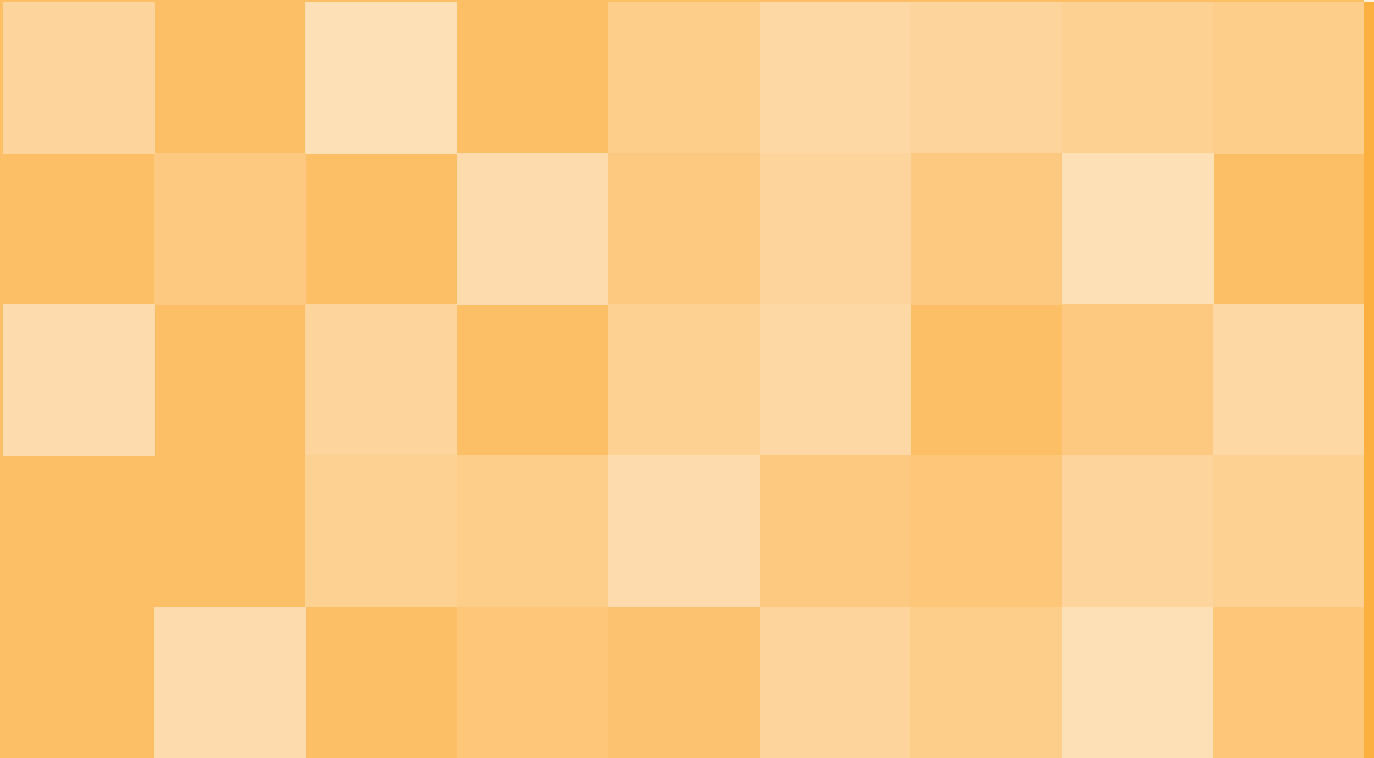
In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham, United Kingdom
3 March 2008

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007



INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	THE GROUP		THE COMPANY	
		2007 £m	2006 £m	2007 £m	2006 £m
Revenue	4	3,186.7	2,848.8	125.3	72.5
Operating profit (before exceptional property profit)		319.9	278.0	115.5	59.9
Exceptional property profit	5	-	11.6	-	-
Operating profit	5	319.9	289.6	115.5	59.9
Finance income	10	3.7	1.9	0.4	1.9
Finance costs	10	(62.2)	(59.6)	(58.0)	(55.6)
Profit before tax		261.4	231.9	57.9	6.2
Tax (before exceptional deferred tax credit)		(80.3)	(64.9)	18.1	17.6
Exceptional deferred tax credit		4.2	-	-	-
Tax	11	(76.1)	(64.9)	18.1	17.6
Profit for the year		185.3	167.0	76.0	23.8
Earnings per ordinary share	12				
Basic		153.3p	137.9p		
Diluted		151.9p	136.8p		
Total dividend declared per ordinary share	13	44.9p	37.4p		

All results relate to continuing operations.

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2007

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Actuarial gains and losses on defined benefit pension scheme	51.9	41.4	-	-
Gains on cash flow hedges	0.4	7.9	0.4	7.9
Tax on items taken to equity	(15.7)	(13.7)	(0.1)	(1.4)
Net income recognised directly in equity	36.6	35.6	0.3	6.5
Transferred to income statement on cash flow hedges	(1.4)	0.6	(1.4)	0.6
Tax on items transferred from equity	0.4	0.1	-	0.1
Profit for the year	185.3	167.0	76.0	23.8
Total recognised income and expense for the year	220.9	203.3	74.9	31.0

BALANCE SHEETS

AS AT 31 DECEMBER 2007

	Notes	THE GROUP		THE COMPANY	
		2007	2006	2007	2006
		£m	£m	£m	£m
ASSETS					
Non-current assets					
Property, plant and equipment	16	505.0	426.4	0.2	0.3
Goodwill	14	1,329.7	1,282.0	-	-
Other intangible assets	15	162.5	162.5	-	-
Derivative financial instruments	25	3.0	3.8	3.0	3.8
Investment property	17	3.5	3.9	-	-
Available-for-sale investments	18	2.0	2.0	-	-
Investment in subsidiaries	18	-	-	1,668.4	1,614.5
Deferred tax asset	27	4.5	24.2	1.0	1.7
Total non-current assets		2,010.2	1,904.8	1,672.6	1,620.3
Current assets					
Inventories		330.2	294.4	-	-
Trade and other receivables	19	421.9	363.8	115.8	125.2
Derivative financial instruments	25	0.7	0.5	0.7	0.5
Cash and cash equivalents	20	26.3	56.3	46.3	13.0
Total current assets		779.1	715.0	162.8	138.7
Total assets		2,789.3	2,619.8	1,835.4	1,759.0

BALANCE SHEETS CONTINUED

AS AT 31 DECEMBER 2007

	Notes	THE GROUP		THE COMPANY	
		2007 £m	2006 £m	2007 £m	2006 £m
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	21	12.3	12.2	12.3	12.2
Share premium account	23	178.9	172.2	177.8	171.1
Other reserve	23	24.2	25.3	-	-
Hedging reserve	23	2.9	4.0	2.9	4.0
Own shares	23	(83.9)	(7.9)	(83.9)	(7.9)
Accumulated profits	23	902.5	727.3	152.6	124.9
Total equity		1,036.9	933.1	261.7	304.3
Non-current liabilities					
Interest bearing loans and borrowings	24	863.9	763.6	835.5	732.8
Derivative financial instruments	25	29.8	30.9	29.8	30.9
Retirement benefit obligation	8	16.0	80.8	-	-
Long-term provisions	26	13.7	13.1	-	-
Amounts due to subsidiaries		-	-	593.9	549.4
Deferred tax liabilities	27	75.3	71.1	-	-
Total non-current liabilities		998.7	959.5	1,459.2	1,313.1
Current liabilities					
Interest bearing loans and borrowings	24	88.0	89.2	86.4	110.0
Unsecured loan notes	24	15.4	7.9	15.4	7.9
Derivative financial instruments	25	-	0.2	-	0.2
Trade and other payables	28	585.0	565.2	12.7	23.5
Tax liabilities		32.3	34.2	-	-
Short-term provisions	26	33.0	30.5	-	-
Total current liabilities		753.7	727.2	114.5	141.6
Total liabilities		1,752.4	1,686.7	1,573.7	1,454.7
Total equity and liabilities		2,789.3	2,619.8	1,835.4	1,759.0

The financial statements were approved by the Board of Directors on 3 March 2008 and signed on its behalf by:

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	£m	£m	£m	£m
Operating profit	319.9	289.6	115.5	59.9
Adjustments for:				
Depreciation and impairment of property, plant and equipment	56.3	53.7	0.1	-
Other non cash movements	3.7	3.8	0.6	0.6
Gain on disposal of property, plant, equipment and investments	(7.6)	(17.1)	(0.5)	-
Operating cash flows before movements in working capital	372.3	330.0	115.7	60.5
Increase in inventories	(30.1)	(29.7)	-	-
(Increase)/decrease in receivables	(39.8)	(38.9)	27.4	6.4
Increase in payables	11.1	82.9	43.1	284.3
Cash payments to the pension scheme in excess of the charge to profits	(9.6)	(21.0)	-	-
Cash generated from operations	303.9	323.3	186.2	351.2
Interest paid	(72.7)	(59.8)	(69.4)	(57.3)
Income taxes paid	(74.5)	(57.3)	-	-
Net cash from operating activities	156.7	206.2	116.8	293.9
Cash flows from investing activities				
Interest received	0.2	0.8	-	0.8
Acquisition of shares in unit trust	-	(2.0)	-	-
Proceeds on disposal of property, plant, equipment and investments	4.8	38.9	0.5	0.1
Purchases of property, plant and equipment	(123.7)	(50.4)	-	(0.1)
Acquisition of businesses net of cash acquired (note 29)	(47.2)	(10.9)	(41.7)	(6.7)
Net cash used in investing activities	(165.9)	(23.6)	(41.2)	(5.9)
Financing activities				
Proceeds from the issue of share capital	6.8	6.9	6.8	6.9
Purchase of own shares	(76.0)	-	(76.0)	-
Payment of finance lease liabilities	(1.9)	(2.8)	-	-
Repayment of unsecured loan notes	(0.2)	(0.3)	(0.2)	(0.3)
Increase/(decrease) in bank loans	98.6	(143.7)	75.2	(250.1)
Dividends paid	(48.1)	(42.5)	(48.1)	(42.5)
Net cash from financing activities	(20.8)	(182.4)	(42.3)	(286.0)
Net (decrease)/increase in cash and cash equivalents	(30.0)	0.2	33.3	2.0
Cash and cash equivalents at beginning of year	56.3	56.1	13.0	11.0
Cash and cash equivalents at end of year	26.3	56.3	46.3	13.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

1. GENERAL INFORMATION

Overview

Travis Perkins plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 117. The nature of the Group's operations and its principal activities are set out in the Chief Executive's review of the year, the Chief Operating Officer's review of the year and the Finance Director's review of the year on pages 12 to 43.

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. The financial statements have also been prepared in accordance with IFRS adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulations.

Basis of preparation

The financial statements have been prepared on the historic cost basis, except that derivative financial instruments are stated at their fair value. The consolidated financial statements include the accounts of the Company and all entities controlled by the Company (its subsidiaries) (together referred to as 'the Group') from the date control commences until the date that control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. As such, the results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition.

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

- IAS 1 (Revised) - Presentation of Financial Statements
- IAS 23 (Revised) - Borrowing Costs
- IAS 27 (Revised) - Consolidation and Separate Financial Statements
- IFRS 2 (Revised) - Share based payments
- IFRS 3 (Revised) - Business Combinations
- IFRS 8 - Operating Segments
- IFRIC 11 - IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 - Service Concession Arrangements
- IFRIC 13 - Customer Loyalty Programmes
- IFRIC 14 - The limit on a Defined benefit asset, Minimum funding requirements and their interaction

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, except for additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial statements are set out below.

Revenue recognition

Revenue is recognised when goods or services are received by the customer and the risks and rewards of ownership have passed to them. Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added tax.

Business combinations and goodwill

All business combinations are accounted for using the purchase method. The cost of an acquisition represents the cash value of the consideration and/or the fair value of the shares issued on the date the offer became unconditional, plus expenses. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. It is this fair value, which is incorporated into the consolidated accounts.

Goodwill arising on acquisition represents the excess of the cost of acquisition over the share of the aggregate fair value of identifiable net assets (including intangible assets) of a business or a subsidiary at the date of acquisition. All material intangible fixed assets obtained on acquisition have been recognised separately in the financial statements. Goodwill is initially recognised as an asset and allocated to cash generating units, then at least annually, is reviewed for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed, as such, goodwill is stated in the balance sheet at cost less any provisions for impairment in value.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2004) has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Intangible assets

Intangible assets identified as part of the assets of an acquired business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets are amortised to the income statement on a straight-line basis over a maximum of 20 years except where they are considered to have an indefinite useful life. In the latter instance they are reviewed annually for impairment.

Investment properties

Investment properties, which are held to earn rental income or for capital appreciation or for both, are stated at deemed cost less depreciation. Properties are depreciated to their estimated residual value on a straight-line basis over their estimated useful lives, up to a maximum of 50 years.

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

Non current assets held for sale

Non current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and any impairment in value. Assets are depreciated to their estimated residual value on a straight-line basis over their estimated useful lives as follows:

- Buildings - 50 years or if lower, the estimated useful life of the building or the life of the lease
- Plant and equipment - 4 to 10 years
- Freehold land is not depreciated

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds net of expenses and the carrying amount of the asset in the balance sheet and is recognised in the income statement. Where appropriate, the attributable revaluation reserve remaining in respect of properties revalued prior to the adoption of IFRS is transferred directly to accumulated profits.

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease rental payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Reverse lease premia and other incentives receivable for entering into a lease agreement are recognised in the income statement over the life of the lease.

Impairment of tangible and intangible assets excluding goodwill

The carrying amounts of the Group's tangible and intangible assets other than investment properties, deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. Where the carrying value exceeds the recoverable amount a provision for the impairment loss is established with a charge being made to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

For intangible assets that have an indefinite useful life the recoverable amount is estimated at each annual balance sheet date.

Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

Inventories

Inventories, which consist of goods for resale, are stated at the lower of average weighted cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less the estimated costs of disposal.

Financial instruments

Financial assets and liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at amortised cost which is carrying amount less provision for irrecoverable amounts. Allowances for the estimated irrecoverable amounts are made in the income statement when the receivable is considered to be uncollectible.

Impairment of financial assets

Financial assets are treated as impaired when in the opinion of the directors, the likelihood of full recovery is diminished either by events or change of circumstance.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Bank and other borrowings

Interest bearing bank loans and overdrafts, loan notes and other loans are recognised in the balance sheet at amortised cost. Costs associated with arranging a bank facility are recognised in the income statement over the life of the facility. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Trade payables

Trade payables are measured at amortised cost.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction.

At the consolidated balance sheet date, unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from financing activities. The Group does not enter into speculative financial instruments. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are stated at fair value. The fair value of derivative financial instruments is the estimated amount the Group would receive or pay to terminate the derivative at the balance sheet date, taking into account current interest and exchange rates and the current creditworthiness of the counterparties.

Changes in the fair value of derivative financial instruments, that are designated and effective as hedges of the future variability of cash flows, are recognised directly in equity and the ineffective portion is recognised immediately in the income statement.

For an effective hedge of an exposure to changes in the fair value of a hedged item, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken to the income statement as they arise.

Derivatives embedded in commercial contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the underlying contracts, with unrealised gains or losses being reported in the income statement.

The fair value of hedged derivatives is classified as a non-current asset or non-current liability if the remaining maturity of the hedge relationship is more than 12 months, otherwise they are classified as current.

Foreign currency forward contracts are not designated effective hedges and so are marked to market at the balance sheet date, with any gains or losses being taken through the income statement.

Financial assets and financial liabilities

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

The Group has defined the classes of financial assets to be other financial assets, cash and borrowings, derivative financial instruments and trade and other payables.

Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities are classified as at FVTPL where the financial asset or the financial liability is either held for trading or it is designated as a FVTPL.

A financial asset or financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling or of disposal in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets and financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in the income statement unless it is an effective cash flow relationship. The net gain or loss recognised in the income statement incorporates any interest earned or paid on the financial asset and financial liability respectively.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables which applies to all amounts owed to the Group when the recognition of interest would be immaterial.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Taxation

The tax expense represents the sum of the tax currently payable and the deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. This is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions and other post-employment benefits

For defined benefit schemes, operating profit is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is shown as a finance cost within the income statement.

Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions are included in the statement of recognised income and expense.

Recoverable pension scheme surpluses and pension scheme deficits and the associated deferred tax balances are recognised in full in the period in which they occur and are included in the balance sheet.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Employee share incentive plans

The Group issues equity-settled share-based payments to certain employees (long term incentives, executive share options and Save As You Earn), which do not include market related conditions. These payments are measured at fair value at the date of grant by the use of the Black Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. The cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. No cost is recognised for awards that do not ultimately vest.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Equity instruments and own shares

The Group has applied the requirements of IFRS 2 – Share Based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

Equity instruments represent the ordinary share capital of the Group and are recorded at the proceeds received, net of directly attributable incremental issue costs.

Consideration paid by the Group for its own shares is deducted from total shareholder equity. Where such shares vest to employees under the terms of the Group's share options or the Group's share save schemes or are sold, any consideration received is included in shareholders' equity.

Dividends

Dividends proposed by the Board of Directors and unpaid at the period end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Audit Committee has been party to discussions about the development, selection and disclosure of the Group's critical accounting policies and estimates and about their actual application. The key estimates made by management are detailed below:

Goodwill

In testing for impairment, the Directors have made certain assumptions concerning the future development of the business that are consistent with its annual budget and three-year plan. Should these assumptions regarding the growth in profitability be unfounded then it is possible that goodwill included in the balance sheet could be impaired. The Directors are confident that this is not the case.

Pension liabilities

The Group has chosen to adopt assumptions that Directors believe are in line with the median except for longevity where the Group is more conservative than average. If the future return on equities is lower than anticipated, or if the difference between actual inflation and the actual increase in pensionable salaries is greater than that assumed, or if the average life expectancy of pensioners increases, then the pension deficit would be greater than currently stated in the balance sheet.

Property leases

The Group is party to a number of leases on properties that are no longer required for trading. Whilst every effort is made to profitably sub-let these properties, it is not always possible. Where a lease is onerous to the Group, a provision is established for the difference between amounts contractually payable to the landlord and amounts contractually receivable from the tenant (if any) for the period up until the point it is judged that the lease will no longer be onerous.

The Directors believe that their estimates, which are based upon the current state of the UK property market, are appropriate. However, it is possible that it may take longer to dispose of leases than they anticipate. As a result the provisions may be understated, but in the opinion of the Directors this is unlikely to be material.

Insurance provisions

The Group has been substantially self-insured since 2001. The nature of insurance claims is that they frequently take many years to fully crystallise, therefore the Directors have to estimate the value of provisions to hold in the balance sheet in respect of historic claims. Under the guidance of the Group's insurance advisors, the value of incurred claims is estimated using the Generalised Cape Cod Method. The provision is determined by deducting the value of claims settled to date from the estimated level of claims incurred. Whilst the Generalised Cape Cod Method is an insurance industry standard methodology, it relies on historic trends to determine the level of expected claims. To the extent that the estimates are inaccurate the Group may be underprovided, but in the opinion of the Directors any under-provision is unlikely to be material.

4. REVENUE

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Sale of goods	3,186.7	2,848.8	-	-
Management charges	-	-	7.0	7.5
Dividends from subsidiaries	-	-	118.3	65.0
	3,186.7	2,848.8	125.3	72.5
Other operating income	11.4	18.7	-	-
Finance income	3.7	1.9	0.4	1.9
	3,201.8	2,869.4	125.7	74.4

5. PROFIT

(a) Operating profit

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Revenue	3,186.7	2,848.8	125.3	72.5
Cost of sales	(2,087.3)	(1,855.0)	-	-
Gross profit	1,099.4	993.8	125.3	72.5
Selling and distribution costs	(649.1)	(596.3)	-	-
Administrative expenses	(141.8)	(126.6)	(9.8)	(12.6)
Other operating income*	11.4	18.7	-	-
Operating profit	319.9	289.6	115.5	59.9
Exceptional property profit	-	(11.6)	-	-
Adjusted operating profit	319.9	278.0	115.5	59.9

* Other operating income for the Group includes exceptional property profits of £nil (2006: £11.6m).

5. PROFIT (continued)

(a) Operating profit (continued)

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	£m	£m	£m	£m
Provisions against inventories	(0.5)	2.2	-	-
Cost of inventories recognised as an expense	2,087.8	1,852.8	-	-
Pension costs in administration expenses	3.1	3.3	0.3	0.5
Pension costs in selling and distribution costs	10.2	11.9	-	-
Depreciation of property, plant and equipment	56.3	53.7	-	-
Staff costs (see note 7)	360.3	326.2	6.8	7.4
Gain on disposal of property, plant and equipment	(7.6)	(5.5)	-	-
Exceptional property profit	-	(11.6)	-	-
Fair value movement on derivatives	(2.3)	31.5	(2.3)	31.5
Fair value movements on loans	2.3	(31.5)	2.3	(31.5)
Rental income	(4.6)	(3.4)	-	-
Hire of vehicles, plant and machinery	16.2	13.9	-	-
Other leasing charges – property	111.3	100.4	-	-
Auditor's remuneration for audit services	0.3	0.3	-	-

During 2006 exceptional property profit, which was exceptional due to the magnitude of the deal in comparison to other deals undertaken by the Group, arose from the sale of long leasehold interests in 35 properties to an investment vehicle, in which the Group retains a 15% interest. The sale proceeds (net of costs) were £31.5m and the carrying value of the properties was £15.2m. The profit of £11.6m reflected the profit deferral in respect of land of £4.7m in accordance with the requirements of IAS 17.

During the year the Group incurred the following costs for services provided by the Company's auditors:

	THE GROUP	
	2007	2006
	£000	£000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	104	103
Fees paid the Company's auditors for other services:		
The audit of the Company's subsidiaries pursuant to legislation	225	225
Other services pursuant to legislation	30	30
Other services relating to taxation – compliance	30	70
– advisory	95	29
Corporate finance transactions	-	18
Other services	-	2
	484	477

Other services pursuant to legislation includes £9,000 (2006: £9,000) which was paid to the auditors by the Travis Perkins Pension and Dependents Benefit Scheme.

A description of the work of the Audit Committee is set out in the Audit Committee report on pages 51 to 52, and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

(b) Adjusted profit before and after tax

	THE GROUP	
	2007	2006
	£m	£m
Profit before tax	261.4	231.9
Exceptional property profit	-	(11.6)
Adjusted profit before tax	261.4	220.3
	THE GROUP	
	2007	2006
	£m	£m
Profit after tax	185.3	167.0
Exceptional property profit	-	(11.6)
Tax effect of exceptional property profit	-	(1.2)
Exceptional deferred tax credit	(4.2)	-
Adjusted profit after tax	181.1	154.2

5. PROFIT (continued)

(c) Adjusted operating margin	Builders merchandising		Retail		Group	
	2007	2006	2007	2006	2007	2006
	£m	£m	£m	£m	£m	£m
Revenue	2,254.2	2,000.3	932.5	848.5	3,186.7	2,848.8
Operating profit	260.3	240.3	62.2	54.2	322.5	294.5
Corporate expenses	(2.6)	(4.8)	-	-	(2.6)	(4.8)
Corporate eliminations	-	-	-	-	-	(0.1)
Exceptional property profits	-	(11.6)	-	-	-	(11.6)
Adjusted segment result	257.7	223.9	62.2	54.2	319.9	278.0
Adjusted operating margin	11.43%	11.19%	6.67%	6.39%	10.04%	9.76%

The segmental results for merchandising and retail are shown in note 6.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is currently organised into two operating divisions – Builders Merchandising and Retailing, both of which operate entirely in the United Kingdom. These divisions are the basis on which the Group reports its primary segment information. As the Group's operations are entirely UK based, the Group does not present any secondary segment information. Segment results, assets and liabilities include items directly attributable to segments as well as those that can be allocated on a reasonable basis. Unallocated corporate items comprise mainly interest bearing loans and borrowings. There are no inter-segment sales.

	2007			Consolidated £m
	Builders merchandising £m	Retail £m	Eliminations £m	
Revenue	2,254.2	932.5	-	3,186.7
Result				
Segment result	257.7	62.2	-	319.9
Net finance costs				(58.5)
Profit before taxation				261.4
Taxation				(76.1)
Profit for the year				185.3
Segment assets	1,382.6	1,305.9	-	2,688.5
Unallocated corporate assets				100.8
Consolidated total assets				2,789.3
Segment liabilities	(435.7)	(242.0)	-	(677.7)
Unallocated corporate liabilities				(1,074.7)
Consolidated total liabilities				(1,752.4)
Consolidated net assets	946.9	1,063.9		
Capital expenditure	115.5	24.1		139.6
Depreciation	40.7	15.6		56.3

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

	2006			
	Builders merchandising	Retail	Eliminations	Consolidated
	£m	£m	£m	£m
Revenue	2,000.3	848.5	-	2,848.8
Result				
Segment result	235.5	54.2	(0.1)	289.6
Net finance costs				(57.7)
Profit before taxation				231.9
Taxation				(64.9)
Profit for the year				167.0
Segment assets	1,256.9	1,232.9	-	2,489.8
Unallocated corporate assets				130.0
Consolidated total assets				2,619.8
Segment liabilities	(454.1)	(218.8)	-	(672.9)
Unallocated corporate liabilities				(1,013.8)
Consolidated total liabilities				(1,686.7)
Consolidated net assets	802.8	1,014.1		
Capital expenditure	39.8	12.0		51.8
Depreciation	38.0	15.7		53.7

7. STAFF COSTS

(a) The average monthly number of persons employed (including executive directors)

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	No.	No.	No.	No.
Sales	11,572	10,934	-	-
Distribution	1,666	1,506	-	-
Administration	1,487	1,391	44	62
	14,725	13,831	44	62

(b) Aggregate remuneration

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	£m	£m	£m	£m
Wages and salaries	(319.6)	(285.8)	(5.8)	(6.1)
Social security costs	(27.3)	(25.2)	(0.5)	(0.8)
Other pension costs (note 8)	(13.4)	(15.2)	(0.5)	(0.5)
	(360.3)	(326.2)	(6.8)	(7.4)

8. PENSION ARRANGEMENTS

Defined benefit schemes

During the year, the Group operated a final salary scheme; the Travis Perkins Pensions and Dependants Benefit Scheme ('the TP scheme'), which is a 1/60th scheme. The TP scheme is funded by contributions from group companies and employees. Contributions are paid to the Trustees on the basis of advice from an independent professionally qualified actuary who carries out a valuation of the scheme every three years.

Employees are entitled to start drawing a pension, based on their membership of the scheme, on their normal retirement date. If employees choose to retire early and draw their pension, then the amount they receive is scaled down accordingly.

A full actuarial valuation of the TP scheme was carried out on 30 September 2005, then updated to 31 December 2007 by a qualified actuary. The present values of the defined obligations, the related current service costs and the past service costs for the scheme were measured using the projected unit method.

(a) Major assumptions used by the actuary at the balance sheet date (in nominal terms)

	At 31 December 2007	At 31 December 2006
Rate of increase in pensionable salaries	4.4%	4.1%
Rate of increase of pensions in payment	3.4%	3.1%
Discount rate	5.8%	5.1%
Inflation assumption	3.4%	3.1%

In respect of longevity the valuation adopts the PMA/PFA92 tables with improvements in life expectancy to continue in the medium term, with base year appropriate to the member's date of birth. This results in the following life expectancies at illustrative ages:

Weighted average life expectancy for mortality tables used to determine pension liability at 31 December 2007

	Male Years	Female Years
Member age 65 (current life expectancy)	21.5	24.5
Member age 45 (life expectancy on reaching age 65)	23.0	26.0

(b) Amounts recognised in income in respect of defined benefit schemes

	2007 £m	2006 £m
Current and past service costs charged to operating profit in the income statement	11.4	13.5
Interest cost	29.8	27.4
Expected return on scheme assets	(33.1)	(27.0)
Total pension costs	8.1	13.9

The total charge to the profit and loss account disclosed in note 7 of £13.4m (2006: £15.2m) comprises defined benefit scheme current and past service costs of £11.4m (2006: £13.5m) and £2m (2006: £1.7m) of contributions made to the defined contribution scheme.

The directors have agreed with the Scheme Actuary and the Trustees to continue the present rate of contributions in 2008, pending the results of the 30 September 2008 valuation.

Note 5 shows where pension costs have been charged in the income statement. Actuarial gains and losses have been included in the Statement of Recognised Income and Expense.

8. PENSION ARRANGEMENTS (continued)

(c) Assets and liabilities in the schemes and the expected rate of return (net of allowance for administration expenses)

TP scheme	At 31 December 2007		At 31 December 2006	
	Expected return	Fair Value £m	Expected return	Fair Value £m
Equities	7.55%	344.9	7.3%	321.5
Bonds, gilts and cash	4.3% - 5.6%	131.3	4.3% - 4.9%	144.7
Property	6.3%	57.7	7.3%	34.3
Total fair value of assets		533.9		500.5
Actuarial value of liability		(549.9)		(581.3)
Deficit in scheme		(16.0)		(80.8)
Related deferred tax asset		4.5		24.2
Net pension liability		(11.5)		(56.6)

The actual returns on scheme assets	2007		2006	
	£m	%	£m	%
TP scheme	19.6	3.9	41.7	9.7

(d) The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit scheme and the movement during the year

	2007 £m	2006 £m
At 1 January	(80.8)	(142.8)
Expense recognised in the income statement	(8.1)	(13.9)
Contributions received by the scheme	21.0	34.5
Actuarial gains recognised in the statement of recognised income and expenditure	51.9	41.4
At 31 December	(16.0)	(80.8)

(e) Movements in the present value of defined benefit obligations in the current period

	2007 £m	2006 £m
At 1 January	(581.3)	(574.4)
Service cost	(11.3)	(13.4)
Past service cost	(0.1)	(0.1)
Interest cost	(29.8)	(27.4)
Contributions from scheme members	(5.3)	(4.7)
Actuarial gains and losses	65.4	26.7
Benefits paid	12.5	12.0
At 31 December	(549.9)	(581.3)

(f) Movements in the present value of fair value of scheme assets in the current period

	2007 £m	2006 £m
At 1 January	500.5	431.6
Expected return of scheme assets	33.1	27.0
Actuarial gains and losses	(13.5)	14.7
Contributions from sponsoring companies	21.0	34.5
Contributions from scheme members	5.3	4.7
Benefits paid	(12.5)	(12.0)
At 31 December	533.9	500.5

8. PENSION ARRANGEMENTS (continued)

(g) Cumulative actuarial gains and losses recognised in equity

	2007 £m	2006 £m
At 1 January	(151.3)	(192.7)
Net actuarial gains recognised in the year	51.9	41.4
At 31 December	(99.4)	(151.3)

(h) History of experience gains and losses

	2007	2006	2005	2004	2003
Fair value of scheme assets (£m)	533.9	500.5	431.6	253.4	192.7
Present value of scheme obligations (£m)	(549.9)	(581.3)	(574.4)	(381.7)	(314.3)
Deficit in the scheme (£m)	(16.0)	(80.8)	(142.8)	(128.3)	(121.6)

Experience adjustments on scheme liabilities

Amounts (£m)	-	-	9.0	0.1	0.1
Percentage of scheme liabilities (%)	-	-	1.6%	-	-

Experience adjustments on scheme assets

Amounts (£m)	(13.5)	14.7	42.2	10.9	14.7
Percentage of scheme assets (%)	(2.5%)	2.9%	9.8%	4.3%	7.6%

(i) Defined contribution schemes

There is one defined contribution scheme in the Group. The pension cost, which represents contributions payable by the Group, amounted to £2.0m (2006: £1.7m).

9. SHARE-BASED PAYMENTS

Details of the share option schemes run by the Company, including information concerning vesting periods, amounts outstanding and the exercise price are contained in the remuneration report on pages 54 to 55 and 58 to 60.

The following disclosures relate to share option and SAYE grants made after 7 November 2002.

The Black-Scholes option-pricing model is used to calculate the fair value of the options and the amount to be expensed. No performance conditions were included in the fair value calculations. The inputs into the model expressed as weighted averages are as follows:

	Executive options		SAYE	
	2007	2006	2007	2006
Share price at grant date (pence) – Group	1,967	1,611	1,767	1,754
Option exercise price (pence) – Group	1,967	1,611	1,414	1,254
Share price at grant date (pence) – Company	1,967	1,611	1,767	1,754
Option exercise price (pence) – Company	1,967	1,611	1,414	1,254
Volatility (%) – Group and Company	19.7%	18.5%	23.2%	21.4%
Option life (years) – Group and Company	4.0	4.0	3.6	3.6
Risk-free interest rate (%) – Group and Company	5.3%	4.5%	4.5%	4.7%
Expected dividends as a dividend yield (%) – Group and Company	2.3%	2.3%	2.1%	2.4%

Volatility was based on historic share prices over a period of time equal to the vesting period. Option life used in the model has been based on options being exercised in accordance with historical patterns. For executive share options the vesting period is 3 years. If options remain unexercised after a period of 10 years from the date of grant, these options expire. Options are forfeited if the employee leaves the Group before options vest. SAYE options vest after 3 or 5 years and expire 3½ or 5½ years after the date of grant. The risk-free interest rate of return is the yield on zero-coupon UK Government bonds on a term consistent with the vesting period. Dividends used are based on actual dividends where data is known and future dividends estimated using a dividend cover of 3 times. It has also been assumed that performance conditions in respect of the executive share options and the share matching scheme will be met.

The expected life used in the model has been adjusted, based upon management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

9. SHARE-BASED PAYMENTS (continued)

The number and weighted average exercise price of share options is as follows:

The Group	2007		2006	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
In thousands of options	p	No.	p	No.
Outstanding at the beginning of the period	1,349	4,163	1,256	3,430
Forfeited during the period	1,361	(388)	1,266	(315)
Exercised during the period	1,139	(531)	1,108	(423)
Granted during the period	1,725	1,579	1,478	1,471
Outstanding at the end of the period	1,494	4,823	1,349	4,163
Exercisable at the end of the period	1,456	911	1,069	182

Share options were exercised on a regular basis throughout the year. The weighted average share price for options exercised during the year was 1,643 pence (2006: 1,690 pence).

Details of the options outstanding at 31 December 2007 were as follows:

	2007		2006	
	Executive Options	SAYE	Executive Options	SAYE
Range of exercise prices (pence)	1,068 - 1,970	848 - 1,414	1,068 - 1,784	848 - 1,254
Weighted average exercise price (pence)	1,674	1,255	1,508	1,151
Number of shares (thousands)	2,754	2,069	2,309	1,854
Weighted average expected remaining life (years)	2.3	2.4	2.4	2.5
Weighted average contractual remaining life (years)	9.3	3.9	8.2	3.0

The Company	2007		2006	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
In thousands of options	p	No.	p	No.
Outstanding at the beginning of the period	1,478	642	1,346	589
Forfeited during the period	1,411	(97)	1,529	(42)
Exercised during the period	1,395	(42)	1,134	(138)
Granted during the period	1,964	246	1,615	233
Outstanding at the end of the period	1,651	749	1,478	642
Exercisable at the end of the period	1,421	281	1,068	94

Share options were exercised during the year. The weighted average share price for options exercised during the year was 1,134 pence.

Details of the options outstanding at 31 December 2007 were as follows:

	2007		2006	
	Executive Options	SAYE	Executive Options	SAYE
Range of exercise prices (pence)	1,068 - 1,970	1,069 - 1,414	1,068 - 1,784	1,079 - 1,254
Weighted average exercise price (pence)	1,661	1,270	1,484	1,186
Number of shares (thousands)	731	18	628	14
Weighted average expected remaining life (years)	2.0	2.6	1.8	2.5
Weighted average contractual remaining life (years)	7.9	3.1	8.2	3.0

9. SHARE-BASED PAYMENTS (continued)

The Group and the Company

Executive options were granted on 22 March 2007 and 4 October 2007. SAYE options were granted on 1 December 2007. The aggregate of the estimated fair values of the options granted on those dates is £6.4m for the Group and £0.9m for the Company.

Executive options were granted on 19 April 2006 and 14 September 2006 (Group only) and 23 November 2006. SAYE options were granted on 1 December 2006. The aggregate of the estimated fair values of the options granted on those dates is £6.4m for the Group and £0.9m for the Company.

Shares were granted under the share matching scheme on 2 April 2007. The estimated fair value of the shares at that date was £2.4m for the Group and £1.1m for the Company.

The Group charged £3.7m (2006: £3.8m) and the Company charged £0.6m (2006: £0.6m) to the income statement in respect of equity-settled share-based payment transactions.

10. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Interest on bank loans and overdrafts*	(58.6)	(55.5)	(57.5)	(55.0)
Interest on unsecured loans	(0.5)	(0.4)	(0.5)	(0.4)
Interest on obligations under finance leases	(1.9)	(2.0)	-	-
Unwinding of discounts in provisions	(1.2)	(1.1)	-	-
Net loss on re-measurement of derivatives at fair value	-	(0.2)	-	(0.2)
Interest payable	(62.2)	(59.2)	(58.0)	(55.6)
Other finance costs – pension schemes	-	(0.4)	-	-
Finance costs	(62.2)	(59.6)	(58.0)	(55.6)
Net gain on re-measurement of derivatives at fair value	0.3	1.1	0.3	1.1
Other finance income – pension schemes	3.3	-	-	-
Interest on bank deposits	0.1	0.8	0.1	0.8
Net finance costs	(58.5)	(57.7)	(57.6)	(53.7)
Adjusted interest cover	5.4x	4.9x		

*Includes £1.7m (2006: £0.6m) of amortised fees.

Adjusted interest cover is calculated by dividing adjusted operating profit of £319.9m (2006: £278.0m) by the combined value of interest on bank loans and overdrafts (excluding amortised fees), unsecured loans, finance leases and interest on bank deposits, which total £59.2m (2006: £56.5m).

Interest on bank loans and overdrafts includes £1.4m (2006: £0.6m) relating to interest on swap contracts recycled from equity.

11. TAX

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Current tax				
UK corporation tax				
- current year	73.6	62.7	(18.1)	(17.5)
- prior year	(1.0)	(4.1)	-	(0.1)
Total current tax	72.6	58.6	(18.1)	(17.6)
Deferred tax				
- current year	3.2	2.6	-	0.1
- prior year	0.3	3.7	-	(0.1)
Total deferred tax	3.5	6.3	-	-
Total tax charge	76.1	64.9	(18.1)	(17.6)

On 26 June 2007 the House of Commons approved the Finance Bill which reduces the UK standard rate of Corporation tax from 30% to 28% with effect from 1 April 2008. This reduction in rate results in an exceptional deferred tax credit of £4.2m in the current year charge.

11. TAX (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

The Group	2007		2006	
	£m	%	£m	%
Profit before tax	261.4		231.9	
Tax at the UK corporation tax rate of 30% (2006: 30%)	78.4	30.0%	69.6	30.0%
Tax effect of expenses that are not deductible in determining taxable profit	1.7	0.6%	1.1	0.5%
Depreciation of non-qualifying property	2.1	0.8%	1.1	0.5%
Property sales	(1.3)	(0.5)%	(6.4)	(2.8)%
Prior period adjustment	(0.6)	(0.2)%	(0.5)	(0.2)%
Effect of reduction in corporation tax rate on deferred tax	(4.2)	(1.6)%	-	-
Tax expense and effective tax rate for the year	76.1	29.1%	64.9	28.0%

The Company	2007		2006	
	£m	%	£m	%
Profit before tax	57.9		6.2	
Intercompany dividends	(118.3)		(65.0)	
Loss before tax and dividends received	(60.4)		(58.8)	
Tax at the UK corporation tax rate of 30% (2006: 30%)	(18.1)	30.0%	(17.6)	30.0%
Tax effect of expenses that are not deductible in determining taxable profit	-	-	0.1	-
Prior period adjustment	-	-	(0.1)	-
Tax expense and effective tax rate for the year	(18.1)	30.0%	(17.6)	30.0%

12. EARNINGS PER SHARE

The Group and the Company

(a) Basic and diluted earnings per share

	2007	2006
Earnings	£m	£m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	185.3	167.0

Number of shares	No.	No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	120,839,499	121,060,158
Dilutive effect of share options on potential ordinary shares	1,109,765	1,054,815
Weighted average number of ordinary shares for the purposes of diluted earnings per share	121,949,264	122,114,973

At 31 December 2007, 3,254,859 (2006: nil) share options had an exercise price in excess of the market value of the shares on that day. As a result, for 2007, these share options were excluded from the calculation of diluted earnings per share.

12. EARNINGS PER SHARE (continued)

(b) Adjusted earnings per share

Adjusted earnings per share are calculated by excluding the effect of the exceptional deferred tax credit and the exceptional property profit from earnings.

	2007	2006
	£m	£m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	185.3	167.0
Exceptional property profit	-	(11.6)
Tax on exceptional property profit	-	(1.2)
Exceptional deferred tax credit	(4.2)	-
Earnings for adjusted earnings per share	181.1	154.2
Adjusted basic earnings per share	149.8p	127.4p
Adjusted diluted earnings per share	148.4p	126.3p

13. DIVIDENDS

The Group and the Company

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

	2007	2006
	£m	£m
Final dividend for the year ended 31 December 2006 of 25.3p (2005: 23.0p) per ordinary share	30.8	27.8
Interim dividend for the year ended 31 December 2007 of 14.5p (2006: 12.1p) per ordinary share	17.3	14.7
Total dividends recognised during the year	48.1	42.5

The proposed final dividend of 30.4 pence per ordinary share in respect of the year ending 31 December 2007 was approved by the Board on 3 March 2008. As the final dividend has not yet been approved by shareholders, in accordance with IFRS, it has not been included in the balance sheet as a liability as at 31 December 2007. It will be paid on 15 May 2008 to shareholders on the register on 18 April 2008.

Adjusted dividend cover of 3.3x (2006: 3.4x) is calculated by dividing adjusted basic earnings per share (note 12) of 149.8 pence (2006: 127.4 pence) by the total dividend for the year of 44.9 pence (2006: 37.4 pence).

There are no income tax consequences in respect of the dividends declared, but not recognised in the financial statements.

The dividend declared for 2007 at 31 December 2007 and for 2006 at 31 December 2006 were as follows:

	2007	2006
	Pence	Pence
Interim paid	14.5	12.1
Final proposed	30.4	25.3
Total dividend declared for the year	44.9	37.4

14. GOODWILL

The Group

	Retail	Builders merchandising	Total
	£m	£m	£m
Cost			
At 1 January 2006	939.2	334.6	1,273.8
Recognised on acquisitions during the year	-	8.2	8.2
At 1 January 2007	939.2	342.8	1,282.0
Recognised on acquisitions during the year	18.9	28.8	47.7
At 31 December 2007	958.1	371.6	1,329.7

14. GOODWILL (continued)

Goodwill arising on the acquisition of businesses during the year was allocated to those cash generating units ('CGU') that are expected to benefit from those acquisitions. With the exception of the Wickes' business, for which the value of goodwill is £939.2m (2006: £939.2m) no individual CGU is significant in comparison with the total carrying amount of goodwill.

During the year management has carried out an impairment test for the goodwill and other indefinite life intangible assets carried in the balance sheet. No impairments were identified as a result of the review. All of the recoverable amounts were based on value in use. The key assumptions applied in the value in use calculations were:

- cash flow projections based on management approved budgets for 2008 and three-year plan for 2009 to 2011;
- the weighted average cost of capital ('WACC') of the Group of 7.5%;
- long-term forecast growth rates of 2.5% in line with the average long-term GDP growth trend applied from 2012 onwards.

Whilst management is confident that its assumptions are appropriate, it is possible an impairment would be identified if any of the above key assumptions were changed significantly. However, as they are all inextricably linked it is not possible to determine the impact of a significant change to one or more of them.

The Company has no goodwill.

15. OTHER INTANGIBLE ASSETS

	THE GROUP	
	2007 No.	2006 No.
Cost		
At 1 January and at 31 December	162.5	162.5

The Wickes brand is not amortised. As a leading brand in the DIY sector, with significant growth prospects, it is considered to have an indefinite useful life and is reviewed annually for impairment. Details of impairment testing are given in note 14. No impairments were identified in either year.

The Company has no intangible assets.

16. PROPERTY, PLANT AND EQUIPMENT

	THE GROUP					THE COMPANY
	Freehold £m	Long leases £m	Short leases £m	Plant & equipment £m	Total £m	Plant & equipment £m
Cost or valuation						
At 1 January 2006	202.6	20.5	81.3	302.4	606.8	0.5
Additions	8.1	2.0	9.3	31.0	50.4	0.1
Additions from acquired businesses	0.2	-	-	1.2	1.4	-
Disposals	(17.4)	-	(0.2)	(10.9)	(28.5)	(0.1)
At 1 January 2007	193.5	22.5	90.4	323.7	630.1	0.5
Additions	43.0	2.1	9.2	71.5	125.8	-
Additions from acquired businesses	10.2	0.1	-	3.5	13.8	-
Disposals	(1.6)	-	(3.7)	(21.5)	(26.8)	-
At 31 December 2007	245.1	24.7	95.9	377.2	742.9	0.5
Accumulated depreciation						
At 1 January 2006	20.6	2.4	14.5	124.1	161.6	0.2
Charged this year	3.3	0.4	6.7	43.2	53.6	-
Disposals	(2.1)	-	-	(9.4)	(11.5)	-
At 1 January 2007	21.8	2.8	21.2	157.9	203.7	0.2
Charged this year	3.1	0.4	6.9	45.8	56.2	0.1
Disposals	(0.2)	-	(2.6)	(19.2)	(22.0)	-
At 31 December 2007	24.7	3.2	25.5	184.5	237.9	0.3
Net book value						
At 31 December 2007	220.4	21.5	70.4	192.7	505.0	0.2
At 31 December 2006	171.7	19.7	69.2	165.8	426.4	0.3

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost element of the fixed assets carrying value is analysed as follows:

	THE GROUP				THE COMPANY	
	Freehold £m	Long leases £m	Short leases £m	Plant & equipment £m	Total £m	Total £m
At valuation	74.0	6.1	1.9	-	82.0	-
At cost	171.1	18.6	94.0	377.2	660.9	0.5
	245.1	24.7	95.9	377.2	742.9	0.5

Those freehold and leasehold properties included at valuation in the consolidated balance sheet were revalued at their open market value on an existing use basis. The valuations were performed as at 31 December 1999 by an independent professional valuer, Lambert Smith Hampton, Consultant Surveyors and Valuers.

Included within freehold property is land with a value of £84.4m (2006: £77.8m) which is not depreciated.

The carrying amount of assets held under finance leases is analysed as follows:

	THE GROUP				THE COMPANY	
	Long leases £m	Short leases £m	Plant & equipment £m	Total £m	Total £m	
2007	0.9	17.5	2.7	21.1	-	
2006	0.9	19.5	3.3	23.7	-	

Comparable amounts determined according to the historical cost convention:

	THE GROUP				THE COMPANY	
	Freehold £m	Long leases £m	Short leases £m	Plant & equipment £m	Total £m	Total £m
Cost	237.5	23.7	104.5	377.2	742.9	0.5
Accumulated depreciation	(42.1)	(4.5)	(31.0)	(184.5)	(262.1)	(0.3)
Net book value						
At 31 December 2007	195.4	19.2	73.5	192.7	480.8	0.2
At 31 December 2006	145.2	17.4	71.3	165.8	399.7	0.3

17. INVESTMENT PROPERTY

	THE GROUP
	£m
Cost	
At 1 January 2006 and 1 January 2007	4.2
Disposals	(0.3)
At 31 December 2007	3.9
Accumulated depreciation	
At 1 January 2006	0.2
Provided in the year	0.1
At 1 January 2007	0.3
Provided in the year	0.1
At 31 December 2007	0.4
Net book value	
At 31 December 2007	3.5
At 31 December 2006	3.9

Investment property rental income totalled £0.3m (2006: £0.3m). In addition the Group also receives income from subletting all or part of 100 ex-trading and trading properties, the amount of which is not material.

As no external valuation has been performed, the Directors have estimated that the fair value of investment property equates to its carrying value. As such, it is not material to the Group's balance sheet.

The Company has no investment property.

18. INVESTMENTS

Shares in group undertakings

	THE COMPANY	
	2007	2006
Cost	£m	£m
At 1 January	1,619.1	1,607.8
Additions	53.9	11.3
At 31 December	1,673.0	1,619.1
Provision for impairment at 1 January and 31 December	(4.6)	(4.6)
Net book value at 31 December	1,668.4	1,614.5

The principal operating subsidiaries of the Group and Company at 31 December 2007 are as follows:

Subsidiary	Registered Office
Travis Perkins Trading Company Limited* (Builders merchants)	Lodge Way House, Harlestone Road, Northampton NN5 7UG
Keyline Builders Merchants Limited* (Builders merchants)	Southbank House, 1 Strathkelvin Place, Kirkintilloch, Glasgow G66 1HX
Wickes Building Supplies Limited (DIY retailers)	Lodge Way House, Harlestone Road, Northampton NN5 7UG
City Plumbing Supplies Holdings Limited (Plumbers merchants)	Lodge Way House, Harlestone Road, Northampton NN5 7UG
CCF Limited* (Ceiling & dry lining distribution)	Lodge Way House, Harlestone Road, Northampton NN5 7UG
Travis Perkins (Properties) Limited* (Property management company)	Lodge Way House, Harlestone Road, Northampton NN5 7UG
Benchmark Kitchens and Joinery Limited (Specialist distribution)	Mercury Drive, Brackmills, Northampton NN4 7PN
Tile Giant Limited (Ceramic tile merchants)	Anchor Works, Anchor Road, Longton Stoke on Trent ST3 5XX

* Held directly by Travis Perkins plc

The Directors have applied s231 of the Companies Act 1985 and therefore list only significant subsidiary companies.

All subsidiaries are 100% owned. Each company is registered and incorporated in England and Wales, other than Keyline Builders Merchants Limited and 10 dormant companies, which are registered and incorporated in Scotland, City Investments Limited and 13 dormant companies, which are registered and incorporated in Jersey and 2 dormant companies registered and incorporated in Northern Ireland.

Available-for-sale investments

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	£m	£m	£m	£m
Fair value investment	2.0	2.0	-	-

The investment represents a minority holding in the unit trust that acquired the properties disposed of during the prior year which resulted in the exceptional property profit (note 5). The investment presents the Group with an opportunity to generate returns through both income and capital gains. The Directors consider that the carrying amount of this investment approximates its fair value.

19. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Trade receivables	310.7	271.0	-	-
Allowance for doubtful debts	(21.5)	(20.4)	-	-
	289.2	250.6	-	-
Amounts owed by subsidiaries	-	-	97.0	106.7
Other receivables, prepayments and accrued income	132.7	113.2	18.8	18.5
Trade and other receivables	421.9	363.8	115.8	125.2

The Group's principal financial assets are trade and other receivables, which for the Group at the balance sheet date comprise principally amounts receivable from the sale of goods, together with amounts due from rebates and sundry prepayments. The Directors consider the only class of asset containing significant credit risk is trade receivables. The average credit term for sales of goods is 56 days (2006: 55 days).

The amounts presented in the balance sheet are net of allowances for doubtful debts of £21.5m (2006: £20.4m), estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Directors consider the carrying amount of trade and other receivables approximates their fair values.

No interest is charged on the trade receivable from the date of the invoice until the date the invoice is classified as overdue according to the trading terms agreed between the Group and the customer. Thereafter, the Group retains the right to charge interest at 4% above the National Westminster Bank base rate per annum on the outstanding balance. The Group has provided fully for all receivables outstanding over 90 days beyond agreed terms. Trade receivables between 30 and 90 days beyond agreed terms are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experiences.

Movement in the allowance for doubtful debts

	THE GROUP	
	2007 £m	2006 £m
Balance at 1 January	20.4	19.0
Amounts written off during the year	(6.6)	(4.4)
Increase in allowance recognised in profit and loss	7.7	5.8
Balance at 31 December	21.5	20.4

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that no further credit provision is required in excess of the allowance for doubtful debts.

Included in the Group's trade receivable balance are unprovided against debtors with a carrying amount of £22.8m (2006: £15.7m) which are past due at the reporting date for which the Group has not identified a significant change in credit quality and as such, the Group considers that the amounts are still recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired receivables

Days overdue	THE GROUP	
	2007 £m	2006 £m
0 – 30 days	17.0	12.3
30 – 60 days	3.7	2.4
60 – 90 days	2.1	1.0
	22.8	15.7

Included in the allowance for doubtful debts are specified trade receivables with a balance of £0.8m (2006: £0.8m) which have been placed into liquidation. The impairment represents the difference between the carrying amount of the specific trade receivable and the amount it is anticipated will be recovered.

None of the Company's debts are overdue. The Directors do not consider there to be any significant credit risk, as the majority of the debt is due from subsidiaries.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group and Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

21. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	Authorised		Issued full paid	
	No.	£m	No.	£m
Ordinary shares of 10p				
At 1 January 2006	135,000,000	13.5	121,309,889	12.1
Allotted under share option schemes	-	-	738,105	0.1
At 1 January 2007	135,000,000	13.5	122,047,994	12.2
Allotted under share option schemes	-	-	593,855	0.1
At 31 December 2007	135,000,000	13.5	122,641,849	12.3

The net contribution received for the issue of shares during the year was £6.8m. Details of the share option schemes are given in the remuneration report on pages 54 and 55 and 58 to 60.

The Company has one class of ordinary share that carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

22. OWN SHARES

The Group and the Company	2007	2006
	No.	No.
At 1 January	479,953	494,427
Acquired during the year	5,218,347	-
Re-issued during the year	-	(14,474)
At 31 December	5,698,300	479,953
Allocated to grants of executive options	289,142	289,142
Not allocated to grants of executive options	5,409,158	190,811
	5,698,300	479,953

The own shares are stated at cost and held by the Employee Share Ownership Trust to satisfy options under the Group's share option schemes. All rights attaching to own shares are suspended until the shares are re-issued.

23. RESERVES

The Group	Share premium account £m	Other reserve £m	Hedging reserve £m	Own shares £m	Accumulated profits £m	Total reserves £m
At 1 January 2006	165.6	26.3	(3.2)	(8.1)	565.3	745.9
Dividends paid	-	-	-	-	(42.5)	(42.5)
Total recognised income and expense	-	-	7.2	-	196.1	203.3
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	(0.4)	-	-	0.4	-
Realisation of revaluation reserve in respect of property disposals	-	(0.6)	-	-	0.6	-
Effect of share options	-	-	-	-	7.4	7.4
Own shares	-	-	-	0.2	-	0.2
Premium on the issue of equity shares	6.6	-	-	-	-	6.6
At 31 December 2006	172.2	25.3	4.0	(7.9)	727.3	920.9
Dividends paid	-	-	-	-	(48.1)	(48.1)
Total recognised income and expense	-	-	(1.1)	-	222.0	220.9
Difference between depreciation of assets on a historical basis and on a revaluation basis	-	(0.4)	-	-	0.4	-
Realisation of revaluation reserve in respect of property disposals	-	(0.7)	-	-	0.7	-
Effect of share options	-	-	-	-	0.2	0.2
Own shares	-	-	-	(76.0)	-	(76.0)
Premium on the issue of equity shares	6.7	-	-	-	-	6.7
At 31 December 2007	178.9	24.2	2.9	(83.9)	902.5	1,024.6

The other reserve represents the revaluation surplus that has arisen from property revaluations in 1999 and prior years.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have yet to occur.

The own shares reserve represents the cost of shares purchased in the market and held by the Employee Share Ownership Trust to satisfy options under the Group's share option schemes.

The cumulative total of goodwill written off directly to reserves for acquisitions from December 1989 to December 1998 is £40.1m. The aggregate information for the accounting periods prior to this period is not available.

The Company	Share premium account £m	Hedging reserve £m	Own shares £m	Accumulated profits £m	Total reserves £m
At 1 January 2006	164.5	(3.2)	(8.1)	142.3	295.5
Total recognised income and expense	-	7.2	-	23.8	31.0
Dividends paid	-	-	-	(42.5)	(42.5)
Effect of share options	-	-	-	1.3	1.3
Own shares	-	-	0.2	-	0.2
Premium on the issue of equity shares	6.6	-	-	-	6.6
At 31 December 2006	171.1	4.0	(7.9)	124.9	292.1
Total recognised income and expense	-	(1.1)	-	76.0	74.9
Dividends paid	-	-	-	(48.1)	(48.1)
Effect of share options	-	-	-	(0.2)	(0.2)
Own shares	-	-	(76.0)	-	(76.0)
Premium on the issue of equity shares	6.7	-	-	-	6.7
At 31 December 2007	177.8	2.9	(83.9)	152.6	249.4

24. BORROWINGS

A summary of the Group policies and strategies with regard to financial instruments can be found in the Finance Director's review of the year on pages 40 to 42. At 31 December 2007 all borrowings were made in Sterling except for the unsecured senior notes (note 24 (i)).

(a) Summary

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Unsecured senior notes	203.3	201.0	203.3	201.0
Bank loans (note 24c) *	718.6	620.0	718.6	620.0
Bank overdrafts*	-	-	-	23.4
Finance leases (note 24d)	30.0	33.5	-	-
Loan notes (note 24e)	15.4	7.9	15.4	7.9
Issue costs netted off bank loans *	-	(1.7)	-	(1.6)
	967.3	860.7	937.3	850.7
Current liabilities	103.4	97.1	101.8	117.9
Non-current liabilities	863.9	763.6	835.5	732.8
	967.3	860.7	937.3	850.7

*These balances together total the amounts shown as bank loans in note 24(b).

(b) Analysis of borrowings

The Group	Bank loans and overdrafts		Other borrowings	
	2007 £m	2006 £m	2007 £m	2006 £m
Borrowings repayable				
On demand or within one year	86.4	86.6	17.0	10.5
More than one year, but not more than two years	632.2	86.6	1.5	1.9
More than two years, but not more than five years	-	445.2	4.7	4.6
More than five years	-	-	225.5	225.3
	718.6	618.4	248.7	242.3
The Company				
Borrowings repayable				
On demand or within one year	86.4	110.0	15.4	7.9
More than one year, but not more than two years	632.2	86.6	-	-
More than two years, but not more than five years	-	445.2	-	-
More than five years	-	-	203.3	201.0
	718.6	641.8	218.7	208.9

24. BORROWINGS (continued)

(c) Facilities

At 31 December 2007, the Group had the following bank facilities available:

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Drawn facilities				
5 year term loan	183.6	270.0	183.6	270.0
5 year revolving credit facility	535.0	350.0	535.0	350.0
Unsecured senior notes	203.3	201.0	203.3	201.0
Bank overdrafts	-	-	-	23.4
	921.9	821.0	921.9	844.4
Undrawn facilities				
5 year revolving credit facility	165.0	350.0	165.0	350.0
Bank overdrafts	50.0	25.0	50.0	1.6
	215.0	375.0	215.0	351.6

The disclosures in note 24(c) do not include finance leases, loan notes, or the effect of issue costs.

(d) Obligations under finance leases

The Group	Minimum lease payments		Present value of minimum lease payments	
	2007 £m	2006 £m	2007 £m	2006 £m
Amounts payable under finance leases:				
Within one year	4.2	4.8	1.6	2.6
In the second to fifth years inclusive	12.2	7.5	6.2	6.5
After five years	35.2	46.8	22.2	24.4
	51.6	59.1	30.0	33.5
Less: future finance charges	(21.6)	(25.6)	-	-
Present value of lease obligations	30.0	33.5	30.0	33.5
Less: Amount due for settlement within 1 year (shown under current liabilities)			(1.6)	(2.6)
Amount due for settlement after 1 year			28.4	30.9

As a result of the introduction of IAS 17 – “Leases”, the Group considers certain properties to be subject to finance leases. Excluding 999 year leases, the average loan term for these properties is 50 years and the average borrowing rate has been determined at the inception of the lease to be 8.9%. In addition the Group leases certain fixtures and equipment under finance leases, the obligations for which are secured by the lessors’ charges over the leased assets. The average lease term is 3-4 years. For the year ended 31 December 2007, the average implicit borrowing rate was 14.9% (2006: 14.6%). Interest rates are fixed at the contract date. All lease obligations, which are denominated in Sterling, are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

(e) Loan notes

Included in borrowings due within the year are £15.4m (2006: £7.9m) in respect of loan notes issued as consideration for the acquisition of three groups during 1999, 2000 and 2007. The loan notes of £4.1m issued in 1999 to acquire Sharpe and Fisher can be redeemed on 31 January and 31 July each year, the final redemption date being 31 January 2010. The £3.6m of loan notes issued for the acquisition of the business of Broombys Limited are redeemable on 30 June and 31 December each year until the final redemption date of 30 June 2015. The loan notes of £7.7m issued in 2007 to acquire Tile Giant Ltd can be redeemed anytime up to 31 October 2008.

24. BORROWINGS (continued)

(f) Interest

The weighted average interest rates paid were as follows:

	2007	2006
	%	%
Unsecured senior notes	5.8	5.8
Bank loans and overdrafts	6.4	5.7
Other borrowings	5.6	5.0

Bank term loans and revolving credit facilities of £883.6m (2006: £970m) were arranged at variable interest rates. The \$400m unsecured senior notes were issued at fixed rates of interest and swapped into variable rates. This exposes the Group to fair value interest rate risk. As detailed in note 25, to manage the risk the Group entered into interest rate derivatives arrangements, which for 2007, fixed interest rates on £278m of borrowing. For the year to 31 December 2007 this had the effect of reducing the weighted average interest rates paid by 0.5%.

In respect of income earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

The Group	2007		2006	
	Effective interest rate	6 months or less Total £m	Effective interest rate	6 months or less Total £m
Unsecured senior notes	5.8%	203.3	5.8%	201.0
Unsecured variable rate bank facilities	6.4%	718.6	5.8%	620.0
Loan notes	5.7%	15.4	5.1%	7.9
		937.3		828.9

The Company	2007		2006	
	Effective interest rate	6 months or less Total £m	Effective interest rate	6 months or less Total £m
Unsecured senior notes	5.8%	203.3	5.8%	201.0
Unsecured variable rate bank facilities	6.4%	718.6	5.8%	620.0
Loan notes	5.7%	15.4	5.1%	7.9
Bank overdrafts	-	-	6.0%	23.4
		937.3		852.3

(g) Fair values

For both the Group and the Company the fair values of financial assets and liabilities have been calculated by discounting expected cash flows at prevailing rates at 31 December. There were no significant differences between book and fair values on this basis and therefore no further information is disclosed. Details about the fair values of derivatives are given in note 25.

(h) Guarantees and security

No debt is secured, except for that relating to £1.2m (2006: £1.9m) of finance lease obligations, which are secured on the assets subject to the leases.

There are cross guarantees on the overdrafts between group companies.

The companies listed in note 18, with the exception of Benchmarx Kitchens and Joinery Limited and Tile Giant Limited, together with Wickes Limited are guarantors of the following facilities advanced to Travis Perkins plc:

- £183.6m term loan;
- £700m revolving credit facility;
- \$400m unsecured senior notes (note 24(i));
- the interest rate and currency derivatives, (note 25).

The group companies have entered into other guarantee and counter-indemnities arrangements in respect of guarantees issued in favour of group companies by the clearing banks amounting to approximately £19.4m (2006: £14m).

24. BORROWINGS (continued)

(i) Unsecured senior notes

On 26 January 2006 the Group finalised a US private placement that resulted in it receiving \$400m. \$200m of the unsecured senior notes is repayable in January 2013 and \$200m in January 2016. The US borrowings carry fixed rate coupons of between 130 bps and 140 bps over US treasuries. As described in note 25, to protect itself from currency movements and bring interest rate exposures back into line with the Group's desired risk profile the Group entered into five cross currency swaps.

25. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

The carrying value of categories of financial instruments

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Financial assets				
Designated as fair value through profit and loss (FVTPL)	0.7	0.5	0.7	0.5
Derivative instruments in designated hedge accounting relationships	3.0	3.8	3.0	3.8
Loans and receivables (including cash and cash equivalents)	448.2	420.1	162.1	138.2
Available-for-sale	2.0	2.0	-	-
	453.9	426.4	165.8	142.5
Financial liabilities				
Designated as fair value through profit and loss (FVTPL)	-	0.2	-	0.2
Derivative instruments in designated hedge accounting relationships	29.8	30.9	29.8	30.9
Borrowings at amortised cost (note 24a)	967.3	860.7	937.3	850.7
Trade and other payables at amortised cost (note 28)	585.0	565.2	12.7	23.5
	1,582.1	1,457.0	979.8	905.3

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Fair value of 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 and applicable yield curves from quoted interest rates matching the maturities of the contracts.
- 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.

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Interest rate swaps designated and effective as cash flow hedging instruments	3.0	3.8	3.0	3.8
Foreign currency forward contracts at fair value through profit and loss	0.1	-	0.1	-
Interest rate cap and floor options carried at fair value through profit and loss	0.6	0.5	0.6	0.5
	3.7	4.3	3.7	4.3
Current assets	0.7	0.5	0.7	0.5
Non-current assets	3.0	3.8	3.0	3.8
	3.7	4.3	3.7	4.3

25. FINANCIAL INSTRUMENTS (continued)

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Cross currency interest rate swaps designated and effective as hedging instruments carried at fair value	29.8	30.9	29.8	30.9
Foreign currency forward contracts at fair value through profit and loss	-	0.2	-	0.2
	29.8	31.1	29.8	31.1
Current liabilities	-	0.2	-	0.2
Non-current liabilities	29.8	30.9	29.8	30.9
	29.8	31.1	29.8	31.1

Interest risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate swaps

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is either on a fixed rate basis or is subject to movements within pre-defined limits. To achieve its desired interest rate profile the Group uses interest rate swaps and interest rate collars.

As part of their interest rate management processes, in respect of the facilities described in note 24, the Group and the Company are parties to two amortising interest rate swaps, two non-amortising interest rate swaps, one amortising interest rate floor option and an amortising interest rate cap option. Two amortising interest rate swaps each have a notional value of £139.0m, the remaining non-amortising swaps have notional values of £50m each. The interest rate cap and floor options provide a collar on £139.0m of borrowings. Contracts with nominal values of £278m have fixed interest payments at an average rate of 4.95% for periods up until February 2010 and have floating interest receipts equal to LIBOR.

At 31 December 2007 the fair value of interest rate derivatives, all of which terminate approximately 3 years from the balance sheet date, to which the Group and the Company were parties was estimated at £3.7m (2006: £4.3m). This amount is based on market values of equivalent instruments at the balance sheet date. All of these interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been deferred in equity. An amount of £nil (2006: £1.1m) in respect of the fair value movement on the cap and floor has been taken to the income statement through net finance charges as the Company has not applied hedge accounting.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating interest rate amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts as at the reporting date:

Cash flow hedges

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate		Notional principal amount		Fair value	
	2007 %	2006 %	2007 £m	2006 £m	2007 £m	2006 £m
2 to 5 years	4.95	4.95	278.0	278.0	3.0	3.8
Greater than 5 years	5.07	-	50.0	-	-	-
			328.0	278.0	3.0	3.8

25. FINANCIAL INSTRUMENTS (continued)

The interest rate swaps settle on a half yearly basis. The floating rate on the interest rate swaps is 6 months LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest rate payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

Currency swaps

In order to eliminate the currency risk associated with the \$400m unsecured senior notes described in note 24(i) the Group and the Company have entered into five cross currency swaps in varying amounts between £23m and £63m to fix the exchange rate at £1 equal to \$1.73 for the entire lives of the unsecured loan notes, although there is a mutual break clause on each swap on 1 December 2010. The forward options fix the notional amount receivable and payable in respect of the unsecured senior notes to £23m as well as fixing the exchange rate applicable to future coupon payments.

The currency swaps manage the Group's and the Company's exposure to the fixed interest rate on the US dollar denominated borrowing arising out of a private placement on 26 January 2006. There are two interest rate swaps of £58m that convert the borrowing rate on \$200m of debt from 5.77% to a variable rate on 6 month LIBOR plus a weighted average basis point increment of 81.9. At 26 January 2006 the variable rates were both at 5.43%. A further three interest rate swaps of £29m, £23m and £63m convert the borrowing rates on US\$50m, US\$40m and US\$110m of debt from 5.89% to a variable rate based on six month LIBOR plus basis point increment of 86.5, 86.7 and 86.05 respectively. At 26 January 2006 the variable rates were at 5.47 weighted average%.

At 31 December the fair value of currency derivatives, all of which terminate more than five years after the balance sheet date, was estimated at £(29.8)m (2006: £(30.9)m). All of these currency swaps are designated and effective as fair value hedges.

Fair value hedges

Outstanding receive fixed pay floating contracts	Average contract floating interest rate		Notional principal amount		Fair value	
	2007	2006	2007	2006	2007	2006
	%	%	£m	£m	£m	£m
Greater than 5 years	7.0%	6.1%	231.2	231.2	(29.8)	(30.9)

The interest rate swaps settle on a half yearly basis. The floating rate on the interest rate swaps is 6 months LIBOR. The Group will settle the difference between the fixed and floating interest on a net basis.

Interest rate swap contracts exchanging fixed rate interest for floating rate interest are designated and effective as fair value hedges in respect of interest rates. During the period, the hedge was 100% effective in hedging the fair value exposure to interest movements and as a result, the carrying amount of the loan was adjusted by £2.3m (2006: £(31.5)m), which was included in profit or loss at the same time that the fair value of the interest rate swap was included in profit or loss.

The Group acquires goods for sale from overseas, which when not denominated in Sterling are paid for principally in US dollars. The Group has entered into forward foreign exchange contracts (all of which are less than one year in duration) to buy US dollars to hedge the exchange risk arising from these anticipated future purchases. At the balance sheet date the total notional value of contracts to which the Group was committed was US\$17m (2006: US\$12m). The fair value of these derivatives are £0.1m (2006: £(0.2)m). These contracts have not been designated as hedges and accordingly the fair value movement has been reflected in the income statement.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflow and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

2007	0-1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
Gross settled					
Interest rate swaps - receipts	11.7	11.8	35.3	23.7	82.5
Interest rate swaps - payments	(15.6)	(14.4)	(43.1)	(28.8)	(101.9)
	(3.9)	(2.6)	(7.8)	(5.1)	(19.4)
Foreign exchange forward contracts	(8.5)	-	-	-	(8.5)
Total gross settled	(12.4)	(2.6)	(7.8)	(5.1)	(27.9)
Net settled					
Interest rate swaps	3.0	1.3	0.7	0.1	5.1
Total derivative financial instruments	(9.4)	(1.3)	(7.1)	(5.0)	(22.8)
Borrowings (note 24)	(101.8)	(632.2)	-	(203.3)	(937.3)
Other financial liabilities (note 28)	(585.0)	-	-	-	(585.0)
Finance leases (note 24d)	(4.2)	(3.2)	(9.0)	(35.2)	(51.6)
Total financial instruments	(700.4)	(636.7)	(16.1)	(243.5)	(1,596.7)

25. FINANCIAL INSTRUMENTS (continued)

	0-1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
2006					
Gross settled					
Interest rate swaps - receipts	12.4	15.4	34.0	37.3	99.1
Interest rate swaps - payments	(14.2)	(19.1)	(39.5)	(43.2)	(116.0)
	(1.8)	(3.7)	(5.5)	(5.9)	(16.9)
Foreign exchange forward contracts	(6.4)	-	-	-	(6.4)
Total gross settled	(8.2)	(3.7)	(5.5)	(5.9)	(23.3)
Net settled					
Interest rate swaps	1.4	2.9	1.4	-	5.7
Total derivative financial instruments	(6.8)	(0.8)	(4.1)	(5.9)	(17.6)
Borrowings (note 24)	(94.5)	(86.6)	(445.2)	(201.0)	(827.3)
Other financial liabilities (note 28)	(565.2)	-	-	-	(565.2)
Finance leases (note 24d)	(4.8)	(1.8)	(5.7)	(46.8)	(59.1)
Total financial instruments	(671.3)	(89.2)	(455.0)	(253.7)	(1,469.2)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 1.0% higher/lower and all other variables were held constant, the Group's:

- profit for the year ended 31 December 2007 would have increased/decreased by £5m (2006: increased/decreased by £4m);
- net equity would have decreased/increased by £2m (2006: decreased/increased by £4m) mainly as a result of the changes in the fair value of interest rate derivatives.

The Group's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments and the decrease in the nominal value of interest rate derivatives.

26. PROVISIONS

	The Group			
	Property £m	Insurance £m	Other £m	Total £m
At 1 January 2007	20.1	22.6	0.9	43.6
Additional provision in the year	6.8	3.1	-	9.9
Utilisation of provision	(4.8)	(2.9)	(0.3)	(8.0)
Unwinding of discount	1.2	-	-	1.2
At 31 December 2007	23.3	22.8	0.6	46.7
Included in current liabilities	9.6	22.8	0.6	33.0
Included in non-current liabilities	13.7	-	-	13.7
	23.3	22.8	0.6	46.7

The Company has no provisions.

The Group has a number of vacant and partly sub-let leasehold properties. Where necessary provision has been made for the residual lease commitments after taking into account existing and anticipated sub-tenant arrangements.

It is group policy to substantially self insure itself against claims arising in respect of damage to assets, or due to employers or public liability claims. The nature of insurance claims means they may take some time to be settled. The insurance claims provision represents management's best estimate, based upon external advice, of the value of outstanding insurance claims where the final settlement date is uncertain.

26. PROVISIONS (continued)

The following table details the Group's liquidity analysis of its provisions. The table has been drawn up based on the undiscounted net cash outflows.

	0-1 year £m	1-2 years £m	2-5 years £m	5+ years £m	Total £m
2007					
Property	9.6	6.1	7.2	4.9	27.8
Insurance	22.8	-	-	-	22.8
Other	0.6	-	-	-	0.6
	33.0	6.1	7.2	4.9	51.2
2006					
Property	7.0	5.2	5.7	9.0	26.9
Insurance	22.6	-	-	-	22.6
Other	0.9	-	-	-	0.9
	30.5	5.2	5.7	9.0	50.4

27. DEFERRED TAX

The Group

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	At 1 Jan 2006	Acquired in year	Recognised in non- current assets	Recognised in income	Recognised in equity	At 31 Dec 2006	Recognised in non- current assets	Recognised in income	Recognised in equity	At 31 Dec 2007
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Provided										
Capital allowances	11.4	0.1	-	1.7	-	13.2	-	1.4	-	14.6
Revaluation	13.5	-	-	-	(0.2)	13.3	-	-	(0.4)	12.9
Share based payments	(2.2)	-	-	-	(2.9)	(5.1)	-	-	3.7	(1.4)
Provisions	(13.7)	-	-	0.6	-	(13.1)	-	2.6	-	(10.5)
Business combinations	16.2	-	0.1	(2.3)	-	14.0	1.5	(1.3)	-	14.2
Brand	48.8	-	-	-	-	48.8	-	(3.3)	-	45.5
Derivatives	(1.4)	-	-	-	1.4	-	-	-	-	-
Deferred tax liability	72.6	0.1	0.1	-	(1.7)	71.1	1.5	(0.6)	3.3	75.3
Deferred tax asset	(42.9)	-	-	6.3	12.4	(24.2)	-	4.1	15.6	(4.5)
Net	29.7	0.1	0.1	6.3	10.7	46.9	1.5	3.5	18.9	70.8

At the balance sheet date the Group had unused capital losses of £67.0m (2006: £67.0m) available for offset against future capital profits. No deferred tax asset has been recognised because it is not probable that future taxable profits will be available against which the Group can utilise the losses.

Other than disclosed above, no deferred tax assets and liabilities have been offset.

The Group has recognised a deferred tax asset of £4.5m (2006: £24.2m) in respect of the deficit on its pension scheme. The Directors believe that the deferred tax asset will be realised as the deficit is reduced over the coming years.

The Company

	At 1 Jan 2006	Recognised in equity	At 31 Dec 2006	Recognised in equity	At 31 Dec 2007
	£m	£m	£m	£m	£m
Provided					
Share based payments	(0.5)	(0.7)	(1.2)	0.7	(0.5)
Provisions	(0.5)	-	(0.5)	-	(0.5)
Derivatives	(1.4)	1.4	-	-	-
	(2.4)	0.7	(1.7)	0.7	(1.0)

28. OTHER FINANCIAL LIABILITIES

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Trade payables	405.7	392.8	-	-
Other taxation and social security	34.8	33.9	-	-
Other payables	72.0	62.9	12.7	23.5
Accruals and deferred income	72.5	75.6	-	-
Trade and other payables	585.0	565.2	12.7	23.5

The Group

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 48 days (2006: 52.5 days) reflecting the £28m payment run to Wickes creditors on the 53rd Monday of 2007. The Directors consider that the carrying amount of trade payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Company

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2006: 30 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

29. ACQUISITION OF BUSINESSES

During the year the Group acquired 14 limited companies and the assets of 4 other businesses, details of which on an individual basis are not material to the financial statements. All the acquisitions were accounted for using the purchase method of accounting.

	2007			2006		
	Book value acquired £m	Provisional fair value adjustments £m	Provisional fair value acquired £m	Book value acquired £m	Provisional fair value adjustments £m	Provisional fair value acquired £m
Net assets acquired:						
Property, plant and equipment	13.8	-	13.8	1.4	-	1.4
Inventories	5.7	-	5.7	1.5	-	1.5
Trade and other receivables	12.0	-	12.0	2.5	-	2.5
Cash and cash equivalents	1.6	-	1.6	1.7	-	1.7
Trade and other payables	(12.2)	-	(12.2)	(2.6)	-	(2.6)
Tax liabilities	(1.5)	-	(1.5)	-	-	-
Bank overdrafts and loans	(6.1)	-	(6.1)	(0.1)	-	(0.1)
	13.3		13.3	4.4	-	4.4
Goodwill			47.7			8.2
			61.0			12.6
Satisfied by:						
Cash			47.2			10.9
Cash and cash equivalents acquired			1.6			1.7
Deferred consideration			4.5			-
Issue of loan notes			7.7			-
			61.0			12.6

On the day following completion, the trade and assets of each acquired business were transferred into another Travis Perkins' subsidiary. With the exception of Tile Giant the acquired subsidiary companies are now dormant.

Acquisitions made in the periods under review are not material to the Group in respect of turnover, profits or cashflows. Therefore, the results and cash flows of the Group, prepared on the basis that the acquisitions were made on 1 January 2007, are not disclosed on the grounds of materiality.

The individual turnovers, results and cash flow effects of the acquired businesses are not sufficiently material to warrant separate disclosure. The acquired branches have now been fully integrated into the Travis Perkins' group accounting systems. As such, the Directors are unable to calculate meaningful cash flow effects of each of the acquired businesses for the period of Travis Perkins ownership without incurring undue expense and delay.

29. ACQUISITION OF BUSINESSES (continued)

Goodwill arising on acquisitions

The goodwill arising on acquisitions made during the year is attributable to the anticipated profitability of these acquisitions and the future operating synergies arising in the enlarged group. No intangible assets were acquired during the year.

Prior period acquisitions

The provisional fair values ascribed to the net assets of acquisitions made during 2006 and disclosed in the 2006 financial statements were finalised during the year. There were no significant changes to the values disclosed last year.

30. OPERATING LEASE ARRANGEMENTS

The Group leases a number of trading properties under operating leases. The leases are typically 25 years in duration, although some have lessee only break clauses of between 10 and 15 years. Lease payments are reviewed every five years and increases applied in line with market rates. The Group also leases certain items of plant and equipment. The Company has no operating lease arrangements.

The Group as lessee	2007 £m	2006 £m
Minimum lease payments under operating leases recognised in income for the year	115.1	105.7

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2007 £m	2006 £m
Within one year	118.2	109.0
In the second to fifth years inclusive	446.6	412.2
After five years	1,069.7	985.8
	1,634.5	1,507.0

The Group as lessor

The Group sublets a number of ex-trading properties to third parties. Property rental income earned during the year in respect of these properties was £4.6m (2006: £3.4m).

At the balance sheet date, the Group had contracts with tenants for the following future minimum lease payments:

	2007 £m	2006 £m
Within one year	4.0	3.6
In the second to fifth years inclusive	12.3	11.5
After five years	18.1	17.9
	34.4	33.0

31. 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. Transactions between the Company and its subsidiaries are disclosed below. In addition the remuneration, and the details of interests in the share capital of the Company, of the Directors are provided in the audited part of the remuneration report on pages 57 to 61.

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2007 £m	2006 £m
Short term employee benefits	5.3	5.2
Share based payments	1.0	0.5
	6.3	5.7

31. RELATED PARTY TRANSACTIONS (continued)

The Company undertakes the following transactions with its active subsidiaries:

- providing day-to-day funding from its UK banking facilities;
- levying an annual management charge to cover services provided to members of the Group of £7m (2006: £7.5m);
- receiving annual dividends totalling £118.3m (2006: £65.0m).

Details of balances outstanding with subsidiary companies are shown in notes 19 and on the Balance Sheet on page 74.

There have been no material related party transactions with Directors.

32. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Contracted for but not provided in the accounts	39.7	15.3	-	-

33. NET DEBT RECONCILIATION

	THE GROUP		THE COMPANY	
	2007 £m	2006 £m	2007 £m	2006 £m
Net debt at 1 January	(804.4)	(982.4)	(837.6)	(1,121.0)
(Decrease)/increase in cash and cash equivalents	(30.0)	0.2	33.3	2.0
Cash flows from debt	(96.5)	146.8	(75.0)	250.4
(Increase)/reduction in fair value of debt	(2.3)	31.6	(2.3)	31.6
Additional finance charges netted off bank debt	(1.7)	(0.6)	(1.7)	(0.6)
Finance lease surrendered	1.6	-	-	-
Loan notes issued	(7.7)	-	(7.7)	-
Net debt at 31 December	(941.0)	(804.4)	(891.0)	(837.6)

34. GEARING

	THE GROUP	
	2007 £m	2006 £m
Net debt under IFRS	(941.0)	(804.4)
IAS 17 finance leases	28.8	31.5
Fair value adjustment to debt	(27.9)	(30.3)
Finance charges netted off bank debt	-	(1.7)
Net debt under 2004 UK GAAP	(940.1)	(804.9)
Total equity	1,036.9	933.1
Gearing	90.7%	86.3%

35. ADJUSTED FREE CASH FLOW

	THE GROUP	
	2007 £m	2006 £m
Net debt at 1 January	(804.4)	(982.4)
Net debt at 31 December	(941.0)	(804.4)
(Increase)/decrease in net debt	(136.6)	178.0
Dividends	48.1	42.5
Net cash outflow for expansion capital expenditure	82.2	31.6
Net cash outflow for acquisitions	47.2	10.9
Net cash outflow for acquisition of investments	-	2.0
Own shares purchased	76.0	-
Shares issued	(6.8)	(6.9)
Non cash movements	10.1	(31.0)
Special pension contributions	9.6	21.0
Free cash flow	129.8	248.1
Additional payment run on 53rd Monday	28.0	-
Cash impact of exceptional property profits	-	(31.5)
Adjusted free cash flow	157.8	216.6

36. ADJUSTED RETURN ON ADJUSTED EQUITY AND ADJUSTED RETURN ON CAPITAL

Adjusted return on equity	THE GROUP	
	2007 £m	2006 £m
Profit before tax	261.4	231.9
Exceptional property profit	-	(11.6)
Adjusted profit before tax	261.4	220.3
Closing adjusted equity	1,036.9	933.1
Equity impact of exceptional property profit	-	(12.8)
Net pension deficit	11.5	56.6
Closing goodwill written off	92.7	92.7
	1,141.1	1,069.6
Opening equity	920.3	758.0
Net pension deficit	56.6	99.9
Opening goodwill written off	92.7	92.7
	1,069.6	950.6
Average net assets	1,105.4	1,010.1
Adjusted return on equity	23.6%	21.8%

36. ADJUSTED RETURN ON ADJUSTED EQUITY AND ADJUSTED RETURN ON CAPITAL (continued)

Adjusted return on capital	THE GROUP	
	2007 £m	2006 £m
Operating profit	319.9	289.6
Exceptional property profit	-	(11.6)
Adjusted operating profit	319.9	278.0
Opening net assets	920.3	758.0
Goodwill written off	92.7	92.7
Net borrowings	804.4	982.4
Pension deficit	56.6	99.9
Opening capital employed	1,874.0	1,933.0
Closing net assets	1,036.9	933.1
Equity impact of exceptional property profit	-	(12.8)
Goodwill written off	92.7	92.7
Net borrowings	941.0	804.4
Pension deficit	11.5	56.6
Closing adjusted capital employed	2,082.1	1,874.0
Average adjusted capital employed*	1,978.1	1,903.5
Adjusted return on capital	16.2%	14.6%

37. ADJUSTED EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION

Adjusted earnings before interest, tax and depreciation ('EBITDA') is derived as follows:	THE GROUP	
	2007 £m	2006 £m
Profit before tax	261.4	231.9
Finance costs	58.5	57.7
Depreciation and impairments	56.3	53.7
EBITDA under IFRS	376.2	343.3
Exceptional property profits	-	(11.6)
Reversal of IFRS effect	2.8	4.0
Adjusted EBITDA as defined in UK banking agreements	379.0	335.7
Net debt under 2004 UK GAAP (note 34)	940.1	804.9
Adjusted net debt to EBITDA	2.48x	2.40x

FIVE YEAR RECORD

Consolidated income statement	IFRS				UK GAAP
	2007 £m	2006 £m	2005 £m	2004 £m	2003 £m
Revenue	3,186.7	2,848.8	2,640.8	1,828.6	1,678.3
Operating profit before exceptional property profits, amortisation and impairment charges	319.9	278.0	268.0	217.7	191.4
Amortisation and impairment charges	-	-	-	-	(15.3)
Exceptional property profits	-	11.6	-	-	-
Operating profit	319.9	289.6	268.0	217.7	176.1
Reduction in net finance costs	(58.5)	(57.7)	(61.3)	(11.2)	(13.4)
Profit before tax	261.4	231.9	206.7	206.5	162.7
Reduction in income tax expense	(76.1)	(64.9)	(65.9)	(64.4)	(53.8)
Net profit	185.3	167.0	140.8	142.1	108.9
Adjusted return on capital	16.2%	14.6%	14.8%	25.0%	25.5%
Adjusted return on equity	23.6%	21.8%	23.2%	29.2%	29.3%
Basic earnings per share	153.3p	137.9p	116.8p	124.4p	96.5p
Adjusted earnings per share	149.8p	127.4p	116.8p	124.4p	110.0p
Dividend declared per ordinary share (pence)	44.9p	37.4p	34.0p	30.5p	24.4p
Branches at 31 December (No.)	1,125	1,022	983	751	700
Average number of employees (No.)	14,725	13,831	14,048	9,385	9,199

Consolidated cash flow statement	IFRS				UK GAAP
	2007 £m	2006 £m	2005 £m	2004 £m	2003 £m
Cash generated from operations	303.9	323.3	310.8	222.9	230.8
Net interest paid	(72.5)	(59.0)	(38.2)	(8.0)	(9.3)
Income taxes paid	(74.5)	(57.3)	(47.0)	(54.2)	(50.9)
Net purchases of investments, property and plant	(118.9)	(13.5)	(70.2)	(65.1)	(46.9)
Acquisition of businesses net of cash acquired	(47.2)	(10.9)	(1,045.5)	(39.0)	(72.3)
Proceeds from issuance of share capital	6.8	6.9	6.4	90.6	3.5
Dividends paid	(48.1)	(42.5)	(38.6)	(30.0)	(23.7)
Own shares acquired	(76.0)	-	(8.1)	-	-
Payment of finance lease liabilities	(1.9)	(2.8)	(2.3)	(1.0)	-
Repayment of unsecured loan notes	(0.2)	(0.3)	(0.8)	(3.2)	-
Increase/(decrease) in bank loans	98.6	(143.7)	872.7	(30.0)	-
Net (decrease)/increase in cash and cash equivalents	(30.0)	0.2	(60.8)	83.0	31.2
Net debt at 1 January	(804.4)	(982.4)	(30.7)	(128.5)	(159.7)
IFRS adjustment	(2.4)	-	-	(19.4)	-
Loan notes issued	(7.7)	-	-	-	-
Cash flow from debt and debt acquired	(96.5)	177.8	(890.9)	34.2	-
Net debt at 31 December	(941.0)	(804.4)	(982.4)	(30.7)	(128.5)

Consolidated balance sheet	IFRS				UK GAAP
	2007 £m	2006 £m	2005 £m	2004 £m	2003 £m
Property, plant and equipment	505.0	426.4	445.2	340.7	284.7
Goodwill and other intangibles	1,492.2	1,444.5	1,436.3	304.8	285.7
Derivative financial instruments	3.0	3.8	1.3	-	-
Investment property and other investments	5.5	5.9	4.1	4.2	4.3
Deferred tax asset	4.5	24.2	42.9	38.5	-
Inventories	330.2	294.4	263.2	200.6	178.1
Trade and other receivables	422.6	364.3	322.4	287.8	265.6
Cash and cash equivalents	26.3	56.3	56.1	116.9	33.9
Total assets	2,789.3	2,619.8	2,571.5	1,293.5	1,052.3
Issued capital	12.3	12.2	12.1	12.1	11.3
Share premium account	178.9	172.2	165.6	159.2	69.4
Own shares	(83.9)	(7.9)	(8.1)	-	-
Other reserves	27.1	29.3	23.1	26.7	30.6
Accumulated profits	902.5	727.3	565.3	452.6	365.7
Total equity	1,036.9	933.1	758.0	650.6	477.0
Non-current liabilities					
Interest bearing loans and borrowings	863.9	763.6	1,027.4	137.8	150.0
Derivative financial instruments	29.8	30.9	-	-	-
Retirement benefit obligations	16.0	80.8	142.8	128.3	85.1
Long term provisions	13.7	13.1	13.2	-	-
Deferred tax liabilities	75.3	71.1	72.6	38.3	10.2
Current liabilities					
Interest bearing loans and borrowings	103.4	97.1	11.1	9.8	12.4
Derivative financial instruments	-	0.2	5.1	-	-
Trade and other payables	585.0	565.2	482.3	293.4	281.8
Tax liabilities	32.3	34.2	33.3	22.6	25.9
Short-term provisions	33.0	30.5	25.7	12.7	9.9
Total liabilities	1,752.4	1,686.7	1,813.5	642.9	575.3
Total equity and liabilities	2,789.3	2,619.8	2,571.5	1,293.5	1,052.3

The amounts disclosed for 2003 are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRS.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the forty-fourth Annual General Meeting of Travis Perkins plc will be held at Northampton Rugby Football Club, Franklin's Gardens, Weedon Road, Northampton, NN5 5BG on Tuesday 13 May 2008 at 11.45 a.m.

The Resolutions

Resolutions 1 to 8 (inclusive) will be proposed as ordinary resolutions. Resolutions 9 to 11 (inclusive) will be proposed as special resolutions.

Ordinary business

1. To receive the Company's annual accounts for the financial year ended 31 December 2007, together with the directors' report, and the directors' remuneration report and the auditors' report on those accounts and on the auditable part of the directors' remuneration report.
2. To declare a final dividend for the financial year ended 31 December 2007 of 30.4 pence per ordinary share, payable to shareholders on the register at the close of business on 18 April 2008.
3. To re-appoint Chris Bunker as a non-executive director, who is retiring by rotation pursuant to Article 76 of the Company's Articles of Association. Biographical details of Chris Bunker appear on page 47.
4. To re-appoint Geoff Cooper as a director, who is retiring by rotation pursuant to Article 76 of the Company's Articles of Association. Biographical details of Geoff Cooper appear on page 46.
5. To re-appoint Paul Hampden Smith as a director, who is retiring by rotation pursuant to Article 76 of the Company's Articles of Association. Biographical details of Paul Hampden Smith appear on page 46.
6. To re-appoint Deloitte & Touche LLP, Chartered Accountants, as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid and to authorise the Directors to fix their remuneration.

Special Business

7. That the directors' remuneration report for the financial year ended 31 December 2007 set out on pages 53 to 61 be approved.
8. That, in substitution for all existing unexercised authorities, the authority conferred on the Directors to allot relevant securities by Article 4(B) of the Company's Articles of Association be and is hereby renewed for the period expiring fifteen months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting (unless previously renewed, varied or revoked by the Company in general meeting) and for that period the 'section 80 amount' is £1,233,034.
9. That, subject to the passing of Resolution 8, and in substitution for all existing unexercised authorities, the power conferred on the Directors to allot equity securities wholly for cash on a non-prescriptive basis by Article 4(C) of the Company's Articles of Association be and is hereby renewed for the period expiring fifteen months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting and for that period the 'section 89 amount' is £613,348.
10. That the Articles of Association presented to the meeting, and initialled by the Chairman for the purposes of identification only, be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.
11. That the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of 10 pence each in the capital of the Company ('ordinary shares'), provided that:
 - (a) the maximum aggregate number of ordinary shares authorised to be purchased is 12,266,966 (representing 10% of the issued share capital of the Company as at 3 March 2008);
 - (b) the minimum price (exclusive of expenses) which may be paid for an ordinary share is its nominal value of 10 pence;
 - (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased;
 - (d) this authority expires at the conclusion of the next Annual General Meeting of the Company or the date fifteen months from the date of passing of this resolution, whichever is the earlier; and
 - (e) the Company may make a contract to purchase ordinary shares under this authority before the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board,

Andrew Pike *Secretary*

Lodge Way House, Harlestone Road, Northampton NN5 7UG

3 March 2008

Registered in England No. 824821

Directions to Northampton Rugby Football Club can be found on page 116.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. A member of the Company is entitled to appoint a proxy to exercise all or any of his rights to attend, speak and vote at a general meeting of the Company. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attaching to different shares. A proxy need not be a member.
2. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Registrars or you may photocopy this form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. To be effective, the instrument appointing a proxy and any authority under which it is signed (or a notarially certified copy of such authority) for the Annual General Meeting to be held at Northampton Rugby Football Club, Franklins Gardens, Weedon Road, Northampton, NN5 5BQ at 11.45 am on 13 May 2008 and any adjournment(s) thereof must be returned to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, by 11.45 am on 11 May 2008. Alternatively you may submit your proxy form online by accessing the Shareholder portal at www.capitaregistrars.com/shareholders, logging in and selecting the 'Proxy Voting' link. If you have not previously registered for electronic communications, you will first be asked to register as a new user, for which you will require your investor code (which can be found on the enclosed proxy form, your share certificate and dividend tax voucher) family name and post code (if resident in the UK).

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do by using the procedures described in the CREST Manual.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors and voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

In each case the proxy appointments must be received by the Company not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

A form of proxy is enclosed with this notice. The appointment of a proxy does not preclude a member from attending the meeting and voting in person, in which case any votes of the proxy will be superseded.

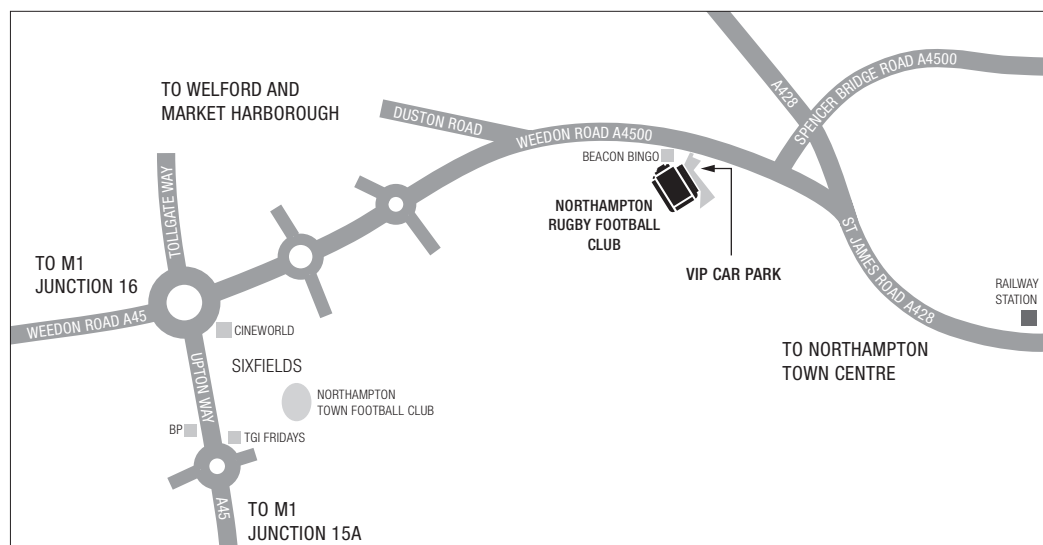
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the register of members of the Company as at 11.45 a.m. on 11 May 2008 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. The register referred to in note 4 means the issuer register of members and the Operator register of members maintained in accordance with Regulation 20 of the Uncertificated Securities Regulations 2001.

6. The following documents will be available for inspection at the Registered Office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this Notice to the date of the meeting and at Northampton Rugby Football Club from 11.15 a.m. on the day of the meeting until the conclusion of the meeting.
 - 6.1 Copies of contracts of service of directors and non-executive directors' letters of appointment with the Company, or with any of its subsidiary companies.
 - 6.2 The register of directors' interests kept by the Company
 - 6.3 A copy of article 147 of the Company's existing Articles of Association, which sets out the directors' and officers' indemnity entitlements.
 - 6.4 A statement giving particulars of directors' relevant transactions.
 - 6.5 The proposed new Articles of Association of the Company.
7. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:
 - (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

DIRECTIONS TO NORTHAMPTON RUGBY FOOTBALL CLUB

Franklin's Gardens, Weedon Road, Northampton, NN5 5BG

The Travis Perkins AGM will be held in The Captains Suite and The Rodber Suite.
Parking is directly outside in the VIP Car Park (follow VIP Car park signs off Weedon Road).



From the South (via the M1)

Exit off motorway at junction 15A and follow the signs towards Sixfields. At roundabout with TGI Fridays on the right and a BP petrol station on the left carry straight on up the hill. At Cineworld roundabout turn right towards the Town Centre. Go straight over the next roundabout (Sainsbury's is on the left before the roundabout and Wickes on the right after the roundabout) and set of traffic lights. Continue on that road (Weedon Road). The entrance to the Saints is on the right immediately after Beacon Bingo. Follow signs for VIP car park off Weedon Road.

From the North (via the M1)

Exit off motorway at junction 16 and follow the A45 to Northampton. At Cineworld roundabout continue straight on and follow directions from the south.

From the East, Peterborough, Cambridge, Wellingborough

Follow A45 to M1 junction 15. Head north to junction 15A then follow directions from the South.

From Welford, Market Harborough

Aim towards the Kingsthorpe area of Northampton. Turn right at the major set of traffic lights (the Cock Hotel is on the corner), signposted Sixfields. Continue on this road until you get to Cineworld roundabout (approx 3 miles) then continue as from the south.

Directions from the Railway Station

Turn right out of the station. Continue past Thomas A Becket pub, Church and Co. factory and bus station. At fork in road bear left and Franklin's Gardens is on your left. Walk takes approx 15 minutes.

Nearest Airports

London Luton and Nottingham East Midlands.

Further Information

For detailed directions you might want to try the following websites:

Multimap (www.multimap.com)

The AA (www.theaa.com)

The RAC (www.rac.co.uk)

For further details about the venue:

www.northampton saints.co.uk

OTHER SHAREHOLDER INFORMATION

SHAREHOLDER ENQUIRIES

Shareholder enquiries should be directed to the Company Secretary at the Company's registered office Lodge Way House, Lodge Way, Harlestone Road, Northampton NN5 7UG (telephone 01604 752424; email cosec@travisperkins.co.uk).

Should your query relate to a pensions matter please email pensions@travisperkins.co.uk or if your query relates to a marketing matter please email marketing@travisperkins.co.uk

REGISTRAR'S ON-LINE SERVICE

By logging onto www.capitaregistrars.com, clicking on 'shareholders' at the top of the page and then the link under 'The Share Portal' and following the prompts, shareholders can view and amend various details on their account. Please note that you will require your unique investor code, which can be found on your share certificate, proxy card or dividend tax voucher.

FINANCIAL DIARY

Annual General Meeting	13 May 2008
Payment of final dividend	15 May 2008
Announcement of interim results	July 2008
Payment of interim dividend	November 2008
Announcement of 2008 annual results	March 2009

SHARE DEALING SERVICES

Capita Registrars ('Capita'), the Company's Registrar, offers an on-line and telephone share dealing service which is available by logging on to www.capitadeal.com or telephoning 0871 664 0446 (calls cost 10p per minute plus network extras). For the on-line service, Capita's commission rates are 1% of the value of the deal (minimum £17.50, maximum £50) and for the telephone service, Capita's commission rates are 1.50% of the value of the deal (minimum £22.50, maximum £100). An additional £2.50 will be levied on all share dealings to cover Capita's compliance and administrative costs.

DIVIDEND RE-INVESTMENT PLAN ('DRIP')

This is a scheme which allows you to use your dividends to buy further shares in Travis Perkins. The DRIP is administered by Capita IRG Trustees Ltd ('CIRGT'). CIRGT will instruct the broker to buy shares on the dividend payment date at the then current market price. Any cash left over which is insufficient to purchase a whole share will be carried forward and held without interest, in a Client Money bank account. The DRIP commission, charged to the shareholder is 1% of the purchase price of the shares, with a minimum charge of £2.50. This is exclusive of stamp duty reserve tax at 0.5% of the deal value. Should you wish to apply you should request an application pack by telephoning 0871 664 0381 (calls cost 10p per minute plus network extras) or, if calling from overseas +(44) 20 8639 3402; alternatively you can email shares@capitaregistrars.com.

INTERNET

There are sites on the internet that carry a range of information about the Group and its principal brands, products and services at the following addresses:

www.travisperkins.co.uk*
www.bmpublicsector.co.uk
www.cityplumbing.co.uk*
www.ccfstd.co.uk*
www.toolmart.co.uk
www.keyline.co.uk*
www.wickes.co.uk*
www.tilegiant.co.uk
www.benchmarkjoinery.co.uk

* These sites allow credit account holders to order on-line with the exception of the Wickes' site which allows on-line ordering by secure card transaction.

OTHER SHAREHOLDER INFORMATION (continued)

Some of the sites provide information about branch locations and allow access to prices and the product range available. Customers are also able to construct their own price quotation that includes any special price arrangements that have been negotiated with the Group.

ELECTRONIC COMMUNICATION

Last year the Articles of Association were amended to broaden the powers under the Companies Act 2006 (the '2006 Act') in relation to the sending or supplying of notices, documents or information by the Company in electronic form (including via a website). A letter was sent out to all shareholders on 17 August 2007 explaining that under the new provisions within the 2006 Act a company is allowed to use its website to publish statutory documents and communications to shareholders, such as the Annual Report and Accounts and the Notice of the AGM. You can therefore view or download a copy of the Annual Report and Accounts and the Notice of the AGM by going to our website at www.travisperkins.co.uk. (see section called 'Investor Centre' - see also section below called 'websites'). If you received a hard copy of this report in the post then you will not have consented to this method of publication. Should you now wish to consent to this method of publication you should contact Capita Registrars, Shareholder Administration Support, Freepost RLYX-GZTU-KRRG, 34 Beckenham Road, Beckenham, BR3 9ZA. By reducing the number of communications sent by post it will not only result in cost savings to the Company but also reduce the impact that the unnecessary printing and distribution of reports has on the environment. Please note that if you consent to website publication, you will continue to be notified each time that the Company places a statutory communication on the website. This notification will be sent to you **by post**. However, you may also choose to receive notifications by e-mail and we would encourage you to do so. If you wish to receive these notifications via email you should register at: <http://www.capitaregistrars.com> and follow the instructions above under the heading Registrar's on-line Service.

Please telephone Capita Registrars on 0871 664 0391 (within the UK, calls cost 10p per minute plus network extras) (+44 20 8639 3367 if calling from outside the UK) if you have any queries.

Notes

1. Before consenting to receive documents and communications via the website, shareholders should ensure that they have a computer with internet access and the Adobe Acrobat reader facility. The Adobe Acrobat reader software may be obtained via the website free of charge.
2. If you elect to receive notifications of the publication of the documents and communications on the website electronically, it will be your responsibility to notify our registrars, Capita, of any subsequent change in your e-mail address or other contact details.
3. If you are not resident in the United Kingdom, it is your responsibility to ensure that you may validly receive documents and communications electronically (either generally or in relation to any particular document or communication) without the Company being required to comply with any governmental or regulatory procedures or any similar formalities. The Company may deny electronic access to documents and communications relating to certain corporate actions in respect of those shareholders who it believes are resident in jurisdictions where it is advised that to provide such access would or may be a breach of any legal or regulatory requirements.
4. The Company's obligation to provide shareholder documents to you is satisfied when it transmits an electronic message. The Company is not responsible for any failure in transmission for reasons beyond its control any more than it is for postal failures. In the event of the Company becoming aware that an electronic communication to you has not been successfully transmitted, a further two attempts will be made. If the transmission is still unsuccessful, a hard copy of the relevant notification will be posted to your registered address.
5. Your registration to receive electronic communications and your relevant contact address details will stand until such time as the Company receives alternative instructions from you by e-mail or in writing.
6. The Company takes all reasonable precautions to ensure no computer viruses are present in any electronic communication it transmits, but the Company shall not be responsible for any loss or damage arising from the opening or use of any e-mail or attachments sent by the Company or on its behalf. The Company recommends that shareholders subject all messages to computer virus checking procedures. Any electronic communication received by or on behalf of the Company, including the lodgement of an electronic proxy form, that is found to contain any computer virus will not be accepted.
7. The Company reserves the right, irrespective of your election, to revert to sending hard copy documentation by post whenever it considers it necessary or desirable to do so.

OTHER SHAREHOLDER INFORMATION (continued)

DUPLICATE SHARE REGISTER ACCOUNTS

If you are receiving more than one copy of our report, it may be that your shares are registered in two or more accounts on our register of members. If that was not your intention you might consider merging them into one single entry. Please contact Capita Registrars who will be pleased to carry out your instructions.

WEBSITES

We are currently redeveloping our website with the intention of splitting the site into two separate sites, one for the trade side of the business (travisperkins.co.uk) and one for the corporate side of the business (travisperkinsplc.com). No launch date has yet been decided although it is anticipated that it will be in the near future.

OVERSEAS SHAREHOLDERS

Our registrar, Capita Registrars, has introduced an International Payment Service that allows you to receive your dividend payments in your local currency, sent directly to your local bank account - potentially saving you time and money. Further details are available from Shareholder Administration, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; telephone **UK: 0871 664 0386** (Calls cost 10 pence per minute plus network extras) or **+44 20 8639 3405** (from outside the UK) or by logging on to www.capitaregistrars.com/international.

SHAREHOLDER NOTES



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