

WOLSELEY PLC

Results for the half year to 31 January 2012

£million	H1 2012	H1 2011	Change	Like-for-like change ⁽³⁾
Revenue	6,841	6,629	+3%	+5%
Gross profit	1,876	1,833	+2%	
Trading profit ⁽¹⁾	310	275	+13%	
Profit before tax	250	195	+28%	
Headline earnings per share ⁽¹⁾	78p	60p	+30%	
Adjusted net debt ⁽²⁾	529	933	404	
Dividend per share	20p	15p	+33%	

Financial highlights

- Revenue of £6,841 million, 5% ahead on a like-for-like basis.
- Trading profit of £310 million, 13% ahead of last year.
- Underlying⁽⁴⁾ trading profit in the ongoing⁽⁴⁾ business of £318 million, 16% ahead of last year.
- Good cash generation with adjusted net debt of £529 million, £404 million better than 31 January 2011. Net debt will be reduced further on completion of the disposal of Brossette.
- Headline earnings per share of 78p, 30% ahead of last year.
- Interim dividend increased by 33% to 20 pence per share.

Operating and corporate highlights

- Continued strong growth in USA and weakness in Europe.
- Gains in productivity and strong flow-through of incremental revenue to trading profit.
- Underlying trading margin for the ongoing businesses of 5.0%, 0.4% higher than last year.
- Six bolt-on acquisitions completed since 1 August 2011 for £41 million with aggregate annual revenue of £100 million and invested £6 million in 39 new branches.
- Disposals of Encon, Build Center and residual stake in Stock Building Supply completed.
- Completion of Brossette sale expected shortly.

(1) Before exceptional items and the amortisation of acquired intangibles.

(2) Including receivables financing and construction loan debt.

(3) The increase in revenue excluding the effect of currency exchange, acquisitions and disposals, trading days and branch openings and closures.

(4) Throughout this report 'underlying' results exclude the impact of non-recurring charges of £16 million (2011 : £3 million) and 'ongoing businesses' excludes businesses that have been sold or are held for sale.

Ian Meakins, Chief Executive, commented:

“Wolseley has delivered another decent performance, despite challenging economic conditions in Europe, with like-for-like revenue growth of 5 per cent. The underlying gross margin was maintained and our ongoing focus on operational efficiency has delivered further improvements in the trading margin of the ongoing business to 5 per cent. Good cash flow has enabled us to continue to reduce net debt and to invest for future growth. We have completed a number of value-enhancing acquisitions in the US and Nordics and they are being integrated promptly.

“Like-for-like growth trends for the Group since the end of the period have been slightly lower than the first half overall with the US a little better and Europe a little weaker. We will continue to pursue operating efficiencies and remain focused on improving customer service, gaining market share and protecting our gross margins. We will continue to invest selectively in the business where we can exploit growth opportunities and generate good returns.

“An attractive and sustainable dividend is an important element of shareholder returns and we have raised the interim dividend to 20 pence per share, 33 per cent ahead of last year reflecting our confidence in the business.”

For further information please contact

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There will be an analyst and investor meeting at 09.30 (UK time) today at Deutsche Bank, The Auditorium, 1 Great Winchester Street, London EC2N 2DB. A live video webcast and slide presentation of this event will be available on www.wolseley.com. We recommend you register at 09.15. Photographs are available at www.newscast.co.uk.

Group results

The Group delivered a good overall result against a backdrop of continued weak demand in Europe and improved market conditions in the USA and Canada. Repairs, Maintenance and Improvement (RMI) and new construction markets were stable in most countries, although markets in Europe remained fragile. Most of our major businesses continued to take market share.

The Group generated revenue of £6,841 million (2011: £6,629 million), 3% ahead of last year, with like-for-like growth of 5%. The underlying gross margin in the ongoing business remained unchanged. Trading profit of £310 million includes £8 million (2011: £4 million) for businesses sold or held for sale and is stated net of £16 million (USA: £11 million, UK: £3 million, France: £2 million) of non-recurring items (2011: £3 million). Adjusting for these items, underlying trading profit in the ongoing business of £318 million (2011: £274 million) was 16% higher than last year. Underlying operating expenses for the ongoing business were 5% greater than last year, of which 1% arose from increases in pensions and share-based payments. The underlying trading margin for the ongoing business increased to 5.0% (2011: 4.6%). There was an additional trading day in the period which contributed approximately £6 million of additional trading profit and movements in foreign exchange, most notably the Swiss Franc, contributed a further £2 million.

An exceptional charge of £29 million arose from losses on disposal or closure of businesses and the revaluation of assets held for sale. This was offset by a £16 million gain on the disposal of the remaining holding in a former associate.

Net finance costs reduced to £15 million (2011: £31 million) reflecting the lower level of net debt and the benefits of the refinancing completed in 2011. The underlying effective tax rate on trading profit less net finance costs was 26% (2011: 30%) as previously planned. Headline earnings per share were 78 pence (2011: 60 pence) an increase of 30%, reflecting the growth in trading profit and lower interest and tax charges. Basic earnings per share from continuing operations were 64 pence (2011: 47 pence).

Operating and Financial Review

Further details of the financial performance and market conditions in each of the Group's ongoing businesses are set out below. Reported results are set out in the segmental analysis on page 16.

Quarterly like-for-like revenue growth

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
USA	+6%	+11%	+10%	+7%	+10%	+7%
Canada	+7%	+4%	-	(2%)	+2%	+5%
UK ⁽⁵⁾	+5%	+8%	+1%	(2%)	(3%)	(2%)
Nordic	+4%	+4%	+6%	+2%	+2%	+7%
France	+2%	+2%	+8%	+4%	+3%	+5%
Central Europe	(3%)	(4%)	-	+1%	+1%	+2%
Group	+4%	+7%	+6%	+3%	+5%	+5%

⁽⁵⁾ Like-for-like growth in the UK includes the impact of last year's contract loss. Excluding this contract the like-for-like growth rates for the ongoing businesses in the UK for the last four quarters were: Q3 2011: 2%, Q4 2011: 1%, Q1 2012: 1%, Q2 2012: 2%.

Ongoing operations

£ million Half year ended 31 January	Revenue 2012	Revenue 2011	Change	Like-for- like Change	Trading profit 2012	Trading profit 2011
USA	2,966	2,678	+11%	+9%	173	146
Canada	426	408	+4%	+3%	25	23
UK	852	858	(1%)	(3%)	44	48
Nordic	1,098	1,020	+8%	+5%	47	48
France	606	584	+4%	+4%	8	11
Central Europe	377	361	+4%	+1%	20	17
Central and other costs					(15)	(22)
Ongoing operations	6,325	5,909	+7%	+5%	302	271
Sold or held for sale	516	720			8	4
Group	6,841	6,629	+3%	+5%	310	275

USA (43% of Group revenue)

Revenue in the USA was 9% ahead on a like-for-like basis, including price inflation of approximately 4%. The RMI segment remained resilient and there has been a modest recovery in levels of new construction. The major business units of Blended Branches, Waterworks and Industrial continued to gain market share.

Gross margins declined slightly, partly as a result of significant copper price deflation in the first quarter. In addition, the business made a one-off payment of £11 million to reimburse a supplier for having historically claimed certain rebates in error. Operating expenses were 7% higher, including £9 million of costs to reinstate 401k pension contributions and share based payment charges as previously indicated. These factors constrained the growth in trading profit, but this was still 18% ahead at £173 million (2011: £146 million).

Blended Branches continued to grow well in a stable RMI market. The ongoing focus on gross margins contributed to good profit flow through. Waterworks was resilient and the Industrial business continued to grow strongly benefiting from growth in the oil and gas sector. Revenue declined slightly in the Heating, Ventilation and Air Conditioning (HVAC) business due to the removal of government tax incentives last year. Build.com, our consumer internet business, continued to grow strongly and achieved a very good operating result.

In December 2011 the business wrote to certain customers notifying them of the unintentional supply of gaskets which had been mislabelled by a former supplier as being non-asbestos. As at the date of this statement no significant claims have arisen from this matter.

Three small acquisitions were completed in the first half, one in each of our Blended Branches, Waterworks and Industrial businesses and acquisitions accounted for 1% of revenue growth in the region.

On an underlying basis the USA trading margin was 6.2% (2011: 5.5%).

Canada (6% of Group revenue)

In Canada revenue was 3% ahead on a like-for-like basis including price inflation of approximately 1%. The growth rate improved in the second quarter and new residential volumes remained high. Infrastructure spending continued to grow supported by strong demand from the oil and mining sector.

Gross margins were similar to last year and the business benefited from the new distribution centre in Milton. Operating cost growth was restricted to 3% with staff numbers being reduced by 91. Trading profit of £25 million was £2 million higher than last year.

Blended Branches and HVAC grew modestly and improved profitability. Waterworks traded slightly lower against very strong comparators due to reductions in government infrastructure spend as fiscal austerity measures took effect. Industrial continued to grow strongly.

The trading margin was 5.9% (2011: 5.6%).

UK (15% of Group revenue)

Revenue in the ongoing UK business declined 3% on a like-for-like basis. However, the business made considerable progress in replacing the volumes represented by last year's contract loss and, adjusting for this factor, like-for-like revenue was 2% ahead of last year. Whilst demand in the heating market was subdued, other product categories performed well. Price inflation in the ongoing businesses was approximately 3%.

The ongoing gross margin was ahead of last year due to favourable sales mix and underlying operating expenses were 4% higher, with staff costs being well controlled as headcount was reduced by 179. Trading profit for the ongoing business of £44 million was £4 million behind last year although this included £3 million of non-recurring restructuring charges.

Plumb and Parts Center achieved a good performance in lacklustre markets and increased gross margins despite strong competition. Pipe and Climate Center and Drain Center both continued to perform very well, generating good growth and continuing to take market share.

The underlying trading margin for the ongoing UK business was 5.5% (2011: 5.6%).

Nordic (16% of Group revenue)

In the Nordic region like-for-like revenue growth was 5%, though macroeconomic conditions were weak, particularly in Sweden and Finland. In Denmark demand remained subdued although our building materials business grew well and trading profit was ahead as we continued to hold market share. Growth rates were lower in Finland and Sweden although both businesses protected gross margins. We held market share in Sweden where trading profit was slightly lower due to investment.

Gross margins were slightly lower overall due to some lower margin direct sales. Operating expenses increased by 7%, of which 2% was due to the impact of recent acquisitions and new branches. Trading profit of £47 million was £1 million behind last year.

We completed small acquisitions in Sweden and Norway. Since the end of the period we completed a small bolt-on acquisition in Denmark.

The trading margin for the Nordic region was 4.3% (2011: 4.7%).

France (14% of Group revenue)

Revenue in France grew 4% on a like-for-like basis including approximately 3% inflation in deteriorating construction markets. Government stimulus action is also now coming to an end which may have a negative effect on activity levels going forward.

Reseau Pro, our building materials business, increased revenue although intense pricing pressure led to lower gross margins. Revenue in the Wood Solutions business was broadly flat as activity slowed in the second quarter whilst gross margins improved. The business performed in line with the market overall, with the structure and trusses business being ahead.

After adjusting for £2 million of restructuring costs, underlying operating expenses in France grew by 1%, with higher fleet costs and bad debt charges. Headcount was reduced by 59, and trading profit for the ongoing business declined by £3 million.

The underlying trading margin was 1.7% (2011: 1.9%).

Central Europe (6% of Group revenue)

In Central Europe like-for-like revenue was 1% ahead of last year. Good growth in Austria was offset by a decline in Holland where we continue to exit unprofitable business. Revenue in Switzerland was flat as volume growth was offset by price deflation.

The gross margin in the period was well ahead of last year as the business benefitted from exchange gains from the strengthening of the Swiss Franc. This offset investment in the region which contributed to operating cost growth of 4% in constant currency. Trading profit in the ongoing businesses improved to £20 million (2011: £17 million) including £2 million benefit from movement in foreign exchange rates.

The trading margin in the ongoing businesses was 5.3% (2011: 4.7%).

Businesses sold or held for sale

The sale of Brossette is expected to complete shortly. The sales of Encon and Build Center were completed in the period. The Group also sold its remaining share of Stock Building Supply. Combined revenue for the businesses sold and held for sale in the period was £516 million (2011: £720 million) and trading profit was £8 million (2011: £4 million).

Cash flow

The Group generated improved EBITDA of £374 million (2011: £353 million). Asset and business disposals (net of acquisitions) reduced net debt by £160 million. The Group made a one-off payment of £60 million to the UK defined benefit pension scheme from proceeds of the sale of Build Center. Interest and tax payments amounted to £36 million and dividends amounted to £85 million (2011: £nil). Capital investment amounted to £64 million and net investment in working capital was £81 million before accounting for the adjustments to net debt described below. Other items amounted to £32 million. The aggregate of these items represented a reduction in the Group's adjusted net debt since 31 July 2011 of £176 million.

Net debt

Adjusted net debt, which is the Group's all-inclusive measure of indebtedness, was reduced to £529 million. The only remaining reconciling item between reported and adjusted net debt is the impact of receivables financing of £59 million, which will be eliminated on completion of the sale of Brossette.

The Group's reported net debt at 31 January 2012 was £470 million (31 January 2011: £714 million). The reconciliation of reported net debt to adjusted net debt is analysed below:

£m	31 January 2012	31 July 2011	31 January 2011
Net debt as reported	470	523	714
Receivables financing	59	68	156
Estimated period end working capital adjustment	-	114	-
Construction loan debt	-	-	63
Adjusted net debt	529	705	933

The Group has a strong liquidity position with credit facilities of £1.5 billion committed for more than one year from the balance sheet date.

Dividends

Considering the significant opportunities for investing in profitable organic growth and selective acquisitions, the Board is committed to a progressive dividend policy. The Company expects to grow dividends broadly in line with long term underlying earnings growth and has a clear objective to maintain dividend payments over the economic cycle.

The Board is today announcing a 33% increase in the interim dividend and this rebasing reflects the Group's excellent prospects and strong balance sheet. The interim dividend of 20 pence (2011: 15 pence) per share will be paid on 1 May 2012 to shareholders on the register on 10 April 2012. The Board expects that the interim dividend will normally be approximately one-third of total dividends for the year.

Outlook

Like-for-like growth trends for the Group since the end of the period have been slightly lower than the first half overall with the US a little better and Europe a little weaker. We will continue to pursue operating efficiencies and remain focused on improving customer service, gaining market share and protecting our gross margins. We will continue to invest selectively in the business where we can exploit growth opportunities and generate good returns.

Principal risks and uncertainties

The principal risks and uncertainties are set out below:

Market conditions	The Group's results depend on the levels of activity in the RMI and new construction markets. In light of the debt issues in Europe and concerns about economic recovery in the USA, there continues to be a risk that markets may fluctuate rapidly or experience a second downturn.
Competitive pressures and margin erosion	Competition could lead to downward pressure on sales prices and profit margins.
Litigation	The nature of Wolseley's operations exposes it to the potential for litigation from third parties and such exposure is considered to be greater in the USA than in Europe. Litigation can arise in such areas as workers' compensation, general employer's liability, product liability and environmental and asbestos litigation. Wolseley is closely monitoring ongoing product litigation relating to historical operations in the USA and has recently resolved a number of employment practice complaints in that country. HR and product liability quality assurance procedures will be kept under review as the Group works through current turbulent market conditions and expands its private label range of products. The Group's principal supplier arrangements are typically set out in contracts. Some of these are complex and there is a risk of inadvertent or undetected error which may lead to non-compliance with key terms, disputes with suppliers and financial loss.
People	Wolseley's ability to provide products and services to customers depends on retaining sufficiently qualified, experienced and motivated personnel. In order to increase productivity and be able to take growth opportunities when markets improve, Wolseley must maintain the skills and experience of its existing management and continue to develop the managers of the future.
Operational resilience and systems	The Group can only carry on business as long as it has the people, the information technology and the physical infrastructure to do so. The safe and continued operation of these resources is threatened by natural and man-made perils. In addition, the Group remains reliant on a variety of different technology systems, some of which have been operating for many years.
Capital expenditure and return on investment	The ability of the Wolseley's management to control organic capital expenditure and to identify, value and integrate acquisitions can have a significant impact on the return on investment achieved by the Company.
Governmental regulations	The Group is subject to the laws governing businesses generally, including laws relating to competition, international trade, corruption and fraud, land usage, zoning, the environment, health and safety, transportation, labour and employment practices (including pensions), data protection, payment terms and other matters. In addition, building codes or particular tax treatments may affect the products Wolseley's customers are allowed to use and, consequently, changes in these may affect the saleability of some products. The Group is also subject to legislation governing the settlement of payables in various jurisdictions and this legislation is currently changing in Europe. Compliance with this legislation will affect the Group's working capital profile and requirements.

The risks and uncertainties facing the Group have not changed significantly since 31 July 2011 and are further detailed on pages 41 to 43 of the Annual Report and Accounts 2011, a copy of which is available at www.wolseley.com.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the EU;
- The interim management report includes a fair review of the information required by DTR 4.2.7 R (indication of important events during the first six months of the financial year, their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8 R (disclosure of material related party transactions and changes therein).

Karen Witts joined the Board in January 2012 and brings with her tremendous experience in senior finance roles at Vodafone and BT. At the date of this statement, the other Directors in office include those listed in the Group's Annual Report and Accounts 2011.

By order of the Board,

Ian K Meakins
Group Chief Executive

John W Martin
Chief Financial Officer

Notes to statement

1. About Wolseley

Wolseley plc is the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials in North America, the UK and Continental Europe. Group revenue for the year ended 31 July 2011 was £13.6 billion and trading profit was £622 million. Wolseley has around 43,000 employees, is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

2. Financial Calendar

Wolseley will announce its Q3 Interim Management Statement for the period ending 30 April 2012 on 29 May 2012.

3. Dividend timetable

The timetable for payment of the interim dividend of 20 pence per share is as follows:

Ex dividend date: 4 April 2012

Record date: 10 April 2012

Payment date: 1 May 2012

A dividend reinvestment plan is in operation. Those shareholders who have not elected to participate in this plan, and who would like to participate with respect to the 2012 interim dividend, may do so by contacting Equiniti on 0871 384 2934. The last day for election for the proposed interim dividend is 10 April 2012 and any requests should be made in good time ahead of that date.

4. Legal Disclaimer

Certain information included in this announcement is forward-looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the plumbing and heating and building materials market in North America and Europe, fluctuations in product prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "anticipates", "expects", "forecasts", "intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. All forward-looking statements in this announcement are based upon information known to the Company on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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Condensed Group income statement (unaudited)

Half year to 31 January 2012

Half year to 31 January	Notes	2012 Before exceptional items £m	2012 Exceptional items (note 3) £m	2012 Total £m	2011 Before exceptional items £m	2011 Exceptional items (note 3) £m	2011 Total £m
Revenue	2	6,841	–	6,841	6,629	–	6,629
Cost of sales		(4,965)	–	(4,965)	(4,796)	–	(4,796)
Gross profit		1,876	–	1,876	1,833	–	1,833
Operating costs:							
amortisation of acquired intangibles		(32)	–	(32)	(38)	–	(38)
other		(1,566)	(29)	(1,595)	(1,558)	(11)	(1,569)
Operating costs		(1,598)	(29)	(1,627)	(1,596)	(11)	(1,607)
Operating profit	2	278	(29)	249	237	(11)	226
Finance revenue		1	–	1	8	–	8
Finance costs	4	(16)	–	(16)	(39)	–	(39)
Profit on disposal of associate	14	–	16	16	–	–	–
Profit before tax		263	(13)	250	206	(11)	195
Tax expense	5	(65)	(5)	(70)	(61)	(1)	(62)
Profit from continuing operations		198	(18)	180	145	(12)	133
Loss from discontinued operations		–	(2)	(2)	–	–	–
Profit for the period attributable to equity shareholders		198	(20)	178	145	(12)	133
Earnings per share	7						
<i>Continuing operations and discontinued operations</i>							
Basic earnings per share				62.9p			47.1p
Diluted earnings per share				62.3p			46.8p
<i>Continuing operations only</i>							
Basic earnings per share				63.6p			47.1p
Diluted earnings per share				63.0p			46.8p
Non-GAAP performance measures	7,8						
Trading profit		310			275		
EBITDA before exceptional items		374			353		
Profit before tax, exceptional items and the amortisation of acquired intangibles		295			244		
Headline earnings per share		77.7p			60.5p		
Headline diluted earnings per share		77.0p			60.1p		

Condensed Group statement of comprehensive income (unaudited)

Half year to 31 January 2012

Half year to 31 January	2012 £m	2011 £m
Profit for the period	178	133
Other comprehensive income:		
Exchange (loss)/gain on translation of overseas operations	(49)	41
Exchange (loss)/gain on translation of borrowings and derivatives designated as hedges of overseas operations	(7)	9
Actuarial (loss)/gain on retirement benefit plans	(62)	82
Valuation losses on cashflow hedges reclassified to income statement	–	2
Tax on other comprehensive income	20	(21)
Other comprehensive income for the period	(98)	113
Total comprehensive income for the period attributable to shareholders	80	246

Condensed Group statement of changes in equity (unaudited)

Half year to 31 January 2012

For the half year to 31 January 2012	Share capital £m	Share premium £m	Translation reserve £m	Retained Earnings			Total £m
				Hedging reserve £m	Own shares £m	Profit and loss account £m	
Total comprehensive income	–	–	(56)	–	–	136	80
New share capital subscribed	–	1	–	–	–	–	1
Credit to equity for share-based payments	–	–	–	–	–	10	10
Dividends	–	–	–	–	–	(85)	(85)
Net increase in shareholders' funds	–	1	(56)	–	–	61	6
Opening shareholders' funds	28	6	380	(2)	(78)	3,042	3,376
Closing shareholders' funds	28	7	324	(2)	(78)	3,103	3,382

For the half year to 31 January 2011	Share capital £m	Share premium £m	Translation reserve £m	Retained Earnings			Total £m
				Hedging reserve £m	Own shares £m	Profit and loss account £m	
Total comprehensive income	–	–	50	2	–	194	246
Reclassification on group reconstruction	(213)	3,805	–	–	–	(3,592)	–
Capital reduction	–	(4,961)	–	–	–	4,961	–
New share capital subscribed	–	1	–	–	–	–	1
Credit to equity for share-based payments	–	–	–	–	–	1	1
Net increase in shareholders' funds	(213)	(1,155)	50	2	–	1,564	248
Opening shareholders' funds	241	1,156	300	(5)	(78)	1,445	3,059
Closing shareholders' funds	28	1	350	(3)	(78)	3,009	3,307

On 23 November 2010 a new Jersey incorporated, Swiss headquartered, company became the holding company of the Wolseley Group. Shareholders received one 10p ordinary share in this new company in place of each 10p ordinary share they held in the old Wolseley holding company. On 7 December 2010 the new holding company undertook a reduction of capital under which the entire amount of the share premium account as at 7 December 2010 was cancelled and transferred to retained earnings.

Condensed Group balance sheet (unaudited)

Half year to 31 January 2012

As at 31 July 2011 £m	Notes	As at 31 January 2012 £m	As at 31 January 2011 £m
Assets			
Non-current assets			
1,236	9	1,228	1,343
Intangible assets: goodwill			
392	9	351	436
Intangible assets: other acquired intangibles and software			
1,249	9	1,211	1,349
Property, plant and equipment			
3		3	3
Financial assets: available-for-sale investments			
241		208	241
Deferred tax assets			
131		131	175
Trade and other receivables			
59		62	47
Derivative financial assets			
3,311		3,194	3,594
Current assets			
1,596		1,648	1,722
Inventories			
1,928		1,792	1,804
Trade and other receivables			
7		4	11
Current tax receivable			
5		14	13
Derivative financial assets			
33		16	63
Financial receivables: construction loans (secured)			
403		347	378
Cash and cash equivalents			
3,972		3,821	3,991
595		304	188
Assets held for sale			
7,878		7,319	7,773
Total assets			
Liabilities			
Current liabilities			
2,292		1,936	2,097
Trade and other payables			
82		74	165
Current tax payable			
–		–	63
Borrowings: construction loans (unsecured)			
197		131	73
Bank loans and overdrafts			
10		11	12
Obligations under finance leases			
2		–	3
Derivative financial liabilities			
98	10	110	109
Provisions			
26		27	21
Retirement benefit obligations			
2,707		2,289	2,543
Non-current liabilities			
74		74	87
Trade and other payables			
739		709	1,020
Bank loans			
42		42	44
Obligations under finance leases			
166		153	161
Deferred tax liabilities			
186	10	175	205
Provisions			
334		324	317
Retirement benefit obligations			
1,541		1,477	1,834
254		171	89
Liabilities of disposal groups held for sale			
4,502		3,937	4,466
Total liabilities			
3,376		3,382	3,307
Net assets			
Shareholders' equity			
28		28	28
Called up share capital			
6		7	1
Share premium account			
380		324	350
Foreign currency translation reserve			
2,962		3,023	2,928
Retained earnings			
3,376		3,382	3,307
Equity shareholders' funds			

Condensed Group cash flow statement (unaudited)

Half year to 31 January 2012

Half year to 31 January	Notes	2012 £m	2011 £m
Cash flows from operating activities			
Cash generated from /(used in) operations	11	110	(378)
Interest received		1	10
Interest paid		(9)	(35)
Tax paid		(28)	(46)
Net cash generated from/(used in) operating activities		74	(449)
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)		(31)	(8)
Disposals of businesses (net of cash disposed of)	14	150	60
Purchases of property, plant and equipment		(58)	(37)
Proceeds from sale of property, plant and equipment and assets held for sale		25	34
Purchases of intangible assets		(6)	(11)
Disposal of investment in associate		16	–
Net cash generated from investing activities		96	38
Cash flows from financing activities			
Proceeds from the issue of shares to shareholders		1	1
Proceeds from new borrowings		40	259
Repayments of borrowings and derivatives		(123)	(134)
Finance lease capital payments		(5)	(9)
Dividends paid to shareholders		(85)	–
Net cash (used in)/generated from financing activities		(172)	117
Net cash used	12	(2)	(294)
(Cash)/overdrafts transferred to disposal groups held for sale		(3)	18
Effects of exchange rate changes		(17)	9
Net decrease in cash, cash equivalents and bank overdrafts		(22)	(267)
Cash, cash equivalents and bank overdrafts at the beginning of the period		332	575
Cash, cash equivalents and bank overdrafts at the end of the period	12	310	308

Notes to the condensed interim financial statements

Half year to 31 January 2012

1. Basis of preparation

The Company is incorporated in Jersey under the Companies (Jersey) Law 1991 and is headquartered in Switzerland.

The condensed interim financial statements for the six months ended 31 January 2012 were approved by the Board of Directors on 27 March 2012. The interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the EU.

The condensed interim financial statements have been prepared on a going concern basis. The Directors of the Company are confident that, on the basis of current financial projections and facilities available and after considering sensitivities, the Group has sufficient resources for its operational needs and will remain in compliance with the financial covenants in its bank facilities for at least the next 12 months.

The accounting policies applied by the Group in these interim financial statements are the same as those set out in the Group's Annual Report and Accounts 2011.

The interim financial statements are unaudited. The financial information for the year ended 31 July 2011 does not constitute the Group's statutory financial statements. The Group's statutory financial statements for that year have been filed with the Jersey Registrar of Companies and received an unqualified auditor's report.

2. Segmental analysis

Wolseley's reportable segments are the operating businesses overseen by distinct divisional management teams responsible for their performance. All reportable segments derive their revenue from a single business activity, the distribution of plumbing and heating products and building materials.

The Group's business is not highly seasonal half on half. The Group's customer base is highly diversified, with no individually significant customer.

Revenue by reportable segment for continuing operations is as follows:

Half year to 31 January	2012 £m	2011 £m
USA	2,966	2,678
Canada	426	408
UK	1,047	1,221
Nordic	1,098	1,020
France	927	888
Central Europe	377	414
Group	6,841	6,629

Trading profit (note 8) and operating profit/(loss) by reportable segment for continuing operations for the half year to 31 January 2012 are as follows:

	Trading profit/(loss) £m	Exceptional items £m	Amortisation of acquired intangibles £m	Operating profit/(loss) £m
USA	173	(2)	(10)	161
Canada	25	–	–	25
UK	44	(25)	(1)	18
Nordic	47	(2)	(20)	25
France	16	–	(1)	15
Central Europe	20	–	–	20
Central and other costs	(15)	–	–	(15)
Group	310	(29)	(32)	249
Finance revenue				1
Finance costs				(16)
Profit on disposal of associate				16
Profit before tax				250

Notes to the condensed interim financial statements

Half year to 31 January 2012

Trading profit (note 8) and operating profit/(loss) by reportable segment for continuing operations for the half year to 31 January 2011 are as follows:

	Trading profit/(loss) £m	Exceptional items £m	Amortisation and impairment of acquired intangibles £m	Operating profit/(loss) £m
USA	146	1	(12)	135
Canada	23	–	–	23
UK	51	(11)	(3)	37
Nordic	48	–	(22)	26
France	13	2	(1)	14
Central Europe	16	(3)	–	13
Central and other costs	(22)	–	–	(22)
Group	275	(11)	(38)	226
Finance revenue				8
Finance costs				(39)
Profit before tax				195

The changes in revenue and trading profit between the periods ended 31 January 2011 and 31 January 2012 are analysed in the following tables into the effects of changes in exchange rates, disposals and acquisitions, with the remainder being organic change.

When entities are disposed in the period, the difference between the revenue / trading profit in the current period up to the date of disposal and the revenue / trading profit in the equivalent portion of the prior period is included in organic change.

Analysis of change in revenue	2011 £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2012 £m
USA	2,678	(12)	–	28	272	2,966
Canada	408	1	–	–	17	426
UK	1,221	–	(165)	–	(9)	1,047
Nordic	1,020	17	–	6	55	1,098
France	888	11	(5)	–	33	927
Central Europe	414	17	(54)	–	–	377
Group	6,629	34	(224)	34	368	6,841

Analysis of change in trading profit (note 8)	2011 £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2012 £m
USA	146	(1)	–	–	28	173
Canada	23	–	–	–	2	25
UK	51	–	1	–	(8)	44
Nordic	48	1	–	–	(2)	47
France	13	–	–	–	3	16
Central Europe	16	2	1	–	1	20
Central and other costs	(22)	–	–	–	7	(15)
Group	275	2	2	–	31	310

Notes to the condensed interim financial statements

Half year to 31 January 2012

A number of Group entities have been disposed of or classified as held for sale. The revenue and trading profit of the Group's segments excluding these entities ("ongoing segments") is analysed in the following table. This is non-GAAP information.

Half year to 31 January	Revenue		Trading Profit	
	2012 £m	2011 £m	2012 £m	2011 £m
Ongoing segments				
USA	2,966	2,678	173	146
Canada	426	408	25	23
UK	852	858	44	48
Nordic	1,098	1,020	47	48
France	606	584	8	11
Central Europe	377	361	20	17
Central and other costs	–	–	(15)	(22)
	6,325	5,909	302	271
Entities disposed of or classified as held for sale	516	720	8	4
Group	6,841	6,629	310	275

Assets and liabilities by segment are set out below.

Segment assets and liabilities	31 January 2012			31 July 2011		
	Segment assets £m	Segment liabilities £m	Segment net assets £m	Segment assets £m	Segment liabilities £m	Segment net assets £m
USA	2,375	(801)	1,574	2,288	(804)	1,484
Canada	341	(126)	215	382	(133)	249
UK	836	(706)	130	1,082	(853)	229
Nordic	1,729	(514)	1,215	1,878	(669)	1,209
France	995	(401)	594	1,095	(495)	600
Central Europe	328	(141)	187	345	(178)	167
Central and other costs	80	(128)	(48)	93	(132)	(39)
Total	6,684	(2,817)	3,867	7,163	(3,264)	3,899
Taxation assets and liabilities	212	(227)	(15)	248	(248)	–
Financing assets and liabilities	423	(893)	(470)	467	(990)	(523)
Group assets/(liabilities)	7,319	(3,937)	3,382	7,878	(4,502)	3,376

Notes to the condensed interim financial statements

Half year to 31 January 2012

3. Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the income statement to enable a full understanding of the Group's financial performance. If provisions have been made for exceptional items in previous years, then any write back of those provisions is shown as exceptional. Exceptional items included in operating profit from continuing operations are analysed by purpose as follows:

Half year to 31 January	2012 £m	2011 £m
Restructuring credits arising from property disposals and other property related items	–	5
Loss on disposal or closure of businesses and revaluations of disposal groups	(29)	(16)
Group	(29)	(11)

4. Finance costs

Half year to 31 January	2012 £m	2011 £m
Interest payable		
– Bank loans and overdrafts	6	25
– Finance lease charges	2	2
Discount charge on receivables funding arrangements	1	3
Unwinding of discount on provisions	–	1
Net pension finance cost	4	6
Exchange on retranslation of financial instruments	–	9
Valuation (gains)/losses on financial instruments		
– Derivatives held at fair value through profit and loss	(12)	9
– Loans in a fair value hedging relationship	15	(18)
Valuation losses on cash flow hedges reclassified from equity	–	2
Total finance costs	16	39

Notes to the condensed interim financial statements

Half year to 31 January 2012

5. Taxation

The tax charge on ordinary activities for the half year has been calculated by applying the expected full year rate to the half year results with specific adjustments for one-off items (intangibles, exceptional items and share options). The tax charge for the period comprises:

Half year to 31 January	2012 £m	2011 £m
Current year tax charge	30	25
Adjustments to tax charge in respect of prior years	(4)	–
Total current tax charge	26	25
Deferred tax charge: origination and reversal of temporary differences	44	37
Total tax charge	70	62

6. Dividends

Half year to 31 January	2012 £m	2011 £m
Final paid for 2010/11 of 30 pence per share	85	–
Dividends paid	85	–

An interim dividend of 20 pence per share is proposed (2011: 15 pence per share).

7. Earnings per share

Half year to 31 January	2012			2011		
	Earnings £m	Basic earnings per share Pence	Diluted earnings per share Pence	Earnings £m	Basic earnings per share Pence	Diluted earnings per share Pence
Headline profit after tax from continuing operations (note 8)	220	77.7	77.0	171	60.5	60.1
Exceptional items (net of tax)	(18)	(6.3)	(6.3)	(12)	(4.2)	(4.2)
Amortisation and impairment of acquired intangibles (net of deferred tax)	(22)	(7.8)	(7.7)	(26)	(9.2)	(9.1)
Profit from continuing operations	180	63.6	63.0	133	47.1	46.8
Discontinued operations	(2)	(0.7)	(0.7)	–	–	–
Profit from continuing and discontinued operations	178	62.9	62.3	133	47.1	46.8

The weighted average number of ordinary shares in issue during the period, excluding those held by Employee Benefit Trusts, was 283 million (2011: 283 million). The impact of all potentially dilutive share options on earnings per share would be to increase the weighted average number of shares in issue to 286 million (2011: 284 million).

Notes to the condensed interim financial statements

Half year to 31 January 2012

8. Non-GAAP performance measures

Trading profit is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles. It is a non-GAAP measure. The Group considers that trading profit, and other performance measures based on it, including EBITDA before exceptional items and headline earnings per share, present valuable additional information to users of the financial statements. Additional information about non-GAAP performance measures is provided on page 142 of the Annual Report and Accounts 2011, a copy of which is available at www.wolseley.com.

Half year to 31 January	2012 £m	2011 £m
Operating profit	249	226
Add back: amortisation of acquired intangibles	32	38
Add back: exceptional items	29	11
Trading profit	310	275
Depreciation/amortisation of property, plant and equipment and software excluding exceptional items	64	78
EBITDA before exceptional items	374	353
Profit before tax	250	195
Add back: amortisation of acquired intangibles	32	38
Add back: exceptional items	13	11
Profit before tax, exceptional items and the amortisation of acquired intangibles	295	244
Tax expense	(70)	(62)
Add back: deferred tax credit on the amortisation of acquired intangibles	(10)	(12)
Add back: tax charge on exceptional items	5	1
Adjusted tax expense	(75)	(73)
Profit from continuing operations	180	133
Add back: amortisation of acquired intangibles after tax	22	26
Add back: exceptional items after tax	18	12
Headline profit after tax from continuing operations	220	171

Applying the adjusted tax charge of £75 million to the profit before tax, exceptional items and the amortisation of acquired intangibles of £295 million gives an effective tax rate of 26%.

Notes to the condensed interim financial statements

Half year to 31 January 2012

9. Tangible and intangible fixed assets

	Goodwill £m	Other acquired intangible assets £m	Software £m	Property, plant and equipment £m	Total tangible and intangible fixed assets £m
Net book value at 1 August 2011	1,236	362	30	1,249	2,877
Additions	–	–	5	58	63
Disposals	–	–	–	(3)	(3)
Acquisition of businesses	14	3	–	2	19
Reclassified as held for sale	–	–	–	(11)	(11)
Depreciation and amortisation	–	(32)	(6)	(58)	(96)
Exchange rate adjustment	(22)	(10)	(1)	(26)	(59)
Net book value at 31 January 2012	1,228	323	28	1,211	2,790

10. Provisions

	Environmental and legal £m	Wolseley Insurance £m	Restructuring £m	Other provisions £m	Total £m
At 1 August 2011	76	57	63	88	284
Utilised in the period	(2)	(15)	(14)	(17)	(48)
Amortisation of discount	4	–	–	–	4
Charge for the period	5	11	7	2	25
Unearned premium	–	9	–	–	9
Disposal of businesses and reclassified as held for sale	(1)	–	–	8	7
Exchange differences	2	2	–	–	4
At 31 January 2012	84	64	56	81	285
Current	35	28	21	26	110
Non-current	49	36	35	55	175

The environmental and legal provision includes the estimated liability for asbestos litigation on a discounted basis. This amount has been actuarially determined as at 31 January 2012 based on advice from independent professional advisers. The Group has insurance that it currently believes is sufficient cover for the estimated liability and accordingly an equivalent insurance receivable has been recorded in other receivables. Based on current estimates, the amount of performing insurance cover significantly exceeds the expected level of future claims and no material profit or cash flow impact is therefore expected to arise in the foreseeable future. There were 137 claims outstanding at 31 January 2012 (31 July 2011: 211).

Restructuring provisions include provisions for staff redundancy costs and future lease rentals on closed branches. Other provisions include the Group's best estimate of the cost of potential product and service warranty claims arising in Stock Building Supply Holdings LLC ("Stock") before its disposal on 6 May 2009, and other warranty and separation costs relating to businesses disposed. Other provisions also include rental commitments on vacant properties other than those arising from restructuring actions, dilapidations on leased properties and warranties.

Notes to the condensed interim financial statements

Half year to 31 January 2012

11. Reconciliation of profit to cash generated from/(used in) operations

Profit for the period is reconciled to cash generated from/(used in) operations as follows:

Half year to 31 January	2012 £m	2011 £m
Profit for the period	178	133
Net finance costs	15	31
Profit on disposal of associate	(16)	–
Tax expense	70	62
Loss on disposal of businesses and revaluation of disposal groups	31	16
Depreciation of property, plant and equipment	58	72
Amortisation of non-acquired intangibles	6	6
Profit on disposal of property, plant and equipment and assets held for sale	(2)	(8)
Amortisation of acquired intangibles	32	38
Increase in inventories	(77)	(151)
Decrease/(increase) in trade and other receivables	150	(1)
Decrease in construction loan receivables	12	–
Decrease in trade and other payables	(279)	(533)
Decrease in provisions and other liabilities ★	(78)	(44)
Share-based payments	10	1
Cash generated from/(used in) operations	110	(378)

Trading profit is reconciled to cash generated from/(used in) operations as follows:

Half year to 31 January	2012 £m	2011 £m
Trading profit	310	275
Exceptional items in operating profit	(29)	(11)
Loss on disposal of businesses and revaluation of disposal groups	29	16
Depreciation of property, plant and equipment	58	72
Amortisation of non-acquired intangibles	6	6
Profit on disposal of property, plant and equipment and assets held for sale	(2)	(8)
Increase in inventories	(77)	(151)
Decrease/(increase) in trade and other receivables	150	(1)
Decrease in construction loan receivables	12	–
Decrease in trade and other payables	(279)	(533)
Decrease in provisions and other liabilities ★	(78)	(44)
Share-based payments	10	1
Cash generated from/(used in) operations	110	(378)

★ includes payments to retirement benefit plans that were £69 million higher than the service cost charged to operating and trading profit

Notes to the condensed interim financial statements

Half year to 31 January 2012

12. Reconciliation of opening to closing net debt

For the half year to 31 January 2011	As at 1 August 2011 £m	Cash flows £m	Reclassified as held for sale £m	New finance leases £m	Fair value adjustments and other movements £m	Exchange movement £m	31 January 2012 £m
Cash and cash equivalents	403						347
Bank overdrafts	(71)						(37)
	332	(2)	(3)	–	–	(17)	310
Derivative financial instruments	62	–	–	–	12	2	76
Bank loans	(865)	83	–	–	(12)	(9)	(803)
Obligations under finance leases	(52)	5	–	(10)	–	4	(53)
	(523)	86	(3)	(10)	–	(20)	(470)

13. Acquisitions

The Group acquired the following businesses in the half year to 31 January 2012 and accounted for the transactions by the purchase method of accounting.

	Date	Country of incorporation	% acquired
Bygg 24	1 August 2011	Norway	67%
Louisiana Chemical Pipe, Value & Fitting Inc	31 August 2011	USA	100%
S G Supply	28 September 2011	USA	100%
Groeniger & Co	7 November 2011	USA	100%
Tra & Bygg i Karuna and Tra & Bygg i Gallivare	9 January 2012	Sweden	100%

These businesses were acquired for consideration of £36 million (including deferred consideration of £5 million). The acquisition of these businesses has not had a material effect on the condensed interim financial statements.

Notes to the condensed interim financial statements

Half year to 31 January 2012

14. Disposals

The Group's UK segment disposed of Encon on 31 October 2011 and Build Center on 4 November 2011. Details of assets and liabilities disposed of, transaction costs and consideration received in respect of these disposals are provided in the following table.

	2012 Assets disposed of £m
Receivables	1
Assets and liabilities held for sale	211
Payables and provisions	(1)
Total	211
Cash consideration received	(227)
Deferred consideration and adjustments to consideration	(6)
Disposal costs and provisions	23
Loss on disposal	1

Analysis of the net inflow of cash in respect of the disposal of businesses:

	2012 £m
Cash consideration received	227
Disposal costs paid	(10)
Settlement of trade payables of Build Center which were not transferred as part of the sale	(59)
Payments made to settle liabilities regarding prior year divestments	(8)
Net cash inflow in respect of the disposal of businesses	150

On 17 November 2011 the Group disposed of its remaining minority stake in its associate, Saturn Acquisition Holdings LLC (the holding company of the Stock Building Supply business), for cash consideration of £16 million. The associate was held at nil carrying value at 31 July 2011.

In July 2011 the Group entered into exclusive negotiations with Saint Gobain to sell Brossette, its plumbing and heating distribution business in France. The net assets of Brossette included in disposal groups held for sale at 31 January 2012 amounted to £89 million. Brossette's net assets also included an inter-company receivable balance of £32 million which has been eliminated on consolidation and will be settled prior to disposal. Completion of the transaction is expected shortly.

15. Related party transactions

There are no material related party transactions requiring disclosure under IAS 24, Related Party Disclosures, other than compensation of key management personnel which will be disclosed in the Group's Annual Report for the year ending 31 July 2012.

16. Contingent liabilities

In December 2011 Ferguson wrote to certain customers in the USA and Canada in relation to the unintentional supply of gaskets which were mislabelled by a former supplier, Lortech Rubber Inc. of Canada, as being non-asbestos. A number of customers had found asbestos in gaskets above the one per cent level at which they can be classified as non-asbestos. Independent expert advice confirmed that there was no health or safety risk arising from the handling, installation and use of the gaskets. Well-established protocols are maintained by the US Occupational Safety and Health Administration to ensure the safe removal of all types of gaskets. The performance of the gaskets is not affected and the expert advice is to leave the gaskets in place until the end of their lives. The supply of these products in the USA and Canada is legal.

As at the date of this statement no significant product liability claims have arisen from this matter.

In addition to this potential exposure, the Group has exposure in the ordinary course of business to certain legal and product warranty claims. Whilst provision is made for any known and quantifiable items, it is possible that additional claims may arise in the future.

Notes to the condensed interim financial statements

Half year to 31 January 2012

17. Exchange rates

Exchange rates (equivalent to £1)	2012	2011
US dollar translation rate		
Income statement (rate for the six months to 31 January)	1.58	1.57
Balance sheet (rate at 31 January)	1.58	1.60
Balance sheet (rate at 31 July)		1.64
Euro translation rate		
Income statement (rate for the six months to 31 January)	1.16	1.18
Balance sheet (rate at 31 January)	1.20	1.17
Balance sheet (rate at 31 July)		1.14
Danish Krone translation rate		
Income statement (rate for the six months to 31 January)	8.67	8.78
Balance sheet (rate at 31 January)	8.96	8.72
Balance sheet (rate at 31 July)		8.49
Canadian dollar translation rate		
Income statement (rate for the six months to 31 January)	1.60	1.60
Balance sheet (rate at 31 January)	1.58	1.60
Balance sheet (rate at 31 July)		1.57
Swiss Franc translation rate		
Income statement (rate for the six months to 31 January)	1.40	1.55
Balance sheet (rate at 31 January)	1.45	1.51
Balance sheet (rate at 31 July)		1.29

Independent review report to Wolseley plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2012, which comprises the Condensed Group income statement, Condensed Group statement of comprehensive income, Condensed Group statement of changes in equity, Condensed Group balance sheet, Condensed Group cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
27 March 2012
London

Notes:

The maintenance and integrity of the Wolseley plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Jersey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.