WOLSELEY PLC

Results for the half year ended 31 January 2014

£m	H1 2014	H1 2013 Restated[3]	Change	Like-for-like change[4]
Revenue of ongoing [1] businesses	**6,412**	6,096	+5.2%	+3.2%
Total revenue	**6,521**	6,276	+3.9%	
Trading profit [2] of ongoing [1] businesses	**360**	331	+8.8%	
Total trading profit [2]	**352**	324	+8.6%	
Exceptional items	**1**	(87)		
Profit before tax	**316**	193		
Headline earnings per share [2]	**91.4p**	79.3p	+15.3%	
Net debt	**927**	871		
Ordinary dividend per share	**27.5p**	22.0p	+25.0%	

Financial highlights

- Revenue of the ongoing businesses 5.2% ahead of last year including like-for-like growth of 3.2%.
- Gross margin of the ongoing businesses of 28.2%, 0.4% ahead of last year.
- Trading profit of the ongoing businesses £360 million, 8.8% ahead of last year.
- Headline earnings per share of 91.4 pence, 15.3% ahead of last year.
- Continued good cash generation with net debt of £927 million (2013: £871 million) after ordinary and special dividend payments of £476 million over the last year.
- Proposed interim dividend of 27.5 pence per share, 25.0% ahead of last year, including a rebasing of 15% reflecting the Group’s strong and sustainable cash flows.

Operating and corporate highlights

- Good growth in the USA and UK and modest improvement in like-for-like growth in Nordics. Continued weakness in Central Europe and Canada.
- Decent flow-through of incremental revenue to trading profit.
- Trading margin for the ongoing businesses of 5.6%, 0.2% higher than last year.
- Two bolt-on acquisitions completed in the period with annualised revenue of £52 million. Previously announced acquisition of Puukeskus now completed.
- Good progress on investment in technology and processes to support the development of more efficient business models.

(1) ‘Ongoing businesses’ excludes businesses that have been closed, disposed of or are classified as held for sale.

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

(3) Restated for IAS 19 (Revised) “Employee benefits”.

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

Ian Meakins, Chief Executive, commented:

"We delivered a good performance in our USA and UK businesses, achieving decent revenue growth and an improvement in underlying gross margins. We continued to face headwinds in Continental Europe requiring strong action on gross margins and costs to protect profitability. We have continued to invest in technology and processes to develop more efficient business models to support improvements in operational efficiency and to improve our trading margin, which is now up to 5.6 per cent for the ongoing businesses."

"An attractive and sustainable dividend is an important element of shareholder returns and we have raised the interim dividend to 27.5 pence per share, 25 per cent ahead of last year reflecting our confidence in the continued strong cash generation of our business."

Commenting on the outlook, Ian Meakins said:

"The like-for-like revenue growth rate in the USA since the end of the period has been in line with what the business generated in Q1, with the like-for-like revenue growth rate for the Group as a whole broadly consistent with the performance in the first half. We expect the Group's like-for-like revenue growth rate for the remainder of the year to be about 4%."

For further information please contact

Wolseley plc

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There will be an analyst and investor presentation at 0930 (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 0915 (UK time). Photographs are available at www.newscast.co.uk.

RESULTS FOR THE HALF YEAR ENDED 31 JANUARY 2014

Group results

The Group delivered a decent overall result against a backdrop of good market conditions in the USA, improving conditions in the UK and continued weak demand in Continental Europe and Canada. There was some business disruption towards the end of the period due to the extreme cold in many parts of the USA and Canada. Demand in the Repairs, Maintenance and Improvement (RMI) markets remained stable in most countries. We continued to gain or hold market share in our most important businesses.

Revenue of £6,412 million from the ongoing businesses (2013: £6,096 million) was 5.2% ahead, including like-for-like growth of 3.2%. The gross margin in the ongoing businesses improved by 0.4% to 28.2% (2013: 27.8%) despite competitive market conditions. Operating expenses in the ongoing businesses were 5.6% higher in constant currency.

Trading profit for the ongoing businesses was £360 million (2013: £331 million), 8.8% ahead of last year. In addition businesses closed, disposed of or classified as held for sale lost £8 million (2013: loss of £7 million). The trading margin for the ongoing businesses increased to 5.6% (2013: 5.4%). The number of trading days was in line with last year. Foreign exchange movements reduced trading profit by £1 million in the period, and at February 2014 exchange rates 2013 trading profit would have been £29 million lower in the second half.

Net exceptional income amounted to £1 million (2013: charge of £87 million). The amortisation charge in relation to the Group's acquired intangible assets was £23 million (2013: £27 million).

The H1 2013 results have been restated to reflect IAS 19 (Revised) "Employee benefits" which increased finance charges by £6 million and reduced tax charges by £2 million. Net finance costs decreased to £14 million (2013 restated: £17 million). The effective tax rate on trading profit less net finance costs was 27.5% (2013 restated: 27.4%).

Profit before tax of £316 million (2013 restated: £193 million) was 63.7% ahead of last year. Headline earnings per share were 91.4 pence (2013 restated: 79.3 pence) an increase of 15.3%, reflecting the growth in trading profit and lower finance charges. Basic earnings per share from continuing operations were 85.4 pence (2013 restated: 44.1 pence).

Operating and financial review

Further details of the financial performance and market conditions in the Group's ongoing businesses and the reconciliation to reported results are set out below.

Quarterly like-for-like revenue growth

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
USA	+7.1%	+9.7%	+8.3%	+7.7%	+7.4%	**+5.0%**
Canada	+3.1%	+1.2%	+0.0%	+3.0%	(0.6%)	**(3.5%)**
UK	(0.3%)	+0.3%	+5.2%	+5.1%	+4.3%	**+2.0%**
Nordic	(4.7%)	(7.6%)	(7.3%)	(3.1%)	(2.5%)	**+0.5%**
France	(8.2%)	(12.5%)	(10.0%)	(4.8%)	(2.7%)	**+3.6%**
Central Europe	(0.5%)	(1.3%)	(4.5%)	(3.9%)	(2.9%)	**(2.3%)**
Ongoing businesses	+2.5%	+3.0%	+3.0%	+3.8%	+3.6%	**+2.8%**

The relative weakness in like-for-like growth in Q2 in USA and Canada reflects some disruption to the business due to extremely cold weather.

Regional analysis

£ million Half year ended 31 January	Revenue 2014	Revenue 2013	Change	Change (at constant exchange rates)	Like-for-like change	Trading profit 2014	Trading profit 2013
USA	**3,426**	3,189	+7.4%	+8.0%	+6.2%	**255**	223
Canada	**406**	440	(7.7%)	(1.4%)	(1.9%)	**24**	28
UK	**943**	850	+10.9%	n/a	+3.2%	**48**	46
Nordic	**916**	917	(0.1%)	(2.6%)	(1.2%)	**31**	40
France	**285**	273	+4.4%	(0.1%)	+0.4%	**5**	(3)
Central Europe	**436**	427	+2.1%	(1.5%)	(2.6%)	**19**	19
Central and other costs	**-**	-				**(22)**	(22)
Ongoing businesses	**6,412**	6,096	+5.2%	+5.1%	+3.2%	**360**	331
Closed, disposed of or held for sale	**109**	180				**(8)**	(7)
Group	**6,521**	6,276				**352**	324

USA (53% of ongoing Group revenue)

Revenue in the USA was 6.2% ahead of last year on a like-for-like basis including price deflation estimated at 0.7% partly as a result of falling commodity prices. The RMI segment remained resilient and the recovery in levels of new residential construction continued. The major businesses of Blended Branches and Waterworks continued to gain market share in the period based on our initiatives to improve product availability and customer service.

There was continued good growth in the Blended Branches and Waterworks businesses and the Fire and Fabrication business grew very strongly as the commercial market recovered. The growth rate in Build.com, our consumer internet business, was somewhat lower as it traded against very strong comparatives, though the business still achieved a good operating result. The Heating, Ventilation and Air Conditioning business grew well and improved profitability. The Industrial segment was impacted by weaker demand for piping products that support the shale gas exploration industry.

Gross margins were ahead and improved across all businesses as we continued to focus on driving sales in the showroom and counter channels. Operating expenses were 9% higher in constant currency including the planned investment in technology and processes, £5 million from acquisitions and £8 million of increased healthcare costs. Trading profit was 14.3% ahead at £255 million (2013: £223 million). Exchange rate movements reduced trading profit by £1 million and at February 2014 exchange rates, trading profit would have been £22 million lower in the second half of 2013.

The acquisition of Karl's Appliances was completed in the period, with annualised revenue of £37 million and 6 branches. Acquisitions completed last year accounted for 0.8% of revenue growth and contributed £2 million to trading profit. There were 18 new branches opened in the first half, principally in the Blended Branches and Industrial businesses. Headcount increased by 194 to 19,163, with 84 coming from acquisitions.

The USA trading margin was 7.4% (2013: 7.0%).

Canada (7% of ongoing Group revenue)

Revenue in Canada declined 1.9% on a like-for-like basis with negligible price inflation. New residential markets continued to be depressed, particularly in Quebec.

Blended Branches grew modestly though Waterworks and Industrial declined. Our market share position was unchanged in the period.

Gross margins were ahead of last year and operating expense growth was restricted to 2% in constant currency including £1 million additional investment in technology and processes. Headcount reduced by 50 in the first half to 2,461. Unfavourable exchange rate movements reduced trading profit by £2 million and at February 2014 exchange rates trading profit would have been £4 million lower in the second half of 2013. Trading profit of £24 million was £4 million behind last year.

The trading margin was 5.9% (2013: 6.4%).

UK (15% of ongoing Group revenue)

Revenue in the UK was 3.2% ahead of last year on a like-for-like basis, including 1% price inflation. The residential RMI market, which represents approximately 60% of UK revenue, remained resilient. New residential construction, which represents approximately 5% of UK revenue, continued to grow helped by government incentives.

Plumb and Parts Center grew well and improved performance as we focused on higher margin segments. In recent months high volumes of boilers have been installed through the government-sponsored Energy Company Obligation (ECO) scheme. The majority of energy providers' obligations under this scheme have now been fulfilled.

The integration of Burdens, the market-leading utilities business we acquired last year, is progressing well including the reorganisation of Drain Center.

Gross margins improved before the dilutive impact of the acquisition. Operating expenses were 10% higher including £10 million relating to acquisitions and a £2 million bad debt incurred in the first quarter. Headcount reduced by 117 in the first half to 5,835. Trading profit of £48 million was £2 million ahead of last year.

The trading margin was 5.1% (2013: 5.4%) with the reduction mostly due to the dilutive impact of Burdens.

Nordics (14% of ongoing Group revenue)

Ongoing revenue in the Nordics declined 1.2% on a like-for-like basis, including 1% price inflation. It was encouraging that the region generated like-for-like revenue growth in Q2 for the first time for two years, however, construction markets remained depressed in Denmark and extremely challenged in Finland. The businesses maintained their strong market positions.

Gross margins in the ongoing businesses were slightly ahead of last year and operating expenses were 2% higher in constant currency including £2 million for non-recurring restructuring charges and acquisition costs. Headcount reduced by 773 in the first half to 5,372, principally due to seasonality. Trading profit of the ongoing businesses declined by £9 million to £31 million.

Two branches were acquired in the period in Sweden with annualised revenue of £15 million. In February we agreed to acquire Puukeskus, a building materials distribution business in Finland and this transaction has now completed. Puukeskus has annualised revenue of £190 million, 400 employees and 23 branches and will be integrated with our Starkki business.

During the period we took the decision to withdraw from the retail DIY format in Sweden, where we had been operating under the "Cheapy" brand. Some of the branches will be redeployed into Beijer, our building materials business in Sweden, and we have agreed to sell the majority of the remaining branches to a competitor. The Cheapy results have been excluded from the results of the ongoing businesses.

The trading margin for the ongoing businesses was 3.4% (2013: 4.4%).

France (4% of ongoing Group revenue)

Ongoing revenue in France was 0.4% ahead of last year on a like-for-like basis, with no price inflation. New construction markets remained very weak throughout the period.

Gross margins were lower principally as a result of lower rebates. Operating expenses were tightly controlled, 12% lower in constant currency, with headcount reduced by 319 in the first half to 2,550. Trading profit for the ongoing businesses was £5 million (2013: loss of £3 million) including £4 million of one-off property gains.

All significant disposals have now been completed.

The trading margin for the ongoing businesses was 1.8% (2013: (1.1%)).

Central Europe (7% of ongoing Group revenue)

Ongoing revenue in Central Europe declined 2.6% on a like-for-like basis with no overall significant price inflation. In Switzerland, volume growth was offset by price deflation as a result of the appreciation of the Swiss Franc. Revenue was lower in Austria, though the trends improved towards the end of the period. Wood Solutions' like-for-like revenue was slightly ahead.

Gross margins were slightly ahead overall, with improvements in Switzerland, Netherlands and Austria partly offset by declines in Wood Solutions. Operating expenses were tightly controlled, 1% lower in constant currency with headcount reduced by 29 to 2,707. The acquisition of Keramikland completed last year accounted for 1.8% of revenue growth.

Trading profit for the ongoing businesses was £19 million (2013: £19 million) and the trading margin was 4.4% (2013: 4.4%).

Investment in technology and processes

In October we announced a step-up in investment in technology and processes to support more productive business models. During the first half we invested £14 million of incremental operating expenses and plan similar levels of investment in the second half.

Businesses sold, disposed of or classified as held for sale

The businesses that we have sold, disposed of or are classified as held for sale in the period generated revenue of £109 million (2013: £180 million) and trading losses of £8 million (2013: losses of £7 million).

Exceptional items

Withdrawal from the retail DIY format in Sweden resulted in an exceptional charge, principally relating to the impairment of assets, of £8 million. This was offset by some small gains resulting in exceptional income for the Group of £1 million (2013: charge of £87 million) in the period.

Financing and tax

The Group has adopted IAS 19 (Revised) and the 2013 comparatives have been restated to reflect this. For H1 2013 the restatement has increased financing charges by £6 million and reduced the tax charge by £2 million. The full year restatement will increase financing charges for 2013 by £13 million and reduce the tax charge by £4 million.

Net finance costs reduced to £14 million (2013 restated: £17 million). The tax charge of £87 million was net of a £6 million credit for tax on the amortisation of acquired intangible assets, and the underlying charge of £93 million represents an effective rate on trading profit less financing charges of 27.5% (2013 restated: 27.4%).

Cash flow

The Group generated EBITDA of £405 million (2013: £384 million). The Group experienced its normal seasonal outflow of working capital of £304 million (2013: £342 million). Net acquisitions resulted in a cash outflow of £19 million. Interest and tax payments amounted to £114 million and dividends were £417 million (2013: £462 million), including a special dividend of £298 million in December 2013. Capital investment amounted to £90 million (2013: £50 million). £26 million was used to purchase shares by Employee Benefit Trusts.

Net debt

The Group's reported net debt at 31 January 2014 was £927 million (31 January 2013: £871 million). The Group has strong liquidity with committed credit facilities of £2.4 billion. The Group aims to operate within investment grade credit metrics and with a net debt/EBITDA ratio of 1x to 2x.

Ordinary dividend

Over the last two years the Group has generated surplus cash beyond its immediate reinvestment needs and this has led to the payment of special dividends. The Board has decided to rebase the dividend which reflects its confidence in the Group's ability to continue to generate cash flow over the long term whilst continuing to take advantage of the many excellent opportunities to reinvest in the organic growth of the business and selective acquisitions. The interim dividend will be increased by 25% to 27.5 pence (2013: 22 pence) per share, representing a 15% rebasing and 10% growth. This will be paid on 1 May 2014 to shareholders on the register on 4 April 2014. The Board expects that the interim dividend will normally be approximately one-third of total dividends for the year.

The Board is committed to a progressive dividend policy and expects to grow dividends broadly in line with underlying earnings growth, with a clear objective to maintain dividend payments over the economic cycle. Our investment priorities remain focused on achieving organic growth, maintaining the ordinary dividend through the cycle, investing in bolt on acquisitions that meet our stringent investment criteria, with any surplus cash returned to shareholders.

Board changes

Following his recent appointment as Managing Director and Chief Executive Officer of Treasury Wine Estates Limited based in Melbourne Australia, Michael Clarke Non-Executive Director stepped down from the Board on 20 March 2014. The Board thanks Michael for his significant contribution to Wolseley and we wish him well in his new role. The process for recruiting a new Non-Executive Director has commenced.

Outlook

The like-for-like revenue growth rate in the USA since the end of the period has been in line with what the business generated in Q1, with the like-for-like revenue growth rate for the Group as a whole broadly consistent with the performance in the first half. We expect the Group's like-for-like revenue growth rate for the remainder of the year to be about 4%.

Principal risks and uncertainties

The principal risks and uncertainties which affect the Group are:

Market conditions	The Group's results depend on the levels of RMI and new construction markets. There is a risk that markets may continue to decline or may change rapidly, particularly in Europe. Traditional processes for producing management information may need enhancing to enable the Company to respond to such rapidly-changing markets.
Margin erosion	Competition could lead to downward pressure on sales prices and profit margins. This could be exacerbated by other factors, such as levels of economic activity, customer or supplier consolidation, or changes in technology. Traditional processes for producing management information may need enhancing to enable the Company to respond to such rapidly-changing markets.
New business models	To respond to changing customer needs and to secure future growth, the Company will undergo significant change in many of its key markets over the coming years. These changes will include the development of new business models. The company must successfully implement these changes while maintaining expected performance.
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 liability, product liability and environmental and asbestos litigation. The Company closely monitors ongoing product litigation relating to historical operations in the USA. HR and product liability quality assurance procedures will be kept under review as the Company works through current 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 for the Group companies.

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 Wolseley products.
Operational resilience	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.
Fraud, bribery and corruption, and health & safety	The Group is committed to maintaining high standards of ethical behaviour, and has a zero tolerance approach to bribery and corruption. The Group is committed to complying with a wide range of local and international anti-corruption and bribery laws and has a comprehensive training programme for its employees in relation to these risks. The Group is also committed to providing a safe working environment and has programmes in place to improve the health and safety of its employees. There is inherent risk in these areas which the Group mitigates through continuous training and education programmes.

The Company faces many other risks which, although important and subject to regular review, have been assessed as less significant and are not listed here.

Statement of directors' responsibilities

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Wolseley plc are listed in the Wolseley plc Annual Report and Accounts 2013, with the exception of the following change in the period: Michael Clarke Non-Executive Director stepped down on 20 March 2014.

A list of current directors is maintained on the Wolseley plc website: www.wolseley.com

By order of the Board,

Ian K Meakins	**John W Martin**
Group Chief Executive	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 2013 was £13,154 million and trading profit was £725 million. Wolseley has approximately 39,000 employees and is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies. For more information, please visit www.wolseley.com or follow us on Twitter https://twitter.com/wolseleyplc.

2. Financial calendar

Wolseley will announce its Q3 Interim Management Statement for the period ending 30 April 2014 on 3 June 2014.

3. Timetable for the interim dividend

The timetable for payment of the interim dividend of 27.5 pence per share is as follows:

Ex dividend date:	2 April 2014
Record date:	4 April 2014
Payment date:	1 May 2014

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 2014 interim dividend, may do so by contacting Equiniti on 0871 384 2934 (or if outside the UK +44 (0) 121 415 7011). The last day for election for the proposed interim dividend is 8 April 2014 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, the Prospectus Rules, the Disclosure Rules and the Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to update publicly 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 2014

Half year to 31 January	Notes	2014 Before exceptional items £m	2014 Exceptional items (note 3) £m	2014 Total £m	Restated 2013 Before exceptional items £m	Restated 2013 Exceptional items (note 3) £m	Restated 2013 Total £m
Revenue	2	6,521	–	6,521	6,276	–	6,276
Cost of sales		(4,695)	–	(4,695)	(4,534)	–	(4,534)
Gross profit		1,826	–	1,826	1,742	–	1,742
Operating costs:							
amortisation of acquired intangibles		(23)	–	(23)	(27)	–	(27)
other		(1,474)	1	(1,473)	(1,418)	(87)	(1,505)
Operating costs		(1,497)	1	(1,496)	(1,445)	(87)	(1,532)
Operating profit	2	329	1	330	297	(87)	210
Finance income		1	–	1	2	–	2
Finance costs	4	(15)	–	(15)	(19)	–	(19)
Profit before tax		315	1	316	280	(87)	193
Taxation	5	(87)	–	(87)	(76)	7	(69)
Profit from continuing operations		228	1	229	204	(80)	124
Profit from discontinued operations		–	–	–	–	9	9
Profit for the period attributable to shareholders of the Company		228	1	229	204	(71)	133
Earnings per share	8						
Continuing operations and discontinued operations							
Basic earnings per share				85.4p			47.3p
Diluted earnings per share				84.8p			46.8p
Continuing operations only							
Basic earnings per share				85.4p			44.1p
Diluted earnings per share				84.8p			43.6p

Non-GAAP performance measures	7,8						
Trading profit		352			324		
EBITDA before exceptional items		405			384		
Profit before tax, exceptional items and the amortisation of acquired intangibles		338			307		
Headline earnings per share		91.4p			79.3p		
Headline diluted earnings per share		90.8p			78.5p		

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

Condensed Group statement of comprehensive income (unaudited)

Half year to 31 January 2014

Half year to 31 January	2014 £m	Restated 2013 £m
Profit for the period	229	133
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
Exchange (loss)/gain on translation of overseas operations	(283)	108
Exchange gain/(loss) on translation of borrowings and derivatives designated as hedges of overseas operations	79	(18)
Items that will not be reclassified to profit or loss:		
Retained earnings		
Actuarial gains/(losses) on retirement benefit plans	114	(87)
Income tax (charge)/credit on items that will not be reclassified to profit or loss	(23)	18
Other comprehensive (loss)/income for the period	(113)	21
Total comprehensive income for the period attributable to shareholders of the Company	116	154

Condensed Group statement of changes in equity (unaudited)

Half year to 31 January 2014

For the half year to 31 January 2014	Notes	Share capital £m	Share premium £m	Reserves: Translation reserve £m	Reserves: Own shares £m	Reserves: Profit and loss account £m	Total equity £m
Total comprehensive income		–	–	(204)	–	320	116
New share capital subscribed		1	5	–	–	–	6
Purchase of own shares by Employee Benefit Trusts		–	–	–	(26)	–	(26)
Issue of own shares by Employee Benefit Trusts		–	–	–	43	(39)	4
Credit to equity for share-based payments		–	–	–	–	11	11
Dividends paid	6	–	–	–	–	(417)	(417)
Net addition to/(reduction in) shareholders' equity		1	5	(204)	17	(125)	(306)
Opening shareholders' equity		28	27	402	(115)	2,711	3,053
Closing shareholders' equity		29	32	198	(98)	2,586	2,747

For the half year to 31 January 2013	Notes	Share capital £m	Share premium £m	Reserves: Translation reserve £m	Reserves: Own shares £m	Reserves: Profit and loss account £m	Total equity £m
Total comprehensive income		–	–	90	–	64	154
New share capital subscribed		–	2	–	–	–	2
Purchase of own shares by Employee Benefit Trusts		–	–	–	(110)	–	(110)
Issue of own shares by Employee Benefit Trusts		–	–	–	65	(60)	5
Credit to equity for share-based payments		–	–	–	–	10	10
Dividends paid	6	–	–	–	–	(462)	(462)
Net addition to/(reduction in) shareholders' equity		–	2	90	(45)	(448)	(401)
Opening shareholders' equity		28	19	244	(78)	2,920	3,133
Closing shareholders' equity		28	21	334	(123)	2,472	2,732

Condensed Group balance sheet (unaudited)

As at 31 January 2014

As at 31 July 2013 £m		Notes	As at 31 January 2014 £m	As at 31 January 2013 £m
	Assets			
	Non-current assets			
952	Intangible assets: goodwill	9	886	935
294	Intangible assets: other acquired intangibles and software	9	261	313
1,263	Property, plant and equipment	9	1,207	1,204
2	Financial assets		19	3
–	Retirement benefit assets		95	–
158	Deferred tax assets		133	205
153	Trade and other receivables		146	141
46	Derivative financial assets		37	51
2,868			2,784	2,852
	Current assets			
1,722	Inventories		1,684	1,725
2,034	Trade and other receivables		1,788	1,856
10	Current tax receivable		5	37
16	Derivative financial assets		12	23
–	Financial receivables: construction loans (secured)		–	3
339	Cash and cash equivalents		337	314
4,121			3,826	3,958
53	Assets held for sale		25	23
7,042	**Total assets**		6,635	6,833
	Liabilities			
	Current liabilities			
2,447	Trade and other payables		1,955	1,959
67	Current tax payable		42	96
50	Bank loans and overdrafts		378	76
13	Obligations under finance leases		11	13
123	Provisions	10	109	87
29	Retirement benefit obligations		5	34
2,729			2,500	2,265
	Non-current liabilities			
103	Trade and other payables		91	92
705	Bank loans		885	1,122
44	Obligations under finance leases		39	48
142	Deferred tax liabilities		141	134
147	Provisions	10	142	156
104	Retirement benefit obligations		89	284
1,245			1,387	1,836
15	Liabilities held for sale		1	–
3,989	**Total liabilities**		3,888	4,101
3,053	**Net assets**		2,747	2,732
	Equity attributable to shareholders of the Company			
28	Share capital		29	28
27	Share premium		32	21
2,998	Reserves		2,686	2,683
3,053	**Shareholders' equity**		2,747	2,732

Condensed Group cash flow statement (unaudited)

Half year to 31 January 2014

Half year to 31 January	Notes	2014 £m	2013 £m
Cash flows from operating activities			
Cash generated from/(used by) operations	12	91	(116)
Interest received		1	2
Interest paid		(18)	(14)
Tax paid		(97)	(100)
Net cash used by operating activities		(23)	(228)
Cash flows from investing activities			
Acquisition of businesses	14	(19)	(101)
Disposals of businesses (net of cash disposed)	15	4	12
Purchases of property, plant and equipment		(79)	(45)
Proceeds from sale of property, plant and equipment and assets held for sale		10	14
Purchases of intangible assets	9	(11)	(5)
Net cash used by investing activities		(95)	(125)
Cash flows from financing activities			
Proceeds from the issue of shares to shareholders		6	2
Purchase of shares by Employee Benefit Trusts		(26)	(110)
Proceeds from the issue of shares by Employee Benefit Trusts		4	5
Proceeds from borrowings and derivatives		546	435
Repayments of borrowings		–	(33)
Finance lease capital payments		(5)	(5)
Dividends paid to shareholders	6	(417)	(462)
Net cash generated/(used) by financing activities		108	(168)
Net cash used	13	(10)	(521)
Effects of exchange rate changes		(22)	(1)
Net decrease in cash, cash equivalents and bank overdrafts		(32)	(522)
Cash, cash equivalents and bank overdrafts at the beginning of the period		303	774
Cash, cash equivalents and bank overdrafts at the end of the period	13	271	252

Notes to the condensed interim financial statements

Half year to 31 January 2014

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 2014 were approved by the Board of Directors on 24 March 2014. The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union.

The condensed interim financial statements have been prepared on a going concern basis. The Directors of the Company are confident, on the basis of current financial projections and facilities available and after considering sensitivities, that 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 condensed interim financial statements are the same as those set out in the Group's Annual Report and Accounts 2013, with the following exceptions:

IAS 19 (Revised) "Employee benefits" has amended the accounting for employee benefits, and has been applied retrospectively. The amended version replaces the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability.

The adoption of IAS 19 (Revised) has the following effects on the consolidated financial statements for the six months to 31 January 2013 and the year to 31 July 2013:

	Half year to 31 January 2013 £m	Year to 31 July 2013 £m
Net pension finance (cost)	(6)	(13)
Profit before tax reduced by	(6)	(13)
Taxation	2	4
Profit after tax reduced by	(4)	(9)
Other comprehensive income	4	9

A number of new standards, amendments to standards and interpretations are effective in the period ended 31 January, which have not had a significant effect on the condensed interim financial statements of the Group.

The condensed interim financial statements are unaudited. The financial information for the year ended 31 July 2013 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 auditors' report.

2. Segmental analysis

The Group'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. The Group's customer base is highly diversified, with no individually significant customer.

The French Wood Solutions business has been managed and reported within the Central Europe region since 1 February 2013 and the UK B2C business has been reported within the USA segment. The prior period comparative figures have been restated to show a like-for-like comparison.

Revenue by reportable segment is as follows:

	2014 £m	2013 £m
USA	3,432	3,192
Canada	406	440
UK	943	850
Nordic	937	934
France	362	420
Central Europe	441	440
Group	6,521	6,276

Trading profit/(loss) (note 7) and operating profit/(loss) by reportable segment for the half year to 31 January 2014 are as follows:

	Trading profit/(loss) £m	Exceptional items £m	Amortisation of acquired intangibles £m	Operating profit/(loss) £m
USA	253	–	(7)	246
Canada	24	–	–	24
UK	48	–	–	48
Nordic	28	(8)	(16)	4
France	2	3	–	5
Central Europe	19	4	–	23
Central and other costs	(22)	2	–	(20)
Group	352	1	(23)	330
Finance income				1
Finance costs				(15)
Profit before tax				316

Trading profit/(loss) (note 7) and operating profit/(loss) by reportable segment for the half year to 31 January 2013 have been restated and are as follows:

	Trading profit/(loss) £m	Exceptional items £m	Amortisation of acquired intangibles £m	Operating profit/(loss) £m
USA	222	–	(9)	213
Canada	28	–	–	28
UK	46	5	(1)	50
Nordic	39	(17)	(17)	5
France	(8)	(63)	–	(71)
Central Europe	19	(12)	–	7
Central and other costs	(22)	–	–	(22)
Group	324	(87)	(27)	210
Finance income				2
Finance costs				(19)
Profit before tax				193

2. Segmental analysis continued

The change in revenue and trading profit between the periods ended 31 January 2013 and 31 January 2014 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 of in the period, the difference between the revenue and trading profit in the current period up to the date of disposal and the revenue and trading profit in the equivalent portion of the prior period is included in organic change.

Analysis of change in revenue	2013 £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2014 £m
USA	3,192	(15)	–	26	229	3,432
Canada	440	(28)	–	–	(6)	406
UK	850	–	–	66	27	943
Nordic	934	24	–	–	(21)	937
France	420	18	(51)	–	(25)	362
Central Europe	440	16	(10)	8	(13)	441
Group	6,276	15	(61)	100	191	6,521

Analysis of change in trading profit (note 7)	2013 £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2014 £m
USA	222	(1)	–	2	30	253
Canada	28	(2)	–	–	(2)	24
UK	46	–	–	1	1	48
Nordic	39	1	–	–	(12)	28
France	(8)	–	1	–	9	2
Central Europe	19	1	–	1	(2)	19
Central and other costs	(22)	–	–	–	–	(22)
Group	324	(1)	1	4	24	352

In 2013 and 2014 a number of Group entities or portfolios of branches have been closed, disposed of or classified as held for sale. The revenue and trading profit of the Group's segments excluding those entities ("ongoing segments") are analysed in the following table. The prior year comparative figures have been restated. This is non-GAAP information.

	Revenue		Trading profit/(loss)	
Half year to 31 January	2014 £m	2013 £m	2014 £m	2013 £m
Ongoing segments				
USA	3,426	3,189	255	223
Canada	406	440	24	28
UK	943	850	48	46
Nordic	916	917	31	40
France	285	273	5	(3)
Central Europe	436	427	19	19
Central and other costs	–	–	(22)	(22)
	6,412	6,096	360	331
Entities closed, disposed of or classified as held for sale	109	180	(8)	(7)
Group	6,521	6,276	352	324

2. Segmental analysis continued

Other information on assets and liabilities by segment is set out in the tables below:

	31 January 2014			31 July 2013		
Segment assets and liabilities	Segment assets £m	Segment liabilities £m	Segment net assets £m	Segment assets £m	Segment liabilities £m	Segment net assets £m
USA	2,673	(947)	1,726	2,830	(1,148)	1,682
Canada	298	(96)	202	393	(165)	228
UK	993	(448)	545	845	(466)	379
Nordic	1,386	(457)	929	1,533	(622)	911
France	334	(194)	140	408	(274)	134
Central Europe	404	(167)	237	433	(203)	230
Central and other costs	23	(83)	(60)	31	(90)	(59)
Total	6,111	(2,392)	3,719	6,473	(2,968)	3,505
Taxation assets and liabilities	138	(183)	(45)	168	(209)	(41)
Net cash/(debt)	386	(1,313)	(927)	401	(812)	(411)
Group assets/(liabilities)	6,635	(3,888)	2,747	7,042	(3,989)	3,053

3. Exceptional items

Exceptional items are those which are considered significant by virtue of their nature, size or incidence, and 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 reversal of those provisions is shown as exceptional. During the period, management has decided to withdraw from its retail DIY business in Sweden, which operated under the "Cheapy" format. The Group has agreed to sell the majority of the Cheapy branches to a competitor with completion due on 31 July 2014. This has resulted in an exceptional charge of £8 million, principally related to the impairment of assets. The prior year net exceptional charge of £87 million included an impairment charge of £58 million related to our business in France.

Exceptional items included in operating profit are analysed as follows:

Half year to 31 January	2014 £m	2013 £m
Staff redundancy costs	–	(10)
Asset write-downs, onerous lease provisions and other related costs	(8)	(83)
	(8)	(93)
Gain on disposal of businesses and revaluations of disposal groups	6	16
Other items	3	(10)
Total included in operating profit	1	(87)

4. Finance costs

Half year to 31 January	2014 £m	Restated 2013 £m
Interest payable		
– Bank loans and overdrafts	(11)	(12)
– Finance lease charges	(2)	(1)
Net pension finance cost	(2)	(7)
Valuation gains on financial instruments		
– Derivatives held at fair value through profit and loss	–	1
Total finance costs	(15)	(19)

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 items that distort the rate (amortisation of intangible assets, exceptional items, and share schemes). The tax charge for the period comprises:

Half year to 31 January	2014 £m	Restated 2013 £m
Current period tax charge	(76)	(78)
Deferred tax (charge)/credit: origination and reversal of temporary differences	(11)	9
Total tax charge	(87)	(69)

6. Dividends

Half year to 31 January	2014 £m	2014 Pence per share	2013 £m	2013 Pence per share
Amounts recognised as distributions to equity shareholders:				
Final dividend for the year ended 31 July 2012	–	–	114	40p
Final dividend for the year ended 31 July 2013	119	44p	–	–
Special dividend (note 11)	298	110p	348	122p
Dividends paid	417	154p	462	162p

An interim dividend of 27.5 pence per share is proposed (2013: 22.0 pence).

7. 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, present valuable additional information to users of the condensed interim financial statements.

Half year to 31 January	2014 £m	Restated 2013 £m
Operating profit	330	210
Add back: amortisation of acquired intangibles	23	27
Exceptional items in operating profit	(1)	87
Trading profit	352	324
Depreciation and amortisation of property, plant and equipment and software excluding exceptional items in operating profit	53	60
EBITDA before exceptional items	405	384
Profit before tax	316	193
Add back: amortisation of acquired intangibles	23	27
Exceptional items in profit before tax	(1)	87
Profit before tax, exceptional items and the amortisation of acquired intangibles	338	307
Tax expense	(87)	(69)
Add back: deferred tax credit on the amortisation of acquired intangibles	(6)	(8)
Add back: tax credit on exceptional items	–	(7)
Adjusted tax expense	(93)	(84)
Profit from continuing operations	229	124
Add back: amortisation of acquired intangibles after tax	17	19
Exceptional items after tax	(1)	80
Headline profit after tax from continuing operations	245	223

Applying the adjusted tax charge of £93 million to the profit before tax, exceptional items, and the amortisation of acquired intangibles of £338 million gives an effective tax rate of 27.5% (2013: 27.4% restated).

8. Earnings per share

Half year to 31 January	2014 Earnings £m	2014 Basic earnings per share Pence	2014 Diluted earnings per share Pence	Restated 2013 Earnings £m	Restated 2013 Basic earnings per share Pence	Restated 2013 Diluted earnings per share Pence
Headline profit after tax from continuing operations (note 7)	245	91.4	90.8	223	79.3	78.5
Exceptional items (net of tax)	1	0.3	0.3	(80)	(28.4)	(28.2)
Amortisation of acquired intangibles (net of tax)	(17)	(6.3)	(6.3)	(19)	(6.8)	(6.7)
Profit from continuing operations	229	85.4	84.8	124	44.1	43.6
Discontinued operations	–	–	–	9	3.2	3.2
Profit from continuing and discontinued operations	229	85.4	84.8	133	47.3	46.8

The weighted average number of ordinary shares in issue during the period, excluding those held by Employee Benefit Trusts, was 268.1 million (2013: 281.3 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 270.0 million (2013: 284.2 million).

9. Property, plant and equipment and intangible fixed assets

	Goodwill £m	Other acquired intangibles £m	Software £m	Property, plant and equipment £m	Total tangible and intangible fixed assets £m
Net book value at 1 August 2013	952	267	27	1,263	2,509
Additions	–	2	9	82	93
Acquisition of businesses	5	4	–	1	10
Disposals	–	–	–	(7)	(7)
Depreciation and amortisation	–	(23)	(5)	(48)	(76)
Reclassified as held for sale	–	–	–	(2)	(2)
Exchange rate adjustment	(71)	(19)	(1)	(82)	(173)
Net book value at 31 January 2014	886	231	30	1,207	2,354

The Group tests goodwill and other acquired intangible assets for impairment annually, or more frequently if there are indications that these assets might be impaired. Within the Nordic region, the markets are experiencing a slower recovery than expected. Accordingly full impairment reviews were conducted for all cash generating units (CGUs) within the Nordic region as at 31 January 2014.

The recoverable amounts of the CGUs were estimated from value in use calculations. These calculations used cash flow projections based on five year financial forecasts approved by management. The key assumptions for these forecasts were revenue growth, trading margin and the level of working capital required to support trading, which management estimated based on past experience and expectations of future changes in the market.

On the basis of updated estimates and assumptions in the latest impairment reviews, the value in use calculations for the following businesses: Beijer (Sweden), Stark and Silvan (Denmark), Starkki (Finland) and Neumann (Norway) exceeded their carrying values by 71% (£106 million), 20% (£25 million), 67% (£18 million), 7% (£7 million) and 4% (£1 million) respectively. Given the limited headroom for the businesses in Finland and Norway, an impairment could be incurred in future if they do not show improved profitability.

Management consider the assumptions underlying these impairment reviews are reasonable, however, it is possible that an impairment could arise if any of these assumptions change. The estimated value in use of these businesses is most sensitive to forecast sales growth. The sales growth assumptions for Stark, Silvan, Starkki and Neumann are compound annual revenue growth rates in the range of 1.5% to 6.4%. If all other assumptions are held constant, annual growth rates of 0.2% to 3.0% can be sustained before an impairment would arise.

If the Group's weighted average cost of capital increases by 1% to 9.5%, with all other assumptions for the value in use calculations held constant, an impairment of £20 million, £14 million and £6 million would arise against the carrying values of Stark, Starkki and Neumann respectively.

With respect to Beijer, management consider there would have to be a significant change in the key assumptions to cause the recoverable amount of goodwill to fall below its carrying value at 31 January 2014.

10. Provisions

	Environmental and legal £m	Wolseley Insurance £m	Restructuring £m	Other provisions £m	Total £m
At 1 August 2013	87	51	72	60	270
Utilised in the period	(4)	(14)	(13)	(2)	(33)
Amortisation of discount	3	–	–	–	3
Charge for the period	1	9	1	4	15
Unearned premium	–	9	–	–	9
Exchange rate adjustment	(3)	(3)	(4)	(3)	(13)
At 31 January 2014	84	52	56	59	251

Provisions have been analysed between current and non-current as follows:

	Environmental and legal £m	Wolseley Insurance £m	Restructuring £m	Other provisions £m	Total £m
Current	26	27	34	22	109
Non-current	58	25	22	37	142
	84	52	56	59	251

Environmental and legal provisions include £50 million (31 July 2013: £51 million) for the estimated liability for asbestos litigation on a discounted basis. This amount has been actuarially determined as at 31 January 2014 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 available 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.

Wolseley Insurance provisions represent an estimate, based on historical experience, of the ultimate cost of settling outstanding claims and claims incurred but not reported on certain risks retained by the Group (principally US casualty and global property damage).

Restructuring provisions include provisions for staff redundancy costs and future lease rentals on closed branches. Other provisions include warranty and separation costs relating to businesses disposed of, rental commitments on vacant properties other than those arising from restructuring actions, dilapidations on leased properties and warranties.

11. Share capital

Following approval at the Annual General Meeting held on 26 November 2013 and in connection with the special dividend, a share consolidation under which shareholders received 30 new ordinary shares of 10 53/66 pence for every 31 existing ordinary shares of 10 5/11 pence each became effective on 2 December 2013. The share consolidation resulted in the number of ordinary shares in issue decreasing by 8,856,602. There were 265,824,629 ordinary shares in issue at 31 January 2014.

12. Reconciliation of profit to cash generated from/(used by) operations

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

Half year to 31 January	2014 £m	Restated 2013 £m
Profit for the period	229	133
Net finance costs	14	17
Tax expense	87	69
Profit on disposal and closure of businesses and revaluation of disposal groups	(6)	(16)
Profit from discontinued operations	–	(9)
Depreciation and impairment of property, plant and equipment	48	101
Amortisation and impairment of non-acquired intangibles	5	5
(Profit)/loss on disposal of property, plant and equipment	(3)	9
Amortisation of acquired intangibles	23	27
Increase in inventories	(66)	(72)
Decrease in trade and other receivables	124	68
Decrease in trade and other payables	(362)	(335)
Special contributions to UK pension scheme	–	(125)
(Decrease)/increase in provisions and other liabilities	(13)	2
Share-based payments	11	10
Cash generated from/(used by) operations	91	(116)

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

Half year to 31 January	2014 £m	Restated 2013 £m
Trading profit	352	324
Exceptional items in operating profit	1	(87)
Profit on disposal and closure of businesses and revaluation of disposal groups	(6)	(16)
Depreciation and impairment of property, plant and equipment	48	101
Amortisation and impairment of non-acquired intangibles	5	5
(Profit)/loss on disposal of property, plant and equipment	(3)	9
Increase in inventories	(66)	(72)
Decrease in trade and other receivables	124	68
Decrease in trade and other payables	(362)	(335)
Special contribution to UK pension scheme	–	(125)
(Decrease)/increase in provisions and other liabilities	(13)	2
Share-based payments	11	10
Cash generated from/(used by) operations	91	(116)

13. Reconciliation of opening to closing net debt

	1 August 2013 £m	Cash flows £m	New finance leases £m	Fair value and other adjustments £m	Exchange movement £m	31 January 2014 £m
Cash and cash equivalents	339					337
Bank overdrafts	(36)					(66)
	303	(10)	–	–	(22)	271
Derivative financial instruments	62	(6)	–	(3)	(4)	49
Bank loans	(719)	(540)	–	6	56	(1,197)
Obligations under finance leases	(57)	5	(1)	–	3	(50)
Net debt	(411)	(551)	(1)	3	33	(927)

Notes to the condensed interim financial statements

Half year to 31 January 2014

14. Acquisitions

The Group acquired 100% of the following businesses in the period ended 31 January 2014. All these businesses are engaged in the distribution of plumbing and heating products and building materials. These transactions have been accounted for by the purchase method of accounting.

	Date	Country of incorporation	% acquired
Karl's Appliances	January 2014	USA	100%
Perssons	January 2014	Sweden	100%

Aggregate consideration amounted to £14 million, of which £1 million is deferred. Provisional assets and liabilities of £5 million were acquired and other intangible assets were fair valued at £4 million resulting in goodwill of £5 million.

The fair value adjustments for the period ended 31 January 2014 are provisional figures, being the best estimates currently available. Amendments may be made to these figures in the 12 months following the date of acquisition when additional information is available concerning some of the judgemental areas.

The goodwill arising on these acquisitions is attributable to the anticipated profitability of the new markets and product ranges to which the Group has gained access, and to additional profitability and operating efficiencies in respect of existing markets.

The net outflow of cash in the period with respect to the purchase of businesses is as follows:

	2014 £m
Purchase consideration	13
Deferred and contingent consideration paid in the year	6
Cash consideration	19
Cash, cash equivalents and bank overdrafts acquired	-
Net cash outflow in respect of the purchase of businesses	19

15. Disposals

In the half year to 31 January 2014 the Group disposed of CFM, its business in Luxemburg, and a number of branches of its Building Materials business in France, both of which were classified as held for sale at 31 July 2013. The gain on disposal with respect to these is as follows:

	2014 £m
Consideration	26
Net assets disposed of	(47)
Release of provisions against held for sale assets	30
Disposal costs	(3)
Gain on disposal of businesses and revaluations of disposal groups	6

The net inflow of cash in respect of the disposal of businesses is as follows:

	2014 £m
Cash consideration received	10
Cash, cash equivalents and bank overdrafts disposed	(1)
Disposal costs paid	(1)
Payments to settle liabilities for prior year disposals	(4)
Net cash inflow in respect of the disposal of businesses	4

16. 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 2014.

17. Contingent liabilities

Group companies are, from time to time, subject to certain claims and litigation arising in the normal course of business in relation to, among other things, the suitability of products, contract and commercial disputes and disputes with employees. Provision is made if, on the basis of current information and professional advice, liabilities are considered likely to arise. In the case of unfavourable outcomes the Group may benefit from applicable insurance recoveries.

Product liability

Certain claims arise as a result of the unintentional supply of defective products and these claims are usually the responsibility of the manufacturer, though defence and other costs may also be incurred by the Group.

In December 2011 the Group's US business wrote to a number of 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 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. No significant product liability claims have arisen from this matter to date.

Warranties and guarantees in relation to business disposals

Following a review of the appropriate allocation of the Group's resources in 2009 the Group has disposed of a number of non-core businesses and various Group companies have provided certain standard warranties and guarantees to acquirers and other third parties, including warranties regarding financial statements and taxation. Provision is made where the Group considers that a liability is likely to crystallise, though it is possible that claims in respect of which no provisions has been made could be received in the future. Group companies have also guaranteed certain property and other obligations which could be called in an event of default. As at the date of these interim financial statements there are no significant outstanding claims in relation to business disposals.

Environmental

The operations of certain Group companies, particularly those engaged in processing, converting or treating building materials, are subject to specific environmental regulations. From time to time the group conducts preliminary investigations through third parties to assess potential risks including potential soil or groundwater contamination of sites. Where an obligation to remediate contamination arises then this is provided for, though future liabilities could arise from sites for which no provision is made.

Employee claims

The Group operates in a number of countries and undertakes best endeavours to comply with all relevant regulations and best practice. From time to time the Group is subject to claims from employees which may give rise to future cash outflows.

Outcome

The outcome of claims and litigation to which Group companies are party cannot readily be foreseen as, in some cases, the facts are unclear, further time is needed to properly assess the merits of the case, or they are part of continuing legal proceedings. However, based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is not expected to have a material adverse effect on the financial position of the Group.

18. Financial risk management and financial instruments

The Group is exposed to risks arising from the international nature of its operations and the financial instruments which fund them, in particular to foreign currency risk, interest rate risk and liquidity risk. Full details of the Group's policies for managing these risks are disclosed in the Group's Annual Report for the financial year ended 31 July 2013. Since the date of that report, there have been no significant changes in:

- the nature of the financial risks to which the Group is exposed;
- the nature of the financial instruments which the Group uses;
- its contractual cash outflows and the committed facilities available to fund them; or
- the difference between book value and fair value of any financial instruments.

Financial instruments measured at fair value at 31 January 2014 comprised available for sale financial assets of £2 million categorised at level 1 in the fair value measurement hierarchy, as quoted prices in an active market are available, and derivative financial assets of £49 million categorised at level 2, as the valuation technique is based on observable market data (2013: £3 million and £74 million respectively). Bank loans and overdrafts include senior unsecured notes with a book value at 31 January 2014 of £448 million (2013: £478 million) and an estimated fair value of £468 million (2013: £508 million).

19. Subsequent events

On 12 February 2014 the Group announced it had agreed to acquire Puukeskus, a building materials distribution business in Finland with 23 branches, along with a portfolio of freehold properties. The transaction was completed on 24 March 2014. On 23 March 2014 the Group agreed to sell the majority of the Cheapy branches to a competitor with completion due on 31 July 2014.

20. Exchange rates

Exchange rates (equivalent to £1)	2014	2013
US Dollar		
Income statement (rate for the six months to 31 January)	1.61	1.60
Balance sheet (rate at 31 January)	1.64	1.59
Balance sheet (rate at 31 July)		1.52
Euro		
Income statement (rate for the six months to 31 January)	1.19	1.24
Balance sheet (rate at 31 January)	1.22	1.17
Balance sheet (rate at 31 July)		1.14
Danish Krone		
Income statement (rate for the six months to 31 January)	8.86	9.23
Balance sheet (rate at 31 January)	9.09	8.71
Balance sheet (rate at 31 July)		8.52
Canadian Dollar		
Income statement (rate for the six months to 31 January)	1.69	1.58
Balance sheet (rate at 31 January)	1.83	1.58
Balance sheet (rate at 31 July)		1.56
Swiss Franc		
Income statement (rate for the six months to 31 January)	1.46	1.50
Balance sheet (rate at 31 January)	1.49	1.44
Balance sheet (rate at 31 July)		1.41

Independent review report to Wolseley plc

Introduction

We have been engaged by the Company to review the condensed interim financial statements in the half-yearly financial report for the six months ended 31 January 2014, 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 interim 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 Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed interim 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 interim 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 Conduct 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 interim financial statements in the half-yearly financial report for the six months ended 31 January 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
24 March 2014
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.