NEWS RELEASE

Final Results

9/28/2009

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Wolseley PLC

28 September 2009

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Wolseley plc

Final Results Announcement for the year ended 31 July 2009

Summary of Results

Financial highlights (Continuing Operations)			Change	
	Year to 31 July 2009	Year to 31 July 2008 Restated(1)	Reported	In constant currency(2)
	£m	£m	%	%
Group revenue	14,441	14,814	(2.5)	(16.3)
Group trading profit(3)	447	787	(43.0)	(52.0)
Exceptional items	(458)	(70)		
Amortisation and impairment of acquired intangibles	(595)	(162)		
Group operating (loss)/profit	(606)	555		
Group profit before tax, before exceptional items and amortisation and impairment of acquired intangibles	293	631		
Group (loss)/profit before tax	(766)	399		
Loss from discontinued operations	(441)	(168)		
Group consolidated (loss)/profit	(1,173)	74		
Earnings per share, before exceptional items and amortisation and impairment of acquired intangibles - continuing operations	95.6	240.3		
Basic (loss)/earnings per share - continuing operations	(348.2)	134.0		

Overview

- Trading environment and trends remain in line with our expectations set out in the July trading statement.
- Significant cost reductions delivered during the year with cost base anticipated to be lower by £233 million in 2010.
- Strong operating cash flow excluding discontinued activities at £1,200 million despite significant reduction in trading profit. (2008: £1,262 million).
- Net debt(4) now at £959 million, (31 July 2008: £2,469 million), due to the net proceeds from the capital raising and significant working capital inflow of £846 million in the period.
- Headroom of over £1 billion in relation to the Group's banking covenants at 31 July 2009 with net debt : EBITDA(5) of 1.4 times (2008: 2.7 times).
- In light of adverse market conditions no final dividend to be paid.
- Exit from Stock Building Supply via joint venture arrangement and strategic review of Central and Eastern Europe activities completed in the period.

Financial highlights

- Group revenue down by 2.5%, 16.3% in constant currency and trading profit down by 43.0%, 52.0% in constant currency.
- Profit before tax, exceptional items and amortisation and impairment of acquired intangibles reduced by 53.6% to £293 million (2008: £631 million).
- Group operating loss of £606 million (2008: operating profit of £555 million) after deducting amortisation and impairment of acquired intangibles of £595 million and exceptional items of £458 million.
- Sustained focus on cash generation has enabled the Group to improve working capital cash to cash days(6) by 36% to 28.0 days significantly exceeding the full year target of a 10% improvement.
- Cash conversion rate(7) of 364% including discontinued operations (2008: 185%).
- Gross margin largely maintained at 27.7% (2008: 28.2%) despite tough trading environment.

Operating highlights

- Resilient performance from Ferguson with an underlying trading margin of 5.2%.

- Tougher trading conditions in Europe with lower activity levels in all countries.
    - Strong market outperformance from UK Lightside and Pipe businesses with a combined trading margin of over 6.0%.
    - Good relative performance in the Nordic region with a trading margin of 4.6%.
- 653 branches closed across the Group and headcount reduced by 10,364 during the year.

Outlook

- Market trends since the July trading update continue to support the Group's view that in the short term market conditions will remain challenging driven by tight credit conditions, high levels of foreclosures and rising unemployment rates.
    - New residential markets are expected to show continuing signs of stabilisation
    - RMI markets will continue to decline albeit at a slower rate
    - Commercial and Industrial markets are expected to decline at a faster rate
    - Each segment is likely to recover at different rates dependent on local economic and credit conditions.
- Overall, we remain cautious as to the outlook in FY2010, although profit trends in the second half are expected to improve, driven by cost reduction actions already taken in FY2009 which are expected to result in incremental benefit in FY2010 of £233 million.
- During FY2010 actions to lower the cost base will be taken according to anticipated local market conditions, to ensure operational leverage is maximised as markets recover.
- At the same time, the Group will continue to evaluate where to prioritise future investment in order to develop its leading businesses which are characterised by leading competitive positions and strong customer franchises.

"Our final results reflect the harsh impact of the economic downturn on the construction industry and consequently Wolseley's business. Maximising operating performance remains our key priority and we will continue to focus on generating cash and lowering the cost base whilst ensuring we drive customer service at a local level."

"At the same time we are evaluating where to prioritise investment for the future to ensure profitable growth and improved returns from our strong portfolio of businesses. Overall, we remain cautious as to the outlook for our markets in FY2010, although profit trends in the second half are expected to improve."

Ian Meakins, Group Chief Executive

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There will be an analyst and investor meeting at 0930 at Deutsche Bank, The Auditorium, 1 Great Winchester Street, London EC2N 2DB. A live audio cast and slide presentation of this event will be available at 0930 on **www.wolseley.com**. We recommend that you register ahead of the start time of 0930.

Photographs of Ian Meakins, Group Chief Executive and Steve Webster, Group Finance Director are available at: **www.newscast.co.uk** and **www.wolseleyimages.com**

SUMMARY OF RESULTS

	As at, and for the year ended 31 July		
Continuing Operations	2009	2008 Restated (1)	Change
Revenue	£14,441m	£14,814m	-2.5%
Operating (loss) / profit			
- before exceptional items and amortisation and impairment of acquired intangibles			
- exceptional items	£447m	£787m	-43.0%
- amortisation and impairment of acquired intangibles	£(458)m	£(70)m	
	£(595)m	£(162)m	
Operating (loss) / profit	£(606)m	£555m	-209.2%
Net finance costs	£(145)m	£(156)m	

Share of after tax loss from associated undertakings			
- before exceptional items	£(9)m	-	
- exceptional items	£(6)m	-	
Share of after tax loss from associated undertakings	£(15)m	-	
(Loss) / profit before tax			
- before exceptional items and amortisation and impairment of acquired intangibles			
- exceptional restructuring costs	£293m	£631m	-53.6%
- amortisation and impairment of acquired intangibles	£(464)m	£(70)m	
	£(595)m	£(162)m	
(Loss) / profit before tax	£(766)m	£399m	-292.0%
Loss from discontinued operations	£(441)m	£(168)m	
Group consolidated (loss) / profit	£(1,173)m	£74m	
(Loss) / earnings per share			
- before exceptional items and amortisation and impairment of acquired intangibles			
- exceptional items	95.6p	240.3p	-60.2%
- amortisation and impairment of acquired intangibles	(170.3)p	(24.9)p	
	(273.5)p	(81.4)p	
Basic earnings per share	(348.2)p	134.0p	-359.9%
Dividend per share	-	11.25p	

Net debt (4)	£959m	£2,469m
Gearing(8)	28.4%	73.5%
Interest cover(9) (times)	3x	6x
Group operating cash flow	£1,200m	£1,262m

(1) The income statement for the year ended 31 July 2008 has been restated to present Stock Building Supply as a discontinued operation.

(2) Constant currency percentage changes are calculated by retranslating prior year amounts at the exchange rates used in the preparation of the financial statements for the year ended 31 July 2009.

(3) Trading profit, a term used throughout this announcement, is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles. Trading margin is the ratio of trading profit to revenues expressed as a percentage. Organic change is the total increase or decrease in the year adjusted for the impact of exchange rates, and the incremental impact of acquisitions made in 2008.

(4) Net debt is the net of cash and cash equivalents, bank overdrafts, trading investments, derivative financial instruments, bank loans and obligations under finance leases.

(5) Net debt : EBITDA is the ratio of net debt to trading profit plus depreciation and the amortisation of software adjusted for a full year trading profit of subsidiaries acquired in the period less the trading profit of subsidiaries disposed of in the period.

(6) Spot cash to cash days is the net of spot inventory days plus spot receivables days less spot payables days.

(7) Cash conversion is the ratio of operating cash flow to trading profit (including discontinued operations).

(8) Gearing ratio is the ratio of net debt, excluding construction loan borrowings, to shareholders' funds.

(9) Interest cover is trading profit divided by net finance costs, excluding net pension related finance costs and the impairment of available for sale investments.

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Wolseley plc

Final Results Announcement for the year ended 31 July 2009

Group overview

Against the background of a severe recession, there was an accelerated decline in market conditions during the 2009 financial year, with many of our businesses experiencing unprecedented peak to trough declines in activity levels.

During the year, the market deterioration followed a distinct pattern in all of our geographical markets, although to varying degrees of severity. Activity in new residential construction fell first with RMI markets swift to follow, driven

by weakening consumer sentiment. As the year progressed increasingly we saw the later cycle commercial and industrial segments deteriorate as capital for investment in new projects became scarce.

In anticipation of these challenging conditions during the year we have continued to implement restructuring plans, based on our view of market trajectories, to position Wolseley strongly for the upturn, whilst continuing to maintain high levels of customer service. We continue to regularly assess the necessary actions against the prevailing and anticipated market conditions in each region.

Group results (continuing operations)

Group revenue decreased by 2.5% to £14,441 million (2008: £14,814 million). Trading profit reduced by 43.0% to £447 million (2008: £787 million). The Group's gross margin held up well at 27.7% (2008: 28.2%) but the trading margin fell to 3.1% (2008: 5.3%) due to the extent of the decline in activity levels. After deducting amortisation and impairment of acquired intangibles of £595 million (2008: £162 million) and exceptional items of £458 million (2008: £70 million), the Group operating loss was £606 million (2008: operating profit of £555 million).

Currency translation increased Group revenue by £2,439 million (16.5%) and Group trading profit by £147 million (18.9%). On a constant currency basis, Group revenue was down 16.3% and trading profit reduced by 52.0% for the year ended 31 July 2009, compared to the prior year. Profit before tax, exceptional items and amortisation and impairment of acquired intangibles reduced by 53.6% to £293 million (2008: £631 million).

A £458 million goodwill and intangible impairment charge relating to DT Group, Wolseley UK and Benelux was recorded in the first half. A further impairment was made at Wolseley UK in the second half of £21 million, and this along with exchange differences resulted in a full year impairment charge of £490 million. Exceptional items recorded in operating profit amounting to £458 million are comprised of £346 million of restructuring costs, a £31 million one-off provision at North America Loan Services, a £40 million loss on business disposals and a £41 million impairment of software.

Net finance costs were £145 million (2008: £156 million). Interest cover was 3 times (2008: 6 times). Earnings per share before exceptional items and amortisation and impairment of acquired intangibles decreased to 95.6 pence (2008: 240.3 pence), reflecting the lower level of profitability. Basic earnings per share from continuing operations showed a loss per share of 348.2 pence (2008: earnings per share of 134.0 pence).

Following the Company's exit from Stock Building Supply ("Stock") earlier in the year, the Group retained a minority interest in the business, which has been recorded as an investment in an associate. The Group's share of post tax associate losses for the year ended 31 July 2009 was £15 million, including £6 million of exceptional costs.

Financial restructuring and capital raising

Despite the ongoing actions outlined below, the Board decided that further action was required to strengthen Wolseley's balance sheet to mitigate the risk of further significant market declines. In addition, the Board sought to ensure the Company prioritised its focus and resources on its principal business activities. A comprehensive package of measures was announced in March which included a placing and rights issue of approximately £1 billion and a €1 billion committed 2 year forward start debt facility from 1 August 2011. The share issue was well subscribed with over 99 per cent of Wolseley shareholders voting to accept the Company's proposals and over 98 per cent of the Rights offered were taken up.

Alongside the financial restructuring, the Group also confirmed a more targeted future focus on North American Plumbing and Heating, UK and Ireland, Nordic and France and the exit of Stock Building Supply, its US building materials business. We strongly believe that significant shareholder value can be generated through an even greater level of focus on these core businesses, which present the best opportunities for growth and return on investment in the medium and longer term. The Group historically has achieved higher returns where it has consolidated its market position, developing strong local brands and a critical mass which delivers significant cost and scale advantages.

In July we announced the outcome of the strategic review of those countries that comprise the Group's Central and Eastern Europe ("C&EE") activities. Our future focus in the region will be on those countries where we have built sufficient scale, established leading market positions and can deliver an appropriate financial return. Accordingly we have determined to sell the Belgium, Slovakian and Czech Republic businesses.

Actions to cut costs and generate cash

The Group continues to position itself to meet the challenges created by the difficult market conditions, with significant progress being made during the year. A key focus in the coming year will be to retain the discipline over cost control and continue the focus on productivity and cash management to ensure Wolseley takes advantage of the maximum upside operational leverage when the market turns. The major actions taken during the year and since the year-end, are as set out below.

1. Cost reductions

Annualised savings of £431 million are expected from business improvement initiatives and actions taken to reduce headcount by 9,848 and close 653 underperforming branches during 2009. To achieve these savings, the Group incurred £346 million of exceptional restructuring costs in the year ended 31 July 2009. In addition to the £258 million announced in the trading update in July, a further £88 million was incurred, primarily as a result of further branch closures and headcount reductions in Ireland and France. The 2009 results benefited by around £198 million of these savings. The FY2010 incremental benefit of actions taken in the year ended 31 July 2009 is expected to be a further £233 million.

Details of the costs and benefits of actions taken during the year are set out in the table in the "Notes to statement" section below.

2. Cash flow and debt

Sustained focus on cash generation has enabled the Group to significantly improve working capital cash to cash days(3) for continuing operations by 36% from 43.8 days to 28.0 days exceeding the full year target of a 10% reduction. This reflects an improvement of 57.5% in working capital days over the last 3 years. These working capital reductions have been achieved without compromising customer service levels.

In the USA, Ferguson reduced its cash to cash days through a sustained focus on inventory reduction through utilising the DC network and excellent progress in customer collections in the latter part of the year. In Europe, as a direct result of the focus and initiatives to improve working capital during the year, the Nordic region and UK, in particular, reported excellent improvements in cash to cash days. Early in the year, Wolseley entered into an additional receivables factoring arrangement in France which reduced net debt at 31 July 2009, by 68 million. The UK also entered into a similar arrangement which reduced net debt by £71 million. The overall incremental benefit to the Group's working capital cash to cash days position was 4 days.

For the year ended 31 July 2010, we expect an underlying improvement in working capital cash to cash days, although the absolute level is likely to increase as markets recover, and due to recently enacted French legislation regarding payment of suppliers and customers. In addition, the Group will continue to optimise inventory while ensuring we capitalise on opportunities to facilitate organic growth as the market begins to recover. Overall for the year ended 31 July 2010 the Group continues to expect a modest inflow relating to working capital, but this will be dependent upon activity levels in the final quarter of the financial year.

Cash conversion was up at 364% including discontinued operations, compared to 185% in the prior year.

Net debt was significantly reduced by £1,510 million to £959 million (2008: £2,469 million) despite an adverse

currency translation impact of £351 million. The Group continues to operate with significant headroom, £1.4 billion, in relation to banking covenants with net debt : EBITDA of 1.4 times (2008: 2.7 times). While the proceeds from the capital raising of £1 billion was the primary driver behind the reduction, collective actions taken to drive working capital improvement, curtail capital expenditure and acquisitions and to make selective business and asset disposals were significant contributors to the overall reduction. Gearing was 28.4% compared to 73.5% in July 2008. The Group is in a strong liquidity position and has committed and undrawn banking facilities available of £1.7 billion as at 31 July 2009.

3. Capex and acquisitions

Capital expenditure for the year ended 31 July 2009 was £157 million (2008: £317 million), as all non-essential projects, such as branch openings, refurbishments, and other infrastructure projects, were postponed. We also continued to slow down the deployment of the Group's Business Change Programme to conserve cash and to avoid business disruption in difficult markets. The immediate focus for future implementation of the programme is across Ferguson in the USA, with initial pilot testing of the software taking place later in the year. A phased roll out is due to commence in late FY2010 with deployment carefully managed to ensure a smooth introduction. As a result of changes to the roll out of the programme an impairment of £41 million has been recorded against the carrying value in the year ended 31 July 2009, and this is included in exceptional items.

Capital expenditure for the year ended 31 July 2010 is expected to be maintained at around £150 million.

4. Business and asset disposals

In May 2009, Wolseley announced the disposal of Stock Building Supply, its US building materials business through a joint venture with The Gores Group, a US private equity firm. Wolseley has retained a minority shareholding in Stock which will allow shareholders to benefit from any future market recovery in US housing, while deconsolidating its results from our financial statements and removing Stock's losses from the covenant

calculation. The pre-exceptional trading loss of Stock for the period of Wolseley ownership to 5 May 2009 was £117 million and has been included in the loss from discontinued operations. The effects of the transaction on Wolseley's financial statements are outlined later in the press release. The constructions loans business was excluded from the transaction and retained by Wolseley.

In addition, a number of peripheral businesses that were not strategic to Wolseley were disposed of in the year ended 31 July 2009, for a consideration of £17 million. In C&EE this included Wolseley's Hungarian plumbing and heating business MART and Wasco-Anbuma, a carbon and stainless steel pipe business based in Belgium. Wolseley France also disposed of Réseau Loc (hire centres networks) and Mr Bricolage (DIY network) in the period. The Group's plumbing and heating businesses in Belgium, Czech Republic and Slovakia were identified for disposal and consequently written down to their expected net realisable value during the year. The loss arising from this write down and the disposals completed in the year ended 31 July 2009 was £40 million which has been recorded as an exceptional item.

Wolseley continues to actively manage its portfolio of approximately 850 properties and, where it makes commercial and financial sense, routinely enters into sale and leaseback arrangements or makes disposals. As a result, property and other assets were sold for £172 million during the year, realising a loss of £3 million (2008: £84 million with a profit of £16 million).

Board Changes

In June, Chip Hornsby stepped down as Group Chief Executive and the Board appointed Ian Meakins as his successor. Chip joined Ferguson in 1978 becoming CEO of the business in 2001. He was appointed as Wolseley CEO on 1 August 2006 and led the drive to reduce costs and improve cash flow in response to increasingly challenging trading conditions arising from the global financial crisis.

Ian Meakins started in his new role on 13 July and brings a wealth of operational experience in global businesses, having undertaken a number of leadership roles in brand, retail and wholesale distribution operations on an international scale.

Action has also been taken to strengthen the broad range of skills and senior experience of the Board. In September, Alain Le Goff joined the Board as a Non Executive Director. Alain has significant international experience in logistics and cost reduction from the consumer products industry through his role in Reckitt Benckiser. In October, Michael Wareing will also join the Board as a Non Executive Director. Michael was formerly International Chief Executive of KPMG and will take over as Chairman of the Audit Committee from Jim Murray the current Audit Committee Chairman on 1 January 2010. Jim will stay on as a Non Executive Director until 30 September 2010 when he will retire from the Board.

Dividends

The Board is not recommending payment of an ordinary dividend in relation to the year ending 31 July 2009. However, the Board is mindful that dividends are an extremely important part of shareholder return and income. It is the Board's intention over time to return to paying dividends, when markets stabilise and it is prudent to do so. Any future decision will take into account the Group's underlying earnings, cash flows and capital investment plans, the requirement to maintain an appropriate level of dividend cover and the then prevailing market outlook.

Further details of the financial performance and market conditions in each of the Group's businesses are set out below:

North America (45.2% of Group Revenue)

The results in Wolseley's North American division were significantly affected by continued weakness in the US

housing market, a further slowdown in the Commercial and Industrial sector and falling consumer confidence affecting the RMI market.

Reported revenue, in sterling, of the division increased by 3.6% to £6,520 million (2008: £6,297 million), reflecting a £1,594 million or 25.3% positive impact of currency translation offsetting an organic revenue decline of 17.5%. Trading profit, in sterling, declined by 22.3% to £317 million (2008: £409 million), 38.1% in constant currency. Cash flow from operations was strong with spot cash to cash days 27% lower from 60.3 days to 44.0 days due to a strong working capital performance in Ferguson.

In response to the slowing market conditions, actions taken across the division have resulted in headcount reductions of 3,991 and exceptional restructuring costs of £86 million which are targeting annualised savings of £167 million. During the year, a further net 183 branches were closed across the North American network, giving a total of 1,453 locations (31 July 2008: 1,636 excluding Stock).

Ferguson (40.3% of Group Revenue)

Ferguson continued to perform strongly and outperformed the overall market in the period despite further downward pressure in all residential and non residential markets throughout the year.

While there have recently been some signs of stabilisation in the new residential construction market, housing starts remain at historic lows. Non-residential market declines, including commercial new construction, industrial new capital and maintenance and repair investment, are being driven by the weak economy, tight credit conditions and a large office vacancy rate. While Government stimulus expenditure in FY2010 is expected to benefit the US economy as a whole, for the construction sector this is likely to be focused on major infrastructure projects such as highways and public transportation and consequently benefits will be limited for Ferguson overall. However, stimulus expenditure should directly benefit the Waterworks segment which will limit some of the downside risk for declines in these markets in FY2010.

Local currency revenue in Ferguson was down by 18.6% to $9,143 million (2008: $11,226 million) with organic revenue down 18.7%. Underlying trading profit, excluding property profits, was down by 40% to $479 million (2008: $794 million). Despite the challenging conditions and commodity price deflation of $34 million (£22 million), the gross margin was only 30 basis points down on the prior year, reflecting the continued focus on changes in the business mix towards higher margin business generated from showrooms, counter sales and private label products. The underlying trading margin was lower at 5.2% (2008: 7.1%).

In response to the slowing markets, Ferguson reduced its headcount by 3,840. This reduction equates to around 18% of its total employees and along with other cost saving initiatives will give rise to estimated annualised savings of $258 million. This brings the cumulative headcount reduction in Ferguson to around 25% of its employees over the last two years ending 31 July 2009.

Cash flow performance was strong with a continued improvement in cash to cash days with further progress in inventory, demonstrating the benefits of the DC network and collection of receivables.

Ferguson's overall branch numbers reduced by 154 to 1,228 locations (2008: 1,382).

Wolseley Canada (4.9% of Group Revenue)

In Canada, market activity remained strong in the early part of the year before falling away sharply in December. In July 2009, housing starts had fallen to an annualised rate of 132,000 with declines evident across all regions. General economic activity continues to decline, driven by the impact of global economic uncertainty and, in particular, expected reduced demand for natural resources and commodities.

Against this background, Wolseley Canada continued to outperform the market. Local currency revenue decreased by 6% to C$1,293 million (2008: C$1,376 million), including a 6% organic revenue decline. Gross margins were lower, although the trend improved in the second half, and trading profit was 25.6% lower at C$59 million (2008: C$79 million). On April 1, 2009, responsibility for the management of the Industrial Products Group (IPG) was transferred to Ferguson. Excluding the IPG business the revenue decline in the year was 3.4%.

In response to the slowing markets, Wolseley Canada reduced its headcount by 387 during the year. Restructuring actions taken during the year will give rise to estimated annualised savings of C$5 million.

Branch numbers in Canada were reduced by 29 to 225 (2008: 254).

US Construction Loans (North America Loan Services ('NALS'))

The Group intends to effect a phased reduction in the construction loan portfolio over the next 2-3 years. It expects to continue to undertake selective lending only, to allow for an orderly reduction in the scope of the business. The portfolio will also be reduced through a phased withdrawal from selected markets to position the business for a possible future sale. During the year ended 31 July 2009 the business exited from lending activities in five US States, and now has 90% of its portfolio in North and South Carolina, Texas and Virginia.

Both new loan originations and the outstanding loans have been reduced over the past twelve months reflecting a more cautious approach to lending following the continuing decline in the US housing market. At 31 July 2009 construction lending receivables on Wolseley's balance sheet, financed by an equivalent amount of construction loan borrowings was $272 million (or £163 million) or 42% below the prior year. The trading loss for the year reflects this approach and is in line with last year at $37 million (2008: $38 million) reflecting bad debt charges and losses on property disposed of $29 million. The run rate of losses is expected to decline over the next 12 months.

As we outlined in March, an exceptional provision relating to the impairment of the construction loans receivable of £31 million has been made, as a result of separating the business from Stock and the withdrawal from certain markets at that time.

Europe (54.8% of Group Revenue)

Reported revenue, in sterling, for Europe decreased by 7%, (15.4% in constant currency) to £7,921 million (2008: £8,517 million), predominantly driven by an organic revenue decline of 15.4%. Trading profit decreased by 58% (61.9% in constant currency) from £428 million to £179 million driven by the deterioration in market conditions. Currency translation increased divisional revenue by £845 million (9.9%) and trading profit by £42 million (10%). The overall divisional trading margin declined from 5.0% to 2.3% of revenue.

Cash flow from operations was strong, reflecting the ongoing improvements in working capital. Spot cash to cash days improved from 31 days at 31 July 2008 to 16 days at 31 July 2009 with excellent progress in customer collections, inventory reduction and payables terms with suppliers.

In response to the slowing market conditions, actions taken across the division have resulted in headcount reductions of 5,836 and exceptional restructuring costs of £256 million which are targeting annualised savings of £257 million. During the year a further net 448 branches were closed or disposed of across the European network, giving a total of 2,941 locations (31 July 2008: 3,389).

UK and Ireland (18.7% of Group Revenue)

The results for Wolseley UK reflect a severe deterioration in trading conditions in Ireland throughout the period combined with an increasingly difficult UK market. Despite organic revenue declines in the Lightside business, the

plumbing and heating brands continued to perform at or above the market.

Plumb and Parts Center performed particularly strongly despite the challenging markets with the Lightside businesses achieving an overall trading margin of 6.0%. The business has benefited from a number of margin improvement initiatives focusing on pricing management, sourcing benefits and incremental value added services. Further cost reduction actions were implemented during 2010.

The Commercial and Industrial business saw a significant softening during the second half and is expected to continue to decline during 2010. Despite this, performance was strong, including an excellent performance from the Pipe Center business. During the fourth quarter there has been some gross margin pressure as project based work available was being increasingly more competitively tendered. Actions to further reduce the cost base are underway.

The Heavyside building materials brands, mainly Build Center, continued to be affected by the rapid deterioration in new residential construction in the UK. Action has been taken to reduce the branch footprint with 78 Build sites closed during the year focusing the business on fewer, more profitable locations.

The Irish construction market remains severely depressed with activity levels down by 70% and further economic uncertainties affecting the RMI market. During 2009, an extensive rationalisation programme in Ireland has been implemented resulting in a reduction in labour costs by 31% when comparing the equivalent period in 2008. Overall employee numbers Ireland are now 47% lower than early in 2007 at the height of the market.

Against this background, Wolseley UK and Ireland recorded a 15.8% decrease in revenue to £2,699 million (2008: £3,203 million), driven by a 17.0% decline in organic sales. The overall gross margin was lower due to competitive pressure partially offset by price management and sourcing benefits. Trading profit declined by 68.6% compared to the prior year, from £176 million to £55 million, due to lower organic trading volumes and a loss of £30 million in Ireland. As a result, the trading margin fell from 5.5% to 2.0%. Cash flow performance was strong with another

significant reduction in cash to cash days achieved in the period.

Significant action has been taken throughout the year to reduce the cost base in the UK and Ireland resulting in annualised savings of £160 million. In addition to headcount reductions of 3,083 and net branch closures of 284, action to rationalise the supply chain was also taken through the closure of the Didcot, Chorley, Henfield and Ripon distribution centres.

For the year ended 31 July 2009 the total number of branches for Wolseley UK and Ireland was 1,643 (31 July 2008: 1,927).

Nordic (14.6% of Group Revenue)

Across the Nordic region, the market deterioration which started late in the 2008 calendar year continued to accelerate, although has recently shown signs of stabilisation. The RMI market, which constitutes the majority of DT Group sales, was less affected than new residential construction.

Given the challenging market backdrop the Nordic region, which includes the Eastern European heavyside businesses of Woodcote, achieved a resilient performance in 2009, with all Nordic countries at least tracking in line with the market. For the year ended 31 July 2009 revenue fell from DKK 22,986 (£2,290 million) to DKK 18,256 (£2,113 million) reflecting an organic revenue decline of 18.4%. Trading profit of DKK 832 million (£96 million) was 47.1% lower than the prior year of DKK1,596 million (£159 million) driven by the lower level of sales. Overall management was able to maintain the gross margin which was broadly flat and the trading margin was 4.6% (2008: 6.9%) which was an excellent performance demonstrating management's ability to reduce costs as business growth slowed. During the year there has been some benefit from Government stimulus intervention in the region, in particular in Sweden, however with only a negligible impact on the Nordic market.

In response to market conditions, Nordic reduced its headcount by 1,205 during 2009. Restructuring actions taken during the year will give rise to estimated annualised savings of DKK 376 million. During the year action was taken to exit the DT Group's DIY business in Sweden trading under the Silvan brand, which was loss making. This resulted in the closure of 8 branches with the conversion of 3 branches to the Beijer Builders Merchant brand in Sweden.

Cash flow performance was excellent with a further reduction in cash to cash days to a negative position, achieved in the year ended 31 July 2009.

Nordic had 296 branches (42 Woodcote) as at 31 July 2009 (2008: 324)

France (14.8% of Group Revenue)

In France, the new residential construction market slowed significantly during the period and lower consumer confidence also affected RMI markets. The Heavyside business continues to perform slightly ahead of the market, although the Lightside business continues to underperform the market as management continued to position the business towards renewable energy products.

Local currency revenue was down 12.8% to €2,486 million (2008: €2,850 million) with organic revenue declining 12.9%. Despite this, management was able to hold the gross margin although trading profit was 73% lower at €37 million (2008: €139 million), as management continued to phase cost reduction actions in accordance with French social laws. In addition, the 2008 trading profit benefited from €11 million more non-exceptional property and other asset disposal profits than 2009. Trading margin for the year ended 31 July 2009 was 1.5% (2008: 4.9%). Spot cash to cash days were lower than the prior year with improvements in inventory days and receivable days, despite changes to legislation regarding payment of suppliers.

Management attention continues to focus on lowering the cost base and maintaining gross margins with additional

social plans launched in June and July. During the year, restructuring actions gave rise to €28 million of exceptional costs to reduce headcount by 1,152 and close 56 branches. These restructuring plans are expected to give rise to annualised savings of €39 million (£34 million). Particular focus has been given to restructuring the Brossette Lightside businesses which made a trading loss of €4 million in the year ended 31 July 2009. The repositioning of the business continues, to a broad range of solutions for professionals in the heating segment, to expand the showroom capability and to improve customer service and the product offering. In addition, action has been initiated to close the loss making Public Works business, subject to employee consultation.

France reduced the number of branches to 776 in the year ended 31 July 2009 (2008: 848).

Central and Eastern Europe (6.7% of Group Revenue)

The businesses in C&EE achieved revenue growth, in sterling of 6.3% to £965 million (2008: £908 million), or down 9.5% in constant currency due to an organic revenue decline of 8.9%. The gross margin was flat for the year as a whole although improved significantly during the second half following the disposals of MART and Wasco Anbuma and the closure of KSM (an Austrian steel and metal distributor) which were loss-making. Trading profit was flat, (2008: £nil). The 2007/2008 financial year included a one-off charge of £12 million relating to the impairment of an IT project and 2008/2009 included £7 million impairment of the distribution centre in Italy. As a direct result of the focus on working capital, cash to cash days improved significantly compared to the prior year.

Given the deteriorating market conditions, action taken in the year has resulted in headcount reductions of 850. Restructuring action taken during the year will give rise to estimated annualised savings of £20 million. Following the strategic review announced in July 2009, action has recently been taken to strengthen the leadership teams in Italy and Austria and restructuring actions are underway focusing on gross margin management, simplifying the product range and driving improvements in customer service.

On a pro forma basis, for the year ended 31 July 2009, the continuing constituent businesses in C&EE (Austria,

Denmark, Italy, Luxembourg, the Netherlands, Switzerland) had revenue of £868 million (2008: £801 million) and a trading profit of £5 million (2008: £4 million).

During the year, 37 branches were closed and 27 disposed of in C&EE, taking the total number to 226 (2008: 290).

Discontinued Activities - Stock Building Supply

Following the exit from Stock, Wolseley has deconsolidated 100 per cent of Stock's assets and liabilities with effect from 5 May 2009 and has recognised an investment in an associate of its equity interest in the business on the balance sheet. Wolseley's original 49% equity interest in Stock has now been reduced to 44.43% reflecting the transfer of a small amount of equity to the leadership team for incentive purposes. The Group recognised an after tax loss on disposal of £81 million (£159 million pre tax). For the nine month period of Wolseley ownership, Stock had revenues of $1.8 billion (£1.1 billion) and a trading loss of $182 million (£117 million). From 6 May 2009 Stock was treated as an associate in the Wolseley Group financial statements and for the period 6 May to 31 July 2009, Wolseley's share of associate post tax losses was $23 million, or $13 million before exceptional restructuring items.

Wolseley has classified Stock as a discontinued operation and has recorded the after tax losses of Stock up to the date of disposal and the loss on disposal in one line on the income statement after the Group's profit after tax from continuing operations. As Stock ceased to be a subsidiary in the period, annualised EBITDA for covenant purposes excludes all operating losses relating to the business disposal of Stock in the period from 1 August 2008, but includes those relating to the construction loans business which Wolseley retained.

Wolseley's share of all future results of the associate will also be excluded from annualised EBITDA for covenant purposes.

Financial Review

Net finance costs of £145 million (2008: £156 million) from continuing operations reflect high debt levels for most of the year, partly offset by strong operating cash flow. Net interest income on construction loans amounted to £8 million (2008: £12 million). Group interest cover was 3 times (2008: 6 times).

The overall effective tax rate, on profit before tax, exceptional items and amortisation and impairment of acquired intangibles from continuing operations was virtually unchanged at 31.8% (2008: 31.1% as restated).

Before exceptional items and the amortisation and impairment of acquired intangibles, earnings per share from continuing operations decreased by 60.2% to 95.6 pence (2008: 240.3 pence), reflecting the lower level of profitability. Basic loss per share from continuing operations was a loss per share of 348.2 pence (2008: earnings per share of 134.0 pence). The average number of shares in issue during the year was 210 million (2008: restated number of 181 million) as a result of the capital raising and reorganisation in March. This included a firm placing of 225 million new shares of 25p nominal value with institutional investors. Following a capital reorganisation, a fully underwritten rights issue was undertaken of 11 new 10p Ordinary Shares for every five 10p Ordinary Shares at an issue price of 400p per share resulting in the issue of 195 million new ordinary shares.

Operating cash flow decreased by 4.9% from £1,262 million to £1,200 million, with significantly lower profitability offset by the increased focus on improving working capital and cash flow management throughout the Group. Free cash flow was £851 million (2008: £571 million).

During the year an acquired intangible impairment charge of £490 million has been recognised in respect of continuing operations with £359 million recorded at DT Group on its Stark, Silvan and Starkki divisions, £109 million recorded at Wolseley UK on its Electric Center, Build Center, Brandon Hire and Encon divisions and £22 million recorded at the Group's Benelux business. In addition an acquired intangible impairment charge of £288 million was recognised in respect of discontinued operations.

The Group's retirement benefit obligations have increased by £105 million, from £236 million at 31 July 2008 to £341 million at 31 July 2009, largely due to an actuarial loss of £84 million on the main UK defined benefit pension scheme primarily arising from significantly worse than expected investment performance in the year.

Return on gross capital employed (ROGCE) from continuing operations was 6.9% (2008: 12.7%) primarily as a result of reduced profitability.

Outlook

Market trends since the July trading update continue to support the Group's view that in the short term market conditions, will remain challenging driven by tight credit conditions, high levels of foreclosures and rising unemployment rates. New residential markets are expected to show continuing signs of stabilisation, RMI markets will continue to decline albeit at a slower rate and Commercial and Industrial markets are expected to decline at a faster rate. Each segment is likely to recover at different rates dependent on local economic and credit conditions.

Overall, we remain cautious as to the outlook in FY2010, although profit trends in the second half are expected to improve, driven by cost reduction actions already taken in FY2009 which is expected to result in incremental benefit in FY2010 of £233 million. During FY2010 actions to lower the cost base will be taken according to anticipated local market conditions, to ensure operational leverage is maximised as markets recover. At the same time, the Group will continue to evaluate where to prioritise future investment in order to develop its leading businesses which are characterised by leading competitive positions and strong customer franchises.

Notes to statement

1. Restructuring actions

The principal restructuring actions in the year ended 31 July are outlined in the table below:

	Cost £m	Headcount Reduction	2009 Benefit £m	Benefit £m pa
UK and Ireland	183	2,914	74	160
France	24	1,020	6	34
Nordic	11	1,413	18	44
Central and Eastern Europe	38	489	7	20
Europe	256	5,836	105	257
US plumbing and heating	80	3,861	88	164
Canada	6	130	1	3
North America	86	3,991	89	167
Group head office	4	21	5	7
Total continuing operations	346	9,848	198	431

Note: In addition to those presented above, exceptional costs of £112 million relating to losses on disposal of businesses, software impairment and construction loan provisions have also been incurred.

2. 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 2009 was approximately £14.4 billion and operating profit, before exceptional items and the amortisation and impairment of acquired intangibles, was £447 million. Wolseley has around 51,000 employees operating in 27 countries namely: UK, USA, France, Canada, Ireland, Italy, The Netherlands, Switzerland, Austria, Czech Republic, Hungary, Belgium, Luxembourg, Denmark, Sweden, Finland, Norway, Slovak Republic, Poland, Romania, San Marino, Panama, Puerto Rico, Trinidad & Tobago, Mexico, Barbados and Greenland. Wolseley is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

Certain information included in this release is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements 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 and expected expenditures and divestments. All forward-looking statements in this release are based upon information known to the Company on the date of this report. 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.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an international Group such as Wolseley. Information on some factors which could result in material difference to the results is available in the Company's Annual Report to shareholders for the year ended 31 July 2008.

3. Financial Calendar for 2009/2010

FINANCIAL CALENDAR FOR 2009/2010

2009

18 November	- Annual General Meeting and Interim Management Statement

2010

22 March	- Half Year Results for the six months ended 31 January 2010
24 May	- Interim Management Statement
31 July	- Financial year end
27 September	- Final Results for the year ended 31 July 2010
8 December	- Annual General Meeting and Interim Management Statement

A copy of this release, together with all other recent public announcements can be found on Wolseley's web site at www.wolseley.com. Copies of the presentation given to institutional investors and analysts are also available on this site.

Group income statement

Year ended 31 July 2009

	Notes	2009 Before exceptional items £m	2009 Exceptional items (note 3) £m	2009 Total £m	2008 Before exceptional items (restated) £m	2008 Exceptional items (restated) (note 3) £m	2008 Total (restated) £m
Continuing operations							
Revenue	2	14,441	-	14,441	14,814	-	14,814
Cost of sales		(10,436)	(28)	(10,464)	(10,632)	(1)	(10,633)
Gross profit		4,005	(28)	3,977	4,182	(1)	4,181
Distribution costs		(2,831)	(266)	(3,097)	(2,738)	(61)	(2,799)
Administrative expenses:							
amortisation of acquired intangibles		(105)	-	(105)	(105)	-	(105)
impairment of acquired intangibles		(490)	-	(490)	(57)	-	(57)
other		(743)	(164)	(907)	(693)	(8)	(701)
Administrative expenses: total		(1,338)	(164)	(1,502)	(855)	(8)	(863)
Other income		16	-	16	36	-	36
Operating (loss)/profit	2	(148)	(458)	(606)	625	(70)	555
Finance revenue	4	72	-	72	72	-	72
Finance costs	5	(217)	-	(217)	(228)	-	(228)
Share of after tax loss of associate	6	(9)	(6)	(15)	-	-	-
(Loss)/profit before tax		(302)	(464)	(766)	469	(70)	399
Tax income/(expense)	7	(72)	106	34	(182)	25	(157)
(Loss)/profit from continuing operations		(374)	(358)	(732)	287	(45)	242
Loss from discontinued operations	8	(265)	(176)	(441)	(164)	(4)	(168)
(Loss)/profit for the year attributable to equity shareholders							

		(639)	(534)	(1,173)	123	(49)	74
(Loss)/earnings per share	10						
Continuing operations and discontinued operations							
Basic (loss)/earnings per share				(558.0)p			41.0p
Diluted (loss)/earnings per share				(558.0)p			40.9p
Continuing operations only							
Basic (loss)/earnings per share				(348.2)p			134.0p
Diluted (loss)/earnings per share				(348.2)p			133.8p

Non-GAAP measures of performance	10,11		
Continuing operations only			
Trading profit		447	787
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles		293	631
Basic earnings per share before exceptional items and the amortisation and impairment of acquired intangibles		95.6p	240.3p
Diluted earnings per share before exceptional items and the amortisation and impairment of acquired intangibles		95.5p	239.9p

The income statement for 2008 has been restated to present Stock Building Supply as a discontinued operation.

Group statement of recognised income and expense

Year ended 31 July 2009

	Notes	2009 £m	2008 £m
(Loss)/profit for the financial year		(1,173)	74
Net exchange adjustments offset in reserves		280	129
Actuarial losses on retirement benefits	14	(115)	(135)
Available-for-sale investments reclassified and reported in net profit for the year		-	13
Fair value losses on cash flow hedges		(20)	-
Tax credit not recognised in the income statement		42	33
Net gains not recognised in the income statement	15	187	40
Total recognised (expense)/income for the year attributable to shareholders		(986)	114

Group balance sheet

As at 31 July 2009

	Notes	2009 £m	2008 £m
Assets			
Non-current assets			
Intangible assets: goodwill	12	1,514	1,995
Intangible assets: other	12	709	841
Property, plant and equipment	12	1,593	1,842
Investment in associate		53	-

Financial assets: available-for-sale investments		3	4
Deferred tax assets		244	52
Trade and other receivables		116	96
Derivative financial assets		34	-
		4,266	4,830
Current assets			
Inventories		1,624	2,025
Trade and other receivables		1,983	2,804
Current tax receivable		124	18
Financial assets: trading investments		155	5
Derivative financial assets		23	16
Financial receivables: construction loans (secured)		163	237
Cash and cash equivalents		635	321
		4,707	5,426
Assets held for sale		88	43
Total assets		9,061	10,299
Liabilities			
Current liabilities			
Trade and other payables		2,586	2,956
Current tax payable		173	219
Borrowings: construction loans (unsecured)		163	237
Bank loans and overdrafts		42	276
Obligations under finance leases		12	19
Derivative financial liabilities		25	8
Provisions	13	122	60
Retirement benefit obligations	14	33	22
		3,156	3,797
Non-current liabilities			
Trade and other payables		59	68

Bank loans		1,657	2,440
Obligations under finance leases		59	68
Derivative financial liabilities		11	-
Deferred tax liabilities		176	235
Provisions	13	244	118
Retirement benefit obligations	14	308	214
		2,514	3,143
Liabilities of disposal groups held for sale		15	-
Total liabilities		5,685	6,940
Net assets		3,376	3,359
Shareholders' equity			
Called up share capital		241	165
Share premium account		1,152	949
Foreign currency translation reserve		228	(52)
Retained earnings		1,755	2,297
Equity shareholders' funds	15	3,376	3,359

Group cash flow statement

Year ended 31 July 2009

	Notes	2009 £m	2008 £m
Cash flows from operating activities			

Cash generated from operations		1,200	1,262
Interest received		66	70
Interest paid		(231)	(205)
Tax paid		(27)	(99)
Net cash generated from operating activities		1,008	1,028
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)		(18)	(199)
Disposals of businesses (net of cash disposed of)		(15)	16
Purchases of property, plant and equipment		(91)	(219)
Proceeds from sale of property, plant and equipment		172	84
Purchases of intangible assets		(66)	(98)
Purchases of investments		(155)	-
Disposals of investments		5	-
Net cash used in investing activities		(168)	(416)
Cash flows from financing activities			
Proceeds from the issue of shares to shareholders	15	999	4
Purchases of shares by Employee Benefit Trusts	15	(5)	-
Proceeds from new borrowings		-	283
Repayments of borrowings and derivatives		(1,437)	(529)
Finance lease capital payments		(26)	(19)
Dividends paid to shareholders		-	(215)
Net cash used in financing activities		(469)	(476)
Net cash generated	16	371	136
Effects of exchange rate changes		24	7
Net increase in cash, cash equivalents and bank overdrafts		395	143
Cash, cash equivalents and bank overdrafts at the beginning of the year		203	60
Cash, cash equivalents and bank overdrafts at the end of the year		598	203

Reconciliation of (loss)/profit to cash generated from operations

Year ended 31 July 2009

	2009 £m	2008 £m
(Loss)/profit for the year	(1,173)	74
Net finance costs	145	156
Share of after tax loss of associate	15	-
Tax (income)/expense	(246)	71
Loss on disposal of businesses and revaluation of disposal groups	121	-
Depreciation and impairment of property, plant and equipment	286	212
Amortisation and impairment of non-acquired intangibles	62	30
Loss/(profit) on disposal of property, plant and equipment	3	(16)
Amortisation and impairment of acquired intangibles	894	306
Decrease in inventories	483	220
Decrease in trade and other receivables	928	247
Decrease in trade and other payables	(565)	(61)
Increase in provisions and other liabilities	238	18
Share-based payments and other non-cash items	9	5
Cash generated from operations	1,200	1,262

Notes to the preliminary results

Year ended 31 July 2009

1. Basis of preparation

The preliminary results for the year ended 31 July 2009, which are an abridged statement of the full Annual Report, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preliminary results have been prepared on a going concern basis. The Directors of Wolseley 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 enable the Group to remain in compliance with the financial covenant in its bank facilities for at least the next 12 months.

The preliminary results do not constitute the statutory accounts of the Group within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 July 2008 have been filed with the Registrar of Companies. The auditors have reported on those accounts and on the statutory accounts for the year ended 31 July 2009, which will be filed with the Registrar of Companies following the Annual General Meeting. Both the audit reports were unqualified and did not contain any statement under sections 237 or 498 of the Companies Act 1985 and 2006 respectively.

2. Segmental analysis

Wolseley's reportable segments, which are those reported to the Board, are the operating businesses overseen by distinct continental and divisional management teams responsible for their performance. All reportable segments derive their revenue from a single business activity, the distribution and supply of construction materials and services.

In 2009 management responsibility for heavy-side businesses in Eastern Europe was transferred from Central and Eastern Europe to the Nordic management team. These businesses are therefore now included in the Nordic segment results. The comparative figures for 2008 have been restated to reflect the transfer of £93 million of revenue and £3 million of operating loss from Central and Eastern Europe to Nordic. The effect on trading profit is

not material. The amounts reported in 2008 for the US building materials segment have also been restated. The part of the business sold is presented as discontinued operations and the construction loan business retained is shown as North America Loan Services.

The Group's business is not highly seasonal but revenue and trading profit are normally slightly higher in the second half. The Group's customer base is highly diversified, with no individually significant customer. The revenue, trading profit and operating (loss)/profit of the Group's reportable segments are detailed in the following three tables.

Revenue by reportable segment for continuing operations	2009 £m	2008 (restated) £m
UK and Ireland	2,699	3,203
France	2,144	2,116
Nordic	2,113	2,290
Central and Eastern Europe	965	908
Europe	7,921	8,517
US plumbing and heating	5,820	5,613
Canada	700	684
North America	6,520	6,297
Group	14,441	14,814

Trading profit by reportable segment for continuing operations (note 11)	2009 £m	2008 (restated) £m
UK and Ireland	55	176
France	32	103
Nordic	96	159
Central and Eastern Europe	-	-
European central costs	(4)	(10)
Europe	179	428
US plumbing and heating	317	397
Canada	32	39
North America plumbing and heating	349	436
North America loan services	(24)	(19)
North American central costs	(8)	(8)
North America	317	409
Group central costs	(49)	(50)
Group	447	787

Operating (loss)/profit by reportable segment for continuing operations	2009 £m	2008 (restated) £m
UK and Ireland	(251)	99
France	9	80

Nordic	(329)	103
Central and Eastern Europe	(108)	(15)
European central costs	(7)	(14)
Europe	(686)	253
US plumbing and heating	206	349
Canada	25	32
North America plumbing and heating	231	381
North America loan services	(55)	(19)
North American central costs	(8)	(8)
North America	168	354
Group central costs	(88)	(52)
Group operating (loss)/profit	(606)	555

2. Segmental analysis (continued)

The change in revenue and trading profit between the years ended 31 July 2008 and 31 July 2009 can be analysed into the effects of changes in exchange rates, the effects of disposals made during the financial year, and the effect of taking in a full year's revenue and trading profit of businesses acquired part way through the previous year, with the remainder being organic change.

Analysis of change in revenue	2008 (restated) £m	Exchange £m	Disposals £m	Increment on 2008 acquisitions £m	Organic change £m	Organic change %	2009 £m
UK and Ireland	3,203	46	-	1	(551)	(17.0)	2,699
France	2,116	342	(20)	22	(316)	(12.9)	2,144
Nordic	2,290	299	-	-	(476)	(18.4)	2,113

Central and Eastern Europe	908	158	(15)	9	(95)	(8.9)	965
Europe	8,517	845	(35)	32	(1,438)	(15.4)	7,921
US plumbing and heating	5,613	1,533	-	12	(1,338)	(18.7)	5,820
Canada	684	61	-	-	(45)	(6.0)	700
North America	6,297	1,594	-	12	(1,383)	(17.5)	6,520
Group	14,814	2,439	(35)	44	(2,821)	(16.4)	14,441

Analysis of change in trading profit (note 11)	2008 £m	Exchange £m	Disposals £m	Increment on 2008 acquisitions £m	Organic change £m	Organic change %	2009 £m
UK and Ireland	176	-	-	-	(121)	(68.7)	55
France	103	17	(1)	1	(88)	(73.0)	32
Nordic	159	22	-	-	(85)	(47.1)	96
Central and Eastern Europe	-	3	1	-	(4)	(127.4)	-
European central costs	(10)	-	-	-	6		(4)
Europe	428	42	-	1	(292)	(62.0)	179
US plumbing and heating	397	108	-	2	(190)	(37.6)	317
Canada	39	4	-	-	(11)	(25.6)	32
North America plumbing and heating	436	112	-	2	(201)	(36.7)	349
North America loan services	(19)	(5)	-	-	-	3.1	(24)
North American central costs	(8)	(3)	-	-	3		(8)
North America	409	104	-	2	(198)	(38.4)	317
Group central costs	(50)	1	-	-	-		(49)
Group	787	147	-	3	(490)	(52.3)	447

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. Exceptional items included in operating profit from continuing operations are analysed by segment as follows:

	2009 £m	2008 (restated) £m
UK and Ireland	(183)	(12)
France	(20)	(21)
Nordic	(11)	(3)
Central and Eastern Europe	(85)	(2)
European central costs	(3)	(4)
Europe	(302)	(42)
US plumbing and heating	(80)	(21)
Canada	(6)	(5)
North America plumbing and heating	(86)	(26)
North America loan services	(31)	-
North American central costs	-	-
North America	(117)	(26)
Group central costs	(39)	(2)
Group	(458)	(70)

Exceptional items included in operating profit from continuing operations are analysed by purpose as follows:

	2009 £m	2008 (restated) £m
Staff redundancy costs	(75)	(29)
Provisions for future lease rentals on closed branches and asset write-downs	(271)	(41)
Restructuring costs	(346)	(70)
Write-down of construction loan portfolio arising from the separation from Stock Building Supply	(31)	-
Impairment of software assets under construction	(41)	-
Loss on disposal of businesses and revaluations of disposal groups	(40)	-
Group	(458)	(70)

In addition the Group's associate undertaking also incurred restructuring costs during the year. The Group's share of the after tax cost of these restructuring actions of £6 million has been disclosed as an exceptional item. Exceptional items relating to discontinued operations are detailed in note 8.

4. Finance revenue

	2009 £m	2008 (restated) £m
Interest receivable	72	69
Net pension finance income	-	3
Total finance revenue - continuing operations	72	72

Net income receivable on construction loans included in finance revenue and finance costs amounted to £8 million

(2008: £12 million).

5. Finance costs

	2009 £m	2008 (restated) £m
Interest payable		
- Bank loans and overdrafts	193	200
- Finance lease charges	5	5
Discount charge on receivables funding arrangements	12	-
Net pension finance cost (note 14)	10	-
Valuation (gains)/losses on financial instruments		
- Derivatives held at fair value through profit and loss	(43)	(22)
- Loans in a fair value hedging relationship	37	23
- Ineffectiveness recognised in respect of cashflow hedges	1	-
- Change in fair value of available-for-sale investment	2	9
- Available-for-sale investment losses recycled from equity	-	13
Total finance costs - continuing operations	217	228

In 2008, the Group determined that an equity holding in Building Materials Holding Corporation categorised as an available-for-sale investment was impaired. The cumulative loss as at 31 July 2007 of £13 million that had been recognised in equity was accordingly recycled from equity and recognised in finance costs in 2008 along with the £9 million fair value reduction experienced in the year. A further £2 million impairment has been charged in 2009.

6. Share of after tax loss of associate

	2009 £m	2008 £m
Share of after tax loss of Saturn Acquisition Holdings LLC before exceptional items	(9)	-
Share of after tax exceptional items of Saturn Acquisition Holdings LLC	(6)	-
Share of after tax loss of Saturn Acquisition Holdings LLC	(15)	-

On 6 May 2009 the Group sold 100% of the shares of its subsidiary Stock Building Supply Holdings LLC to Saturn Acquisition Holdings LLC in exchange for 49 per cent of the voting rights and common equity of Saturn Acquisition Holdings LLC and nominal consideration. Since 6 May 2009 additional non-voting equity has been issued by Saturn Acquisition Holdings LLC such that as at 31 July 2009 the Group had a 44.43 per cent interest in its common equity.

Summarised income statement information in respect of Saturn Acquisition Holdings LLC for the period from 6 May 2009 to 31 July 2009 is set out below:

	Period ended 31 July 2009 £m
Revenue	110
Loss after tax	(33)

The loss after tax includes an after tax exceptional charge of £14 million relating to further restructuring actions taken by Saturn Acquisition Holdings LLC of £60 million offset by the release of liabilities as part of its Chapter 11 administration process of £46 million. The Group's share of this after tax exceptional charge of £6 million has been recorded as an exceptional item.

7. Taxation

The tax charge for the year comprises:	2009 £m	2008 (restated) £m
Current year tax charge	139	211
Adjustments to tax charge in respect of prior years	(9)	15
Total current tax charge	130	226
Deferred tax credit: origination and reversal of temporary differences	(164)	(69)
Total tax (credit)/charge - continuing operations	(34)	157

8. Discontinued operations

On 6 May 2009 the Group completed the sale of Stock Building Supply Holdings LLC which comprised the majority of its US Building Materials segment. In accordance with IFRS5 "Non-current assets held for sale and discontinued operations" this business has been classified as discontinued and prior periods have been restated on a consistent basis.

The results of the discontinued operations, which have been included in the consolidated income statement, are as follows:

	2009 Before exceptional items £m	2009 Exceptional items £m	2009 Total £m	2008 Before exceptional items £m	2008 Exceptional items £m	2008 Total £m

Revenue	1,140	-	1,140	1,735	-	1,735
Cost of sales	(896)	-	(896)	(1,330)	-	(1,330)
Gross profit	244	-	244	405	-	405
Operating expenses:						
amortisation of acquired intangibles	(12)	-	(12)	(30)	-	(30)
impairment of acquired intangibles	(288)	-	(288)	(114)	-	(114)
other	(361)	(156)	(517)	(509)	(6)	(515)
Operating expenses: total	(661)	(156)	(817)	(653)	(6)	(659)
Operating loss and loss before tax	(417)	(156)	(573)	(248)	(6)	(254)
Tax credit	152	61	213	84	2	86
Loss on disposal of Stock	-	(159)	(159)	-	-	-
Tax credit on loss on disposal of Stock	-	78	78	-	-	-
Loss from discontinued operations	(265)	(176)	(441)	(164)	(4)	(168)

Earnings per share		
Discontinued operations		
Basic loss per share	(209.8)p	(93.0)p
Diluted loss per share	(209.8)p	(93.0)p

The exceptional items included in operating loss before tax from discontinued operations relate to restructuring actions before the disposal and comprise staff redundancy costs of £9 million and provisions for future lease rental on closed branches and asset write-downs of £147 million.

The loss on disposal of Stock is a provisional figure and may be adjusted when final working capital balances have been agreed with the purchaser. Any adjustments that may be required will be recorded in discontinued operations in future periods.

9. Dividends

	2009 £m	2008 £m
Final paid for the year ended 31 July 2008 of nil (year ended 31 July 2007: 21.55 pence)	-	141
Interim paid for the year ended 31 July 2009 of nil (year ended 31 July 2008: 11.25 pence)	-	74
Total nil (2008: 32.80 pence per share)	-	215
Proposed final for the year ended 31 July 2009 of nil (year ended 31 July 2008: nil)	-	-

10. (Loss)/earnings per share

Basic loss per share from continuing and discontinued operations of 558.0 pence (2008: earnings per share of 41.0 pence) is calculated on the loss for the year attributable to shareholders of £1,173 million (2008: profit of £74 million) on a weighted average number of ordinary shares in issue during the year.

Basic loss per share from continuing operations of 348.2 pence (2008: earnings per share of 134.0 pence) is calculated on the loss after tax from continuing operations of £732 million (2008: profit of £242 million) on a weighted average number of ordinary shares in issue during the year, excluding those held by Employee Benefit Trusts, of 210 million (2008: restated number of 181 million). As detailed in note 11 below, the Group believes that profit measures before exceptional items and the amortisation and impairment of acquired intangibles provide valuable additional information for users of the financial statements. Basic earnings per share from continuing operations, before exceptional items and the amortisation and impairment of acquired intangibles, has, therefore, been presented in the following table.

Continuing operations	2009	2008 (restated)
Before exceptional items and the amortisation and impairment of acquired intangibles	95.6p	240.3p
Add back: exceptional items (net of tax)	(170.3)p	(24.9)p
Add back: amortisation and impairment of acquired intangibles (net of deferred tax)	(273.5)p	(81.4)p
Basic (loss)/earnings per share	(348.2)p	134.0p

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 211 million (2008: restated number of 181 million). The diluted loss per share from continuing operations is also 348.2 pence (2008: earnings per share of 134.0 pence). Diluted earnings per share from continuing operations before exceptional items and the amortisation and impairment of acquired intangibles is 95.5 pence (2008: 239.9 pence).

11. Non-GAAP measures of performance

Trading profit is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles. It is a non-GAAP measure. Exceptional items are material non-recurring items which are excluded from trading profit to enable a clear and consistent presentation of the Group's underlying financial performance. In addition, the current businesses within the Group have arisen through internal organic growth and through acquisition. Operating profit includes only the amortisation and impairment of acquired intangibles arising on those businesses that have been acquired subsequent to 31 July 2004 and as such does not reflect equally the performance of businesses acquired prior to 31 July 2004 (where no amortisation or impairment of acquired intangibles was recognised), businesses that have developed organically (where no intangibles are attributed) and those businesses more recently acquired (where amortisation and impairment of acquired intangibles is charged).

The Group believes that trading profit provides valuable additional information for users of the financial statements in assessing the Group's performance since it provides information on the performance of the business that local managers are more directly able to influence and on a basis consistent across the Group. The Group uses trading profit, and certain key performance indicators calculated by reference to trading profit, for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of individual businesses within the Group.

Continuing operations	2009 £m	2008 (restated) £m
Operating profit	(606)	555
Add back: amortisation and impairment of acquired intangibles	595	162
Add back: exceptional items	458	70
Trading profit	447	787
Profit before tax	(766)	399
Add back: amortisation and impairment of acquired intangibles	595	162
Add back: exceptional items	464	70
Profit before tax and exceptional items and the amortisation and impairment of acquired intangibles	293	631

12. Capital expenditure

	Goodwill £m	Other intangible assets £m	Property, plant and equipment £m	Total tangible and intangible assets £m
Net book value at 1 August 2008	1,995	841	1,842	4,678
Additions	-	77	94	171
Disposals	-	(2)	(123)	(125)

Divestments	(7)	-	(100)	(107)
Property reclassified as held for sale	-	-	(34)	(34)
Depreciation and amortisation	-	(136)	(228)	(364)
Impairment of acquired intangibles	(669)	(109)	-	(778)
Impairment of software	-	(43)	-	(43)
Impairment of property, plant and equipment	-	-	(58)	(58)
Exchange rate adjustment	195	81	200	476
Net book value at 31 July 2009	1,514	709	1,593	3,816

Impairment tests were performed for all cash generating units during the year ended 31 July 2009. These impairment reviews have resulted in the recording of an impairment charge of £490 million in respect of continuing operations and £288 million in respect of discontinued operations relating to goodwill and acquired intangible assets held by the following businesses:

DT Group (Nordic)

DT Group has experienced a significant downturn in its markets and is forecasting this to continue over the short and medium terms, with a gradual recovery to levels of activity below those it experienced in recent years. As a result of reflecting these reduced expectations in its value in use calculations, the Group has recognised a goodwill impairment charge of £359 million in respect of the Stark, Silvan and Starkki divisions of DT Group.

UK

Wolseley UK has experienced a significant deterioration in its markets in the year and is forecasting this to continue over the short and medium term. As a result of reflecting these reduced expectations in its value in use calculations, the Group has recognised a goodwill impairment charge of £109 million in respect of the Electric Center, Build Center, Brandon Hire and Encon divisions of the UK and Ireland.

Benelux (Central and Eastern Europe)

The Group's business in Benelux has performed below expectations at the time of the acquisition of the Centratec business in Belgium, and the Group has reappraised the likely levels of revenue and margin that can be achieved in the long term. An impairment loss of £22 million (goodwill £21 million and other intangible assets £1 million) has been calculated on a value in use basis.

Stock (discontinued operations)

Prior to its disposal, the Group announced its intention to exit the US Building Materials sector and performed an impairment review at that time. Accordingly, the Group regarded Stock as a single CGU and considered it appropriate to write off all the remaining goodwill and intangible assets of the business, resulting in an impairment charge of £288 million (goodwill £180 million and other intangible assets £108 million).

In addition, the Group continues to restrict capital expenditure on its Business Change Programme and as a consequence, certain software assets under development with a book value of £41 million will not be implemented and used as was originally intended and have therefore been impaired. A further £2 million of software assets have been impaired as a result of restructuring actions.

The impairment charge recorded in the year in respect of property, plant and equipment is primarily comprised of the impairment of assets in branches that have been closed in the year due to restructuring actions.

13. Provisions

	Environmental and legal £m	Wolseley Insurance £m	Restructuring £m	Other provisions £m	Total £m
At 1 August 2007	42	48	15	25	130
Utilised in the year	(1)	(15)	(16)	(3)	(35)

Charge for the year	-	17	49	11	77
New businesses	-	-	-	-	-
Exchange differences	1	1	2	2	6
At 31 July 2008	42	51	50	35	178
Utilised in the year	(6)	(22)	(100)	(15)	(143)
Charge for the year	16	20	354	25	415
Disposal of businesses	(1)	-	(106)	(1)	(108)
Exchange differences	7	8	4	5	24
At 31 July 2009	58	57	202	49	366

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).

The environmental and legal provision includes known and potential legal claims and environmental liabilities arising from past events where it is probable that a payment will be made and the amount of such payment can be reasonably estimated. Included in this provision is an amount of £42 million (2008: £36 million) related to asbestos litigation involving certain Group companies. This amount has been actuarially determined as at 31 July 2009 based on advice from independent professional advisers. Asbestos related litigation is covered by insurance and accordingly an equivalent insurance receivable has been recorded in other receivables. The provision and the related receivable have been stated on a discounted basis using a long term discount rate of 4.3 per cent (2008: 4.6 per cent). The level of insurance cover available significantly exceeds the expected level of future claims and no material profit or cash flow impact is expected to arise in the foreseeable future. There were 273 claims outstanding at 31 July 2009 (2008: 293).

Restructuring provisions include provisions for staff redundancy costs, future lease rentals on closed branches and asset write-downs. In determining the provision for onerous leases, the cash flows have been discounted on a pre-

tax basis using appropriate government bond rates.

Other provisions relate to rental commitments on vacant properties, other than those arising from restructuring actions, dilapidations on leased properties and warranties.

14. Retirement benefit obligations

Analysis of balance sheet liability	2009 £m	2009 £m	2008 £m	2008 £m
Fair value of plan assets:				
UK	511		542	
Non-UK	129		130	
		640		672
Present value of defined benefit obligation:				
UK	(737)		(693)	
Non-UK	(244)		(215)	
		(981)		(908)
Net liability recognised in balance sheet		(341)		(236)

Analysis of total expense recognised in income statement	2009 £m	2008 £m
Current service cost	34	27
Curtailment	(2)	-

Charged to administrative expenses	32	27
Interest on pension liabilities	57	47
Expected return on scheme assets	(47)	(50)
Charged/(credited) to finance costs	10	(3)
Total expense recognised in income statement	42	24

14. Retirement benefit obligations (continued)

Analysis of amount recognised in the statement of recognised income and expense	2009 £m	2008 £m
Actuarial loss	(115)	(140)
Unrecognised surplus	-	5
	(115)	(135)
Deferred tax thereon	36	37
Total amount recognised in the statement of recognised income and expense	(79)	(98)

15. Reconciliation of movements in shareholders' funds

	2009 £m	2008 £m
(Loss)/profit for the year attributable to equity shareholders	(1,173)	74
Other recognised income and expense	187	40
Dividends paid	-	(215)
Credit to equity for share based payments	9	5
New share capital subscribed	999	4

Purchase of own shares by employee benefit trusts	(5)	-
Net addition to/(reduction in) shareholders funds	17	(92)
Opening shareholders' funds	3,359	3,451
Closing shareholders' funds	3,376	3,359

On 1 April 2009 the Company issued 225 million ordinary 25 pence shares by way of a share placing at 120 pence per share and on 21 April 2009 the company issued 195 million ordinary 10 pence shares by way of an 11 for 5 rights issue at a price of 400 pence per share.

The share placing and rights issue generated net proceeds to the Group of £994 million after costs of £52 million and the purchase of shares by Employee Benefit Trusts of £5 million.

16. Reconciliation of opening to closing net debt

For the year ended 31 July 2009	At 1 August £m	Cash flows £m	Acquisitions and disposals £m	New finance leases £m	Fair value and other adjustments £m	Exchange movement £m	At 31 July £m
Cash and cash equivalents	321						635
Bank overdrafts	(118)						(37)
	203	371	-	-	-	24	598
Financial assets: trading investments	5	150	(1)	-	-	1	155
Derivative financial instruments	8	31	-	-	(16)	(2)	21
Bank loans	(2,598)	1,406	-	-	(106)	(364)	(1,662)
Obligations under finance leases	(87)	26	4	(4)	-	(10)	(71)
	(2,469)	1,984	3	(4)	(122)	(351)	(959)

17. Disposals

During the year ended 31 July 2009, the Group disposed of Stock Building Supply Holdings LLC (see note 8), two businesses in the Central and Eastern Europe segment, Mart Kft and Wasco-Anbuma (NV) Belgium and two non-core business in France. Details of assets and liabilities disposed of, separation costs and consideration received in respect of these disposals are provided in the following table.

	Stock Building Supply Holdings LLC	Other disposals	2009 Total assets disposed of £m
Property, plant and equipment	97	5	102
Financial assets: trading investments	1	-	1
Inventories	150	11	161
Receivables	214	12	226
Assets held for sale	19	-	19
Cash, cash equivalents and bank overdrafts	15	4	19
Finance leases	(4)	-	(4)
Payables and provisions	(202)	(5)	(207)
Deferred tax	-	2	2
Total	290	29	319
Cash consideration received	-	(17)	(17)
Shares in associate received (before deferred tax arising on transactions)	(128)	-	(128)
Disposal and separation costs	44	-	44

Cumulative translation recycled from reserves	(47)	-	(47)
Loss on disposal	159	12	171

18. Exchange rates

The results of overseas subsidiaries have been translated into sterling using average rates of exchange. The year end rates of exchange have been used to convert balance sheet amounts. The principal currencies impacting the preliminary results are as follows.

	2009	2008
US dollar translation rate		
Income statement	1.5708	2.0000
Balance sheet	1.6718	1.9835
Euro translation rate		
Income statement	1.1597	1.3470
Balance sheet	1.1729	1.2715
Danish Krone		
Income statement	8.6398	10.0399
Balance sheet	8.7330	9.4838

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