NEWS RELEASE

Final Results

10/4/2011

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Wolseley PLC

04 October 2011

WOLSELEY PLC

Results for the year ended 31 July 2011

£m	2011	2010	Change	Like-for-like change (3)
Revenue	13,558	13,203	+3%	+5%
Gross profit	3,782	3,655	+3%	
Trading profit (1)	622	450	+38%	
Profit / (loss) before tax	391	(328)		
Headline earnings per share (1)	143p	74p	+93%	
Adjusted net debt (2)	705	1,195		
Dividend per share	45p	-		

(1) Before exceptional items, the amortisation and impairment of acquired intangibles and non-recurring tax credits.

(2) Including receivables financing and construction loan debt and an adjustment for the estimated impact of year end working capital measures taken.

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

Financial highlights

§ Revenue of £13,558 million, 3% ahead of last year and 5% ahead on a like-for-like basis.

§ Gross margin 20 basis points higher despite challenging trading conditions.

§ Trading profit of £622 million, 38% ahead of last year.

§ Adjusted net debt £490 million better than last year.

§ Final dividend of 30 pence per share - total dividend for the year 45 pence per share.

Operating and corporate highlights

§ Improved trading profit and gross margins in most businesses driven by better customer service and employee engagement.

§ Five small bolt-on acquisitions in the USA and Denmark since last year.

§ Disposal of non-core businesses largely completed.

§ Redomicile to Switzerland completed.

§ Refinancing of £822 million revolving credit facilities completed with significant reduction in future finance charges.

§ Planned capital investment of £160 million including 90 new branches.

Ian Meakins, Chief Executive, commented:

"We have delivered another decent set of results despite challenging economic conditions, with better customer service driving sales and strong trading profit growth. Our ongoing focus on market share gains, protecting gross margins and tightly controlling cost led to a £172 million improvement in trading profit and trading margins 120 basis points ahead. Our disposal programme is now substantially complete, enabling us to focus on our great businesses in attractive markets."

Commenting on the outlook, Ian Meakins, Chief Executive said:

"We continued to grow our business and revenue growth trends in August and September have been similar to the fourth quarter last year. However, recent economic forecasts have weakened and over time this is likely to have an impact on our markets. Wolseley is in good shape: we have strong market positions in large attractive markets with

an effective business model and significant opportunities for growth.

"The business is highly cash generative and borrowings are at a 10 year low. We expect to increase investment in the business where we can generate good returns. Operationally, we will remain focused on improving the service to our customers and developing our strategy to gain market share and protect margins. In the current environment, we will remain cautious on the cost base."

For further information please contact

Wolseley plc

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There will be an analyst and investor meeting at 0930 (UK time) today 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 on **www.wolseley.com**. We recommend you register at 0915. Photographs are available at **www.newscast.co.uk**.

FULL YEAR RESULTS FOR THE YEAR ENDED 31 JULY 2011

Group results

We delivered a good result in 2010/2011 across most of our businesses against a background of generally weak demand. Repairs, Maintenance and Improvement (RMI) and new construction markets were broadly stable though there was no strong rebound in activity after the recession.

During the year the Group generated revenue of £13,558 million (2010: £13,203 million). This was 3% ahead of last year with like-for-like growth of 5%. The gross margin was 20 basis points ahead of last year at 27.9% as a result of a continued focus on improving customer, product and vendor mix. Trading profit of £622 million was £172 million higher than last year as a result of the revenue growth, our focus on gross margins and a cost base, which was £45 million lower on a reported basis and 3% higher for the ongoing businesses(a). The Group's trading margin increased from 3.4% to 4.6%.

A £39 million charge was made in the year for the impairment of goodwill and acquired intangibles of Bathstore and BCG in the UK reflecting a deterioration in the outlook for retail markets. Exceptional charges of £51 million principally related to the charge required to bring assets of businesses held for disposal down to their recoverable amount. During the year we stopped new lending in the construction loans business which is now being wound

down and the net investment in loans and property now stands at £59 million (2010: £117 million).

Net finance costs reduced to £66 million (2010: £77 million) reflecting the reduced level of net debt. The underlying tax rate, on profit before tax, exceptional items and amortisation and impairment of acquired intangibles was 27.3% (2010: 34.6%). This reduction arose principally from the redomiciliation project concluded in the year. Headline earnings per share were 143 pence (2010: 74 pence) an increase of 93% reflecting growth in trading profit and lower interest and tax charges. Basic earnings per share from continuing operations were 99 pence (2010: loss per share of 130 pence).

(a) Throughout this report 'ongoing businesses' excludes businesses that have been disposed of or are classified as disposal groups held for sale. The excluded businesses are Build Center, Encon, Electric Center, Brandon Hire, Ireland, Brossette, Public Works and Italy.

Board Changes

During the year John Whybrow retired as Chairman and was succeeded by Gareth Davis, who has been a Non Executive Director since 2003. As a result of this change Andy Duff assumed responsibility as the Company's Senior Independent Non Executive Director. In November 2010, following the redomiciliation, Alain Le Goff stepped down from the Board as a Non Executive Director. Nigel Stein also stepped down as a Non Executive Director.

In March 2011 Tessa Bamford and Michael Clarke joined the Board as Non Executive Directors. Tessa is a consultant at Spencer Stuart and is also a Non Executive Director of Barratt Developments plc. Michael was recently appointed as Chief Executive of Premier Foods and was previously President of Kraft Foods, Europe. We announced in September 2011 that Karen Witts has also joined the Board as a Non Executive Director. She brings with her tremendous experience in senior finance roles at Vodafone and BT.

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

Geographical analysis

£ million	Revenue 2011	Revenue 2010	Change	Like-for-like Change	Trading profit 2011	Trading profit 2010
USA	5,500	5,174	+6%	+9%	314	239
Canada	811	765	+6%	+2%	39	41
UK	2,404	2,466	(3%)	+3%	109	91
Nordic	2,128	2,012	+6%	+4%	113	101
France	1,943	1,937	-	+4%	53	30
Central Europe	772	849	(9%)	(2%)	30	9
Central and other costs					(36)	(61)
Group	13,558	13,203	+3%	+5%	622	450

Ongoing operations

£ million	Revenue 2011	Revenue 2010	Change	Like-for-like Change	Trading profit 2011	Trading profit 2010
USA	5,500	5,174	+6%	+9%	314	239
Canada	811	765	+6%	+2%	39	41
UK	1,749	1,712	+2%	+2%	91	84
Nordic	2,128	2,012	+6%	+4%	113	101
France	1,317	1,294	+2%	+5%	46	38
Central Europe	718	717	-	(2%)	31	18
Central and other costs					(36)	(61)
	12,223	11,674	+5%	+5%	598	460
Disposed or held for sale	1,335	1,529			24	(10)
Group	13,558	13,203	+3%	+5%	622	450

Quarterly like-for-like revenue growth

	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
USA	+5%	+6%	+11%	+10%	+7%
Canada	+12%	+7%	+4%	-	(2%)

UK	+5%	+5%	+8%	+1%	(2%)
Nordic	+3%	+4%	+4%	+6%	+2%
France	(2%)	+2%	+2%	+8%	+4%
Central Europe	(6%)	(3%)	(4%)	-	+1%
Group	+4%	+4%	+7%	+6%	+3%

USA (40% of Group revenue)

Revenue in the USA was 9% ahead of last year on a like-for-like basis. Growth was broadly based, supported by price inflation of approximately 3% with all of the major businesses ahead. The RMI segment has been resilient although it remains subdued as a result of lower consumer confidence. The recovery in new construction was modest as factors such as high unemployment, low availability of credit and high levels of unsold housing inventory have continued to constrain demand. The Commercial sector showed some resilience although continued to be restricted by the lack of availability of finance for construction projects. Industrial markets were generally better. We believe all of our major businesses in the USA continued to gain market share in the period.

The gross margin was ahead of last year as we continued to focus on improvements in the business mix towards showrooms, counter sales and private label products. Operating costs increased by 7% in constant currency due to some additional headcount, the reinstatement of merit increases, pension contributions and higher volume related costs. The combination of strong revenue growth and margin improvement led to a significant increase in trading profit to £314 million (2010: £239 million). There was a one-off charge of £12 million in the period in respect of the settlement of litigation dating back to 2004.

Growth in Blended Branches continued throughout the year. A strong focus on gross margins contributed to good profit flow through and the business was a major contributor to the overall improvement in the Group's trading profit. The Industrial Pipes Valves and Fittings (PVF), and Heating, Ventilation and Air Conditioning (HVAC) businesses made good progress. The Industrial business in particular benefited from a buoyant oil and gas sector. The Waterworks business was resilient despite a fall in state and municipal funded projects. Our Build.com consumer internet business grew strongly at margins consistent with the rest of the US business.

In the first half of the year we completed a small Waterworks acquisition in Alabama. Since the year end we have also completed two further small acquisitions of a PVF business in Louisiana and a Blended Branches business in Chicago.

The USA trading margin was 5.7% (2010: 4.6%).

Canada (6% of Group revenue)

In Canada revenue was 2% ahead of last year on a like-for-like basis. The growth rate declined as the Canadian economy cooled, following rises in interest rates and weakening consumer sentiment. Last year the business benefited from the impact of tax incentives.

Trading profit of £39 million was £2 million lower after one-off costs of £3 million. Higher revenue and an improvement in the gross margin were offset by operating costs which grew by 7% at constant currency as the new distribution centre in Milton came on stream and we also invested in more branch staff. Waterworks and Industrial both improved their performance during the year. Waterworks benefited from government subsidies whilst the Industrial business continued to be supported by the strength of the oil and gas sector. HVAC revenues declined as government stimulus incentives were removed. Blended Branches slowed in line with the weakening new residential construction market. The Waterworks and Industrial businesses both gained market share in the period though HVAC and Blended Branches market shares were slightly lower.

The trading margin in Canada overall was lower at 4.8% (2010: 5.4%).

UK (18% of Group revenue)

Revenue in the UK was 3% lower in the year due to the impact of disposals and the contract loss referred to at the half year, although the ongoing businesses were 2% ahead due principally to commodity price inflation. Public sector activity, which represents around 25% of UK revenue, weakened in the second half. The more resilient RMI sector, which represents about 65% of revenue held up reasonably well.

Trading profit of £109 million was £18 million ahead of last year, of which £7 million arose within the ongoing businesses with higher revenue and gross margins partly offset by a £5 million one-off bad debt charge.

Despite strong competition, Plumb and Parts Center was able to improve gross margins and gained market share in the fourth quarter. Pipe and Climate and Drain Center performed well, generating strong growth in the period as a result of improved management focus and some benefits from commodity price inflation. Both businesses gained market share. Trading conditions in Bathstore were particularly challenging with revenue down 15% in the year, though the business continued to generate profits.

The trading margin for the UK in the ongoing business was 5.2% (2010: 4.9%).

Nordic (16% of Group revenue)

In the Nordic region revenue was 4% ahead on a like-for-like basis. The building materials business in Denmark returned to like-for-like revenue growth in the period, although market conditions remained subdued as a result of low levels of construction activity and poor consumer confidence. In contrast our building materials businesses in Sweden, Finland and Norway all generated good like-for-like revenue growth, with Finland performing strongest. Overall, we held market share in Denmark and Sweden and improved market share in Finland and Norway.

Trading profit in the year of £113 million was £12 million higher than last year benefiting from revenue growth and an improvement in gross margin, offset by a 6% increase in operating costs at constant currency. The underlying performance was better as last year's results included a one-off credit of £4 million.

During the year we completed two small bolt-on acquisitions in Denmark.

The trading margin was higher at 5.3% (2010: 5.0%).

France (14% of Group revenue)

Revenue in France was 4% ahead on a like-for-like basis principally due to commodity price inflation. New residential construction markets continued to recover. Gross margins were higher as the business was successful in mitigating continued pricing pressure through improvements in supplier mix. Trading profit of £53 million was £23 million ahead of last year, of which £15 million relates to Brossette and other disposed businesses and £8 million arose from ongoing operations through good conversion of increased revenue to trading profit. There was a net £2m one-off credit in the period.

Reseau Pro, our building materials business, performed in line with the market and improved its trading performance. Import and Wood Solutions generated good profit growth, improved its productivity and continued to protect market share.

The trading margin was higher at 2.7% (2010: 1.5%).

Central Europe (6% of Group revenue)

In Central Europe revenue was 2% lower than last year on a like-for-like basis, the decline arising from the exit of unprofitable business in Holland. The gross margin in the period was well ahead of last year and operating costs in the ongoing businesses were 2% lower in constant currency.

Results also benefited from the disposal of the Group's unprofitable Italian business earlier in the year. Consequently the business generated strong flow through and trading profit improved to £30 million (2010: £9 million).

Tobler, our plumbing and heating business in Switzerland, performed strongly. Gross margins were well ahead and the business benefited from the strengthening of the Swiss franc which added £3 million to trading profit. In addition, lower distribution costs were incurred as a result of the rationalisation of distribution centres completed last year. The plumbing and heating businesses in Austria and the Netherlands also improved their performance, generating higher gross margins and productivity improvements.

The trading margin was higher at 3.9% (2010: 1.0%).

Businesses sold or held for sale

Brandon Hire, Electric Center and Italy were sold in the year. The sale of Build Center and Brossette was agreed though completion is subject to clearance from the relevant competition authorities. Encon is held for sale. In 2010 Ireland and Public Works were sold. Combined revenues for these businesses in the year was £1,335 million (2010: £1,529 million) and trading profit was £24 million (2010: loss of £10 million).

Cash flow

The Group generated improved EBITDA of £775 million (2010: £635 million). Asset and business disposals reduced net debt by £177 million. The group paid tax of £162 million (2010: inflow of £90 million), including £60 million to settle certain historical tax exposures dating back over several years. Interest payments amounted to £50 million (2010: £51 million) and dividends amounted to £42 million (2010: £nil). Capital investment amounted to £93 million and pension and provision movements amounted to £121 million. Working capital absorbed was £52 million before accounting for the adjustments to net debt described below. Other items amounted to £58 million. The aggregate of these items represented a reduction in the Group's adjusted net debt of £490 million.

Net debt

Adjusted net debt, which is the Group's all-inclusive measure of indebtedness, was reduced by £490 million. The most significant reconciling item between reported and adjusted net debt is the estimated impact of year end working capital measures which were reduced by £381 million.

Other reconciling items included a reduction in receivables financing and construction loan debt of £286 million in aggregate.

The Group's reported net debt at 31 July 2011 was £523 million (31 July 2010: £346 million). Reconciliation of reported net debt to adjusted net debt, is analysed below:

£m	31 July 2011	31 July 2010	Movement
Net debt as reported	(523)	(346)	(177)
Estimated year end working capital adjustment*	(114)	(495)	381
Receivables financing	(68)	(274)	206
Construction loan debt	-	(80)	80
Adjusted net debt	(705)	(1,195)	490

*Based on comparison with June and August

During the year the Group replaced £2.8 billion of borrowing facilities with revolving credit facilities expiring in 2016 totalling £822 million. These and the Group's other facilities amount to £1.6 billion. The move to current market pricing is expected to save the Group £12 million per annum. Net finance costs of £66 million (2010: £77 million) include £6 million of unamortised residual arrangement fees arising from the cancellation of existing facilities.

Pension Obligations

The Group's net pension obligations under IAS 19 at 31 July 2011 amounted to £360 million (31 July 2010: £432 million) a reduction of £72 million of which £48 million is represented by increases in Company contributions. The Group intends to make a one-off contribution of £60 million to the UK pension schemes following completion of the disposal of Build Center.

Dividends

A final dividend of 30 pence per share is proposed which, if approved, will be paid on 30 November 2011 to shareholders on the register on 14 October 2011. This will bring the total dividend for the year to 45 pence. Total dividends are covered 3.2x by headline earnings. The Board expects to grow dividends over time taking into account the significant opportunities for investment in profitable organic growth and selected bolt-on acquisitions.

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Notes to statement

1. About Wolseley

Wolseley plc is the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials in North America, the UK and Continental Europe. Group revenue for the year ended 31 July 2011 was £13.6 billion and trading profit was £622 million. Wolseley has around 46,000 employees operating in 23 countries and is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

2. Financial Calendar

Wolseley will announce its Q1 Interim Management Statement for the period ending 31 October 2011 on 6 December 2011.

3. Legal Disclaimer

Certain information included in this announcement is forward-looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the plumbing and heating and building materials market in North America and Europe, fluctuations in product prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "anticipates", "expects", "forecasts",

"intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. All forward-looking statements in this announcement are based upon information known to the Company on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Group income statement

Year ended 31 July 2011

	Notes	2011 Before exceptional items £m	2011 Exceptional items (note 3) £m	2011 Total £m	2010 Before exceptional items £m	2010 Exceptional items (note 3) £m	2010 Total £m
Revenue	2	13,558	-	13,558	13,203	-	13,203
Cost of sales		(9,776)	-	(9,776)	(9,548)	(8)	(9,556)
Gross profit		3,782	-	3,782	3,655	(8)	3,647
Operating costs:							
amortisation of acquired intangibles		(75)	-	(75)	(92)	-	(92)
impairment of acquired intangibles		(39)	-	(39)	(223)	-	(223)

other		(3,160)	(51)	(3,211)	(3,205)	(324)	(3,529)
Operating costs		(3,274)	(51)	(3,325)	(3,520)	(324)	(3,844)
Operating profit/(loss)	2	508	(51)	457	135	(332)	(197)
Finance revenue	4	7	-	7	14	-	14
Finance costs	5	(73)	-	(73)	(91)	-	(91)
Associate - share of after tax loss		-	-	-	(24)	11	(13)
Associate - impairment		-	-	-	-	(41)	(41)
Profit/(loss) before tax		442	(51)	391	34	(362)	(328)
Tax (expense)/income	6	(117)	7	(110)	(112)	74	(38)
Profit/(loss) from continuing operations		325	(44)	281	(78)	(288)	(366)
(Loss)/profit from discontinued operations	7	-	(10)	(10)	-	26	26
Profit/(loss) for the year attributable to equity shareholders		325	(54)	271	(78)	(262)	(340)
Earnings/(loss) per share	10						
Continuing operations and discontinued operations							
Basic earnings/(loss) per share				95.9p			(120.6)p
Diluted earnings/(loss) per share				95.1p			(120.6)p
Continuing operations only							
Basic earnings/(loss) per share				99.4p			(129.8)p
Diluted earnings/(loss) per share				98.6p			(129.8)p

Non-GAAP performance measures	9,10		
Trading profit		622	450
EBITDA before exceptional items		775	635
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles		556	349
Headline earnings per share		142.9p	74.1p
Headline diluted earnings per share		141.8p	73.9p

Group statement of comprehensive income

Year ended 31 July 2011

	2011 £m	2010 £m
Profit/(loss) for the year	271	(340)
Other comprehensive income:		
Exchange gain on translation of overseas operations	67	156
Exchange gain/(loss) on translation of borrowings and derivatives designated as hedges of overseas operations	12	(71)
Cumulative currency translation differences on disposals recycled to income statement	1	(13)
Actuarial gain/(loss) on retirement benefit plans	5	(93)
Valuation gains on interest rate swaps	-	5
Valuation losses on cash flow hedges reclassified to income statement	3	4
Tax on gains and losses not recognised in the income statement	(9)	23
Other comprehensive income for the year	79	11
Total comprehensive income for the year attributable to shareholders	350	(329)

Group statement of changes in equity

Year ended 31 July 2011	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings: Hedging reserve £m	Retained earnings: Own shares £m	Retained earnings: Profit and loss account £m	Total equity £m
Total comprehensive income	-	-	80	3	-	267	350
Reclassification on group reconstruction	(213)	3,805	-	-	-	(3,592)	-
Capital reduction	-	(4,961)	-	-	-	4,961	-
New share capital subscribed	-	6	-	-	-	-	6
Credit to equity for share-based payments	-	-	-	-	-	3	3
Dividends	-	-	-	-	-	(42)	(42)
Net addition to/(reduction in) shareholders' funds	(213)	(1,150)	80	3	-	1,597	317
Opening shareholders' funds	241	1,156	300	(5)	(78)	1,445	3,059
Closing shareholders' funds	28	6	380	(2)	(78)	3,042	3,376

On 23 November 2010 a new Jersey incorporated, Swiss headquartered, company became the holding company of the Wolseley Group. Shareholders received one 10p ordinary share in this new company in place of each 10p ordinary share they held in the old Wolseley holding company. On 6 December 2010 the new holding company undertook a reduction of capital under which the entire amount of the share premium account as at 6 December 2010 was cancelled and transferred to retained earnings.

Year ended 31 July 2010	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings: Hedging reserve £m	Retained earnings: Own shares £m	Retained earnings: Profit and loss account £m	Total equity £m
Total comprehensive income	-	-	72	6	-	(407)	(329)

New share capital subscribed	-	4	-	-	-	-	4
Credit to equity for share-based payments	-	-	-	-	-	8	8
Net addition to/(reduction in) shareholders' funds	-	4	72	6	-	(399)	(317)
Opening shareholders' funds	241	1,152	228	(11)	(78)	1,844	3,376
Closing shareholders' funds	241	1,156	300	(5)	(78)	1,445	3,059

Group balance sheet

Year ended 31 July 2011

	Notes	2011 £m	2010 £m
Assets			
Non-current assets			
Intangible assets: goodwill	11	1,236	1,347
Intangible assets: other	11	392	465
Property, plant and equipment	11	1,249	1,409
Financial assets: available-for-sale investments		3	3
Deferred tax assets		241	284

Trade and other receivables		131	182
Derivative financial assets		59	66
		3,311	3,756
Current assets			
Inventories		1,596	1,611
Trade and other receivables		1,928	1,850
Current tax receivable		7	1
Derivative financial assets		5	10
Financial receivables: construction loans (secured)		33	80
Cash and cash equivalents		403	665
		3,972	4,217
Assets held for sale		595	111
Total assets		7,878	8,084
Liabilities			
Current liabilities			
Trade and other payables		2,292	2,673
Current tax payable		82	177
Borrowings: construction loans (unsecured)		-	80
Bank loans and overdrafts		197	226
Obligations under finance leases		10	14
Derivative financial liabilities		2	5
Provisions	12	98	123
Retirement benefit obligations	13	26	23
		2,707	3,321
Non-current liabilities			
Trade and other payables		74	83
Bank loans		739	778
Obligations under finance leases		42	61
Derivative financial liabilities		-	3

Deferred tax liabilities		166	136
Provisions	12	186	223
Retirement benefit obligations	13	334	409
		1,541	1,693
Liabilities of disposal groups held for sale		254	11
Total liabilities		4,502	5,025
Net assets		3,376	3,059
Shareholders' equity			
Called up share capital		28	241
Share premium account		6	1,156
Foreign currency translation reserve		380	300
Retained earnings		2,962	1,362
Equity shareholders' funds		3,376	3,059

Group cash flow statement

Year ended 31 July 2011

	Notes	2011 £m	2010 £m
Cash flows from operating activities			
Cash generated from operations	14	16	705

Interest received		7	18
Interest paid		(57)	(69)
Tax (paid)/received		(162)	90
Net cash (used by)/generated from operating activities		(196)	744
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)		(12)	(11)
Disposals of businesses (net of cash disposed of)	16	115	(10)
Purchases of property, plant and equipment		(74)	(54)
Proceeds from sale of property, plant and equipment and assets held for sale		67	96
Purchases of intangible assets		(19)	(30)
Disposals of investments		-	159
Net cash generated from investing activities		77	150
Cash flows from financing activities			
Proceeds from the issue of shares to shareholders		6	4
Proceeds from new borrowings		136	-
Repayments of borrowings and derivatives		(208)	(992)
Finance lease capital payments		(20)	(17)
Dividends paid to shareholders		(42)	-
Net cash used by financing activities		(128)	(1,005)
Net cash used		(247)	(111)
Cash and bank overdrafts of disposal groups transferred to held for sale		(11)	-
Effects of exchange rate changes		15	88
Net decrease in cash, cash equivalents and bank overdrafts		(243)	(23)
Cash, cash equivalents and bank overdrafts at the beginning of the year	17	575	598
Cash, cash equivalents and bank overdrafts at the end of the year	17	332	575

Notes to the full year results announcement

Year ended 31 July 2011

1. Basis of preparation

The full year results announcement for the year ended 31 July 2011, which is an abridged statement of the full Annual Report, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The full year results announcement has been prepared on a going concern basis. The Directors 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 to enable the Group to remain in compliance with the financial covenants in its bank facilities for at least the next 12 months.

On 23 November 2010, pursuant to a Scheme of Arrangement under Part 26 of the UK Companies Act 2006, a new parent company was introduced which is now called Wolseley plc (the "Company"). The previous parent company has been renamed as Wolseley Limited ("Old Wolseley").

Immediately after the Scheme of Arrangement became effective the Company had the same management and corporate governance arrangements as Old Wolseley had immediately before. The consolidated assets and liabilities of the Company immediately after the effective date of the Scheme of Arrangement were the same as the consolidated assets and liabilities of Old Wolseley immediately before.

The introduction of a new holding company constitutes a group reconstruction and has been accounted for using merger accounting principles. Therefore, although the group reconstruction did not become effective until 23 November 2010, the consolidated financial statements of the Group are presented as if the Company and Old Wolseley had always been part of the same Group.

Accordingly, the results of the Group for the entire year ended 31 July 2011 are shown in the Group income statement, and the comparative figures for the year ended 31 July 2010 are also prepared on this basis. Earnings

per share are unaffected by the reorganisation.

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

The financial information for the year ended 31 July 2011 does not constitute the statutory financial statements of the Group. The statutory financial statements for the year ended 31 July 2010 have been filed with the Registrar of Companies in England and Wales. The auditors have reported on those accounts and on the statutory financial statements for the year 31 July 2011 which will be filed with the Jersey Registrar of Companies following the Annual General Meeting. Both the audit reports were unqualified and did not contain any statements under Article 111(2) or Article 111(5) of the Companies (Jersey) Law 1991 or under section 498 of the Companies Act 2006.

2. Segmental analysis

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

During the year the Electro-Oil business in Denmark has been reclassified from the Central Europe segment to the Nordic segment. The comparative figures for 2010 have been restated to reflect the transfer of £11 million of revenue and £1 million of trading profit and operating profit from Central Europe to Nordic. The Central Europe segment was formerly named "Central and Eastern Europe". Central and other costs include Corporate and Construction loans which were disclosed separately last year.

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

Revenue by reportable segment for continuing operations is as follows:

	2011 £m	2010 (restated) £m
USA	5,500	5,174
Canada	811	765
UK	2,404	2,466
Nordic	2,128	2,012
France	1,943	1,937
Central Europe	772	849
Group	13,558	13,203

2. Segmental analysis continued

Trading profit (note 9) and operating profit/(loss) by reportable segment for continuing operations for the year ended 31 July 2011 are as follows:

	Trading	Exceptional	Amortisation	Operating

	profit/(loss) £m	items £m	and impairment of acquired intangibles £m	profit/(loss) £m
USA	314	2	(22)	294
Canada	39	-	-	39
UK	109	(50)	(46)	13
Nordic	113	(1)	(43)	69
France	53	3	(2)	54
Central Europe	30	(2)	(1)	27
Central and other costs	(36)	(3)	-	(39)
Group	622	(51)	(114)	457
Finance revenue				7
Finance costs				(73)
Profit before tax				391

Trading profit (note 9) and operating profit/(loss) by reportable segment for continuing operations for the year ended 31 July 2010 are as follows:

	Trading profit/(loss) (restated) £m	Exceptional items £m	Amortisation and impairment of acquired intangibles £m	Operating profit/(loss) (restated) £m
USA	239	(16)	(27)	196
Canada	41	(3)	-	38
UK	91	(87)	(105)	(101)

Nordic	101	(8)	(69)	24
France	30	(3)	(114)	(87)
Central Europe	9	(20)	-	(11)
Central and other costs	(61)	(195)	-	(256)
Group	450	(332)	(315)	(197)
Finance revenue				14
Finance costs				(91)
Associate - share of after tax loss				(13)
Associate - impairment				(41)
Loss before tax				(328)

Notes to the full year results announcement

Year ended 31 July 2011

The change in revenue and trading profit between the years ended 31 July 2010 and 31 July 2011 are analysed in the following tables into the effects of changes in exchange rates, disposals and acquisitions with the remainder being organic change.

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

Analysis of change in revenue	2010 (restated) £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2011 £m
USA	5,174	(89)	-	12	403	5,500
Canada	765	27	-	-	19	811
UK	2,466	-	(132)	-	70	2,404
Nordic	2,012	12	-	5	99	2,128
France	1,937	(35)	(18)	-	59	1,943
Central Europe	849	15	(82)	-	(10)	772
Group	13,203	(70)	(232)	17	640	13,558

Analysis of change in trading profit (note 9)	2010 (restated) £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2011 £m
USA	239	(4)	-	1	78	314
Canada	41	2	-	-	(4)	39
UK	91	-	1	-	17	109
Nordic	101	1	-	-	11	113
France	30	(1)	2	-	22	53
Central Europe	9	1	5	-	15	30
Central and other costs	(61)	-	-	-	25	(36)
Group	450	(1)	8	1	164	622

A number of Group entities have been disposed of or classified as disposal groups held for sale in 2011 and 2010. The revenue and trading profit or the Group's segments excluding those entities ("ongoing segments") is analysed in the following table. This is non-GAAP information.

	Revenue		Trading Profit	
	2011 £m	2010 £m	2011 £m	2010 £m
Ongoing segments				
USA	5,500	5,174	314	239
Canada	811	765	39	41
UK	1,749	1,712	91	84
Nordic	2,128	2,012	113	101
France	1,317	1,294	46	38
Central Europe	718	717	31	18
Central and other costs	-	-	(36)	(61)
	12,223	11,674	598	460
Entities disposed of or classified as held for sale	1,335	1,529	24	(10)
Group	13,558	13,203	622	450

Notes to the full year results announcement

Year ended 31 July 2011

3. Exceptional items

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

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

	2011 £m	2010 £m
Staff redundancy write-back/(costs)	5	(30)
Asset write-downs, disposals and other property related restructuring credits/(costs)	6	(51)
Restructuring credits/(costs)	11	(81)
Write-down of construction loan portfolio	-	(24)
Impairment of software assets under construction	(3)	(138)
Other costs arising from revised approach to the Group's Business Change Programme	-	(32)
Gain/(loss) on disposal of businesses	5	(51)
Loss on revaluations of disposal groups	(64)	(6)
Total	(51)	(332)

Exceptional items relating to discontinued operations are detailed in note 7.

4. Finance revenue

	2011 £m	2010 £m
Interest receivable	7	14

5. Finance costs

	2011 £m	2010 £m
Interest payable		
- Bank loans and overdrafts	46	61
- Finance lease charges	3	5
Discount charge on receivables funding arrangements	7	6
Net pension finance cost (note 13)	15	13
Unwind of discount on provisions	3	3
Valuation (gains)/losses on financial instruments		
- Derivatives held at fair value through profit and loss	1	(30)
- Loans in a fair value hedging relationship	(5)	29
- Valuation losses on cash flow hedges reclassified from equity	3	4
Total finance costs	73	91

In 2011 the Group wrote off £6 million of unamortised loan arrangement fees following the early termination of banking facilities. This amount is included in interest payable on bank loans and overdrafts shown above.

6. Taxation

	2011 £m	2010 £m
Current year tax charge	65	81
Adjustments to tax charge in respect of prior years	(3)	(32)
Total current tax charge	62	49

Deferred tax charge/(credit): origination and reversal of temporary differences	48	(11)
Tax charge	110	38

The current tax prior year credit is £3 million. The overall prior year tax credit on continuing operations taking into account prior year movements in deferred tax is £20 million.

Notes to the full year results announcement

Year ended 31 July 2011

7. Discontinued operations

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

	2011			2010		
	Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Loss on disposal	-	(3)	(3)	-	(19)	(19)
Tax (charge)/credit on loss on disposal	-	(7)	(7)	-	45	45

(Loss)/profit from discontinued operations	-	(10)	(10)	-	26	26

Amounts charged and credited to discontinued operations are generated from movements in tax, provisions and other items arising from the sale of Stock Building Supply Holdings LLC in 2009.

8. Dividends

The Company paid an interim dividend of £42 million (15 pence per share) for the year ended 31 July 2011 and has proposed a final dividend of £85 million (30 pence per share). No dividends were paid in 2010.

9. 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 financial statements.

	2011 £m	2010 £m
Operating profit/(loss)	457	(197)
Add back: amortisation and impairment of acquired intangibles	114	315
Add back: exceptional items	51	332
Trading profit	622	450
Depreciation, amortisation and impairment of property, plant and equipment and software excluding exceptional	153	185

items		
EBITDA before exceptional items	775	635
Profit/(loss) before tax	391	(328)
Add back: amortisation and impairment of acquired intangibles	114	315
Add back: exceptional items	51	362
Profit before tax and exceptional items and the amortisation and impairment of acquired intangibles	556	349
Tax expense	(110)	(38)
Add back: deferred tax credit on the amortisation and impairment of acquired intangibles	(15)	(28)
Add back: tax credit on exceptional items	(7)	(74)
Add back: non-recurring tax credit relating to prior years	(20)	-
Adjusted tax expense	(152)	(140)

The non-recurring tax credit relating to prior years principally arises from the release of provisions following the settlement of a number of historical exposures during the year.

10. Earnings/(loss) per share

	2011			2010		
	Earnings/ (loss) £m	Basic earnings/ (loss) per share Pence	Diluted earnings/ (loss) per share Pence	(Loss)/ earnings £m	Basic (loss)/ earnings per share Pence	Diluted (loss)/ earnings per share Pence
Headline profit after tax from continuing operations	404	142.9	141.8	209	74.1	73.9
Exceptional items (net of tax)	(44)	(15.6)	(15.5)	(288)	(102.1)	(102.0)
Amortisation and impairment of acquired intangibles (net of deferred tax)	(99)	(35.0)	(34.7)	(287)	(101.8)	(101.7)
Non-recurring tax credit relating to prior years	20	7.1	7.0	-	-	-
Profit/(loss) from continuing operations	281	99.4	98.6	(366)	(129.8)	(129.8)
Discontinued operations	(10)	(3.5)	(3.5)	26	9.2	9.2
Profit/(loss) from continuing and discontinued operations	271	95.9	95.1	(340)	(120.6)	(120.6)

The weighted average number of ordinary shares in issue during the year, excluding those held by Employee Benefit Trusts, was 282.6 million (2010: 282.0 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 285.0 million (2010: 282.9 million).

11. Capital expenditure

	Goodwill £m	Other intangible assets £m	Software £m	Property, plant and equipment £m	Total tangible and intangible assets £m
Net book value at 1 August 2010	1,347	432	33	1,409	3,221
Additions	-	-	15	74	89
Disposals and transfers	-	-	(1)	(22)	(23)

Acquisitions	5	-	-	4	9
Disposal of businesses	-	-	-	(22)	(22)
Reclassified as held for sale	(110)	(11)	-	(97)	(218)
Depreciation and amortisation	-	(75)	(14)	(139)	(228)
Impairment	(39)	-	(3)	-	(42)
Exchange rate adjustment	33	16	-	42	91
Net book value at 31 July 2011	1,236	362	30	1,249	2,877

Impairment tests were performed for all of the Group's cash generating units or groups of cash generating units ('CGUs') during the year ended 31 July 2011. These impairment reviews have resulted in the recording of the following impairment charges.

CGU	Goodwill impairment charge £m	Pre-tax discount rate used	Long-term growth rate used
Bathstore	27	11%	2.5%
BCG	12	11%	2.5%
UK segment	39		

The UK retail sector has continued to experience challenging market conditions and this has been reflected in reduced expectations of the value in use for certain businesses. Goodwill relating to the Bathstore and BCG businesses has been fully impaired.

12. Provisions

	Environmental and legal £m	Wolseley Insurance £m	Restructuring £m	Other provisions £m	Total £m
At 31 July 2009	58	57	202	49	366
Utilised in the year	(4)	(31)	(100)	(7)	(142)
Amortisation of discount	-	-	3	-	3
Charge for the year	10	26	50	42	128
Disposal of businesses	-	-	(22)	(1)	(23)
Exchange differences	3	3	6	2	14
At 31 July 2010	67	55	139	85	346
Utilised in the year	(8)	(12)	(66)	(5)	(91)
Amortisation of discount	-	-	3	-	3
Charge/(credit) for the year	21	16	(7)	4	34
Disposal of businesses and reclassified as held for sale	(1)	-	(7)	4	(4)
Exchange differences	(3)	(2)	1	-	(4)
At 31 July 2011	76	57	63	88	284

Current	32	18	20	28	98
Non-current	44	39	43	60	186

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 £44 million (2010: £44 million) for the estimated liability for asbestos litigation on a discounted basis using a long-term discount rate of 3.8 per cent (2010: 3.7 per cent). This amount has been actuarially determined as at 31 July 2011 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. There were 160 claims outstanding at 31 July 2011 (31 July 2010: 249).

Restructuring provisions include provisions for staff redundancy costs and future lease rentals on closed branches. In determining the provision for onerous leases, the cash flows have been discounted on a pre-tax basis using appropriate government bond rates. The weighted average maturity of these obligations is approximately five years.

Other provisions include the Group's best estimate of the cost of potential product and service warranty claims arising in Stock Building Supply Holdings LLC ("Stock") before its disposal on 6 May 2009, separation costs relating to the disposal of Stock and contractual and constructive obligations relating to the Business Change Programme. Other provisions also include rental commitments on vacant properties other than those arising from restructuring actions, dilapidations on leased properties and warranties. The weighted average maturity of these obligations is approximately four years.

13. Retirement benefit obligations

Analysis of balance sheet liability	2011 £m	2011 £m	2010 £m	2010 £m
Fair value of plan assets:				
UK	696		593	
Non-UK	193		131	
		889		724
Present value of defined benefit obligation:				
UK	(946)		(897)	
Non-UK	(303)		(259)	
		(1,249)		(1,156)
Net deficit recognised in balance sheet		(360)		(432)

Analysis of total expense recognised in income statement	2011 £m	2010 £m
Current service cost	30	26
Past service cost	-	1
Curtailment	(11)	-
Charged to administrative expenses	19	27
Interest on pension liabilities	61	57
Expected return on plan assets	(46)	(44)
Charged to finance costs	15	13
Total expense recognised in income statement	34	40

The curtailment gain arises as a result of the disposal of Brandon Hire and Electric Center and the anticipated disposal of Build Center. It is included in the exceptional gain on disposal of businesses and loss on revaluation of disposal groups.

Analysis of amount recognised in the statement of comprehensive income	2011 £m	2010 £m
Actuarial gain/(loss)	5	(93)
Deferred tax thereon	(9)	26
Total amount recognised in the statement of comprehensive income	(4)	(67)

Notes to the full year results announcement

Year ended 31 July 2011

14. Reconciliation of loss to cash generated from operations

Profit/(loss) for the year is reconciled to cash generated from operations as follows:

	2011 £m	2010 £m
Profit/(loss) for the year	271	(340)
Net finance costs	66	77
Share of after tax loss of associate	-	13
Impairment of associate	-	41
Tax expense	110	38
Loss on disposal of businesses and revaluation of disposal groups	69	31
Depreciation and impairment of property, plant and equipment	139	172
Amortisation and impairment of non-acquired intangibles	17	154
(Profit)/loss on disposal of property, plant and equipment and assets held for sale	(13)	7

Amortisation and impairment of acquired intangibles	114	315
(Increase)/decrease in inventories	(165)	13
(Increase)/decrease in trade and other receivables	(300)	124
(Decrease)/increase in trade and other payables	(174)	108
Decrease in provisions and other liabilities	(121)	(56)
Share-based payments	3	8
Cash generated from operations	16	705

Trading profit is reconciled to cash generated from operations as follows:

	2011 £m	2010 £m
Trading profit	622	450
Exceptional items in operating profit - continuing operations	(51)	(332)
Loss on disposal of businesses and revaluation of disposal groups	59	57
Depreciation and impairment of property, plant and equipment	139	172
Amortisation and impairment of non-acquired intangibles	17	154
(Profit)/loss on disposal of property, plant and equipment and assets held for sale	(13)	7
(Increase)/decrease in inventories	(165)	13
(Increase)/decrease in trade and other receivables	(300)	124
(Decrease)/increase in trade and other payables	(174)	108
Decrease in provisions and other liabilities	(121)	(56)
Share-based payments	3	8
Cash generated from operations	16	705

15. Acquisitions

On 31 December 2010 the Group acquired the assets of Summit Pipe and Supply, Inc, a supplier of water and waste water products in the USA, for cash consideration of £6 million. The Group also acquired two builders' merchants in Denmark. XL-BYG-Alfred Nielsen NS was acquired on 28 January 2011 for a cash consideration of £1 million and XL-BYG Ebeltoft Ny Tommerhandel was acquired on 1 March 2011 for a cash consideration of £1 million. The acquisition of these businesses has not had a material effect on the financial statements.

16. Disposals

During the year the Group disposed of Brandon Hire, its UK tool and equipment hire business, Electric Center, a UK distributor of lighting and electrical accessories, its business in Italy, a small business in France and a small business in the USA. Details of assets and liabilities disposed of, transaction costs and consideration received in respect of these disposals are provided in the following table.

	2011 Assets disposed of £m
Intangible assets	1
Property, plant and equipment	22
Inventories	37
Receivables	71
Assets and liabilities held for sale	36
Cash, cash equivalents and bank overdrafts	(21)
Finance leases	(9)
Payables and provisions	(62)
Deferred tax	-
Total	75
Consideration	(96)
Disposal costs and provisions for separation costs	15
Cumulative currency translation loss recycled from reserves	1
Profit on disposal	(5)

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

	2011 £m
Sale consideration	96
Deferred consideration	(2)
Cash consideration received	94
Cash, cash equivalents and bank overdrafts disposed	21
Disposal costs paid	(7)
Amounts received in respect of prior year disposals	12

Payments made to settle liabilities regarding prior year disposals	(5)
Net cash inflow in respect of the disposal of businesses	115

17. Reconciliation of opening to closing net debt

For the year ended 31 July 2011	At 1 August £m	Cash flows £m	Acquisitions and disposals £m	Reclassified as held for sale £m	Fair value and other adjustments £m	Exchange movement £m	At 31 July £m
Cash and cash equivalents	665						403
Bank overdrafts	(90)						(71)
	575	(247)	-	(11)	-	15	332
Derivative financial instruments	68	-	-	-	(3)	(3)	62
Bank loans	(914)	72	(2)	-	(47)	26	(865)
Obligations under finance leases	(75)	20	9	1	-	(7)	(52)
	(346)	(155)	7	(10)	(50)	31	(523)

Fair value and other adjustments include the transfer of £52 million of construction loan payable to bank loans.

18. Contingent liabilities

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

19. 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 full year results announcement are as follows.

	2011	2010
US dollar translation rate		
Income statement	1.60	1.57
Balance sheet	1.64	1.57
Euro translation rate		
Income statement	1.16	1.14
Balance sheet	1.14	1.20
Danish Krone translation rate		
Income statement	8.65	8.48
Balance sheet	8.49	8.96
Canadian dollar translation rate		

Income statement	1.59	1.64
Balance sheet	1.57	1.61

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