NEWS RELEASE

Half Yearly Report

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Wolseley PLC
22 March 2010

NEWS RELEASE

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Wolseley plc announces its unaudited results for the half year ended 31 January 2010

Half year to 31 January	2010	2009	Reported	Constant Currency(2)
	£m	**Restated(1)**	change	change
		£m		
Revenue	6,331	7,458	(15.1%)	(17.1%)
Trading profit (3)	167	251	(33.5%)	(34.1%)
Exceptional items	(255)	(120)		
Amortisation and impairment of acquired intangibles	(119)	(512)		
Operating loss	(207)	(381)		
Loss before tax	(261)	(464)		
Basic loss per share - continuing operations	(79.5)p	(256.1)p		
Earnings per share - continuing operations	24.5p	63.6p		
Net debt at 31 January	910	2,486		

(1) 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 interim financial statements for the half year ended 31 January 2010.

(3) Before exceptional items and amortisation and impairment of acquired intangibles.

Financial highlights

§ Revenue of £6,331 million, 15.1% below last year.

§ Rate of like for like revenue decline continues to slow.

§ Gross margin broadly maintained despite tough trading environment.

§ Distribution and other administration costs in the half year excluding exceptional items reduced by £272 million (14.7%). Monthly run rate now broadly flat.

§ Generated trading profit of £167 million.

§ Net debt reduced by £49 million since the start of the financial year to £910 million (31 July 2009 : £959 million).

Operating highlights

§ Exited underperforming businesses in Ireland, Belgium, Czech Republic and Slovakia.

§ Resilient performance in Ferguson despite tough trading conditions in Commercial and Industrial markets.

§ Improved trading profit in Wolseley UK, Nordic and Central and Eastern Europe driven principally by benefits of cost reductions made last year.

§ Weak market environment in France and underperformance in Brossette resulted in loss of £5 million in the first half; action plan developed to return the business to profitability.

§ Completed group-wide review of resource allocation, good progress with business unit strategy review.

Outlook

§ The economic environment continues to provide limited visibility and demand is not consistent across our business units.

§ Residential markets, including RMI, have now broadly stabilised although we remain cautious due

to credit conditions, levels of foreclosures and the unemployment rate.

§ Commercial and Industrial markets continue to decline, particularly in the US.

§ Against this backdrop, the Group will continue to focus on an improved service to customers, maintaining market share and gross margins, delivering a good cash performance and maintaining cost discipline.

Ian Meakins, Group Chief Executive, said

"The results for the first half reflect good progress on cost reductions which were delivered ahead of schedule. Market conditions remain challenging, though we are now seeing stabilisation in many of our markets. Against this backdrop, the Group will continue to focus on an improved service to customers, maintaining market share and gross margins, delivering a good cash performance and maintaining cost discipline."

"The resource allocation work shows us clearly where to prioritise investment in our leading businesses where we have a strong competitive advantage and can generate the best returns."

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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 at 0900 on **www.wolseley.com**. We recommend you register at 0845. Photographs of Ian Meakins, Group Chief Executive are available at: **www.newscast.co.uk** and **www.wolseleyimages.com**]

Half Year Financial Results 2010

Summary

	For the half year ended 31 January		
	2010	2009 Restated(1)	Reported Growth
	£m	£m	
Revenue	6,331	7,458	(15.1)%
Operating profit			
- before exceptional items and amortisation and impairment of acquired intangibles			
- exceptional items	167	251	(33.5)%
- amortisation and impairment of acquired intangibles	(255)	(120)	
	(119)	(512)	
Operating loss	(207)	(381)	
Net finance costs	(41)	(83)	
Share of after tax loss of associates			
- before exceptional items	(14)	-	
- exceptional items	1	-	
Share of after tax loss of associates	(13)	-	
Profit before tax			
- before exceptional items and amortisation and impairment of acquired intangibles			

- exceptional items	112	168
- amortisation and impairment of acquired intangibles	(254)	(120)
	(119)	(512)
Loss before tax	(261)	(464)
Earnings per share		
- before exceptional items and amortisation and impairment of acquired intangibles		
- exceptional items	24.5p	63.6p
- amortisation and impairment of acquired intangibles	(67.8)p	(49.2)p
	(36.2)p	(270.5)p
Basic loss per share	(79.5)p	(256.1)p
Net debt	£910m	£2,486m
Gearing(2)	28.3%	79.7%
Interest cover(3) (times)	4.8	3.2
Group operating cash flow	56	573

(1) The income statement for the half year ended 31 January 2010 has been restated to present Stock Building Supply as a discontinued operation.

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

(3) Interest cover is trading profit divided by net finance costs, excluding net pension related finance costs.

Overview

Group revenue for the six months ended 31 January 2010 decreased by 15.1% to £6,331 million (2009: £7,458 million). Like for like sales trends continued to improve mainly due to more favourable comparators. The majority of the Group's businesses maintained or improved market share in the period. Despite continuing pricing pressures, particularly in the UK, gross margin, excluding exceptional items, was restricted to 30 basis points lower than the prior year at 27.5% (31 January 2009 : 27.8%). Management continued to take actions to mitigate any

decline, through a focus on price management and a better mix of customers, products and vendors. Trading profit was 33.5% lower at £167 million (2009: £251 million) mainly as a result of the lower profitability in Ferguson which was due to the continued decline in the Commercial and Industrial market in the US. As indicated in the announcement on 23 February 2010, the Group delivered better than expected cost efficiencies in the period.

Key developments since 1 August 2009

§ In the six months ended 31 January 2010, the Group has continued to take restructuring actions and has incurred exceptional restructuring costs of £42 million. These actions are expected to result in headcount reductions of 1,901 and generate annualised savings of £64 million. We achieved £10 million of these savings in the first half with a further £34 million expected in the second half and the remainder expected in the first half of FY2011. Distribution and other administration costs in the half year excluding exceptional items were reduced by £272 million (or 14.7%). The monthly run rate of these costs is now broadly flat.

§ In light of the current trading environment the decision has been taken to defer implementation of the supply chain management part of the Group's Business Change Programme (BCP) in North America for a minimum period of at least 24 months. This will reduce costs in the short term and avoid business disruption in difficult markets, after which time the future migration plan in North America will be reconsidered. Given the uncertainty around future deployment, an exceptional impairment charge of £137 million has been made and £27 million of other exceptional costs have been provided for. After this impairment, the carrying value of the remaining BCP asset is £32 million. Additional exceptional costs of around £8 million will be charged in the second half relating to the implementation of the SAP pilot in the US.

§ A £71 million goodwill impairment charge relating to Wolseley UK's Brandon Hire and Encon businesses has been taken in the first half.

§ On 8 January 2010, Wolseley announced the disposal of 100% of its Shareholding of Wolseley Ireland Holdings

Limited, which generated a trading loss of £30 million in the year ended 31 July 2009. In addition, during the period Wolseley completed the previously announced disposal of the Czech, Belgium and Slovakian Lightside businesses in Central and Eastern Europe. These disposals gave rise to an exceptional loss of £49 million in the period which has been recorded as an exceptional item.

§ As previously announced Rob Marchbank, CEO of Europe left the business on 1 March 2010 and Steve Webster, Group Chief Financial Officer (CFO) will be leaving on 31 March 2010. John Martin will be taking over as CFO and will become an executive director on 1 April 2010. A new managing director of the UK will be appointed in due course. Further management changes have been made within the leadership teams in certain clusters.

Net finance costs were £41 million (2009: £83 million) reflecting the substantially lower level of net debt. Net interest receivable on construction loans amounted to £3 million (2009: £6 million). Group interest cover for the six months was 4.8 times (2009: 3.2 times). The underlying effective tax rate, on profit before tax, exceptional items, the amortisation and impairment of acquired intangibles and the share of loss of associates for the half year ended 31 January 2010 was 34.0% (2009 : 34.8%) which is in line with the tax rate expected for the year ending 31 July 2010.

Earnings per share before exceptional items and the amortisation and impairment of acquired intangibles was 24.5 pence (2009: 63.6 pence), reflecting the lower level of profitability. The basic loss per share from continuing operations was 79.5 pence (2009: loss per share of 256.1 pence).

During the period to 31 January 2010, management continued to conserve cash and capital expenditure was reduced to £41 million (2009: £87 million). The level for the full year is now expected to be around £120 million.

The Group's net debt, excluding construction loan borrowings, at 31 January 2010 was £910 million compared with £2,486 million at 31 January 2009 and £959 million at 31 July 2009. The Group has significant headroom in relation to its banking covenants with committed and undrawn banking facilities available of £2.3 billion as at 31 January 2010.

The Group continues to place a great deal of emphasis on driving strong cash generation. During the first half ended 31 January 2010, working capital cash to cash days decreased by 2.1% in constant currency to 34.2 days compared with 31 January 2009.

Operating cash flow was £56 million (2009: £573 million) as a result of the lower level of trading profit and the non repeat of exceptionally strong working capital inflow that benefited the prior year.

Operating Review

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

NORTH AMERICA (43% OF GROUP REVENUE)

Ferguson (37% of Group revenue)

Ferguson, our US plumbing and heating business, continued to perform ahead of the overall market in the period, despite challenging conditions. During the first half, market trends continued to follow a consistent pattern with New Residential markets having stabilised and RMI markets bottoming out. There is recent increased activity in housing construction albeit at low levels driven in part by the Homebuyer Tax Credit which is set to expire in April 2010. High unemployment and rising foreclosures continued to hold back activity levels and new projects. As expected, during the first half the Commercial and Industrial sectors have weakened further due to continued scarcity of finance for projects.

Local currency revenue in Ferguson was down by 21.4% to $3,875 million (2009: $4,928 million) Revenue on a like for like basis was down by 18.0% compared to a decline of 22.6% in the second half of the prior year. Underlying trading profit before property profits was down by 44.0% to $159 million (2009: $284 million). Continued management focus on protecting the gross margin restricted the decline to 0.4% below last year. The underlying trading margin was lower at 4.1% (2009: 5.8%).

In response to the slowing markets, Ferguson reduced its headcount by 835 in the first half which, along with other cost saving initiatives including the closure of the Alabama HVAC operation which was loss making, will give rise to estimated annualised savings of $53 million. This brings the cumulative headcount reduction in Ferguson to 6,946 or 30% of its employees over the two and a half years to 31 January 2010.

Wolseley Canada (6% of Group revenue)

The construction market in Canada continues to relatively resilient in line with an improving GDP trend. New Residential and RMI markets, which comprise 46% of revenue have stabilised at low activity levels and the seasonally adjusted annual rate of housing starts was 186,300 units in January, up 10.9% from 168,000 units in November. The Commercial and Industrial market was flat in the first half with government stimulus expenditure providing a floor for activity levels. Against this background, Wolseley Canada's local currency revenue decreased by 12% to C$614 million (2009: C$697 million) with a decline in like for like revenue of 6% over the prior year (H2 2009 : like for like revenue decline of 9%). The gross margin was 0.7% higher than the prior year due to a focus on a better mix of customers, products and vendors. Trading profit was down 7% on the prior year at C$30 million (2009: C$33 million).

North America Loan Services

The business continued to reduce the size of its portfolio, with a view to its disposal in two to three years time. At 31 January 2010 total construction lending receivables on Wolseley's balance sheet, financed by an equivalent amount of construction loan borrowings was $199 million (£124 million) or 49% below the prior year. The trading loss for the half year was $4 million (2009: $18 million).

EUROPE (57% OF GROUP REVENUE)

UK (19% of Group revenue)

In the UK the RMI market improved slightly and the New Residential market has continued to stabilise although it is 41% below the peak in 2007. The Commercial and Industrial market continued to fall as a result of scarcity of finance to fund new projects. Government expenditure on social housing, health and education has remained positive although the outlook for the segment remains uncertain as we approach a General Election in the UK.

Against this background, Wolseley UK recorded a 12% decrease in revenue to £1,233 million (2009: £1,401 million). The overall like for like revenue decline was 4% compared to a decline of 13.1% in the second half of the prior year. The gross margin was 1.3% lower than the equivalent period in the prior year, representing competitive pricing pressures. However, the trend improved in the second quarter as management focused on a better mix of customers, products and vendors. Trading profit increased by 67.9% to £33 million (2009: £20 million) due to the benefits of cost reductions made last year. As a result, the UK trading margin increased from 1.4% to 2.7%.

The Lightside plumbing and heating brands continued to perform well in the first half despite the challenging markets and achieved an overall trading margin of 6.5% performing at or above the market. The Heavyside

building materials operations benefited from the lower cost base and the action in the prior year to focus the Build business on fewer, more profitable, locations and moved it back into profitability in the period.

In addition to the significant actions in the prior year, further action has been taken in the first half to reduce the cost base in the UK resulting in expected annualised savings of £11 million and headcount reductions of 745.

France (15% of Group revenue)

The business environment remained weak in France as a result of tighter credit conditions and low consumer confidence. The construction market continues to decline with new housing starts down around 14% on the prior year on a rolling average. Consequently, local currency revenue declined by 16.6% in Wolseley's French operations to €1,046 million (2009: €1,255 million). Revenue on a like for like basis was 11.9% lower compared to a 14.6% decline in the second half of 2009. The gross margin held up well at 0.2% above the equivalent period in the prior year despite pricing pressure as a result of the decline in market activity levels. The overall first half trading loss in the first half was €5 million (2009: trading profit of €26 million). The 2009 results included a €5 million profit on disposal of businesses that was later classified as exceptional in the second half of the year.

During the period a detailed review of the underlying causes of the poor trading in Brossette has been completed. In October a new Managing Director, Thierry Leroy, was appointed for the business and a detailed action plan developed. Action has been taken to simplify the organisation structure and develop performance improvement plans in each of the 10 regional business units. A strong emphasis has been put on improving customer service through branch training and improving fill rates. We have now identified the root causes of Brossette's underperformance and believe that the actions planned will lead to a return to profitability.

Restructuring actions were taken in the first half that will result in a headcount reduction of 68, with the number of branches in France decreasing by 50 to 726 (31 July 2009: 776).

Nordic (16% of Group revenue)

In the Nordic region, the building materials markets in Denmark continued to be affected by the downturn whereas the markets in Sweden, Finland and Norway have been more stable.

The Nordic region achieved a resilient performance in the first half, with all Nordic countries at least tracking in line with the market. For the half year ended 31 January 2010 constant currency revenue fell by 14.6% from DKK 9,650 (£1,088 million) to DKK 8,204 (£984 million). The like for like revenue decline was significantly better than the second half of the prior year at 12.7% (H2 2009 : decline of 22.3%). Management was able to slightly improve the gross margin by 0.1% on the prior year which was an excellent performance given the challenging conditions. Trading profit of DKK 383 million (£46 million) included DKK 56 million of non-recurring profit and was consistent with the prior year of DKK 385 million (£44 million). The trading margin improved from 4.0% to 4.7%.

Restructuring actions were taken in the first half that will result in a headcount reduction of 115.

Central and Eastern Europe (7% of Group revenue)

Overall revenue in Central and Eastern Europe (C&EE) in Euros was down 16% from €605 million to €509 million and trading profit improved to €6 million (2009 : loss of €1 million). Revenue from the continuing businesses in C&EE, was down 6% from €529 million to €499 million. Like for like sales declined by 4% compared to a 6.5% decline in the second half of the prior year as markets held up reasonably well. The gross margin in the first half was consistent with last year and trading profit from the continuing businesses improved to €7 million (2009 : €2 million) as a result of restructuring actions in the prior year which offset the impact of the overall weaker trading environment. In addition, 2009 included a one-off charge of €2 million relating to the impairment of an IT project.

During the first half business improvement plans were initiated for Austria and Italy. As a consequence, further restructuring has been undertaken in the first half in these companies. Further action will be taken if the business improvement plans are not achieved. The rationalisation of the distribution network in Switzerland is in progress and will involve the closure of 5 regional distribution centres in the second half resulting in further savings.

Restructuring and other associated actions taken in the first half are expected to give rise to estimated annualised savings of €8 million (£7 million) and headcount reductions of 114.

In January, Ole Mikael Jensen was appointed as the new Managing Director of the C&EE business. He joins the business from DT Group where he was responsible for sourcing activities for the European Heavyside businesses.

Associates (Stock Building Supply)

Wolseley holds a 44.5% interest in the Stock Building Supply business. The business has been rationalised into a smaller footprint of 19 regional markets in the US. For the 6 months to 31 January 2010 Wolseley's share of associate post tax losses was £13 million ($21 million),
(or £14 million, ($23 million) before exceptional items)).

Dividends

The Board is not recommending the payment of an ordinary dividend in relation to the six months ended 31 January 2010. The Board' decision as to when to recommend a dividend and the amount to be paid will take into account the Group's underlying earnings, cash flows and capital investment plans and the prevailing market conditions.

Resource Allocation and Operational Review

The Company has now completed a resource allocation exercise and an operational review which will prioritise future investment. The review has confirmed that Wolseley operates a number of businesses with significant scale with leading positions in attractive markets where the available profit pool is large. Management believes that a combination of more targeted resource allocation to those businesses capable of generating the highest return on investment, and a greater emphasis on improved operational performance at the business unit level, will underpin the drive across the Group for long term value creation.

Strategy - *Resource Allocation*

As part of the review, each of the 41 business units within the Group has been classified into one of the following three categories;

§ **Growth Engines** - business units which currently generate or have the potential to generate the greatest return on investment over the medium to longer term. They are typically large businesses with good financial performance and a leading market position with clear growth potential. At 31 July 2009 there were 11 Growth Engine businesses representing 61% of Group capital employed, 70% of revenue and 83% of trading profit. Our strategy will be to continue to drive operational improvements in these businesses while prioritising investment in growth through predominantly organic expansion and, where appropriate, bolt-on acquisitions.

§ **Synergy Drivers** - these business units play a critical role in supporting and complementing the Growth Engine businesses through significant economic synergies. At 31 July 2009 there were 11 Synergy Driver businesses representing 12% of capital employed, 11% of revenue and 12% of trading profit. Our strategy will be to continue to drive operational improvements in these businesses while maximising the synergy benefits with the Growth Engine businesses.

§ **Performance Builders** - these business units are currently underperforming their potential and/ or have insufficient scale with no clear economic synergies with the Growth Engine businesses. At 31 July 2009 there were 19 Performance Builder businesses representing 27% of Group capital employed, 19% of revenue and 5% of Trading Profit. Our strategy will be to drive operational improvements across these businesses with limited investment in expansionary capital expenditure.

Proportionally, resources will be focussed on the Growth Engine and Synergy Driver businesses. The primary focus will be on accelerating organic growth, although some bolt on acquisitions may be made by Growth Engine businesses. We will improve the Performance Builder businesses in the short term and, then they will either be reclassified or sold. Over time, the Group's intention is to operate fewer, larger, related businesses in core geographies.

Operational Performance- *Within business unit*

All of the business units currently within the Wolseley Group have the opportunity to improve their operating performance and with this deliver profitable growth. A detailed performance review process has been established locally to ensure that every business unit is accountable on a monthly basis to make progress in the following key areas:

§ Customer Service

§ People

§ Vendor management

§ Operational efficiency

§ Financial performance

As part of the detailed process, targets are identified, actions are agreed and all management are held accountable for the delivery of their actions. In addition, the performance review process facilitates the sharing of best practice across the Group which we believe, executed properly, is a competitive advantage for Wolseley.

We will focus on each business unit's strategy to ensure that we are our customers' distributor of choice, in our chosen markets, by delivery of best customer service and best vendor management through the best people in our industry. In most branch locations Wolseley competes primarily with local competitors which are small family owned businesses.

Operational Performance- *Cross business unit*

There are two primary areas where synergies can be achieved by being part of the Wolseley Group. These are management synergies such as sharing best practice and benchmarking the targeted allocation of capital, management development and corporate finance. In addition, the Group drives for operating synergies in the areas of joint sourcing, own label development and the sharing of costs and infrastructure.

Outlook

The economic environment continues to provide limited visibility and demand is not consistent across our business units. Residential markets, including RMI, have now broadly stabilised although we remain cautious due to credit conditions, levels of foreclosures and the unemployment rate. Commercial and Industrial markets continue to decline, particularly in the US. Against this backdrop, the Group will continue to focus on an improved service to customers, maintaining market share and gross margins, delivering a good cash performance and maintaining cost discipline.

Principal risks and uncertainties

The principal risks and uncertainties which could affect the Group for the remainder of the financial year remain those detailed on pages 29 to 33 of the Annual Report and Accounts 2009, a copy of which is available at **www.wolseley.com** and are:

- The levels of decline in the Group's markets;
- The effects of restructuring actions taken;
- The level of financial flexibility;
- The level of competition in the markets in which the Group operates;
- Increasing demands on the Group's systems and supply chain and logistics infrastructure;
- The level of financial liquidity;
- The market price and availability of products distributed by the Group;
- The risk that customers may not be able to pay outstanding balances.
- Risks related to international operations including fluctuations in currency exchange rates, and changes in tax and other regulations and treaties;
- Retention of sufficiently qualified, experienced and motivated personnel;
- Changes in regulations and laws affecting the Group's operations or its products; and
- Potential litigation from third parties;

The level of activity in the Group's markets and the level of financial liquidity and flexibility continue to be the principal risks and uncertainties which have had the most significant affect on the Group in the period.

The Outlook section of this half year statement provides a commentary concerning the remainder of the financial year.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge:

· The condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the EU;

· The interim management report includes a fair review of the information required by DTR 4.2.7 R (indication of important events during the first six months of the financial year, their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and

· The interim management report includes a fair review of the information required by DTR 4.2.8 R (disclosure of material related party transactions and changes therein).

At the date of this statement, the Directors in office are those listed in the Group's Annual Report and Accounts 2009, save that Mr Marchbank left the Board on 1 March 2010.

By order of the Board,

Ian K Meakins

Group Chief Executive

Stephen P Webster

Chief Financial Officer

Notes to statement

1. Restructuring actions

The principal restructuring actions initiated in the period ended 31 January 2010 and their expected benefits are outlined in the table below:

	Cost £m	Headcount Reduction	2010 Benefit £m	Benefit £m pa
UK and Ireland	15	745	7	11
France	4	68	2	3
Nordic	11	115	2	4
Central and Eastern Europe	3	114	3	7
Europe	33	1,042	14	25
US plumbing and heating	5	835	26	33
Canada	1	4	2	3
North America	6	839	28	36
Group and Europe head office	3	20	2	3
Total continuing operations	42	1,901	44	64

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. 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. At 31 January 2010 Wolseley had around 47,000 employees operating in 25 countries namely: UK, USA, France, Canada, Italy, The Netherlands, Switzerland, Austria, Czech Republic, Hungary, 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.

Condensed Group income statement (unaudited)

Half year to 31 January 2010

	Notes	Half year to 31 January 2010 Before exceptional items £m	Half year to 31 January 2010 Exceptional items (note 3) £m	Half year to 31 January 2010 Total £m	Half year to 31 January 2009 Before exceptional items (restated) £m	Half year to 31 January 2009 Exceptional items (restated) (note 3) £m	Half year to 31 January 2009 Total (restated) £m
Continuing operations							
Revenue	2	6,331	-	6,331	7,458	-	7,458
Cost of sales		(4,590)	(6)	(4,596)	(5,387)	(13)	(5,400)
Gross profit		1,741	(6)	1,735	2,071	(13)	2,058
Distribution costs		(1,273)	(23)	(1,296)	(1,491)	(82)	(1,573)
Administrative expenses:							
amortisation of acquired intangibles		(48)	-	(48)	(53)	-	(53)
impairment of acquired intangibles		(71)	-	(71)	(459)	-	(459)
other		(301)	(226)	(527)	(355)	(25)	(380)
Administrative expenses: total		(420)	(226)	(646)	(867)	(25)	(892)
Other income		-	-	-	26	-	26
Operating profit/(loss)	2	48	(255)	(207)	(261)	(120)	(381)
Finance revenue	4	21	-	21	38	-	38
Finance costs	5	(62)	-	(62)	(121)	-	(121)
Share of after tax loss of associate	6	(14)	1	(13)	-	-	-
Loss before tax		(7)	(254)	(261)	(344)	(120)	(464)
Tax (expense)/ income	7	(26)	63	37	(30)	31	1
Loss from continuing operations		(33)	(191)	(224)	(374)	(89)	(463)
Profit/(loss) from discontinued operations	8	-	4	4	(229)	(85)	(314)
Loss for the period attributable to equity shareholders			(187)	(220)	(603)	(174)	(777)

		(33)	
Loss per share	9		
Continuing operations and discontinued operations			
Basic loss per share		(78.1)p	(429.9)p
Diluted loss per share		(78.1)p	(429.9)p
Continuing operations only			
Basic loss per share		(79.5)p	(256.1)p
Diluted loss per share		(79.5)p	(256.1)p

Non-GAAP measures of performance	9,10		
Continuing operations only			
Trading profit		167	251
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles		112	168
Basic earnings per share before exceptional items and the amortisation and impairment of acquired intangibles		24.5p	63.6p
Diluted earnings per share before exceptional items and the amortisation and impairment of acquired intangibles		24.4p	63.6p

The condensed Group income statement for the half year to 31 January 2009 has been restated to present Stock Building Supply as a discontinued operation.

Condensed Group statement of comprehensive income (unaudited)

Half year to 31 January 2010

	Half year to 31 January 2010 £m	Half year to 31 January 2009 £m
Loss for the period	(220)	(777)
Other comprehensive income:		
Cumulative currency translation differences on disposals recycled to profit and loss	(13)	-
Net exchange adjustments offset in reserves	89	603
Actuarial losses on retirement benefits	(29)	(75)
Fair value gains/(losses) on cash flow hedges	5	(35)
Tax effect on the above items	8	43
Other comprehensive income for the period	60	536
Total comprehensive income for the period attributable to shareholders	(160)	(241)

Condensed Group statement of changes in equity

(unaudited)

Half year to 31 January 2010

			Retained Earnings				
For the half year to 31 January 2010	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Own shares £m	Profit and loss account £m	Total £m
Total comprehensive income	--	-	76	5	-	(241)	(160)
Debit to equity for share-based payments	-	-	-	-	-	(1)	(1)

Net reduction in shareholders' funds	-	-	76	5	-	(242)	(161)
Opening shareholders' funds	241	1,152	228	(11)	(78)	1,844	3,376
Closing shareholders' funds	241	1,152	304	(6)	(78)	1,602	3,215

			Retained Earnings				
For the half year to 31 January 2009	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Own shares £m	Profit and loss account £m	Total £m
Total comprehensive income	--	-	590	(22)	-	(809)	(241)
Opening shareholders' funds	165	949	(52)	3	(73)	2,367	3,359
Closing shareholders' funds	165	949	538	(19)	(73)	1,558	3,118

Condensed Group balance sheet (unaudited)

As at 31 July 2009 £m		Notes	As at 31 January 2010 £m	As at 31 January 2009 £m
	Assets			
	Non-current assets			

1,514	Intangible assets: goodwill	11	1,496	1,621
709	Intangible assets: other acquired intangibles and software	11	531	807
1,593	Property, plant and equipment	11	1,486	1,995
53	Investment in associate		40	-
3	Financial assets: available-for-sale investments		3	4
244	Deferred tax assets		283	216
116	Trade and other receivables		128	113
34	Derivative financial assets		5	-
4,266			3,972	4,756
	Current assets			
1,624	Inventories		1,689	2,170
1,983	Trade and other receivables		1,698	2,477
124	Current tax receivable		7	45
155	Financial assets: trading investments		-	7
23	Derivative financial assets		39	92
163	Financial receivables: construction loans (secured)		124	269
635	Cash and cash equivalents		410	446
4,707			3,967	5,506
88	Assets held for sale		80	86
9,061	Total assets		8,019	10,348
	Liabilities			
	Current liabilities			
2,586	Trade and other payables		2,190	2,737
173	Current tax payable		149	236
163	Borrowings: construction loans (unsecured)		124	269
42	Bank loans and overdrafts		275	171
12	Obligations under finance leases		17	23
25	Derivative financial liabilities		11	40
122	Provisions	12	114	118

33	Retirement benefit obligations		33	28
3,156			2,913	3,622
	Non-current liabilities			
59	Trade and other payables		69	76
1,657	Bank loans		1,009	2,728
59	Obligations under finance leases		48	69
11	Derivative financial liabilities		4	-
176	Deferred tax liabilities		172	169
244	Provisions	12	251	274
308	Retirement benefit obligations		338	292
2,514			1,891	3,608
15	Liabilities of disposal groups held for sale		-	-
5,685	Total liabilities		4,804	7,230
3,376	Net assets		3,215	3,118
	Shareholders' equity			
241	Called up share capital		241	165
1,152	Share premium account		1,152	949
228	Foreign currency translation reserve		304	538
1,755	Retained earnings		1,518	1,466
3,376	Equity shareholders' funds		3,215	3,118

Condensed Group cash flow statement (unaudited)

Half year to 31 January 2010

	Notes	Half year to 31 January 2010 £m	Half year to 31 January 2009 £m
Cash flows from operating activities			
Cash generated from operations	14	56	573
Interest received		23	37
Interest paid		(55)	(129)
Tax received/(paid)		100	(31)
Net cash generated from operating activities		124	450
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)		(7)	(8)
Disposals of businesses (net of cash disposed of)		(15)	10
Purchases of property, plant and equipment		(21)	(59)
Proceeds from sale of property, plant and equipment and assets held for sale		54	95
Purchases of intangible assets		(20)	(28)
Disposals of investments		161	-
Net cash generated from investing activities		152	10
Cash flows from financing activities			
Proceeds from new borrowings		89	49
Repayments of borrowings and derivatives		(663)	(414)
Finance lease capital payments		(8)	(12)
Dividends paid to shareholders		-	-
Net cash used in financing activities		(582)	(377)
Net cash (used)/generated	13	(306)	83
Effects of exchange rate changes		63	75
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(243)	158
Cash, cash equivalents and bank overdrafts at the beginning of the period		598	203
Cash, cash equivalents and bank overdrafts at the end of the period		355	361

Notes to the condensed interim financial statements

Half year to 31 January 2010

1. Basis of preparation

The condensed interim financial statements for the six months ended 31 January 2010 were approved by the Board of Directors on 22 March 2010. The interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the EU.

The condensed interim financial statements have been prepared on a going concern basis. The Directors of 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 remain in compliance with the financial covenants in its bank facilities for at least the next 12 months.

The Group has adopted IAS 1 "Presentation of Financial Statements" (revised 2007) in the period. This requires changes in equity to be shown in a primary statement. As a result, changes in equity are disclosed in these condensed interim financial statements in a primary statement rather than in the notes.

The Group has also adopted the following new financial reporting standards, interpretations and amendments to published standards in the period, which have not had a material effect on the results or the financial position of the Group for the six months ended 31 January 2010:

IFRS 2 (amendment) Share-based Payment

IFRS 7 (amendment) Improving Disclosures about Financial Instruments

IFRS 23 (revised) Borrowing Costs

IFRIC 13 Customer Loyalty Programmes

IFRS 3 (revised) Business Combinations

IAS 27 (revised) Consolidated and Separate Financial Statements

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Apart from the above changes, the accounting policies applied by the Group in these interim financial statements are the same as those set out in the Group's Annual Report and Accounts 2009.

The interim financial statements are unaudited. The financial information for the year ended 31 July 2009 does not constitute the full financial statements within the meaning of section 434 of the Companies Act 2006. The full financial statements for that year have been reported on by the Group's auditors and filed with the Registrar of Companies. The audit report was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

2. Segmental analysis

Wolseley's reportable segments, which are those reported to the Board, 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 and supply of construction materials and associated services. The Group's business is not highly seasonal but revenue and trading profit are normally slightly higher in the second half.

The revenue, trading profit and operating profit/(loss) of the Group's reportable segments are detailed in the following tables. The amounts reported in 2009 have been restated to reflect the disposal of Stock Building Supply (see note 8).

Revenue by reportable segment for continuing operations	Half year to 31 January 2010 £m	Half year to 31 January 2009 (restated) £m
UK and Ireland	1,233	1,401
France	934	1,055
Nordic	984	1,088

Central and Eastern Europe	454	507
Europe	3,605	4,051
US plumbing and heating	2,373	3,038
Canada	353	369
North America	2,726	3,407
Group	6,331	7,458

Trading profit (note 10) and operating profit/(loss) by reportable segment for continuing operations for the half year to 31 January 2010	Trading profit/(loss) £m	Exceptional items £m	Amortisation and impairment of acquired intangibles £m	Operating profit/(loss) £m
UK and Ireland	33	(66)	(77)	(110)
France	(5)	(4)	(2)	(11)
Nordic	46	(11)	(27)	8
Central and Eastern Europe	5	(2)	-	3
European central costs	(1)	(1)	-	(2)
Europe	78	(84)	(106)	(112)
US plumbing and heating	99	(5)	(13)	81
Canada	18	(1)	-	17
North America plumbing and heating	117	(6)	(13)	98
North America loan services	(3)	-	-	(3)
North American central costs	(1)	-	-	(1)
North America	113	(6)	(13)	94
Group central costs	(24)	(165)	-	(189)
Group	167	(255)	(119)	(207)
Finance revenue				21

Finance costs	(62)
Share of after tax loss of associate	(13)
Loss before tax	(261)

Trading profit (note 10) and operating profit/(loss) by reportable segment for continuing operations for the half year to 31 January 2009 (restated)	Trading profit/(loss) £m	Exceptional items £m	Amortisation and impairment of acquired intangibles £m	Operating profit/(loss) £m
UK and Ireland	20	(62)	(95)	(137)
France	22	2	(2)	22
Nordic	44	(2)	(377)	(335)
Central and Eastern Europe	(1)	(32)	(22)	(55)
European central costs	(5)	-	-	(5)
Europe	80	(94)	(496)	(510)
US plumbing and heating	188	(23)	(15)	150
Canada	18	(3)	-	15
North America plumbing and heating	206	(26)	(15)	165
North America loan services	(11)	-	(1)	(12)
North American central costs	(3)	-	-	(3)
North America	192	(26)	(16)	150
Group central costs	(21)	-	-	(21)
Group	251	(120)	(512)	(381)
Finance revenue				38
Finance costs				(121)
Share of after tax loss of associate				-
Loss before tax				(464)

The movement in revenue and trading profit between the periods ended 31 January 2009 and 31 January 2010 can be analysed into the effects of changes in exchange rates, disposals and acquisitions, with the remainder being organic change.

Analysis of change in revenue	2009 (restated) £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	Organic change %	2010 £m
UK and Ireland	1,401	6	(16)	-	(158)	(11.2)	1,233
France	1,055	65	(7)	-	(179)	(16.0)	934
Nordic	1,088	64	-	-	(168)	(14.6)	984
Central and Eastern Europe	507	33	(53)	-	(33)	(6.0)	454
Europe	4,051	168	(76)	-	(538)	(12.8)	3,605
US plumbing and heating	3,038	(20)	-	8	(653)	(21.6)	2,373
Canada	369	32	-	-	(48)	(12.0)	353
North America	3,407	12	-	8	(701)	(20.5)	2,726
Group	7,458	180	(76)	8	(1,239)	(16.2)	6,331

Analysis of change in trading profit (note 10)	2009 (restated) £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	Organic change %	2010 £m
UK and Ireland	20	-	1	-	12	62.8	33
France	22	1	(4)	-	(24)	(100.6)	(5)
Nordic	44	3	-	-	(1)	(0.7)	46
Central and Eastern Europe	(1)	-	3	-	3	459.6	5
European central costs	(5)	-	-	-	4		(1)

Europe	80	4	-	-	(6)	(5.2)	78
US plumbing and heating	188	(1)	-	-	(88)	(47.1)	99
Canada	18	1	-	-	(1)	(7.1)	18
North America plumbing and heating	206	-	-	-	(89)	(43.5)	117
North America loan services	(11)	-	-	-	8	77.3	(3)
North American central costs	(3)	-	-	-	2		(1)
North America	192	-	-	-	(79)	(40.8)	113
Group central costs	(21)	-	-	-	(3)		(24)
Group	251	4	-	-	(88)	(33.8)	167

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:

	Half year to 31 January 2010 £m	Half year to 31 January 2009 (restated) £m
UK and Ireland	(66)	(62)
France	(4)	2
Nordic	(11)	(2)
Central and Eastern Europe	(2)	(32)
European central costs	(1)	-
Europe	(84)	(94)

US plumbing and heating	(5)	(23)
Canada	(1)	(3)
North America plumbing and heating	(6)	(26)
North America loan services	-	-
North American central costs	-	-
North America	(6)	(26)
Group central costs	(165)	-
Group	(255)	(120)

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

	Half year to 31 January 2010 £m	Half year to 31 January 2009 (restated) £m
Staff redundancy costs	(14)	(22)
Provisions for future lease rentals on closed branches and asset write-downs	(28)	(98)
Restructuring costs	(42)	(120)
Impairment of software assets under construction (note 11)	(137)	-
Other costs arising from revised approach to the Group's Business Change Programme (note 11)	(27)	-
Loss on disposal of businesses and revaluations of disposal groups (note 16)	(49)	-
Group	(255)	(120)

The Group's associate undertaking recorded a small credit in the period as a result of a change in estimate of restructuring costs. The Group's share of this credit (after tax) of £1 million has been disclosed as an exceptional item.

Exceptional items relating to discontinued operations are detailed in note 8.

4. Finance revenue

	Half year to 31 January 2010 £m	Half year to 31 January 2009 (restated) £m
Interest receivable	21	38
Total finance revenue - continuing operations	21	38

5. Finance costs

	Half year to 31 January 2010 £m	Half year to 31 January 2009 (restated) £m
Interest payable		
- Bank loans and overdrafts	49	108
- Finance lease charges	2	3
Discount charge on receivables funding arrangements	3	7
Unwinding of discount on provisions	2	-
Net pension finance cost	6	4
Valuation (gains)/losses on financial instruments		
- Derivatives held at fair value through profit and loss	(3)	(75)
- Loans in a fair value hedging relationship	3	73
- Impairment of available-for-sale investment	-	1

Total finance costs - continuing operations	62	121

6. Share of after tax loss of associate

	Half year to 31 January 2010 £m	Half year to 31 January 2009 £m
Share of after tax loss of Saturn Acquisition Holdings LLC before exceptional items	(14)	-
Share of after tax exceptional items of Saturn Acquisition Holdings LLC	1	-
Share of after tax loss of Saturn Acquisition Holdings LLC	(13)	-

On 6 May 2009 the Group sold 100% of the shares of 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 and as at 31 January 2010 the Group had a 44.5 per cent interest in its common equity.

7. Taxation

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

The tax (credit)/charge for the period comprises:	Half year to 31 January 2010 £m	Half year to 31 January 2009 (restated) £m
Tax (credit)/charge on loss for the period		
- UK	-	28

- Overseas	(7)	15
Total current tax (credit)/charge	(7)	43
Deferred tax credit: origination and reversal of temporary differences	(30)	(44)
Total tax credit - continuing operations	(37)	(1)

As detailed in note 10 below, the effective tax rate for the period on profit before exceptional items, the amortisation and impairment of acquired intangible assets and the after tax loss of associate was 34.0% (2009: 34.8%).

8. Discontinued operations

On 6 May 2009 the Group completed the sale of Stock Building Supply Holdings LLC to Saturn Acquisition Holdings LLC in exchange for shares and nominal cash consideration. Saturn Acquisition Holdings LLC is now an associate of the Group (see note 6). In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" Stock Building Supply Holdings LLC 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 condensed Group income statement, are summarised as follows:

	Half year to 31 January 2010 Before exceptional items £m	Half year to 31 January 2010 Exceptional items £m	Half year to 31 January 2010 Total £m	Half year to 31 January 2009 Before exceptional items £m	Half year to 31 January 2009 Exceptional items £m	Half year to 31 January 2009 Total £m
Revenue	-	-	-	826	-	826
Cost of sales	-	-	-	(642)	(9)	(651)
Gross profit	-	-	-	184	(9)	175
Operating expenses:						
amortisation of acquired intangibles	-	-	-	(12)	-	(12)
impairment of acquired intangibles	-	-	-	(276)	-	(276)

other	-	-	-	(253)	(133)	(386)
Operating expenses: total	-	-	-	(541)	(133)	(674)
Operating loss	-	-	-	(357)	(142)	(499)
Finance costs	-	-	-	(2)	-	(2)
Loss before tax	-	-	-	(359)	(142)	(501)
Tax credit	-	-	-	130	57	187
Loss on disposal of Stock	-	-	-	-	-	-
Tax credit on loss on disposal of Stock	-	4	4	-	-	-
Profit/(loss) from discontinued operations	-	4	4	(229)	(85)	(314)

Basic earnings/(loss) per share	1.4p	(173.8)p
Diluted earnings/(loss) per share	1.4p	(173.8)p

The exceptional items included in operating loss before tax from discontinued operations in 2009 relate to restructuring actions before the disposal.

Cash flows from discontinued operations included in the cash flow statement are as follows:

	Half year to 31 January 2010 £m	Half year to 31 January 2009 £m
Net cash generated from operating activities	130	1

A tax loss arising on the disposal of Stock Building Supply Holdings LLC was carried back against taxable US profits of earlier years resulting in a £130m tax refund in the period.

9. (Loss)/earnings per share

Basic loss per share from continuing and discontinued operations of 78.1 pence (2009: loss per share of 429.9

pence) is calculated on the loss for the period attributable to shareholders of £220 million (31 January 2009: loss of £777 million) on a weighted average number of ordinary shares in issue during the period.

Basic loss per share from continuing operations of 79.5 pence (2009: loss per share of 256.1 pence) is calculated on the loss after tax from continuing operations of £224 million (31 January 2009: loss of £463 million) on a weighted average number of ordinary shares in issue during the period, excluding those held by Employee Benefit Trusts, of 282 million
(31 January 2009: restated number of 181 million after reflecting the capital reorganisation and share issue in April 2009).

As detailed in note 10 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 is presented and reconciled to basic loss per share from continuing operations in the following table

Continuing operations	Half year to 31 January 2010	Half year to 31 January 2009 (restated)
Before exceptional items and the amortisation and impairment of acquired intangibles	24.5p	63.6p
Add back: exceptional items (net of tax)	(67.8)p	(49.2)p
Add back: amortisation and impairment of acquired intangibles (net of deferred tax)	(36.2)p	(270.5)p
Basic loss per share	(79.5)p	(256.1)p

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 283 million (31 January 2009: restated number of 181 million). The diluted loss per share from continuing operations is also 79.5 pence (31 January 2009: loss per share of 256.1 pence). The diluted earnings per share from continuing operations before exceptional items and the amortisation and impairment of acquired intangibles is 24.4 pence (31 January 2009: 63.6 pence).

10. 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	Half year to 31 January 2010 £m	Half year to 31 January 2009 (restated) £m
Operating loss	(207)	(381)
Add back: amortisation and impairment of acquired intangibles	119	512
Add back: exceptional items	255	120
Trading profit	167	251
Loss before tax	(261)	(464)
Add back: amortisation and impairment of acquired intangibles	119	512
Add back: exceptional items	254	120
Profit before tax and exceptional items and the amortisation and impairment of acquired intangibles	112	168

10. Non-GAAP measures of performance (continued)

Continuing operations	Half year to 31 January 2010 £m	Half year to 31 January 2009 (restated) £m
Tax income	37	1
Add back: deferred tax credit on the amortisation and impairment of acquired intangibles	(17)	(23)
Add back: tax credit on exceptional items	(63)	(31)
Tax charge before the effect of exceptional items and the amortisation and impairment of acquired intangibles	(43)	(53)

Applying the tax charge before the effect of exceptional items, amortisation and impairment of acquired intangibles and the share of associate loss of £43m to the profit before exceptional items, amortisation and impairment of acquired intangibles and the share of loss of associate of £126m would give an effective tax rate of 34.0%.

11. Tangible and intangible fixed assets

	Goodwill £m	Other acquired intangible assets £m	Software £m	Property, plant and equipment £m	Total tangible and intangible fixed assets £m
Net book value at 1 August 2009	1,514	537	172	1,593	3,816
Additions	-	-	15	23	38
Disposals	-	-	-	(7)	(7)
Acquisitions	4	2	-	-	6
Divestments	-	(3)	-	(48)	(51)
Property reclassified as held for sale	-	-	-	(22)	(22)
Depreciation and amortisation	-	(48)	(8)	(92)	(148)

Impairment	(59)	(12)	(137)	(1)	(209)
Exchange rate adjustment	37	13	-	40	90
Net book value at 31 January 2010	1,496	489	42	1,486	3,513

The Group tests goodwill and other intangible assets annually for impairment, or more frequently if there are indications that these assets might be impaired. Some of the Group's businesses have performed below the level assumed in the impairment reviews conducted as at 31 July 2009 and in addition expectations for the speed of recovery in certain markets have changed. This under-performance or change in expectations has been regarded as an indication that the carrying value of goodwill and intangible assets of certain CGUs might be impaired and consequently impairment reviews were conducted for these CGUs as at 31 January 2010.

The recoverable amounts of the CGUs were estimated from value in use calculations. These calculations used cash flow projections based on five year financial forecasts approved by management. The key assumptions for these forecasts were those regarding revenue growth, trading margin and the level of working capital required to support trading, which management estimated based on past experience and expectations of future changes in the market. To prepare value in use calculations, the cash flow forecasts were extrapolated after the forecast period at an estimated average long-term nominal growth rate for each market (in the range of 2 to 3 per cent), and discounted back to present value. The discount rate assumptions use an estimate of the Group's weighted average cost of capital, based on the five-year historic volatility of Wolseley shares and on benchmark interest rates, and are risk adjusted to reflect the risks associated with the cash flows of individual CGUs. A pre-tax discount rate of approximately 11 per cent was used in all these reviews.

These impairment reviews have resulted in the recording of an impairment charge of £71 million in relation to the UK and Ireland segment. This comprises £38 million of goodwill and £12 million of other acquired intangibles in respect of Brandon Hire and £21 million of goodwill in respect of Encon.

In December 2009 the Board determined that the branch deployment of the supply chain management part of the Group's Business Change Programme, that was intended to commence in North America in 2010, would be deferred for a period of at least 24 months after which time the future migration plan for North America would be reconsidered. In addition the Group's strategic information technology investment priorities are currently being reconsidered. Given the uncertainty surrounding future deployment, the Board currently believes that it cannot conclude that it is probable that deployment will recommence and therefore certain software assets under development, held at the Group centre, with a book value of £137m have been impaired. Total software assets relating to the Group's Business Change Programme now have a book value of £32m. In addition the Group has provided for a further £27m of costs relating to contractual and constructive obligations which have been classified

as an exceptional item (see note 3).

Authorised capital expenditure which was contracted for but not provided in these accounts amounted to £4 million
(31 July 2009: £10 million).

12. Provisions

	Environmental and legal £m	Wolseley Insurance £m	Restructuring £m	Other provisions £m	Total £m
At 1 August 2009	58	57	202	49	366
Utilised in the year	(1)	(8)	(54)	(2)	(65)
Amortisation of discount	-	-	2	-	2
Charge for the year	2	12	22	28	64
Unearned premium	-	10	-	-	10
Disposal of businesses	-	-	(22)	(1)	(23)
Exchange differences	2	2	6	1	11
At 31 January 2010	61	73	156	75	365
Current	7	17	53	37	114
Non-current	54	56	103	38	251

The environmental and legal provision includes the estimated liability for asbestos litigation on a discounted basis. This amount has been actuarially determined as at 31 January 2010 based on advice from independent professional advisers. The Group has insurance that it currently believes is sufficient cover for the estimated liability and accordingly an equivalent insurance receivable has been recorded in other receivables. Based on current estimates, the amount of performing insurance cover significantly exceeds the expected level of future claims and no material profit or cash flow impact is therefore expected to arise in the foreseeable future. There were 253 claims

outstanding at 31 January 2010 (31 July 2009: 273).

Restructuring provisions include provisions for staff redundancy costs, future lease rentals on closed branches and asset write downs. Other provisions mainly consist of provisions for the Business Change Programme (see note 11), separation costs relating to the disposal of Stock, rental commitments on vacant properties other than those arising from restructuring actions, dilapidations on leased properties and warranties.

13. Reconciliation of opening to closing net debt

For the half year to 31 January 2010	As at 1 August 2009 £m	Cash flows £m	Disposals £m	New finance leases £m	Fair value adjustments and other movements £m	Exchange movement £m	As at 31 January 2010 £m
Cash and cash equivalents	635						410
Bank overdrafts	(37)						(55)
	598	(306)				63	355
Financial assets: trading investments	155	(161)	-	-	-	6	-
Derivative financial instruments	21	2	-	-	6	-	29
Bank loans	(1,662)	572	-	-	(41)	(98)	(1,229)
Obligations under finance leases	(71)	8	2	(2)	-	(2)	(65)
	(959)	115	2	(2)	(35)	(31)	(910)

The currency analysis of net debt after taking into account currency swaps is as follows:

	At 31 January	At 31 July

	2010 £m	%	2009 £m	%
Sterling	(50)	5	(37)	4
US dollars	(555)	61	(660)	69
Euros, Danish kroner and Swedish kronor	(232)	25	(185)	19
Other currencies	(73)	9	(77)	8
Total	(910)	100	(959)	100

14. Reconciliation of loss for the period and trading profit to cash generated from operations

Loss for the period is reconciled to cash generated from operations as follows:

	Half year to 31 January 2010 £m	Half year to 31 January 2009 £m
Loss for the period	(220)	(777)
Net finance costs	41	85
Share of after tax loss of associate	13	-
Tax income	(37)	(188)
Loss/(profit) on disposal of businesses and revaluation of disposal groups	45	(4)
Depreciation and impairment of property, plant and equipment	93	131
Amortisation and impairment of non-acquired intangibles	145	9
Profit on disposal of property, plant and equipment and assets held for sale	(2)	(17)
Amortisation and impairment of acquired intangibles	119	800
(Increase)/decrease in inventories	(49)	226

Decrease in trade and other receivables	323	807
Decrease in trade and other payables	(416)	(650)
Increase in provisions and other liabilities	2	151
Share-based payments and other non-cash items	(1)	-
Cash generated from operations	56	573

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

	Half year to 31 January 2010 £m	Half year to 31 January 2009 (restated) £m
Trading profit - continuing operations	167	251
Trading profit - discontinued operations	-	(69)
Exceptional items in operating profit - continuing operations	(255)	(120)
Exceptional items in operating profit - discontinued operations	-	(142)
Loss/(profit) on disposal of businesses and revaluation of disposal groups	49	(4)
Depreciation and impairment of property, plant and equipment	93	131
Amortisation and impairment of non-acquired intangibles	145	9
Profit on disposal of property, plant and equipment and assets held for sale	(2)	(17)
(Increase)/decrease in inventories	(49)	226
Decrease in trade and other receivables	323	807
Decrease in trade and other payables	(416)	(650)
Increase in provisions and other liabilities	2	151
Share-based payments and other non-cash items	(1)	-
Cash generated from operations	56	573

15. Acquisition

On 1 September 2009 the Group acquired Decorative Product Source, Inc, a company engaged in the distribution and supply of construction materials and services, for a cash consideration of £7m. The acquisition of this company has not had a material effect on the interim financial statements.

16. Disposals

On 8 January 2010, the Group disposed of 100% of Wolseley Ireland Holdings Limited which comprised all the Group's businesses in the Republic of Ireland and the Brooks business in Northern Ireland. During the six months ended 31 January 2010, the Group also disposed of its businesses in Belgium, Slovakia and the Czech Republic included in the Central and Eastern Europe segment. Details of assets and liabilities disposed of, transaction costs and consideration received in respect of these disposals are provided in the following table.

	2010 Assets disposed of £m
Intangible assets	3
Property, plant and equipment	48
Inventories	26
Receivables	34
Assets held for sale	2
Cash, cash equivalents and bank overdrafts	11
Finance leases	(2)
Payables and provisions	(42)
Deferred tax	(3)
Total	77
Consideration	(23)
Disposal costs	8
Cumulative currency translation gain recycled from reserves	(13)

Loss on disposal	49

17. Related party transactions

There are no material related party transactions requiring disclosure under IAS24, Related Party Disclosures, other than compensation of key management personnel which will be disclosed in the Group's Annual Report for the year ending
31 July 2010.

18. Exchange rates

Exchange rates (equivalent to £1)	2010	2009
US dollar translation rate		
Income statement (rate for the six months to 31 January)	1.6330	1.6221
Balance sheet (rate at 31 January)	1.6002	1.4503
Balance sheet (rate at 31 July)		1.6718
Euro translation rate		
Income statement (rate for the six months to 31 January)	1.1207	1.1897
Balance sheet (rate at 31 January)	1.1540	1.1346
Balance sheet (rate at 31 July)		1.1729

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2010, which comprises the Condensed Group income statement, Condensed Group statement of comprehensive income, Condensed Group statement of changes in equity, Condensed Group balance sheet, Condensed Group cash flow statement and related notes. We have read

the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of

financial statements in the half-yearly financial report for the six months ended 31 January 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
22 March 2010
London

Notes:

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

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

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