NEWS RELEASE

Interim Results

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Interim Results

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Wolseley PLC
17 March 2008

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Wolseley plc
Wolseley plc announces its Unaudited Interim Results for the half year ended 31 January 2008

Summary of Results

Financial highlights		Change	
	Half year to 31 January 2008	Half year to 31 January 2007	Reported	In constant currency(1)

	£m	£m	%	%
Group revenue	8,029	7,870	+2.0	+3.1
Group trading profit(2)	300	390	-23.1	-22.1
Group operating profit	146	345	-57.7	-57.5
Group profit before tax, before amortisation and impairment of acquired intangibles	233	330	-29.4	-28.6
Group profit before tax	79	285	-72.5	-72.3
Earnings per share, before amortisation and impairment of acquired intangibles	26.69p	38.72p	-31.1	-30.4
Basic earnings per share	9.87p	32.97p	-70.1	-69.8
Interim dividend per share	11.25p	10.85p	+3.7	

Overview

- Results reflect increasingly difficult trading conditions across many businesses and the continuing action to significantly reduce the Group's cost base and maximise cash flow.
- Ferguson continued to outperform its markets, achieving an increase in trading profit and margin.
- Stock is the primary reason for the reduction in the Group trading profit, recording a trading loss of £44 million (2007: profit of £42 million) and a goodwill and other acquired intangibles impairment of £89 million.
- Operational improvements from recent UK initiatives starting to deliver benefits, with underlying improvement in the UK (excluding Ireland) in trading profit, despite a slowing market.

- Markets in the Nordic region generally held up well, enabling another good performance by DT Group which achieved a trading margin of 6.3% and organic revenue growth of 3.9%.

- French profits declined in a generally less positive business environment, although improved market focus and cost control resulted in a better performance in the second quarter.

- Improved cash conversion(3) from 115% to 122% achieved, but operating cash flow of £367 million (2007: £447 million) reflects lower trading profit.

- Capital expenditure reduced to £155 million (2007: £206 million). In addition, £173 million (2007: £325 million) was invested in bolt-on acquisitions.

- Gearing(4) of 83.9% (2007: 89.6%), interest cover(5) of 4.3 times (2007: 6.6 times) and net debt to annualised EBITDA of 2.85 times.

- The Group is fully in compliance with its borrowing covenants at 31 January 2008 and is confident that this will remain the case. It had committed and undrawn banking facilities of around £1 billion at 31 January 2008.

- After careful consideration, the Board has decided to increase the interim dividend by 3.7% to 11.25 pence per share (2007: 10.85 pence). The Board believes that this strikes an appropriate balance between its undiminished confidence in the longer term fundamental strength of the Group and the short term market uncertainties.

Outlook

- The Board expects business conditions in a number of the Group's markets to become more challenging.

- In the USA, the housing market is likely to deteriorate further and put additional pressure on the RMI market. The US commercial and industrial market is likely to remain stable for the next few months, but soften thereafter.

- Growth rates in European markets are likely to slow, but the RMI and commercial and industrial segments, that drive the majority of the Group's business, are expected to remain marginally positive.

- Management's immediate focus will remain on achieving a cost base appropriate to market conditions, with further significant cost reductions in the second half, and on maximising cash flow. The Group will apply a highly selective approach to further capital and acquisition expenditure.

- The Board remains confident that the Group's fundamental strategy for exploiting market fragmentation through acquisition and organic growth will continue to provide significant opportunities in the future.

SUMMARY OF RESULTS

	As at, and for the six months ended 31 January		
	2008	2007	Change
Revenue	£8,029m	£7,870m	+2.0%
Operating profit - before amortisation and impairment of acquired intangibles	£300m	£390m	-23.1%
- amortisation and impairment of acquired intangibles	£(154)m	£(45)m	
Operating profit	£146m	£345m	-57.7%
Net finance costs	£(67)m	£(60)m	
Profit before tax - before amortisation and impairment of acquired intangibles	£233m	£330m	-29.4%
- amortisation and impairment of acquired intangibles	£(154)m	£(45)m	
Profit before tax	£79m	£285m	-72.5%
Earnings per share - before amortisation and impairment of acquired intangibles	26.69p	38.72p	-31.1%
- amortisation and impairment of acquired intangibles	(16.82)p	(5.75)p	
Basic earnings per share	9.87p	32.97p	-70.1%
Dividend per share	11.25p	10.85p	+3.7%

Net borrowings	£2,894m	£2,917m
Gearing(4)	83.9%	89.6%
Interest cover (times) (5)	4.3x	6.6x
Operating cash flow	£367m	£447m
Return on gross capital employed(6)	11.4%	15.9%

Chip Hornsby, Wolseley plc Group Chief Executive said:

"The first half results reflect creditable performances in most of our major markets against the background of increasingly challenging conditions. In the short-term, we remain very focused on maximising cash flow, reducing costs and growing market share. We are confident in the long term fundamentals of our markets and will emerge from this current downturn as a stronger organisation with an excellent platform for future growth."

(1) Constant currency percentage changes are calculated by retranslating prior year amounts at the exchange rates used in the preparation of the financial statements for the six months ended 31 January 2008.

(2) Trading profit, a term used throughout this announcement, is defined as operating profit before the amortisation and impairment of acquired intangibles. Trading margin is the ratio of trading profit to revenue expressed as a percentage. Organic change is the total increase or decrease in the year adjusted for the impact of exchange rates, new acquisitions in 2008 and the incremental impact of acquisitions in 2007.

(3) Cash conversion is the ratio of operating cash flow to trading profit.

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

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

(6) Return on gross capital employed is the ratio of trading profit to the aggregate of average shareholders' funds, minority interests, net debt and cumulative acquired intangibles written off.

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An interview with Chip Hornsby, Group Chief Executive and Steve Webster, Group Finance Director, in video/audio and text will be available from 0700 on www.wolseley.com and www.cantos.com

There will be an analyst and investor meeting at 0930 at UBS Presentation Suite, 1 Finsbury Avenue, London EC2M 2PP. A live audio cast and slide presentation of this event will be available at 0930 on www.wolseley.com.

There will also be a conference call at 1500 (UK time):

UK free phone dial-in number: 0800 028 1277
US free phone dial-in number: 1888 935 4577
Rest of the World dial-in number: + 44 (0)20 7806 1955

Confirmation Code: 5064334

The call will be recorded and available for playback until midnight 23rd March 2008 on the following numbers:

UK free phone number: 0800 559 3271 5064334#
US free phone number: 1866 239 0765 5064334#
UK/European replay dial-in number: +44 (0)20 7806 1970 5064334#

Photographs of Chip Hornsby, Group Chief Executive and Steve Webster, Chief

Financial Officer are available at: www.newscast.co.uk and www.wolseleyimages.com

NEWS RELEASE
17 March 2008

Wolseley plc
Wolseley plc announces its Unaudited Interim Results for the half year ended 31 January 2008

Overview

Wolseley, the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials and services, today announces its interim figures.

These results reflect the deteriorating US housing market and reducing consumer confidence arising from global credit restrictions. Whilst the liquidity squeeze has particularly affected the US consumer, uncertainty is also having some impact on European markets.

Against this background, good performances were achieved in the US plumbing and heating business (Ferguson), Wolseley UK, the Nordic region, the Netherlands and Switzerland. Stock Building Supply ("Stock") was adversely affected by the continuing slowdown in US new residential construction, but produced better results than the market generally.

A variety of management actions have been taken to adjust the Group's cost base in response to the deteriorating market conditions. In the USA, significant headcount reductions in Stock and in Ferguson have been achieved. In Europe, headcount and overhead cost reductions have been implemented with further rationalisation and restructuring of businesses being undertaken. In both continents, decisions have been taken to reduce discretionary revenue and capital spend. Significant further cost reduction is expected in the second half.

Group Results

After taking account of currency translation, Group revenue for the six months ended 31 January 2008 increased by 2.0% to £8,029 million (2007: £7,870 million). Trading profit was 23.1% lower at £300 million (2007: £390 million). The Group's trading margin fell from 5.0% to 3.7% primarily due to the loss

recorded by Stock. Lower profitability in France, Ireland and Central and Eastern Europe also impacted the group margin, but to a lesser extent. After deducting amortisation and impairment of acquired intangibles of £154 million (2007: £45 million) including an impairment of £89 million in Stock, operating profit declined by 57.7% to £146 million (2007: £345 million).

Currency translation reduced Group revenue by £81 million (1.0%) and Group trading profit by £6 million (1.5%) in the six month period. On a constant currency basis, Group revenue increased by 3.1% and trading profit declined by 22.1% for the first six months, compared with the prior year.

Reported profit before tax and amortisation and impairment of acquired intangibles reduced by 29.4% to £233 million (2007: £330 million). Reported profit before tax, after amortisation and impairment of acquired intangibles, declined by 72.5% to £79 million (2007: £285 million). Net finance costs of £67 million (2007: £60 million) reflect the increase in acquisition spend and higher interest rates. Interest cover was 4.3 times (2007: 6.6 times).

The decrease in earnings per share before amortisation and impairment of acquired intangibles was 31.1%, to 26.69 pence (2007: 38.72 pence), reflecting the lower level of profitability. Basic earnings per share were down 70.1%, to 9.87 pence (2007: 32.97 pence).

The business continues to be strongly cash generative. Cash conversion improved from 115% to 122% due to the ongoing focus on improving working capital and cash flow management throughout the Group. Operating cash flow was lower at £367 million (2006: £447 million) due to the Group's lower trading profit.

During the first half, the Group continued with its programme of actions to maximise profit and cash flow. These are outlined below:

Profit maximisation

Group initiatives designed to enhance profitability continue. Private label sales have grown as a percentage of the Group's revenue in the half year. Most of the major companies have new initiatives to improve selling prices and new customer service programmes to grow market share have been implemented across North America and in the UK. The Group continues to use its scale and leverage to drive improved terms with suppliers and rationalise its supplier base to maximise rebates.

A number of actions have been taken to adjust the Group's cost position. Headcount, which represents around 60% of Wolseley's cost base (excluding cost of goods sold), declined by around a further 4,000 employees, excluding acquisitions. This is expected to produce annualised savings of £64 million.

In the past 18 months, total headcount reductions across the Group have been

around 10,000, more than 10% of the workforce. In the USA, where market conditions have been the most severe, cumulative headcount reductions in Stock have been 5,250 which is around one-third of the workforce. In Ferguson, cumulative headcount reductions of 2,700 or around 12% have been achieved. In Europe, more modest headcount reductions have also been implemented. In France and Central and Eastern Europe, further rationalisation and restructuring of businesses has been undertaken.

Cash maximisation

Cash flow has been a significant focus over the past 12 months with aggressive improvement targets established for each of the Group's businesses relating to inventory, receivables and payables. This focus has resulted in a further improvement in the cash conversion in this half.

In addition, the Group is reducing discretionary revenue spending, curtailing capital expenditure and taking an increasingly selective approach to acquisitions. As a result, capital expenditure was £155 million in this period, down from £206 million last year and the investment in bolt-on acquisitions reduced to £173 million (2007: £325 million).

A bottom-up review has also been undertaken of the planned expenditure on the Group's Business Change Programme and priorities re-established. As a consequence, the planned IT expenditure over the next four years has been reduced from the previously announced £100 million to £150 million to £75 million to £100 million per annum, with expenditure expected to peak this year at around £130 million.

Increased attention has also been paid to rigorously applying the Group's established credit control processes and procedures to minimise the growing incidence of bad debts in the industry.

Operating Review

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

North America

The results in Wolseley's North American division were significantly impacted by a further slowdown in the US new housing sector and falling consumer confidence. However, it enhanced its position as the leading distributor of construction products to the professional contractor in North America by taking further market share in the period.

Reported revenue, in sterling, of the division decreased 9.0% to £3,973 million (2007: £4,367 million), reflecting a 4.2% negative impact of currency translation and organic revenue decline of 9.5%, partly offset by acquisitions. Trading profit, in sterling, declined by 38.1% to £142 million (2007: £229 million), after charging £4 million (2007: £5 million) of North American head office costs.

The North American back office operations have been increasingly integrated with a number of central functions now supporting all three businesses. On 1 August 2007, Wolseley Canada was integrated into Ferguson, operating with the same business structure, and has started to benefit from leveraging the US operations, including the DC network.

There was a net increase of 11 branches in North America from 1,985 at 31 July 2007 to 1,996 locations at 31 January 2008.

US Plumbing and Heating (34% of Group revenue)

New housing starts have continued to decline and the RMI market has slowed in response to weaker consumer sentiment. This relates to the sub-prime problems and concerns associated with the impact of the deteriorating housing market on the US economy. The commercial and industrial sectors continued to hold up.

Ferguson produced another strong performance and out-performed the market. Local currency revenue in the US plumbing and heating operations rose by 3.2% to $5,554 million (2007: $5,384 million) due to acquisitions, with organic revenue being down 2.7%. Trading profit was up by 4.9% to $350 million (2007: $333 million). Gross margin was up, reflecting internal process improvement, changes of business mix towards higher margin business generated from showrooms, counter sales and private label products, and improved sourcing programmes. The trading margin was also slightly higher at 6.3% (2007: 6.2%), benefiting from the margin enhancing acquisitions completed recently. In response to the slowing residential markets in the first half, Ferguson reduced its headcount by 1,575. These reductions equate to around 6% of its total employees and will give rise to annualised savings of $75 million and brings the cumulative headcount reduction in Ferguson to around 12% of its employees.

The on-going priorities for Ferguson include focusing on more profitable same-store sales growth, gross margin enhancement, cost control, supply chain efficiency and the further integration of Wolseley Canada.

Ferguson's total branch numbers increased by 36 to 1,453 locations (31 July 2007: 1,417), which will provide additional opportunities for market share gains.

US Building Materials (11% of Group revenue)

The continued decline in the new residential market caused a reduction in volumes, increased price competition and also kept lumber and structural panel prices low. These factors have inevitably impacted Stock's financial performance despite an aggressive cost reduction programme. Stock continues to outperform in most of its major markets with volumes in its top 5 US states, which account for 50% of its revenue, declining 25% compared to housing starts which fell 30%.

The new residential market, which accounted for 75% of the activity in this business in the first half, has continued to be difficult. Housing starts have fallen by 25% from an average annual rate of 1.6 million for the six months to 31 January 2007 to an average of 1.2 million this half, with the figure in January 2008 being even lower, at 1.0 million. There continue to be significant regional variations although all markets are showing a decline compared to the prior period.

In local currency, Stock's revenue, including acquisitions, was down 25.7% to $1,797 million (2007: $2,419 million) principally reflecting a 22.8% decline in like for like sales volumes. Despite reducing headcount by a further 1,750 in the period, Stock reported a trading loss of $89 million in the first half reflecting the lower volumes and an increasing incidence of bad debts, compared with a trading profit of $81 million in the comparable period in the prior year. These headcount reductions will give rise to annual savings of $52 million. A cquisitions contributed $52 million (2.2%) to revenue continuing Stock's strategy of reducing its dependency on the new residential market and expanding its presence in the commercial and industrial and RMI markets.

Stock's gross margin was lower due to pricing pressure in the difficult markets.

A goodwill and other intangible asset impairment of £89 million has been recorded at Stock in the period reflecting a reassessment of their carrying value in the Texas, New York and Florida regions and in the construction services business in Nevada.

Stock's branch numbers reduced by 22 during the first half to 286 locations (31 July 2007: 308).

Wolseley Canada (4% of Group revenue)

In Canada the residential market continued to hold up well and has not been significantly impacted by the factors affecting the US housing market. Economic activity was also positive, although the strength of the Canadian dollar is having a negative impact on export businesses and causing some price deflation in products sourced from the USA. Activity levels in the oil and gas exploration industries in Western Canada continue to be weak.

Against this background, Wolseley Canada's local currency revenue increased by 3.7% to C$684 million (2007: C$660 million), including 2.3% organic revenue

growth. Gross margin improved although trading profit was 15.0% lower at C$35 million (2007: C$41 million) reflecting branch closure costs of around C$4 million (£2 million) and the inclusion of C$2 million (£1 million) of property gains in the comparative period.

Branch numbers in Canada were reduced by 3 to 257 (31 July 2007: 260).

Europe

Reported revenue, in sterling, for Europe increased by 15.8% to £4,056 million (2007: £3,503 million), of which 0.5% was from organic growth. Recent acquisitions accounted for £432 million (12.3%) of revenue growth, including DT Group in the Nordic region which was acquired in September 2006. Trading profit increased 1.4% from £180 million to £182 million. Excluding DT Group, trading profit was 21.6% lower due to a disappointing performance in France and some initial disruption, now diminishing, caused by the IT systems implementation in Austria and the new distribution centre (DC) in Italy. Currency translation increased divisional revenue by £101 million (2.9%) and trading profit by £4 million (2.2%).

The overall divisional trading margin, after the allocation of central costs, declined from 5.1% to 4.5% of revenue. The run rate of profitability has been improving and a better performance is expected in the second half.

In the first six months, a further net 92 branches were added to the European network, giving a total of 3,403 locations (31 July 2007: 3,311), including 34 added through acquisitions.

UK and Ireland (20% of Group revenue)

In the UK, the new residential market is declining and the rate of growth in the RMI market has been weakening in response to deteriorating consumer sentiment and tighter credit conditions. Government expenditure on social housing, health and education remains positive. In Ireland the business faced much tougher trading conditions as a result of housing starts which have fallen around 50%.

Against this background, Wolseley UK, which includes Ireland, recorded a 3.1% increase in revenue to £1,602 million (2007: £1,554 million), including 2.1% organic growth. The overall gross margin improved due to price management and continued growth in private label sales.

The UK business showed organic profit growth although, overall, the trading profit reduced by 8.2% compared to the prior year, from £92 million to £85 million, due to the lower profitability in Ireland and lower property profits which were £2 million compared to £8 million last year. As a result the UK and Ireland trading margin fell from 6.0% to 5.3%. There were particularly good trading margin performances achieved in Plumb Center and Bathstore.

Wolseley UK was successful at winning substantial new business from British Gas to supply domestic heating products. These products are being delivered to consumers directly from the DCs which improves efficiency and service levels.

During the first six months, 10 net new locations were added in the UK and Ireland taking the total number of branches for Wolseley UK to 1,927 (31 July 2007: 1,917). The new regional DC in Chorley was handed over to Wolseley UK in February.

France (12% of Group revenue)

In France, housing starts slowed in the period as a result of tighter credit and low consumer confidence which led to a generally less positive business environment, including the effect of French national industrial disruption.

Wolseley's French operations achieved revenue growth of 1.0% to €1,334 million (2007: €1,321 million) as a result of acquisitions and organic growth in PBM. Although the performance of the business improved during the period as a result of better market focus and cost control, the overall trading profit for the half reduced to €43 million (2007: €60 million), including the previously announced €4 million of restructuring costs. Trading margin was 3.2% (2007: 4.6%) reflecting previously announced internal restructuring and start up issues at the new national DC in Orleans. The DC is fully operational with fill rates improving from 80% to 91% in the past three months, with a target to rapidly move above 95%. New products continue to be added.

Wolseley's French businesses continue to seek opportunities to generate synergies by expansion of the number of joint sites, cross selling of products, rationalisation of the business model and centralisation of functions such as sourcing and purchasing.

The number of branches in France increased by 60,to 885 (31 July 2007: 825), including 30 recently acquired Sofiparts locations.

Nordic (13% of Group revenue)

Markets in the Nordic region have generally held up well. The Danish new housing and DIY markets continued to slow in response to higher interest rates and the rate of growth in the Danish professional market was more modest. The Swedish DIY market has also slowed, but other markets in the Nordic region remained relatively robust. DT Group continued to perform well.

In local currency, DT Group's revenue, including acquisitions, was DKK10,920 million (£1,035 million) compared to DKK6,878 million (£621 million) for the period of Wolseley's ownership in the prior year (25 September 2006 to 31 January 2007). DT achieved good organic growth of 3.9% for the four month comparative period. Its gross margin improved as it focused on improving its relationship with the key small and mid-sized contractors and craftsmen,

combined with the strategy of targeting the RMI market. Trading profit increased from DKK338 million (2007: £31 million) to DKK688 million (£65 million). Trading margin was 6.3% and it was able to reduce working capital further from an already excellent low level.

DT Group had 277 branches as at 31 January 2008 (31 July 2007: 275).

Central and Eastern Europe (6% of Group revenue)

The Group's other Continental European operations achieved revenue growth, in sterling, of 8.6% to £477 million (2007: £439 million), primarily due to acquisitions. Gross margin was lower with price deflation evident in some commodities, mainly affecting the Austrian, Eastern European and Belgian businesses. Trading profit, in sterling, declined 49.4% to £11 million (2007: £21 million). The trading margin declined to 2.2% (2007: 4.8%) due to the previously announced restructuring in Italy following the opening of the new distribution centre and the expected lower profitability in Austria caused by disruption from the IT implementation which went live in August 2007. These start-up issues abated over the period. The Italian DC now services all the Italian branches with the majority of their stock replenishment needs and service levels and efficiency will continue to improve as suppliers and branches become more comfortable with the new operational procedures. In Austria, planned benefits from the new IT system, such as gross margin enhancement and improved inventory management, started to be realised.

In the Benelux region, Wasco in the Netherlands made excellent progress with good organic revenue growth and trading margin improvement.

Tobler, in Switzerland, had another strong performance with good organic growth whilst significantly increasing its trading margin.

During the period, 20 net new locations were added in Central and Eastern Europe, taking the total number to 314 (31 July 2007: 294).

Business Change Programme

The Business Change Programme is designed to support Wolseley's business improvement initiatives and to enable it to improve its competitive position in the marketplace. Specifically, it is expected to result in improved working capital efficiencies and business processes, leading to higher productivity and better customer service. KPI's are being established to target improved performance in line with the Group's Earn, Turn, Grow initiative. Certain solutions have already been rolled out, such as a warehouse management system which is now installed in more than 90 distribution locations in the USA and in the new distribution centres in the UK and Italy, with France to follow later in the year. In addition, consistent financial management systems have been implemented across the Group and common HR processes and technology have been adopted at Wolseley plc's Head Office in Theale and in Wolseley UK. This will be

further rolled out in the USA over the next several months.

During the first half, the implementation of the pilot SAP programme into the OAG business in Austria was completed. The knowledge gained from this implementation process will assist in the further roll out of the technology to those regions where the need for replacement systems are the greatest. Further pilots are planned for the latter part of this financial year.

Interim Dividend

After careful consideration, the Board has decided to pay an interim dividend of 11.25 pence per share (2007: 10.85 pence per share) to be paid on 30 May 2008 to shareholders on the register on 28 March 2008, which will absorb £74 million of cash. This represents an increase of 3.7% over last year's interim dividend and the Board believes that this strikes an appropriate balance between its undiminished confidence in the longer term fundamental strength of the Group and the short term market uncertainties. It is expected that the interim dividend will be approximately one third of the total dividend for the year. The dividend reinvestment plan will continue to be available to eligible shareholders.

Financial Review

Net finance costs of £67 million (2007: £60 million) reflect an increase in Group debt as a result of the higher level of acquisition spend and higher interest rates. Net interest receivable on construction loans amounted to £5 million (2007: £6 million). Group interest cover for the six months was 4.3 times (2007: 6.6 times).

The tax rate, on profit before tax and amortisation and impairment of acquired intangibles, decreased marginally from 25.6% to 25.0% due to the reduction in US profit in the period. This tax rate is consistent with the rate expected for the year ending 31 July 2008.

Before the amortisation and impairment of acquired intangibles, earnings per share decreased by 31.1% to 26.69 pence (2007: 38.72 pence), reflecting the lower level of profitability. Basic earnings per share were 70.1% lower at 9.87 pence (2007: 32.97 pence). The average number of shares in issue during the first half was 655 million (2007: 635 million).

Cash flow conversion improved from 115% to 122% due to the increased focus on improving working capital and cash flow management throughout the Group. Operating cash flow was lower at £367 million (2007: £447 million) due to the Group's lower trading profit.

Capital expenditure in the first half was £155 million (2007: £206 million) and is expected to be slightly higher in the second half. Total capital expenditure for the year, therefore, will be well below the £400 million previously announced.

The Group's branch network has been extended through acquisitions and branch openings by a net 103 locations, bringing the total to 5,399 (31 July 2007: 5,296).

Investment in bolt-on acquisitions completed during the period, including deferred consideration and net debt, amounted to £173 million (2007: £325 million). These 11 acquisitions are expected to add around £221 million per annum of incremental revenues in a full year. Goodwill and intangible assets related to these acquisitions was £119 million. Since 31 January 2008, the Group has made a further four bolt-on acquisitions for a consideration of £32 million. These four acquisitions are expected to add around £42 million per annum of incremental revenues in a full year. Further details regarding acquisitions are included in notes 12 and 15.

Net borrowings, excluding construction loan borrowings, at 31 January 2008 amounted to £2,894 million compared with £2,467 million at 31 July 2007, giving gearing of 83.9% compared to 71.5% at 31 July 2007 and 89.6% at 31 January 2007. The increase since 31 July 2007 reflects acquisition spend, the strengthening of the Euro, in which £1.8 billion of the Group's borrowings were denominated on 31 January 2008, and seasonality.

The Group is fully in compliance with its borrowing covenants at 31 January 2008 and is confident that this will remain the case. It had committed and undrawn banking facilities of around £1 billion at 31 January 2008. The majority of the Group's covenants are for net debt to be less than 3.5 times annualised EBITDA, although there are two facilities, totalling £270 million, requiring net debt to be less than 3 times EBITDA. These two facilities can be repaid from existing committed facilities, when appropriate. At 31 January 2008 the ratio of net debt to annualised EBITDA was 2.85 times. The Group has a number of plans in place to ensure continued compliance with its covenants should markets deteriorate by more than anticipated.

In the USA, construction loan receivables, financed by an equivalent amount of construction loan borrowings, were £272 million (2007: £293 million). The decrease primarily reflects a more cautious approach to lending following the decline in the US new housing market.

Return on gross capital employed (ROGCE) was 11.4% (2007: 15.9%) primarily as a result of the reduced profitability of the Group. The ROGCE remains above the Group's pre-tax weighted average cost of capital, which is currently estimated to be 9.4%.

Provisions in the balance sheet include the estimated liability for asbestos claims on a discounted basis. This liability has been actuarially determined as at 31 January 2008 based on advice from independent professional advisors. Asbestos related litigation is fully covered by insurance and accordingly an equivalent insurance receivable has been included in receivables. The level of

insurance cover available significantly exceeds the expected level of future claims and no profit or cash flow impact is therefore expected to arise in the foreseeable future. There were 320 claims outstanding at 31 July 2007 (31 July 2006: 246). An update on the estimated liability and number of claims outstanding will be provided with the Group's Preliminary Results announcement in September 2008.

Outlook

The Board expects business conditions in a number of the Group's markets to become more challenging over the next few months.

In the USA, the housing market is likely to deteriorate further and put additional pressure on the RMI market. The commercial and industrial market is likely to remain stable for the next few months, but soften thereafter.

In Canada, the domestic economy should remain positive although the new residential housing market is likely to continue to slow from recent high levels.

Growth rates in European markets are likely to slow, but the RMI and commercial and industrial segments, that drive the majority of the Group's business, are expected to remain marginally positive.

Management's immediate focus will remain on achieving a cost base appropriate to market conditions, with further significant cost reductions in the second half, and on maximising cash flow. The Group will apply a highly selective approach to further capital and acquisition expenditure.

The Board remains confident that the Group's fundamental strategy for exploiting market fragmentation through acquisition and organic growth will continue to provide significant opportunities in the future.

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 34 to 37 and 40 to 41 of the Annual Report and Accounts 2007, a copy of which is available at www.wolseley.com. In addition, the Outlook section of this interim 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;
- 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 6 months and description of principal risks and uncertainties for the remaining 6 months of the 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 are those listed in the Group's Annual Report and Accounts 2007 with the exception of Robert M Walker who stepped down from the Board on 31 October 2007.

By order of the Board,

Chip Hornsby
Group Chief Executive
17 March 2008

Stephen P Webster
Chief Financial Officer
17 March 2008

Condensed Group Income Statement (unaudited)

Year to 31 July 2007		Half year to 31 January 2008	Half year to 31 January 2007
£m		£m	£m
16,221	Revenue	8,029	7,870
(11,702)	Cost of sales	(5,821)	(5,702)
4,519	Gross profit	2,208	2,168
(2,958)	Distribution costs	(1,541)	(1,432)
(124)	Administrative expenses: amortisation and impairment of acquired intangibles	(154)	(45)
(723)	Administrative expenses: other	(377)	(360)
(847)	Administrative expenses: total	(531)	(405)
39	Other income	10	14

753	Operating profit	146	345
58	Finance revenue (note 3)	42	34
(177)	Finance costs (note 3)	(109)	(94)
634	Profit before tax	79	285
(160)	Tax expense (note 4)	(14)	(76)
474	Profit for the period attributable to equity shareholders	65	209
	Earnings per share (note 6)		
73.52p	Basic earnings per share	9.87p	32.97p
73.17p	Diluted earnings per share	9.86p	32.78p
	Non-GAAP measures of performance (note 7)		
877	Trading profit	300	390
758	Profit before tax and the amortisation and impairment of acquired intangibles	233	330
	Translation rates		
1.9487	US dollars	2.0214	1.9198
1.4823	Euro	1.4159	1.4850

Condensed Group Statement of Recognised Income and Expense (unaudited)

Year to 31 July 2007 £m		Half year to 31 January 2008 £m	Half year to 31 January 2007 £m
474	Profit for the period	65	209
(132)	Net exchange adjustments offset in reserves	103	(110)
	Cash flow hedges		
2	- fair value gains and losses	(10)	3
(1)	- reclassified and reported in net profit for the period	-	(1)
70	Actuarial (losses)/gains on retirement benefits	(22)	54

(5)	Change in fair value of available-for-sale investments	(5)	2
(17)	Tax credit/(charge) not recognised in the income statement	8	(9)
(83)	Net gains/(losses) not recognised in the income statement	74	(61)
391	Total recognised income attributable to shareholders	139	148

Condensed Group Balance Sheet (unaudited)

As at 31 July 2007 £m		As at 31 January 2008 £m	As at 31 January 2007 £m
	ASSETS		
	Non-current assets		
1,890	Intangible assets: goodwill	1,995	1,908
790	Intangible assets: other	855	804
1,718	Property, plant and equipment ("PPE")	1,830	1,668
9	Deferred tax assets	8	35
91	Trade and other receivables	97	37
12	Financial assets: available-for-sale investments	7	20
4,510		4,792	4,472
	Current assets		
2,069	Inventories	2,143	2,086
2,829	Trade and other receivables	2,700	2,679
8	Current tax receivable	27	25
4	Financial assets: trading investments	5	6
10	Derivative financial assets	26	11
286	Financial receivables: construction loans (secured)	272	293
244	Cash and cash equivalents	216	286
5,450		5,389	5,386
10	Assets held for resale	18	9
9,970	Total assets	10,199	9,867

	Liabilities		
	Current liabilities		
2,796	Trade and other payables	2,578	2,389
133	Current tax payable	159	107
286	Borrowings: construction loans (unsecured)	272	293
530	Bank loans and overdrafts	496	261
17	Obligations under finance leases	18	16
18	Derivative financial liabilities	7	20
31	Provisions	31	30
24	Retirement benefit obligations	22	19
3,835		3,583	3,135
	Non-current liabilities		
63	Trade and other payables	64	19
2,097	Bank loans	2,551	2,860
63	Obligations under finance leases	69	63
275	Deferred tax liabilities	258	330
99	Provisions	116	81
87	Retirement benefit obligations	109	123
2,684		3,167	3,476
6,519	Total liabilities	6,750	6,611
3,451	Net assets	3,449	3,256
	Shareholders' equity		
165	Called up share capital	165	165
945	Share premium account	948	930
(181)	Foreign currency translation reserve	(78)	(159)
2,522	Retained earnings	2,414	2,320
3,451	Equity shareholders' funds	3,449	3,256

Condensed Group Cash Flow Statement (unaudited)

Year to 31 July 2007 £m		Half year to 31 January 2008 £m	Half year to 31 January 2007 £m
	Cash flows from operating activities		
1,299	Cash generated from operations	367	447
57	Interest received	44	25

(174)	Interest paid	(104)	(82)
(167)	Tax paid	(57)	(104)
1,015	Net cash generated from operating activities	250	286
	Cash flows from investing activities		
(1,346)	Acquisition of businesses (net of cash acquired)	(148)	(1,272)
(346)	Purchases of property, plant and equipment	(116)	(179)
62	Proceeds from sale of property, plant and equipment	36	25
(50)	Purchases of intangible assets	(39)	(27)
(1,680)	Net cash used in investing activities	(267)	(1,453)
	Cash flows from financing activities		
673	Proceeds from the issue of shares to shareholders	2	658
(27)	Purchases of shares by Employee Benefit Trusts	-	(24)
1,143	Proceeds from new borrowings	256	604
(1,134)	Repayments of borrowings and derivatives	(31)	(66)
(12)	Finance lease capital payments	(8)	(16)
(198)	Dividends paid to shareholders	(141)	(128)
445	Net cash generated from financing activities	78	1,028
(220)	Net cash generated/(used)	61	(139)
(12)	Effects of exchange rate changes	(9)	(19)
(232)	Net increase/(decrease) in cash, cash equivalents and bank overdrafts	52	(158)
292	Cash, cash equivalents and bank overdrafts at the beginning of the period	60	292
60	Cash, cash equivalents and bank overdrafts at the end of the period	112	134

Reconciliation of Profit to cash generated from operations (unaudited)

Year to 31 July 2007 £m		Half year to 31 January 2008 £m	Half year to 31 January 2007 £m
474	Profit for the period	65	209
119	Net finance costs	67	60
160	Tax expense	14	76
182	Depreciation of property, plant and equipment	101	88

9	Amortisation of non-acquired intangibles	7	2
(27)	Profit on disposal of property, plant and equipment	(4)	(11)
124	Amortisation and impairment of acquired intangibles	154	45
88	Decrease in inventories	58	81
4	Decrease in trade and other receivables	279	202
149	(Decrease)/increase in trade and other payables	(378)	(319)
(3)	Increase/(decrease) in provisions and other liabilities	6	4
20	Share based payments and other non cash items	(2)	10
1,299	Cash generated from operations	367	447

Notes to the interim financial statements for the six months ended 31 January 2008

1 Basis of preparation

The interim financial statements for the six months ended 31 January 2008 were approved by the Board of Directors on 17 March 2008. 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).

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 2007. The following new standards, interpretations and amendments to published standards are effective for the Group in the financial year ending 31 July 2008, but have had no material impact on the results or the financial position of the Group for the six months ended 31 January 2008:

IFRS 7 'Financial Instruments: Disclosure' and amendments to IAS 1 'Presentation of Financial Statements - Capital Disclosures'
IFRIC 10 Interim Financial Reporting and Impairment
IFRIC 11 Group and Treasury Share Transactions

In addition, the Group has elected to adopt IFRS 8 'Operating Segments' in the financial year ending 31 July 2008, and the segmental analysis of results in note 2 presents those disclosures required by IFRS 8 which are applicable to interim financial information prepared in accordance with IAS 34. Segmental disclosures equivalent to those required by IFRS 8 were previously presented in the Group's Form 20-F, prepared in accordance with US GAAP, and were provided as additional information in the Group's Annual Report and Accounts 2007.

The interim financial statements are unaudited. The financial information for the year ended 31 July 2007 does not constitute the full financial statements within the meaning of section 240 of the Companies Act 1985. 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 sections 237(2) or 237(3) of the Companies Act 1985.

2 Segmental analysis of results

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

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

The revenue, trading profit and operating profit of the Group's reportable segments are detailed in the following three tables.

Revenue by geographical segment

Year to 31 July 2007 £m		Half year to 31 January 2008 £m	Half year to 31 January 2007 £m
3,171	UK and Ireland	1,602	1,554
1,872	France	942	889
1,617	Nordic	1,035	621
899	Central and Eastern Europe	477	439
7,559	Europe	4,056	3,503
5,685	US Plumbing and Heating	2,748	2,804
2,358	US Building Materials	889	1,260
619	Canada	336	303
8,662	North America	3,973	4,367
16,221	Total	8,029	7,870

2 Segmental analysis of results (continued)

Trading profit by geographical segment

Year to 31 July 2007 £m		Half year to 31 January 2008 £m	Half year to 31 January 2007 £m
211	UK and Ireland	85	92
101	France	30	41
99	Nordic	65	31
35	Central and Eastern Europe	11	21
(13)	European central costs	(9)	(5)
433	Europe	182	180
411	US Plumbing and Heating	173	173
44	US Building Materials	(44)	42
42	Canada	17	19
(10)	North American central costs	(4)	(5)
487	North America	142	229
(43)	Group central costs	(24)	(19)
877	Total trading profit (note 7)	300	390

Operating profit by geographical segment

Year to 31 July 2007 £m		Half year to 31 January 2008 £m	Half year to 31 January 2007 £m
193	UK and Ireland	76	84
100	France	28	41
58	Nordic	41	21
33	Central and Eastern Europe	9	20
(13)	European central costs	(9)	(5)
371	Europe	145	161
386	US Plumbing and Heating	160	163

8	US Building Materials	(147)	26
41	Canada	16	19
(10)	North American central costs	(4)	(5)
425	North America	25	203
(43)	Group central costs	(24)	(19)
753	Total operating profit	146	345

Notes to the interim financial statements for the six months ended 31 January 2008

2 Segmental analysis of results (continued)

Analysis of movement in revenue

	2007	Exchange	New Acquisitions 2008	Acquisitions Increment 2007	Organic	Change	2008
	£m	£m	£m	£m	£m	%	£m
UK and Ireland	1,554	7	3	6	32	2.1%	1,602
France	889	43	20	9	(19)	(2.1)%	942
Nordic	621	31	-	358	25	3.9%	1,035
Central and Eastern Europe	439	20	-	36	(18)	(3.9)%	477
Europe	3,503	101	23	409	20	0.5%	4,056
US Plumbing and Heating	2,804	(141)	37	119	(71)	(2.7)%	2,748
US Building Materials	1,260	(63)	13	13	(334)	(27.9)%	889
Canada	303	22	-	4	7	2.3%	336
North America	4,367	(182)	50	136	(398)	(9.5)%	3,973
TOTAL	7,870	(81)	73	545	(378)	(4.8)%	8,029

Analysis of movement in trading profit

	2007	Exchange	New Acquisitions 2008	Acquisitions 2007	Organic Increment	Change	2008
	£m	£m	£m	£m	£m	%	£m
UK and Ireland	92	-	-	-	(7)	(8.5)%	85
France	41	2	1	-	(14)	(32.0)%	30
Nordic	31	1	-	26	7	20.6%	65
Central and Eastern Europe	21	1	-	1	(12)	(54.8)%	11
European central costs	(5)	-	-	-	(4)		(9)
Europe	180	4	1	27	(30)	(16.6)%	182
US Plumbing and Heating	173	(9)	4	9	(4)	(2.8)%	173
US Building Materials	42	(2)	1	-	(85)	(210.5)%	(44)
Canada	19	1	-	-	(3)	(15.3)%	17
North American central costs	(5)	-	-	-	1		(4)
North America	229	(10)	5	9	(91)	(41.5)%	142
Group central costs	(19)	-	-	-	(5)		(24)
TOTAL	390	(6)	6	36	(126)	(33.0)%	300

3 Net finance costs

Year to 31 July 2007		Half year to 31 January 2008	Half year to 31 January 2007
£m		£m	£m
58	Interest receivable	40	34
-	Net pension finance income	2	-

58	Finance revenue	42	34
	Interest payable		
(171)	- Bank loans and overdrafts	(106)	(93)
(5)	- Finance lease charges	(2)	(1)
(2)	Net pension finance cost	-	(1)
	Valuation gains/(losses) on financial instruments		
2	- Derivatives held at fair value through profit and loss	36	5
(2)	- Loans in a fair value hedging relationship	(37)	(5)
1	- Recycled from equity	-	1
(177)	Finance costs	(109)	(94)
(119)	Net finance costs	(67)	(60)

Notes to the interim financial statements for the six months ended 31 January 2008

4 Taxation

The tax charge on ordinary activities for the half year has been calculated at the rate which it is expected will apply for the year ending 31 July 2008 adjusted for the tax credit related to the impairment of goodwill which has been fully recorded in the tax charge for the period. The tax charge comprises the following elements:

Year to 31 July 2007		Half year to 31 January 2008	Half year to 31 January 2007
£m		£m	£m
	Tax on profit for the period		
20	- UK	23	17
154	- Overseas	32	50
174		55	67
(14)	Deferred tax	(41)	9
160		14	76

5 Dividends

Year to 31 July 2007		Half year to 31 January 2008	Half year to 31 January 2007
£m		£m	£m
128	Final paid for 2005/6 of 19.55 pence per share	-	128
70	Interim paid for 2006/7 of 10.85 pence per share	-	-
-	Final paid for 2006/7 of 21.55 pence per share	141	-
198		141	128

The proposed interim dividend of £74 million (11.25 pence per share assuming 655 million shares in issue) is not included as a liability in these financial statements.

6 Earnings per share

Basic earnings per share of 9.87 pence (31 January 2007: 32.97 pence) is calculated on the profit for the period attributable to equity shareholders of £65 million (31 January 2007: £209 million) on a weighted average number of ordinary shares in issue during the year of 655 million (31 January 2007: 635 million). As detailed in note 7 below, the Group believes that profit measures before the amortisation and impairment of acquired intangibles provide valuable additional information for users of the financial statements. Basic earnings per share, before the amortisation and impairment of acquired intangibles, has, therefore, been presented in the following table.

Year to 31 July 2007		Half year to 31 January 2008	Half year to 31 January 2007
Pence per share		Pence per share	Pence per share
87.80p	Before amortisation and impairment of acquired intangibles	26.69p	38.72p
(14.28)p	Amortisation and impairment of acquired intangibles (net of deferred tax)	(16.82)p	(5.75)p
73.52p	Basic earnings per share	9.87p	32.97p

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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 656 million (31 January 2007: 639 million) and to reduce basic earnings per share to 9.86 pence (31 January 2007: 32.78 pence). Diluted earnings per share before amortisation and impairment of acquired intangibles is 26.65 pence (31 January 2007: 38.49 pence).

Notes to the interim financial statements for the six months ended 31 January 2008

7 Non-GAAP measures of performance

Trading profit is defined as operating profit before the amortisation and impairment of acquired intangibles and is a non-GAAP measure. 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.

Year to 31 July 2007		Half year to 31 January 2008	Half year to 31 January 2007
£m		£m	£m
753	Operating profit	146	345
124	Add back: amortisation and impairment of acquired intangibles	154	45
877	Trading profit	300	390

634	Profit before tax	79	285
124	Add back: amortisation and impairment of acquired intangibles	154	45
758	Profit before tax and the amortisation and impairment of acquired intangibles	233	330
160	Tax expense	14	76
32	Add back: deferred tax credit on the amortisation and impairment of acquired intangibles	44	8
192	Tax charge before the effect of amortisation and impairment of acquired intangibles	58	84

8 Tangible and intangible assets

	Goodwill	Other intangible assets	Property, plant and equipment	Tangible and intangible assets
	£m	£m	£m	£m
Net book value at 1 August 2007	1,890	790	1,718	4,398
Acquisitions	69	50	19	138
Additions	-	39	116	155
Disposals	-	-	(22)	(22)
Depreciation and amortisation	-	(72)	(101)	(173)
Impairment	(87)	(2)	-	(89)
Exchange rate adjustment	123	50	100	273
Net book value at 31 January 2008	1,995	855	1,830	4,680

At Stock Building Supply, the US building materials business, the further significant deterioration in the US housing market has continued to adversely affect revenue and trading profit. The Group has consequently reassessed its short and medium term outlook for Stock's cash generating units and has

recognised an impairment loss in the 6 months ended 31 January 2008. The impairment loss mainly relates to the Texas, Florida and New York regions and the construction services business in Nevada. It is calculated on a value in use basis and consists of an £87m write down of goodwill and a £2m write down of other acquired intangible assets.

There has been no material change in the level of capital commitments since 31 July 2007.

9 Provisions

	Environmental and legal	Wolseley Insurance	Restructuring provisions	Other	Total
	£m	£m	£m	£m	£m
At 1 August 2007	42	48	15	25	130
Utilised in the period	(1)	(8)	(7)	(3)	(19)
Charge for the period	2	12	3	5	22
Unearned premium	-	10	-	-	10
Exchange difference	1	1	1	1	4
At 31 January 2008	44	63	12	28	147

10 Reconciliation of movements in capital and reserves

Year to 31 July 2007		Half year to 31 January 2008	Half year to 31 January 2007
£m		£m	£m
474	Profit for the period attributable to equity shareholders	65	209
(229)	Exchange gain/(loss) on translation of overseas operations	305	(215)
97	Exchange (loss)/gain on translation of borrowings designated as hedges of overseas operations	(202)	

(1)	Valuation (loss)/gain on interest rate swaps (less amounts reclassified and reported in net income)	(10)	2
2	Valuation gain on currency swaps	-	1
70	Actuarial (loss)/gain on retirement benefits	(22)	54
(5)	Change in fair value of available-for-sale investments	(5)	2
(17)	Tax credit/(charge) not recognised in the income statement	8	(9)
391	Total recognised income and expense	139	148
673	New share capital subscribed	2	658
(27)	Purchase of own shares by Employee Benefit Trust	-	(24)
20	(Charge)/credit to equity for share based payments	(2)	10
(198)	Dividends paid	(141)	(128)
859	Net (reduction in)/addition to shareholders' funds	(2)	664
2,592	Opening shareholders' funds	3,451	2,592
3,451	Closing shareholders' funds	3,449	3,256

11 Analysis of change in net debt

	At 31 July 2007	Cashflow	Acquisitions	New finance leases	Fair value adjustments and other movements	Exchange movement	At 31 January 2008
	£m	£m	£m	£m	£m	£m	£m
Cash and cash equivalents	244	(58)	-	-	-	30	216
Bank overdrafts	(184)	119	-	-	-	(39)	(104)
	60	61	-	-	-	(9)	112
Financial assets: trading investments	4	-	-	-	1	-	5
Derivative financial instruments	(8)	-	-	-	27	-	19
Bank loans	(2,443)	(225)	(27)	-	(37)	(211)	(2,943)

Obligations under finance leases	(80)	8	(4)	(6)	-	(5)	(87)	
Total net debt	(2,467)	(156)	(31)	(6)	(9)	(225)	(2,894)	

12 Acquisitions

In all acquisitions during the half year to 31 January 2008, the Group acquired 100% of the issued share capital, and has accounted for the transaction by the purchase method of accounting.

All acquisitions	Book values acquired £m	Fair value alignments £m	Provisional fair values acquired £m
Intangible fixed assets			
- Customer relationships		-	41	41
- Trade names and brands		-	1	1
- Other		-	8	8
Property, plant and equipment		19	-	19
Inventories		36	(3)	33
Receivables		52	(1)	51
Cash, cash equivalents and bank overdrafts		8	-	8
Borrowings		(27)	-	(27)
Finance Leases		(4)	-	(4)
Payables and provisions		(34)	-	(34)
Deferred tax		(10)	(5)	(15)
Total		40	41	81
Goodwill arising				69
Consideration				150
Satisfied by:				
Cash				135
Deferred and contingent consideration				14
Directly attributable costs				1
Total consideration				150

The fair value adjustments shown above are provisional figures, being the best estimates currently available. Further adjustments to goodwill and other intangible fixed assets may be necessary when additional information becomes available.

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

A list of businesses acquired during the period, and the month of acquisition, is as follows:

ProSource Builder Supply, Ltd	August 2007
Western Air Systems and Controls, Inc.,	August 2007
Davidson Pipe Company, Inc.,	August 2007
T & R Electrical Wholesalers Ltd	August 2007
Proaktiv Bygglogistic i Stockholm AB	August 2007
Architectural Building Supply, Co.	October 2007
Jacobi Hardware Co.., Inc.	October 2007
Sofiparts SAS	November 2007
J.D's Wholesale Plumbing & Supply	November 2007
K.B.C. Construction, LLC	November 2007
C.B. Group, Inc. (trading as JC Plumbing Supply)	December 2007

All these businesses are engaged in the distribution and supply of construction materials and services.

The acquisitions contributed £73 million to revenue, £6 million to trading profit and £1 million to the Group's operating profit for the period between the date of acquisition and the balance sheet date.

If each acquisition had been completed on the first day of the financial year, Group revenue would have been £8,068 million and Group trading profit would have been £302 million.

13 Related party transactions

There are no related party transactions requiring disclosure under IAS 24, Related Party Disclosures, other than the compensation of key management personnel which will be disclosed in the Group's Annual Report for the year ending 31 July 2008.

14 Exchange rates

The results of overseas subsidiaries have been translated into sterling using average rates of exchange. The period end rates of exchange have been used to convert balance sheet amounts.

The average profit and loss account translation rate for the first six months was $2.0214 to the £1 compared to $1.9198 for the comparable period last year, a decrease of 5.0%, and €1.4159 to the £1 compared to €1.4850 an increase of 4.9%.

Should the exchange rates between the US$ and £, and the € and the £, remain at the 31 January 2008 spot rates ($1.9872 and €1.3376) then the averages for the year as a whole would be $2.0043 and €1.3768 and this would have the effect of increasing revenue and trading profit for the first half by £67 million and £2 million, respectively.

15 Post balance sheet events

Since 31 January 2008, the Group has acquired 100 per cent of the share capital of Gama Myjava s.r.o in Central and Eastern Europe and PFC Corofil Firestops Ltd in the UK and the assets of Precision Doors & Hardware, LLC. in US Building Materials and Mastercraft Cabinets, Inc. in US Plumbing and Heating for an estimated consideration of £32 million (including net debt acquired).

The estimated consideration is based on information available to the Group at the date of approval of these interim financial statements. Adjustments may be necessary when additional information becomes available.

Independent review report to Wolseley plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim report for the six months ended 31 January 2008, which comprises the income statement, balance sheet, statement of recognised income and expense, cash flow statement and related notes. We have read the other information contained in the interim 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 interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in the group accounting policies, 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 interim 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 interim 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 interim report for the six months ended 31 January 2008 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
17 March 2008
London

Notes:

(a) The maintenance and integrity of the Wolseley plc web site 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 interim report since it was initially presented on the web site.

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

Notes to Editors

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 2007 was approximately £16.2 billion and operating profit, before amortisation and impairment of acquired intangibles, was £877 million. Wolseley has around 75,000 employees operating in 27 countries namely: UK, USA, France, Canada, Ireland, Italy, The Netherlands, Switzerland, Austria, Czech Republic, Hungary, Belgium, Luxembourg, Denmark, Sweden, Finland, Norway, Slovak Republic, Poland, Romania, San Marino, Panama, Puerto Rico, Trinidad & Tobago, Mexico, Barbados and Greenland. Wolseley is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

Certain information included in this release is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this release are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an international Group such as Wolseley. Information on some factors which could result in material difference to the results is available in the Company's Annual Report to shareholders for the year ended 31 July 2007.

FINANCIAL CALENDAR FOR 2008

26 March - Shares quoted ex-dividend
28 March - Record date for interim dividend
21 May - Interim Management Statement
30 May - Interim dividend payment date
16 July - Trading update for 11 months to 30 June 2008
31 July - Financial year end

22 September - Announcement of Preliminary results for year to 31 July 2008
1 October - Shares quoted ex-dividend
3 October - Record date for final dividend
7 November - Final date for DRIP elections
18 November - Annual General Meeting and Interim Management Statement
1 December - Final dividend payment date

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

- ENDS -

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