

WOLSELEY PLC

Results for the half year to 31 January 2013

£m	H1 2013	H1 2012	H1 2012 ongoing ⁽¹⁾	Change ongoing ⁽¹⁾	Like-for-like change ⁽³⁾
Revenue	6,276	6,841	6,269	+0.1%	+2.2%
Gross profit	1,742	1,876	1,713	+1.7%	
Trading profit ⁽²⁾	324	310	301	+7.6%	
Exceptional items	(87)	(29)			
Profit before tax	199	250			
Headline EPS ⁽²⁾	80.7p	77.7p		+3.9%	
Dividend per share	22p	20p		+10.0%	
Net debt	871	470			

Financial highlights

- Revenue in the ongoing businesses of £6,276 million, 2.2% ahead on a like-for-like basis.
- Gross margin for the ongoing businesses increased to 27.8%.
- Trading profit of the ongoing businesses 7.6% ahead of last year.
- Trading margin for the ongoing businesses of 5.2%, 0.4% higher than last year.
- Net debt of £871 million after £462 million of dividends, £125 million of one-off pension contributions and purchase of £110 million own shares by Employee Benefit Trusts.
- Interim dividend increased by 10% to 22 pence per share.

Operating and corporate highlights

- Continued market share gain and growth in USA, broadly flat in Canada and UK and weakness in Europe.
- European headcount reduced by 990 (7.2%) since 31 July 2012.
- Continued focus on productivity improvements across the Group.
- In France, detailed plans to simplify and refocus Reseau Pro, its Building Materials business, including proposed disposal or closure of up to 40% of its network, to create a strong regional player in the north.
- Four bolt-on acquisitions completed in the period for £120 million with aggregate annual revenue of £245 million.

(1) Ongoing businesses excludes businesses that have been sold or are held for sale.

(2) Before exceptional items and the amortisation of acquired intangibles and with respect to headline earnings per share before non-recurring tax credits.

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

Ian Meakins, Chief Executive, commented:

“The highlight of these results is the strong performance across our US businesses with market share gains and productivity improvements. Canada and the UK have performed well in continued tough market conditions. We faced substantial headwinds in Europe, and are taking appropriate actions to protect profitability. The underlying gross margin increased and our ongoing focus on operational efficiency has delivered further improvements in the trading margin of the ongoing businesses, now up to 5.2 per cent. Our strong balance sheet has enabled us to continue to reinvest in our businesses at the same time as paying dividends of £462 million. We have completed a number of bolt-on acquisitions in the USA and the UK and they are being integrated successfully.”

“We are in advanced negotiations relating to the proposed disposal of 88 Building Materials branches in the south of France, the potential closure of 24 loss making branches and detailed actions to simplify and refocus the remaining Building Materials business in France. We believe these proposals can create a strong regional player in northern France with a better proposition for our customers, a lower cost to serve and an efficient organisational structure.”

Commenting on the outlook, Ian Meakins said:

“Like-for-like growth in the third quarter to date has been consistent with the second quarter overall. We continue to see strong growth in the USA, a broadly flat performance in Canada and the UK and very weak conditions in Europe. We will invest in growth opportunities where they are available and maintain tight control of the cost base in Europe, whilst implementing the strategic proposals we have outlined in France.”

For further information please contact

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There will be an analyst and investor meeting at 09.30 (UK time) today at Deutsche Bank, The Auditorium, 1 Great Winchester Street, London EC2N 2DB. A live video webcast and slide presentation of this event will be available on www.wolseley.com. We recommend you register at 09.15. Photographs are available at www.newscast.co.uk.

Group results

The Group delivered a decent overall result against a backdrop of good market conditions in the USA but weakening demand in Canada and Europe. Repairs, Maintenance and Improvement (RMI) markets were stable in most countries, but declined in France and the Nordics. New residential markets deteriorated sharply in parts of Europe, most notably France, but improved in the USA. Our major businesses in the USA and the UK continued to take market share.

The Group generated revenue from the ongoing businesses of £6,276 million (2012: £6,269 million), with like-for-like growth of 2.2%. Gross margin in the ongoing businesses was 0.5% better at 27.8%, although 0.4% of this improvement was a result of non-recurring items. Operating expenses in the ongoing businesses were broadly flat and included a £3 million one-off insurance charge resulting from hurricane Sandy and £2 million of acquisition costs.

Trading profit in the ongoing businesses was £324 million (2012: £301 million), 7.6% ahead of last year. The trading margin for the ongoing businesses increased to 5.2% (2012: 4.8%). There was one less trading day in the first half this year which reduced trading profit by about £5 million and there will also be one less trading day in the second half. Foreign exchange movements reduced ongoing revenue by £135 million and ongoing trading profit by £6 million.

Net finance costs reduced to £11 million (2012: £15 million). The underlying effective tax rate on trading profit less net finance costs was 27.5% (2012: 25.4%) as a larger proportion of profit was generated in the USA which is a higher tax jurisdiction.

Headline earnings per share were 80.7 pence (2012: 77.7 pence) an increase of 3.9%. Basic earnings per share from continuing operations were 45.5 pence (2012: 63.6 pence).

Operating and financial review

Further details of the financial performance and market conditions in each of the Group's ongoing businesses are set out below. Reported results are set out in the segmental analysis on page 16.

Quarterly like-for-like revenue growth

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
USA	+10.2%	+7.4%	+9.4%	+6.7%	+7.1%	+9.7%
Canada	+1.7%	+4.9%	+7.9%	+4.5%	+3.1%	+1.2%
UK	(3.3%)	(2.4%)	(0.4%)	+3.5%	(0.3%)	+0.3%
Nordic	+2.3%	+6.6%	(1.7%)	(2.9%)	(4.8%)	(8.0%)
France	+2.5%	+4.4%	(6.1%)	(5.6%)	(8.2%)	(12.5%)
Central Europe	+0.5%	+2.2%	(0.1%)	+0.7%	+1.3%	+1.1%
	+4.8%	+5.0%	+3.8%	+2.9%	+2.1%	+2.3%

Geographical analysis

£ million Half year ended 31 January	Revenue 2013	Revenue 2012	Change	Like-for- like Change	Trading profit 2013	Trading profit 2012
USA	3,189	2,966	+7.5%	+8.3%	223	173
Canada	440	426	+3.3%	+2.3%	28	25
UK	853	850	+0.4%	-	45	44
Nordic	934	1,044	(10.5%)	(6.2%)	39	46
France	506	606	(16.5%)	(10.4%)	(7)	8
Central Europe	354	377	(6.1%)	+1.2%	18	20
Central and other costs	-	-	-	-	(22)	(15)
Ongoing operations	6,276	6,269	+0.1%	+2.2%	324	301
Sold	-	572			-	9
Group	6,276	6,841			324	310

USA (51% of Group revenue)

Revenue in the USA was 8.3% ahead on a like-for-like basis, including price inflation of approximately 1%. The RMI segment remained resilient and the recovery in levels of new construction continued. Our major business units of Blended Branches, Waterworks and B2C continued to gain market share.

Underlying gross margins improved. Operating expenses were 7.9% higher in constant currency, and this included 1.9% growth from acquisitions and £5 million of investment in additional B2C marketing. Despite these factors, and unfavourable exchange movements, trading profit was 29% ahead at £223 million (2012: £173 million) driven by productivity improvements and good cost control. Headcount in the first half was reduced by 191 before acquisitions, which added 282 people.

Blended Branches continued to grow well across the country as it continued to benefit from market share growth and was supported by robust RMI markets. New residential construction markets, which drive a smaller proportion of revenues, also improved. The ongoing focus on gross margins contributed to good profit flow through. Revenue growth in the Heating, Ventilation and Air Conditioning (HVAC) business and Waterworks was strong although growth of Industrial was held back by lower activity levels in the shale gas sector. Our consumer internet business, Build.com, continued to grow strongly.

Two high quality acquisitions were completed in the first half. Davis & Warshow is a Blended Branches business in New York and Power Equipment Direct is a B2C business selling generators and power tools based in Chicago. Acquisitions accounted for 2.4% of revenue growth in the period.

USA trading margin was 7.0% (underlying trading margin H1 2012: 6.2%).

Canada (7% of Group revenue)

In Canada revenue was 2.3% ahead on a like-for-like basis including price inflation of approximately 1%. The growth rate slowed in the second quarter as new residential construction volumes fell, though industrial infrastructure investment continued to grow in the regions.

Gross margins were ahead of last year and operating costs increased by 2.7% in constant currency with staff numbers being reduced by 101. Trading profit of £28 million was £3 million higher than last year driven by improved productivity and good cost control.

Blended Branches and Waterworks both grew modestly despite strong comparators. Industrial continued to grow well and improved profitability. In January we launched Build.ca, a B2C e-commerce business using the Build.com platform from the USA.

The trading margin in Canada was 6.4% (2012: 5.9%).

UK (14% of Group revenue)

Revenue in the ongoing UK business was flat in a declining market. The heating market was down substantially but we improved our market share. The impact of price inflation was negligible over the period.

Gross margins were lower overall due to pricing pressure, though operating expenses were tightly controlled and were 4.1% lower in the ongoing businesses with headcount reduced by 234 before the acquisition of Burdens (which added 559). Trading profit for the ongoing business of £45 million was £1 million ahead of last year.

The Plumb and Parts business increased its market share although gross margins were lower in weak markets. As a result of tight cost control the business achieved a decent operating result in line with last year. Pipe and Climate Center was held back by weaker industrial markets but improved gross margins and cost reductions contributed to a better operating result.

In the autumn we agreed to acquire 22 Burdens sites subject to clearance by the Office of Fair Trading, which was received on 30 January 2013. The assets were distressed when we acquired them and we are now rebuilding revenue in the business. We will ensure that the cost base is appropriate going forward and have recently initiated actions to reduce the headcount by approximately 200, subject to employee consultation.

The trading margin for the ongoing UK businesses was 5.3% (2012: 5.2%).

Nordic (15% of Group revenue)

In the Nordic region like-for-like revenue was down 6.2% including approximately 1% inflation, as construction markets and consumer sentiment weakened significantly across the region. Our businesses, which are strategically strong, performed broadly in line with the market overall.

Despite strong competition, gross margins were ahead in the region and operating expenses in the ongoing businesses were 3.3% lower in constant currency. In light of the tough conditions we continue to focus on lowering the cost base significantly and headcount was 697 lower than at 31 July 2012. Trading profit in the first half of £39 million was £7 million lower than last year.

Slowing activity levels reduced revenues in the Building Materials businesses in Denmark, Sweden and Finland. Despite this the businesses protected gross margins and achieved significant improvements in the cost base, although this was not enough to offset the volume declines. The DIY business in Denmark performed well with tight cost control leading to an improved performance. In Norway demand was subdued although our business made decent progress and improved its trading performance.

During the period we disposed of two small non-core businesses for consideration of £12 million.

The trading margin for the ongoing Nordic region was 4.2% (2012: 4.4%).

France (8% of Group revenue)

Revenue in France fell 10.4% on a like-for-like basis including approximately 1% inflation as conditions in the construction market deteriorated sharply.

Revenue was lower in both the Building Materials and Wood Solutions businesses as activity slowed in the first half and gross margins were also slightly lower. The focus in France remains on lowering the cost base and operating expenses were 4.5% lower at constant currency.

Trading profit declined by £15 million to a loss of £7 million.

We are announcing today detailed proposals to simplify and refocus our businesses in France.

The Wood Solutions business (revenue in the year ended 31 July 2012 of £230 million) will be retained and will be managed within our Central Europe region. The business has a strong strategic position in France and we have made good progress in focussing and repositioning it during 2012 and, though cyclical, the business is profitable and cash generative.

We are in advanced negotiations relating to the proposed disposal of 88 branches of the Reseau Pro Building Materials business in the south of France to Chausson Matériaux, a leading independent regional building materials distribution business (www.chausson-materiaux.fr/Entreprise). Consideration is expected to comprise a £36 million bond which is convertible into an 11.6% equity stake in Chausson in 2021. Under the proposals £16 million of freehold property with an annual rental income of £1.2 million would be retained by Wolseley. Both parties would also co-operate nationally on sourcing which is expected to improve margins in the retained business. In the year ended 31 July 2012 these branches generated revenue of £241 million and trading profit of £2 million. The relevant employee representative bodies of the French business and Chausson will be informed and consulted in connection with the proposed transaction, which would be subject to French competition authority clearance.

We are also proposing to close 24 loss making branches which generated £72 million of revenue in the year ended 31 July 2012 and to dispose of 15 small specialist Cardor and Coverpro branches (£56 million of revenue in the year ended 31 July 2012).

144 Reseau Pro and Panofrance Building Materials branches would remain. Reseau Pro would form a strong, regional Building Materials distribution business in the north of France with Panofrance unaffected. In the year ended 31 July 2012 these branches generated revenue of £653 million. It is proposed to consolidate the current administrative offices in Paris and Rennes consistent with the smaller branch network and simplify the organisation structure and the customer proposition. Relevant employee representative bodies will be informed and consulted in connection with all our proposals.

Central Europe (5% of Group revenue)

In Central Europe like-for-like revenue was 1.2% ahead of last year with no significant price inflation. Switzerland and the Netherlands grew modestly and Austria was flat. The gross margin in the period was slightly lower and operating costs were tightly controlled being 0.8% lower in constant currency with headcount reduced by 60.

Trading profit of £18 million was £2 million behind last year due to foreign exchange movements.

The trading margin in the ongoing businesses was 5.1% (2012: 5.3%).

Non-trading items

Net exceptional items of £87 million were charged in the period, of which non-cash impairment charges amounted to £58 million. Other restructuring charges amounted to £23 million and onerous lease provisions accounted for £12 million. £63 million of these charges related to France. In January, as a result of illegal external activity, our French business made a number of unauthorised payments to a third party, which are being investigated by the authorities. The maximum exposure of £10 million has been recorded as an exceptional loss and all steps are being taken to recover the money. A £16 million exceptional credit arose due to the favourable resolution of exposures in relation to a discontinued business and a profit from the disposal of a non-core business in Denmark. In the light of market conditions in Europe the Group is expected to incur further exceptional charges in the second half of £70 million to £80 million.

Cash flow

The Group generated EBITDA of £384 million (2012: £374 million). Acquisitions, business disposals and asset disposals gave rise to a net outflow of £75 million. The Group made a one-off payment of £125 million to the UK defined benefit pension scheme and on 6 March 2013 commenced a 90 day consultation period to close the scheme to future service accrual. Interest and tax payments were £112 million and dividends (including the special dividend paid in December) were £462 million (2012: £85 million). Capital investment amounted to £50 million and net investment in working capital was £342 million due principally to the timing of payment runs and other temporary factors. £110 million was used to purchase shares by Employee Benefit Trusts. Other net outflows totalled £24 million. These items amounted to a £916 million cash outflow in aggregate.

Net debt

The Group's net debt at 31 January 2013 was £871 million (31 January 2012: £470 million). The Group has strong liquidity with credit facilities of £1.6 billion.

Board changes

On 1 January 2013 Pilar López and Alan Murray joined the Board. Pilar is Chief Financial Officer of Telefónica Europe. Alan was Chief Executive of Hanson plc between 2002 and 2007. Both Directors have joined the Audit, Remuneration and Nominations Committees of the Board.

Dividends

The Group has significant opportunities for investing in profitable organic growth and selective acquisitions. The Board is committed to a progressive dividend policy and expects to grow dividends broadly in line with underlying earnings growth and has a clear objective to maintain dividend payments over the economic cycle.

The interim dividend will be increased by 10% to 22 pence per share (2012: 20 pence per share) and will be paid on 1 May 2013 to shareholders on the register on 5 April 2013. The interim dividend will normally be approximately one-third of total dividends for the year.

Principal risks and uncertainties

The principal risks and uncertainties which affect the Group are:

Market conditions

The Group's results depend on levels of activity in RMI and new construction markets. There is a risk that markets may continue to decline or change rapidly, particularly in Europe.

Restructuring	In light of current market conditions certain of the Group's businesses need to reduce their cost base in order to protect profitability. Restructuring carries uncertainty of execution, employee acceptance and legal restrictions in certain jurisdictions which may jeopardise successful restructuring actions.
Margin erosion	Competition could lead to downward pressure on sales prices and profit margins. This could be exacerbated by other factors such as levels of economic activity, customer or supplier consolidation, or changes in technology.
Litigation	The nature of Wolseley's operations exposes it to the potential for litigation from third parties and such exposure is considered to be greater in the USA than in Europe. Litigation can arise in such areas as workers' compensation, general employer liability, product liability and environmental and asbestos litigation. The Company closely monitors ongoing product litigation relating to historical operations in the USA. HR and product liability quality assurance procedures will be kept under review as the Company works through current turbulent market conditions and expands its private label range of products. The Group's principal supplier arrangements are typically set out in contracts. Some of these are complex and there is a risk of inadvertent or undetected error which may lead to non-compliance with key terms, disputes with suppliers and financial loss for the Group companies.
Employee motivation and retention	Wolseley's ability to provide products and services to customers depends on retaining sufficiently qualified, experienced and motivated personnel. In order to increase productivity and be able to take growth opportunities when markets improve, Wolseley must maintain the skills and experience of its existing people and continue to develop the people of the future.
Operational resilience	The Group can only carry on business as long as it has the people, the information technology and the physical infrastructure to do so. The safe and continued operation of these resources is threatened by natural and man-made perils.
Governmental regulations	The Group is subject to the laws governing businesses generally, including laws relating to competition, international trade, corruption and fraud, land usage, zoning, the environment, health and safety, transportation, labour and employment practices (including pensions), data protection, payment terms and other matters. In addition, building codes or particular tax treatments may affect the products Wolseley's customers are allowed to use and, consequently, changes in these may affect the saleability of some Wolseley products. The Group is also subject to legislation governing the settlement of payables in various jurisdictions and this legislation is currently changing in Europe. Compliance with this legislation will affect the Group's working capital profile and requirements.

The risks and uncertainties facing the Group are further detailed on pages 43 to 47 of the Annual Report and Accounts 2012, a copy of which is available at www.wolseley.com. The Company faces many other risks which, although important and subject to regular review, are not listed here.

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).

Two new Directors, Pilar López and Alan Murray, joined the Board on 1 January 2013 as detailed above. At the date of this statement, the other Directors in office are those listed in the Group's Annual Report and Accounts 2012.

By order of the Board,

Ian K Meakins
Group Chief Executive

John W Martin
Chief Financial Officer

Notes to statement

1. About Wolseley

Wolseley plc is the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials in North America, the UK and Europe. Group revenue for the year ended 31 July 2012 was £12.7 billion and trading profit was £658 million. Wolseley has around 40,000 employees, is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

2. Financial calendar

Wolseley will announce its Q3 Interim Management Statement for the period ending 30 April 2013 on 4 June 2013.

3. Dividend timetable

The timetable for payment of the interim dividend of 22 pence per share is as follows:

Ex dividend date:	3 April 2013
Record date:	5 April 2013
Payment date:	1 May 2013

A dividend reinvestment plan is in operation. Those shareholders who have not elected to participate in this plan, and who would like to participate with respect to the 2013 interim dividend, may do so by contacting Equiniti on 0871 384 2268. The last day for election for the proposed interim dividend is 5 April 2013 and any requests should be made in good time ahead of that date.

4. Legal disclaimer

Certain information included in this announcement is forward-looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the plumbing and heating and building materials market in North America and Europe, fluctuations in product prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "anticipates", "expects", "forecasts", "intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. All forward-looking statements in this announcement are based upon information known to the Company on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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Condensed Group income statement (unaudited)

Half year to 31 January 2013

Half year to 31 January	Notes	2013 Before exceptional items £m	2013 Exceptional items (note 3) £m	2013 Total £m	2012 Before exceptional items £m	2012 Exceptional items (note 3) £m	2012 Total £m
Revenue	2	6,276	–	6,276	6,841	–	6,841
Cost of sales		(4,534)	–	(4,534)	(4,965)	–	(4,965)
Gross profit		1,742	–	1,742	1,876	–	1,876
Operating costs:							
amortisation of acquired intangibles		(27)	–	(27)	(32)	–	(32)
other		(1,418)	(87)	(1,505)	(1,566)	(29)	(1,595)
Operating costs		(1,445)	(87)	(1,532)	(1,598)	(29)	(1,627)
Operating profit	2	297	(87)	210	278	(29)	249
Finance income		2	–	2	1	–	1
Finance costs	4	(13)	–	(13)	(16)	–	(16)
Profit on disposal of associate		–	–	–	–	16	16
Profit before tax		286	(87)	199	263	(13)	250
Taxation	5	(78)	7	(71)	(65)	(5)	(70)
Profit from continuing operations		208	(80)	128	198	(18)	180
Profit/(loss) from discontinued operations		–	9	9	–	(2)	(2)
Profit for the period attributable to shareholders of the Company		208	(71)	137	198	(20)	178
Earnings per share	8						
<i>Continuing operations and discontinued operations</i>							
Basic earnings per share				48.7p			62.9p
Diluted earnings per share				48.2p			62.3p
<i>Continuing operations only</i>							
Basic earnings per share				45.5p			63.6p
Diluted earnings per share				45.0p			63.0p
Non-GAAP performance measures	7,8						
Trading profit		324			310		
EBITDA before exceptional items		384			374		
Profit before tax, exceptional items and the amortisation of acquired intangibles		313			295		
Headline earnings per share		80.7p			77.7p		
Headline diluted earnings per share		79.9p			77.0p		

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

Condensed Group statement of comprehensive income (unaudited)

Half year to 31 January 2013

Half year to 31 January	2013 £m	2012 £m
Profit for the period	137	178
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
<i>Exchange differences on translation of foreign operations</i>		
Exchange gain/(loss) on translation of overseas operations	108	(49)
Exchange loss on translation of borrowings and derivatives designated as hedges of overseas operations	(18)	(7)
Items that will not be reclassified to profit or loss:		
<i>Retained earnings</i>		
Actuarial losses on retirement benefit plans	(93)	(62)
Tax on actuarial losses on retirement benefit plans	20	20
Other comprehensive income/(expense) for the period	17	(98)
Total comprehensive income for the period attributable to shareholders of the Company	154	80

Condensed Group statement of changes in equity (unaudited)

Half year to 31 January 2013

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

For the half year to 31 January 2012	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Reserves		Total equity £m
					Own shares £m	Profit and loss account £m	
Total comprehensive income	–	–	(56)	–	–	136	80
New share capital subscribed	–	1	–	–	–	–	1
Credit to equity for share-based payments	–	–	–	–	–	10	10
Dividends paid	–	–	–	–	–	(85)	(85)
Net addition to/(reduction in) shareholders' equity	–	1	(56)	–	–	61	6
Opening shareholders' equity	28	6	380	(2)	(78)	3,042	3,376
Closing shareholders' equity	28	7	324	(2)	(78)	3,103	3,382

Condensed Group balance sheet (unaudited)

As at 31 January 2013

As at 31 July 2012 £m	Notes	As at 31 January 2013 £m	As at 31 January 2012 £m
Assets			
Non-current assets			
860 Intangible assets: goodwill	9	935	1,228
300 Intangible assets: other acquired intangibles and software	9	313	351
1,195 Property, plant and equipment	9	1,204	1,211
3 Financial assets: available-for-sale investments		3	3
203 Deferred tax assets		205	208
144 Trade and other receivables		141	131
58 Derivative financial assets		51	62
2,763		2,852	3,194
Current assets			
1,606 Inventories		1,725	1,648
1,875 Trade and other receivables		1,856	1,792
20 Current tax receivable		37	4
14 Derivative financial assets		23	14
6 Financial receivables: construction loans (secured)		3	16
813 Cash and cash equivalents		314	347
4,334		3,958	3,821
43 Assets held for sale		23	304
7,140 Total assets		6,833	7,319
Liabilities			
Current liabilities			
2,241 Trade and other payables		1,959	1,936
98 Current tax payable		96	74
106 Bank loans and overdrafts		76	131
10 Obligations under finance leases		13	11
82 Provisions	10	87	110
29 Retirement benefit obligations		34	27
2,566		2,265	2,289
Non-current liabilities			
76 Trade and other payables		92	74
681 Bank loans		1,122	709
43 Obligations under finance leases		48	42
140 Deferred tax liabilities		134	153
161 Provisions	10	156	175
329 Retirement benefit obligations		284	324
1,430		1,836	1,477
11 Liabilities held for sale		–	171
4,007 Total liabilities		4,101	3,937
3,133 Net assets		2,732	3,382
Equity attributable to shareholders of the Company			
28 Share capital		28	28
19 Share premium		21	7
3,086 Reserves		2,683	3,347
3,133 Shareholders' equity		2,732	3,382

Condensed Group cash flow statement (unaudited)

Half year to 31 January 2013

Half year to 31 January	Notes	2013 £m	2012 £m
Cash flows from operating activities			
Cash (used by)/generated from operations	12	(116)	110
Interest received		2	1
Interest paid		(14)	(9)
Tax paid		(100)	(28)
Net cash (used by)/generated from operating activities		(228)	74
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)	14	(101)	(31)
Disposals of businesses (net of cash disposed of)	15	12	150
Purchases of property, plant and equipment		(45)	(58)
Proceeds from sale of property, plant and equipment and assets held for sale		14	25
Purchases of intangible assets		(5)	(6)
Proceeds from disposal of investment in associate		–	16
Net cash (used by)/generated from investing activities		(125)	96
Cash flows from financing activities			
Proceeds from the issue of shares to shareholders		2	1
Purchase of shares by Employee Benefit Trusts		(110)	–
Proceeds from the issue of shares by Employee Benefit Trusts		5	–
Proceeds from borrowings		435	40
Repayments of borrowings and derivatives		(33)	(123)
Finance lease capital payments		(5)	(5)
Dividends paid to shareholders	6	(462)	(85)
Net cash used by financing activities		(168)	(172)
Net cash used	13	(521)	(2)
Cash transferred to disposal groups held for sale		–	(3)
Effects of exchange rate changes		(1)	(17)
Net decrease in cash, cash equivalents and bank overdrafts		(522)	(22)
Cash, cash equivalents and bank overdrafts at the beginning of the period		774	332
Cash, cash equivalents and bank overdrafts at the end of the period	13	252	310

Notes to the condensed interim financial statements

Half year to 31 January 2013

1. Basis of preparation

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

The condensed interim financial statements for the six months ended 31 January 2013 were approved by the Board of Directors on 25 March 2013. The condensed 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 European Union.

The condensed interim financial statements have been prepared on a going concern basis. The Directors of the Company 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 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 2012.

There are no new standards effective for the current financial period which have had a material impact on the condensed interim financial statements.

The condensed interim financial statements are unaudited. The financial information for the year ended 31 July 2012 does not constitute the Group's statutory financial statements. The Group's statutory financial statements for that year have been filed with the Jersey Registrar of Companies and received an unqualified auditor's report.

2. Segmental analysis

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

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

Revenue by reportable segment is as follows:

	2013 £m	2012 £m
USA	3,189	2,966
Canada	440	426
UK	853	1,047
Nordic	934	1,098
France	506	927
Central Europe	354	377
Group	6,276	6,841

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

	Trading profit/(loss) £m	Exceptional items £m	Amortisation of acquired intangibles £m	Operating profit/(loss) £m
USA	223	–	(9)	214
Canada	28	–	–	28
UK	45	5	(1)	49
Nordic	39	(17)	(17)	5
France	(7)	(73)	–	(80)
Central Europe	18	(2)	–	16
Central and other costs	(22)	–	–	(22)
Group	324	(87)	(27)	210
Finance income				2
Finance costs				(13)
Profit before tax				199

Notes to the condensed interim financial statements

Half year to 31 January 2013

2. Segmental analysis (continued)

Trading profit/(loss) (note 7) and operating profit/(loss) by reportable segment for the half year to 31 January 2012 are as follows:

	Trading profit/(loss) £m	Exceptional items £m	Amortisation and impairment of acquired intangibles £m	Operating profit/(loss) £m
USA	173	(2)	(10)	161
Canada	25	–	–	25
UK	44	(25)	(1)	18
Nordic	47	(2)	(20)	25
France	16	–	(1)	15
Central Europe	20	–	–	20
Central and other costs	(15)	–	–	(15)
Group	310	(29)	(32)	249
Finance income				1
Finance costs				(16)
Profit on disposal of associate				16
Profit before tax				250

The change in revenue and trading profit between the periods ended 31 January 2012 and 31 January 2013 are analysed in the following tables into the effects of changes in exchange rates, disposals and acquisitions with the remainder being organic change.

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

Analysis of change in revenue	2012 £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2013 £m
USA	2,966	(36)	–	71	188	3,189
Canada	426	4	–	–	10	440
UK	1,047	–	(197)	–	3	853
Nordic	1,098	(47)	(51)	7	(73)	934
France	927	(56)	(302)	–	(63)	506
Central Europe	377	(23)	–	–	–	354
Group	6,841	(158)	(550)	78	65	6,276

Analysis of change in trading profit (note 7)	2012 £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2013 £m
USA	173	(2)	–	5	47	223
Canada	25	–	–	–	3	28
UK	44	–	(1)	–	2	45
Nordic	47	(1)	(1)	–	(6)	39
France	16	(1)	(4)	–	(18)	(7)
Central Europe	20	(2)	–	–	–	18
Central and other costs	(15)	–	–	–	(7)	(22)
Group	310	(6)	(6)	5	21	324

Notes to the condensed interim financial statements

Half year to 31 January 2013

2. Segmental analysis (continued)

A number of Group entities have been disposed of or classified as held for sale in the half year 31 January 2013 and the year ended 31 July 2012. The revenue and trading profit of the Group's segments excluding those entities ("ongoing segments") is analysed in the following table. The comparative figures for 2012 have been restated to reflect disposals after 31 January 2012. This is non-GAAP information.

Half year to 31 January	Revenue		Trading profit/(loss)	
	2013 £m	2012 £m	2013 £m	2012 £m
Ongoing segments				
USA	3,189	2,966	223	173
Canada	440	426	28	25
UK	853	850	45	44
Nordic	934	1,044	39	46
France	506	606	(7)	8
Central Europe	354	377	18	20
Central and other costs	–	–	(22)	(15)
	6,276	6,269	324	301
Entities disposed of or classified as held for sale	–	572	–	9
Group	6,276	6,841	324	310

3. Exceptional items

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

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

Half year to 31 January	2013 £m	2012 £m
Staff redundancy costs	(10)	–
Asset write-downs, disposals, onerous lease provisions and other related costs	(83)	–
	(93)	–
France – unauthorised payments	(10)	–
Profit/(loss) on disposal or closure of businesses and revaluations of disposal groups	16	(29)
Total included in operating profit	(87)	(29)

An exceptional profit of £9 million has been credited to discontinued operations reflecting the release of a provision of £14 million recorded on the disposal of Stock Building Supply in 2009 offset by a related deferred tax charge of £5 million.

Notes to the condensed interim financial statements

Half year to 31 January 2013

4. Finance costs

Half year to 31 January	2013 £m	2012 £m
Interest payable		
– Bank loans and overdrafts	12	6
– Finance lease charges	1	2
Discount charge on receivables funding arrangements	–	1
Net pension finance cost	1	4
Valuation (gains)/losses on financial instruments		
– Derivatives held at fair value through profit and loss	(1)	(12)
– Loans in a fair value hedging relationship	–	15
Total finance costs	13	16

5. Taxation

The tax charge on ordinary activities for the half year has been calculated by applying the expected full year rate to the half year results with specific adjustments for items that distort the rate (intangibles, exceptional items and share options). The tax charge for the period comprises:

Half year to 31 January	2013 £m	2012 £m
Current period tax charge	78	30
Adjustments to tax charge in respect of prior years	–	(4)
Total current tax charge	78	26
Deferred tax (credit)/charge: origination and reversal of temporary differences	(7)	44
Total tax charge	71	70

6. Dividends

Half year to 31 January	2013		2012	
	£m	Pence per share	£m	Pence per share
Amounts recognised as distributions to equity shareholders:				
Final dividend for the year ended 31 July 2011	–	–	85	30p
Final dividend for the year ended 31 July 2012	114	40p	–	–
Special dividend (note 11)	348	122p	–	–
Dividends paid	462	162p	85	30p

An interim dividend of 22 pence per share is proposed (2012: 20 pence).

Notes to the condensed interim financial statements

Half year to 31 January 2013

7. Non-GAAP performance measures

Trading profit is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles. It is a non-GAAP measure. The Group considers that trading profit, and other performance measures based on it, including EBITDA before exceptional items, present valuable additional information to users of the condensed interim financial statements.

Half year to 31 January	2013 £m	2012 £m
Operating profit	210	249
Add back: amortisation of acquired intangibles	27	32
Add back: exceptional items in operating profit	87	29
Trading profit	324	310
Depreciation and amortisation of property, plant and equipment and software excluding exceptional items in operating profit	60	64
EBITDA before exceptional items	384	374
Profit before tax	199	250
Add back: amortisation of acquired intangibles	27	32
Add back: exceptional items	87	13
Profit before tax, exceptional items and the amortisation of acquired intangibles	313	295
Tax expense	(71)	(70)
Add back: deferred tax credit on the amortisation of acquired intangibles	(8)	(10)
Add back: tax (credit)/charge on exceptional items	(7)	5
Adjusted tax expense	(86)	(75)
Profit from continuing operations	128	180
Add back: amortisation of acquired intangibles after tax	19	22
Add back: exceptional items after tax	80	18
Headline profit after tax from continuing operations	227	220

Applying the adjusted tax charge of £86 million to the profit before tax, exceptional items and the amortisation of acquired intangibles of £313 million gives an effective tax rate of 27% (2012: 25%).

8. Earnings per share

Half year to 31 January	2013			2012		
	Earnings £m	Basic earnings per share Pence	Diluted earnings per share Pence	Earnings £m	Basic earnings per share Pence	Diluted earnings per share Pence
Headline profit after tax from continuing operations (note 7)	227	80.7	79.9	220	77.7	77.0
Exceptional items (net of tax)	(80)	(28.4)	(28.2)	(18)	(6.3)	(6.3)
Amortisation of acquired intangibles (net of tax)	(19)	(6.8)	(6.7)	(22)	(7.8)	(7.7)
Profit from continuing operations	128	45.5	45.0	180	63.6	63.0
Discontinued operations	9	3.2	3.2	(2)	(0.7)	(0.7)
Profit from continuing and discontinued operations	137	48.7	48.2	178	62.9	62.3

The weighted average number of ordinary shares in issue during the period, excluding those held by Employee Benefit Trusts, was 281.3 million (2012: 283.0 million). The impact of all potentially dilutive share options on earnings per share would be to increase the weighted average number of shares in issue to 284.2 million (2012: 285.7 million).

Notes to the condensed interim financial statements

Half year to 31 January 2013

9. Property, Plant and Equipment 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 2012	860	273	27	1,195	2,355
Additions	–	–	5	49	54
Acquisition of businesses	57	24	–	21	102
Disposals	–	–	–	(2)	(2)
Reclassified as held for sale	–	–	–	(13)	(13)
Depreciation and amortisation	–	(27)	(5)	(55)	(87)
Impairment charge	–	–	–	(46)	(46)
Exchange rate adjustment	18	16	–	55	89
Net book value at 31 January 2013	935	286	27	1,204	2,452

10. Provisions

	Environmental and legal £m	Wolseley Insurance £m	Restructuring £m	Other provisions £m	Total £m
At 1 August 2012	65	46	48	84	243
Utilised in the period	–	(6)	(7)	(3)	(16)
Amortisation of discount	(4)	–	–	–	(4)
Charge/(credit) for the period	5	11	4	(14)	6
Unearned premium	–	9	–	–	9
Acquisition of businesses	1	–	–	2	3
Exchange rate adjustment	–	–	1	1	2
At 31 January 2013	67	60	46	70	243
Current	16	28	23	20	87
Non-current	51	32	23	50	156

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

The environmental and legal provision includes £51 million (31 July 2012: £52 million) for the estimated liability for asbestos litigation on a discounted basis. This amount has been actuarially determined as at 31 January 2013 based on advice from independent professional advisers. The Group has insurance that it currently believes is sufficient cover for the estimated liability and accordingly an equivalent insurance receivable has been recorded in other receivables. Based on current estimates, the amount of performing insurance cover available significantly exceeds the expected level of future claims and no material profit or cash flow impact is therefore expected to arise in the foreseeable future.

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

11. Share capital

Following approval at the Annual General Meeting held on 29 November 2012 and in connection with the special dividend also approved, a share consolidation under which shareholders received 22 new ordinary shares of 10 5/11 pence for every 23 existing ordinary shares of 10 pence each, became effective on 10 December 2012. The share consolidation resulted in the number of ordinary shares in issue decreasing by 12,454,055 shares. There were 274,001,644 ordinary shares in issue at 31 January 2013.

Notes to the condensed interim financial statements

Half year to 31 January 2013

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

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

Half year to 31 January	2013 £m	2012 £m
Profit for the period	137	178
Net finance costs	11	15
Profit on disposal of associate	–	(16)
Tax expense	71	70
(Profit)/loss on disposal and closure of businesses and revaluation of disposal groups	(25)	31
Depreciation and impairment of property, plant and equipment	101	58
Amortisation and impairment of non-acquired intangibles	5	6
Profit on disposal of property, plant and equipment	–	(2)
Impairment of assets held for sale	9	–
Amortisation of acquired intangibles	27	32
Increase in inventories	(72)	(77)
Decrease in trade and other receivables	65	150
Decrease in construction loan receivables	3	12
Decrease in trade and other payables	(335)	(279)
Special contributions to UK pension scheme	(125)	(60)
Increase/(decrease) in provisions and other liabilities	2	(18)
Share-based payments	10	10
Cash (used by)/generated from operations	(116)	110

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

Half year to 31 January	2013 £m	2012 £m
Trading profit	324	310
Exceptional items in operating profit	(87)	(29)
(Profit)/loss on disposal and closure of businesses and revaluation of disposal groups	(16)	29
Depreciation and impairment of property, plant and equipment	101	58
Amortisation and impairment of non-acquired intangibles	5	6
Profit on disposal of property, plant and equipment	–	(2)
Impairment of assets held for sale	9	–
Increase in inventories	(72)	(77)
Decrease in trade and other receivables	65	150
Decrease in construction loan receivables	3	12
Decrease in trade and other payables	(335)	(279)
Special contributions to UK pension scheme	(125)	(60)
Increase/(decrease) in provisions and other liabilities	2	(18)
Share-based payments	10	10
Cash (used by)/generated from operations	(116)	110

Notes to the condensed interim financial statements

Half year to 31 January 2013

13. Reconciliation of opening to closing net debt

	1 August 2012 £m	Cash flows £m	New finance leases £m	Acquisitions £m	Fair value and other adjustments £m	Exchange movement £m	31 January 2013 £m
Cash and cash equivalents	813						314
Bank overdrafts	(39)						(62)
	774	(521)	–	–	–	(1)	252
Derivative financial instruments	72	(17)	–	–	20	(1)	74
Bank loans	(748)	(385)	–	–	7	(10)	(1,136)
Obligations under finance leases	(53)	5	(7)	(3)	–	(3)	(61)
Net (debt)/cash	45	(918)	(7)	(3)	27	(15)	(871)

14. Acquisitions

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

		Country of incorporation	% acquired
Power Equipment Direct Inc.	September 2012	USA	100%
Davis and Warshow, Inc.	October 2012	USA	100%
Certain trade and assets of Burdens	November 2012	UK	100%
Certain trade and assets of Discount Heating	January 2013	UK	100%

Details of the assets and liabilities acquired and the consideration for all acquisitions in the period are as follows:

	Book values acquired £m	Fair value adjustments £m	Provisional fair values acquired £m
Intangible fixed assets			
– Customer relationships	–	7	7
– Trade names and brands	–	10	10
– Other	–	7	7
Property, plant and equipment	22	(1)	21
Inventories	23	(4)	19
Receivables	15	–	15
Cash, cash equivalents and bank overdrafts	4	–	4
Finance leases	(3)	–	(3)
Payables	(16)	5	(11)
Current and deferred tax	(1)	(2)	(3)
Provisions	(3)	–	(3)
Total	41	22	63
Goodwill arising			57
Consideration			120
Satisfied by:			
Cash			101
Deferred consideration			19
Total consideration			120

Notes to the condensed interim financial statements

Half year to 31 January 2013

14. Acquisitions (continued)

The fair value adjustments for the period ended 31 January 2013 are provisional figures, being the best estimates currently available. Further adjustments to goodwill may be necessary when additional information is available concerning some of the judgmental areas.

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

The acquisitions contributed £53 million to revenue, £3 million to trading profit and £2 million loss to the Group's operating profit for the period between the date of acquisition and the balance sheet date. It is not practicable to disclose profit before and after tax, as the Group manages its borrowings as a portfolio and cannot attribute an effective borrowing rate to an individual acquisition.

If each acquisition had been completed on the first day of the financial year, Group revenue would have been £6,349 million and Group trading profit would have been £325 million. It is not practicable to disclose profit before tax or profit attributable to equity shareholders, as stated above. It is not practicable to disclose operating profit as the Group cannot estimate the amount of intangible assets that would have been acquired at a date other than the acquisition date.

The net outflow of cash in respect of the acquisition of businesses is as follows:

	2013 £m
Purchase consideration	101
Deferred and contingent consideration paid in the period	4
Cash consideration	105
Cash, cash equivalents and bank overdrafts acquired	(4)
Net cash outflow in respect of the purchase of businesses	101

15. Disposals

In the half year to 31 January 2013 the Group disposed of Woodcote, a building materials distribution business operating in Eastern Europe, and HT Bendix, a small business in Denmark.

Total assets and liabilities disposed of amounted to £6 million and consideration received, net of disposal costs, was £12 million. In addition there has been a provision release of £10 million relating to a prior year disposal.

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

	2013 £m
Cash consideration received	13
Cash, cash equivalents and bank overdrafts disposed	1
Disposal costs paid	(1)
Payments made to settle liabilities for prior year disposals	(1)
Net cash inflow in respect of the disposal of businesses	12

16. Related party transactions

There are no material related party transactions requiring disclosure under IAS 24, Related Party Disclosures, other than compensation of key management personnel which will be disclosed in the Group's Annual Report for the year ending 31 July 2013.

Notes to the condensed interim financial statements

Half year to 31 January 2013

17. Contingent liabilities

Group companies are, from time to time, subject to certain claims and litigation arising in the normal course of business in relation to, among other things, the suitability of products, contract and commercial disputes and disputes with employees. Provision is made if, on the basis of current information and professional advice, liabilities are considered likely to arise. In the case of unfavourable outcomes the Group may benefit from applicable insurance recoveries. Certain claims arise as a result of the unintentional supply of defective products and these claims are usually the responsibility of the manufacturer, though defence and other costs may also be incurred by the Group.

Mislabelled gaskets

In December 2011 the Group's US business wrote to a number of customers in the USA and Canada in relation to the unintentional supply of gaskets which were mislabelled by a former supplier, Lortech Rubber Inc. of Canada, as being non-asbestos. A number of customers had found asbestos in gaskets above the level at which they can be classified as non-asbestos. Independent expert advice confirmed that there was no health or safety risk arising from the handling, installation and use of the gaskets. Well-established protocols are maintained by the US Occupational Safety and Health Administration to ensure the safe removal of all types of gaskets. The performance of the gaskets is not affected and the expert advice is to leave the gaskets in place until the end of their lives. The supply of these products in the USA and Canada is legal. No significant product liability claims have arisen from this matter to date.

Warranties and guarantees in relation to business disposals

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

Outcome

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

18. Exchange rates

Exchange rates (equivalent to £1)	2013	2012
US Dollar		
Income statement (rate for the six months to 31 January)	1.60	1.58
Balance sheet (rate at 31 January)	1.59	1.58
Balance sheet (rate at 31 July)		1.57
Euro		
Income statement (rate for the six months to 31 January)	1.24	1.16
Balance sheet (rate at 31 January)	1.17	1.20
Balance sheet (rate at 31 July)		1.27
Danish Krone		
Income statement (rate for the six months to 31 January)	9.23	8.67
Balance sheet (rate at 31 January)	8.71	8.96
Balance sheet (rate at 31 July)		9.48
Canadian Dollar		
Income statement (rate for the six months to 31 January)	1.58	1.60
Balance sheet (rate at 31 January)	1.58	1.58
Balance sheet (rate at 31 July)		1.57
Swiss Franc		
Income statement (rate for the six months to 31 January)	1.50	1.40
Balance sheet (rate at 31 January)	1.44	1.45
Balance sheet (rate at 31 July)		1.53

Independent review report to Wolseley plc

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 2013, 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 2013 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
25 March 2013
London

Notes:

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

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