WOLSELEY PLC

RESILIENT FIRST HALF PERFORMANCE, ON TRACK FOR THE FULL YEAR

Results for the half year ended 31 January 2016

£m	H1 2016	H1 2015	Change	Change (at constant exchange rates)	Like-for-like Change [3]
Ongoing [1] revenue	6,795	6,418	+5.9%	+4.6%	+2.7%
Ongoing trading profit [2]	410	390	+5.1%	+2.3%	
Profit before tax	367	103			
Headline earnings per share [2]	110.2p	103.6p	+6.4%		
Net debt	1,253	1,221			
Ordinary dividend per share	33.28p	30.25p	+10.0%		

Financial highlights

- Revenue of the ongoing businesses 5.9% ahead of last year.
- Gross margin ahead of last year at 28.3% (2015: 27.9%).
- Trading profit of the ongoing businesses £410 million, 5.1% ahead of last year.
- Good cash generation from operations with net debt of £1,253 million after dividends of £154 million and share buybacks of £162 million in the first half.
- Interim dividend of 33.28 pence per share, an increase of 10.0%.
- After a low point in November, like-for-like revenue growth over the subsequent three month period to 29 February 2016 improved to 3.2% for the Group and 5.7% in the USA.

Operating and corporate highlights

- Continued growth and market share gains in the USA in good commercial and residential markets, partly offset by weak industrial markets.
- Improved performance in the Nordics with continuing focus on rebuilding profitability.
- Tight cost control and restructuring initiated in a challenging UK market. £15 million of restructuring costs committed in the second half.
- Strong growth of e-commerce, now 14% of Group revenue.
- Completed six bolt-on acquisitions with annualised revenue of £115 million and two further acquisitions since the period end with annualised revenue of £13 million.
- Disposal of French Building Materials activities completed on 7 March 2016.

1) *"Ongoing businesses" excludes businesses that have been closed, disposed of or classified as held for sale.*
2) *Before exceptional items and the amortisation and impairment of acquired intangibles. For headline earnings per share, also before non-recurring tax items.*
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 Group delivered a resilient trading performance in the first half, despite mixed market conditions and sustained deflationary headwinds. Growth was driven by good commercial and residential markets for Ferguson in the USA, partly offset by weak industrial markets and price deflation. In the UK, repairs, maintenance and improvement (RMI) and social housing markets were challenging and we are stepping up cost control initiatives. Nordic construction markets improved and we continue to focus on growing profitability. Our strong cash flow has allowed us to continue to invest in our business for future growth, as well as to return surplus cash to our shareholders."

"Market conditions remain mixed across the Group and we will therefore continue to invest in profitable growth where conditions are favourable and take actions to reduce our cost base and protect our profitability in weaker markets. After a low point in November, like-for-like revenue growth over the subsequent three month period to 29 February 2016 improved to 3.2 per cent for the Group and 5.7 per cent in the USA. At current exchange rates, we expect Group trading profit for the ongoing businesses for the full year to be in line with the current consensus of analyst expectations."

For further information please contact

Wolseley plc

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There will be an analyst and investor presentation at 0830 (UK time) today at the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS. A live video webcast and slide presentation of this event will be available on www.wolseley.com. We recommend you register at 0815 (UK time). Photographs are available at www.newscast.co.uk.

RESULTS FOR THE HALF YEAR ENDED 31 JANUARY 2016

Group results

The Group delivered a resilient trading performance in challenging market conditions. Residential and commercial markets account for 70% of revenue in the US and these held up well in the first half. Industrial markets in the USA and Canada, however, remained challenging as a result of lower oil prices and the impact of the strong dollar on US domestic manufacturing. The new residential construction market grew modestly in the Nordics although the heating market in the UK remained weak.

Revenue of £6,795 million from the ongoing businesses (2015: £6,418 million) was 5.9% ahead and 2.7% ahead on a like-for-like basis against strong prior year comparatives. Price deflation in the USA, UK and Central Europe reduced Group revenue by 1.4%. Gross margins in the ongoing businesses of 28.3% (2015: 27.9%) were ahead of last year as we continued to focus on improving our purchasing terms and the mix of customers, products and suppliers. Operating expenses in the ongoing business were 7% higher at constant exchange rates including 3% from acquisitions.

Trading profit in the ongoing businesses was £410 million (2015: £390 million), 5.1% ahead of last year. The trading margin for the ongoing business was 6.0% (2015: 6.1%). There was one fewer trading day than last year which reduced trading profit by about £6 million. There will be the same number of trading days in the second half as there were in the comparable period. Foreign exchange movements increased reported revenue by £78 million and trading profit by £11 million. At exchange rates of $1.45 and €1.28, trading profit in the second half last year would have been £22 million higher.

We invested £62 million in acquisitions with annualised revenue of £115 million. We have completed two further acquisitions since the period end with annualised revenue of £13 million. The normal amortisation charge in relation to the Group's acquired intangibles was £24 million (2015: £31 million).

Net finance costs were £20 million (2015: £18 million). The effective tax rate on ongoing trading profit less net finance costs was 27.9% (2015: 28.1%).

Profit before tax of £367 million compared to £103 million in the same period last year which included a significant impairment charge.

The remaining French business, which was sold after the end of the period, was classified as discontinued last year and generated revenue of £207 million (2015: £313 million), trading profit of £2 million (2015: trading loss of £11 million) and an exceptional gain of £1 million, which comprised an additional asset impairment of £8 million and a £9 million gain on disposal of properties.

Headline earnings per share were 110.2 pence (2015: 103.6 pence) an increase of 6.4%, reflecting the growth in trading profit and the reduction in share count as a result of the buyback. Basic earnings per share from continuing operations were 103.5 pence (2015: 4.6 pence).

Operating and financial review

Further details of the financial performance and market conditions in the Group's ongoing businesses and the reconciliation to reported results are set out below.

First half regional analysis

£m	Revenue 2015	Revenue 2016	Change (at constant exchange rates)	Trading profit 2015	Trading profit 2016	Change (at constant exchange rates)
USA	3,912	**4,381**	+6.5%	311	**345**	+5.5%
UK	984	**996**	+1.2%	43	**34**	(20.9%)
Nordic	935	**885**	+3.2%	22	**23**	+14.5%
Canada	372	**329**	(0.5%)	23	**17**	(16.7%)
Central Europe	215	**204**	(2.7%)	14	**13**	(2.7%)
Central and other costs				(23)	**(22)**	
Ongoing businesses	6,418	**6,795**	+4.6%	390	**410**	+2.3%
Closed, disposed of or held for sale	24	**-**		(1)	**-**	
Group	6,442	**6,795**		389	**410**	

Quarterly like-for-like revenue growth

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
USA	+12.4%	+11.1%	+8.3%	+7.1%	+4.5%	**+4.0%**
UK	+0.5%	+3.4%	+7.6%	+3.1%	(1.1%)	**(2.9%)**
Nordic	+1.9%	+5.4%	+8.8%	+6.4%	+5.5%	**+2.4%**
Canada	+3.6%	+3.1%	(1.9%)	(5.8%)	(3.7%)	**+0.6%**
Central Europe	(7.0%)	+4.6%	+1.0%	(3.4%)	(1.2%)	**(5.0%)**
Ongoing businesses	+7.5%	+8.4%	+7.5%	+5.4%	+3.2%	**+2.3%**

USA (80% of ongoing Group trading profit)

Ferguson, our US plumbing and heating business, grew revenue by 4.3% on a like-for-like basis, against a very strong prior year comparative of 11.7%. Price deflation was 2.0%. Acquisitions contributed 2.1% of additional revenue growth. Residential and commercial markets (both new build and RMI) continued to grow steadily. Blended Branches continued to grow well across all regions from a combination of growing markets and good market share gains. Industrial markets, which represented about 15% of Ferguson's revenues last year, continued to be impacted by a weak oil and gas sector and the strong US dollar. The B2C e-commerce business grew very strongly. Fire and Fabrication and HVAC both generated good growth with Waterworks growing more modestly against strong prior year comparatives. We gained market share in all of our major businesses. Monthly like-for-like revenue growth rates have recovered from a low point in November to 5.7% in the three month period to 29 February 2016.

We increased gross margins and operating expense growth was 9% at constant exchange rates, including 2% from acquisitions, as we continued to invest in infrastructure and technology to support future growth. Exchange rate movements were favourable and increased trading profit by £16 million. Trading profit of £345 million (2015: £311 million) was 5.5% ahead of last year at constant exchange rates. The trading margin was 7.9%, consistent with last year.

Six bolt-on acquisitions were completed in the period with total annualised revenues of £115 million. These included three regional fire and fabrication businesses: Central Pipe and Supply, Action Fire and Fab and Atlantic American. We also acquired Living Direct, an online appliance business, Renwes an appliance retailer based in Orange County California and PCS Industries, a commercial MRO distributor based in Chicago, Illinois.

UK (8% of ongoing Group trading profit)

Like-for-like revenue in the UK was 2.0% lower, including price deflation of 1.4%. Acquisitions made last year contributed a further 4.0% to revenue growth. Despite some growth in the new build market, RMI markets, where we generate the majority of our trading profit, declined in the first half. Non-housing RMI declined significantly, impacting our Pipe Center business which serves commercial and industrial end markets. In Plumbing and Heating we generated good growth in the smaller customer market, though revenue was slightly lower in the larger customer market.

Excluding acquisitions, gross margins were weaker and operating expenses were tightly controlled, in line with last year. Overall, we closed a net 10 branches in the first half and, excluding acquisitions, headcount was reduced by 1% since January 2015.

Trading profit of £34 million was £9 million lower than last year of which £4 million arose in Pipe Center, £2 million was attributable to one fewer workday and £3 million to additional investment in infrastructure and IT capabilities. We are continuing to lower our cost base appropriately and we have committed at least £15 million of restructuring costs, which in the second half will include headcount reductions and the closure or consolidation of branches.

The trading margin was 3.4% (2015: 4.4%).

Nordics (5% of ongoing Group trading profit)

In the Nordic region revenue was 4.2% ahead of last year on a like-for-like basis including price inflation of 0.8%. Market conditions improved steadily in Denmark and Sweden, and Finland recovered modestly. We gained or held market share in all countries. Gross margins were broadly consistent with last year, while the cost base growth was restricted to 2% at constant exchange rates, including £1 million from acquisitions and £1 million of one-off restructuring costs.

Headcount was tightly controlled and was 2% lower than January 2015. Trading profit of £23 million was £3 million (14.5%) ahead at constant exchange rates, and £1 million ahead after unfavourable exchange rate movements. The trading margin was 20 basis points ahead at 2.6%.

Canada (4% of ongoing Group trading profit)

In Canada like-for-like revenue was 1.8% lower due to the impact of oil and gas in the West. We achieved modest growth in Blended Branches, where we held market share, offset by a decline in Industrial and Waterworks. Gross margins were weaker as a result of competitive conditions. Operating expenses were tightly controlled and were consistent with last year at constant exchange rates before acquisitions. Trading profit of £17 million was £6 million behind last year, £3 million of which was due to unfavourable exchange rate movements and £1 million due to restructuring costs.

Since the end of the period we acquired two businesses with annualised revenues of £13 million including Medallion Pipe Supply, a single branch industrial pipes distributor based in Saskatoon, and Underground Specialties, a Waterworks business based in Ontario.

Headcount was well controlled, 4% lower than January 2015 excluding acquisitions. The trading margin was 5.2% (2015: 6.2%).

Central Europe (3% of ongoing Group trading profit)

Our plumbing and heating businesses in Switzerland and the Netherlands generated like-for-like revenue which was 3.1% lower. Reduced activity in the construction market and currency volatility in Switzerland was partly offset by better conditions in the Netherlands. Despite this we held market share in the region. Gross margins were ahead and operating expenses were reduced by 2% at constant exchange rates.

Trading profit in the ongoing business was £13 million (2015: £14 million) and the trading margin was 6.4% (2015: 6.5%).

Board and Management changes

In January 2016 we announced that Ian Meakins, Group CEO expects to retire on 31 August 2016 and that John Martin, Group CFO will succeed him. Simon Nicholls, currently CFO at Cobham plc, will join the Group later this year as Group CFO. Simon, a chartered accountant, has extensive operational and financial management experience running large multinational businesses. Following the retirement of Bob Morrison in January 2016, Kath Durrant was appointed as Group HR Director. Kath has broad international experience with large multinational businesses and was until recently the Group HR Director at Rolls-Royce plc.

Tax

The tax charge of £103 million comprises an underlying charge of £109m. The charge is net of the tax impact of the amortisation of acquired intangibles of £8 million and a £2m charge relating to prior periods. The underlying tax charge of £109 million represents an effective tax rate on ongoing trading profit less net finance costs of 27.9% (2015: 28.1%).

Cash flow

The Group generated EBITDA from continuing operations of £475 million (2015: £444 million). The Group experienced a normal seasonal outflow of working capital of £307 million (2015: £274 million). Acquisitions resulted in a cash outflow of £62 million and capital investment was £109 million (2015: £116 million). Interest and tax payments amounted to £106 million and dividends were £154 million (2015: £144 million).

Net debt

The Group's net debt at 31 January 2016 was £1,253 million (31 January 2015: £1,221 million). The Group has a strong liquidity position with credit facilities of £2.2 billion and aims to operate with investment grade credit metrics and with a net debt/EBITDA ratio of between 1x to 2x.

Shareholder returns

The Group generates attractive and sustainable financial returns for shareholders. An interim dividend of 33.28 pence per share (2015: 30.25 pence per share), an increase of 10%, will be paid on 29 April 2016 to shareholders on the register on 1 April 2016. Our investment priorities remain focused on achieving good organic growth, maintaining the ordinary dividend through the cycle and investing in bolt-on acquisitions that meet our stringent investment criteria. Any surplus cash after meeting these investment needs will be returned to shareholders. The Group has purchased 4.3 million shares for a total cost of £162 million at an average price of £37.39 under the share buyback programme announced last September.

Outlook

Market conditions remain mixed across the Group and we will therefore continue to invest in profitable growth where conditions are favourable and take actions to reduce our cost base and protect our profitability in weaker markets. After a low point in November, like-for-like revenue growth over the subsequent three month period to 29 February 2016 improved to 3.2 per cent for the Group and 5.7 per cent in the USA. At current exchange rates, we expect Group trading profit for the ongoing businesses for the full year to be in line with the current consensus of analyst expectations.

Principal risks and uncertainties

The principal risks and uncertainties which affect the Group are:

Pressure on margins	Wolseley's ability to maintain attractive profit margins can be affected by a range of factors. These include levels of demand and competition in our markets, the arrival of new competitors with new business models, the flexibility of the Group's cost base, changes in the costs of commodities or goods purchased, customer or supplier consolidation or manufacturers shipping directly to customers. There is a risk that the Company may not identify or respond effectively to changes in these factors. If it fails to do so, the amount of profit generated by the Company could be reduced.
New business models	To respond to changing customer needs the Group is introducing new business models. This will involve the development of e-commerce and other new technologies, creating new routes to market and making improvements in core processes. The implementation of these models is now well underway in many of our key markets and will continue for several years. The Group must successfully implement these changes without disrupting existing operations. The Group's ability to successfully execute these changes will affect its ability to grow profitably in the future.
Market conditions and growth	Market conditions in some of the Company's markets remain suppressed. In particular a material issue in US markets could significantly affect the Group's results. Market conditions are out of the Group's control and difficult to forecast.
Information security	Technology systems and data are fundamental to the future growth and success of the Group. These digital assets are threatened by increasingly sophisticated security threats, including hacking, viruses, "phishing" or inadvertent errors. Data breaches in other sectors indicate that such events are highly likely and difficult to prevent. Sensitive employee, customer or other data may be stolen and distributed or used illegally, leading to increased operating costs, litigation and fines or penalties. The technology systems on which our branches, distribution centres and e-commerce businesses rely may be disrupted for several hours or days. As a result, Wolseley could forego revenue or profit margins as we are unable to trade.
Litigation	The international nature of Wolseley's operations exposes it to the potential for litigation from third parties, with particular exposure in the USA. Wolseley's people, its product ranges and the terms it negotiates with its suppliers are fundamental to securing the profitable growth of the Group. Equally, it is in these areas where the potential risk of litigation may be greatest. Acquisitions and disposals and the restructuring of under-performing businesses may also give rise to litigation.
Governmental regulations	The Group's operations are affected by various statutes, regulations and laws in the countries and markets in which it operates. The amount of such regulation and the penalties can change. While the Group is not engaged in a highly regulated industry, it is subject to the laws governing businesses generally, including laws relating to competition, product safety, timber sourcing, data protection, labour and employment practices, accounting and tax standards, international trade, fraud, bribery and corruption, land usage, the environment, health and safety, transportation, payment terms and other matters. 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. Breach of any legal or regulatory requirement could result in significant fines and penalties, and damage to the Company's reputation.

Business continuity The continued operation of important physical assets, such as branches, showrooms, distribution centres and offices is threatened by natural and man-made perils. For example, some of the Group's physical assets are located in areas exposed to natural catastrophe risks, such as earthquakes, hurricanes or severe storms. The nature of our operations and the products we distribute can give rise to fire hazards. The loss of a major site, such as a large distribution centre, could interrupt our business operations. This might lead to loss of revenue, increased operating costs and lower profit margins.

The Company faces many other risks which, although important and subject to regular review, have been assessed as less significant and are not listed here.

Statement of directors' responsibilities

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Wolseley plc are listed in the Wolseley plc Annual Report and Accounts 2015. A list of current directors is maintained on the Wolseley plc website: www.wolseley.com

By order of the Board,

Ian K Meakins	**John W Martin**
Group Chief Executive	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 Continental Europe. Ongoing revenue for the year ended 31 July 2015 was £13,300 million and ongoing trading profit was £857 million. Wolseley has about 38,000 employees and is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies. For more information, please visit www.wolseley.com or follow us on Twitter https://twitter.com/wolseleyplc.

2. Financial calendar

Wolseley will announce its Q3 IMS for the period ending 30 April 2016 on 1 June 2016.

3. Timetable for the interim dividend

The timetable for payment of the interim dividend of 33.28 pence per share is as follows:

Ex dividend date:	31 March 2016
Record date:	1 April 2016
Payment date:	29 April 2016

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 2016 interim dividend, may do so by contacting Equiniti on 0871 384 2268 (or if outside the UK +44 (0) 121 415 7173). The last day for election for the proposed interim dividend is 8 April 2016 and any requests should be made in good time ahead of that date.

4. Notification of Home Member State

In accordance with DTR 6.4.2, the Company announces that its “home member state” (as defined for the purposes of the Financial Conduct Authority’s Disclosure Rules and Transparency Rules and the Transparency Directive) is the United Kingdom, being the location of its primary listing.

5. 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. They also cover 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, the Prospectus Rules, the Disclosure Rules and the Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to update publicly 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 2016

Half year to 31 January	Notes	2016 Before exceptional items £m	2016 Exceptional items (note 3) £m	2016 Total £m	2015 Before exceptional items £m	2015 Exceptional items (note 3) £m	2015 Total £m
Continuing operations							
Revenue	2	6,795	–	6,795	6,442	–	6,442
Cost of sales		(4,871)	–	(4,871)	(4,646)	–	(4,646)
Gross profit		1,924	–	1,924	1,796	–	1,796
Operating costs:							
amortisation of acquired intangibles		(24)	–	(24)	(31)	–	(31)
impairment of acquired intangibles	10	–	–	–	(245)	–	(245)
other		(1,514)	1	(1,513)	(1,407)	8	(1,399)
Operating costs		(1,538)	1	(1,537)	(1,683)	8	(1,675)
Operating profit	2	386	1	387	113	8	121
Finance costs	4	(20)	–	(20)	(13)	(5)	(18)
Profit before tax		366	1	367	100	3	103
Taxation	5	(103)	–	(103)	(86)	(5)	(91)
Profit for the period from continuing operations		263	1	264	14	(2)	12
Discontinued operations							
Profit/(loss) for the period from discontinued operations	6	2	1	3	(12)	(58)	(70)
Profit/(loss) for the period		265	2	267	2	(60)	(58)
Attributable to							
Shareholders of the Company		266	2	268	2	(60)	(58)
Non-controlling interest		(1)	–	(1)	–	–	–
Earnings/(loss) per share	9						
Continuing operations and discontinued operations							
Basic earnings/(loss) per share				104.6p			(22.3)p
Diluted earnings/(loss) per share				104.3p			(22.2)p
Continuing operations only							
Basic earnings per share				103.5p			4.6p
Diluted earnings per share				103.2p			4.6p

Non-GAAP performance measures	8,9		
Trading profit from ongoing operations		410	390
Trading loss from non-ongoing operations		–	(1)
Trading profit	2	410	389
EBITDA before exceptional items		475	444
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles		390	376
Headline earnings per share		110.2p	103.6p
Headline diluted earnings per share		109.8p	103.3p

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 2016

Half year to 31 January	2016 £m	2015 £m
Profit/(loss) for the period	267	(58)
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss:		
Exchange gain on translation of overseas operations	225	160
Exchange loss on translation of borrowings and derivatives designated as hedges of overseas operations	(39)	(67)
Cumulative currency translation differences on disposals	–	5
Items that will not be reclassified to profit or loss:		
Actuarial loss on retirement benefit plans	(16)	(114)
Income tax credit on retirement benefit plans	4	20
Other comprehensive income for the period	174	4
Total comprehensive income/(expense) for the period	441	(54)

Total comprehensive income/(expense) for the period attributable to:		
Continuing operations	439	51
Discontinued operations	2	(105)
Total comprehensive income/(expense) for the period	441	(54)

Condensed Group statement of changes in equity (unaudited)

Half year to 31 January 2016

For the half year to 31 January 2016	Notes	Share capital £m	Share premium £m	Reserves: Translation reserve £m	Reserves: Treasury shares £m	Reserves: Own shares £m	Reserves: Profit and loss account £m	Non-controlling interest £m	Total equity £m
Total comprehensive income/ (expense)		–	–	186	–	–	256	(1)	441
Purchase of own shares by Employee Benefit Trusts		–	–	–	–	(14)	–	–	(14)
Issue of own shares by Employee Benefit Trusts		–	–	–	–	16	(16)	–	–
Credit to equity for share-based payments		–	–	–	–	–	11	–	11
Tax on share based payments		–	–	–	–	–	(7)	–	(7)
Purchase of Treasury shares	14	–	–	–	(162)	–	–	–	(162)
Disposal of Treasury shares		–	–	–	2	–	(1)	–	1
Dividends paid	7	–	–	–	–	–	(154)	–	(154)
Net addition to/(reduction in) shareholders' equity		–	–	186	(160)	2	89	(1)	116
Opening shareholders' equity		29	42	117	(240)	(63)	2,715	7	2,607
Closing shareholders' equity		29	42	303	(400)	(61)	2,804	6	2,723

For the half year to 31 January 2015	Notes	Share capital £m	Share premium £m	Reserves: Translation reserve £m	Reserves: Treasury shares £m	Reserves: Own shares £m	Reserves: Profit and loss account £m	Total equity £m
Total comprehensive income/ (expense)		–	–	98	–	–	(152)	(54)
New share capital subscribed		–	1	–	–	–	–	1
Purchase of own shares by Employee Benefit Trusts		–	–	–	–	(15)	–	(15)
Issue of own shares by Employee Benefit Trusts		–	–	–	–	40	(37)	3
Credit to equity for share-based payments		–	–	–	–	–	11	11
Tax on share based payments		–	–	–	–	–	1	1
Purchase of Treasury shares	14	–	–	–	(214)	–	–	(214)
Dividends paid	7	–	–	–	–	–	(144)	(144)
Net addition to/(reduction in) shareholders' equity		–	1	98	(214)	25	(321)	(411)
Opening shareholders' equity		29	41	127	–	(93)	2,782	2,886
Closing shareholders' equity		29	42	225	(214)	(68)	2,461	2,475

Condensed Group balance sheet (unaudited)

As at 31 January 2016

As at 31 July 2015 £m		Notes	As at 31 January 2016 £m	As at 31 January 2015 £m
	Assets			
	Non-current assets			
816	Intangible assets: goodwill	10	904	810
195	Intangible assets: other	10	204	185
1,164	Property, plant and equipment	10	1,295	1,188
16	Financial assets		13	17
57	Retirement benefit assets	13	53	2
115	Deferred tax assets		99	161
172	Trade and other receivables		187	179
24	Derivative financial assets		22	28
2,559			2,777	2,570
	Current assets			
1,688	Inventories		1,882	1,727
1,915	Trade and other receivables		1,927	1,821
4	Current tax receivable		5	10
10	Derivative financial assets		10	13
1,105	Cash and cash equivalents	16	1,215	1,155
4,722			5,039	4,726
201	Assets held for sale	11	190	340
7,482	**Total assets**		8,006	7,636
	Liabilities			
	Current liabilities			
2,281	Trade and other payables		2,068	1,951
58	Current tax payable		78	87
1,001	Bank loans and overdrafts		958	1,145
4	Obligations under finance leases		4	4
1	Derivative financial liabilities		–	3
78	Provisions	12	82	74
8	Retirement benefit obligations	13	8	7
3,431			3,198	3,271
	Non-current liabilities			
125	Trade and other payables		139	119
913	Bank loans		1,513	1,238
25	Obligations under finance leases		25	27
53	Deferred tax liabilities		43	84
128	Provisions	12	134	152
64	Retirement benefit obligations	13	80	79
1,308			1,934	1,699
136	Liabilities held for sale	11	151	191
4,875	**Total liabilities**		5,283	5,161
2,607	**Net assets**		2,723	2,475
	Equity			
29	Share capital		29	29
42	Share premium account		42	42
2,529	Reserves		2,646	2,404
2,600	**Equity attributable to shareholders of the Company**		2,717	2,475
7	Non-controlling interest		6	–
2,607	**Total equity**		2,723	2,475

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

Condensed Group cash flow statement (unaudited)

Half year to 31 January 2016

Half year to 31 January	Notes	2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations	15	191	149
Interest paid		(17)	(18)
Tax paid		(89)	(106)
Net cash generated by operating activities		85	25
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)	17	(62)	(28)
Disposals of businesses (net of cash disposed)		1	39
Purchases of property, plant and equipment		(96)	(105)
Proceeds from sale of property, plant and equipment and assets held for sale		34	5
Purchases of intangible assets	10	(13)	(11)
Disposals of investments		4	–
Net cash used by investing activities		(132)	(100)
Cash flows from financing activities			
Proceeds from the issue of shares to shareholders		–	1
Purchase of shares by Employee Benefit Trusts		(14)	(15)
Purchase of Treasury shares	14	(162)	(214)
Proceeds from the sale of Treasury shares		1	–
Proceeds from the sale of shares by Employee Benefit Trusts		–	3
Proceeds from borrowings and derivatives		644	800
Repayments of borrowings		(288)	(259)
Finance lease capital payments		(1)	(4)
Dividends paid to shareholders	7	(154)	(144)
Net cash generated by financing activities		26	168
Net cash (used)/generated		(21)	93
Effects of exchange rate changes		37	(14)
Net increase in cash, cash equivalents and bank overdrafts		16	79
Cash, cash equivalents and bank overdrafts at the beginning of the period		256	167
Cash, cash equivalents and bank overdrafts at the end of the period		272	246

	Notes	2016 £m	2015 £m
Cash, cash equivalents and bank overdrafts at the end of the period in the condensed Group balance sheet	16	264	234
Cash and bank balances in assets held for sale	11	8	12
Cash, cash equivalents and bank overdrafts at the end of the period		272	246

Notes to the condensed interim financial statements

Half year to 31 January 2016

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 2016 were approved by the Board of Directors on 21 March 2016. The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and the 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, on the basis of current financial projections and facilities available and after considering sensitivities, that the Group has sufficient resources for its operational needs and 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 condensed interim financial statements are the same as those set out in the Group’s Annual Report and Accounts 2015.

The condensed Group balance sheet as at 31 January 2015 has been restated to present the cash pools on a gross basis. This has increased the cash balances and the bank loans and overdrafts at 31 January 2015 by £842 million.

No material new standards, amendments to standards or interpretations are effective in the period ending 31 July 2016.

The following standards have been published, but not yet applied:

IFRS 9 “Financial Instruments” – applicable from year ending 31 July 2019;

IFRS 15 “Revenue from Contracts with Customers” – applicable from year ending 31 July 2019; and

IFRS 16 “Leases” – applicable from year ending 31 July 2020.

The Board of Directors is assessing the impact that the adoption of these standards will have on the financial statements of the Group. No other issued standard or interpretation would have a material impact on the consolidated financial statements.

The condensed interim financial statements are unaudited. The financial information for the year ended 31 July 2015 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 auditors’ report.

At the AGM on 1 December 2015, Deloitte LLP was appointed as the Group’s statutory auditor. In this capacity, Deloitte LLP has reviewed these condensed interim financial statements.

2. Segmental analysis

The Group’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 for continuing operations is as follows:

	2016 £m	2015 £m
USA	4,381	3,919
UK	996	984
Nordic	885	936
Canada	329	388
Central Europe	204	215
Group	6,795	6,442

Notes to the condensed interim financial statements

Half year to 31 January 2016

2. Segmental analysis continued

Trading profit/(loss) (note 8) and operating profit/(loss) by reportable segment for continuing operations for the half year to 31 January 2016 are as follows:

	Trading profit/(loss) £m	Exceptional items £m	Amortisation of acquired intangibles £m	Operating profit/(loss) £m
USA	345	–	(15)	330
UK	34	1	(6)	29
Nordic	23	–	(2)	21
Canada	17	–	(1)	16
Central Europe	13	–	–	13
Central and other costs	(22)	–	–	(22)
Group	410	1	(24)	387
Finance costs				(20)
Profit before tax				367

Trading profit/(loss) (note 8) and operating profit/(loss) by reportable segment for continuing operations for the half year to 31 January 2015 are as follows:

	Trading profit/(loss) £m	Exceptional items £m	Amortisation and impairment of acquired intangibles £m	Operating profit/(loss) £m
USA	310	9	(11)	308
UK	43	1	(8)	36
Nordic	22	(1)	(257)	(236)
Canada	23	–	–	23
Central Europe	14	–	–	14
Central and other costs	(23)	(1)	–	(24)
Group	389	8	(276)	121
Finance costs				(18)
Profit before tax				103

The change in revenue and trading profit between the periods ended 31 January 2015 and 31 January 2016 is 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 of 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.

Notes to the condensed interim financial statements

Half year to 31 January 2016

2. Segmental analysis continued

Analysis of change in revenue	2015 £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2016 £m
USA	3,919	203	(7)	87	179	4,381
UK	984	–	–	39	(27)	996
Nordic	936	(78)	(1)	5	23	885
Canada	388	(42)	(14)	5	(8)	329
Central Europe	215	(5)	–	–	(6)	204
Group	6,442	78	(22)	136	161	6,795

Analysis of change in trading profit (note 8)	2015 £m	Exchange £m	Disposals £m	Acquisitions £m	Organic change £m	2016 £m
USA	310	16	1	–	18	345
UK	43	–	–	–	(9)	34
Nordic	22	(2)	–	–	3	23
Canada	23	(3)	–	1	(4)	17
Central Europe	14	–	–	–	(1)	13
Central and other costs	(23)	–	–	–	1	(22)
Group	389	11	1	1	8	410

In 2015 a number of Group entities or portfolios of branches were closed, disposed of or classified as held for sale. These are disclosed below. This disclosure does not include discontinued operations which are disclosed in note 6. The revenue and trading profit of the Group's segments excluding those entities ("ongoing segments") are analysed in the following table. The prior year figures have been restated for the purpose of consistency and comparability. This is non-GAAP information.

	Revenue		Trading profit/(loss)	
Half year to 31 January	2016 £m	2015 £m	2016 £m	2015 £m
Ongoing operations by segment				
USA	4,381	3,912	345	311
UK	996	984	34	43
Nordic	885	935	23	22
Canada	329	372	17	23
Central Europe	204	215	13	14
Central and other costs	–	–	(22)	(23)
	6,795	6,418	410	390
Entities closed, disposed of or classified as held for sale (excluding discontinued operations)	–	24	–	(1)
Group (continuing operations)	6,795	6,442	410	389

Notes to the condensed interim financial statements

Half year to 31 January 2016

2. Segmental analysis continued

Other information on assets and liabilities by segment is set out in the table below:

	31 January 2016			31 January 2015		
Segment assets and liabilities	Segment assets £m	Segment liabilities £m	Segment net assets/ (liabilities) £m	Segment assets £m	Segment liabilities £m	Segment net assets/ (liabilities) £m
USA	3,795	(1,260)	2,535	3,335	(1,144)	2,191
UK	1,053	(481)	572	975	(484)	491
Nordic	1,078	(446)	632	1,056	(445)	611
Canada	281	(106)	175	300	(105)	195
Central Europe	227	(87)	140	234	(86)	148
Central and other balances	26	(109)	(83)	31	(100)	(69)
Discontinued	195	(173)	22	338	(209)	129
Total	6,655	(2,662)	3,993	6,269	(2,573)	3,696
Taxation assets/(liabilities)	104	(121)	(17)	171	(171)	–
Net cash/(debt)	1,247	(2,500)	(1,253)	1,196	(2,417)	(1,221)
Group assets/(liabilities)	8,006	(5,283)	2,723	7,636	(5,161)	2,475

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 reversal of those provisions is shown as exceptional.

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

Half year to 31 January	2016 £m	2015 £m
Gain on disposal of businesses	1	9
Other exceptional items	–	(1)
Total included in operating profit	1	8

4. Finance costs

Half year to 31 January	2016 £m	2015 £m
Interest payable		
- Bank loans and overdrafts	(19)	(13)
- Finance lease charges	(1)	(1)
Net pension finance income	–	1
	(20)	(13)
Exceptional finance expense	–	(5)
Total finance costs	(20)	(18)

Exceptional items relating to discontinued operations are detailed in note 6.

Notes to the condensed interim financial statements

Half year to 31 January 2016

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 (amortisation of intangible assets, exceptional items, and share schemes). The tax charge for the period comprises:

Half year to 31 January	2016 £m	2015 £m
Current period tax charge	(100)	(108)
Deferred tax (charge)/credit: origination and reversal of temporary differences	(3)	17
Total tax charge – continuing operations	(103)	(91)

6. Discontinued operations

At 31 January 2016, the Group was in the process of selling its remaining business and property assets (the "disposal group") in France and, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the disposal group was classified as discontinued in both the current and prior periods.

On 7 March 2016, the remaining French building materials business was sold. The results of the discontinued operations which have been included in the condensed group income statement are as follows:

Half year to 31 January	2016 Before exceptional items £m	2016 Exceptional items £m	2016 Total £m	2015 Before exceptional items £m	2015 Exceptional items £m	2015 Total £m
Revenue	207	–	207	313	–	313
Cost of sales	(145)	–	(145)	(218)	–	(218)
Gross profit	62	–	62	95	–	95
Operating costs:						
impairment of net assets	–	(8)	(8)	–	(58)	(58)
Other	(60)	9	(51)	(106)	(1)	(107)
Operating costs	(60)	1	(59)	(106)	(59)	(165)
Operating profit/(loss)	2	1	3	(11)	(59)	(70)
Finance income	–	1	1	–	1	1
Profit/(loss) before tax	2	2	4	(11)	(58)	(69)
Attributable tax expense	–	(1)	(1)	(1)	–	(1)
Profit/(loss) from discontinued operations	2	1	3	(12)	(58)	(70)
Basic earnings/(loss) per share	0.7p	0.4p	1.1p	(4.6)p	(22.3)p	(26.9)p
Diluted earnings/(loss) per share	0.7p	0.4p	1.1p	(4.6)p	(22.2)p	(26.8)p

The exceptional items included in operating profit from discontinued operations relate to asset write downs and gains on property disposals.

During the period, the discontinued operations used £5 million (2015: £17 million) of the Group's net operating cash flows, generated £23 million (2015: used £6 million) in respect of investing activities and generated £nil (2015: £11 million) in respect of financing activities.

Notes to the condensed interim financial statements

Half year to 31 January 2016

7. Dividends

	2016		2015	
Half year to 31 January	£m	Pence per share	£m	Pence per share
Amounts recognised as distributions to equity shareholders:				
Final dividend for the year ended 31 July 2014	–	–	144	55p
Final dividend for the year ended 31 July 2015	154	60.5p	–	–
Dividends paid	154	60.5p	144	55p

An interim dividend of 33.28 pence per share is proposed (2015: 30.25 pence).

8. 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	2016 £m	2015 £m
Continuing operations		
Operating profit	387	121
Add back: amortisation and impairment of acquired intangibles	24	276
Exceptional items in operating profit	(1)	(8)
Trading profit	410	389
Depreciation and amortisation of property, plant and equipment and software	65	55
EBITDA before exceptional items	475	444
Profit before tax	367	103
Add back: amortisation and impairment of acquired intangibles	24	276
Exceptional items in profit before tax	(1)	(3)
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles	390	376
Tax expense	(103)	(91)
Deduct: deferred tax credit on the amortisation and impairment of acquired intangibles	(8)	(34)
Add back: tax charge on exceptional items	–	5
Add back: non-recurring tax charge relating to prior years	2	14
Adjusted tax expense	(109)	(106)
Net profit from continuing operations	264	12
Add back: amortisation and impairment of acquired intangibles net of tax	16	242
Exceptional items net of tax	(1)	2
Add back: non-recurring tax charge relating to prior years	2	14
Headline profit after tax from continuing operations	281	270

Applying the adjusted tax charge of £109 million to the profit before tax, exceptional items and the amortisation and impairment of acquired intangibles of £390 million gives an effective tax rate of 27.9% (2015: 28.2%).

9. Earnings/(loss) per share

Half year to 31 January	2016 Earnings £m	2016 Basic earnings per share Pence	2016 Diluted earnings per share Pence	2015 Earnings £m	2015 Basic earnings per share Pence	2015 Diluted earnings per share Pence
Headline profit after tax from continuing operations (note 8)	281	110.2	109.8	270	103.6	103.3
Exceptional items (net of tax)	1	0.4	0.4	(2)	(0.8)	(0.8)
Amortisation and impairment of acquired intangibles (net of tax)	(16)	(6.3)	(6.2)	(242)	(92.8)	(92.5)
Non-recurring tax charge relating to prior years	(2)	(0.8)	(0.8)	(14)	(5.4)	(5.4)
Profit from continuing operations	264	103.5	103.2	12	4.6	4.6
Profit/(loss) from discontinued operations	3	1.1	1.1	(70)	(26.9)	(26.8)
Profit/(loss) from continuing and discontinued operations	267	104.6	104.3	(58)	(22.3)	(22.2)

The weighted average number of ordinary shares in issue during the period, excluding those held by Employee Benefit Trusts and those held by the Company as Treasury shares, was 255.1 million (2015: 260.6 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 255.9 million (2015: 261.5 million). Share options are dilutive at the profit from continuing operations level and so, in accordance with IAS 33 "Earnings per Share", share options included within discontinued operations have been treated as dilutive for the purpose of the diluted earnings per share calculation.

10. Property, plant and equipment and intangible assets

	Goodwill £m	Other acquired intangibles £m	Software £m	Total intangibles £m	Property, plant and equipment £m	Total tangible and intangible fixed assets £m
Net book value at 1 August 2015	816	152	43	1,011	1,164	2,175
Additions	–	–	13	13	97	110
Acquisition of businesses	25	14	–	39	4	43
Adjustment to fair values on acquisition	1	–	–	1	–	1
Disposals	–	–	(1)	(1)	(2)	(3)
Depreciation and amortisation	–	(24)	(7)	(31)	(58)	(89)
Reclassified as held for sale	–	–	–	–	(2)	(2)
Exchange rate adjustment	62	12	2	76	92	168
Net book value at 31 January 2016	904	154	50	1,108	1,295	2,403

Adjustments to fair values on acquisition are made to business acquisitions that have occurred within the previous 12 months, as preliminary fair values are initially recognised upon acquisition.

The carrying value of goodwill by segment is as follows:

Half year to 31 January	2016 £m	2015 £m
USA	589	511
UK	119	90
Nordic	84	84
Canada	70	80
Central Europe	42	45
Group	904	810

Notes to the condensed interim financial statements

Half year to 31 January 2016

10. Property, plant and equipment and intangible assets continued

The Group tests goodwill and other acquired intangible assets for impairment annually, or more frequently if there are indications that these assets might be impaired. During the period, the Group observed no indications that any goodwill or acquired intangible assets might be impaired.

Management believes that no reasonably possible changes in key assumptions from the year end impairment testing would cause the carrying value of any cash generating unit to exceed its recoverable amount.

During the prior period an impairment of goodwill and acquired intangibles of £245 million was recognised in the Nordic region. This was as a result of market conditions being worse than previously expected.

11. Assets and liabilities held for sale

As at 31 January	2016 £m	2015 £m
Properties awaiting disposal	9	30
Assets of disposal groups held for sale	181	310
Assets held for sale	190	340
Liabilities of disposal groups held for sale	151	191

The properties awaiting disposal are in the US and the Nordic region.

During the previous year, the Group announced its decision to sell all of its remaining businesses in France. As at 31 January 2016, the sales process was continuing and accordingly the net assets of this business have been classified as a disposal group held for sale.

The assets and liabilities of disposal groups held for sale consist of:

As at 31 January	2016 £m
Property, plant and equipment	50
Inventories	29
Trade and other receivables	88
Tax receivables	6
Cash and bank balances	8
Bank loans	(19)
Trade and other payables	(94)
Provisions and retirement benefit obligations	(26)
Finance leases	(12)
	30

Notes to the condensed interim financial statements

Half year to 31 January 2016

12. Provisions

	Environmental and legal £m	Wolseley insurance £m	Restructuring £m	Other provisions £m	Total £m
At 1 August 2015	70	41	32	63	206
Utilised in the period	(3)	(3)	(5)	(2)	(13)
Charge/(credit) for the period	1	8	(1)	5	13
Unearned premium	–	9	–	–	9
Disposal of businesses and reclassified as held for sale	(6)	–	(1)	(6)	(13)
Exchange differences	6	3	1	4	14
At 31 January 2016	68	58	26	64	216

Provisions have been analysed between current and non-current as follows:

Current	13	29	14	26	82
Non-current	55	29	12	38	134
	68	58	26	64	216

Environmental and legal provisions include £54 million (31 July 2015: £49 million) for the estimated liability for asbestos litigation on a discounted basis. This amount has been actuarially determined as at 31 January 2016 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 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.

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).

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

13. Retirement benefit obligations

	31 January 2016 £m	31 July 2015 £m	31 January 2015 £m
Retirement benefit assets	1,398	1,477	1,487
Retirement benefit obligations	(1,433)	(1,492)	(1,571)
	(35)	(15)	(84)
UK pension plan discount rate	3.6%	3.6%	3.1%

The UK defined benefit pension plan as at 31 January 2016 represents approximately 85% of the assets and 79% of the liabilities of the Group and will be subject to a triennial valuation at 30 April 2016, after which the Company is obliged to agree a recovery plan with the trustees of the pension plan. The discount rate used for the previous triennial actuarial valuation at 30 April 2013 was 4.7%.

14. Share capital

On 29 September 2015, the Group announced its intention to initiate a share buyback programme for up to £300 million. During the period to 31 January 2016, the Group purchased 4,340,751 (31 January 2015: 6,535,788) shares under the programme at a cost of £162 million (31 January 2015: £214 million). The shares purchased under the Group's buyback programme have been retained in issue as treasury shares and represent a deduction from equity attributable to owners of the parent.

There were 255,245,556 ordinary shares in issue at 31 January 2016.

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

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

Half year to 31 January	2016 £m	2015 £m
Profit/(loss) for the period	267	(58)
Net finance costs	19	17
Tax expense	104	92
Loss on disposal and closure of businesses and revaluation of disposal groups	7	49
Depreciation and impairment of property, plant and equipment	58	54
Amortisation of non-acquired intangibles	7	6
Amortisation and impairment of acquired intangibles	24	276
Profit on disposal of property, plant and equipment	(9)	(2)
Increase in inventories	(49)	(105)
Decrease in trade and other receivables	112	126
Decrease in trade and other payables	(370)	(295)
Increase/(decrease) in provisions and other liabilities	10	(22)
Share-based payments	11	11
Cash generated from operations	191	149

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

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

Half year to 31 January	2016 £m	2015 £m
Trading profit	410	389
Exceptional items in operating profit	1	8
Loss on disposal and closure of businesses and revaluation of disposal groups	7	49
Operating profit/(loss) from discontinued operations (note 6)	3	(70)
Depreciation and impairment of property, plant and equipment	58	54
Amortisation and impairment of non-acquired intangibles	7	6
Profit on disposal of property, plant and equipment	(9)	(2)
Increase in inventories	(49)	(105)
Decrease in trade and other receivables	112	126
Decrease in trade and other payables	(370)	(295)
Increase/(decrease) in provisions and other liabilities	10	(22)
Share-based payments	11	11
Cash generated from operations	191	149

16. Reconciliation of opening to closing net debt

	1 August 2015 £m	Cash flows £m	Held for sale £m	Acquisitions/ new finance leases £m	Fair value and other adjustments £m	Exchange movement £m	31 January 2016 £m
Cash and cash equivalents	1,105						1,215
Bank overdrafts	(848)						(951)
	257	(23)	(9)	2	–	37	264
Derivative financial instruments	33	(6)	–	–	–	5	32
Bank loans	(1,066)	(374)	19	–	5	(104)	(1,520)
Obligations under finance leases	(29)	1	–	(1)	–	–	(29)
Net debt	(805)	(402)	10	1	5	(62)	(1,253)

Included in the cash and cash equivalents balance at 31 January 2016 is an amount of £876 million (31 July 2015: £786 million) which is part of the Group's cash pooling arrangement where there is an equal and opposite balance included within bank overdrafts. The amounts are subject to an enforceable master netting arrangement.

17. Acquisitions

The Group acquired six businesses in the period ended 31 January 2016. All of 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. All acquisitions in the period ended 31 January 2016 were bolt-on acquisitions, in line with the Group's acquisition strategy.

	Date	Country of incorporation	Share / asset deal	% acquired
Central Pipe & Supply	August 2015	USA	Asset	100
Living Direct, Inc	October 2015	USA	Share	100
Atlantic American Fire Equipment Co	October 2015	USA	Asset	100
Renwes Appliances, Inc	October 2015	USA	Asset	100
Action Fire Fab & Supply, Inc	November 2015	USA	Asset	100
PCS Industries	January 2016	USA	Asset	100

Aggregate consideration amounted to £60 million, of which £9 million is deferred. Assets and liabilities provisionally valued at £21 million were acquired and other intangible assets were fair valued at £14 million resulting in goodwill of £25 million.

17. Acquisitions continued

The fair value adjustments for the period ended 31 January 2016 are provisional figures, being the best estimates currently available. Amendments may be made to these figures in the 12 months following the date of acquisition when additional information is available concerning some of the judgemental 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 net outflow of cash in the half year to 31 January 2016 with respect to the purchase of businesses is as follows:

	2016 £m
Purchase consideration	51
Deferred and contingent consideration in respect of prior year acquisitions	13
Cash consideration	64
Cash and cash equivalents acquired	(2)
Net cash outflow in respect of the purchase of businesses	62

18. 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 2016.

19. 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.

Warranties and guarantees in relation to business disposals

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 provision 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 these interim financial statements there are no significant outstanding claims in relation to business disposals.

Environmental

The operations of certain Group companies are subject to specific environmental regulations. From time to time the Group conducts preliminary investigations through third parties to assess potential risks including potential soil or groundwater contamination of sites. Where an obligation to remediate contamination arises then this is provided for, though future liabilities could arise from sites for which no provision is made.

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 assess the merits of the case properly, 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.

20. Financial risk management and financial instruments

The Group is exposed to risks arising from the international nature of its operations and the financial instruments which fund them, in particular to foreign currency risk, interest rate risk and liquidity risk. Full details of the Group's policies for managing these risks are disclosed in the Group's Annual Report and Accounts for the financial year ended 31 July 2015. Since the date of that report, there have been no significant changes in:

- the nature of the financial risks to which the Group is exposed;
- the nature of the financial instruments which the Group uses;
- its contractual cash outflows and the committed facilities available to fund them; or
- the difference between book value and fair value of any financial instruments.

At 31 January 2016 derivative financial assets of £32 million were categorised at level 2 (2015: £41 million) and financial assets of £13 million were categorised at level 3 (2015: £17 million). There have been no transfers between categories.

Bank loans and overdrafts include senior unsecured notes with a book value at 31 January 2016 of £894 million (2015: £476 million) and an estimated fair value of £931 million (2015: £496 million).

On 1 September 2015, the Group issued £528 million (US$800 million) of US Private Placement bonds in three tranches: £165 million (US$250 million) expiring in September 2022, £264 million (US$400 million) expiring in September 2025 and £99 million (US$150 million) expiring in September 2027. On 16 November 2015, the Group repaid £149 million (US$ 226 million) of maturing US Private Placement bonds.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market (such as over-the-counter derivatives) is determined by using valuation techniques. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of foreign exchange swaps has been calculated as the present value of the estimated future cash flows based on observable future foreign exchange rates.

The Group's other financial instruments are measured on bases other than fair value. Other receivables include an amount of £53 million (2015: £56 million) which has been discounted at a rate of 1.9 per cent (31 January 2015: 1.7 per cent) due to the long-term nature of the receivable. Other current assets and liabilities are either of short maturity or bear floating rate interest and so their fair values approximate to book values. The book values and fair values of categories including non-current assets and liabilities can be compared as follows:

	31 January 2016 Book Value £m	31 January 2016 Fair Value £m	31 January 2015 Book Value £m	31 January 2015 Fair Value £m
Trade and other receivables, excluding prepayments and accrued income	1,831	1,831	1,720	1,720
Trade and other payables, excluding accruals, deferred income and tax and social security	(1,802)	(1,802)	(1,686)	(1,686)
Bank loans and overdrafts	(1,577)	(1,577)	(1,907)	(1,907)
Senior unsecured notes	(894)	(931)	(476)	(496)
Finance lease obligations	(29)	(29)	(31)	(31)

Notes to the condensed interim financial statements

Half year to 31 January 2016

21. Subsequent events

Since 31 January 2016, the Group acquired 2 businesses in Canada. These businesses have annual revenues of £13 million.

22. Exchange rates

Exchange rates (equivalent to £1)	2016	2015
US Dollar		
Income statement (average rate for the six months to 31 January)	1.51	1.59
Balance sheet (rate at 31 January)	1.42	1.51
Balance sheet (rate at 31 July)		1.56
Euro		
Income statement (average rate for the six months to 31 January)	1.37	1.27
Balance sheet (rate at 31 January)	1.31	1.34
Balance sheet (rate at 31 July)		1.42
Danish Krone		
Income statement (average rate for the six months to 31 January)	10.25	9.46
Balance sheet (rate at 31 January)	9.81	9.92
Balance sheet (rate at 31 July)		10.61
Canadian Dollar		
Income statement (average rate for the six months to 31 January)	2.03	1.81
Balance sheet (rate at 31 January)	1.99	1.92
Balance sheet (rate at 31 July)		2.04
Swiss Franc		
Income statement (average rate for the six months to 31 January)	1.49	1.51
Balance sheet (rate at 31 January)	1.46	1.39
Balance sheet (rate at 31 July)		1.51

Independent review report to Wolseley plc

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 2016 which comprises the Condensed Group income statement, the Condensed Group balance sheet, the Condensed Group statement of comprehensive income, the Condensed Group statement of changes in equity, the Condensed Group cash flow statement and related notes 1 to 22. 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.

This report is made solely to the Company 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

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 Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRS 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.

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 inquiries, 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.

Independent review report to Wolseley plc (continued)

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 2016 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 Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
21 March 2016