NEWS RELEASE
22 September 2008

Wolseley plc
Final Results Announcement for the Year Ended 31 July 2008

Summary of Results

Financial highlights

	Year to 31 July 2008	Year to 31 July 2007	Change	
			Reported	In constant currency[1]
	£m	£m	%	%
Group revenue	**16,549**	16,221	**2.0**	**0.0**
Group trading profit[2]	**683**	877	**(22.1)**	**(23.7)**
Exceptional restructuring costs	**(76)**	-		
Amortisation and impairment of acquired intangibles	**(306)**	(124)		
Group operating profit	**301**	753	**(60.1)**	**(60.8)**
Group profit before tax, before exceptional items and amortisation and impairment of acquired intangibles	**527**	758	**(30.5)**	**(31.4)**
Group profit before tax	**145**	634	**(77.1)**	**(77.3)**
Earnings per share, before exceptional items and amortisation and impairment of acquired intangibles	**56.58p**	87.80p	**(35.6)**	**(36.6)**
Basic earnings per share	**11.33p**	73.52p	**(84.6)**	**(84.8)**
Total dividend per share (interim paid, no final proposed in 2008)	**11.25p**	32.40p	**(65.3)**	

Overview

- Wolseley has continued to increase market share, reduce working capital and increase cash conversion, against a backdrop of significant market deterioration.
- Aggressive cost cutting resulted in £76 million of exceptional restructuring charges, but saved £47 million in the year. Full-year benefits of £176 million are expected from the restructuring and business improvement initiatives being undertaken.
- Closure of 270 branches and headcount reduced by 7,100.
- Actions taken have enabled the Group to improve working capital cash to cash days[3] by 11.4% to 45.9 days and achieve cash conversion[4] of 185% (2007: 148%).
- Capex reduced to £317 million (2007: £396 million) and acquisition spend significantly curtailed, with no acquisitions since March 2008.
- Sale of property and non-core businesses generated cash of £102 million.
- Net debt virtually unchanged at £2,469 million, despite £321 million adverse currency translation effect, due to strong cash flow and other targeted management actions. Group operating well within its banking covenants with net debt : EBITDA[5] of 2.7 times (2007: 2.2 times).
- No final dividend to be paid, to conserve £150 million of cash.

Further actions since the year end to reduce costs and net debt, including:

- Headcount further reduced by 600.
- Property and business disposals of £46 million have been realised.
- Target set to reduce working capital cash to cash days by more than 10%, in 2009.
- Significant reduction in anticipated 2009 capex to an estimate of £180 million, compared to £317 million in 2008, as Business Change Programme deployment is slowed and non-essential capex is curtailed.
- Plans being developed to carry out additional restructuring and cost reductions. In particular, a fundamental review being undertaken to reduce Stock's impact on Group results.

Operating highlights

- Group
  - Group revenue up by 2% but trading profit down by 22%.
  - Market outperformance by Ferguson and DT Group.
  - Gross margin relatively unchanged at 27.7% (2007: 27.9%).
  - Trading profit down 22.1%, but down 3.2%, excluding Stock.
  - Group headcount reduced by 7,100.
  - Impairment charges of £186 million, primarily relating to Stock and Wolseley Ireland, and £22 million in net finance costs, relating to an equity investment.

- North America
  - Revenue down 7.3% and trading profit down 37.4%.
  - Strong performance from Ferguson with a trading margin over 7% and trading profit virtually unchanged at $794 million (2007: $800 million).
  - Further new housing decline and increased provisions for construction loan and accounts receivable impacted Stock Building Supply.

- Europe
  - Tougher trading conditions across most countries, particularly in the UK and Ireland.
  - Revenue up 12.7% and trading profit down 1.2%.
  - Wolseley UK and Ireland increased gross margin, although trading profit was lower. Organic revenue growth, excluding Ireland, of 1.8%.
  - DT Group performed well ahead of the market with 2% annual organic revenue growth, higher gross margin and a 7.2% trading margin.
  - Improved second half in Wolseley France, following a poor start to the year.
  - Significant working capital improvement with spot cash to cash days reduction of 13.6 days.

Outlook

- US commercial and industrial markets are likely to remain stable for the next few months, although a number of markets in which the Group operates are expected to deteriorate in the short term.
- Continue to focus on the necessary cost reduction and cash maximisation actions appropriate in difficult markets, to achieve increased productivity and efficiency, with further restructuring being undertaken.
- Although headcount in Stock has already been reduced by more than 40%, further deterioration in the US new housing market has necessitated a fundamental review of the business, in order to reduce its impact on Group results.
- Board remains confident that it will continue to be compliant with its banking covenants over the year ending 31 July 2009, and beyond.
- No plans to raise equity or renegotiate banking covenants, although these remain options should market conditions deteriorate very dramatically.

Chip Hornsby, Wolseley plc Group Chief Executive said:

"We have continued to take action to reduce costs and drive working capital improvements in response to challenging market conditions. While these conditions have impacted many of our businesses significantly during the year, our employees have done a good job at responding to the tough markets and we are seeing the benefits of our actions with market outperformance in many areas. Financial discipline in terms of cost reduction and cash flow enhancement remains our primary focus to ensure the Group remains compliant with our banking covenants and is well positioned for any market recovery."

SUMMARY OF RESULTS

	As at, and for the year ended 31 July		
	2008	2007	**Change**
Revenue	**£16,549m**	£16,221m	**+2.0%**
Operating profit			
- before exceptional items and amortisation and impairment of acquired intangibles	**£683m**	£877m	**-22.1%**
- exceptional restructuring costs	£(76)m	-	
- amortisation and impairment of acquired intangibles	£(306)m	£(124)m	
Operating profit	**£301m**	£753m	**-60.1%**
Net finance costs	£(156)m	£(119)m	
Profit before tax			
- before exceptional items and amortisation and impairment of acquired intangibles	**£527m**	£758m	**-30.5%**
- exceptional restructuring costs	£(76)m	-	
- amortisation and impairment of acquired intangibles	£(306)m	£(124)m	
Profit before tax	**£145m**	£634m	**-77.1%**
Earnings per share			
- before exceptional items and amortisation and impairment of acquired intangibles	**56.58p**	87.80p	**-35.6%**
- exceptional restructuring costs	(7.62)p	-	
- amortisation and impairment of acquired intangibles	(37.63)p	(14.28)p	
Basic earnings per share	**11.33p**	73.52p	**-84.6%**
Dividend per share	**11.25p**	32.40p	**-65.3%**
Net debt	**£2,469m**	£2,467m	
Gearing[(6)]	**73.5%**	71.5%	
Interest cover[(7)] (times)	**5x**	7x	
Operating cash flow	**£1,262m**	£1,299m	

[(1)] Constant currency percentage changes are calculated by retranslating prior year amounts at the exchange rates used in the preparation of the financial statements for the year ended 31 July 2008.
[(2)] Trading profit, a term used throughout this announcement, is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles. Trading margin is the ratio of trading profit to revenues expressed as a percentage. Organic change is the total increase or decrease in the year adjusted for the impact of exchange rates, new acquisitions in 2008 and the incremental impact of acquisitions in 2007.
[(3)] Spot cash to cash days is the net of spot inventory days plus spot receivables days less spot payables days.
[(4)] Cash conversion is the ratio of operating cash flow to trading profit.
[(5)] Net debt : EBITDA is the ratio of net debt to trading profit plus depreciation and the amortisation of software and a full year trading profit of subsidiaries acquired in the period less the trading profit of subsidiaries disposed of in the period.
[(6)] Gearing ratio is the ratio of net debt, excluding construction loan borrowings, to shareholders' funds.
[(7)] Interest cover is trading profit divided by net finance costs, excluding net pension related finance costs and the impairment of available for sale investments.

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

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

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

UK free phone dial-in number:	0800 028 1299
US free phone dial-in number:	1888 935 4577
Rest of the World dial-in number:	+44(0)20 7806 1955
Password:	Wolseley

The call will be recorded and available for playback until 28th September 2008 on the following numbers:

UK free phone number:	0800 559 3271
US free phone number:	1866 239 0765
Rest of the world dial-in number:	+44 (0)20 7806 1970

Photographs of Chip Hornsby, Group Chief Executive and Steve Webster, Group Finance Director are available at: www.newscast.co.uk and www.wolseleyimages.com

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22 September 2008

Wolseley plc
Final Results Announcement for the Year Ended 31 July 2008

Group overview

Wolseley, the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials and services, today issues its final results announcement.

These results reflect the significant deterioration over the last year in the business environment facing the Group's operations but, also, its ability to react swiftly with aggressive cost cutting and increased cash conversion. As a result, the Group remains well within its borrowing covenants.

In North America, the results were impacted by the worsening US housing and repairs, maintenance and improvement ('RMI') markets, although the US commercial and industrial markets remained stable. The Group's European division achieved revenue growth but profits declined, reflecting a rapid deterioration in market conditions in the UK, in the final quarter, and a softening in many other European markets.

Group revenue increased by 2.0% to £16,549 million (2007: £16,221 million). Trading profit, reduced by 22.1% to £683 million (2007: £877 million) after excluding £76 million of exceptional restructuring costs. The Group's gross margin was relatively unchanged at 27.7% (2007: 27.9%) but the trading margin fell to 4.1% (2007: 5.4%). After deducting amortisation and impairment of acquired intangibles of £306 million (2007: £124 million) and exceptional items of £76 million (2007: £nil), operating profit declined by 60.1% to £301 million (2007: £753 million).

Currency translation increased Group revenue by £324 million (2.0%) and Group trading profit by £18 million (2.0%). On a constant currency basis, Group revenue remained unchanged and trading profit reduced by 23.7% for the year ended 31 July 2008, compared to the prior year.

Profit before tax, exceptional items and amortisation and impairment of acquired intangibles reduced by 30.5% to £527 million (2007: £758 million). Profit before tax, after exceptional items and amortisation and impairment of acquired intangibles, declined by 77.1% to £145 million (2007: £634 million).

In addition to the £89 million goodwill and intangible impairment charge recorded for Stock in the first half, further impairments to acquired intangibles were recorded in the second half, across the Group, totalling £82 million. In Stock, an additional impairment of £25 million has been recorded, reflecting a further reassessment of the asset carrying values in certain regions of its network. Following a review of business conditions in Ireland, an impairment charge of £46 million was recorded in respect of the Irish business. In Central and Eastern Europe (C&EE) a charge of £11 million was recorded in respect of the Italian business. In addition to the £171 million impairment of acquired intangibles, the decision to postpone the implementation of parts of the Business Change Programme has led to a £15 million impairment of software assets.

Net finance costs of £156 million (2007: £119 million) reflects the full year impact of the DT Group acquisition and higher interest rates, partly offset by stronger operating cash flow, and includes a one-off charge of £22 million in respect of the impairment of an equity investment in Building Materials Holding Corporation ("BMHC") which was made more than two years ago. The Group has no plans to add to this investment. Interest cover was 5 times (2007: 7 times). The decrease in earnings per share before exceptional items and amortisation and impairment

of acquired intangibles was 35.6% to 56.58 pence (2007: 87.80 pence), reflecting the lower level of profitability. Basic earnings per share were down 84.6% to 11.33 pence (2007: 73.52 pence).

Actions to cut costs and reduce net debt

The Group continues to position itself to meet the challenges created by the difficult market conditions, with significant progress being made during the year. The short-term priorities are to lower the cost base and drive cash flow in order to ensure that the Group remains compliant with its borrowing covenants, which require net debt to be less than 3.5 times annualised EBITDA, before exceptional items. As at 31 July 2008, the Group's net debt was 2.7 times EBITDA. The key actions taken during the year and since the year-end, are as set out below.

1. Cost cutting

Annualised savings of £176 million are expected from business improvement initiatives and actions taken to reduce headcount by 7,100 and close 270 branches. To achieve these savings, the Group incurred £76 million of exceptional restructuring costs in the year ended 31 July 2008. In addition to the £57 million announced in the trading update in July, a further £19 million was incurred, primarily as a result of further branch closures and headcount reductions in Stock and the integration of a number of functions between Wolseley Europe and the UK. The 2008 results benefited by around £47 million of these savings.

Since 1 August 2008, another 600 people have left the Group. Further plans are in the process of being developed to carry out additional restructuring and cost reduction. In particular, a fundamental review is currently being undertaken to reduce Stock's impact on the Group's results,

2. Cash flow and debt

The rigorous focus on cash flow continues with further improvements in working capital ratios. Spot cash to cash days improved by 5.9 days (11.4%), from 51.8 days as at 31 July 2007 to 45.9 days at 31 July 2008. This reflects an improvement of 30% in working capital days over the last 2 years. The benefits of the DC network have helped Ferguson to reduce inventory by 23.4 days (30%) in the past two years, while improving service levels to customers. In Europe, cash to cash days improved significantly by 13.6 days to 30.9 days (2007: 44.5 days), reflecting a 15.1 days improvement in Wolseley UK, 11.6 days improvement in France and 5.6 days improvement in C&EE, as a direct result of the focus and initiatives to improve working capital during the year. These working capital reductions have been achieved without compromising customer service levels. In July, Wolseley France entered into a receivables factoring arrangement which reduced net debt at 31 July 2008, by £74 million. The additional cost of servicing this arrangement is expected to be £2 million per annum. An additional factoring facility has been agreed since the year end, reducing net debt by a further £78 million, the incremental cost of which is £3 million.

Cash conversion was up at 185%, compared to 148% in the prior year. The Group is targeting an improvement of more than 10% in working capital cash to cash days in 2009, excluding the effect of receivables factoring.

Net debt was relatively unchanged at £2,469 million (2007: £2,467 million) despite an adverse currency translation impact of £321 million, due to collective actions taken to drive working capital improvement, curtail capital expenditure and acquisitions and to make selective business and asset disposals. Gearing was 73.5% compared to 71.5% in July 2007 and 83.9% in January 2008. The Group has committed and undrawn banking facilities available of £1.2 billion as at 31 July 2008 and has no need for additional facilities until after the year ended 31 July 2011.

3. Capex and acquisitions

The Group continues to adopt a highly selective approach to acquisitions with no further transactions completed since the Interim Results announcement in March. As previously indicated, capital expenditure plans have also been curtailed. Capital expenditure for the year

ended 31 July 2008 was £317 million (2007: £396 million), compared to an original estimate of £500 million, as all capital expenditure across the Group was carefully scrutinised and non-essential projects, such as branch openings, refurbishments, and other infrastructure projects, were postponed.

Capital expenditure for the year ended 31 July 2009 is expected to be further reduced to around £180 million. This follows the decision to continue to defer non-essential works and also to slow down the deployment of the Group's Business Change Programme to conserve cash and to avoid business disruption in current difficult markets. Following the recent implementation in Switzerland, no further roll-out will take place in Central & Eastern Europe in 2009 and, as a consequence, the shared central services centre in Brno, Czech Republic will close. Plans to begin implementation of the Programme across Canada and extend the pilots in Ferguson are also being deferred. These delays have resulted in an impairment charge of £15 million being incurred in the year ended 31 July 2008, with £12 million related to Central and Eastern Europe and £3 million to central costs.

4. Asset disposals – property, plant, equipment and businesses

Wolseley continues to actively manage its portfolio of more than 900 properties and, where it makes financial sense, routinely enters into sale and leaseback arrangements or makes disposals. As a result, property, plant and equipment was sold for £84 million during the year, realising a profit of £16 million (2007: £62 million with a profit of £27 million). Since the year end, a further eight Ferguson properties have been sold for £43 million, with a profit of £11 million.

Three peripheral businesses that were not strategic to Wolseley were disposed of in the year ended 31 July 2008, for a consideration of £18 million. An additional £3 million has been realised since the year end.

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

North America

Wolseley's North American division performed well ahead of a market which was seriously impacted by a significant slowdown in the new housing sector, maintaining its position as the leading distributor of construction products to the professional contractor in North America.

Reported revenue, in sterling, of the division decreased by 7.3% to £8,032 million (2007: £8,662 million), reflecting an organic revenue decline of 8.9%, and 1.7% negative impact of currency translation, partly offset by acquisitions. Trading profit, in sterling, declined by 37.4% to £305 million (2007: £487 million). Currency translation reduced divisional revenue by £151 million (1.7%) and trading profit by £7 million (1.6%).

There was a net decrease of 64 branches in North America to 1,921 (2007:1,985) with a new DC in Stockton, California being opened in Spring 2008, adding 645,000 square feet of space to the North American DC network. A further 537,000 square foot DC will open in October 2008, in Frostproof, Florida.

US Plumbing and Heating

Ferguson produced another strong performance, gaining market share. Although it benefited from the stability of the commercial and industrial sector, the new residential market has weakened further and the RMI market has slowed.

Local currency revenue in the US plumbing and heating operations rose by 1.3% to $11,226 million (2007: $11,079 million) with trading profit 0.8% lower at $794 million (2007: $800 million), excluding $42 million of exceptional restructuring costs. Organic revenue was 2.4% lower, but was significantly ahead of the market generally, benefiting from the diversity of the business. Over 90% of Ferguson's branch locations are outperforming their local market in residential

product sales and over 70% in non-residential product sales. Gross margin was unchanged, with some underlying pricing pressure being off-set by a focus on managing the pricing matrix, an increase in sales via trade counters and showrooms and higher private label sales. The trading margin was slightly lower at 7.1% (2007: 7.2%), reflecting a $22 million increase in provisions for doubtful debts, higher fuel and infrastructure costs and the absence of one-off profits on commodity copper achieved in the prior year, of some $20 million. During the year, headcount was reduced by more than 2,250 and 123 branches were closed. The annualised benefits arising from the restructuring actions and other business initiatives are expected to be $148 million, of which $53 million was reflected in the year to 31 July 2008.

Ferguson's overall branch numbers reduced by 35 to 1,382 locations (2007: 1,417).

US Building Materials

The continued slowdown in the new residential market, which accounted for approximately 72% of the activity in this business, caused a reduction in volumes and increased price competition. These factors have inevitably impacted Stock's financial performance despite an aggressive cost reduction programme, which has seen 70 locations close and a reduction in workforce of around 40%, over the past few years.

Housing starts in the USA have fallen 28.6% from an average annual rate of around 1.54 million in the year ended 31 July 2007 to 1.10 million this year. The housing starts figure for August 2008 was 895,000. There continues to be significant regional variations with the markets in Texas and the Carolinas performing relatively better than the weakest markets in the mid-West, Florida, Arizona and California. Despite the deterioration in trading conditions, Stock outperformed across all its districts, with the degree of out-performance accelerating in the second half.

In local currency, Stock's revenue was down 24.5% to $3,471 million (2007: $4,596 million), principally reflecting a 21% decline in same store sales volumes, the effect of previous branch closures (4%) and 3% price deflation in lumber and panels. Acquisitions contributed $126 million (3%) to revenue. Stock's gross margin continued to decline due to pricing pressure in the difficult markets. A trading loss of $246 million was reported for the year, excluding exceptional restructuring costs of $13 million relating to 36 branch closures and headcount reductions, compared to a trading profit of $86 million in the prior year. These restructuring plans and other business initiatives should give rise to annualised savings of $124 million. The trading loss reflected higher provisions of $65 million for doubtful accounts receivable and construction loans. During the year, around $150 million of costs were removed, including an underlying headcount reduction of 3,150, representing a further 20% of the total workforce. In August 2008, headcount reduced by a further 135.

At 31 July 2008, Stock had 285 branches (2007: 308).

Wolseley Canada

In Canada, the housing market held up reasonably well and there has been no significant effect from the factors affecting the US housing market. However, the stronger Canadian dollar caused a weakening in sales to Wolseley Canada's industrial customers and some price deflation and gross margin pressure was experienced, as products were bought more competitively in the US and price reductions passed into the more competitive markets.

Against this background, Wolseley Canada's local currency revenue increased by 1.4% to C$1,376 million (2007: C$1,357 million) while trading profit was 14.1% lower at C$79 million (2007: C$92 million), excluding C$10 million of exceptional restructuring costs relating to 15 branch closures and 50 headcount reductions. These restructuring plans should give rise to annualised savings of C$5 million. The prior year included around C$10 million of one-off profits, including property profits and other items. The trading margin was 5.8% (2007: 6.8%).

Branch numbers in Canada were reduced by 6 to 254 (2007: 260).

Europe

The European operations achieved revenue growth although profits were lower due to deteriorating market conditions, particularly in the UK and Ireland, and the costs of restructuring a number of businesses.

Reported revenue, in sterling, for this division increased by 12.7% to £8,517 million (2007: £7,559 million). Recent acquisitions, including DT Group in the Nordic region in September 2006, accounted for £522 million (6.9%) of revenue growth. Trading profit, in sterling, reduced 1.2% to £428 million (2007: £433 million). Currency translation increased divisional revenue by £475 million (6.3%) and trading profit by £25 million (5.9%). Excluding DT Group, European revenues, in sterling, increased by 6.4% while trading profit was 19.3% lower.

The overall divisional trading margin, after the allocation of central costs, declined from 5.7% to 5.0% of revenue, due to the lower trading margins in Wolseley UK and Ireland, France and Central and Eastern European operations. DT Group increased its margin to 7.2% in its first full year of Wolseley's ownership.

During the year, a net 78 branches were added to the European network, giving a total of 3,389 locations (2007: 3,311), including 47 added through acquisitions.

UK and Ireland

The results for Wolseley UK reflect tougher trading conditions in Ireland throughout the period combined with an increasingly difficult UK housing market, as the year progressed. New housing starts in the UK slowed significantly in the final quarter in response to the lower availability and increased cost of mortgage financing. Deteriorating consumer confidence is also affecting the RMI market. Government expenditure on social housing, health and education remained positive.

Against this background, Wolseley UK and Ireland recorded a 1.0% increase in revenue to £3,203 million (2007: £3,171 million), due to acquisitions. Organic revenue growth of 1.8% was achieved in the UK, excluding Ireland, with market share increased.

Gross margin increased slightly due to a change in business mix, including an increase in private label sales, and despite increased pricing pressure as markets deteriorated. Trading profit was 16.6% lower at £176 million (2007: £211 million) excluding £12 million of exceptional restructuring costs, principally relating to 13 branch closures and 150 redundancies, in Ireland. These restructuring plans and other business initiatives should give rise to annualised savings of £17 million. The trading margin fell from 6.7% to 5.5%, primarily due to lower profitability in Ireland, whilst the plumbing and heating business improved its margin.

During the year, a new regional distribution centre (DC) was opened in Chorley and the benefits of the national DC in Leamington Spa continue to be realised, with the distribution network and management focus driving significant improvements in working capital, whilst achieving high fill rates to branches and customers. Ten net new locations were added in the UK and Ireland taking the total number of branches to 1,927 (2007: 1,917).

Nordic

Growth rates in the Nordic region slowed during the year as higher interest rates affected the rate of new homes being built and adversely impacted house prices and the Group's DIY businesses. The professional RMI market had held up better for most of the year, although since June, sales have started to decline when compared against a very buoyant market in the comparative period in the prior year.

DT Group has achieved a strong performance, taking further market share, since being acquired by Wolseley on 25 September 2006. For the year ended 31 July 2008, revenue was DKK22,061 million (£2,197 million) compared to DKK17,858 million (£1,617 million) in the ten months to 31

July 2007. Trading profit was DKK1,595 million (£159 million) compared to the ten month period in the prior year of DKK1,097 million (£99 million). Gross margins improved, although there was increased pricing pressure during the second half, and working capital was reduced further. Trading margin was 7.2% as management demonstrated its ability to reduce costs as business growth slowed.

For the 12 months to 31 July 2008, DT Group's internal management accounts show an underlying increase in revenue over the prior year of 3.9%, including 2% organic growth, and in trading profit, of 10.9%.

DT Group had 278 branches as at 31 July 2008 (2007: 275).

France

In France, housing starts slowed significantly during the period and lower consumer confidence also affected RMI markets.

Against this background, Wolseley's French operations improved their relative performance over the course of the year, despite the generally more challenging business environment. Local currency revenue was up 2.7% to €2,850 million (2007: €2,774 million) due to acquisitions, with organic revenue declining 1.3%. Trading profit was 7.2% lower at €139 million (2007: €150 million), including property and other asset disposal profits of around €17 million but excluding €28 million of previously announced exceptional restructuring costs to reduce headcount by 400 and close 43 branches. These restructuring plans are designed to result in improved productivity in sales, administration and logistics and give rise to annualised savings of €15 million (£11 million). Trading margin for the year ended 31 July 2008 was 4.9% (2007: 5.4%).

The net number of branches in France increased by 23 to 848 (2007: 825), mainly due to acquisitions. The national DC, opened at the end of last year in Orléans, is now operating at very high service levels of around 97%, has led to reduced inventory and has recently started to distribute plumbing and heating products. A new customer delivery centre (CDC) was also opened in August 2007 near Lyon, to service the Rhône area with plumbing and heating products. A further CDC is scheduled to open in January 2009 near Nancy to serve the east of France.

Further repositioning continues within Wolseley France. Brossette, in response to the decline in traditional heating markets, is increasing its branch specialisation to sell renewable energy solutions (heat pumps, condensing boilers, solar panels), spare parts, electrical products and increasing its branch-within-a-branch concept. The logistics programme drawn up four years ago for the Brossette business to increase efficiency in customer deliveries and reduce inventory is almost complete, with plans in place to modernise four existing branches to become CDCs. In August 2008, Wolseley France sold its 19 branch tool hire business, Réseau Loc, in order to focus on its core heavyside distribution business.

Central and Eastern Europe

The Group's Central and Eastern European (C&EE) businesses showed modest constant currency revenue growth, due to acquisitions, against generally worsening markets. Revenue, in sterling, was up 11.2% to £1,001 million (2007: £899 million), reflecting the benefits of exchange rates and acquisitions, partly offset by an organic revenue decline of 3.3%. Gross margin was lower, particularly in Eastern Europe, where increased manufacturing capacity of insulation products caused a significant over-supply and resulted in price pressure. Trading profit in C&EE, in sterling, was £nil (2007: £35 million) as a result of a £12 million impairment charge relating to its deferred IT project, business disruption resulting from IT implementations and DC start-up issues, earlier in the year. This masked a good performance in Switzerland, where the trading margin increased to 8.2% as a result of an increase of more than 10% in trading profit.

As a direct result of the focus on working capital, cash to cash days improved by 5.6 days when compared to the prior year.

During the year, 42 net new locations were added in C&EE, taking the total number to 336 (2007: 294).

Final Dividend

As previously announced, the Board is recommending that no final dividend be paid for the year ended 31 July 2008 (2007: 21.55 pence per share). Therefore, the total dividend for the year is the interim dividend of 11.25 pence per share that was paid in May 2008, compared with the total dividend of 32.40 pence per share paid in 2007. The Board will continue to review the Group's ability to pay a dividend and will return to paying a dividend as soon as it is prudent to do so.

Financial Review

Net finance costs of £156 million (2007: £119 million), which include a one-off charge of £22 million in respect of the impairment of an equity investment in BMHC, reflect the full year impact of the DT Group acquisition and an increase in interest rates, partly offset by strong operating cash flow. Net interest receivable on construction loans amounted to £12 million (2007: £11 million). Group interest cover was 5 times (2007: 7 times).

The overall effective tax rate, on profit before tax, exceptional items and amortisation and impairment of acquired intangibles, increased from 25.4% to 29.7% principally due to the impact of the fall in the Group's share price on deferred tax relating to share based payments. After excluding the effect of deferred tax on share based payments, the underlying tax rate for the year is 26.1% (2007: 25.1%).

Before exceptional items and the amortisation and impairment of acquired intangibles, earnings per share decreased by 35.6% to 56.58 pence (2007: 87.80 pence), reflecting the lower level of profitability. Basic earnings per share were 84.6% lower at 11.33 pence (2007: 73.52 pence). The average number of shares in issue during the year was 655 million (2007: 644 million).

Operating cash flow decreased by 3% from £1,299 million to £1,262 million, due to lower profitability offset by the increased focus on improving working capital and cash flow management throughout the Group. Free cash flow, after dividends, was £571 million (2007: £626 million).

Capital expenditure reduced from £396 million to £317 million, reflecting the decision to preserve cash and refrain from any non-essential capital investment in the business.

Investment in bolt-on acquisitions completed during the year, including deferred consideration and net debt, amounted to £223 million (2007: £379 million, excluding DT Group acquisition of £1,339 million). These 15 acquisitions are expected to add around £282 million per annum of incremental revenues in a full year. Goodwill and intangible assets arising from these acquisitions was £148 million. Further details regarding acquisitions are included in note 13.

Net borrowings, excluding construction loan borrowings, at 31 July 2008 amounted to £2,469 million compared to £2,467 million at 31 July 2007, giving gearing of 73.5% compared to 71.5% at the previous year end and 83.9% at 31 January 2008.

In the USA, construction loan receivables, financed by an equivalent amount of construction loan borrowings, were £237 million (2007: £286 million). The decrease reflects a more cautious approach to lending following the decline in the US new housing market and an increase in provisions.

The Group's retirement benefit obligations have increased by £125 million, from £111 million at 31 July 2007 to £236 million at 13 July 2008, largely due to an actuarial loss of £122 million on the main UK defined benefit pension scheme primarily arising from significantly worse than expected investment performance in the year.

Consistent with prior years, provisions in the balance sheet include an estimated liability for asbestos claims of £36 million (2007: £35 million) which is covered by insurance. An equivalent insurance receivable has been included in receivables.

Return on gross capital employed (ROGCE) was 9.6% (2007: 13.7%) primarily as a result of reduced profitability, particularly in Stock. The ROGCE remains marginally above the Group's weighted average cost of capital.

Outlook

While the US commercial and industrial markets are likely to remain stable for the next few months, a number of markets in which the Group operates are expected to deteriorate in the short term. The Group will continue to focus on the necessary cost reduction and cash maximisation actions appropriate in difficult markets, to achieve increased productivity and efficiency, with further restructuring being undertaken. Although headcount in Stock has already been reduced by more than 40%, further deterioration in the US new housing market has necessitated a fundamental review of the business, in order to reduce its impact on Group results.

Against this background, the Board remains confident that it will continue to be compliant with its banking covenants over the year to 31 July 2009, and beyond. Accordingly, the Board has no plans to raise equity or renegotiate banking covenants, although these remain options should market conditions deteriorate very dramatically.

Notes to Editors

Wolseley plc is the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials in North America, the UK and Continental Europe. Group revenue for the year ended 31 July 2008 was approximately £16.5 billion and operating profit, before exceptional items and the amortisation and impairment of acquired intangibles, was £683 million. Wolseley has around 74,000 employees operating in 27 countries namely: UK, USA, France, Canada, Ireland, Italy, The Netherlands, Switzerland, Austria, Czech Republic, Hungary, Belgium, Luxembourg, Denmark, Sweden, Finland, Norway, Slovak Republic, Poland, Romania, San Marino, Panama, Puerto Rico, Trinidad & Tobago, Mexico, Barbados and Greenland. Wolseley is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

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

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

FINANCIAL CALENDAR FOR 2008/2009

2008

18 November	-	Annual General Meeting and Interim Management Statement

2009

26 January	-	Trading update for the five months ended 31 December 2008
23 March	-	Interim Results for the half year ended 31 January 2009
1 April	-	Shares quoted ex-dividend
3 April	-	Record date for interim dividend
28 May	-	Interim Management Statement
1 June	-	Interim dividend payment date
27 July	-	Trading update for the 11 months ended 30 June 2009
31 July	-	Financial year end
28 September	-	Final Results Announcement for the year ended 31 July 2009
7 October	-	Shares quoted ex-dividend
9 October	-	Record date for final dividend
11 November	-	Final date for DRIP elections
18 November	-	Annual General Meeting and Interim Management Statement
30 November	-	Final dividend payment date

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

Group Income Statement

Year ended 31 July 2008

	2008 Before Exceptional items £m	2008 Exceptional items (note 3) £m	2008 Total £m	2007 £m
Revenue	16,549	-	16,549	16,221
Cost of Sales	(11,962)	(1)	(11,963)	(11,702)
Gross Profit	4,587	(1)	4,586	4,519
Distribution costs	(3,190)	(63)	(3,253)	(2,958)
Administrative expenses: amortisation and impairment of acquired intangibles	(306)	-	(306)	(124)
Administrative expenses: other	(753)	(12)	(765)	(723)
Administrative expenses: total	(1,059)	(12)	(1,071)	(847)
Other income	39	-	39	39
Operating profit	377	(76)	301	753
Finance revenue (note 4)	72	-	72	58
Finance costs (note 4)	(228)	-	(228)	(177)
Profit before tax	221	(76)	145	634
Tax expense (note 5)	(98)	27	(71)	(160)
Profit for the period attributable to equity shareholders	123	(49)	74	474
Earnings per share (note 7)				
Basic earnings per share			11.33p	73.52p
Diluted earnings per share			11.32p	73.17p

Non-GAAP measures of performance (notes 7 and 8)	2008	2007
Trading profit	683	877
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles	527	758
Basic earnings per share before exceptional items and the amortisation and impairment of acquired intangibles	56.58p	87.80p
Translation rates		
US dollars	2.0000	1.9487
Euro	1.3470	1.4823

Group Statement of Recognised Income and Expense

Year ended 31 July 2008

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
Profit for the financial year	74	474
Net exchange adjustments offset in reserves	129	(132)
Cash flow hedges		
• fair value gains and loses	-	2
• reclassified and reported in net profit for the year	-	(1)
Actuarial (losses)/gains on retirement benefits	(135)	70
Available for sale investments		
• change in fair value	-	(5)
• reclassified and reported in net profit for the year	13	-
Tax charge not recognised in the income statement	33	(17)
Net gains/(losses) not recognised in the income statement	40	(83)
Total recognised income and expense	114	391

Group Balance Sheet

31 July 2008

	As at 31 July 2008 £m	As at 31 July 2007 £m
ASSETS		
Non-current assets		
Intangible fixed assets: goodwill	1,995	1,890
Intangible fixed assets: other	841	790
Property, plant and equipment	1,842	1,718
Deferred tax assets	52	9
Trade and other receivables	96	91
Financial assets: available for sale investments	4	12
	4,830	4,510
Current assets		
Inventories	2,025	2,069
Trade and other receivables	2,804	2,829
Current tax receivable	18	8
Financial assets: trading investments	5	4
Derivative financial assets	16	10
Financial receivables: construction loans (secured)	237	286
Cash and cash equivalents	321	244
	5,426	5,450
Assets held for resale	43	10
Total assets	10,299	9,970
LIABILITIES		
Current liabilities		
Trade and other payables	2,956	2,796
Current tax payable	219	133
Borrowings: construction loans (unsecured)	237	286
Bank loans and overdrafts	276	530
Obligations under finance leases	19	17
Derivative financial liabilities	8	18
Provisions (note 10)	60	31
Retirement benefit obligations	22	24
	3,797	3,835
Non-current liabilities		
Trade and other payables	68	63
Bank loans	2,440	2,097
Obligations under finance leases	68	63
Deferred tax liabilities	235	275
Provisions (note 10)	118	99
Retirement benefit obligations	214	87
	3,143	2,684
Total liabilities	6,940	6,519
Net assets	3,359	3,451
EQUITY		
Called up share capital and share premium account	1,114	1,110
Foreign currency translation reserve	(52)	(181)
Retained earnings	2,297	2,522
Equity shareholders' funds	3,359	3,451
Translation rates		
US dollars	1.9835	2.0285
Euro	1.2715	1.4835

Group Cash Flow Statement

Year ended 31 July 2008

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
Cash flows from operating activities		
Cash generated from operations	1,262	1,299
Interest received	70	57
Interest paid	(205)	(174)
Tax paid	(99)	(167)
Net cash generated from operating activities	1,028	1,015
Cash flows from investing activities		
Acquisitions of businesses (net of cash acquired)	(199)	(1,346)
Disposals of businesses (net of cash disposed of)	16	-
Purchases of property, plant and equipment	(219)	(346)
Proceeds from sale of property, plant and equipment	84	62
Purchases of intangible assets	(98)	(50)
Net cash used in investing activities	(416)	(1,680)
Cash flows from financing activities		
Proceeds from the issue of shares to shareholders	4	673
Purchases of shares by Employee Benefit Trusts	-	(27)
Proceeds from new borrowings	283	1,143
Repayments of borrowings and derivatives	(529)	(1,134)
Finance lease capital payments	(19)	(12)
Dividends paid to shareholders	(215)	(198)
Net cash (used by)/generated from financing activities	(476)	445
Net cash generated/(used)	136	(220)
Effects of exchange rate changes	7	(12)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	143	(232)
Cash, cash equivalents and bank overdrafts at the beginning of the year	60	292
Cash, cash equivalents and bank overdrafts at the end of the year (note 12)	203	60

Reconciliation of Profit to Cash Generated From Operations

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
Profit for the financial year	74	474
Net finance costs	156	119
Tax expense	71	160
Depreciation of property, plant and equipment	212	182
Amortisation and impairment of non-acquired intangibles	30	9
Profit on disposal of property, plant and equipment	(16)	(27)
Amortisation and impairment of acquired intangibles	306	124
Decrease in inventories	220	88
Decrease in trade and other receivables	247	4
(Decrease)/increase in trade and other payables	(61)	149
Increase/(decrease) in provisions and other liabilities	18	(3)
Share based payments and other non cash items	5	20
Cash generated from operations	1,262	1,299

Notes to the preliminary results for the year ended 31 July 2008

1 Basis of preparation

The preliminary results for the year ended 31 July 2008 have been extracted from the full Annual Report which has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The preliminary results do not constitute the statutory accounts of the Group within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 July 2007 have been filed with the Registrar of Companies. The auditors have reported on those accounts and on the statutory accounts for the year ended 31 July 2008, which will be filed with the Registrar of Companies following the Annual General Meeting. Both the audit reports were unqualified and did not contain any statement under sections 237(2) or (3) of the Companies Act 1985.

2 Segmental analysis of results

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

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

Revenue by reportable segment

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
UK and Ireland	3,203	3,171
France	2,116	1,872
Nordic	2,197	1,617
Central and Eastern Europe	1,001	899
Europe	8,517	7,559
US plumbing and heating	5,613	5,685
US building materials	1,735	2,358
Canada	684	619
North America	8,032	8,662
Total	16,549	16,221

Trading profit by reportable segment (note 8)

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
UK and Ireland	176	211
France	103	101
Nordic	159	99
Central and Eastern Europe	-	35
European central costs	(10)	(13)
Europe	428	433
US plumbing and heating	397	411
US building materials	(123)	44
Canada	39	42
North American central costs	(8)	(10)
North America	305	487
Group central costs	(50)	(43)
Total trading profit (note 8)	683	877

Notes to the preliminary results for the year ended 31 July 2008

2 Segmental analysis of results (continued)

Operating profit by reportable segment

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
UK and Ireland	99	193
France	80	100
Nordic	106	58
Central and Eastern Europe	(18)	33
European central costs	(14)	(13)
Europe	253	371
US plumbing and heating	349	386
US building materials	(273)	8
Canada	32	41
North American central costs	(8)	(10)
North America	100	425
Group central costs	(52)	(43)
Total	301	753

Analysis of movement in revenue

	2007 £m	Exchange £m	New Acquisitions 2008 £m	Acquisitions Increment 2007 £m	Organic Change £m	Organic Change %	2008 £m
UK and Ireland	3,171	30	7	6	(11)	(0.3)	3,203
France	1,872	188	74	9	(27)	(1.3)	2,116
Nordic	1,617	162	-	387	31	1.7	2,197
Central and Eastern Europe	899	95	10	29	(32)	(3.3)	1,001
Europe	7,559	475	91	431	(39)	(0.5)	8,517
US Plumbing and Heating	5,685	(146)	80	126	(132)	(2.4)	5,613
US Building Materials	2,358	(60)	47	16	(626)	(27.2)	1,735
Canada	619	55	-	6	4	0.5	684
North America	8,662	(151)	127	148	(754)	(8.9)	8,032
Total revenue	16,221	324	218	579	(793)	(4.8)	16,549

Organic change is the total increase or decrease in the year adjusted for the impact of exchange, new acquisitions in 2008 and the incremental impact of acquisitions in 2007.

Notes to the preliminary results for the year ended 31 July 2008

2 Segmental analysis of results (continued)

Analysis of movement in trading profit

	2007 £m	Exchange £m	New Acquisitions 2008 £m	Acquisitions Increment 2007 £m	Organic Change £m	Organic Change %	2008 £m
UK and Ireland	211	2	-	-	(37)	(17.5)	176
France	101	10	9	-	(17)	(15.0)	103
Nordic	99	10	-	28	22	19.9	159
Central and Eastern Europe	35	3	1	(1)	(38)	(101.7)	-
European central costs	(13)	-	-	-	3		(10)
Europe	433	25	10	27	(67)	(14.8)	428
US Plumbing and Heating	411	(10)	11	10	(25)	(6.2)	397
US Building Materials	44	(1)	5	-	(171)	(397.2)	(123)
Canada	42	4	-	-	(7)	(15.1)	39
North American central costs	(10)	-	-	-	2		(8)
North America	487	(7)	16	10	(201)	(42.0)	305
Group central costs	(43)	-	-	-	(7)		(50)
Total trading profit	877	18	26	37	(275)	(30.8)	683

3 Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the income statement to enable a full understanding of the Groups' financial performance.

In 2008, the Group has recognised exceptional restructuring costs of £76 million before tax. The costs comprise staff redundancy costs of £32 million and other costs, including provisions for future lease rentals on closed branches and asset write-downs of £44 million.

Exceptional items before tax are analysed by segment as follows:

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
UK and Ireland	12	-
France	21	-
Nordic	3	-
Central and Eastern Europe	2	-
European central costs	4	-
Europe	42	-
US plumbing and heating	21	-
US building materials	6	-
Canada	5	-
North American central costs	-	-
North America	32	-
Group central costs	2	-
Total	76	-

There were no exceptional items in 2007 as restructuring costs in that year were not considered to be material (£20 million).

Notes to the preliminary results for the year ended 31 July 2008

4 Net finance costs

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
Interest receivable	69	58
Net pension finance income	3	-
Finance revenue	72	58
Bank interest payable on loans and overdrafts	(200)	(171)
Finance leases charges	(5)	(5)
Net pension finance cost	-	(2)
Valuation gains/(losses) on financial instruments		
• Derivatives held at fair value through profit and loss	22	2
• Loans in a fair value hedging relationship	(23)	(2)
• Change in fair value of available for sale investment	(9)	-
• Derivative gains recycled from equity	-	1
• Available for sale investment losses recycled from equity	(13)	-
Finance costs	(228)	(177)
Net finance costs	(156)	(119)

In 2008, the Group determined that an equity investment in Building Materials Holding Corporation categorised as an available-for-sale investment was impaired. The cumulative loss as at 31 July 2007 of £13 million that had previously been recognised in equity has accordingly been recycled from equity and recognised in finance costs along with the £9 million fair value reduction experienced in the year.

Net income receivable on construction loans included in finance revenue and finance costs amounted to £12 million (2007: £11 million).

5 Taxation

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
Tax on profit for the period		
• UK	78	20
• Overseas	94	154
	172	174
Deferred tax	(101)	(14)
	71	160

6 Dividends

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
Final paid for the year ended 31 July 2007: 21.55 pence per share (2006: 19.55 pence per share)	141	128
Interim paid for the year ended 31 July 2008 : 11.25 pence per share (2007: 10.85 pence per share)	74	70
Dividends charge for the period	215	198
Proposed final for the year ended 31 July 2008 of £nil (year ended 31 July 2007: 21.55 pence)	-	141

Notes to the preliminary results for the year ended 31 July 2008

7 Earnings per share

Basic earnings per share of 11.33 pence (2007: 73.52 pence) is calculated on the profit for the year attributable to equity shareholders of £74 million (2007: £474 million) on a weighted average number of ordinary shares in issue during the year of 655 million (2007: 644 million). As detailed in Note 8 below, the Group believes that profit measures before the amortisation and impairment of acquired intangibles provide valuable additional information for users of the financial statements. Basic earnings per share before exceptional items and the amortisation and impairment of acquired intangibles (net of deferred tax), has therefore been presented in the following table.

	Year ended 31 July 2008 **Pence per share**	Year ended 31 July 2007 **Pence per share**
Before exceptional items and amortisation and impairment of acquired intangibles	56.58p	87.80p
Exceptional items	(7.62)p	-p
Amortisation and impairment of acquired intangibles	(37.63)p	(14.28)p
Basic earnings per share	11.33p	73.52p

The impact of all potentially dilutive share options on earnings per share would be to increase the weighted average number of shares in issue to 656 million (2007: 647 million) and to reduce basic earnings per share to 11.32p (2007: 73.17p). Diluted earnings per share before exceptional items and the amortisation and impairment of acquired intangibles is 56.50p (2007: 87.39p)

8 Non-GAAP measures of performance

Trading profit is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles and is a non-GAAP measure. Exceptional items are material non-recurring items which are excluded from trading profit to enable a clear and consistent presentation of the Group's underlying financial performance. In addition, the current businesses within the Group have arisen through internal organic growth and through acquisition. Operating profit includes only the amortisation and impairment of acquired intangibles arising on those businesses that have been acquired subsequent to 31 July 2004 and as such does not reflect equally the performance of businesses acquired prior to 31 July 2004 (where no amortisation of acquired intangibles was recognised), businesses that have developed organically (where no intangibles are attributed) and those businesses more recently acquired (where amortisation of acquired intangibles is charged). The Group believes that trading profit provides valuable additional information for users of the preliminary results in assessing the Group's performance since it provides information on the performance of the business that local managers are more directly able to influence and on a basis consistent across the Group. The Group uses trading profit and certain key performance indicators calculated by reference to trading profit for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of individual businesses within the Group.

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
Operating profit	301	753
Add back: exceptional items	76	-
Add back: amortisation and impairment of acquired intangibles	306	124
Trading profit	683	877
Profit before tax	145	634
Add back: exceptional items	76	-
Add back: amortisation and impairment of acquired intangibles	306	124
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles	527	758

Notes to the preliminary results for the year ended 31 July 2008

9 Capital Expenditure

	Intangible Assets £m	Property, plant and equipment £m	Tangible and intangible assets £m
Net book value at 1 August 2007	2,680	1,718	4,398
Acquisitions	148	23	171
Additions	99	235	334
Disposals	(6)	(67)	(73)
Depreciation and amortisation	(150)	(212)	(362)
Impairment	(186)	-	(186)
Exchange rate adjustment	251	145	396
Net book value at 31 July 2008	**2,836**	**1,842**	**4,678**

At Stock Building Supply, the US building materials business, the further significant deterioration in the US housing market has continued to adversely affect revenue and trading profit. The Group has consequently reassessed its short and medium term outlook for Stock's cash generating units and has recognised an impairment loss in the year ended 31 July 2008. The loss mainly relates to the Texas, Florida, Nevada, New York and Massachusetts regions. It is calculated on a value in use basis and consists of an £110m impairment of goodwill and a £4m impairment of other acquired intangible assets.

The housing market in Ireland has also deteriorated significantly over the last year, and the Group has revised its expectations about the level of activity which will be sustainable in the long term. An impairment loss has been calculated on a value in use basis and consists of a £33 million impairment of goodwill and a £13 million impairment of other acquired intangible assets.

The Group's business in Italy has performed poorly in recent years, and the Group has reappraised how long it will take to restore previous levels of profitability. An impairment loss has been calculated on a value in use basis and consists of a £10 million impairment of goodwill and a £1 million impairment of other acquired intangible assets.

In addition, the Group has reduced its planned capital expenditure significantly in the medium term. As a consequence, certain software assets under development will not be implemented in the short term in as many territories as was originally intended. As a result of the consequent reduction in anticipated benefits from improved margins, productivity and working capital utilisation, the estimated value in use of these assets has fallen below the accumulated costs to date, and a £15 million impairment loss has been recognised.

10 Provisions

	Environmental and legal £m	Wolseley Insurance £m	Restructuring £m	Other provisions £m	Total £m
At 1 August 2007	42	48	15	25	130
Utilised in the year	(1)	(15)	(16)	(3)	(35)
Charge for the year	-	17	49	11	77
Exchange difference	1	1	2	2	6
At 31 July 2008	42	51	50	35	178

Environmental and legal liabilities include known and potential legal claims and environmental liabilities arising from past events where it is probable that a payment will be made and the amount of such payment can be reasonably estimated. Included in this provision is an amount of £36 million (2007: £35 million) related to asbestos litigation involving certain Group companies. This liability is covered by insurance and accordingly an equivalent insurance receivable has been recorded in 'Trade and other receivables'. The liability has been actuarially determined as at 31 July 2008 based on advice from independent professional advisors. The provision and the related receivable have been stated on a discounted basis using a long term discount rate of 4.6% (2007: 5.0%). The level of insurance cover available significantly exceeds the expected level of future claims and no profit or cash flow impact is therefore expected to arise in the foreseeable future.

Notes to the preliminary results for the year ended 31 July 2008

11 Reconciliation of movements in shareholders' funds

	Year ended 31 July 2008 £m	Year ended 31 July 2007 £m
Profit for the year attributable to equity shareholders	74	474
Other recognised income and expense	40	(83)
Dividends paid	(215)	(198)
Credit to equity for share based payments	5	20
New share capital and share premium subscribed	4	673
Purchase of own shares	-	(27)
Net (reduction in)/addition to shareholders' funds	(92)	859
Opening shareholders' funds	3,451	2,592
Closing shareholders' funds	3,359	3,451

Included in new share capital subscribed in the year ended 31 July 2007 are net proceeds of £646 million from the placing of 59,500,000 new ordinary shares.

12 Analysis of change in net debt

	At 31 July 2007 £m	Cashflow £m	Acquisitions and disposals £m	New finance leases £m	Fair value adjustments and other movements £m	Exchange movement £m	At 31 July 2008 £m
Cash and cash equivalents	244	67	-	-	-	10	321
Bank overdrafts	(184)	69	-	-	-	(3)	(118)
	60	136	-	-	-	7	203
Financial assets: trading investments	4	-	-	-	-	1	5
Derivative financial instruments	(8)	(8)	-	-	23	1	8
Bank loans	(2,443)	254	(39)	-	(49)	(321)	(2,598)
Obligations under finance leases	(80)	19	(4)	(13)	-	(9)	(87)
Total net debt	(2,467)	401	(43)	(13)	(26)	(321)	(2,469)

Cash and cash equivalents includes £5 million of cash held in escrow relating to deferred consideration payable for acquisitions made in the year ended 31 July 2008.

Notes to the Preliminary Results for the year ended 31 July 2008

13 Acquisitions

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

All Acquisitions	Book values acquired £m	Fair value alignments £m	Provisional fair values acquired £m
Intangible fixed assets			
- Customer relationships	-	50	50
- Trade names and brands	-	2	2
- Other	-	12	12
Property, plant and equipment	20	3	23
Inventories	44	-	44
Receivables	62	(1)	61
Cash, cash equivalents and bank overdrafts	9	-	9
Borrowings	(45)	-	(45)
Payables and provisions	(33)	-	(33)
Deferred tax	-	(20)	(20)
Total	57	46	103
Goodwill arising			84
Consideration			187
Satisfied by:			
Cash			174
Deferred and contingent consideration			9
Directly attributable costs			4
Total consideration			187

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

14 Exchange rates

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

The average profit and loss account translation rate for the year was $2.0000 to the £1 compared to $1.9487 for the comparable period last year, a decrease of 2.6%, and €1.3470 to the £1 compared to €1.4823, an increase of 10.0%.

- Ends -