

Press Release

24 November 2009

Interim Results for the six months ended 30 September 2009

The BSS Group plc ('BSS' or 'the Group'), a market leading distributor to specialist trades, announces its unaudited interim results for the six months ended 30 September 2009.

Financial Highlights

- § Revenue decreased 5.1% to £650.6m (2008: £685.9m), 3.6% down on last year on an equivalent trading day basis
- § Like for like ('LFL') revenue decreased 6.8% (2008: +3.3%): improving trend in Q2 with LFL revenue -4.5% vs -9.1% in Q1 (2008: Q1 +4.8%; Q2 +1.3%)
- § Like for like costs reduced by 7.8% (2008: +3.8%)
- § Adjusted profit* before tax £23.3m (2008: £30.4m)
- § Adjusted EPS* decreased 23.1% to 13.3p (2008: 17.3p)
- § Interim dividend held at 1.89p per share (2008: 1.89p)
- § Net debt £86.2m; net debt / EBITDA 1.4 times; interest cover 9.7 times. Unutilised borrowing facilities £114m

Operational Highlights

- § Focus on repair and maintenance market continues to underpin trading resilience
- § Better Q2 trading performance and October / November in line with our expectations
- § Encouraging revenue growth from new initiatives
- § Both Industrial and Domestic Divisions continue to grow market share
- § 10 new branches opened. 418 branches now trading

*Adjusted profit before tax is after adding back exceptional redundancy costs of £1.2m (2008: £0.1m) and amortisation of acquired intangibles of £1.2m (2008: £1.0m).

- § Direct Heating Spares acquisition performing ahead of expectations
- § 170% increase in renewables revenue to £7.4m (2008: £2.7m)
- § Specialist Division adversely impacted by construction / manufacturing slowdown
 - Recovery plan being implemented
- § In response to tighter market conditions:
 - Procurement / sourcing gains contribute £3m
 - LFL cost savings in the half £9.5m (7.8%)

Outlook

- § Market conditions expected to remain challenging throughout 2010
- § New growth opportunities being pursued to offset expected impact of reduced public sector investment in 2010 and beyond
- § Domestic Division positioned for early cycle recovery

Gavin Slark, Group Chief Executive, commented:

“BSS has shown considerable resilience in the first half of the financial year: trading profitably and generating strong cash flow despite a background of the most challenging market conditions for many years and a recession in the broader economy.

October and November are important months for the Group reflecting the seasonality of sales in the Domestic Division. Trading performance to date for these two months has been in line with our expectations. The Board remains confident that the Group will continue to make progress in the second half of the financial year by outperforming the market. We expect revenue and earnings to be lower than last year and have planned on this basis. We are focusing on margin recovery and achieving further productivity and efficiency improvements.

The Company continues to keep close to its customers and the market place; new growth opportunities are being pursued. The Group remains well positioned to take advantage of any economic recovery when it comes”.

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Chairman's Statement

BSS has shown considerable resilience in the first half of the financial year: trading profitably and generating strong cash flow despite a background of the most challenging market conditions for many years and a recession in the broader economy.

I am pleased to report that revenue and earnings of the Group have held up well. Adjusted profit before tax for the six months ended 30 September 2009 decreased by £7.1m (23.4%) to £23.3m (2008: £30.4m) on revenue of £650.6m, a 3.6% decrease on last year (2008: £685.9m) on an equivalent trading day basis. Free cash flow in the period was £12.1m (2008: £13.0m) with net debt closing at £86.2m (2008: £97.5m).

As expected, financial year 2009/10 is a year of slowing demand and as we anticipated a tightening of company budgets and uncertainty in the jobs market has had a negative impact on core demand for the Domestic, Industrial and Specialist Divisions. BSS has adapted well to these tougher market conditions: maintaining a strong trading focus, keeping close to its customers and their requirements while scaling back and selectively re-deploying resource to meet growth opportunities. Demand for our products is primarily driven by repairing and maintaining existing facilities, much of which is essential spend. This positioning of the business, together with alert management, has held us in good stead.

The Group continues to benefit from being conservatively financed and has continued to invest for future growth with 11 new branches opened year to date and £6.2m invested in acquiring Direct Heating Spares. Financial gearing is low with net debt to EBITDA of 1.4 times and interest cover in excess of nine times.

The Group enters the second half with the expectation that the market will continue to trade below last year. October and November are important months for the Group and trading to date has been in line with our expectations. Management remains focused on responding to changing market conditions and we hope there may be some early cycle recovery in the 2010 calendar year.

The financial position of the business remains strong and we propose to maintain the interim dividend of 1.89 pence per share (2008: 1.89 pence per share).

Financial Results

Group revenue in the first half has decreased by £35.3m (5.1%) to £650.6m (2008: £685.9m), a £24.9m (3.6%) reduction on an equivalent trading day basis. Like for like revenue, which excludes the impact of acquisitions and new branches, decreased by 6.8% (2008: +3.3%). Against last year, revenue performance was better in quarter two with LFL revenue down -4.5% (2008: +1.3%) against a -9.1% (2008: +4.8%) decrease in quarter one.

Revenue for the Domestic Division decreased by £3.8m (1%) to £430.5m (2008: £434.3m), like for like revenue was down 4.3%. The Industrial Division's revenue decreased by £19.8m (10%) in the half to £168.9m (2008: £188.7m), like for like revenue was down 9.1%. Price deflation and lower volume on copper and steel accounted for more than half of the decrease on last year. The Specialist Division's revenue decreased by £11.7m (19%) to £51.2m (2008: £62.9m), a like for like decrease of 17.1%, as contraction in UK manufacturing and construction activity adversely affected trade. New branches across the Group contributed

£20.6m (3.0%) of revenue growth in the period reflecting 10 branches opened and the impact in the half of last year's 30 branch openings.

Gross profit decreased by £15.0m (9.5%) to £142.7m, gross margin percentage of 21.9% was 1.1% points down on last year (2008: 23.0%). The reduction reflects price deflation, adverse mix, plus increased promotional activity in more competitive market conditions.

Total Group costs were reduced in the half by £5.4m (4.3%) to £119.3m. Excluding the impact of acquisitions, new branches and redundancy costs, like for like costs were £9.5m (7.8%) down on the first half of last year. Employee numbers, like for like, have been reduced by a further 199 (4.0%) following a reduction of 314 (6.0%) in the final seven months of the last financial year. Sales per employee were 4% higher than the first half of last year. Bad debts cost £3.0m (0.46% of revenue), an increase of £0.9m on the first half of last year. Exceptional redundancy costs of £1.2m (2008: £0.1m) were recognised in the period, following an exceptional charge in the second half of last year of £1.1m.

Operating profit decreased by £9.6m (29.1%) to £23.4m (2008: £33.0m). There were two additional trading days in the first half of last year, worth £2.5m, which will be recovered in the second half of this financial year. The Domestic Division's profit decreased by £4.8m (27%) to £13.3m with operating margin reducing from 4.2% to 3.1%. The Industrial Division's profit decreased by £1.9m (11%) to £14.7m in the first half, operating margin was 8.7% (2008: 8.8%). The Specialist Division contributed £0.9m of profit against £1.9m in the first half of last year.

Net finance costs for the Group decreased from £3.7m to £2.5m. Loan and other bank interest, which excludes the interest credit relating to the pension deficit, was £2.4m against £4.1m last year. The decrease reflects lower LIBOR and lower average net debt during the period.

Adjusted profit before tax prior to charging exceptional costs of £1.2m (2008: £0.1m) and amortisation of acquired intangibles of £1.2m (2008: £1.0m) was down £7.1m (23.4%) to £23.3m (2008: £30.4m). After adjusting for the impact of two less working days this year, adjusted profit before tax was down £4.6m (16.5%) to £23.3m (2008: £27.9m).

The effective rate of corporation tax of 30.1% (2008: 30.0%) is higher than the standard rate of 28.0% due primarily to disallowable expenditure. Earnings per share on a statutory basis decreased by 29% to 11.8p per share (2008: 16.7p). There is no material difference between basic earnings per share and diluted earnings per share. Adjusted earnings per share was 13.3p (2008: 17.3p), a 4.0p (23.1%) reduction on the prior year.

The working capital to sales ratio improved to 14.5% (2008: 14.8%), working capital continues to be tightly managed: net working capital increased by £1.6m (1%) on last year. Capital expenditure in the first half of the financial year was £5.1m (2008: £8.1m) of which £1.2m was invested in opening 10 new branches and £1.9m on the upgrade of IT systems (as part of a rolling investment programme). Free cash flow generated in the six month period was £12.1m (2008: £13.0m).

The Group's financial position remains strong with net debt of £86.2m (2008: £97.5m), a net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) ratio of 1.4 times and interest cover of 9.7 times. Gearing as at 30

September 2009 was 36% (2008: 44%). Unutilised borrowing facilities as at 30 September 2009 amounted to £114m.

Shareholders' equity in the six months ended 30 September 2009 increased by £5.6m (2.4%) to £237.2m. The increase principally reflects retained earnings. Based on operating profit generated in the 12 months ended 30 September 2009, return on capital employed (equity and debt) was 17.0% against 21.3% in September 2008 and 20.3% in March 2009.

Business Review

The strategy of the Group has remained broadly unchanged despite tougher economic conditions. We continue to focus on delivering profitable organic growth, developing the branch network, broadening our product offer and repositioning the business to develop new revenue streams that will offset the contraction in Government funded investment in future years. At the same time we continue to bear down on costs. BSS remains primarily a business that supports repair and maintenance activity.

Domestic Division

	Half year to September 2009	Half year to September 2008	Increase/ (Decrease)
Revenue	£430.5m	£434.3m	(1%)
Operating Profit ^{*1}	£13.3m	£18.1m	(27%)
Margin	3.1%	4.2%	

Domestic Division revenue decreased by 0.9% in the first half of the financial year: a like for like decrease of 4.3%, new branches contributed 4.7% of revenue growth and two less working days cost 1.5%. The second quarter (LFL sales: -1.3%) has shown improved sales trends compared with quarter one (LFL sales: -7.4%) which in part reflects weaker sales last year as residential new build activity deteriorated.

The reduction of operating margin from 4.2% to 3.1% reflects tighter gross margins due to sales mix, deflation on copper and more competitive trading conditions offset by labour efficiency and other cost savings. In response to a slower market, like for like costs have been reduced by 7% against the first half of last year.

The primary driver for sales of the Division's principal product categories, boilers, radiators, pipes and accessories is the replacement for repair and maintenance of existing housing stock. Despite a recessionary market, sales volume has held up well as the contraction in revenue from the core business has been partly offset by increased revenue from new growth opportunities including spares, renewable energy solutions and commercial sanitaryware. Trading tactics have been sharpened to ensure that we remain competitive.

First half revenue benefited from nine new branch locations opened in the half plus the full year impact of last year's openings. New branches contributed £20.1m of incremental revenue, equivalent to 4.7% of revenue growth in the half. Prior to investment being made in new branches, market research is undertaken to establish trade potential for each prospective location and a rigorous assessment

* 1 operating profit prior to delivering redundancy costs £0.3m (2008: £0.1m) and amortisation of acquired intangibles £0.3m (2008: £0.2m)

made of investment proposals. Despite challenging economic conditions, new branches continue to offer a satisfactory return on capital and the selective investment in new locations continues albeit at a slower rate of opening compared to previous years.

New build residential revenue has bottomed out with revenue in the first half around 80% below previous peak levels. House building has commenced on several sites throughout the country and PTS is closely aligned to a number of domestic house builders and is well positioned to take advantage of any increased activity levels in 2010 and beyond.

Direct Heating Spares Limited ('DHS') was acquired on 2 April 2009 for a consideration of £6.2m. The spares market, estimated to be in excess of £200m, has strong market dynamics, especially during an economic downturn. PTS now has 120 branches stocking spares and sales in the first half amounted to £7.8m, 165% up on last year. DHS has performed ahead of expectations and offers considerable growth potential to the Group as a wholesaler and distributor to the heating industry.

The understanding and effective application of renewable heating technology continues to grow apace. PTS supplies a complete range of solar, heat pump and biomass technology and revenue in the first half from renewables was £7.4m, a 170% increase on the prior year. Further contracts have been won and the Domestic Division is investing in stock, infrastructure and specialist staff to fully develop the potential of this new revenue stream. Renewable technology continues to be a core part of our future strategy and offers considerable growth potential.

Spendlove C. Jebb, the Northern Ireland based merchant, continues to gain market share and remains profitable despite difficult economic conditions throughout Ireland. Like for like sales were flat against last year but further contract gains have ensured that the second half has enjoyed a strong start. We continue to see opportunities to grow sales and profitability throughout Ireland.

F & P Wholesale continues to outperform the market and has shown resilient trading performance in the first half. The appeal of the service offering to independent merchants and the strength of the business model has increased as credit conditions have tightened in the wider economy. F & P opened its eleventh branch at Wishaw in Scotland in August 2009. Through developing the branch network, expanding the product offering and attracting new customers there continue to be opportunities to develop and grow the F & P business.

Management believe that the Domestic Division is well positioned to take advantage of any 'early cycle' recovery in the economy in 2010 through increased residential new build activity. In addition growth initiatives are being vigorously pursued that will provide incremental revenue in future years to offset the slowdown in Government / Local Authority related contract work, which we anticipate.

Industrial Division

	Half year to September 2009	Half year to September 2008	Increase/ (Decrease)
Revenue	£168.9m	£188.7m	(10%)
Operating Profit* ²	£14.7m	£16.6m	(11%)
Margin	8.7%	8.8%	

The Industrial Division has responded well to the challenging trading conditions, and has made considerable progress in broadening the spread and mix of business to build greater revenue resilience and develop new growth opportunities. The Division continues to outperform the market and as market leader in the heating and ventilation sector its strong strategic position is based on a nationwide branch infrastructure and a reputation for service and technical expertise.

Like for like revenue in the first half was 9.1% down on last year and operating profit of £14.7m was £1.9m (11%) down on 2008. Of the 9.1% LFL reduction in revenue in the period, half of the revenue decrease relates to lower sales of copper and steel tube with new build commercial activity significantly below the prior year. Operating margin remains a healthy 8.7% (2008: 8.8%), despite deflation on copper against buoyant conditions in 2008.

Major project work remains a core part of the Division's business and the outlook for the current financial year continues to be positive based on committed fully funded projects. Beyond the current year, we anticipate that Government funded projects will be scaled back as capital investment is curtailed. Despite this uncertainty the Division remains well positioned. A number of projects, including the Aspire contract to upgrade Ministry of Defence accommodation, have longevity and commitment beyond the current year. In addition, Olympics contracts and associated infrastructure projects in the South East have been won that will provide new revenue throughout 2010 and into 2011.

Above ground drainage is an adjacent market valued at around £200m. BSS Industrial has launched a product catalogue of 12,000 lines to service this market and opened four implant branches with another 14 being opened this financial year. Experienced staff have been recruited to ensure that we have both the expertise and technical knowledge to grow further this revenue opportunity. The 'implant' approach enables the business to attract new revenue with minimal incremental cost at existing locations. Results to date have been encouraging with significant new incremental revenue targeted.

The water industry is undertaking a £24 billion investment programme over five years from 2010 to upgrade infrastructure and treatment processes. BSS Industrial has established a dedicated distribution facility, within the existing cost base, that is focused on this industry with a product offer and range that has enabled BSS to be successful in securing contracts with a number of water utility companies. Management and sales staff have been restructured to provide dedicated support. The water industry represents an exciting growth opportunity for the Industrial Division.

BSS own brand penetration of the heating market is increasing through BOSS, AMS Pumps, Havelock Controls and Austin Stroud. Commercial application of

² Operating profit prior to deducting redundancy costs £0.7m (2008: nil) and amortisation of acquired intangibles £0.1m (2008: £0.1m).

these products in hospitals, schools, factories and other facilities are delivering savings that provide a good payback which underpins the investment case. We expect the requirement to improve energy efficiency to be a strong driver of growth in future years.

Specialist Division

	Half year to September 2009	Half year to September 2008	Increase/ (Decrease)
Revenue	£51.2m	£62.9m	(19%)
Operating Profit ^{*3}	£0.9m	£1.9m	(53%)
Margin	1.8%	3.0%	

The Specialist Division, formed in 2007, serves the maintenance, repair and overhaul ('MRO') market which includes power tools, hand tools, personal protective equipment, janitorial product and general industrial supplies. The Division comprises Birchwood Price Tools ('BPT') which is a wholesaler that sells predominantly to trade customers and Buck & Hickman ('B & H') which sells to end user industrial customers. Both businesses serve markets that have been adversely impacted by recessionary conditions.

The Division contributed revenue of £51.2m (2008: £62.9m) and generated a profit in the half of £0.9m (2008: £1.9m), prior to amortisation of acquired intangibles £0.8m (2008: £0.7m) and redundancy costs £0.2m (2008: nil). Like for like revenue for the half was 17% down on last year as contraction in manufacturing and construction activity had a negative impact on underlying demand.

Just under 50% of BPT's historic customer base is sales to UK tool hire companies and builders merchants. The hire companies have cut back on capital investment to conserve cash and builders merchants have faced double digit reduction in like for like sales activity with a knock on impact on BPT's sales. In response to tougher demand conditions, BPT has broadened its product offer: extended existing ranges and launched new products in order to increase sales to existing customers and attract new customers, through focused sales recruitment. In addition, export markets are being developed and costs have been reduced by 22% against the prior year.

The direct sourcing capability of BPT has brought gross margin procurement benefit to the Group in excess of £3m in the first half. BPT sales have steadied, and the business continues to make a positive contribution to the Group and is well positioned for early cycle recovery.

B & H sales proposition primarily supports large end user industrial customers with their general MRO procurement requirements. A number of customers in the automotive, aerospace and engineering sectors have scaled back production activity significantly. Like for like sales in the first half were 12% below last year but despite a challenging market place, the third stage of the recovery plan has commenced. This entails focusing on customer recruitment and winning new business to offset the reduction in spend by core end users.

The sales force has been restructured and refocused with an emphasis on sales effectiveness. Further investment has been made in vendor managed inventory

^{*3} Operating profit prior to deducting redundancy costs £0.2m (2008: nil) and amortisation of acquired intangibles £0.8m (2008: £0.7m)

equipment to support industrial customers and web systems to enhance the supply chain process. Product ranges are being improved to establish authority in the janitorial and personal protective equipment offering.

We remain confident that the recovery plan will improve trading performance but we expect 2009/10 to be a tough year for Buck & Hickman. The business remains profitable and cash generative. Year on year headcount has been reduced by 10% to position the business for the challenging market conditions.

Principal Risks

The Group has reviewed its key risk areas and in particular liquidity risk in relation to its bank facilities, credit risk associated with the Group's key customers and the risk of reduced demand for its products due to economic conditions. Further details of the Group's risk profile can be found in our 2009 Annual Report and Accounts. In the view of the Board this has not changed. The principal risks listed comprise: the wider economy, customer credit, the supply chain and pensions funding.

The Group's forecasts and projections take account of a range of trading scenarios that show that the Group would be able to operate within the level of its current facilities. The Group renegotiated its revolving credit facility during April 2009 and this facility of £90m is not repayable until 2012. In addition, a further £72m is borrowed under a US private placement of which £43m is repayable in 2013 and £29m in 2016. At 30 September 2009, we had approximately £114m of unutilised facility. After making enquiries, the Directors have reasonable expectation that the Group have adequate resources to fund the Group's activities for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the Interim Report and Accounts.

Market Outlook and for the six months to 31 March 2010

The Group continues to believe that financial year 2009/10 will be a year of weaker demand and that market conditions will remain challenging into 2010. We expect recovery in the wider economy to be gradual and the impact on specific sectors to be dependent on their position in the economic cycle. At some point there will be a pick up in the residential new build activity with some favourable impact on the Domestic and Specialist Divisions.

The BSS Group remains well positioned to take advantage of early cycle recovery in residential construction. However, our core business remains focused on the repair and maintenance of existing facilities with a significant proportion of our revenue being from medium to long term contracts. BSS revenue in the current financial year is expected to show more resilience than the overall economy. We continue to maintain close relationships with our customers which allows the Group to gauge market conditions for the second half.

October and November are important months for the Group reflecting the seasonality of sales of the Domestic Division. Trading performance to date for these two months has been in line with our expectations.

The Board remains confident that the Group will continue to make progress in the second half of the financial year by outperforming the market. We expect revenue and earnings to be lower than last year and have planned on this basis. We are focused on margin recovery and achieving further improvements in productivity

and efficiency. BSS continues to keep close to its customers and the market place and new growth opportunities are being pursued. The Group remains well positioned to take advantage of any economic recovery.

Statement of Directors' Responsibilities

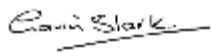
The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union, and that the Interim Report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 namely:

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

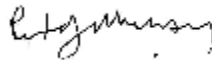
Material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

The Directors are listed in the Annual Report and Accounts for 31 March 2009. A list of current Directors is maintained on The BSS Group plc website: www.bssgroup.com.

By order of the Board



Gavin Slark
Group Chief Executive
24 November 2009



Roddy Murray
Group Finance Director
24 November 2009

Consolidated Income Statement

of The BSS Group plc for the six months ended 30 September 2009

		Six months ended 30 September 2009 (Unaudited) £m	Six months ended 30 September 2008 (Unaudited) £m	Year ended 31 March 2009 (Audited) £m
	Notes			
Revenue: Group and share of joint venture	3	650.7	685.9	1,340.6
Less: Share of joint venture		(0.1)	-	-
Revenue	3	650.6	685.9	1,340.6
Gross profit		142.7	157.7	306.6
Staff costs		(63.2)	(68.7)	(133.2)
Depreciation		(2.9)	(2.8)	(5.8)
Amortisation of non-current assets		(1.6)	(1.3)	(2.5)
Other operating charges		(52.7)	(53.3)	(104.5)
Other operating income		1.1	1.4	3.8
Group operating profit	3, 4	23.4	33.0	64.4
Share of operating profit in joint venture		-	-	-
Operating profit	3,4	23.4	33.0	64.4
Finance income	6	0.2	0.1	0.1
Pension schemes net finance (costs)/ income	5,6	(0.2)	0.3	0.5
Finance costs	6	(2.5)	(4.1)	(7.2)
Profit before taxation	3	20.9	29.3	57.8
Income tax expense	7	(6.3)	(8.8)	(16.8)
Profit after taxation for the period attributable to equity shareholders	3	14.6	20.5	41.0

All results derive from continuing activities

Earnings per share	9	11.8p	16.7p	33.3p
Diluted earnings per share	9	11.8p	16.6p	33.2p
Dividend per share				
Proposed dividend for the period	8	1.89p	1.89p	5.54p

Consolidated Statement of Comprehensive Income

of The BSS Group plc for the six months ended 30 September 2009

		Six months ended 30 September 2009 (Unaudited) £m	Six months ended 30 September 2008 (Unaudited) £m	Year ended 31 March 2009 (Audited) £m
	Notes			
Profit after taxation for the period		14.6	20.5	41.0
Foreign currency translation differences		1.0	(0.1)	-
Actuarial losses on defined benefit pension schemes	5	(4.2)	(7.9)	(19.2)
Deferred tax movement associated with actuarial losses		1.2	2.2	5.4
(Losses) / gains on cash flow hedges		(1.8)	(0.7)	1.0
Deferred tax on cash flow hedge (losses)/ gains		0.5	0.2	(0.3)
Total comprehensive income for the period		11.3	14.2	27.9

Consolidated Statement of Changes in Equity

of The BSS Group plc for the six months ended 30 September 2009

Six months ended 30 September 2009

	Share capital £m	Share premium £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2009	6.2	33.6	2.7	12.4	176.7	231.6
Profit after taxation for the period	-	-	-	-	14.6	14.6
Foreign currency translation differences	-	-	-	-	1.0	1.0
Actuarial losses on defined benefit pension schemes	-	-	-	-	(4.2)	(4.2)
Deferred tax movement associated with actuarial losses	-	-	-	-	1.2	1.2
Losses on cash flow hedges	-	-	(1.8)	-	-	(1.8)
Deferred tax on cash flow hedge losses	-	-	0.5	-	-	0.5
Total comprehensive income for the period	6.2	33.6	1.4	12.4	189.3	242.9
Transactions with owners:						
Issue of shares	-	1.7	-	-	-	1.7
Dividends paid	-	-	-	-	(6.9)	(6.9)
Cost of issue of Performance Share Plan shares	-	-	-	-	(0.9)	(0.9)
Cost of equity share based payments	-	-	-	-	0.3	0.3
Tax on share options	-	-	-	-	0.1	0.1
Balance at 30 September 2009	6.2	35.3	1.4	12.4	181.9	237.2
Six months ended 30 September 2008						
	Share capital £m	Share premium £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2008	6.1	32.4	2.0	12.4	158.6	211.5
Profit after taxation for the period	-	-	-	-	20.5	20.5
Foreign currency translation differences	-	-	-	-	(0.1)	(0.1)
Actuarial losses on defined benefit pension schemes	-	-	-	-	(7.9)	(7.9)
Deferred tax movement associated with actuarial losses	-	-	-	-	2.2	2.2
Losses on cash flow hedges	-	-	(0.7)	-	-	(0.7)
Deferred tax on cash flow hedge losses	-	-	0.2	-	-	0.2
Total comprehensive income for the period	6.1	32.4	1.5	12.4	173.3	225.7
Transactions with owners:						
Issue of shares	0.1	1.2	-	-	-	1.3
Dividends paid	-	-	-	-	(6.8)	(6.8)
Cost of issue of Performance Share Plan shares	-	-	-	-	(0.7)	(0.7)
Cost of equity share based payments	-	-	-	-	1.0	1.0
Tax on share options	-	-	-	-	(0.4)	(0.4)
Balance at 30 September 2008	6.2	33.6	1.5	12.4	166.4	220.1

Consolidated Statement of Changes in Equity

of The BSS Group plc for the six months ended 30 September 2009

Year ended 31 March 2009

	Share capital £m	Share premium £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2008	6.1	32.4	2.0	12.4	158.6	211.5
Profit after taxation for the year	-	-	-	-	41.0	41.0
Foreign currency translation differences	-	-	-	-	-	-
Actuarial losses on defined benefit pension schemes	-	-	-	-	(19.2)	(19.2)
Deferred tax movement associated with actuarial losses	-	-	-	-	5.4	5.4
Gains on cash flow hedges	-	-	1.0	-	-	1.0
Deferred tax on cash flow hedge gains	-	-	(0.3)	-	-	(0.3)
Total comprehensive income for the period	6.1	32.4	2.7	12.4	185.8	239.4
Transactions with owners:						
Issue of shares	0.1	1.2	-	-	-	1.3
Dividends paid	-	-	-	-	(9.2)	(9.2)
Cost of issue of Performance Share Plan shares	-	-	-	-	(0.7)	(0.7)
Cost of equity share based payments	-	-	-	-	1.1	1.1
Tax on share options	-	-	-	-	(0.3)	(0.3)
Balance at 31 March 2009	6.2	33.6	2.7	12.4	176.7	231.6

Consolidated Balance Sheet

of The BSS Group plc as at 30 September 2009

	Notes	September 2009 (Unaudited) £m	September 2008 (Unaudited) £m	March 2009 (Audited) £m
Assets				
Non-current assets				
Fixed asset investment				
- Share of gross assets		0.3	-	-
- Share of gross liabilities		-	-	-
Goodwill		84.6	79.9	79.9
Intangible assets		47.0	42.2	45.6
Property, plant and equipment	10	41.5	40.6	41.1
Deferred tax assets		10.1	6.2	9.8
		183.5	168.9	176.4
Current assets				
Inventories		183.8	186.0	172.6
Trade and other receivables		254.0	269.5	239.6
Financial assets				
- Cash and cash equivalents		9.4	4.4	10.8
- Derivative financial instruments		2.6	3.1	4.3
		449.8	463.0	427.3
Liabilities				
Current liabilities				
Financial liabilities				
- Borrowings		-	(5.1)	-
Trade and other payables		(249.1)	(269.5)	(224.6)
Current tax liabilities		(6.3)	(8.0)	(7.0)
Provisions		(1.2)	(1.2)	(0.9)
		(256.6)	(283.8)	(232.5)
Net current assets		193.2	179.2	194.8
Non-current liabilities				
Financial liabilities				
- Borrowings		(95.6)	(96.8)	(96.8)
Deferred tax liabilities		(8.9)	(8.3)	(9.7)
Retirement benefit liabilities	5	(33.4)	(19.8)	(30.9)
Provisions		(1.6)	(3.1)	(2.2)
		(139.5)	(128.0)	(139.6)
Net assets		237.2	220.1	231.6
Shareholders' equity				
Share capital		6.2	6.2	6.2
Share premium		35.3	33.6	33.6
Other reserves		13.8	13.9	15.1
Retained earnings		181.9	166.4	176.7
Total equity		237.2	220.1	231.6

Consolidated Cash Flow Statement

of The BSS Group plc for the six months ended 30 September 2009

	Notes	Six months ended 30 September 2009 (Unaudited) £m	Six months ended 30 September 2008 (Unaudited) £m	Year ended 31 March 2009 (Audited) £m
Cash flows from operating activities				
Cash generated from operations	14	26.7	31.9	66.0
Interest paid		(2.8)	(4.2)	(7.8)
Tax paid		(6.7)	(6.7)	(14.9)
Net cash from operating activities		17.2	21.0	43.3
Cash flows from investing activities				
Acquisition of subsidiaries	11	(6.2)	-	(1.0)
Net of cash and overdraft acquired with subsidiaries	11	0.3	-	-
Share in joint venture		(0.3)	-	-
Purchase of property, plant and equipment and intangible assets		(5.1)	(8.1)	(15.4)
Sale of property, plant and equipment		-	0.1	-
Net cash used in investing activities		(11.3)	(8.0)	(16.4)
Cash flows from financing activities				
Issue of ordinary share capital		0.8	0.6	0.6
Proceeds of borrowings		40.0	-	-
Repayment of short term borrowings		(41.2)	(6.3)	(11.2)
Capital element of finance lease payments		-	(0.2)	(0.4)
Dividends paid	8	(6.9)	(6.8)	(9.2)
Net cash from financing activities		(7.3)	(12.7)	(20.2)
Net (decrease)/ increase in cash and cash equivalents		(1.4)	0.3	6.7
Cash and cash equivalents at 1 April		10.8	4.1	4.1
Cash and cash equivalents at 30 September / 31 March		9.4	4.4	10.8
Free cash flow is defined as:				
Net cash from operating activities		17.2	21.0	43.3
Purchase of property, plant and equipment and intangible assets		(5.1)	(8.1)	(15.4)
Sale of property, plant and equipment		-	0.1	-
Free cash flow		12.1	13.0	27.9
Net cost of acquisitions		(6.2)	-	(1.0)
Issue of ordinary share capital		0.8	0.6	0.6
Dividends paid		(6.9)	(6.8)	(9.2)
Movement in net debt		(0.2)	6.8	18.3
Opening net debt		(86.0)	(104.3)	(104.3)
Closing net debt		(86.2)	(97.5)	(86.0)

NOTES

1 Basis of preparation

The condensed consolidated financial information comprises the consolidated balance sheets as at 30 September 2009, 30 September 2008 and 31 March 2009 and related consolidated statements of income, of comprehensive income, changes in equity and cash flows for the periods then ended of The BSS Group plc.

The condensed consolidated financial information for the half year ended 30 September 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority using accounting policies consistent with International Financial Reporting Standards and IFRIC interpretations in issue and also in accordance with International Accounting Standard (IAS) 34 '*Interim Financial Reporting*', as adopted by the European Union. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

These interim financial results do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim results to 30 September 2009 and 2008 are unaudited but have been reviewed by the auditors and their independent Review Report is included with these statements. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 31 March 2009. The audit report on the 2009 Annual Report and Accounts, which have been filed with the Registrar of Companies, was unqualified and did not contain an emphasis of matter paragraph and did not contain a statement under either s237(2) or s237(3) of the Companies Act 1985. The Board approved the condensed consolidated interim financial information on 24 November 2009.

2 Accounting policies

The condensed consolidated financial information has been prepared under the historical cost convention as modified by the revaluation of certain items as required by IFRS.

The accounting policies adopted in these condensed consolidated financial statements are consistent with those of the annual statements for the year ended 31 March 2009, as described in those financial statements. The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2009 and have been adopted in the financial statements for the first time.

IAS 1 (Revised) 'Presentation of Financial Statements', details the requirement to aggregate information in the financial statements, introduces a statement of comprehensive income and changes in titles of some of the financial statements.

IAS 23 (Revised) 'Borrowing Costs' requires entities to include in the cost of qualifying assets borrowing costs that are directly attributable to such assets.

IFRS 2 (Revised) 'Share-based payment: vesting conditions and cancellations', clarifies the definition of vesting conditions and the accounting treatment of cancellations by the counterparty to a share based arrangement.

IFRIC 13 'Customer Loyalty Programmes', addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.

IAS 32 (Amendment) 'Financial Instruments: Presentation', requires a financial instrument to be classified as a liability if the holder of that instrument can require the issuer to redeem it for cash.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not yet been applied by the Group were in issue but not yet effective or authorised by the European Union.

Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement', Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement on Eligible Hedged Items', IAS 27 (Revised) 'Consolidated and Separate Financial Statements', IFRS 3 (revised) 'Business Combinations', IFRIC 16 'Hedges of a Net Investment in a Foreign Operation', IAS 37 (Revised) 'Provisions, Contingent liabilities and Contingent assets', IFRIC 17 'Distributions of Non-Cash Assets to Owners', IFRIC 18 'Transfers of assets from Customers', Amendment to IFRS 7 'Improving Disclosures about Financial Instruments', Amendments to IFRS 2 'Group Cash-settled Share-based Payment Transactions', Amendments to IFRIC 9 and IAS 39 'Embedded Derivatives'.

3 Segmental information

The Chief Operating Decision Maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Board to allocate resources and assess their performance. The business is organised around differences in products and services. Where areas of the business have common characteristics, segments have been aggregated appropriately. The Group's reportable segments and their activities are listed below:

The Domestic Division supplies a comprehensive range of sanitaryware, heating and plumbing products to a variety of customers, both public and private sector, from large national contractors to the sole trading plumber and heating engineer through its extensive branch network.

The Industrial Division is the market leader in the UK supply and distribution of pipeline, process, heating and mechanical services equipment. Its customers range from large national contractors to local independents.

The Specialist Division supplies a range of power tools, hand tools, maintenance and health and safety products to three principal market sectors: the manufacturing industry, wholesale and trade customers. The Division uses its key capabilities, industry leading catalogues, web and vendor managed inventory solutions, in order to maximise service to its customers.

NOTES

3 Segmental information (continued)

	Six months ended 30 September 2009				Six months ended 30 September 2008				Year ended 31 March 2009			
	Industrial	Domestic	Specialist	Total	Industrial	Domestic	Specialist	Total	Industrial	Domestic	Specialist	Total
	Division	Division	Division		Division	Division	Division		Division	Division	Division	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross revenue	169.2	431.3	53.2	653.7	188.9	435.3	65.5	689.7	352.1	873.3	122.2	1,347.6
Inter-segment sales	(0.3)	(0.8)	(2.0)	(3.1)	(0.2)	(1.0)	(2.6)	(3.8)	(0.5)	(2.2)	(4.3)	(7.0)
Revenue from external customers	168.9	430.5	51.2	650.6	188.7	434.3	62.9	685.9	351.6	871.1	117.9	1,340.6
Adjusted segment result	14.7	13.3	0.9	28.9	16.6	18.1	1.9	36.6	30.0	36.8	4.7	71.5
Amortisation of acquired intangibles	(0.1)	(0.3)	(0.8)	(1.2)	(0.1)	(0.2)	(0.7)	(1.0)	(0.3)	(0.4)	(1.5)	(2.2)
Exceptional redundancy costs	(0.7)	(0.3)	(0.2)	(1.2)	-	(0.1)	-	(0.1)	(0.3)	(0.6)	(0.1)	(1.0)
Segment Result	13.9	12.7	(0.1)	26.5	16.5	17.8	1.2	35.5	29.4	35.8	3.1	68.3
Unallocated charges (including redundancy costs)				(3.1)				(2.5)				(3.9)
Operating profit				23.4				33.0				64.4
Net finance costs				(2.5)				(3.7)				(6.6)
Profit before taxation				20.9				29.3				57.8
Income tax expense				(6.3)				(8.8)				(16.8)
Profit after taxation for the period				14.6				20.5				41.0
Segment assets	127.3	302.5	40.7	470.5	140.9	301.8	44.8	487.5	119.9	282.2	44.0	446.1
Acquired intangibles	0.8	4.9	21.5	27.2	1.0	4.4	22.1	27.5	0.9	4.2	22.3	27.4
Goodwill	10.9	56.3	17.4	84.6	10.9	51.6	17.4	79.9	10.9	51.6	17.4	79.9
Unallocated assets	139.0	363.7	79.6	582.3	152.8	357.8	84.3	594.9	131.7	338.0	83.7	553.4
Fixed asset investment				0.3				-				-
Deferred tax assets				10.1				6.2				9.8
Cash				9.4				4.4				10.8
Derivative financial instruments				2.6				3.1				4.3
Intangibles – software				19.8				14.7				18.2
Properties				6.8				6.8				6.8
Group property, plant and equipment				2.0				1.8				0.4
Total assets				633.3				631.9				603.7
Segment liabilities	(69.3)	(162.8)	(17.0)	(249.1)	(84.6)	(162.9)	(22.0)	(269.5)	(64.5)	(140.4)	(19.7)	(224.6)
Unallocated liabilities												
Retirement benefit liabilities				(33.4)				(19.8)				(30.9)
Onerous lease and property dilapidation provision				(2.8)				(4.3)				(3.1)
Borrowings				(95.6)				(101.9)				(96.8)
Tax liabilities				(15.2)				(16.3)				(16.7)
Total liabilities				(396.1)				(411.8)				(372.1)

NOTES

3 Segmental information (continued)

	Six months ended 30 September 2009				Six months ended 30 September 2008				Year ended 31 March 2009			
	Industrial	Domestic	Specialist	Total	Industrial	Domestic	Specialist	Total	Industrial	Domestic	Specialist	Total
	Division	Division	Division		Division	Division	Division		Division	Division	Division	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Other segment items												
Capital expenditure-Property, plant and equipment												
Segment	0.5	1.9	0.2	2.6	0.5	3.1	0.4	4.0	1.0	6.1	0.8	7.9
Group				0.5				0.3				0.1
Capital expenditure-Intangibles												
Group				2.0				3.8				7.4
				5.1				8.1				15.4
Depreciation												
Segment	0.5	1.8	0.3	2.6	0.5	1.7	0.4	2.6	1.1	3.5	0.7	5.3
Group				0.3				0.2				0.5
				2.9				2.8				5.8
Amortisation of non-current assets												
Segment	0.1	0.3	0.8	1.2	0.1	0.2	0.7	1.0	0.3	0.4	1.5	2.2
Group				0.4				0.3				0.3
				1.6				1.3				2.5

All inter-segment sales / transfers are transacted on an arm's length basis. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of corporate and head office costs, investment revenue and finance costs and income tax expense as reported to the Board. The Board monitor the tangible and intangible assets and working capital of each segment. Segment assets include property, plant and equipment, goodwill, inventories and trade receivables and exclude deferred taxation. Segment liabilities comprise operating liabilities and exclude taxation, borrowings and retirement benefit liabilities.

Geographical information

The Group operates in one principal geographical area, the UK and Republic of Ireland. The Industrial and Specialist Divisions sell products to overseas countries but these operations of the Group are not monitored by the Board for allocating resources or performance purposes as a separate function. Information on the split of revenue to overseas countries is shown below, no information on the allocation of assets is available.

	Six months ended	Six months ended	Year ended
	September 2009	September 2008	March 2009
	£m	£m	£m
UK and Ireland	649.4	684.4	1,338.0
Other	1.2	1.5	2.6
	<u>650.6</u>	<u>685.9</u>	<u>1,340.6</u>

Sales to any individual country outside of the UK and Ireland are not material and therefore are not disclosed separately.

Information about major customers

The Group does not rely on any individual customer. Included in revenues for the six month period ending 30 September 2009 arising from the Domestic Division are revenues of approximately £27.4m (6 months ending 30 September 2008: £24.2m, 12 months ending 31 March 2009: £50.5m) which arose from sales to the Group's largest customer.

Information on products and services

Each Division supplies a distinct set of products and services. The Group's revenues from its major products and services and allocation of its assets are shown by individual segments above.

NOTES

4 Operating profit

The following items of unusual nature have been charged to the operating profit:

	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
	£m	£m	£m
Redundancies	1.2	0.1	1.2

5 Pension schemes

	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
	£m	£m	£m
Gross deficit 1 April	30.9	13.1	13.1
Current service costs	1.4	1.7	3.2
Contributions	(3.3)	(2.6)	(4.3)
Other finance costs - interest cost	4.5	4.8	9.7
Other finance income - expected return on scheme assets	(4.3)	(5.1)	(10.2)
Foreign exchange retranslation	-	-	0.2
Actuarial losses	4.2	7.9	19.2
Gross deficit 30 September/ 31 March	33.4	19.8	30.9
Deferred tax assets	(9.3)	(5.5)	(8.7)
Net deficit at 30 September/ 31 March	24.1	14.3	22.2

The change in the scheme deficit is primarily due to an increase in inflation and decreasing AA corporate bond yields. This has been partially offset by a better than expected investment performance driven by the recovery in the equity markets. Gross assets of the pension schemes increased by £31.5m (29.5%) to £138.2m at 30 September 2009.

NOTES

6 Finance income and costs

	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
	£m	£m	£m
Other net finance income - pension schemes	-	0.3	0.5
Other finance income – revaluation of financial instruments	0.2	0.1	0.1
Finance income	0.2	0.4	0.6
Loan and other bank interest	(2.4)	(4.1)	(7.1)
Other net finance costs - pension schemes	(0.2)	-	-
Unwind of discount on Birchwood acquisition deferred consideration	(0.1)	-	(0.1)
Finance costs	(2.7)	(4.1)	(7.2)
Interest cover (times)	9.7	8.0	9.1

Interest cover is calculated by dividing operating profit by loan and other bank interest.

On 29 April 2009, the £100 million five year unsecured revolving credit facility was replaced was a £90 million three year unsecured revolving credit facility.

7 Income tax expense

Tax for the six month period ended 30 September 2009 is charged at 30.1% (six month period ended 30 September 2008: 30.0%; year ended 31 March 2009: 29.1%) representing the best estimate of the average annual effective corporation tax rate expected for the full year, applied to the pre-tax income of the six month period. The rate is higher than the standard rate of corporation tax in the United Kingdom due to the effect of the decrease in the share price on the associated share option deferred tax asset, representing an increase of 0.3% in the tax charge and the effect of the disallowable expenditure representing 1.7%.

8 Dividends

The final dividend of £6.9 million for the year ended 31 March 2009 equates to 5.54 pence per share on 123.874m shares (2008: 5.54 pence per share on 123.091m shares) and was paid on 24 July 2009 to shareholders registered on 26 June 2009.

In addition the Directors are proposing an interim dividend in respect of the six months ended 30 September 2009 of 1.89 pence per share (2008: 1.89 pence per share) which will absorb an estimated £2.3 million of shareholders' funds. It will be paid on 6 January 2010 to shareholders who are on the register of members on 4 December 2009.

NOTES

9 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period excluding those held as Treasury shares which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one class of dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	30 September 2009			30 September 2008			31 March 2009		
	Earnings	Weighted average number of shares	Per-share amount	Earnings	Weighted average number of shares	Per-share amount	Earnings	Weighted average number of shares	Per-share amount
	£m	millions	pence	£m	millions	pence	£m	millions	pence
Statutory Basic EPS									
Earnings attributable to ordinary shareholders	14.6	123.792	11.8	20.5	123.021	16.7	41.0	123.250	33.3
Effect of dilutive securities									
Options	-	0.276	-	-	0.509	-	-	0.370	-
Diluted EPS	14.6	124.068	11.8	20.5	123.530	16.6	41.0	123.620	33.2
Redundancy costs and acquired intangible amortisation	2.4	-	-	1.1	-	-	3.4	-	-
Tax credit	(0.6)	-	-	(0.3)	-	-	(1.0)	-	-
Adjusted Basic EPS	16.4	123.792	13.3	21.3	123.021	17.3	43.4	123.250	35.2

At 30 September 2009 1,031,639 (March 2009: 867,302) share options had an exercise price in excess of the average market value of the shares in the period. As a result, these options were excluded from the calculation of diluted earnings per share.

10 Capital expenditure

	Six months ended		Six months ended		Year ended	
	30 September 2009		30 September 2008		31 March 2009	
	Property, plant and equipment		Property, plant and equipment		Property, plant and equipment	
	£m	£m	£m	£m	£m	£m
Opening net book amount	41.1	39.1	39.1	39.1	39.1	39.1
Additions	3.1	4.4	4.4	4.4	8.0	8.0
Acquisitions	0.2	-	-	-	-	-
Disposals	-	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Depreciation and other movements	(2.9)	(2.8)	(2.8)	(2.8)	(5.8)	(5.8)
Closing net book amount	41.5	40.6	40.6	40.6	41.1	41.1

Future capital expenditure for contracts placed but not provided in the financial statements amounted to £0.7m at 30 September 2009 (2008: £2.1m).

NOTES

11 Acquisitions

On 2 April 2009, the Company acquired 100% of the issued share capital of Direct Heating Spares Limited for a cash consideration of £6.2 million. This resulted in goodwill and intangibles of £5.7 million. Due to the date of the acquisition, the fair value adjustments are provisional and will only be finalised after detailed investigations are completed.

	Book Value	Adjustments	Fair Value Acquired
Net assets acquired:	£m	£m	£m
Intangibles	-	1.0	1.0
Property, plant and equipment	0.2	-	0.2
Inventories	0.5	-	0.5
Trade and other receivables	2.5	-	2.5
Cash and cash equivalents	0.3	-	0.3
Trade and other payables	(2.6)	-	(0.2)
Tax liabilities	(0.2)	(0.2)	(0.4)
	0.7	0.8	1.5
Goodwill			4.7
			6.2

Satisfied by:

Cash	6.0
Directly attributable costs	0.2
	6.2

The intangible assets are primarily the customer relationships. The goodwill arising is attributable to the anticipated profitability of the acquisition and the future operating synergies arising in the enlarged Group.

Since the date of acquisition to 30 September 2009, Direct Heating Spares Limited has contributed revenue of £5.2m and operating profit of £0.5m. As Direct Heating Spares Limited was acquired on 2 April 2009, the additional day of revenue and profits would not alter the disclosed revenue and profits of the Group as disclosed in these interim financial statements.

12 Related party transactions

The Group has a related party relationship with its subsidiaries and with its directors. Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no material related party transactions with directors. The Group contributed £0.27m to its joint venture partnership Construction Site Solutions LLP (CSS LLP) during the period. Operating transactions with CSS LLP were not significant in the period.

13 Seasonality

The sales and profit for both the Domestic and Industrial Divisions are subject to seasonal fluctuations, with peak demand for Domestic heating products seen in quarter three and peak demand for Industrial supplies seen in quarter two. These peaks coincide with seasonal weather conditions and factory shut down periods. The effect on sales is historically that the six months ended 30 September produces approximately 48% of the annual sales of the Group and marginally less than half of the profit before tax.

NOTES

14 Cash flow from operating activities

Reconciliation from operating profit to cash generated from continuing operations

	Six months ended 30 September 2009 £m	Six months ended 30 September 2008 £m	Year ended 31 March 2009 £m
Opening profit (before interest and tax)	23.4	33.0	64.4
Adjustments for:			
Depreciation and amortisation of intangibles	4.5	4.1	8.3
Changes in working capital:			
Increase in inventories	(10.7)	(17.0)	(3.3)
(Increase)/ decrease in trade and other receivables	(11.9)	(15.9)	13.6
Increase/ (decrease) in trade and other creditors	23.2	28.0	(15.6)
(Decrease)/ increase in provisions	(0.3)	0.1	(1.1)
Other non-cash movements	(1.5)	(0.4)	(0.3)
Cash generated from continuing operations	26.7	31.9	66.0