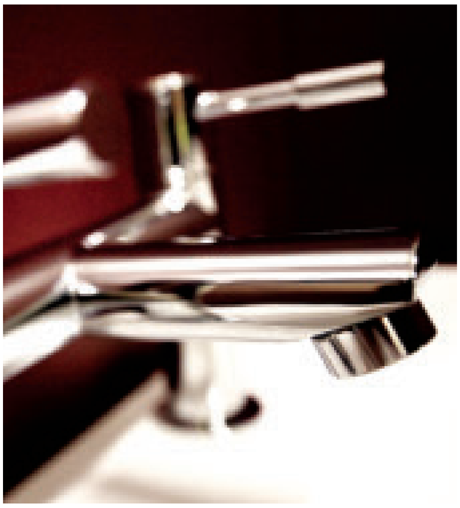
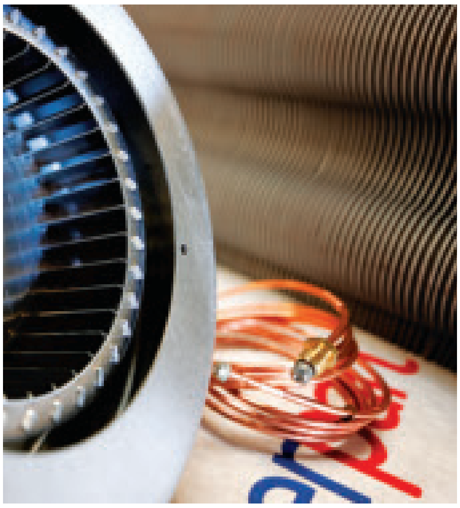
Creating Our Own Recovery

The BSS Group plc

Interim Report & Accounts 2010





PTS Renewable energybranch

fresssh Bathrooms

BSS Drainage
Specialist in Drainage

DHS
Direct Heating Spares

UGS

Chairman's Statement

Peter Warry
Chairman

Sadly after 111 years this is very likely to be the last report BSS will be making as an independent group so it is particularly pleasing that I can report that we are going out on a high with all three Divisions performing strongly despite the potential distraction created by the Travis Perkins plc ('TP') takeover. Revenue has increased by 10.2% to £717.1m (2009: £650.6m) and profit before tax, before exceptional transaction costs of £1.6m, was up by 32.1% to £27.6m (2009: £20.9m). Free cash flow for the period was £11.9m (2009: £12.1m) with net debt closing at £80.9m (2009: £86.2m).

BSS has remained focused on delivering organic growth and has enjoyed strong trading performance with all three Divisions achieving solid underlying increases in revenue and operating profit. The improvement in trading results reflects a pick up in our core repair and maintenance markets, as the broader economy starts to recover, a more favourable price environment plus a focus on improving trade terms and sales effectiveness across the Group.

With like for like ('LFL') revenue up 5.5% (2009: -6.8% LFL)in the half, improving gross margin trends and careful management of cost, the Group has, as anticipated, enjoyed the beneficial impact of operational gearing in an environment of improving market conditions and revenue growth.

New revenue streams from spares, renewables and below and above ground drainage have delivered revenue in the first half of £49m, up 33% on last year and ahead of our expectations. The Group's focus on essential repair and maintenance activity with a diverse customer base and resilient revenue streams means we enter the second half with an enviable spread to the business and enhanced quality of earnings with growth in new revenue streams more than offsetting the impact of reduced public sector investment.

The second half of the financial year has got off to a good start: October and November are key 'heating season' months for the Group and trading in the first seven weeks of the second half has been encouraging, with LFL revenue up 5.9%. BSS has momentum and remains well positioned: 'Creating its own Recovery'.

Following the offer to acquire BSS by TP, the Office of Fair Trading ('OFT') indicated on 26 October that the acquisition could proceed subject to certain remedies. We are working with TP and considerable progress has been made to ensure that the remedies are met and it is now anticipated that the acquisition of BSS by Travis Perkins will be completed by the end of December 2010. The Board of BSS would like to thank colleagues throughout the Group for their continued support and commitment during six months of uncertainty in an extended bid process.

Financial Results

Group revenue in the first half has increased by £66.5m (10.2%) to £717.1m (2009: £650.6m) with like for like revenue, which excludes the impact of acquisitions and new branches, up 5.5% (2009: -6.8%). The Group enjoyed a strong first quarter with LFL sales up +7.8% (2009: Q1: -9.1%) albeit against weaker trading conditions last year and made steady progress in Q2 with LFL sales up 3.6% against LY (2009: Q2: -4.5%).

Revenue for the Domestic Division increased by £33.5m (7.8%) to £464.0m (2009: £430.5m), like for like revenue was up 5.5%.

The Industrial Division's revenue increased by £27.5m (16.3%) in the half to £196.4m (2009: £168.9m), like for like revenue was up 4.1%. UGS, acquired on 5 February 2010 for £5.2m, contributed £20.6m of revenue and was profitable in the half. Sales volume growth of 1% on boilers plus price inflation on boilers, copper and plastics have contributed to year on year revenue growth. The Specialist Division has enjoyed a much better half, revenue increased by £5.5m (10.7%) to £56.7m (2009: £51.2m), a like for like increase of 10.7%. Revenue growth has increased as the half progressed as new customers have been recruited and trading initiatives have provided new sales momentum. New branches across the Group contributed £9.9m (1.5%) of revenue growth in the period reflecting primarily the impact in the half of last year's 18 branch openings. The branch opening programme was curtailed during the TP bid process.

Gross profit increased by £10.1m (7.1%) to £152.8m, gross margin percentage of 21.3% was 0.6% points down on last year (2009: 21.9%). The gross margin trend however is improving, gross margin in Q2 was a full 1.0% point above Q1 and gross margin ended the half above last year following price increases, revisions to trade terms and the impact of better buying. The market remains highly competitive but gross margin recovery continues to be a key objective and progress has been made.

Total Group costs increased by £4.1m (3.4%) to £124.5m. Excluding the impact of the UGS acquisition and new branches, like for like costs were £1.2m (1.0%) up on the first half of last year against a 5.5% increase in like for like sales. Employee numbers have been increased by 65 (1.3%) in the first half following a reduction of 530 people (10.3%) in the prior 18 months. Sales per employee were 4.9% higher than the first half of last year with continuing employee commitment a key factor in the success of the business. Bad debts cost £4.7m (0.66% of revenue), an increase of £1.7m on the first half of last year with the incidence of bad debts in the late cycle Industrial sector increasing. The Group in the half has been insulated from the full impact of bad debts exposure through credit insurance cover which remains in place.

Operating profit, prior to exceptional transaction costs, increased by £5.9m (25.2%) to £29.3m (2009: £23.4m), an operating margin of 4.1% (2009: 3.6%). The Domestic Division's profit increased by £1.8m (13.5%) to £15.1m with operating margin increasing to 3.3% from 3.1%. Industrial Division's profit increased by £2.1m (14.3%) to £16.8m in the first half, operating margin at 8.6% was marginally below the prior year (2009: 8.7%). The Specialist Division's recovery contributed £1.9m of profit against £0.9m in the first half of last year.

Net finance costs for the Group decreased from £2.5m to £1.7m. Loan and other bank interest, which excludes the interest credit relating to the pension deficit, was £2.5m, in line with the prior year.

Profit before tax, prior to charging exceptional transaction costs of £1.6m (2009: nil) was £6.7m (32.1%) higher at £27.6m (2009: £20.9m). Transaction costs of £1.6m are made up entirely of fees relating to advice received and support given during the recommended offer by TP to acquire BSS.

The effective rate of corporation tax of 29.2% (2009: 30.1%) is higher than the standard rate of 28.0% due primarily to disallowable expenditure. Earnings per share on a statutory basis prior to exceptional transaction costs increased by 36.4% to 16.1p per share (2009: 11.8p). There is no material difference between basic earnings per share and diluted earnings per share. Earnings per share after exceptional transaction costs was 14.8p (2009: 11.8p), a 3.0p increase on the prior year.

The working capital to sales ratio decreased to 14.2% (2009: 14.5%), working capital continues to be tightly managed: net working capital increased by £6.8m (3.5%) in the half. Capital expenditure in the first half of the financial year was £5.0m (2009: £5.1m) of which £1.0m was invested in opening new branches and £2.4m on the upgrade of IT systems (as part of a rolling investment programme) and £0.8m on supply chain / dispensing infrastructure at Buck & Hickman. Free cash flow generated in the six month period was £11.9m (2009: £12.1m).

The Group's financial position remains strong with net debt of £80.9m (2009: £86.2m), a net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) ratio of 1.27 times and interest cover of 13.2 times. Gearing as at 30 September 2010 was 31% (2009: 36%). Unutilised borrowing facilities as at 30 September 2010 amounted to £131m.

Shareholders' equity in the six months ended 30 September 2010 increased by £6.1m to £262.0m. The increase principally reflects retained earnings offset by a higher pension deficit plus payment of a final dividend. Based on operating profit generated in the 12 months ended 30 September 2010, return on capital employed (equity and debt) was 15.7% against 17.0% in September 2009 and 14.5% in March 2010.

Business Review

The strategy of the Group has remained broadly unchanged, 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 essential repair and maintenance activity and has demonstrated revenue resilience throughout the recession.

Domestic Division

	Half year to September 2010	Half year to September 2009	Increase/ (Decrease)
Revenue	£464.0m	£430.5m	+7.8%
Operating Profit	£15.1m	£13.3m	+13.5%
Margin	3.3%	3.1%	

Domestic Division revenue increased by 7.8% in the first half of the financial year: a like for like increase of 5.5%, new branches contributed 2.3% of revenue growth. Operating margins steadied at 3.3% (2009: 3.1%) as price increases and better contract terms were reflected in gross margin improvement in Q2.

The primary driver for sales of the Division's principal product categories, boilers, radiators, pipes and accessories is the replacement on a repair and maintenance basis in existing housing stock. Sales volume has stabilised and prices have increased as economic activity has picked up with improved sales focus driving market share growth of the repair and maintenance and residential new build markets. New growth opportunities including spares, renewable energy solutions and commercial sanitaryware have helped to underpin the robust revenue performance in the period.

First half revenue benefited from one new branch location opened in the half plus the full year impact of last year's openings. New branches contributed £9.9m of incremental revenue, equivalent to 2.3% of revenue growth in the half.

New build residential revenue has increased by 30% to £17.5m in the first half of the financial year. PTS's share of the house building market has increased and the outlook remains positive despite some uncertainty in the overall market regarding a sustained recovery. PTS is well positioned with a dedicated team focused on meeting the needs of both national and local builders.

Direct Heating Spares ('DHS') moved to seven day operations in April 2010 to support a growing customer base. Further investment has been made in stock, premises and people as DHS has expanded its service offer. DHS works closely with 120 PTS branches that stock spares and sells direct to third parties. Spares sales in the half were £10.9m (40%) up on last year and the second half of the financial year has started with encouraging growth momentum.

Revenue from renewable heating technologies continues to show strong growth with £10.4m generated in the half, up 41% on the first half of 2009. The investment made in stock, distribution infrastructure and specialist staff underpins contract gains. Renewables remain an exciting growth opportunity for the Domestic Division.

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 has expanded its product offer increasing ranges of sanitaryware and broadening its customer base to serve new sectors of the market. The branch network is being expanded to meet the needs of our customers in a robust and growing independent merchanting sector.

The Domestic Division is taking advantage of 'early cycle' recovery in the economy in 2010 through an improving price environment, a gradual recovery in R & M activity, and through self help growth initiatives. These are being pursued to provide incremental revenue to offset the slowdown in Government / Local Authority related contract work, which we have anticipated.

Industrial Division

	Half year to September 2010	Half year to September 2009	Increase/ (Decrease)
Revenue	£196.4m	£168.9m	+16.3%
Operating Profit	£16.8m	£14.7m	+14.3%
Margin	8.6%	8.7%	

The Industrial Division has had an encouraging first half with core repair and maintenance business showing considerable resilience through the peak summer refit months and major project work has held up well despite commercial markets remaining subdued. The Division continues to outperform the market and as market leader in the heating and ventilation sector has a strong strategic position based on a nationwide branch infrastructure and a reputation for service and technical expertise.

Like for like revenue in the first half was 4.1% up on last year, with the acquisition of UGS contributing £20.6m of new revenue. Operating profit in the half increased by £2.1m (14%) to £16.8m reflecting the benefit of price gains, improved purchasing and tight cost management. Adjusted operating margin remains a healthy 8.6% (2009: 8.7%), with inflation on copper, steel and plastics a contributory factor.

Major project work remains a core part of the Division's business and the outlook continues to be positive based on committed fully funded projects. Beyond 2010/11, 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 2011 and into 2012. The Division continues to make progress in broadening the spread and mix of revenue to improve the quality and resilience of earnings with drainage, power and water markets identified.

BSS launched its above ground drainage offer in 2009 and now has 17 implant and two standalone locations. Revenue in the first half of £7.3m was 15% up on last year with a full product offer and experienced staff in place. Considerable progress has been made in building this new business stream with the 'implant' approach enabling the business to attract new revenue with minimal incremental cost.

Energy efficiency remains a key driver to upgrading existing heating and ventilation equipment in the industrial and commercial sectors and underlying demand has increased throughout the period as projects are initiated within both public and private sectors that are underpinned by sound economics and environmental benefits.

BSS own brand penetration of the heating market has increased through BOSS, AMS Pumps, Havelock Controls and Austin Stroud. Commercial application of these products in hospitals, schools, factories and other facilities are delivering savings that provide a good payback which underpins the investment case. Own brand growth in the half is 8%.

Specialist Division

	Half year to September 2010	Half year to September 2009	Increase/ (Decrease)
Revenue	£56.7m	£51.2m	+10.7%
Operating Profit	£1.9m	£0.9m	+111%
Margin	3.4%	1.8%	

The Specialist Division has had a much better half with revenue up 10.7% LFL and operating profit, prior to amortisation of acquired intangibles and redundancy costs, more than doubling in the period.

The Specialist Division 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 have made substantial progress in the half.

The Division contributed revenue of £56.7m (2009: £51.2m) and generated a profit in the half of £1.9m (2009: £0.9m), prior to amortisation of acquired intangibles £0.8m (2009: £0.8m) and redundancy costs £0.1m (2008: £0.2m). Like for like revenue for the half was 10.7% up with sales performance improving as the half progressed: Q2 LFL revenue was up 15% against Q1 growth of 7%.

Birchwood Price Tools sales have enjoyed a strong recovery with like for like revenue up 27.8% in the first half against last year. Management self help initiatives have been the key driver of improved trading performance, focused on new customer recruitment, product development and building brand awareness. The reliance on the hire sector has been reduced and improved trading conditions in merchanting have assisted.

The relaunch of the Scruffs workwear brand has been a great success. Scruffs revenue increased by 170% against last year to £2.2m in the period. Our customers have bought into the brand and following national radio advertising the order book for the Autumn / Winter season is strong.

The direct sourcing capability of BPT continues to make a significant contribution. BPT has brought gross margin procurement benefit to the Group in excess of £2.5m in the first half.

Buck & Hickman's trading performance is recovering well from the recessionary market conditions in 2009. The business is delivering double digit sales growth with major new industrial customers recruited, a segmented product offer in place, improved sales effectiveness and a successful channel strategy being pursued. Investment made in vending machines, sales and operational resource accompanied with stronger business processes are delivering a turnaround in trading performance.

The B & H sales force has been restructured and refocused with an emphasis on sales effectiveness. Further investment has been made in vendor managed inventory equipment to support industrial customers and web systems to enhance the supply chain process. Product ranges have been segmented to establish authority in the janitorial and personal protective equipment offering to give a stronger sales proposition.

Revenue in Q2 for B & H was 11.1% up on last year (against Q1 growth of 3.1%).

Momentum is building and the new management team at Buck & Hickman has made substantial progress in a short period of time.

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 on pages 22 and 23 of our 2010 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 2010, we had £131m of unutilised facilities. The Directors have a reasonable expectation that the Group has 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 2011

The Group continues to believe that the financial year 2010/11 will be a year of recovering demand but that market conditions will remain competitive. 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. We have seen some recovery in the price environment with some favourable impact on both the Domestic and Industrial Divisions in the first half.

The tightening of fiscal plans by the public sector has been anticipated and the BSS Group has been re-positioned to ensure that new revenue opportunities are pursued that offset the loss of revenue from the public sector.

The Group remains well positioned to take advantage of early cycle economic recovery in the private sector. Our core business remains focused on the essential repair and maintenance of existing facilities with a significant proportion of our revenue being from medium to long term contracts. BSS revenue throughout the recession has shown 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 the first seven weeks has been ahead of our expectations. November revenue is on track to be the highest sales month in the 111 year history of the Group.

The Board wish to thank all the employees of the Group for their commitment, enterprise and hard work. It is this commitment that has enabled BSS to outperform the market in recent years.

P. J. Warry

Peter Warry
Chairman
23 November 2010

Statement of Director's 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 2010. 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
23 November 2010

Roddy Murray
Group Finance Director
23 November 2010

Consolidated Income Statement
of The BSS Group plc for the six months ended 30 September 2010

	Notes	**Six months ended 30 September 2010 (Unaudited) £m**	Six months ended 30 September 2009 (Unaudited) £m	Year ended 31 March 2010 (Audited) £m
Revenue: Group and share of joint venture		**717.2**	650.7	1,352.5
Less: Share of joint venture		**(0.1)**	(0.1)	(0.1)
Revenue	3	**717.1**	650.6	1,352.4
Gross profit		**152.8**	142.7	286.6
Staff costs before exceptional redundancy costs		**(66.6)**	(62.0)	(123.8)
Exceptional redundancy costs	4	-	(1.2)	(3.1)
Staff costs		**(66.6)**	(63.2)	(126.9)
Depreciation		**(3.2)**	(2.9)	(6.0)
Amortisation of non-current assets		**(2.0)**	(1.6)	(3.2)
Other operating charges		**(52.7)**	(52.7)	(102.6)
Exceptional transaction costs	4	**(1.6)**	-	-
Other operating income		**1.0**	1.1	1.7
Group operating profit	3, 4	**27.7**	23.4	49.6
Share of operating profit in joint venture		**-**	-	-
Operating profit	3, 4	**27.7**	23.4	49.6
Finance income	6	**0.1**	0.2	0.3
Finance costs	6	**(2.5)**	(2.5)	(5.3)
Pension schemes net finance income/(costs)	5, 6	**0.7**	(0.2)	(0.4)
Profit before taxation	3	**26.0**	20.9	44.2
Income tax expense	7	**(7.6)**	(6.3)	(12.8)
Profit after taxation for the period attributable to equity shareholders	3	**18.4**	14.6	31.4

All results derive from continuing activities

	Notes			
Earnings per share	9	**14.8p**	11.8p	25.4p
Diluted earnings per share	9	**14.8p**	11.8p	25.3p

Consolidated Statement of Comprehensive Income
of The BSS Group plc for the six months ended 30 September 2010

	Notes	**Six months ended 30 September 2010 (Unaudited) £m**	Six months ended 30 September 2009 (Unaudited) £m	Year ended 31 March 2010 (Audited) £m
Profit after taxation for the period		**18.4**	14.6	31.4
Foreign currency translation differences		**(0.2)**	1.0	0.8
Actuarial (losses) / gains on defined benefit pension schemes	5	**(6.7)**	(4.2)	2.0
Deferred tax movement associated with actuarial (losses) / gains		**1.6**	1.2	(0.6)
Fair value loss on derivatives designated as cash flow hedges		**(0.9)**	(5.4)	(4.0)
Amounts recycled to income statement		**1.2**	3.6	1.9
Deferred tax on cash flow hedge (losses)/gains		**(0.1)**	0.5	0.6
Total comprehensive income for the period		**13.3**	11.3	32.1

Consolidated Statement of Changes in Equity
of The BSS Group plc for the six months ended 30 September 2010

Six months ended 30 September 2010

	Share capital £m	Share premium £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2010	**6.2**	**35.4**	**1.2**	**12.4**	**200.7**	**255.9**
Profit after taxation for the period	-	-	-	-	18.4	**18.4**
Foreign currency translation differences	-	-	-	-	(0.2)	**(0.2)**
Actuarial losses on defined benefit pension schemes	-	-	-	-	(6.7)	**(6.7)**
Deferred tax movement associated with actuarial losses	-	-	-	-	1.6	**1.9**
Fair value loss on derivatives designated as cash flow hedges	-	-	(0.9)			**(0.9)**
Amounts recycled to income statement	-	-	1.2	-	-	**1.2**
Deferred tax on cash flow hedge losses	-	-	(0.1)	-	-	**(0.1)**
Total comprehensive income for the period	-	-	**0.2**	-	**13.1**	**13.3**
Transactions with owners:						
Issue of shares	-	0.1	-	-	-	**0.1**
Dividends paid	-	-	-	-	(7.6)	**(7.6)**
Cost of issue of Performance Share Plan shares	-	-	-	-	-	**-**
Cost of equity share based payments	-	-	-	-	0.2	**0.2**
Tax on share options	-	-	-	-	0.1	**0.1**
Balance at 30 September 2010	**6.2**	**35.5**	**1.4**	**12.4**	**206.5**	**262.0**

Six months ended 30 September 2009

	Share capital £m	Share premium £m	Restated Hedging reserve £m	Merger reserve £m	Retained earnings £m	Restated 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
Fair value loss on derivatives designated as cash flow hedges	-	-	(5.4)	-	-	(5.4)
Amounts recycled to income statement	-	-	3.6	-	-	3.6
Deferred tax on cash flow hedge losses	-	-	0.5	-	-	0.5
Total comprehensive income for the period	-	-	(1.3)	-	12.6	11.3
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

Consolidated Statement of Changes in Equity
of The BSS Group plc for the six months ended 30 September 2010

Year ended 31 March 2010	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 year	-	-	-	-	31.4	31.4
Foreign currency translation differences	-	-	-	-	0.8	0.8
Actuarial gains on defined benefit pension schemes	-	-	-	-	2.0	2.0
Deferred tax movement associated with actuarial gains	-	-	-	-	(0.6)	(0.6)
Fair value loss on derivatives designated as cash flow hedges	-	-	(4.0)	-	-	(4.0)
Amounts recycled to income statement	-	-	1.9	-	-	1.9
Deferred tax on cash flow hedge losses	-	-	0.6	-	-	0.6
Total comprehensive income for the period	-	-	(1.5)	-	33.6	32.1
Transactions with owners:						
Issue of shares	-	1.8	-	-	-	1.8
Dividends paid	-	-	-	-	(9.2)	(9.2)
Cost of issue of Performance Share Plan shares	-	-	-	-	(0.9)	(0.9)
Cost of equity share based payments	-	-	-	-	0.4	0.4
Tax on share options	-	-	-	-	0.1	0.1
Balance at 31 March 2010	6.2	35.4	1.2	12.4	200.7	255.9

Consolidated Balance Sheet
of The BSS Group plc as at 30 September 2010

	Notes	**September 2010 (Unaudited) £m**	Restated September 2009 (Unaudited) £m	March 2010 (Audited) £m
Assets				
Non-current assets				
Fixed asset investment				
– Share of gross assets		**0.3**	0.3	0.4
– Share of gross liabilities		**-**	-	(0.1)
Goodwill		**88.2**	84.6	88.0
Intangible assets		**51.1**	47.0	50.6
Property, plant and equipment	10	**40.7**	41.5	41.7
Financial assets				
– Derivative financial instruments		**14.2**	12.6	17.1
Deferred tax assets		**9.1**	10.1	7.9
		203.6	196.1	205.6
Current assets				
Inventories		**200.9**	183.8	179.4
Trade and other receivables		**277.7**	254.0	275.7
Financial assets				
– Cash and cash equivalents		**14.4**	9.4	10.3
		493.0	447.2	465.4
Liabilities				
Current liabilities				
Financial liabilities				
– Borrowings		**(13.6)**	-	(14.1)
Trade and other payables		**(276.8)**	(249.1)	(259.8)
Current tax liabilities		**(8.5)**	(6.3)	(6.4)
Provisions		**(1.1)**	(1.2)	(1.1)
		(300.0)	(256.6)	(281.4)
Net current assets		**193.0**	190.6	184.0
Non-current liabilities				
– Borrowings at contracted rates		**(81.7)**	(95.6)	(81.5)
– US$ Loan note fair value adjustment		**(11.3)**	(10.0)	(14.7)
Financial liabilities		**(93.0)**	(105.6)	(96.2)
Deferred tax liabilities		**(9.1)**	(8.9)	(9.2)
Retirement benefit liabilities	5	**(31.0)**	(33.4)	(26.2)
Provisions		**(1.5)**	(1.6)	(2.1)
		(134.6)	(149.5)	(133.7)
Net assets		**262.0**	237.2	255.9
Shareholders' equity				
Share capital		**6.2**	6.2	6.2
Share premium		**35.5**	35.3	35.4
Other reserves		**13.8**	13.8	13.6
Retained earnings		**206.5**	181.9	200.7
Total equity		**262.0**	237.2	255.9

Consolidated Cash Flow Statement
of The BSS Group plc for the six months ended 30 September 2010

	Notes	**Six months ended 30 September 2010 (Unaudited) £m**	Six months ended 30 September 2009 (Unaudited) £m	Year Ended 31 March 2010 (Audited) £m
Cash flows from operating activities				
Cash generated from operations	14	**24.2**	26.7	49.5
Interest paid		**(2.1)**	(2.8)	(5.2)
Tax paid		**(5.3)**	(6.7)	(13.0)
Net cash from operating activities		**16.8**	17.2	31.3
Cash flows from investing activities				
Acquisition of subsidiaries		-	(6.2)	(8.1)
Net of cash and overdraft acquired with subsidiaries		-	0.3	(4.0)
Share in joint venture		-	(0.3)	(0.3)
Purchase of property, plant and equipment and intangible assets		**(5.0)**	(5.1)	(10.0)
Sale of property, plant and equipment		**0.1**	-	0.1
Net cash used in investing activities		**(4.9)**	(11.3)	(22.3)
Cash flows from financing activities				
Issue of ordinary share capital		**0.1**	0.8	0.9
Proceeds of borrowings		**-**	40.0	40.0
Repayment of short term borrowings		**(0.2)**	(41.2)	(41.1)
Capital element of finance lease payments		**(0.1)**	-	(0.1)
Dividends paid	8	**(7.6)**	(6.9)	(9.2)
Net cash from financing activities		**(7.8)**	(7.3)	(9.5)
Net (decrease) / increase in cash and cash equivalents		**(4.1)**	(1.4)	(0.5)
Cash and cash equivalents at 1 April		**10.3**	10.8	10.8
Cash and cash equivalents at 30 September / 31 March		**14.4**	9.4	10.3

Free cash flow is defined as:			
Net cash from operating activities	**16.8**	17.2	31.3
Purchase of property, plant and equipment and intangible assets	**(5.0)**	(5.1)	(10.0)
Sale of property, plant and equipment	**0.1**	-	0.1
Free cash flow	**11.9**	12.1	21.4
Net cost of acquisitions	**-**	(6.2)	(12.4)
Issue of ordinary share capital	**0.1**	0.8	0.9
Dividends paid	**(7.6)**	(6.9)	(9.2)
Movement in net debt	**(4.4)**	(0.2)	0.7
Opening net debt	**(85.3)**	(86.0)	(86.0)
Closing net debt	**(80.9)**	(86.2)	(85.3)

Notes

1 Basis of preparation

The condensed consolidated financial information comprises the consolidated interim balance sheets as at 30 September 2010, 30 September 2009 and 31 March 2010 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 2010 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 2010, 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 2010 and 2009 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 2010. The audit report on the 2010 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 s498(2) or s498(3) of the Companies Act 2006. The Board approved the condensed consolidated interim financial information on 23 November 2010.

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 Group has restated financial assets and borrowings for September 2009 to include the impact of derivative financial instruments in conjunction with the US$ Loan notes on a gross basis from a net basis.

The accounting policies adopted in these condensed consolidated financial statements are consistent with those of the annual statements for the year ended 31 March 2010, 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 2010 and have been adopted in the financial statements for the first time.

Amendments to IFRS 2 Group Cash-settled Share based payment transactions, clarifies how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements.
Amendment to IAS 32 Financial Instruments: Presentation: Classification of Rights Issues, requires provided certain criteria are met such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.
Amendments to IFRIC 9 and IAS 39 Embedded Derivatives, allows entities to reclassify particular financial instruments out of the 'fair value through profit or loss ' category in specific circumstances.
Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items, clarifies how existing principles underlying hedge accounting should be applied in two particular situations.
Revised IFRS 3 Business Combinations and consequential amendments to IAS 27 Consolidated and separate financial statements, requires acquisition costs to be expensed to the income statement as they are incurred and cannot be included in the cost of a business combination.

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.
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, Revised IAS 24 Related Party Disclosures, Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement, IFRS 9 Financial Instruments (issued November 2009), Improvements to IFRSs (Issued by IASB in May 2010).

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 bathroom, 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.

3 Segmental information (continued)

	Six months ended 30 September 2010				Six months ended 30 September 2009				Year ended 31 March 2010			
	Industrial Division £m	Domestic Division £m	Specialist Division £m	Total £m	Industrial Division £m	Domestic Division £m	Specialist Division £m	Total £m	Industrial Division £m	Domestic Division £m	Specialist Division £m	Total £m
Gross revenue	**197.1**	**470.5**	**62.1**	**729.7**	169.2	431.3	53.2	653.7	332.9	931.5	113.1	1,377.5
Inter-segment sales	**(0.7)**	**(6.5)**	**(5.4)**	**(12.6)**	(0.3)	(0.8)	(2.0)	(3.1)	(0.5)	(15.1)	(9.5)	(25.1)
Revenue from external customers	**196.4**	**464.0**	**56.7**	**717.1**	168.9	430.5	51.2	650.6	332.4	916.4	103.6	1,352.4
Adjusted segment result	**16.8**	**15.1**	**1.9**	**33.8**	14.7	13.3	0.9	28.9	25.1	32.6	2.0	59.7
Amortisation of acquired intangibles	**(0.3)**	**(0.3)**	**(0.8)**	**(1.4)**	(0.1)	(0.3)	(0.8)	(1.2)	(0.4)	(0.5)	(1.4)	(2.3)
Exceptional redundancy costs	**(0.1)**	**-**	**(0.1)**	**-**	(0.7)	(0.3)	(0.2)	(1.2)	(1.2)	(0.8)	(1.0)	(3.0)
Segment Result	**16.6**	**14.8**	**1.0**	**32.4**	13.9	12.7	(0.1)	26.5	23.5	31.3	(0.4)	54.4
Unallocated charges including exceptional costs				**(4.7)**				(3.1)				(4.8)
Operating profit				**27.7**				23.4				49.6
Net finance costs				**(1.7)**				(2.5)				(5.4)
Profit before taxation				**26.0**				20.9				44.2
Income tax expense				**(7.6)**				(6.3)				(12.8)
Profit after taxation for the period				**18.4**				14.6				31.4
Segment assets	**142.0**	**322.7**	**47.4**	**512.1**	127.3	302.5	40.7	470.5	126.7	321.2	40.7	488.6
Acquired intangibles	**2.8**	**4.4**	**20.1**	**27.3**	0.8	4.9	21.5	27.2	3.1	4.7	20.9	28.7
Goodwill	**14.4**	**56.4**	**17.4**	**88.2**	10.9	56.3	17.4	84.6	14.2	56.4	17.4	88.0
	159.2	**383.5**	**84.9**	**627.6**	139.0	363.7	79.6	582.3	144.0	382.3	79.0	605.3
Unallocated assets												
Fixed asset investment				**0.3**				0.3				0.3
Deferred tax assets				**9.1**				10.1				7.9
Cash and cash equivalents				**14.4**				9.4				10.3
Derivative financial instruments				**14.2**				12.6				17.1
Intangibles – software				**23.8**				19.8				21.9
Properties				**6.0**				6.8				6.8
Group property, plant & equipment				**1.2**				2.0				1.4
Total assets				**696.6**				643.3				671.0
Segment liabilities	**(82.5)**	**(174.6)**	**(19.7)**	**(276.8)**	(69.3)	(162.8)	(17.0)	(249.1)	(71.7)	(169.6)	(18.5)	(259.8)
Unallocated liabilities												
Retirement benefit liabilities				**(31.0)**				(33.4)				(26.2)
Onerous lease and property dilapidation provision				**(2.6)**				(2.8)				(3.2)
Financial liabilities				**(106.6)**				(105.6)				(110.3)
Tax liabilities				**(17.6)**				(15.2)				(15.6)
Total liabilities				**(434.6)**				(406.1)				(415.1)

3 Segmental information (continued)

	Six months ended 30 September 2010				Six months ended 30 September 2009				Year ended 31 March 2010			
	Industrial Division £m	Domestic Division £m	Specialist Division £m	Total £m	Industrial Division £m	Domestic Division £m	Specialist Division £m	Total £m	Industrial Division £m	Domestic Division £m	Specialist Division £m	Total £m
Other segment items												
Capital expenditure – Property, plant and equipment												
Segment	**0.1**	**1.5**	**0.8**	**2.4**	0.5	1.9	0.2	2.6	0.8	3.3	1.2	5.3
Group				**0.1**				0.5				0.1
Capital expenditure – Intangibles												
Group				**2.5**				2.0				4.6
				5.0				5.1				10.0
Depreciation												
Segment	**0.7**	**1.9**	**0.3**	**2.9**	0.5	1.8	0.3	2.6	1.1	3.8	0.6	5.5
Group				**0.3**				0.3				0.5
				3.2				2.9				6.0
Amortisation of intangible assets												
Segment	**0.3**	**0.3**	**0.8**	**1.4**	0.1	0.3	0.8	1.2	0.4	0.5	1.4	2.3
Group				**0.6**				0.4				0.9
				2.0				1.6				3.2

All inter-segment sales/transfers are transacted on an arms 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. 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 external revenue to overseas countries is shown below, no information on the allocation of assets is available.

	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
UK	**710.0**	643.4	1,338.7
Republic of Ireland	**5.6**	6.0	11.2
Other	**1.5**	1.2	2.5
	717.1	650.6	1,352.4

Sales to any individual country outside of UK and Republic of 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 arising from the Domestic Division are revenues of approximately £30.5m (6 months to September 2009: £27.4m, 12 months to 31 March 2010: £57.8m) 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.

4 Operating profit

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

	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
Redundancies	**-**	1.2	3.1
Professional fees in relation to the announced acquisition of the Group by Travis Perkins plc	**1.6**	-	-
	1.6	1.2	3.1

5 Pension schemes

	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
Gross deficit 1 April	**26.2**	30.9	30.9
Current service costs	**1.6**	1.4	2.7
Contributions	**(2.8)**	(3.3)	(5.7)
Other finance costs – interest cost	**5.1**	4.5	9.0
Other finance income – expected return on scheme assets	**(5.8)**	(4.3)	(8.6)
Foreign exchange retranslation	**-**	-	(0.1)
Actuarial (gains) / losses	**6.7**	4.2	(2.0)
Gross deficit 30 September / 31 March	**31.0**	33.4	26.2
Deferred tax assets	**(8.4)**	(9.3)	(7.4)
Net deficit at 30 September / 31 March	**22.6**	24.1	18.8

The change in the scheme deficit is primarily due to a worse than expected investment performance. The decreasing AA corporate bond yield has been largely offset by the decrease in inflation assumption but has also contributed to the increase in the deficit.

6 Finance income and costs

	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
Other net finance income – pension schemes	**0.7**	-	-
Other finance income – fair value losses on financial instruments	**(2.0)**	(7.5)	(4.4)
Other finance income – fair value adjustments to borrowings	**2.1**	7.7	4.7
Finance income	**0.8**	0.2	0.3
Loan and other bank interest	**(2.1)**	(2.4)	(4.6)
Amortisation of bank arrangement fees	**(0.3)**	-	(0.6)
Other net finance costs – pension schemes	**-**	(0.2)	(0.4)
Unwind of discount on Birchwood acquisition deferred consideration	**(0.1)**	(0.1)	(0.1)
Finance costs	**(2.5)**	(2.7)	(5.7)
Interest cover (times)	**13.2**	9.7	10.8

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

7 Income tax expense

Tax for the six month period ended 30 September 2010 is charged at 29.2% (six month period ended 30 September 2009: 30.1%; year ended 31 March 2010: 29.0%) 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 disallowable expenditure representing 2.8%, offset by prior year adjustments representing 1.6%.

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011. Where deferred tax balances are expected to reverse after 1 April 2011 these have been recognised at 27% at 30 September 2010. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014.

8 Dividends

The final dividend of £7.6m for the year ended 31 March 2010 equates to 6.09 pence per share on 124.364m shares (2009: 5.54 pence per share on 123.874m shares) and was paid on 30 July 2010 to shareholders registered on 2 July 2010.

Due to the acquisition of The BSS Group plc by Travis Perkins plc announced on 28 May 2010, the Board have not declared an interim dividend.

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 2010			30 September 2009			31 March 2010		
	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	**18.4**	**124.365**	**14.8**	14.6	123.792	11.8	31.4	124.062	25.4
Effect of dilutitive securities									
Options	**-**	**0.544**	**-**	-	0.276	-	-	0.198	-
Diluted EPS	**18.4**	**124.909**	**14.8**	14.6	124.068	11.8	31.4	124.260	25.3
Exceptional costs	**1.6**	**-**		1.2	-		3.1	-	
Tax credit	**-**	**-**		(0.3)	-		(0.9)	-	
Adjusted earnings	**20.0**	**124.365**	**16.1**	15.5	123.792	12.5	33.6	124.062	27.1
Amortisation	**1.4**	**-**		1.2	-		2.3	-	
Tax credit	**(0.4)**	**-**		(0.3)	-		(0.6)	-	
Adjusted earnings	**21.0**	**124.365**	**16.9**	16.4	123.792	13.3	35.3	124.062	28.5

At 30 September 2010 232,698 (March 2010: 836,314, September 2009: 1,031,639) 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 30 September 2010 Property, plant and equipment £m	Six months ended 30 September 2009 Property, plant and equipment £m	Year ended 31 March 2010 Property, plant and equipment £m
Opening net book amount	**41.7**	41.1	41.1
Additions	**2.5**	3.1	5.4
Acquisitions	**-**	0.2	1.4
Disposals	**(0.3)**	-	(0.2)
Depreciation and other movements	**(3.2)**	(2.9)	(6.0)
Closing net book amount	**40.7**	41.5	41.7

Future capital expenditure for contracts placed but not provided in the financial statements amounted to £1.0m at 30 September 2010 (2009: £0.7m).

11 Acquisitions

On 5 February 2010, the Company acquired 100% of the issued share capital of UGS Limited for a cash consideration of £0.9 million. This resulted in goodwill and intangibles of £6.1 million.

Net assets acquired:	Book value £m	Adjustments £m	**Fair value acquired £m**
Intangibles	0.1	2.5	**2.6**
Property, plant and equipment	1.4	(0.2)	**1.2**
Inventories	2.1	(0.5)	**1.6**
Trade and other receivables	4.7	(0.5)	**4.2**
Borrowing including HP	(4.3)	-	**(4.3)**
Trade and other payables	(5.0)	(1.0)	**(6.0)**
Provisions	-	(1.2)	**(1.2)**
Tax liabilities	-	(0.7)	**(0.7)**
	(1.0)	(1.6)	**(2.6)**
Goodwill			**3.5**
			0.9

Satisfied by:	
Cash	**0.8**
Directly attributable costs	**0.1**
	0.9

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.

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. Operating transactions with Construction Site Solutions LLP ("CSS LLP") were not significant in the period. Sales and purchases to and from CSS LLP were carried out at commercial terms and conditions at market prices.

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.

14 Cash flow from operating activities

Reconciliation from operating profit to cash generated from continuing operations.

	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
Operating profit (before interest and tax)	**27.7**	23.4	49.6
Adjustments for:			
Depreciation and amortisation of intangibles	**5.2**	4.5	9.2
Changes in working capital:			
Increase in inventories	**(21.7)**	(10.7)	(4.6)
Increase in trade and other receivables	**(2.0)**	(11.9)	(29.4)
Increase in trade and other payables	**16.9**	23.2	28.9
Decrease in provisions	**(0.6)**	(0.3)	(1.1)
Other non-cash movements	**(0.1)**	0.4	(0.1)
Pension scheme contributions in excess of charge	**(1.2)**	(1.9)	(3.0)
Cash generated from continuing operations	**24.2**	26.7	49.5

15 Post balance sheet events

On 26 October 2010, The Office of Fair Trading announced that subject to Travis Perkins plc providing satisfactory undertakings comprising the disposal of branches in 20 local areas that they would not refer the acquisition of The BSS Group plc by Travis Perkins plc to the Competition Commission. At the point of the completion of the transaction, fees that are not provided for in this interim financial information will become due to the financial and legal advisors of The BSS Group plc of £5.9m.

Independent Review Report to The BSS Group plc

Introduction
We have been engaged by the Company to review the condensed consolidated interim financial information in the interim financial report for the six months ended 30 September 2010, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim information.

Directors' responsibilities
The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial information in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the interim financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
East Midlands
23 November 2010

Notes:
(a) The maintenance and integrity of The BSS Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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