P R E S S   R E L E A S E

8 March 2005

PRELIMINARY RESULTS FOR YEAR ENDED 31 DECEMBER 2004

SIG plc is the market leading specialist distributor of insulation, roofing and commercial interiors products in Europe.

- SIG reports record results due to strong trading in all its main business areas and products.

- Sales increased by 10.2% to £1,398.2m (2003: £1,268.5m). Like for like* sales growth was up 7.7%. Excluding the impact of foreign exchange, sales growth was up 11.6% and like for like sales growth was up 9.0%.

  - UK & Republic of Ireland sales increased 11.9% to £907.1m. Operating profit before goodwill amortisation increased 18.2% to £64.1m, with growth in insulation, roofing and commercial interiors.
  - In Mainland Europe, sales increased 10.0% in Sterling to £433.6m. Local currency like for like sales growth was 10.5%. Operating profit before goodwill amortisation increased 40% in Sterling to £15.4m.
  - In the USA sales increased 1% in local currency. Operating profit before goodwill amortisation increased 85% in Sterling to £1.7m.
- Operating profit before goodwill amortisation was up 21.9% to £77.3m (2003: £63.4m).

- Profit before tax and goodwill amortisation was up 26.5% to £71.2m (2003: £56.3m). Profit before tax rose 27.2% to £65.5m (2003: £51.5m).

- Earnings per share increased by 26.2% to 36.1p (2003: 28.6p).

- Dividend increase of 12.9% to 14.0p, the 11th consecutive year in which the dividend has been raised.

- 13 acquisitions were completed in 2004 for a total spend of £45.1m.

Les Tench, Chairman, commented:

"After a year of exceptional progress in 2004, the Group enters 2005 from a position of strength both financially and in the markets in which we operate, and the Board is confident that further progress will be made."

** - Like for like is defined as the business excluding the impact of acquisitions made since 1 January 2003.*

Enquiries:

David Williams, Chief Executive	**SIG plc**	today	020 7251 3801
Gareth Davies, Finance Director		thereafter	0114 285 6300
Faeth Birch /Gordon Simpson	**Finsbury**		020 7251 3801

Full Preliminary Results information is available on www.sigplc.co.uk

An interview with David Williams, Chief Executive, is available on SIG's website and on www.cantos.com

Chairman's Statement

2004 has been a year of significant growth and expansion for the Group. Sales, profit before tax and earnings per share all grew substantially compared with the prior year. In addition the number of trading sites increased by 42 during the course of the year to a total of 412 at the end of December 2004.

Key factors contributing to the excellent results were the strong like for like sales performance, the positive impact of widespread product price inflation and the increased pace of acquisition activity.

Results

For the year ended 31 December 2004, compared with the corresponding period in 2003.

Sales

- Total sales, in Sterling, increased by £129.7m (10.2%) to £1,398.2m (2003 : £1,268.5m).

- Sales growth, excluding adverse movement in foreign currency exchange was higher at 11.6%.

- Like for like sales growth (i.e. excluding the impact of acquisitions made in 2003 and 2004) was 7.7% in Sterling and 9.0% excluding foreign exchange movement.

Profits

- Operating profit (before goodwill amortisation) increased by £13.9m (21.9%) to £77.3m (2003 : £63.4m).

- Goodwill amortisation increased by £0.9m to £5.7m (2003 : £4.8m). Total interest charges were reduced by £1.0m to £6.2m (2003 : £7.2m).

- Profit before tax increased by £14.0m (27.2%) to £65.5m (2003 : £51.5m).

Margins

- The gross margin increased to 25.83% (2003 : 25.25%) reflecting improved price management and the planned investment in increased stockholding at the time of manufacturers' price increases.

- The net operating profit margin before goodwill amortisation of £5.7m (2003 : £4.8m) increased to 5.5% (2003 : 5.0%). This reflects the gross margin increase and the operational gearing impact of the additional sales volume, compared with prior year.

Earnings and Dividends

- Earnings per share increased by 7.5p to 36.1p (2003 : 28.6p), an increase of 26.2%.

- Subject to Shareholder approval, a final dividend of 9.4p is proposed. This would make a total dividend for the year of 14.0p, compared with the 2003 full year dividend of 12.4p per share. This represents an increase of 12.9%, and is the 11th consecutive year in which the dividend has been increased. If approved, the final dividend will be payable on 23 May 2005 to Shareholders on the register at 15 April 2005.

Finances

Underlying cash flow (i.e. operating cash flow before working capital movements) strengthened further throughout 2004 compared with prior year. An increase in stock levels (partly due to new branches, and also to support increased commercial activities), together with the acquisition program, resulted in an increased borrowing figure at the year end. Gearing rose to 44% as at 31 December 2004 (2003 : 38%).

The Group has a sound financial position with dividend and interest cover ratios both increased compared to prior year.

Acquisitions

The Group indicated early in 2004 its intention to actively resume its programme of seeking suitable acquisitions.

A total of 13 acquisitions were completed in the year, all of which complement existing businesses within the Group, and are within countries in which we already had a trading presence.

The total spend on these acquisitions was £45.1m (including assumed debt and deferred consideration).

Board

Following my appointment to the post of Non-Executive Chairman in April 2004, in accordance with current best practice and recommendations in relation to corporate governance, Peter Blackburn CBE has been appointed Senior Independent Director. Peter has been a member of the Board since 1 July 2001 and this appointment further strengthens the corporate governance of the Company.

The composition of the Board has been addressed and considered during the year, and I believe we have a good mix of experience and varying backgrounds, which provides very considerable professional and commercial expertise to draw upon.

Employees

The commitment, energy and drive shown by all of our employees throughout the Group is our greatest asset, and our ability to meet the demands of our customers, suppliers and shareholders is dependent upon their efforts. I would like to thank all our employees for their loyalty and hard work, and wish them continued success.

I would like to pay particular tribute to the new employees who have joined SIG as a result of acquisition. They have been involved in a process of change and have coped remarkably well and continued to focus on their particular role in the business.

Prospects

Trading conditions were generally more favourable throughout 2004 than in 2003 in most of the main markets in which the Group operates. In addition, price inflation had a higher than expected beneficial impact across a significant proportion of our trading operations.

Looking into 2005 we expect to experience continued strong demand from the broad based construction industry in the UK and Republic of Ireland. Pricing is expected to be positive, but we do not expect the exceptional benefits achieved in 2004 to be repeated.

The outlook for market conditions in France, Poland and Benelux is positive, whilst in Germany, demand is expected to continue to be subdued.

In the USA demand for industrial and technical insulation products is expected to improve.

We are continuing to invest in additional trading sites throughout our operations, and where appropriate, relocating to larger premises in order to increase capacity and further improve customer service. The recently acquired businesses are integrating well into the Group, and we look forward to a positive impact from these expansion activities going forward.

After a year of exceptional progress in 2004, the Group enters 2005 from a position of strength both financially and in the markets in which we operate, and the Board is confident that further progress will be made.

Chief Executive's Review of Operations

I am pleased to report that the Group had a very successful year in 2004. In addition to producing record sales, profits and earnings per share, we invested significantly in expanding the business for future growth.

Market demand and product pricing were generally more helpful in most of our main markets and countries of operation than in the previous year.

Against this positive background, the trading and commercial skills of the Group enabled strong underlying sales growth and maximum benefits from the pricing environment to be achieved. Our focused, specialist approach to customers and the markets in which we operate has enabled the Group to outperform.

<u>Trading Highlights</u>

<u>UK and Republic of Ireland</u> *(65% of total Group sales)*

- Sales increased by £96.4m (11.9%) to £907.1m (2003 : £810.7m).

- Like for like* sales increased by £71.2m (8.8%).

- Operating profit before goodwill amortisation of £4.8m (2003 : £4.0m) increased by £9.9m (18.2%) to £64.1m (2003 : £54.2m).

- Sales and operating profits were increased in all market sectors in the UK and the Republic of Ireland.

** - Like for like is defined as the business excluding the impact of acquisitions made since 1 January 2003.*

The **Insulation** operations again had a year of substantial growth, with double digit like for like and total growth of sales and operating profits compared with prior year. The slight decline in the operating profit margin which occurred in 2003 due to an adverse movement in product mix was reversed in 2004 and the net operating margin for the year was ahead of that in both 2002 and 2003. This is despite continued sluggish demand from the industrial insulation market, where margins have traditionally been slightly higher than from the building related sectors.

Across the building sector demand for thermal and acoustic insulation products for newbuild and renovation applications, ranging from housing upgrading right through to major projects such as new hospitals, increased significantly throughout the year. The tighter regulatory standards within the Building Regulations continued to stimulate demand, as did the increased activity in the existing housing sector driven by various Government sponsored grants and other schemes. The Group is the leading provider across the entire spectrum of the market and benefited from the widespread increase in demand.

The general level of increased demand exceeded internal expectations and it may be that in addition to the more obvious demand drivers mentioned above, we are beginning to see the effects of higher energy prices, and concern about the impact on the environment of heating related energy consumption within buildings, feed through to demand for insulation. Some price inflation was evident within the insulation sector, though this was not universal across the product range.

Overall, an excellent performance and our strong market position was further reinforced.

The **Roofing** division achieved good like for like growth in sales and operating profits, supplemented by expansion from recent acquisitions. During the year we began a programme of upgrading premises to enable a wider range of products to be offered to our customers and this will continue throughout the network.

As we reported at the time of our January 2005 Trading Update, we believe that overall market demand rose very slightly in the year and that price inflation had a modest, but positive impact on performance in this sector. The operating profit margin was held at the prior year level, and operating profits increased.

The mix of business in the roofing division continued to be biased towards repairs and maintenance, except in the Republic of Ireland where new housing accounts for a relatively larger proportion of sales, reflecting the buoyant new build sector throughout the year.

Commercial Interiors had an excellent performance across the whole division, with a like for like double digit increase in sales and operating profits.

Throughout 2004 we saw growing demand for specialist interior products for both the renovation of existing properties, and new construction in a wide range of non-residential buildings. These include schools, hospitals, sports and leisure facilities, offices, retail developments, hotels, public sector buildings, factories and warehouse units.

The specific premium office sector began to recover after two years of sharply reduced demand. Improvements to our product range for office fit out, and the development and introduction of new products for specific related markets enabled the operating margin and operating profits to double in 2004 over prior year in this specific sector.

The core business, which is the leading supplier of interior products to the wider non-residential buildings market invested in additional sales resources. We also successfully re-branded and re-launched the business to provide a simpler, more effective offering to customers. These initiatives were well received and the division achieved excellent growth.

In **Safety and Construction Products**, significant like for like sales growth and a strong improvement in the operating margin produced operating profits more than double that of the prior year. This excellent organic growth was supplemented by the addition of three newly acquired trading sites. The continued development and expansion of this division is enabling us to broaden our offering whilst remaining highly focused on the supply of specialist products to the construction and related markets.

The use of catalogue and internet trading are growing features of our marketing approach in this division.

<u>Mainland Europe</u> *(31% of total Group sales)*

- Overall in Mainland Europe, sales grew by 12.4% in local currencies, and by £39.4m (10.0%) in Sterling to £433.6m (2003 : £394.2m). The local currency like for like sales growth was 10.5%.

- On a country by country basis, we believe this represents market-beating performance, reflecting continued growth of our market position and market share.

- Operating profits (pre goodwill amortisation) increased by 43.0% in local currencies and by 40.0% in Sterling, up £4.5m to £15.5m (2003 : £11.0m).

Like for like sales growth including the impact of newly opened brownfield trading sites, was achieved in all countries in which we operate in Mainland Europe, and this was supplemented by small bolt-on acquisitions, enabling greater market penetration and improved customer service.

In **Germany**, a modest decline in the volume demand from the construction sector was offset by increased product prices, leaving the overall market value about the same as in 2003.

Sales increased by 6.4% in Euros, and a total of five new sites were added during the year, one of which was acquired and four brownfield openings. Three of the new brownfield sites are in Austria, where a local opportunity arose to establish a position. As these branches are managed within the German management structure, they will continue to be reported within the German results.

Particular emphasis was placed on the management of pricing and improving operational efficiencies within the German business throughout the year. As a result, and despite the one-off charges associated with the new branch openings, costs were reduced as a proportion of sales, and the gross margin was strengthened. The operating profit margin was increased and operating profits were substantially up on prior year. An excellent performance in a difficult market.

In **France**, we continued to make solid progress with sales up 25.9% in total in Euros, of which 18.4% was like for like. Price inflation on a number of products had a positive impact on both sales and margins.

Growth was achieved in insulation, commercial interiors and in the fledgling roofing business. We continue to expand the range by offering more specialist products and the sales of air handling and forced ventilation systems (which are often installed at the same time as our commercial insulation products), grew strongly. We have increased the dedicated sales resources aimed at this market sector.

Operating profits increased significantly though the operating margin was reduced compared with 2003 due to increased costs associated with the absorption of the loss-making business acquired mid year. At the year end we had added 4 new additional branches in France, three of which were acquired.

Sales in **Benelux** were increased by 11.0% in Euros, on a like for like basis, despite very depressed market conditions across the building and construction sector.

The operating profit declined, due to increased costs partly associated with changes to the branch structure, including the opening of a new site in Belgium, and a reduction in the gross margin.

In **Poland**, sales in local currency on a like for like basis increased by 42.5%, in a market which was considerably stronger than prior year in terms of both the volume of demand and price levels. Four new branches were opened during the year as part of our continuing expansion programme.

Having previously reported a small operating profit in the first half of 2004 for the first time in a six month period, profits improved progressively into the second half, with 2004 therefore marking our first full year with a positive operating profit in Poland.

USA *(4% of total Group sales)*

In the **USA**, whilst demand from the Petrochem sector was depressed, conditions in the commercial market strengthened, and sales grew by 1% on a like for like basis in Dollars. Management dealt well with these conditions, reducing costs and achieving an increase in the gross margin. The margin improvement was partly influenced by the significant increase in metal prices during the year. As a result of these actions, the operating profit margin was increased, and the operating profit more than doubled in Dollars (an increase of 85% over 2003 in Sterling).

Acquisitions

The acquisition programme, having been deliberately de-emphasised in 2003, was reactivated in 2004, and we increased our resources to improve the depth and pace at which we can conduct research, and to pursue suitable opportunities.

During the year we successfully completed 13 acquisitions, and these breakdown as follows:

	Insulation	Commercial Interiors	Roofing	Others
UK & ROI	2 / £38m	-	4 / £18m	3 / £10m
Mainland Europe	-	4 / £14m	-	-

Number of deals/approx £m sales annualised.

As the table shows, all acquisitions during the year were within our existing geographic regions and were all complementary to our existing market focus.

In all cases the acquisitions meet the strategic requirement of being suppliers of specialist products, chiefly to the building and construction industry. I am pleased to say that the integration process is progressing well.

The additional sites (33) gained and retained through the acquisition programme have enabled the Group to reach new customers, extend our product offering to existing and new customers, and to further improve our standards of service to all customers thereby continuing the process of strengthening the company going forward.

People

I am proud to be part of such a professional and committed team of people; throughout our businesses, regardless of country or market sector, our people are acknowledged as the best in their particular field, with particular focus on meeting their customers requirements. This is an enormous strength of the Group and I thank everyone in the business for their own effort in enabling us to produce such great results in 2004.

Summary

The growth and development of the Group has been very extensive in the last 12 months; virtually every part of the company has shown strong improvements over prior year. Markets have been reasonably helpful, but I believe that the company has outperformed, and that our people have shown skill and tenacity in exploiting those conditions.

We have strong positions in markets which I believe will continue to show long term growth. We will continue to seek growth opportunities both organically and through acquisition, and I am confident in our ability to continue to develop and grow the Group to enhance Shareholder value.

Consolidated Profit and Loss Account
for the year ended 31 December 2004

	Note	2004	2004	2003	2003
		£'000's	**£'000's**	£'000's	£'000's
Turnover					
Existing operations	2		**1,369,093**		1,268,525
Acquisitions	2		**29,144**		-
Continuing operations			**1,398,237**		1,268,525
Cost of sales			**1,037,052**		948,169
Gross profit			**361,185**		320,356
Other operating expenses			**289,512**		261,714
Operating profit					
Existing operations	2	**69,792**			58,642
Acquisitions	2	**1,881**			-
Continuing operations			**71,673**		58,642
Net interest payable			**5,683**		6,466
Other finance charges			**470**		685
Profit before taxation and amortisation of goodwill		**71,173**		56,287	
Amortisation of goodwill	2	**5,653**		4,796	
Profit on ordinary activities before taxation			**65,520**		51,491
Tax on profit on ordinary activities			**21,360**		16,786
Profit on ordinary activities after taxation			**44,160**		34,705
Minority interests (all equity)			**572**		447
Profit for the financial year			**43,588**		34,258
Equity dividends paid and proposed			**17,016**		14,920
Retained profit for the year			**26,572**		19,338
Earnings per share					
Basic earnings per share	3		**36.1p**		28.6p
Diluted earnings per share	3		**35.6p**		28.2p
Earnings per share before amortisation of goodwill					
Basic earnings per share	3		**40.7p**		32.5p
Diluted earnings per share	3		**40.2p**		32.2p

Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2004

	2004 £'000's	2003 £'000's
Profit for the financial year	**43,588**	34,258
Tax credit on exchange difference arising on foreign currency borrowings	**1,786**	1,570
Exchange difference on retranslation of overseas net investments	**(532)**	5,202
Exchange difference on foreign currency borrowings	**(1,676)**	(5,235)
Actuarial (loss)/gain relating to the pension schemes	**(8,728)**	335
Deferred tax movement associated with actuarial (loss)/gain	**2,534**	(101)
Total recognised gains and losses for the year	**36,972**	36,029

There is no difference between the results presented in the Consolidated Profit and Loss Account and the results on an unmodified historical cost basis. Therefore, a note of historical cost profits is not required.

Reconciliation of Movements in Consolidated Shareholders' Funds
for the year ended 31 December 2004

	2004 £'000's	2003 £'000's
Profit for the financial year	**43,588**	34,258
Dividends	**(17,016)**	(14,920)
	26,572	19,338
New share capital issued	**1,938**	895
Tax credit on exchange difference arising on foreign currency borrowings	**1,786**	1,570
Exchange difference on retranslation of overseas net investments	**(532)**	5,202
Exchange difference on foreign currency borrowings	**(1,676)**	(5,235)
Credit to L-TIP reserve	**324**	137
Actuarial (loss)/gain relating to the pension schemes	**(8,728)**	335
Deferred tax movement associated with actuarial (loss)/gain	**2,534**	(101)
Net additions to shareholders' funds	**22,218**	22,141
Opening shareholders' funds	**199,313**	177,172
Closing shareholders' funds	**221,531**	199,313

Consolidated Balance Sheet
as at 31 December 2004

	2004	2003 Restated
	£'000's	£'000's
Fixed assets		
Intangible assets - goodwill	**114,045**	78,696
Tangible assets	**74,481**	69,194
	188,526	147,890
Current assets		
Stocks	**116,436**	93,035
Debtors	**263,762**	223,483
Cash at bank and in hand	**19,467**	55,417
	399,665	371,935
Creditors:		
Amounts falling due within one year	**(230,143)**	(198,618)
Net current assets	**169,522**	173,317
Total assets less current liabilities	**358,048**	321,207
Creditors:		
Amounts falling due after more than one year	**(106,185)**	(98,419)
Provision for liabilities and charges	**(12,728)**	(8,131)
Net assets excluding pension liability	**239,135**	214,657
Pension liability	**(17,032)**	(14,897)
Net assets including pension liability	**222,103**	199,760
Capital and reserves		
Called up share capital	**12,139**	12,027
Share premium account	**16,793**	14,967
Capital redemption reserve	**347**	347
Special reserve	**22,113**	22,113
L-TIP reserve	**554**	237
Exchange reserve	**(356)**	66
Profit and loss account	**169,941**	149,556
Shareholders' funds (all equity)	**221,531**	199,313
Minority interest (all equity)	**572**	447
Total capital employed	**222,103**	199,760

Consolidated Cash Flow Statement
for the year ended 31 December 2004

	Note	**2004 £000's**	**2004 £000's**	2003 £000's	2003 £000's
Net cash inflow from operating activities	4		**77,422**		97,942
Returns on investments and servicing of finance					
Interest received		**2,319**		1,744	
Interest paid		**(8,301)**		(8,476)	
Interest element of finance lease rentals		**(171)**		(406)	
Dividends paid to minority shareholders		**(447)**		(294)	
Net cash outflow from returns on investments and servicing of finance			**(6,600)**		(7,432)
Tax paid			**(15,049)**		(10,809)
Capital expenditure					
Purchase of tangible fixed assets		**(22,627)**		(13,367)	
Sale of tangible fixed assets		**1,549**		1,405	
			(21,078)		(11,962)
Acquisitions					
Purchase of subsidiary undertakings and businesses		**(35,826)**		(3,026)	
Net cash acquired with subsidiary undertakings and businesses		**86**		343	
Net cash outflow from acquisitions			**(35,740)**		(2,683)
Equity dividends paid			**(15,587)**		(14,153)
Cash (outflow)/inflow before financing			**(16,632)**		50,903
Financing					
Issue of ordinary share capital		**1,938**		895	
Lease financing		**-**		286	
Capital element of finance lease rental payments		**(3,317)**		(5,408)	
Repayment of loans		**(17,172)**		(16,873)	
New loans		**-**		26,499	
Net cash (outflow)/inflow from financing			**(18,551)**		5,399
(Decrease)/increase in cash	5		**(35,183)**		56,302

Notes

1. Basis of preparation

The preliminary announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 but is derived from those statutory accounts. The financial information has been prepared on a basis consistent with the previous year. The Consolidated Balance Sheet at 31 December 2003 has been restated for a change in pension scheme presentation, as explained below.

In the prior year, two book reserved schemes operated in Germany and France were reported within other provisions. In 2004, in accordance with FRS17, these are now included as part of the FRS17 pensions liability. The effect of this change in presentation as at 31 December 2003 is a restatement to decrease the provision for liabilities and charges from £9.327m to £8.131m, to increase net assets excluding pension liability from £213.461m to £214.657m, and to increase the pension liability from £13.701m to £14.897m. There was no effect on the Consolidated Profit and Loss Account.

The Group's statutory accounts for the year ended 31 December 2003 have been filed with the Registrar of Companies, and those for 2004 will be delivered following the Company's Annual General Meeting. The auditors have reported on the statutory accounts for 2003 and 2004, and their reports were unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

2. Segmental information

Geographical analysis	**2004** Turnover £000's	**2004** Operating Profit £000's	**2004** Net Assets £000's	2003 Turnover £000's	2003 Operating Profit £000's	2003 Net Assets £000's
Existing operations						
– UK & Republic of Ireland	**884,220**	**62,217**	**225,063**	810,704	54,235	187,621
– Mainland Europe	**427,285**	**15,487**	**93,205**	394,153	11,038	121,197
– USA	**57,588**	**1,681**	**19,194**	63,668	906	19,850
– Parent Company	**-**	**(3,940)**	**(120,855)**	-	(2,741)	(128,908)
– Amortisation of goodwill	**-**	**(5,653)**	**-**	-	(4,796)	-
Total	**1,369,093**	**69,792**	**216,607**	1,268,525	58,642	199,760
Acquisitions						
– UK & Republic of Ireland	**22,834**	**1,912**	**4,462**	-	-	-
– Mainland Europe	**6,310**	**(31)**	**1,034**	-	-	-
Total	**29,144**	**1,881**	**5,496**	-	-	-
Total continuing operations	**1,398,237**	**71,673**	**222,103**	1,268,525	58,642	199,760

Turnover and operating profit by destination are not materially different from these amounts.

The directors consider that all of the Group's activities in each of its market sectors represent one principal activity, being the distribution of construction related products.

Of the amortisation of goodwill, £4.807m (2003 : £3.951m) relates to the UK & Republic of Ireland, £0.639m (2003 : £0.602m) relates to Mainland Europe and £0.207m (2003 : £0.243m) relates to the USA.

3. Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares:

	Basic and diluted		Basic and diluted before amortisation of goodwill	
	2004	2003	**2004**	2003
	£'000's	£'000's	**£'000's**	£'000's
Profit after tax	**44,160**	34,705	**44,160**	34,705
Minority interests	**(572)**	(447)	**(572)**	(447)
Amortisation of goodwill	-	-	**5,653**	4,796
	43,588	34,258	**49,241**	39,054

Weighted average number of shares:	**2004**	2003
	Number	Number
For basic earnings per share	**120,863,011**	119,981,696
Exercise of share options	**1,747,068**	1,313,821
For diluted earnings per share	**122,610,079**	121,295,517

Earnings per share before amortisation of goodwill is presented in order to give an indication of the underlying performance of the Group.

4. Reconciliation of operating profit to net cash inflow from operating activities

	2004	2003
	£'000's	£'000's
Operating profit	**71,673**	58,642
Depreciation charge	**17,820**	16,831
Amortisation of goodwill	**5,653**	4,796
Profit on sale of tangible fixed assets	**(279)**	(335)
Increase in stocks	**(19,307)**	(2,525)
(Increase)/decrease in debtors	**(21,573)**	946
Increase in creditors	**23,435**	19,587
Net cash inflow from operating activities	**77,422**	97,942

The acquisitions during the year had the following effects on the Group's cash flows: net cash inflow from operating activities, £1.125m; interest paid, £0.049m; capital expenditure, £0.114m; taxation paid, £0.624m.

Included within the increase in creditors is a cash outflow relating to pension contributions being £4.578m (2003 : £0.313m) greater than the amount charged to operating profit.

5. Reconciliation of net cash flow to movements in net debt

	2004 £'000's	2003 £'000's
(Decrease)/increase in cash in the year	**(35,183)**	56,302
Cash inflow/(outflow) from movement in debt	**20,255**	(4,504)
Changes in net debt resulting from cash flows	**(14,928)**	51,798
Acquisitions	**(7,488)**	(20)
Exchange differences	**413**	(4,713)
Movement in net debt in the year	**(22,003)**	47,065
Net debt at beginning of year	**(76,315)**	(123,380)
Net debt at end of year	**(98,318)**	(76,315)

6. Proposed dividend

The proposed dividend of 9.4p per ordinary share, if approved, will be payable on 23 May 2005 to shareholders on the register at 15 April 2005.