PRESS RELEASE

18 March 2009

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ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

SIG plc is a leading European supplier of insulation, exteriors, interiors and specialist construction products.

2008 results:

- Group sales increased by £598.4m (24.4%) to £3,053.6m (2007: £2,455.2m), with like for like† sales growth in constant currency down 0.8%. Like for like sales growth in Sterling was 6.5%;
- Underlying* operating profit increased by £10.4m (6.5%) to £169.8m (2007: £159.4m). Operating profit decreased by £35.2m (24.8%) to £107.0m (2007: £142.2m);
- Underlying profit before tax reduced by £2.8m (2.0%) to £137.3m (2007: £140.1m). Profit before tax decreased by £91.2m (73.4%) to £33.1m (2007: £124.3m); and
- Underlying basic earnings per share decreased by 3.4p (4.5%) to 71.4p (2007: 74.8p). Basic earnings per share decreased by 61.6p (92.9%) to 4.7p (2007: 66.3p).

Since 1 July 2008, the Group has taken active steps to realign its cost base in those markets where short to medium term demand is expected to remain subdued:

- The actions taken in 2008 and to date in 2009 are expected to deliver net cost savings of around £47m in total in 2009;
- 2008 actions resulted in restructuring costs of £22.2m;
- Net capital expenditure reduced to £21.0m in the second half of the year (H1 2008: £31.9m). Net capital expenditure in 2009 is expected to be approximately half the level of 2008; and
- Full year trading cash conversion ratio# was 97%, a significant improvement on the 48% achieved in the first half.

The Group continues to operate within its banking covenants with net debt/EBITDA of 3.07x (covenant: less than 3.5x) and interest cover of 5.2x (covenant: greater than 3x).

In light of adverse market conditions, no final dividend has been proposed. The full year dividend will therefore be the interim dividend of 8.3p.

A separate announcement has been issued today of a placing and open offer and firm placing to raise approximately £325m (net of expenses).This will create a more appropriate capital structure and provide financial flexibility in the current environment. It will also allow the Group to capitalise on the long-term growth drivers in its end markets.

Les Tench, Chairman, commented:

"2008 was a challenging year for UK based construction companies, as macro economic conditions took an increasing toll on building and construction activity. Against this background, helped by its exposure to a broad range of market sectors and geographies, SIG delivered record sales and a solid underlying profit performance.

SIG's experienced and proven management team has a track record of outperforming in adverse conditions and has reacted quickly and decisively to the current economic climate. I am confident that the Group will strengthen its market leading position in the period ahead."

Enquiries:

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Full results information, including a live webcast of the analyst presentation and the 2008 Annual Report and Accounts are available on www.sigplc.co.uk.

[†] Like for like sales excludes the impact of acquisitions completed after 1 January 2007.

* Underlying is before the amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs.

[#] Trading cash conversion is defined as cash flow from operations before pension movements divided by underlying operating profit.

Chairman's Statement

2008 was a challenging year for UK based construction companies, as macro economic conditions took an increasing toll on building and construction activity. Against this background, helped by its exposure to a broad range of market sectors and geographies, SIG delivered record sales and a solid underlying profit performance.

RESULTS
For the year ended 31 December 2008, compared with the corresponding period in 2007:

SALES
Total sales increased by £598.4m (24.4%) to £3,053.6m (2007: £2,455.2m).

Like for like† sales growth was 6.5% in Sterling; down 0.8% in constant currency.

With the weakening of Sterling against all the local currencies in the Group's foreign operations, foreign exchange rate movements had a significant impact on reported sales growth on a year on year basis, adding £226.4m to sales (and £10.6m to underlying* operating profit).

PROFITS
Total underlying operating profit increased by £10.4m (6.5%) to £169.8m (2007: £159.4m).

Underlying net finance costs increased by £13.2m to £32.5m (2007: £19.3m).

Underlying profit before tax reduced by £2.8m (2.0%) to £137.3m (2007: £140.1m).

Since 1 July 2008 the Group has taken active steps to realign its cost base in those markets where short to medium term demand is expected to remain subdued. In doing so, associated one-off restructuring costs of £22.2m were incurred during the year.

Amortisation of acquired intangibles increased by £9.2m to £26.4m (2007: £17.2m) and in addition the carrying value of goodwill in respect of the Group's Irish business has been written down by £14.2m during the year. Finally an expense of £41.4m has arisen in relation to losses on derivative financial instruments (2007: income of £1.4m).

Profit before tax therefore reduced by £91.2m to £33.1m (2007: £124.3m).

MARGINS
The underlying operating profit margin for the Group fell from 6.5% to 5.6% during the year.

In the UK and Ireland, the underlying operating profit margin fell from 8.0% to 6.7% reflecting the decline in like for like sales of 2.2% and particularly weak trading conditions in Ireland, where the like for like sales in local currency fell 22.3%. In Mainland Europe, the underlying operating profit margin was held at 4.9%.

EARNINGS AND DIVIDENDS
The underlying basic earnings per share reduced by 3.4p (4.5%) to 71.4p (2007: 74.8p). Basic earnings per share reduced by 61.6p to 4.7p (2007: 66.3p) as a result of the charging of a number of non-underlying costs to profit after tax.

The Board has decided that it is in the best interests of Shareholders not to pay a final dividend in 2008. The dividend for the year will therefore be the interim dividend of 8.3p paid to Shareholders in November 2008 (2007: 26.7p).

The Board remains committed to a progressive dividend policy and SIG will resume dividend payments when markets stabilise and it believes it is prudent to do so taking into account the Group's earnings, cash flow and balance sheet position.

FINANCIAL POSITION
As set out in our Trading Statement on 13 January 2009, SIG has been implementing a range of operational measures to reduce working capital, improve cash generation and reduce net debt. Our

full year trading cash conversion# was 97%, much improved compared to the 48% achieved in the first half of 2008.

However, the rapid devaluation of Sterling in the second half of 2008 with a closing €/£ exchange rate at 31 December 2008 of 1.03 (opening 1 January 2008: 1.362), contributed to a full year exchange difference on net debt of £154.3m and a closing net debt position of £697.1m (2007: £428.9m).

PLACING AND OPEN OFFER AND FIRM PLACING

The Board's announcement today of a placing and open offer and firm placing to raise approximately £325m (net of expenses) of new equity capital will create a more appropriate capital structure to provide greater resilience and financial flexibility in the current environment. In addition, the Board believes that the associated reduction in financial indebtedness will provide appropriate headroom under the covenant levels in its existing debt facilities.

ACQUISITIONS

In 2008 the Group completed 25 transactions for a total consideration including assumed debt of £130.5m, with combined annualised sales on an historical basis of £190m. In its interim announcement in August last year, SIG stated that it would materially reduce acquisition spend in the second half and it completed only one transaction in that period, a small bolt-on acquisition in the Czech Republic for a consideration of £2.8m. All other acquisitions were completed in the first half of 2008. Of the acquired historical annualised sales of £190m, £156m impacted 2008.

These businesses are being successfully integrated into the Group and are trading in line with our expectations.

COST SAVING INITIATIVES

As set out in the Trading Statement (13 January 2009) and the Interim Management Statement (19 November 2008), in order to better align resources to anticipated levels of trading going into 2009, the Group implemented in the second half of 2008 a comprehensive range of previously prepared contingency measures. These included the closure of 80 trading sites and a reduction in the number of employees in the Group, including head office functions, of 1,020 or 7% of total staffing. From these actions the Directors expect to deliver an anticipated net cost saving of over £35m in total in 2009. The associated one-off restructuring costs of £22.2m are included in the 2008 results as "Other items".

On a business by business basis, these profit protection steps realigned resources to current and anticipated trading levels whilst not compromising the Group's ability to provide excellent service and value to its customers.

While the larger part of these related to the Group's operations in the UK and Ireland, selective steps were also taken in a number of the Group's European businesses.

The cost reduction programme is an ongoing process and since 31 December 2008, the Group has implemented further cost saving initiatives which are expected to deliver additional savings of £12m in 2009 (£15m annualised). SIG is continuing to align resources to anticipated trading levels and has contingency plans in place should further reductions in demand occur.

BOARD

Mr. David Williams, who had been Chief Executive of SIG since January 2002, retired on 30 June 2008. The Board wishes to record its appreciation of the contribution made by Mr. Williams over the 24 years he served with the Group. He was succeeded by Mr. Chris Davies who was SIG's Managing Director of Europe since January 2001. Chris has been instrumental in building SIG's Mainland European operations.

EMPLOYEES

On behalf of the Board I wish to thank all our employees throughout the Group for their efforts in enabling the Group to outperform market conditions.

OUTLOOK

Against a background of sharply declining levels of building activity in the residential new build and repairs, maintenance and improvement sectors in both Ireland and the UK in the second half of 2008, trading in 2009 to date has remained very challenging for those parts of the Group's business most exposed to the housing market. The exception to this trend continues to be the operation of Miller Pattison, which retrofits thermal insulation in existing dwellings and which has continued to see strong growth in demand as a result of the Government's CERT scheme.

The extreme cold weather conditions and snow experienced across the UK at the beginning of February 2009 have also impacted SIG's business as deliveries were unable to be made and construction site activity stopped for a number of days.

Demand from the non-residential sector has been subdued in 2009 to date. Demand from the publicly funded and PFI sectors is gradually working through to contractors' order books, with projects particularly in health and education infrastructure expected to continue to partially offset the slowdown in private sector project work observed in the second half of 2008 and which has continued into 2009.

Sales in Mainland Europe in local currency were more robust through the second half of 2008 than in the UK and Ireland, being ahead of 2007 in total and on a like for like basis in all Mainland European countries in which the Group operates. Extremely harsh winter weather conditions severely impacting building site activity in Germany and Central and Eastern Europe since the start of the year have adversely affected SIG's sales in those countries. Such seasonal volatility inhibits visibility of trading trends. However, notwithstanding the weather effects and some softening in individual market sectors and geographies, notably residential new build and repairs, maintenance and improvement in France and Germany, underlying demand in non-residential construction and industrial insulation appears to be broadly steady at present across most countries in which the Group operates.

The Board continues to monitor developments across its spread of geographies and markets very closely. The current turbulent economic and financial conditions have implications for demand and activity in construction markets through the liquidity and credit issues which have continued into 2009. Whilst the impact continues to vary from country to country, the Group is mindful that trading has become more challenging in those geographies which had previously showed solidity. Nevertheless, the Group's diversified portfolio of markets and countries should continue to offer some resilience to these increasingly testing conditions.

Insulation has been one of the fastest growing construction products in recent years and this trend is expected to continue in the medium to long term, driven by a range of factors. These include concern for the environment, high energy costs, new legislation seeking to reduce energy consumption, new building regulations and grant schemes to improve energy efficiency in existing residential properties. The Group is well placed to benefit from this positive trend. Additionally, in the markets in which the Group operates, overall demand for industrial insulation is expected to remain robust and publicly funded non-residential works are anticipated to benefit from accelerated Government spending.

SIG's experienced and proven management team has a track record of outperforming in adverse conditions and the Company is confident that it will strengthen its market position in the period ahead.

DEFINITIONS

† Like for like sales excludes the impact of acquisitions completed after 1 January 2007.

* Underlying is before the amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs.

Trading cash conversion is defined as cash flow from operations before pension movements divided by underlying operating profit.

Chief Executive's Review of Trading Performance

TRADING PERFORMANCE

2008 was characterised by the onset of the most turbulent economic conditions in recent memory, in which unprecedented developments in financial markets across the world have increasingly impacted a number of key industrial sectors, with the construction industry becoming one of the most affected. Against this unfolding adverse trading background, the diversity of the Group's countries of operation and market sectors and our focus on specialisation in the markets and products in which we trade, helped to provide some shelter from the worst effects of the deteriorating operating environment. With dramatic falls in particular being experienced in the residential new-build sector in the UK and Ireland as the year progressed, SIG's greater exposure to the non-residential building sectors in this region allied to an excellent performance in Mainland Europe, where sales are now approaching almost half of Group revenue, served to mitigate some of the worst effects of the downturn in 2008.

Following the record performance in sales and profits in 2007, the Group continued to grow sales in 2008, developing and expanding its product portfolio, market coverage and geographical spread in specialist products and markets related to the building, construction and key industrial sectors, at the same time taking exceptional benefit from foreign exchange gains on the translation of overseas earnings denominated in Euros. Product price inflation, driven principally by manufacturers' escalating raw material and energy costs and, on UK imports, the weakness of Sterling, varied between countries and product groups but averaged close to 2% across the year for the Group as a whole. Against this background, total Group turnover in 2008 was £3,054m, an increase of 24.4% on prior year, although underlying* profit before tax was 2.0% lower at £137.3m as a result of the more challenging trading conditions.

In response to reducing levels of demand for the Group's products and services in some sectors and where the expectation was that demand would remain at best at a very subdued level for a prolonged period, the Company moved decisively to implement a broad range of initiatives on a business by business basis to reduce costs and improve the working capital position of the Group as far as possible. Meanwhile, the Group continued to allocate appropriate additional resources to core operations which continued to exhibit near-term sales and profit potential, notably in insulation and air handling which are both central to the strategically key development sector of improving the energy performance of buildings.

The main changes to our operating network in 2008 were as follows:

- acquired a total of 25 businesses, together adding annualised sales of £190m and 65 trading sites;
- organic changes to the Group's trading site network comprised 43 new openings and 80 closures or mergers, a net reduction of 37 locations;
- as a result of these changes, the Group's total number of locations at the end of December increased by 28 during 2008 to 807 (2007: 779);
- consolidation of our position in Central and Eastern Europe with establishment of our first insulation and interiors market presence in Hungary;
- strengthened our position in the air handling market through the acquisition of Air Trade Centre, a Dutch-based multinational operation with subsidiaries both in SIG's existing countries of operation and in the new markets of Romania, Hungary, Bulgaria and Turkey;
- acquired five bolt-on businesses which strengthen our position in the UK specialist insulation market; and
- extended organically and by acquisition our product range for the interior fit out of non-residential buildings and by acquisition our range for the external roofing and cladding of industrial and non-residential buildings.

TRADING HIGHLIGHTS

UK AND IRELAND (55% OF TOTAL SALES)

- Total sales increased by £145.6m (9.6%) to £1,669.4m (2007: £1,523.8m);
- Like for like† sales decreased by £32.2m (2.2%);
- In the UK only, like for like sales decreased by £19.1m (1.4%);
- Underlying operating profit decreased by £10.1m (8.4%) to £111.2m (2007: £121.3m);
- The underlying operating profit margin was 1.3% lower at 6.7% (2007: 8.0%); and
- 49 trading sites were added in the year organically and by acquisition, with 77 closures, taking the total at 31 December 2008 to 433 (31 December 2007: 461).

Overall construction activity in the UK weakened in 2008 compared to 2007, principally due to a sharp decline in the residential building sector, where year on year new housing starts and completions fell steeply and discretionary residential repair, maintenance and improvement also reduced significantly as a consequence of the worsening economic situation, falling house prices and lack of mortgage finance availability. In contrast, the non-residential construction market showed greater resilience, in particular the publicly and PFI-funded sectors encompassing such programmes as the Building Schools for the Future and NHS hospital development projects, although towards the end of the year private sector non-residential markets such as office building and refurbishment, retail and leisure development also began to slow markedly. Whilst the impact of the economic downturn differed in its intensity and timing in SIG's various end market sectors in the UK and whilst some sectors remained relatively stable through the first half of the year, the general picture was one of erosion of demand as the year developed.

In Ireland, private sector residential construction had begun to decline in the Spring of 2007 and continued to regress steeply throughout 2008 due to a combination of a surfeit of unsold finished properties on the market and a range of macro economic issues similar to those experienced in the UK. Other market segments held up better, though the non-residential interiors market became steadily more affected as the year progressed.

Sales of Insulation and related products in the UK and Ireland increased by 9.2% in total, 2.6% like for like, notwithstanding the overall reduction in construction activity. In the UK, this was partly due to the higher levels of thermal performance required by the 2006 changes to Building Regulations (Part L) feeding through into increased quantities of insulation being installed in new buildings. In Ireland, the severely reduced level of construction activity resulted in much lower demand for insulation, in common with all other types of building materials.

SIG Insulations, our UK distribution business, also benefited to some extent from the Carbon Emissions Reduction Target ("CERT") scheme, a three-year arrangement under which the Government obliges the six UK power generation companies to fund CO_2 and therefore energy-saving programmes in existing homes and which came into effect in April 2008. The main beneficiary, however, was our Miller Pattison subsidiary, whose main activity is the installation of insulation in the walls and lofts of houses which at the time they were built had little or no insulation fitted. The CERT scheme provided a strong boost for Miller Pattison's services and the Group invested in additional machinery and staff to keep pace with demand.

As well as thermal and acoustic insulation for buildings, SIG is the leading UK supplier of specialist insulation materials for a broad range of industrial process applications, ranging from power generation and petrochemical plant through to pharmaceutical and food processing and demand for industrial insulation from such industries as these remained robust during 2008.

The Company strengthened its position in the UK insulation market with five bolt-on acquisitions of specialist niche businesses which extended its product range and market coverage.

The number of trading sites increased by 8 to 83 at the end of December 2008.

The Exteriors division, which is heavily exposed to the residential housing market, found trading conditions increasingly challenging through the year, delivering sales 1.6% up on prior year in total though down 8.6% on a like for like basis.

In Ireland, where new residential construction fell away sharply, sales volumes were significantly down on 2007 and as a consequence SIG Ireland reconfigured its roofing trading site network, concentrating storage and logistics in a reduced number of locations while maintaining sales coverage in the field.

In the UK, performance was boosted by the acquisition of Steadman, a specialist fabricator of roofing and cladding panels for industrial and agricultural buildings. In the existing roofing business trading became steadily tougher as the year progressed. The division's sales were to some extent protected by having less than a quarter of core roofing product sales made into the new build housing sector and by having a significant proportion of its RMI sales being for emergency repair purposes. However, sales of both traditional roofing products and roofline and building plastics going into the home improvement market were adversely affected by a general reduction in consumer discretionary spending. As in Ireland, with little prospect of market recovery in the immediate future, steps were taken to rationalise the UK roofing trading site network and concentrate resources in fewer locations while maintaining full sales coverage in the market.

The number of trading sites decreased by 25 to 253 at the end of December 2008.

The Interiors division had a solid year, with sales increasing by 21.1% in total and 2.3% like for like. Its various operations supply specialist products such as suspended ceilings, commercial floor coverings and bespoke manufactured partitioning and door sets for the fit out of the interior space of all types of non-residential building, from offices, shops and hotels to schools, hospitals and prisons.

In Ireland, sales and profits in the Interiors division were down, though not as steeply as in other divisions such as insulation and roofing, due to the fact that the non-residential new build and refurbishment market was less badly hit by the recession than the housing market. In the UK, the commercial sector held up well in the first half of the year but tailed down in the second half as existing projects reached completion and many private sector companies began to delay or shelve plans for investment in new building works due to the deepening economic uncertainty.

By contrast, public sector investment in construction steadily gathered pace during the year, with schools and hospital projects in particular helping to offset some of the reduction in the commercial sector.

The Group acquired four small niche interiors businesses during the course of the year, broadening its offering and consolidating its position as the leading supplier of specialist products to the UK interiors market.

The number of trading sites decreased by 6 to 49 at the end of December 2008.

The Specialist Construction Products division supplies a wide range of specialist construction products to building contractors, including brickwork accessories, access equipment, groundwork preparation products, power tools, fixings and personal protection equipment. The range was extended during the year by the acquisition of Kem Edwards, a distributor of mechanical and electrical fixing items which are complementary to the division's existing range. Sales in the year were up 7.2% in total, down 8.9% like for like. The parts of the business worst hit by the downturn were those most exposed to residential construction, although sales of primary products also weakened as fewer new non-residential projects got underway. This division has largely been driven by small bolt-on acquisitions and in the face of reducing market demand the opportunity was taken in the second half of 2008 to reconfigure the operating structure, reducing the number of trading sites to improve efficiency.

The number of trading sites decreased by 5 to 48 at the end of December 2008.

MAINLAND EUROPE (45% OF TOTAL SALES)

- Total sales in Sterling increased by £452.8m (48.6%) to £1,384.2m (2007: £931.4m), helped by a strengthening Euro;
- Like for like sales on a constant currency basis increased by 4.2%;

- Sales increased on a like for like basis in local currency in each country of operation, as well as on a total basis;
- Underlying operating profit increased by £22.0m (48.1%) to £67.9m (2007: £45.9m);
- Underlying operating profit margin was maintained at 4.9% (2007: 4.9%); and
- Further expansion of geographic coverage, with a total of 56 net trading sites added during the year, including a total of 9 in Hungary, Romania, Bulgaria and Turkey combined, all of which are new countries for SIG, taking the total to 374 at 31 December 2008 (31 December 2007: 318).

Overall, SIG's European countries of operation were much less affected by the turmoil in financial markets than was experienced in the UK and Ireland. Generally speaking, although there was some increasing weakness in residential construction and RMI in a number of countries, this was not on the same scale of intensity as in the UK and Ireland and demand in our other core markets of non-residential construction and industrial insulation remained generally solid throughout the year.

In Germany and Austria (41% of sales in Mainland Europe) total sales were 23.3% ahead of prior year in Sterling, up 5.8% in local currency and 1.4% like for like in local currency. Overall construction activity in the region showed slight growth over 2007, although the residential market weakened further from what was already a low base. There was some price deflation in the second half of the year in pitched roofing products, though overall the pricing environment was neutral to positive.

Our well-established Insulation and Interiors business made further good progress in 2008, with like for like sales and profits ahead in local currency. The product range and market coverage were enhanced by two small acquisitions and the Company's offering of own label goods was further extended. Our newer operations in the German roofing market, which SIG entered in 2006, were augmented by a bolt-on acquisition. The new division continued to develop internal synergies and improve its effectiveness but found trading very challenging in a market which was down in volume as well as price.

The number of trading sites increased by 7 to 89 at the end of December 2008 (31 December 2007: 82).

In France (35% of sales in Mainland Europe) total sales in Sterling grew 79.4% versus prior year, up 53.8% in local currency and 11.0% like for like in local currency. The substantial increase in the overall sales figure reflects the fact that the Group had the benefit of a full year's trading in 2008 from the Larivière roofing distribution business acquired midway through 2007. Larivière outperformed the general roofing market, growing annual sales versus prior year (not all of which were under SIG ownership) by 3% in the residential construction market (down by around 15%) and despite substantial price deflation in zinc, a key French roofing product. Growth stemmed principally from the positive sales development of trading sites opened in the previous two years as part of Larivière's strategic development programme and from the further 16 trading sites opened in 2008. At the same time, a review of the trading site network in light of the deteriorating residential construction market resulted in the closure of four existing sites at the end of the year.

SIG's core Insulation and Interiors operations traded extremely well, with total sales in local currency up 11.2% on 2007. Like for like sales in Euros were 11.0% ahead. These divisions trade mainly outside the housing sector, principally in the non-residential and process industrial insulation markets which remained robust throughout 2008. Both divisions benefited from product price inflation averaging up to 3% and like Larivière experienced organic sales growth from trading sites opened in the previous two years as well as from another nine sites opened in 2008.

Including one small bolt-on insulation acquisition, the number of trading sites increased by 22 to 164 at the end of December 2008 (31 December 2007: 142).

In Poland and Central Europe (15% of sales in Mainland Europe), total sales in Sterling increased by 49%, including the two acquisitions made in Hungary and the Czech Republic during the year.

This region offers the prospect of above average sales and profit growth in the medium term, hence SIG's decision in 2007 to extend its presence from Poland to neighbouring countries. In the short term, however, these developing markets are prone to volatility in demand and pricing and 2008 saw some reduction in both sales volume and product prices. Nonetheless, good progress was made in establishing a Central European management base in Prague to cover the Czech Republic, Slovakia and Hungary and this sub-region traded profitably and ahead of expectations.

The core business in Poland traded well in a weak market, with like for like sales in local currency up 3.9% against prior year. There was substantial price deflation in some product groups as material shortages in 2007 gave way to more plentiful supply, with violent swings in the Zloty exchange rate during the year having a destabilising influence on both pricing and market sentiment.

The number of trading sites increased by 14 to 97 at the end of December 2008 (31 December 2007: 83).

Sales in Benelux (6% of total sales in Mainland Europe) grew strongly, up 36.8% in total in Sterling, up 17.3% in local currency and up 9.4% like for like in local currency. As in a number of SIG's other European operations the core business in Benelux is focused on Insulation and Interiors and both divisions are performing well against the background of generally stable market conditions in which slightly weaker volume was compensated by price inflation of around 3%.

The number of trading sites increased by 1 to 12 at the end of December 2008 (31 December 2007: 11).

Sales in Air Trade Centre, the European wide air conditioning and air handling business acquired in March 2008, amounted to 3% of total sales in Mainland Europe. This business provides SIG with a platform for growth and was successfully integrated into the Group in 2008.

ACQUISITIONS

Entering 2008, SIG had a strong pipeline of acquisition opportunities, many of which were in very advanced stages and all of which were consistent with the Group's development strategy of strengthening its presence and position in established regions and market sectors. Maintaining a highly selective and progressively more cautious approach, the Group completed a total of 25 transactions in 2008 for a total consideration including assumed debt of £130.5m, delivering annualised sales of £190m and sales in 2008 of £156m.

In the context of the worsening economic climate the acquisition programme was curtailed, with a single small bolt-on deal concluded in the second half of the year.

COST SAVING ACTIONS

As the trading environment deteriorated in certain countries and markets during 2008, management took steps to realign the operating cost base in those markets where medium term demand was expected to remain subdued whilst also keeping market developments under close watch in order to be able to promptly implement additional pre-prepared contingency measures should these become appropriate.

These measures were set out in the Group's Interim Management Statement of 19 November 2008 and Trading Statement of 13 January 2009 and in aggregate involved a reduction in the number of employees of the Group of 1,020 (7% of the total) and the closure of 80 trading sites. While the larger part of these related to the Group's operations in the UK and Ireland, selective steps were also taken in a number of the Group's European businesses.

Taken on a business by business basis, those steps were intended to realign resources to current and anticipated trading levels whilst not compromising SIG's ability to provide excellent service and value to its customers.

SUMMARY OF TRADING PERFORMANCE

2008 was a year of profound changes in our operating environment, with more of our countries of operation and market sectors gradually succumbing to the effects on construction markets of the worsening economic and financial conditions. Against this backdrop, SIG's various operating subsidiaries continued to make the most of the opportunities available to them, to outperform local conditions and to deliver creditable results.

The management and staff right across the Group's operations are ready to deal with what are set to be still more challenging trading conditions in 2009, to continue to provide excellent service and value to our customers, to strengthen our position in our different markets and to be ready to take full advantage of the upturn when it eventually comes.

DEFINITIONS

† Like for like sales excludes the impact of acquisitions completed after 1 January 2007.

* Underlying is before the amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs.

DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

- the Condensed Accounts, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Trading Performance Review includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Condensed Accounts include a fair review of all related party transactions.

Chris Davies	**Gareth Davies**
Director	**Director**
18 March 2009	18 March 2009

Condensed Consolidated Income Statement
for the year ended 31 December 2008

	Note	**Before other items* 2008 £m**	**Other items* 2008 £m**	**Total 2008 £m**	Before other items* 2007 £m	Other items* 2007 £m	Total 2007 £m
Revenue							
Existing operations		**2,898.0**	**-**	**2,898.0**	2,238.6	-	2,238.6
Acquisitions		**155.6**	**-**	**155.6**	216.6	-	216.6
Continuing operations	2	**3,053.6**	**-**	**3,053.6**	2,455.2	-	2,455.2
Cost of sales		**(2,245.2)**	**-**	**(2,245.2)**	(1,796.6)	-	(1,796.6)
Gross profit		**808.4**	**-**	**808.4**	658.6	-	658.6
Other operating expenses		**(638.6)**	**(62.8)**	**(701.4)**	(499.2)	(17.2)	(516.4)
Operating profit							
Existing operations		**156.6**	**(62.8)**	**93.8**	147.5	(17.2)	130.3
Acquisitions		**13.2**	**-**	**13.2**	11.9	-	11.9
Continuing operations	2	**169.8**	**(62.8)**	**107.0**	159.4	(17.2)	142.2
Finance income		**11.9**	**-**	**11.9**	9.2	1.4	10.6
Finance costs		**(44.4)**	**(41.4)**	**(85.8)**	(28.5)	-	(28.5)
Profit before tax		**137.3**	**(104.2)**	**33.1**	140.1	(15.8)	124.3
Income tax expense	3	**(40.2)**	**13.9**	**(26.3)**	(41.9)	4.7	(37.2)
Profit after tax from continuing operations		**97.1**	**(90.3)**	**6.8**	98.2	(11.1)	87.1
Attributable to:							
Equity holders of the Company		**96.6**	**(90.3)**	**6.3**	97.3	(11.1)	86.2
Minority interests		**0.5**	**-**	**0.5**	0.9	-	0.9
Earnings per share							
Basic earnings per share	4	**71.4p**	**(66.7p)**	**4.7p**	74.8p	(8.5p)	66.3p
Diluted earnings per share	4	**71.1p**	**(66.5p)**	**4.6p**	74.2p	(8.4p)	65.8p

* “Other items” relate to the amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs . “Other items” have been disclosed separately in order to give an indication of the underlying earnings of the Group.

Condensed Consolidated Statement of Recognised Income and Expense
for the year ended 31 December 2008

	2008 £m	2007 £m
Profit after tax	**6.8**	87.1
Exchange difference on retranslation of foreign currency goodwill and intangibles	**97.0**	24.7
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	**61.8**	18.8
Exchange and fair value movements associated with borrowings and derivative financial instruments	**(92.9)**	(41.2)
Tax credit on exchange difference arising on borrowings and derivative financial instruments	**13.8**	12.0
Gains and losses on cash flow hedges	**3.5**	(5.2)
Transfer to profit and loss on cash flow hedges	**(1.4)**	2.1
Current and deferred tax on share options	**(0.7)**	(0.8)
Actuarial (loss)/gain on defined benefit pension schemes	**(10.6)**	6.2
Deferred tax movement associated with actuarial (loss)/gain	**3.0**	(2.0)
Total recognised income and expense for the year	**80.3**	101.7
Attributable to:		
Equity holders of the Company	**79.8**	100.8
Minority interests	**0.5**	0.9
	80.3	101.7

Condensed Consolidated Balance Sheet
as at 31 December 2008

	Note	2008 £m	2007 £m
Non-current assets			
Property, plant and equipment		**259.3**	209.0
Goodwill		**567.1**	434.9
Intangible assets		**183.4**	152.8
Deferred tax assets		**18.7**	17.4
		1,028.5	814.1
Current assets			
Inventories		**268.6**	224.6
Trade receivables		**469.7**	414.4
Other receivables		**31.3**	25.4
Derivative financial instruments		**74.6**	0.5
Cash and cash equivalents		**71.7**	89.2
		915.9	754.1
Total assets		**1,944.4**	1,568.2
Current liabilities			
Trade and other payables		**373.2**	366.1
Obligations under finance lease contracts		**3.4**	2.6
Bank overdrafts		**18.8**	1.9
Bank loans		**345.3**	150.8
Private placement notes		**-**	22.1
Loan notes		**0.1**	2.8
Derivative financial instruments		**60.6**	36.7
Current tax liabilities		**5.9**	17.4
Provisions		**8.3**	9.5
		815.6	609.9
Non-current liabilities			
Obligations under finance lease contracts		**9.2**	7.1
Bank loans		**6.4**	5.9
Private placement notes		**328.6**	251.8
Loan notes		**0.1**	1.4
Derivative financial instruments		**70.9**	35.5
Deferred tax liabilities		**49.5**	44.3
Other payables		**4.0**	2.8
Retirement benefit obligations		**19.1**	15.7
Provisions		**22.1**	18.9
		509.9	383.4
Total liabilities		**1,325.5**	993.3
Net assets		**618.9**	574.9
Capital and reserves			
Called up share capital	5	**13.6**	13.5
Share premium account	5	**167.5**	166.5
Capital redemption reserve	5	**0.3**	0.3
Special reserve	5	**22.1**	22.1
Share option reserve	5	**2.6**	2.7
Hedging and translation reserve	5	**89.4**	9.7
Retained profits	5	**321.5**	358.8
Attributable to equity holders of the Company		**617.0**	573.6
Minority interests	5	**1.9**	1.3
Total equity	5	**618.9**	574.9

Condensed Consolidated Cash Flow Statement
for the year ended 31 December 2008

	Note	**2008** **£m**	2007 £m
Net cash flow from operating activities			
Cash inflow from operating activities	6	**156.0**	160.3
Borrowing costs paid		**(42.2)**	(19.3)
Interest received		**6.6**	5.0
Income tax paid		**(27.8)**	(39.8)
Net cash inflow from operating activities		**92.6**	106.2
Cash flows from investing activities			
Purchase of property, plant and equipment		**(65.9)**	(60.5)
Proceeds from sale of property, plant and equipment		**15.8**	4.1
Purchase of businesses		**(121.4)**	(226.8)
Net cash used in investing activities		**(171.5)**	(283.2)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**1.1**	148.1
Capital element of finance lease rental payments		**(3.5)**	(2.5)
Repayment of loans / settlement of derivative financial instruments		**(74.8)**	(12.6)
New loans		**146.0**	98.6
Dividends paid to equity holders of the Company		**(36.5)**	(28.4)
Payments to minority shareholder		**(0.7)**	(0.8)
Net cash generated in financing activities		**31.6**	202.4
(Decrease) / increase in cash and cash equivalents in the year	7	**(47.3)**	25.4
Cash and cash equivalents at beginning of year		**87.3**	59.1
Effect of foreign exchange rate changes		**12.9**	2.8
Cash and cash equivalents at end of year		**52.9**	87.3

1. Basis of preparation

The Group's condensed financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued for use in the European Union and on a basis consistent with that adopted in the previous year.

The condensed financial information has been prepared under the historical cost convention except for derivative financial instruments that are stated at their fair value.

Whilst the condensed financial information included in this Annual Results announcement has been computed in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company has published its full IFRS compliant accounts on its website, www.sigplc.co.uk.

The Annual Results announcement does not constitute the Company's statutory accounts for the years ended 31 December 2008 or 31 December 2007 within the meaning of Section 240 of the Companies Act 1985 but is derived from those statutory accounts.

The Group's statutory accounts for the year ended 31 December 2007 have been filed with the Registrar of Companies, and those for 2008 will be delivered following the Company's Annual General Meeting. The auditors have reported on the statutory accounts for 2008 and 2007, and their reports were unqualified and did not contain statements under section 237 (2) or 237 (3) of the Companies Act 1985.

2. Revenue and segmental information

Revenue

An analysis of the Group's revenue is as follows:

	2008 £m	2007 £m
Sale of goods	**3,053.6**	2,455.2
Total revenue	**3,053.6**	2,455.2
Finance Income	**11.9**	10.6
Total Income	**3,065.5**	2,465.8

Geographical Segments

As at 31 December 2008, the Group is managed and organised in two geographies: UK and Ireland and Mainland Europe. These geographies are the basis on which the Group reports its primary segment information.

Segment information about these geographies is presented below:

	2008 UK and Ireland £m	2008 Mainland Europe £m	2008 Eliminations £m	2008 Total £m	2007 UK and Ireland £m	2007 Mainland Europe £m	2007 Eliminations £m	2007 Total £m
Revenue								
External sales	**1,669.4**	**1,384.2**	**-**	**3,053.6**	1,523.8	931.4	-	2,455.2
Inter-segment sales*	**-**	**2.3**	**(2.3)**	**-**	0.3	-	(0.3)	-
Total revenue	**1,669.4**	**1,386.5**	**(2.3)**	**3,053.6**	1,524.1	931.4	(0.3)	2,455.2
Result								
Segment result before amortisation of acquired intangibles, impairment charges and restructuring costs	**111.2**	**67.9**	**-**	**179.1**	121.3	45.9	-	167.2
Amortisation of acquired intangibles and impairment charges	**(31.7)**	**(8.9)**	**-**	**(40.6)**	(12.0)	(5.2)	-	(17.2)
Restructuring costs	**(19.1)**	**(3.1)**	**-**	**(22.2)**	-	-	-	-
Segment result	**60.4**	**55.9**	**-**	**116.3**	109.3	40.7	-	150.0
Parent Company costs				**(9.3)**				(7.8)
Operating profit				**107.0**				142.2
Net finance costs				**(32.5)**				(19.3)
(Losses)/gains on derivative financial instruments				**(41.4)**				1.4
Profit before tax				**33.1**				124.3
Income tax expense				**(26.3)**				(37.2)
Minority interests				**(0.5)**				(0.9)
Retained profit				**6.3**				86.2

* Inter-segment sales are charged at the prevailing market rates.

2. Revenue and segmental information (continued)

	2008 UK and Ireland £m	**2008 Mainland Europe £m**	**2008 Eliminations £m**	**2008 Total £m**	2007 UK and Ireland £m	2007 Mainland Europe £m	2007 Eliminations £m	2007 Total £m
Balance sheet								
Assets								
Segment assets	**909.0**	**961.4**	**-**	**1,870.4**	902.7	662.3	-	1,565.0
Unallocated assets				**74.0**				3.2
Consolidated total assets				**1,944.4**				1,568.2
Liabilities								
Segment liabilities	**245.4**	**246.5**	**-**	**491.9**	319.6	169.0	-	488.6
Unallocated liabilities				**833.6**				504.7
Consolidated total liabilities				**1,325.5**				993.3
Other segment information								
Capital expenditure on:								
Property, plant and equipment	**39.7**	**29.0**	**-**	**68.7**	44.9	19.8	-	64.7
Intangible assets	**35.8**	**4.6**	**-**	**40.4**	22.7	59.3	-	82.0
Goodwill	**40.2**	**25.8**	**-**	**66.0**	44.3	155.8	-	200.1
Non-cash expenditure:								
Depreciation	**28.4**	**14.2**	**-**	**42.6**	21.4	8.9	-	30.3
Amortisation of acquired intangibles	**17.5**	**8.9**	**-**	**26.4**	12.0	5.2	-	17.2
Impairment charges	**14.2**	**-**	**-**	**14.2**	-	-	-	-

3. Income tax expense

The income tax expense comprises:

	2008	2007
	£m	£m
Current tax		
UK taxation	**13.8**	24.7
Overseas taxation	**17.7**	20.2
Total current tax	**31.5**	44.9
Deferred taxation		
Total deferred tax	**(5.2)**	(7.7)
Total income tax expense	**26.3**	37.2

The total tax charge for the year differs from that resulting from applying the blended rate of corporate tax in the UK 28.5% (2007: 30%). The differences are explained in the following reconciliation:

	2008	**2008**	2007	2007
	£m	**%**	£m	%
Profit on ordinary activities before tax	**33.1**		124.3	
Tax at 28.5% (2007: 30%) thereon	**9.4**	**28.5%**	37.3	30.0%
Factors affecting the income tax expense for the year:				
– permanent items	**1.8**	**5.3%**	2.4	1.9%
– impairment charges	**4.0**	**12.1%**	–	–
– losses not recognised	**11.9**	**36.0%**	–	–
– adjustments in respect of previous years	**(1.3)**	**(3.9%)**	(2.3)	(1.9%)
– effect of overseas tax rates	**0.5**	**1.5%**	–	–
– change in tax rates	**–**	**–**	(0.2)	(0.1%)
Total income tax expense	**26.3**	**79.5%**	37.2	29.9%

The effective tax charge for the Group on total profits before tax of £33.1m is 79.5% (2007: 29.9%). The effective tax charge for the Group on profit before tax before the amortisation of intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs of £137.3m is 29.3% (2007: 29.9%), which comprises a charge of 30.3% (2007: 31.8%) in respect of current year profits and a tax credit of 1.0% (2007: 1.9%) in respect of prior years.

The Group has not taken account of excess non-trading losses associated with financial instruments in determining the net deferred tax liability at 31 December 2008, or the deferred tax credit for the year thereon. In this respect, any future utilisation of the unrecognised deferred tax asset of £40.0m associated with these non-trading losses will result in a reduction of cash payments of tax and will also result in a profit and loss benefit in the year of utilisation.

4. Earnings per share

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

	Basic and diluted	
	2008	2007
	£m	£m
Profit after tax	**6.8**	87.1
Minority interests	**(0.5)**	(0.9)
	6.3	86.2

	Basic and diluted before amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs	
	2008 **£m**	2007 £m
Profit after tax	**6.8**	87.1
Minority interests	**(0.5)**	(0.9)
Amortisation of acquired intangibles	**26.4**	17.2
Impairment charges	**14.2**	-
Losses/(gains) on derivative financial instruments	**41.4**	(1.4)
Restructuring costs	**22.2**	-
Tax relating to the amortisation of acquired intangibles and restructuring costs	**(13.9)**	**(4.7)**
	96.6	97.3

Weighted average number of shares:

	2008 **Number**	2007 Number
For basic earnings per share	**135,314,199**	130,090,267
Exercise of share options	**557,700**	982,011
For diluted earnings per share	**135,871,899**	131,072,278

	2008	2007
Earnings per share		
Total basic earnings per share	**4.7p**	66.3p
Total diluted earnings per share	**4.6p**	65.8p
Earnings per share before amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs		
Total basic earnings per share	**71.4p**	74.8p
Total diluted earnings per share	**71.1p**	74.2p

Earnings per share before amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs is disclosed in order to present the underlying performance of the Group.

5. Consolidated statement of changes in equity

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Special reserve £m	Share option reserve £m	Hedging and translation reserve £m	Retained profits £m	Total £m	Minority interests £m	Total equity £m
At 31 December 2006	12.3	19.6	0.3	22.1	1.8	(4.6)	300.0	351.5	1.2	352.7
Profit after tax	-	-	-	-	-	-	86.2	86.2	0.9	87.1
Dividends	-	-	-	-	-	-	(28.4)	(28.4)	-	(28.4)
New share capital issued	1.2	146.9	-	-	-	-	-	148.1	-	148.1
Exchange difference on retranslation of foreign currency goodwill and intangibles	-	-	-	-	-	24.7	-	24.7	-	24.7
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	-	-	-	-	-	18.8	-	18.8	-	18.8
Exchange and fair value movements associated with borrowings and derivative financial instruments	-	-	-	-	-	(41.2)	-	(41.2)	-	(41.2)
Tax credit on exchange difference arising on borrowings and derivative financial instruments	-	-	-	-	-	12.0	-	12.0	-	12.0
Gains and losses on cash flow hedges	-	-	-	-	-	-	(5.2)	(5.2)	-	(5.2)
Transfer to profit and loss on cash flow hedges	-	-	-	-	-	-	2.1	2.1	-	2.1
Current and deferred tax on share options	-	-	-	-	-	-	(0.8)	(0.8)	-	(0.8)
Actuarial gain on defined benefit pension schemes	-	-	-	-	-	-	6.2	6.2	-	6.2
Deferred tax movement associated with actuarial gain	-	-	-	-	-	-	(2.0)	(2.0)	-	(2.0)
Credit to share option reserve	-	-	-	-	1.6	-	-	1.6	-	1.6
Exercise of share options	-	-	-	-	(0.7)	-	0.7	-	-	-
Dividend payment to minority interest Shareholder	-	-	-	-	-	-	-	-	(0.8)	(0.8)
At 31 December 2007	13.5	166.5	0.3	22.1	2.7	9.7	358.8	573.6	1.3	574.9
Profit after tax	-	-	-	-	-	-	6.3	6.3	0.5	6.8
Dividends	-	-	-	-	-	-	(36.5)	(36.5)	-	(36.5)
New share capital issued	0.1	1.0	-	-	-	-	-	1.1	-	1.1
Exchange difference on retranslation of foreign currency goodwill and intangibles	-	-	-	-	-	97.0	-	97.0	-	97.0
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	-	-	-	-	-	61.8	-	61.8	-	61.8
Exchange and fair value movements associated with borrowings and derivative financial instruments	-	-	-	-	-	(92.9)	-	(92.9)	-	(92.9)
Tax credit on exchange difference arising on borrowings and derivative financial instruments	-	-	-	-	-	13.8	-	13.8	-	13.8
Gains and losses on cash flow hedges	-	-	-	-	-	-	3.5	3.5	-	3.5
Transfer to profit and loss on cash flow hedges	-	-	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Current and deferred tax on share options	-	-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Actuarial loss on defined benefit pension schemes	-	-	-	-	-	-	(10.6)	(10.6)	-	(10.6)
Deferred tax movement associated with actuarial loss	-	-	-	-	-	-	3.0	3.0	-	3.0
Recognition of option in relation to minority interest Shareholding	-	-	-	-	-	-	(2.0)	(2.0)	-	(2.0)
Credit to share option reserve	-	-	-	-	1.0	-	-	1.0	-	1.0
Exercise of share options	-	-	-	-	(1.1)	-	1.1	-	-	-
Minority interest acquired	-	-	-	-	-	-	-	-	1.4	1.4
Purchase of minority interest Shareholder	-	-	-	-	-	-	-	-	(0.6)	(0.6)
Dividend payment to minority interest Shareholder	-	-	-	-	-	-	-	-	(0.7)	(0.7)
At 31 December 2008	**13.6**	**167.5**	**0.3**	**22.1**	**2.6**	**89.4**	**321.5**	**617.0**	**1.9**	**618.9**

6. Reconciliation of operating profit to cash inflow from operating activities

	2008	2007
	£m	£m
Operating profit	**107.0**	142.2
Depreciation charge	**42.6**	30.3
Amortisation of acquired intangibles and impairment charges	**40.6**	17.2
Profit on sale of property, plant and equipment	**(1.8)**	(2.0)
Share-based payments	**1.0**	1.6
Decrease / (increase) in inventories	**15.1**	(8.2)
Decrease in receivables	**43.0**	0.1
Decrease in payables	**(91.5)**	(20.9)
Cash inflow from operating activities	**156.0**	160.3

Included in the decrease in payables is a cash outflow relating to defined benefit pension contributions being £8.4m (2007: £3.6m) greater than the amount charged to operating profit.

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

	2008	2007
	£m	£m
(Decrease) / increase in cash and cash equivalents in the year	**(47.3)**	25.4
Cash flow from increase in debt	**(70.5)**	(87.7)
Increase in net debt resulting from cash flows	**(117.8)**	(62.3)
Debt acquired with acquisitions*	**(8.2)**	(94.0)
Non-cash items+	**(52.7)**	(21.7)
Exchange difference	**(89.5)**	(22.1)
Increase in net debt in the year	**(268.2)**	(200.1)
Net debt at beginning of year	**(428.9)**	(228.8)
Net debt at end of year	**(697.1)**	(428.9)

* including loan notes issued.
+ Non-cash items relate to the fair value movement of debt recognised in the year which does not give rise to a cash inflow or outflow.

Included within "Cash flow from increase in debt" in the above movement analysis is an outflow of £17.8m relating to foreign exchange rate movements. In addition, £47.0m of the "Non-cash items" relates to foreign exchange rate movements. Combined with the exchange difference of £89.5m as per the above table, the total increase in the Group's net debt position at 31 December 2008 attributable to foreign exchange rate movements is £154.3m.

8. Final dividend

A final dividend of nil p per share (2007: 18.7p) has been proposed, giving a full year dividend of 8.3p (2007: 26.7p). In accordance with IAS 10 "Events after the balance sheet date", dividends declared after the balance sheet date are not recognised as a liability in the Accounts.

9. Acquisitions made in the year

During 2008 the Group acquired the following companies:

Acquisition name	% of share capital acquired	Acquisition date	Country of incorporation	Principal activity
HHI Building Products Limited	100%	14 January 2008	Ireland	Distribution of roofing materials and associated products
Alltrim Plastics Limited	100%	15 January 2008	United Kingdom	Distribution of roofing materials and associated products
Central Refractories (Scotland) Limited	100%	31 January 2008	United Kingdom	Distribution of insulating materials and associated products
Kem Edwards Limited	100%	31 January 2008	United Kingdom	Distribution of specialist construction products
Tufwell Tempered Glass Limited	100%	14 February 2008	United Kingdom	Distribution of interiors products
Tolway Fixings Limited	100%	3 March 2008	United Kingdom	Distribution of specialist construction products
GRM Distribution Limited	100%	7 March 2008	United Kingdom	Distribution of insulating materials and associated products
Danskin Flooring Systems Limited	100%	19 March 2008	United Kingdom	Distribution of insulating materials and associated products
Swindon Roofing Centre Limited/ Harris Roofing Supplies Gloucester Limited	100%	27 March 2008	United Kingdom	Distribution of roofing materials and associated products
A Steadman & Son Limited	100%	27 March 2008	United Kingdom	Manufacture and distribution of roofing materials and associated products
Clyde Insulation Supplies Limited/	100%	3 April 2008	United Kingdom	Distribution and installation of insulating materials and associated products
Clyde Insulation Contracts Limited				
Ockwells Limited	100%	3 April 2008	United Kingdom	Distribution of interiors products
Pannon II Kereskedelmi és Szolgáltató Kft	100%	4 April 2008	Hungary	Distribution of insulating and interiors products
Wood Floor Sales Limited	100%	29 April 2008	United Kingdom	Distribution of interiors products
Air Trade Centre International B.V.	95%	29 April 2008	The Netherlands	Distribution of air handling equipment
Ryan Roofing Supplies Limited	100%	30 April 2008	United Kingdom	Distribution of roofing materials and associated products
Cubicle Systems Limited	100%	24 May 2008	United Kingdom	Distribution of interiors products
Elthisol S.A.R.L	100%	2 June 2008	France	Distribution of insulating and interiors products
Impex (Avon) Limited	100%	3 June 2008	United Kingdom	Distribution of specialist construction products
Insulslab Limited	100%	27 June 2008	United Kingdom	Distribution of insulating materials and associated products
INTAS Hradec Kralove s.r.o	100%	5 September 2008	Czech Republic	Distribution of insulating and interiors products

The Group also acquired the trade and certain assets and liabilities of the following companies:

Acquisition name	Acquisition date	Country of operation	Principal activity
WK-Bodensysteme GmbH	2 January 2008	Germany	Distribution of insulating and interiors products
Georg Eicken GmbH	26 March 2008	Germany	Distribution of roofing materials and associated products
MAT-CHEM-BUD BIS	1 April 2008	Poland	Distribution of insulating and interiors products
Sprenger Baustoffe GmbH	26 May 2008	Germany	Distribution of insulating and interiors products

9. Acquisitions made in the year (continued)

2008 acquisitions summary fair value table:

	Book value £m	Fair value adjustments £m	Fair value £m
Non-current assets			
Property, plant and equipment	18.3	(3.0)	15.3
Goodwill	0.3	(0.3)	–
	18.6	(3.3)	15.3
Current assets			
Inventories	22.5	(1.1)	21.4
Trade and other receivables	40.1	(1.1)	39.0
Net cash acquired	8.8	–	8.8
Total assets	90.0	(5.5)	84.5
Total liabilities	41.7	5.4	47.1
Net assets	48.3	(10.9)	37.4
Minority interest on acquisition			(1.4)
Intangible assets – customer relationships			35.7
Intangible assets – non-compete clauses			4.7
Deferred tax liability on acquired intangible assets			(11.3)
Goodwill			66.0
Total consideration			131.1

Represented by:	
Contingent consideration	7.3
Cash	123.7
Loan notes and deferred consideration	0.1
Total consideration	131.1

The total consideration including assumed debt and net of cash and cash equivalents acquired is as follows:

Total consideration (as above)	131.1
Add debt acquired	8.2
Net cash acquired	(8.8)
Total consideration (including assumed debt)	130.5

Acquisition cash flows during the period:	
Cash paid for 2008 acquisitions during the period	123.7
Net cash acquired with 2008 acquisitions	(8.8)
Net cash outflow from 2008 acquisitions	114.9
Contingent/deferred consideration paid on prior year acquisitions	6.5
Net cash outflow from 2008 and prior year acquisitions	121.4

The Directors have made a provisional assessment of the fair value of the net assets acquired. Any further adjustments arising will be accounted for in 2009. The fair value adjustments above relate primarily to:

- the review of the carrying value of all non-current assets to ensure that they accurately reflect their market value;
- the alignment of valuation and provisioning methodologies to those adopted by the Group; and
- an assessment of all provisions and payables to ensure they are accurately reflected in accordance with the Group's policies.

Included within goodwill are staff acquired as part of the business and strategic acquisition synergies which are specifically excluded in the identification of intangible assets on acquisition by the relevant accounting standards.

9. Acquisitions made in the year (continued)

The Directors estimate the pre-acquisition revenue and operating profit of the 2008 acquisitions for the period from 1 January 2008 to the respective acquisition dates amounted to £34.4m and £6.4m respectively. The 2008 Consolidated Income Statement includes the following amounts in respect of the 2008 acquisitions: revenue £155.6m, cost of sales £106.7m and operating expenses £35.7m giving an operating profit of £13.2m.

Revenue and operating profit for the twelve-month period ended 31 December 2008 for all 2008 acquisitions amounted to £190.0m and £19.6m respectively.

Acquisitions made in 2008 (made in 2007) had the following impact on the Group's cash flows in 2008 (in 2007): cash inflow from operating activities £11.9m (2007: £9.2m), borrowing costs paid £4.8m (2007: £6.1m), purchase of property, plant and equipment £3.2m (2007: £4.8m), repayment of loans £nil (2007: £nil) and income tax paid £2.5m (2007: £2.4m).

Since the balance sheet date and up to the date of approval of the Accounts, no acquisitions have been made.

10. Impairment of goodwill

During the period, the Irish business experienced a significant reduction in demand for its products. The resulting value in use calculation for the Ireland Cash Generating Unit ("CGU") indicated that the carrying value of goodwill was not supportable, therefore the Ireland CGU has been reduced to the recoverable amount through recognition of an impairment loss against goodwill as follows:

Goodwill attributable to Ireland CGU	£m
At 31 December 2007	41.7
Additions	1.9
Exchange Difference	11.3
Impairment loss recognised	(14.2)
At 31 December 2008	**40.7**

11. Post balance sheet events

At the time of signing the Accounts, the Board announced a placing and open offer and firm placing to raise £325m as described in the Chairman's Statement. The Group continues its cost reduction programme and has implemented cost-saving initiatives since the year end which are expected to deliver savings of £12m in 2009, over and above those implemented in 2008.

12. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

Directors' emoluments in the year were £1.8m (2007: £2.6m), excluding an IFRS 2 share based payment charge of £0.4m (2007: £0.6m).

In June 2005, the Group acquired 93.5% of the share capital of LS Group Limited. The remaining 6.5% shareholding was held by employees of that Company. During the period the Group acquired the remaining 6.5% shareholding for a total consideration of £1.6m. This purchase generated goodwill of £1.0m.

13. Forward looking statements

This Annual Results announcement for the year ended 31 December 2008 contains certain forward looking statements with respect to the Group's financial condition, its results, strategy, plans and objectives. The forward looking statements contained in this document are not forecasts or guarantees of future performance and are subject to risks, uncertainties and other factors. Some of these factors are beyond the Group's control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecast in the forward looking statements.

These factors include, but are not limited to, general economic conditions and business conditions in the Group's markets, product availability and prices, credit risk, the actions of competitors, interest and exchange rates and legislative fiscal and regulatory developments.

All forward looking statements in this document are based on information known to the Group as at 18 March 2009. The Group has no obligation publicly to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

14. Going concern basis

In determining whether the Group's 2008 Accounts can be prepared on a going concern basis, the Directors considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities.

The key factors considered by the Directors were as follows:

- the implications of the challenging economic environment and weakening levels of market demand in the building and construction markets on the Group's revenues and profits. The Group prepares forecasts and projections of revenues, profits and cash flows on a regular basis. Whilst this is essential for targeting performance and identifying areas of focus for management to improve performance and mitigate the possible adverse impact of a deteriorating economic outlook, these also provide projections of working capital requirements;

- the impact of the competitive environment within which the Group's businesses operate;

- the availability and market prices of the goods that the Group sells;

- the credit risk associated with Group's trade receivable balances;

- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected; and

- the committed finance facilities available to the Group. The Group has access to a variety of bi-lateral banking facilities to meet day-to-day working capital requirements, which at the year end had undrawn facilities of £79.6m.

At the Extraordinary General Meeting on 9 April 2009, agreement is to be sought from Shareholders to raise £325m net of expenses under a proposed placing and open offer and firm placing. This will significantly reduce the possibility that the Group has to renegotiate any banking facilities in the next twelve months.

In forming their conclusions over the adoption of the going concern basis, the Directors have considered the possibility of the relevant resolutions at the Extraordinary General Meeting not being approved and on the basis of the available evidence have considered this possibility to be remote.

Having considered all the factors above impacting the Group's businesses, including downside sensitivities, the Directors are satisfied that the Group will be able to operate within the terms and conditions of the Group financing facilities for the foreseeable future. The Group has £50.0m of banking facilities expiring in June 2009 and £28.8m expiring in July 2009, with a further £184.1m of facilities expiring between May and July 2010.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group's 2008 Accounts.

15. Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on SIG's long term performance. SIG has a comprehensive system of risk management installed in all parts of its business and quickly introduces this into new acquisitions.

LEVELS OF MARKET DEMAND IN THE BUILDING AND CONSTRUCTION MARKETS IN WHICH SIG OPERATES

Approximately 90% of SIG's sales are made to the building, construction and civil engineering industries.

These industries are driven by private and Government expenditure and include major new construction projects (e.g. airports, hospitals, schools and sports complexes), new residential housing developments and a wide range of renovation, upgrading and repair work on existing buildings.

SIG is exposed to changes in the level of activity and therefore demand from these industries. Government policy and expenditure plans, private investor decisions, the general economic climate and both business and (to a lesser extent) consumer confidence are all factors which can influence the level of building activity and therefore the demand for many of SIG's products.

Approximately 10% of SIG's sales are made into specific industrial applications, especially where there are temperature critical processes and the use of highly specialist insulation is an important part of the process plant itself. These industries include power generation, oil and gas processing, chemical, pharmaceutical and cold storage facilities.

SIG is exposed to activity levels and therefore demand for some of its products, within these diverse industries. These industries would, in turn, be affected by the general economic climate, energy demand and energy costs and business investment decisions in major industries such as power generation and petrochemicals.

COMPETITORS

SIG has a mix of both direct specialist competition and some overlap with more general suppliers (such as general builders merchants) in all its markets and countries. As a distributor handling and supplying products manufactured by other companies, SIG is itself dependent upon other companies for in excess of 90% of the products that it sells. Some of SIG's competitors may be funded in such a way that they are willing to accept lower financial returns than SIG or have a greater breadth of resources than SIG in particular market sectors. Competition with these companies could adversely affect SIG's profitability and/or, financial condition.

However, the majority of products that are sold by SIG are relatively bulky and inexpensive in relation to their mass and the cost of transport. This means that the risk faced by SIG of price disruption and possible cross border or international trading having a detrimental impact on prices in any particular country is low. Similarly, the risk posed by internet-based trading dependent upon parcel-carrier service is mitigated by the bulky nature of most of the products sold by SIG and the fact that specialist handling and delivery services are an important feature of the service provided by SIG to many customers.

INFORMATION TECHNOLOGY ("IT")

SIG uses a range of computer systems to provide order processing, inventory control and financial management within each country. Outages and interruptions could affect SIG's ability to conduct day-to-day operations. Any lengthy failure or disruption to the IT system in any business unit or country would result in loss of sales and delays to cash flow. Interruption to SIG's IT systems could be caused by a number of factors, including as a result of human error or malfeasance, malfunction, damage, fire or power loss. There can be no certainty that recovery plans and contingency plans will be effective in the event that they need to be activated. SIG's IT systems are not interdependent and there are dedicated support staff directly employed, together with external support service providers, to monitor the IT systems.

COMMERCIAL RELATIONSHIPS

SIG is exposed to changes in relationships with both customers and suppliers. Failure to negotiate competitive terms of business with its suppliers or failure to satisfy the needs of its customers could harm the Group's business. It is a key task for the operational management in each country and business unit to maintain and develop their relationships with customers and suppliers.

CREDIT RISK

SIG, by the nature of its position in the supply chain, buys products from highly reputable suppliers in bulk and sells the products to a wide variety of professional contractors on credit terms. There is a risk that customers do not pay as the typical customer does not have many assets. SIG has therefore developed well proven credit control guidelines and procedures that are designed to minimise its credit risk whilst trying to maximise sales potential. For the year ended 31 December 2008 bad debt expense amounted to 0.6% of sales (2007: 0.5% of sales).

CREDIT INSURERS

A number of the Group's suppliers insure their credit exposure to SIG with a small number of credit insurers. Likewise SIG also insures its credit exposure in relation to a number of its customers. These credit insurers could withdraw their cover on SIG or its customers which would affect the trading relationship between SIG, its suppliers or its customers and potentially the profitability of SIG.

RESTRUCTURING OF SIG

Since 1 July 2008 the Group has actively taken steps to align its cost base in those markets where short to medium term demand was expected to remain subdued. There is a risk that the restructuring plans may not achieve their goals and may cost more than anticipated.

GOVERNMENT LEGISLATION

SIG operates in a number of countries across Europe, each with their own laws and regulations, encompassing environmental, legal, health and safety, employment and tax matters. Changes in these laws and regulations could impact on SIG's ability to conduct its business, or make such conduct of business more costly.

SIG is committed to complying with all local legal requirements and the clear devolution of responsibility to local operating management, together with the employment of competent advisers. Changes to legislation are monitored locally and appropriate actions taken to ensure they are incorporated into the Company's business policies and procedures.

15. Principal risks and uncertainties (continued)

TRANSPORT AND FUEL PRICES

In excess of 70% of SIG's sales are delivered to customers. Prolonged disruption to road transport systems or the availability of vehicle fuel would result in reduced sales in any country in which this may occur. In addition, a significant increase in fuel prices can affect profitability.

PRODUCT AVAILABILITY AND PRODUCT PRICES

The availability and market prices of products that the Group supplies can change. These changes can adversely affect the Group's sales and operating profits.

If product demand outstrips supply, be it due to demand rising or supply falling, there could be a negative impact on the Group's ability to service its customers' needs. The factories that produce fibrous insulation products take a number of years to build and so if demand exceeds the production capacity, product shortages could result. The Group keeps in regular contact with its suppliers to ensure that it protects its position regarding product availability and product pricing. The Group also sources its products from a number of manufacturers in order to reduce its reliance upon any one manufacturer.

The Group negotiates purchase prices with its suppliers. The ability of SIG to secure satisfactory terms of trade in these negotiations is key to its ability to supply the products to its customers at competitive prices. Rising product prices are advantageous for SIG as the Group's standard gross margin is achieved on a higher selling price resulting in improved overhead recovery, thus providing a higher underlying operating profit margin. Rising prices may also provide SIG with the opportunity to benefit from inventory gains whereby inventory is bought at the lower price and sold on at the higher price. Conversely, falling product prices are disadvantageous for SIG. In recent years, product price inflation across the basket of SIG products has been positive rather than negative.

There is an additional risk that disruption in the supply chain, for example due to the insolvency of a supplier, industrial action or adverse weather conditions, could affect SIG's business. This could lead to SIG being unable to fulfil certain commitments and this could lead to a material adverse effect on SIG's reputation, business, results of operations and overall financial condition.

IDENTIFICATION AND INTEGRATION OF ACQUISITIONS

The Group's long term growth strategy is partly dependent upon the identification of appropriate acquisition opportunities at appropriate prices and the successful integration of acquisitions into the Group. Failure to identify, acquire and integrate new acquisitions could adversely affect the growth of the Group's business in the long term.

SIG commits dedicated resources to the research of new markets, the origination of appropriate acquisition targets and the execution of appropriate due diligence and the contract negotiation process. Post acquisition, SIG constantly evaluates the management structures of its businesses to ensure that appropriate management time can be dedicated to new businesses.

LOSS OF KEY MANAGEMENT OR PERSONNEL

The Group's businesses are highly reliant on the continued services of its Senior Management, including its Executive Directors and other key personnel. These individuals possess sales and marketing, technical, manufacturing, financial and administrative skills that are important to the continued successful operation of the Group's business. SIG is also reliant on the ability to recruit and retain skilled and experienced labour available within the industry at an operational level.

Failure to retain such individuals, or the failure to attract and retain strong management and technical staff in the future, could have an adverse effect upon the Group's business, results of its operations and financial condition.

PRODUCT DEFECT CLAIMS

High product quality is an important reason why customers buy products from SIG. The inadvertent supply of defective or inferior products by SIG to its customers could have an adverse impact on the Company's reputation and standing, thereby harming the Company's business and financial results. The Group takes care to source products selectively to ensure any possible risk associated with product quality issues is minimised.

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