EXPANDING IN GROWING MARKETS

Creative solutions and consistent performance
Annual Report and Accounts 2008

Wincanton is a European leader in the design, implementation and management of advanced supply chain solutions. Our services cover the entire supply chain, from raw materials to recycling, adding value by optimising performance at every stage.

Successfully building a track record of earnings and dividend growth through a combination of organic growth and acquisition.

High levels of new business wins and contract start-ups confirms the strength of our relationships and consistent quality of service performance.

Building momentum in Mainland Europe through focus on the key markets of Germany, France and Poland.

Employees' commitment and professionalism continue to create value for shareholders by adding value for customers.

Group revenue £2,164.7m
(2007 £1,933.1m)

+12.0%

Underlying operating profit £52.4m
(2007 £45.5m)

+15.2%

Underlying earnings per share 24.3 pence
(2007 21.0 pence)

+15.7%

Full year dividend 14.91 pence
(2007 13.55 pence)

+10.0%

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FIRST CHOICE

Our ambition for Wincanton is to be recognised as the first choice for supply chain solutions across Europe. For our customers, we will be the supplier of choice. For our people, we will be the employer of choice. For our investors, we will be the reliable and rewarding stock of choice in our sector.

WHO WE ARE
– about Wincanton

Our reputation as a leader in the supply chain industry is underpinned by the desire to deliver value to our key stakeholder groups of customers, employees and shareholders. We do this by understanding the needs of these groups, investing in our brand and implementing a range of innovative initiatives across the Group.

Number of locations

420

Number of workshops

44

A European leader in the design, implementation and management of advanced supply chain solutions

We manage contracts on an international, regional, national and local basis

Transport solutions include road, rail, barge, sea and air

Employees
30,000

Home deliveries
347,000

Supplier of choice

Through our track record of operational delivery and customer focus, we have built a reputation as a trusted, responsive supply chain partner. In order to ensure that we continue to understand and respond to our customers' needs, we have implemented key account planning and contact structures, which promote a regular and open dialogue.

Continuous investment in people and technology enable us to react quickly to change and constantly rise to new challenges, leveraging our scope and scale to deliver the right solutions for our customers. Our focus on Operational Excellence and Health and Safety has provided measurable benefits and set industry benchmark standards.

In response to the complexity and business-critical nature of supply chain issues, we have established a centralised function to provide project management, change management and business integration for customers across the Group. This expertise has helped us deliver over 50 operational start-ups on time and on budget during 2007/08.

Our commitment to developing innovative products and services was recently recognised in the 2008 British International Freight Awards, where we won the 'Specialist Services' category for our Alconbury inland container terminal.

£110m
Contract renewals
2007: £85m

Employer of choice

We recognise that the development of our people is a sound investment in the long-term health of our business. Our commitment to attracting, nurturing and retaining the best people in our industry is demonstrated through a focus on individual development needs and talent management processes.

We have a track record of promoting from within and combine this with a range of development programmes at all levels. This starts with a comprehensive training programme for drivers and a Learning and Development Framework in our warehouses, which helps potential managers take the first steps towards a supervisory role.

Graduate recruits benefit from an industry-leading scheme which offers the right mixture of foundation skills and hands-on experience. The diversity and flexibility of our business enables us to offer Pan-European career development opportunities in a range of disciplines. This year, we recruited our highest ever number of graduates. Each of the 34 has been carefully selected for international general management and function-specific skills. Over 60 per cent have a second language other than English.

As employees progress through the organisation, our multi-level framework of management development helps them to realise their potential and acquire the necessary leadership competencies to perform at the highest level.

In March 2008 we introduced the first Group-wide employee survey, 'One Voice', which will allow us to pulse-check the organisation and benchmark for future progress.

34
Graduate intake
2007: 21

Stock of choice

Our track record of consistent profit growth and cashflow generation has enabled us to deliver a growing dividend stream to shareholders. Since our demerger in 2001, dividend growth has averaged c.8 per cent per annum.

Our business model is driven by a combination of organic growth and sensibly-priced and successfully integrated acquisitions. In recent years we have expanded our activities along the supply chain, developed new services, entered new sectors of the economy and extended our geographic coverage.

We have long-standing relationships with many of the world's leading manufacturers and retailers. We consistently grow our business with these companies as a consequence of our customer focus, our operational excellence and the quality and innovation of the supply chain solutions that we deliver.

We create value for shareholders by adding value for our customers.

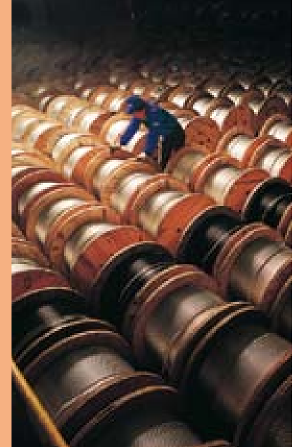
We have good positions in expanding markets. Our strategy processes continue to identify growth potential in new services, new sectors of the economy and new geographies.

We are well-placed to build further on our excellent track record and continue to deliver both dividend growth and enhanced capital value for our shareholders.

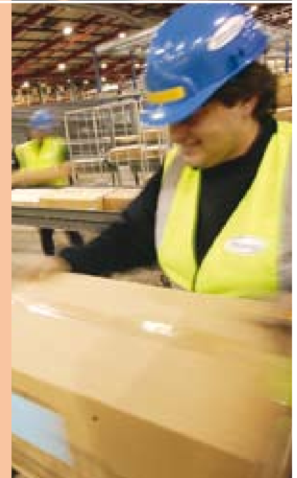
14.91p
Dividend
2007: 13.55p

Services across the supply chain

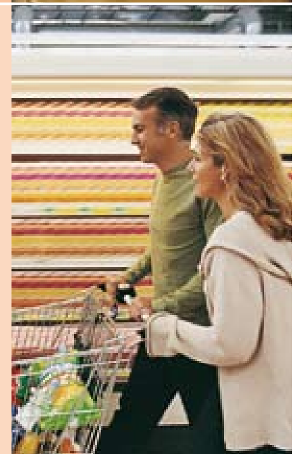
Raw Materials
Intermodal
Spare parts logistics
Container management
International transport
4PL



Manufacture
Co-packing
Co-manufacturing
Finished goods storage
Call centre management
Networked transport



Retail
Consolidation centres
Inbound logistics
In-store services
E-fulfilment



Consumer
Home delivery
High-tech logistics
Reverse logistics
Recycling

EUROPEAN LEADER

Our customers rely on us to deliver advanced solutions at every stage of the supply chain. Whether we are importing manufacturing components, supplying finished goods directly to consumers' homes or recycling end-of-life products, we deliver competitive advantage through consistently high service levels and a focus on cost efficiency.

WHAT WE DO
– solutions for every market

Number of vehicles

6,500

Number of locations

420

Six of the world's 10 largest trade flows are intra-European

There are 495 million consumers in Europe

Value of UK internet sales in 2007/08 £40bn

1.3bn tonnes of waste are generated in the EU each year

Total warehousing space
2.8 million m^2

Number of locomotives
25

We have established leading positions in some of Europe's most demanding markets through carefully managed growth and a desire to exceed our customers' expectations.

At Wincanton, we handle assignments that range from the management of single sites and simple product flows through to complex supply chain solutions. This can include streamlining networks, optimising cross-border distribution or managing domestic storage and transport requirements. We help customers manage change and risk by leveraging our capabilities in technology, resources and people management.

Our specialist skills are applied to a range of industry sectors:

Food retail: We provide a wide range of services to major food retailers across Europe, ranging from domestic transport and storage to shelf-ready packaging management and 'final mile' logistics. In the UK, we operate consolidation networks to service grocery retail and also the Foodservice industry, delivering directly to a range of pub and restaurant chains.

FMCG: We are the market leader in automated warehousing solutions for some of the biggest European manufacturers. Our offering across Europe includes total fleet management, automated stock control, Radio Data Technology systems, call centre management and bonded warehousing.

General retail: Our range of rapidly expanding services includes reverse logistics, product reconfiguration, bar coding, pricing, security tagging, store fit-out, inbound logistics, container management and home delivery. Our customer base includes garden, DIY and general merchandise retailers.

Automotive: We are a leader in the German automotive market, working with many of the best known manufacturers and OEMs. Services include inbound component flow management, post-production parts and accessories warehousing and distribution, plus multi-modal vehicle distribution.

Energy: We offer tanker services for petroleum and gases, as well as dedicated and multi-user warehousing and distribution for packed lubricants. In the distribution of both hazardous and non-hazardous materials, we provide JIT and guaranteed deliveries, packaging return and recycling, plus barrel reconditioning, innovative vehicle design and pumping services.

Industrial: Operating in a range of industries, we provide everything from 4PL freight management to recycling and waste disposal. We manage multi-modal logistics for major global players in construction, steel, paper, building products, mining and tool manufacturing.

Structuring our business for growth

We are proud of our progress in recent years and recognise the need to consistently review our strategy and structure in order to meet future growth targets. In order to strengthen our core business and accelerate our growth, we undertook a reorganisation of the business in April 2008.

We have streamlined the structure of our core business in the UK and Ireland to increase efficiency and promote the transfer of best practice. In the revised structure, our existing Manufacturing and Industrial business units have been merged to create an enlarged Manufacturing business unit and our Retail business unit continues to operate prestigious contracts with major high street brands.

This renewed focus on strengthening our core UK operations will ensure that we maximise opportunities and continue to differentiate ourselves from our competitors through service quality. Our business in Mainland Europe will continue to develop and implement strategy on a country-specific basis.

At the same time, we have recognised the need to support some of the newer services with additional investment and resource so that they can realise their potential more quickly. We have created a new business unit called Emerging Solutions, which includes the niche activities of Home Delivery; Foodservice; Recycling; Records Management; Container Logistics and International Supply Chain.

Each will be run as an independent business area headed up by a Managing Director who will have the remit to shape strategic growth plans for this activity across the Group. This move also enables us to offer broader career development opportunities for our emerging talent.

It is our belief that this investment in our business and our people will act as a catalyst for growth and innovation, and will cement our leadership position in the future.

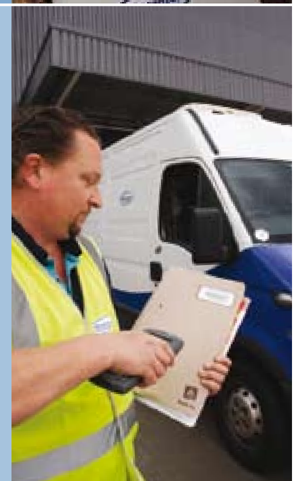
New sectors and Emerging Solutions

Construction

Since the acquisition of RDL in October 2006, we have further developed our offer to the building services market in the UK. Customers have benefited from efficiencies generated by our networked shared-user approach, which is unique in this industry sector. We have also been shortlisted for one of the 2012 Olympics contracts to provide consolidation centres in the Greater London area.

Records management

Our Wincanton Records Management business has secured key contracts with the National Archive and the Serious Fraud Office during 2007/08 and continues to develop its range of services for the management and storage of documents, records and media tapes. A new management team in the UK is focusing on a strategy that we expect will see the nationwide expansion of our services.



Home delivery

Our home delivery services continue to expand to meet growing consumer demand. We have secured further business with Homebase and HSL and continue to offer both network and dedicated solutions. A successful advertising campaign has led to contracts with three furniture retailers, which have helped fill our network and build our credentials in this market sector.

Recycling

Our recycling business in the UK provides state-of-the-art processing of waste electronic and electrical equipment (WEEE) to meet the requirements of the European Directive which came into force in July 2007. Working with retailers, compliance schemes and local authorities, it has successfully filled the plant in Billingham and plans to open a second facility in the Midlands during 2008.

DELIVERING VALUE

Our core purpose is to help our customers compete with confidence. We achieve this through our commitment to the Wincanton Four Pillars programme, which delivers Operational Excellence, Customer Intimacy, Product Leadership and Value.

HOW WE DELIVER
– our four pillar approach

Managers involved in Operational Excellence groups

140

No. of customers surveyed

350

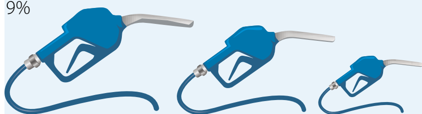
We are a sponsor member of the British Quality Foundation

Our lost time accidents reduced by 9.5% in 2007/08

Our Operational Excellence programme covers employee satisfaction, training, culture, transport, warehousing, benchmarking and reporting.

No. of drivers trained
7,000

Reduction in fuel consumption
9%



We deliver consistently high service levels through a relentless attention to detail and a desire to be the best at what we do, wherever we operate.

Operational Excellence

Since the launch of the programme in the UK last year, our focus on Operational Excellence (OE) has become integral to our culture and has helped us to develop relationships between operations and form closer bonds with our customers. We are now rolling out OE in Mainland Europe through country champions, who are armed with the benefit of the experience to date in the UK.

We are a sponsor member of the British Quality Foundation and have based our OE programme on the EFQM Model. Operational Excellence has helped promote a culture of challenge and continuous improvement, which supports cross-sector collaboration, comparison and benchmarking. It also allows our customers to share in the best practice that has been created at many of our operational sites.

Dedicated resource facilitates the running of twelve 'Cluster Teams', which focus on different operational aspects. Our groups include Driver Training, Warehouse Training, Safety Culture, Transport Operations Development, Warehouse Operations Development, 'One Voice' employee survey, Balanced Scorecard and 'Snapshot'.

We have introduced electronic self-assessment reporting via the Intranet, which allows sites to track their performance against nine key areas and generate action plans to address any areas for improvement. Within the next 12-18 months, we expect a large proportion of our sites and contracts to be accredited with the British Quality Foundation awards for Committed to Excellence (C2E) and Recognised for Excellence (R4E). In order to measure progress against other 3PLs and in-house logistics operations, we have also signed up to the Chartered Institute of Logistics and Transport (CILT) Logmark Benchmarking group.

Customer Intimacy

Our teams partner with customers to understand their needs, to fulfil their strategic objectives and to bring them benefits. We recognise the value of customer satisfaction and retention, and have designed a framework which promotes discussion of day-to-day and longer-term issues. Our Pan-European Key Account Management programme also helps us to leverage opportunities and deliver efficiencies across borders.

We hold regular performance reviews and 'Blue Sky' sessions to work through future supply chain scenarios and challenges. At Board level, we operate a 'Customer Voice' initiative, which gives key account customers a personal and informal feedback mechanism via a Board Director. Our Group-wide Customer Satisfaction Survey canvasses opinion and helps us to understand how we can improve our offer.

Product Leadership

Increasingly, customers look to us to anticipate their emerging needs as well as meeting their current requirements. We have recognised this and have invested to develop new product capabilities by collaborating with suppliers from around the globe and working with our customers to pilot new approaches.

During the past year, we have developed new capabilities in a wide range of areas including: co-packing and postponement, 'Cost to Serve', international supply chain solutions, IT systems to enable collaboration between FMCG manufacturers serving retailer customers, on-board vehicle technology and increasing the extent of our environmental solutions.

We plan to accelerate the pace of our new service development and this will be assisted by the organisational restructure announcement made in April 2008 in which a Director of Innovation has been appointed to lead a small dedicated team.

Delivering our brand promise – case studies

Operational Excellence

"As a package, Wincanton's programme for delivering continuous improvement through Operational Excellence creates great alignment with Argos' development aspirations. Working in partnership enables Argos to benefit from a progressive attitude towards operational development."

Dave Easton, Head of Primary Operations
Argos

Product Leadership

"We need suppliers to be reactive, flexible and intelligent and to challenge us on performance, quality and cost. Wincanton and Bandai have developed a strong partnership where ideas and issues are exchanged so that we can deliver the best possible solution in terms of customer satisfaction and cost efficiency."

François Marolleau, Logistics Director
Bandai

Customer Intimacy

"The combination of Wincanton's 'Cost to Serve' and i2 software, will help us to further optimise and take cost out of our supply chain. Greater clarity and detail on costs within our supply chain will enable us to challenge the status quo and make smarter decisions about our products, customers and pricing strategy."

Mike Parsons, Vice President of Supply Chain,
UK & Ireland, Heinz.

Value

"Wincanton has carried out logistics reviews across several of our European facilities. They have delivered benefits both in terms of cost savings / avoidance and through innovation."

Alan Sikora, Production and Logistics Director
SABMiller Europe

Value

Our commitment is to be the best at the things that make a difference to our customers, adding value through service, technology and people. By delivering the right balance of Operational Excellence day-to-day and providing innovative products and services, we have created a successful platform for developing lasting partnerships that will extend our reach beyond transactional arrangements to provide ongoing value.

Wincanton offers long-term price differentiation by timely investment in relevant technologies and new product development and by investing directly in our customers' goals.

Evaluating the 'Cost to Serve' for Heinz

Wincanton's investment in the i2 transport system was piloted with a small number of key customers in the UK which included Heinz, before roll-out to a wider customer base. We used i2 to model a range of routing scenarios, in order to evaluate the best possible efficiency of the fleet. We then built on this intelligence to give Heinz greater visibility of costs within their supply chain by piloting an innovative 'Cost to Serve' simulation model, which has enabled us to deliver cost and profitability insights by product, warehouse activity, transport and customer location.

Strategic supply chain consultancy for SABMiller Europe

Wincanton's consultancy business Consilium has worked with SABMiller on six different projects during 2007/08 in Russia, Poland, the Czech Republic and the UK. The customer's focus has been on exploring solution design and modelling the supply chain with a view to improving productivity and distribution efficiency across Europe.

CHAIRMAN'S STATEMENT

David Malpas
Chairman

Wincanton has delivered another year of strong profit growth. Our operations in the UK & Ireland made further excellent progress and the management teams and strategic plans are in place to deliver profit progress in Mainland Europe.

The Group's success is driven by the quality and enthusiasm of our people, to whom I express my thanks and those of the Directors.

Wincanton focuses on the skills of its people, on operational excellence and on the highest standards of customer service. Sustaining performance in these key areas creates, over time, a highly-skilled and motivated workforce, an industry-leading reputation for service quality and many long-standing partnerships with blue-chip customers. It is these critical factors which underpin Wincanton's current performance and provide an excellent platform for continuing growth in the future.

The year to 31 March 2008 was another year of strong profit growth for Wincanton. The pre-tax underlying profit of £41.8m being reported represents an increase on the previous year of 17.4 per cent. This further double-digit percentage increase in pre-tax underlying profit builds on growth in the two previous financial years of 10.2 per cent and 9.5 per cent. Wincanton, through a combination of continuing momentum in existing businesses and a well-targeted and well-executed programme of acquisitions, is delivering high levels of growth in challenging markets.

Given these sustained levels of profit growth, your Board is recommending a higher rate of dividend increase than in previous years. The proposed full year dividend this year, of 14.91p per share, represents an increase of 10 per cent on last year's 13.55p per share. As a consequence of the 15.7 per cent increase being reported in underlying earnings this year, dividend cover improves from 1.5 times to 1.6 times, even with the substantial

a year in review

april

We launched a childcare voucher scheme for employees with children up to 15. Our consultancy business, Consilium, expanded into France. We moved to online accident and incident reporting to improve health & safety systems and communications.

may

We won contracts in the UK with M&S to support its store remodelling programme and with Carlsberg for a 10-year distribution agreement. We supported Transaid in Ghana with the secondment of a project manager to create a business plan for a womens' co-operative.

june

Electrolux awarded us a contract to manage their distribution in Poland. In the UK, we were appointed by Screwfix to manage the warehouse servicing its home delivery operation. An e-recruitment service featuring a job-board was launched to cut administration and better publicise our employment opportunities.

july

Christian Wurst joined our German business as Managing Director of Finance and Business Administration. We held our second Driver of the Year competition in the UK and Paul Fulwood, ConocoPhillips was successful for the second year in a row. Punch renewed their contract for foodservice distribution in the UK.

august

In Ireland, we won further business with retailer Dunnes Stores for textiles distribution, building on the existing drapery contract. We launched our Learning and Development Framework pilot for warehouse employees at six sites in the UK.

september

A new intermodal container terminal was opened in Mannheim to add to our existing capacity at the inland port. Sametime e-meetings capability was launched in the UK, which is the first in the suite of collaborative tools designed to improve efficiency and cut the need for business travel.

improvement in the rate of dividend growth being recommended.

As Wincanton continues to grow it is reassuring to see our core people, performance and customer values remaining both fundamental to our existing operations and being rapidly assimilated into all our recent acquisitions. We welcomed three new businesses to the Group this year, Swales Haulage and Hanbury Davies in the UK & Ireland, and HeBo in Germany. Swales helps us to build further on our leading position in logistics services for the construction industry. Hanbury Davies represents a further expansion of our container management operations, a fast-growing area both in the market as a whole and for Wincanton. HeBo strengthens our leading position in logistics services to the high-tech industry in Germany. Since the year end we have also announced the acquisition of PSHL, a UK-based business with a strong presence in time-critical spare part and procurement services for the defence and aerospace industries. These are new industries for Wincanton which we believe offer exciting growth potential. We welcome the employees of all these businesses to the Group.

Expansion into new sectors and new services, both organically and through acquisition, is changing and renewing the Group's portfolio of activities. We are seeing continuing opportunities in our existing activities, but also successfully supplementing these opportunities through development in newer industries and services, such as construction, home delivery, records management, recycling, container management and foodservice. These activities already represent some 20 per cent of the contract contribution, before central overheads, of our business in the UK & Ireland. A number of these businesses have been transferred to a new business unit, Emerging Solutions, to ensure that these activities receive the appropriate level of operational and strategic focus and deliver their above-average growth potential for the Group.

The continuing strength of the Group's existing businesses and customer relationships was again confirmed by the fact that some 70 per cent of the new business won in the year in the UK & Ireland, and over 65 per cent of the new business won by the Group overall, was awarded by existing customers.

Re-organisation of our management structures and the re-focusing of our strategic priorities have also been features of the year in Mainland Europe. Our operations in Germany are beginning to benefit from the tactical and strategic initiatives of our significantly strengthened management team. Our activities in France and the Benelux countries have been formed into a new Western Europe business unit, and the senior team in this region has also been reinforced with highly-experienced recruits in key functions. In Central & Eastern Europe, our regional Managing Director has brought in new country heads in both Hungary and the Czech Republic.

We have much still to do to deliver meaningful profit progress in Mainland Europe, but good management teams are in place and are implementing our profit improvement plans, our increased investment in marketing is clearly delivering higher brand awareness and the new business pipelines are beginning to offer grounds for encouragement.

We have set ourselves stretching objectives for the new financial year. Good progress is being made, particularly in the UK & Ireland, towards the delivery of our challenging new business targets. In respect of Mainland Europe we believe that further progress will be made and are encouraged, for example, by the strong action being taken to improve the performance of the German road network.

We operate in highly competitive markets and the current economic outlook is uncertain, but we continue to have confidence in Wincanton's ability to build further on the achievements of recent years. Our objective is for 2008/09 to be another period of progress for the Group, confirming Wincanton's position as a European leader in its sector.

On 9 May 2008 a statement was released to The London Stock Exchange regarding a possible offer by Wincanton for TDG plc. The statement contained the following commitment: "No offer will be made if due diligence does not confirm Wincanton's assumptions which indicate that a transaction would be substantially value-enhancing for Wincanton shareholders." As at the date of our preliminary results announcement, 5 June, due diligence was continuing. A further announcement will be made in due course.

I will be retiring from the Board at this year's Annual General Meeting and I am delighted to announce my replacement by David Edmonds, who is currently the Senior Independent Director and has served on the Board since December 2004. In addition we welcome Neil England, a non-executive director of ITE Group plc, The Eastern European Trust PLC and Silverstone Holdings Limited, who joined the Board on 3 June 2008 as a non-executive Director.

Wincanton has grown consistently, and well, since its demerger and listing on the London Stock Exchange in May 2001. It is a business which has transformed itself from its position as one of the smaller players in the UK to become one of the leading European operators of supply chain services. It is a business with the potential to sustain, and accelerate, this growth under the leadership of Graeme McFaull, with the support of David Edmonds and their Board colleagues. I know that this potential can and will be delivered and wish Graeme, David and colleagues continuing success in the years ahead.

october

Egbert Maagd joined the business as Managing Director, Western Europe. We received PGN arbitration monies in compensation for the early termination of the contract in 2005. Our SHELA campaign won an industry health and safety award and we launched videoconferencing in Chippenham, Paris, Warsaw and Mannheim.

november

A further acquisition in the building products sectors, Swales Haulage, was completed in the UK. In Hungary, we appointed Peter Szabados as Managing Director. We won a contract with Nestlé Purina Petcare in the UK to operate the Specialist Packing Unit which features advanced robotic pickers and palletisers.

december

In France, Poland and the UK & Ireland, we ran a Christmas card design competition for our employees' children. The first ever Forklift Truck Driver of the Year competition was launched in the UK to be held alongside our Driver of the Year event in July.

january

We acquired Hanbury Davies in the UK to build on our container transportation capabilities. Our Alconbury inland container terminal won the 'Specialist Services' award in the British International Freight Awards.

february

We won a prestigious contract with BP LPG in the UK for the distribution and delivery of aerosols and vehicle maintenance. In Germany, Alexander Bauz was appointed as Managing Director of Road Operations and Thomas Westphal was appointed as Managing Director of Business Development.

march

Our High-Tech business acquired HeBo to build capabilities in western Germany. Didier Darfeuille was appointed as non-executive Director to the newly-formed advisory board in Western Europe. We also won an award for our Big Truck Club schools road safety scheme.

Graeme McFaull
Chief Executive

Wincanton is expanding, profitably, in growing markets. We see continuing opportunity in our existing operations and in new services and sectors, both organically and through acquisition.

We are pleased to be able to report to shareholders a further period of significant profit progress in the financial year to 31 March 2008.

Our operations in the UK & Ireland delivered another excellent performance, reporting a 12.4 per cent increase in operating profit on the prior year, which was itself an 11.1 per cent increase on the previous financial period. These are strong levels of growth and continuing momentum which, given that the UK currently represents approximately 90 per cent of our consolidated operating profit, have continued to drive the performance of the Group overall.

In the UK & Ireland, we are growing well with existing customers, winning market share from our competitors and identifying and successfully entering new sectors and new service areas. Our customer portfolio is already well-diversified, but there are many sectors of the economy in which we are either not present or under-represented, and there are new service areas which offer growth potential as our customers' outsourcing requirements continue to expand.

We see no shortage of opportunities for continuing growth in the UK & Ireland.

Our businesses in Mainland Europe reported a significant year-on-year percentage increase in operating profit, but profit remains unacceptably low in terms of both quantum and margin.

Tactical and strategic plans are in place, in each of our Mainland European business units, to improve this performance and to continue to make progress towards our margin improvement targets. The significantly strengthened management teams in our current core markets of France, Germany and Poland are implementing tactical plans to increase operating efficiencies and improve the profitability of our existing activities, and focusing our development resources on targeted customers in those market sectors identified by our strategy work as offering the best potential to accelerate our top-line growth.

We are encouraged by the actions being taken, and the progress being made, in these core markets. In the short-term, our profit performance bears the expense of our increased investment in marketing and business development and the higher employment costs of the expansion, reinforcement and renewal of our senior management teams. In the medium-term, we believe that the actions being taken, and these higher levels of investment will deliver our targeted levels of margin and profitability in Mainland Europe and broaden and further diversify the business and profit base of the Group.

Strategy

The European market is our core geographic focus, our home market. It is a market of 495 million consumers. It has a substantial manufacturing and retailing infrastructure and significant national, cross-border and international flows of raw materials, finished products and services. Many of the world's largest trade flows are intra-European movements in the consumer goods, industrial, high-tech, automotive, chemical and agricultural industries. It is business-critical trade flows such as these that Wincanton manages on behalf of customers. Europe is a geographic market in which the Group is building a leading presence and which offers substantial opportunities for future growth.

By focusing on both wider European coverage and strength in national markets, particularly in our current core markets of the UK, Germany, France and Poland, we are able to serve the requirements of our customers in Europe's key domestic economies and on a cross-border or Pan-European basis if required.

The integration into Wincanton has now been successfully completed, and we have already secured contracts from existing Group customers such as Procter & Gamble, Homebase and Woolworths.

CONTAINER TRANSPORT ACQUISITION

Annual growth in container transport

6%

Containers transported by Wincanton container transport in the UK

3,000 per week

Extending our reach along the supply chain

In January 2008, we acquired Hanbury Davies, a UK market leader in container transportation, for £25m. With over 780 employees operating from 21 locations and a fleet of 480 vehicles, the addition of this business to our portfolio has enabled us to extend our offering to our existing customer base.

The acquisition has strengthened our position within the fast-growing container logistics market, adding to our existing operations in Alconbury and Southampton. It also complements our intermodal operations in Mainland Europe and supports our international supply chain offering, which has developed through the joint venture with Hong Kong-based Kerry Logistics.

Our expanded container services business in the UK provides inbound and outbound services to major shipping lines and freight forwarders, who handle cargo for every sector of business and industry. We now transport over 3,000 containers each week between the major ports and locations across the UK. With global sourcing from the Far East by retailers and manufacturers growing at 11 per cent per annum, this acquisition demonstrates our commitment to developing and enhancing our container services business to meet changes in demand. This includes the introduction of a port-to-store delivery service and a specialist equipment service for the transportation of hazardous goods, firearms and ammunition.

SAINSBURY'S

Average cases despatched each week

1.3m

Recycled bottles converted to fleeces

20,475 to date

Delivering Operational Excellence

For Sainsbury's, making their new flagship Regional Distribution Centre (RDC) 'best in class' was the main objective when they awarded Wincanton the contract in February 2007, so a seamless start to operations was essential. It was also designed as Europe's 'greenest' warehouse with 'carbon negative' status, so developing a culture that would support this vision was essential.

Wincanton was appointed to operate the site and also project manage the 'start-up', which involved creating the operational solution, managing the 'ramp-up' of stock and seamlessly integrating the site into the Sainsbury's distribution network. Our team delivered an exceptional start-up, which saw the operation go from despatching zero to one million cases per week within just eight weeks.

When Sainsbury's invoked its business continuity plan three weeks after the first 'goods in' following an incident at another depot, all inbound supplier deliveries were diverted overnight to Northampton resulting in a despatch of 205,000 more cases than forecast.

The 620,000 sq ft RDC in Northampton, UK distributes chilled goods, produce and ambient lines to 50 stores in the East Midlands. Environmental features of the site include the UK's largest rainwater harvesting system and Europe's first 'Dragon Power' system, which generates renewable energy from the movement of vehicles every time they enter or exit the site.

But it is the engagement of the employees in the environmentally-friendly ethos that ensures the site lives up to Sainsbury's vision for carbon negative leadership. Recycling is encouraged at six stations across the site to eliminate the need for bins and even the fleeces supplied as uniform are made from recycled bottles.

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The 620,000 sq ft RDC in Northampton, UK distributes chilled goods, produce and ambient lines to 50 stores in the East Midlands.

Gerard Connell
Group Finance Director

The Group's existing activities across Europe give a competitive advantage in an industry which remains fragmented, with large numbers of small operators and a very limited number of Pan-European or global service providers. We have more significant scale and a broader geographic reach than these small operators and a higher degree of customer focus, operational flexibility and service specialisation than the larger global groups in our sector.

We have a strong portfolio of customers across Europe, including long-standing relationships with many of the world's major retailers and manufacturers, and have a proven track record of growth with these customers. Maintaining and enhancing supply chain efficiency is business-critical to our customers. We have successfully expanded our geographic presence without losing either the customer service ethos or the people culture which represent the core of our business offering.

Changes in legislation, strategy, technology and the economy lead to both tactical and strategic change in the supply chain needs of our customers. We continue to invest in our people, our services, our systems technology and our processes to ensure that we offer the innovation, operational excellence and value which deliver the solutions to meet these changing customer needs and enable us to compete successfully in our chosen markets.

Our strategy process identifies both opportunities with existing customers and services and the potential for growth with new customers in new sectors and new services. We have created a new business unit, Emerging Solutions, to ensure that a number of these new sectors and new services receive the operational and strategic focus that will help to deliver their full, above-average growth potential.

Our Emerging Solutions business unit will focus on new services including home delivery.

We serve a well-diversified customer base, deliver a wide range of business-critical solutions and offer a Pan-European presence which is already amongst the best in the sector. We have a clear vision and strategy which we believe will generate further value for shareholders by continuing to add value for customers. We see growth opportunities both in our existing portfolio of customers, sectors and services and in newly-targeted customers, sectors and services identified through our rigorous business development and strategy processes.

Our strong profit and cash flow performance gives us the financial capacity to take advantage of new opportunities. We actively consider opportunities to expand our portfolio of services and sector expertise, both organically and through acquisition. Acquisitions are also expected to contribute to the further strengthening and expansion of our geographic presence across Europe.

We look to the future with confidence.

2007/08 Summary

Consolidated results

Total revenue for the Group for the financial year was 12.0 per cent higher than the previous year, at £2,164.7m. Underlying operating profit increased by 15.2 per cent to £52.4m and accounting margin improved from 2.35 per cent to 2.42 per cent. Growth in underlying operating profit, adjusting for the contribution from acquisitions made in the current year, was 10.7 per cent.

Underlying operating profit is stated before exceptionals and amortisation of acquired intangibles.

Neither the rate of revenue growth nor headline accounting margin are amongst the Group's key financial performance measures due to the 'cost plus' or 'open book' nature of much of Wincanton's underlying business model.

Our key financial measures are the net rate of growth in underlying operating profit, up 15.2 per cent in the year, free cashflow generation and return on capital.

Strong cashflow generation, based on our 'asset light' business model and a consequent high profit-to-cashflow conversion rate, has been a consistent feature of Wincanton's financial performance. We recorded a profit to free cashflow conversion rate of 92 per cent in the year to 31 March 2008 (159 per cent in the year to 31 March 2007) and a positive cash inflow of £48.3m after net capital expenditure. The year end return on capital employed was slightly lower, at 50.1 per cent, but remains at industry-leading levels.

The revenues of the Group increased in the year by £231.6m as a consequence of the acquisitions made plus new business wins, net of business losses. In the year, annualised new wins and renewals of £315m were achieved; £265m in the UK & Ireland and £50m in Mainland Europe. Although below last year's total of £395m, which was materially increased by the major gain, in the UK, of a 5-year exclusive contract with Somerfield, and, in Germany, by a renewal of a combined transport and warehousing contract for Zanders, this further year of significant growth confirms the continuing strength and resilience of our customer relationships, the quality and creativity of our new business proposals and our ability to continue to gain market share in challenging and competitive markets.

This year, as is the case in most years, we have had ground to make up for both contract losses and a degree of fee pressure on certain renewals, but our very strong underlying new business momentum has nonetheless allowed the Group to make very encouraging net progress across a broad range of retailing and manufacturing customers.

CHRISTOFLE

No. of delivery points worldwide

3,000

Parcels despatched during 2007/08

110,000

Providing a personal service

This year, Christofle extended our contract by a further year to 2010, after the initial 3-year renewal in 2006. This decision was based on Wincanton's culture of continuous improvement and the consistently high performance of the site in Pierrelaye, France. The exclusive supplier of tableware, jewellery, home accessories and decorative products was looking for a partner that could manage a high throughput of products, but achieve the right level of specialist handling, presentation and packaging for their most delicate items.

Wincanton's operation provides storage and despatch of over 7,000 product lines from a single location to 130 countries worldwide. Demands for order preparation vary from sending a single fork to the Saudi Royal Family to supplying complete canteens of cutlery to hotels and ocean liners. In each case, the same level of care and attention to detail is essential in order to uphold the luxury image of the Christofle brand.

In order to ensure consistently high-quality standards and minimise product damage, team members receive training and education on the Christofle range, which includes items in silver, porcelain and crystal.

RFID controlled order assembly and bar code scanning on despatch provides full supply chain traceability in real-time from when the order is placed through to the final delivery point.

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The site includes a bonded area for customs clearance and an order preparation facility that manages pack assembly, weighing, gift wrapping and other specialist requirements such as engraving.

UK & Ireland

Performance Highlights

Our operations in the UK & Ireland reported underlying operating profit of £47.2m, an increase of 12.4 per cent on the prior year, on revenue up 14.3 per cent to £1,388.7m.

2007/08 was another year of sustained high levels of activity in the UK & Ireland, with attractive growth opportunities successfully targeted and delivered in both our existing activities and our newer service and sector offerings.

New Business

In newer activities such as home delivery, we saw business growth with major manufacturers and retailers including Hoover Candy and Homebase. Hoover Candy brings an average of 1,250 deliveries per week to our national home delivery network. In addition to our existing operations providing dedicated home delivery of Homebase's kitchens we now also provide warehousing for Homebase's bathroom products range at our shared-user site in Doncaster. In newer sectors, such as construction, we added significant new activity with CEMEX, an existing customer, and added substantial new business with customers such as Wavin, a leading European manufacturer of plastic and clay piping products, for whom we now operate their whole UK warehousing and transport operations.

Our increased focus in recent years on other newer sectors of activity, such as foodservice, also contributed positively to our new business and renewals momentum in the year, with a 10-year extension of our national network operations for Punch, and the addition of a new 3-year contract with Tragus, delivering 2.6 million cases per year through our network to its outlets such as Café Rouge and Bella Italia. We saw similar gains as a result of our successful targeting of drinks manufacturers, adding customers such as Beam Global to our existing customer base, a new contract involving co-packing and product rework in addition to national warehousing and distribution.

There were also interesting opportunities in other newer service areas. In recycling, we added a new contract with Argos, an existing customer, which we expect to operate in a similar fashion to the successful national fridge collection service we already manage for Comet. Starting in March 2008 we will be responsible for the collection of all electrical products returned to Argos's home delivery centres, delivering an anticipated 100,000 units per annum for processing and recycling at our Billingham site. Consilium, our consulting business, won advisory mandates from a wide range of both retailing and manufacturing companies, many of them not currently Wincanton customers, analysing strategic supply chain solutions in domestic markets and on a cross-border or Pan-European basis. In data records management, current rates of growth are expected to fill our recently-expanded new facility in London ahead of plan, and we are actively exploring opportunities to expand this business to give national coverage.

Constantly challenging ourselves to also generate new business opportunities in our longer-standing sectors of activity saw significant new business in retailing, with customers such as Dunnes and Superquinn in Ireland and Sainsbury's in the UK, in automated warehousing with a substantial expansion of our business with Screwfix and with P & G, and in the expansion of our services to existing customers with a new 5-year co-packing contract with Nestlé Purina using robotic pickers, and highly-automated packing technology. We were also pleased to see our commitment to industry-leading standards of health and safety and operational performance lead to contract renewals and extensions with major petroleum companies such as Shell, ConocoPhillips, Total and ExxonMobil.

We have secured contract renewals with many major petroleum companies in the UK.

Mainland Europe

Performance Highlights

Underlying operating profit in the second half of the year was £3.1m, an encouraging increase on both the first half of this year and the corresponding period last year. On second half revenue of £414.1m, this represented an accounting margin of 0.8 per cent, compared to a margin of 0.6 per cent in the first half and 0.6 per cent in the corresponding period last year. This reported increase is after charging higher costs arising from increased marketing spend, which is successfully delivering marked improvements in brand awareness, and higher employment costs as a consequence of the renewing and strengthening of our senior management teams. This level of reported profitability and margin clearly remains some way below our targeted operating profit margin of 2 per cent. There are, however, encouraging signs that material progress in profitability can be delivered in Mainland Europe and that progress is being made towards this target.

INTERMODAL EXPANSION

Intermodal terminals operated

6

Locomotives owned

25

Annual container volume handled

500,000

20' equivalent units

Investing for growth

We have continued to expand the scope of our Intermodal offering over the past year with the opening of a new container terminal in Mannheim and the incorporation of the activities of specialist forwarders Con-Sped based in Weil-am-Rhein.

The opening of the 45,000m^2 tri-modal terminal in September has enabled Wincanton to move greater volumes of containers through our existing base at Mannheim and handle a broader range of consignments. A dedicated area has been set up for dangerous goods and the terminal also features service stations for chilled containers. The two new rail sidings allow us to offer a shuttle service to Stuttgart and Ulm three times a week.

The incorporation of Con-Sped activities in January 2008 has enhanced our presence at the important Weil-am-Rhein terminal, which offers container handling, storage and rail access. The terminal links through to the major seaports of Amsterdam, Rotterdam and Antwerp and is a gateway for servicing customers in Southern Germany, Switzerland, France and Italy.

Wincanton operates six terminals along the Rhine, which offer transport via road, rail and waterways, and also has offices at the ports of Rotterdam and Antwerp. Added-value services such as container stuffing and stripping, Customs and tax services and quality checking complete the intermodal offer.

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This enhanced intermodal capability will help meet the growing demand for more environmentally-friendly transport options.

France accounts for around 16 per cent of our revenue in Mainland Europe and Poland for approximately a further 8 per cent. Our French business delivered our target operating profit margin in the year and is capable of sustaining performance at this level. Our Polish business made good progress towards our margin target in the year but the regional results for Central & Eastern Europe as a whole were adversely affected by the start-up issues on a Hungarian contract referred to at the half year. With these issues now resolved we see the margin target being achievable for both Poland and the Central & Eastern European region as a whole.

Germany accounts for approximately 70 per cent of our revenue in Mainland Europe. Within Germany we have three principal areas of activity; our domestic road network, our intermodal business and our contract logistics operations. Our intermodal business and contract logistics activities in Germany are either already delivering our target margin or are making good progress towards it. Although an important part of our overall service offering to customers, which links well with both our logistics and intermodal activities, in a way which few of our competitors can match, the road network, however, is currently loss-making on some £200m of revenue.

Our key challenge, if we are to deliver our operating margin target in Mainland Europe, therefore lies in Germany, in our domestic road network.

Within our German operations our major focus has been, and will continue to be, improving the performance of this domestic road network. Our new German management team has fundamentally re-assessed the operational performance, service offering and market performance of the network. They have identified, and begun to implement, plans to materially improve its profit performance over the next 18-24 months. The initial results from this action plan give cause for encouragement that further progress can and will be made in this critical area.

New Business

Annualised revenue from new wins and renewals in Mainland Europe was £50m in the year to 31 March 2008, a lower level than in 2006/07 as a consequence of a lower level of renewals, down from £25m to £5m, and a reduced focus on new business development in Central & Eastern Europe pending stabilisation of the contract start-up issues in Hungary previously referred to. In the second half of the year, however, increasing brand awareness and the targeted efforts of our strengthened new business development teams have begun to deliver results and we have seen an increased flow of new tender opportunities. We would expect this increased flow to result in higher levels of new business wins as we enter the new financial year.

New wins and renewals were recorded in France with customers such as Christofle, EDF, Jardiland, and Velux. We were also awarded a major new contract with a multinational oil company to operate their new-build packaged lubricants warehouse which will be responsible for national distribution. In addition we recently signed a letter of intent with a large drinks company in respect of the transfer of their existing warehousing operation for beer products in Northern France. Our ability to pitch for, and win, new projects of this complexity gives grounds for optimism that our French business can compete, and win, in this highly competitive marketplace.

Our other principal operations in the Western Europe region are the international transport activities based in Holland. We believe that international transport flows will continue to grow faster than domestic movements and are expanding our hub capacity at our largest Dutch site, on the Dutch / German border, to provide the capacity to manage this expected growth. Our international transport activities overall have been strengthened by the recruitment of a new team, based at our German head office in Mannheim, to co-ordinate our current international flows more efficiently and strengthen our market offering in this area for the future. New business in international transport won in the year by our Dutch operations included the collection and distribution of commercial vehicle parts for MAN and a 5-year contract renewal with Thyssen Group for steel transportation to Kazakhstan.

A new team will co-ordinate our international transport operations.

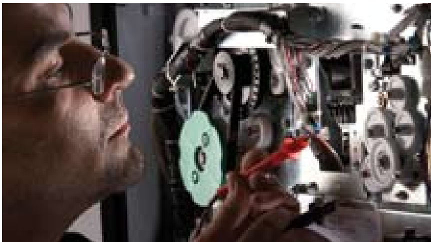
Although more focused this year on stabilising and improving the performance of certain existing activities, our Central & Eastern European businesses nonetheless successfully renewed our contract with Numico for a further three years, gained sole supplier status for Electrolux in Poland at the expense of one of our competitors, gained a 3-year transport and warehousing contract for JohnsonDiversey, a new customer, and a 3-year contract for domestic warehousing and distribution in Poland for Rieber Foods, another new customer.

Our Central & Eastern European businesses are also seeing growing opportunity in international transport as the region proves increasingly popular both as a manufacturing centre and as a distribution hub for countries further to the East and South-East. A new customer in the year in international transport was Wrigley, for whom we now manage export flows to the Czech Republic, Slovakia, Serbia, Croatia and Montenegro.

WINCOR NIXDORF

Cash machines installed for Wincor Nixdorf in 2007/08:

2,500



Adding value in the High-Tech sector

The reputation of Wincanton's High-Tech business as a specialist in banking equipment handling led to a new contract in December 2007 with Wincor Nixdorf. In order to support the roll-out of new cash machines in Germany, Benelux, Ireland and the UK, Wincanton was appointed to manage both the distribution and installation process. This involves transportation from the factory in Paderborn, as well as installation on site.

Wincanton has created 70 highly-specialised teams to manage the installation process, all of whom have undergone security checks before beginning their training due to the security implications of the programme. In order to ensure that the installation process is rapid and efficient, the teams produce a site report before despatch to assess load-bearing ability, in-floor heating or electric cabling and site access.

Increasingly, Wincanton's High-Tech business is taking on services which have traditionally been carried out by the suppliers themselves. Installation on site by the logistics supplier saves valuable time and cost by reducing the number of contractors required to deliver a roll-out programme.

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Technical centres have now been set up across Germany to support the range of added-value services provided to suppliers of medical scanners, photocopiers, ATMs and servers.

In Germany, much of our new business in any financial period tends to be transactional rather than based on longer-term contracts, particularly in our road network and intermodal operations. In the road network, business gains and renewals included Europe-wide distribution of hazardous materials and chemicals for Julius Hoesch and domestic and European distribution for Lorenz Snackworld. Our intermodal business saw the development of a number of interesting opportunities in our container management operations which organise the movement of goods by sea, river and rail. Our network of container terminals on the Rhine, in particular, is an increasingly attractive strategic asset enabling us to offer environmentally-friendly barge-based container services to a wide range of industries. Within our contract logistics activities, our recognised leadership in certain key value-added sectors and services also delivered good opportunities for contract renewal and new business growth. Wins and renewals in the period included a contract to distribute ATMs to Germany, Benelux and Ireland for Wincor Nixdorf, a European transport operation for FujitsuSiemens delivering server racks to business datacentres and a contract with Ikon Office Solutions delivering and installing photocopiers.

Net financing costs

The net financing costs of the Group, at £10.8m, are higher than last year's £9.9m, substantially as a consequence of the higher prevailing levels of market interest. The average borrowing rate in the year was 6.7 per cent, an increase on last year's 5.0 per cent. Net financing costs were nonetheless covered 4.9 times by underlying operating profit.

Exceptionals

The net exceptional profit for the year of £0.4m was the result of net exceptional costs of £4.5m, offset by £0.8m of profit on the disposal of a surplus property in the UK and a £4.1m credit in respect of a preliminary court award in our favour in respect of the PGN arbitration proceedings that we have referred to in previous years.

We would anticipate an additional credit, and cash receipt, as a consequence of finalisation of the PGN arbitration process. There is also the potential for further property disposals in the new financial year.

Wincanton retains operational freehold properties on its balance sheet with a net book value of some £70m. These properties have not been subject to revaluation but their market values and operational importance to the business are reviewed on a regular basis.

Of the principal exceptional costs in the year, £1.0m arose from the integration of our three acquisitions, a £3.0m cost was incurred in respect of the closure of our Wuppertal depot as part of the restructuring of our road network operations in the North Rhine Westphalia region in Germany, and a £4.2m cost was generated by further restructuring of our Dutch and French businesses, principally relating to the closure of a surplus site in the Orleans region.

Taxation

The Group's underlying accounting tax rate of 30.9 per cent is broadly consistent with prior years and gives rise to a charge of £11.7m.

The overall tax rate of 31.9 per cent (2007: 29.4 per cent) is marginally greater than the underlying rate due to the combination of capital profits, which continue to be offset by capital losses brought-forward, and the mix of tax treatments of the other exceptional costs and profits.

As a result of the reduced level of incremental pension contributions made in the year, as compared to previous years, the current tax cash rate has increased to 25.6 per cent from 4.6 per cent.

We offer environmentally-friendly barge services along the Rhine as part of our intermodal offering.

The Group's activities are across the UK and Europe where tax rates vary from 12.5 per cent to 38 per cent. With the combination of the reduction in the standard UK rate of corporation tax effective for 2008/09 and the availability of brought-forward unrecognised losses it is expected that the Group's overall rate of tax will reduce in future years.

Minority interest, earnings and dividend

The Group has a small number of activities in its Mainland European operations with a minority shareholding, the principal of which is Rhinecontainer BV in which there is a 25.8 per cent minority stake. The profits attributable to minorities in the year were £0.5m (£0.1m in 2006/07).

Underlying earnings per share of 24.3p were 15.7 per cent higher than the 21.0p reported last year.

A final dividend of 10.31p is proposed, to give a full year total of 14.91p, a 10 per cent increase on the 13.55p proposed and paid in respect of 2006/07. As in previous years, in which the compound annual rate of growth in the dividend has been 7.1 per cent, the dividend increase proposed represents a rate of increase significantly in excess of inflation.

The dividend cover for this proposed level of full year dividend is 1.63 times, an improvement on the prior year 1.55 times. Given Wincanton's track record of profit growth and cashflow generation, and our confidence in the Group's ability to continue building on this track record, these are considered to be appropriate and sustainable levels of dividend cover.

We have replaced specialist delivery vehicles after the Punch renewal this year.

Cashflow and net debt

The Group recognises cash return on investment as a key performance measure and continues to focus on sustaining the high levels of free cashflow generation that have been a consistent feature of Wincanton's financial performance.

Cash inflow from operations of £77.2m, before exceptionals, capital expenditure, pension deficit payments and tax, was marginally below last year's £78.6m, principally as a consequence of a small working capital outflow. Free cashflow of £48.3m, after exceptionals and net capital expenditure, was lower than last year's £72.2m as a result of capital expenditure, unusually, being higher than depreciation and also offset by lower levels of asset disposals in the year.

Acquisitions in the year led to cash outflows of some £32.4m.

Capital expenditure is clearly a significant cashflow item for the Group, and considerable management focus is directed at whether to buy or 'operating lease' assets for use in supplying services to customers. Capital expenditure this year, at £42.9m, represents 130 per cent of depreciation (2006/07: 92 per cent) and was higher than in previous years. In recent years capital expenditure has run below the level of the Group's depreciation charge.

The year's expenditure was split as to £27.5m on expansion projects and £15.4m on the replacement of existing assets, compared to £22.5m and £7.0m respectively in the prior year. The higher levels of spend in 2007/08 are a consequence of the nature of the assets required for use in both new and existing contracts.

Major projects in the year requiring on-balance sheet investment included the new co-packing activity for Nestlé, warehouse racking and fitting for new operations for Woolworths, Tragus and Screwfix and the replacement of specialist delivery vehicles as a consequence of the renewal of the contract for our national foodservice network for Punch. Principal expansion and replacement projects in Mainland Europe included the purchase of land for our new international transport hub being built on the Dutch / German border and warehouse fit-out projects in France.

Additional vehicle and plant operating lease commitments in the year related to £8.2m for expansion projects and £16.4m for replacements. These projects were for a diverse range of customers and activities, including new vehicles for the gas & petroleum, construction and home delivery operations.

The Group's operating lease commitments in respect of land and buildings, which are determined to the first available break date after the sub-letting of properties surplus to requirements, are substantially offset by contractual commitments of customers, as are a significant proportion of the Group's commitments in respect of vehicles and plant.

All expansion, replacement and acquisition spend proposals are appraised using discounted cash flow models and are subject to authorisation at appropriate levels in the Group up to and including the main Board. The projected implementation timescale and returns on projects are subsequently scrutinised at the same level after the first operational year. In excess of 90 per cent, by value approved, of the capital backchecks in the year either met or exceeded their projected rate of return.

The aforementioned cashflow items led to an increase in the Group's net debt to £104.5m at 31 March 2008 (31 March 2007: £65.8m). This is reported after deducting £26.5m of cash held in the Group's captive insurer (last year £27.4m) to cover the potential claims underwritten by that company.

The Group continued to enjoy solid support in debt markets, with £210m of committed funds available from a banking syndicate of leading UK & Mainland European banks and $150m of 7 and 10-year funding raised from the US private placement market in late 2005 and subsequently swapped into floating rate sterling and euro liabilities. £162m of this total of £308m of committed facilities was undrawn at 31 March 2008. The Group's banking facilities will require to be renewed by November 2010.

The Group also has £25m of uncommitted money market facilities now in place which, together with the approximately £35m of overdraft facilities currently available, give further flexibility in the day-to-day management of the net 'drawn down' position.

The scale of the Group and the size of individual operations means that the working capital position can vary significantly over a monthly cycle. Flexibility of funding, based on an appropriate mix of committed and uncommitted facilities with a range of maturities, helps to reduce overall borrowing costs.

We have invested in racking and fittings for start-ups such as Screwfix.

The Group has a mix of sterling- and euro-denominated bank debt and derivatives (to convert the US$ placement funds) which match the currencies of the Group's assets. Interest rate exposures have been limited first with a £15m floating-to-fixed swap and secondly by the purchase of a €100m 4.3 per cent cap and a £30m 6.3 per cent cap.

The central Treasury function monitors all currency and interest rate exposures and ensures appropriate hedge arrangements are in place. The Group operates sterling and euro 'pools' such that surplus cash is netted against overdrawn balances, to maximise the efficiency of short-term liquidity. No speculative trading is carried out and all financial instrument trades are designed to meet the operational needs of the business.

Return on capital employed

Return on capital employed is another of the Group's key performance measures. At 31 March 2008 year end return on capital employed remained very high, at 50.1 per cent, albeit at a slightly lower level to the prior year's 55.2 per cent. The Group's 'asset light' business model generally enables the Group to deliver significant growth without extensive utilisation of balance sheet capacity.

Goodwill and intangibles

The three acquisitions in the year gave rise to an additional £27.6m of goodwill and acquired intangibles. Acquired intangibles are being amortised over their useful lives of between 1 and 15 years and the charge of £5.5m is shown separately in the income statement.

Pensions

This key area for the Group continued to receive substantial management attention, not least in preparation for discussions with the pension fund trustees in respect of the triennial valuation as at 31 March 2008. We would expect the preliminary results of the valuation to be available in the second half of the new financial year, with discussions between the Group and the trustees being finalised either towards the end of the new financial year or early in the first half of the subsequent financial year.

The last triennial valuation in 2005 was finalised before the introduction of the new pensions regulatory regime. The key financial and demographic assumptions on which this valuation was based are expected to give rise to more detailed discussion between the trustees and the Group in respect of the 2008 valuation. In preparation for these discussions the Group is currently carrying out work in respect of critical areas such as scheme-specific mortality rates, investment strategy, and the potential for liability reduction exercises.

In volatile markets there have been significant variations within the year in both the accounting (IAS 19) and actuarial valuations of the pension fund's assets and liabilities. The accounting valuation has varied from an opening £72.1m deficit to a £2.3m deficit at the year end and has averaged approximately £35m through the year. As at 12 May, the latest practicable date before the announcement of the Group's preliminary results, the accounting deficit was estimated at some £40m.

There has been similar volatility in the actuarial valuation of the deficit. The actuarial deficit based on the 2005 assumptions, which, as noted above, are being actively reviewed by the Group, has been as low as £30m in June 2007, as high as £190m in March 2008 and at 12 May, as above, was estimated at £145m.

All deficit calculations exclude the effect of deferred tax, which at current rates would serve to reduce the gross deficits above by 28 per cent.

Risks

The Group has a well-developed structure and set of processes for identifying and mitigating the key business risks it faces. These are described in detail in the Corporate governance report on page 39. Certain of these key risks are also discussed elsewhere in this Business review.

The Group's ability to source new contracts, at an appropriate financial return for an acceptable level of risk, represents the principal area of commercial risk. Both new and existing contracts must then perform consistently within the demanding performance requirements of our customers. This is the Group's principal area of operational risk. As a service business delivering high levels of added-value to our customers, our principal human resources risk lies in the sourcing, motivation and retention of sufficient numbers of quality people to meet the demands of both our current business and our future growth.

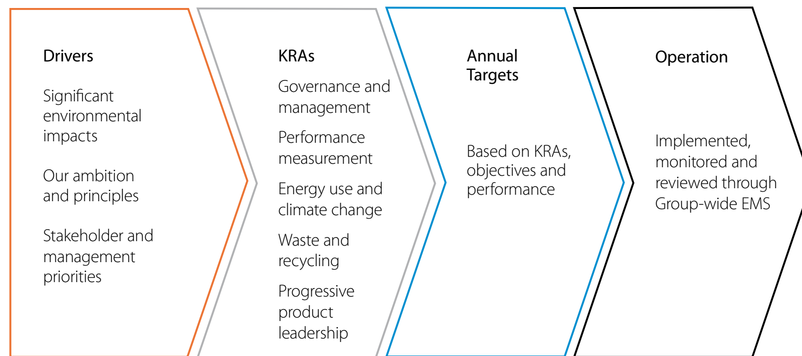
Wincanton's principal strategic risk is the requirement to continue to identify sufficient new areas of potential growth, both organically and through acquisition, to enable the Group to continue to build on its strong track record of profit growth and cash flow generation.

CORPORATE RESPONSIBILITY

In recognition of the key role Corporate Responsibility plays in shaping our reputation and securing employee engagement, we have incorporated 'Responsibility' as one of our brand values during 2007/08.

Governance

The corporate responsibility strategy, which includes social, ethical, safety and environmental considerations, is specified and agreed at Board level through our Group Human Resources Director, Nigel Sullivan, who chairs the Safety Health and Environment (SHE) committee. This committee has responsibility for reporting on all aspects of corporate responsibility to the Board and has also overseen the development of our environmental strategy by the Social and Environmental sub-committee.



Environment

As a leading provider of supply chain solutions, we recognise that we have a pivotal role to play in bringing goods to market, but also a responsibility to increase the environmental sustainability of our own operations and those of our customers.

During 2007/08 we have set out a strategy that has prioritised our challenges and set out a clear path for achieving our environmental goals. We see this as an opportunity which also makes good business sense and represents an exciting step for Wincanton. In this we have built on the progress we have made to date in many areas of our business, such as developing our products and services to deliver environmental benefits through improved efficiencies and the effective management and treatment of waste.

By rolling out this strategy, we will seek to encourage dialogue and debate with our partners on how we can collectively contribute to tackling the wider issue of climate change.

Initiatives

We have developed a five-year Group environmental strategy which will be published during 2008 and will be made available on our website. To ensure that this strategy is aligned with our key environmental drivers, we have undertaken a comprehensive review which enabled us to identify our significant environmental impacts, how they are currently being managed, and the environmental issues that are of greatest importance to our stakeholders.

Based on the findings of the review, we have identified five Key Results Areas for the strategy, which are energy use and climate change; waste and recycling; governance and management; performance measurement; and progressive product leadership (see diagram above).

For each of the Key Results Areas we have developed objectives and targets for the first year of our environmental programme. We will report annually on our progress, future objectives and targets. During our consultations, it became clear that the issues of prime importance are the associated challenges of energy use and climate change. We have therefore devoted a major part of our strategy to identifying how we will start to increase carbon efficiency and reduce future carbon risks. With this in mind, we have developed a 20-year framework identifying how we intend to move towards the use of less carbon-intensive forms of energy and the improved design and operation of our transport networks, including the use of more energy-efficient modes of transport.

In February 2008, we launched a data collection project at five sites in the UK. The objective is to measure a range of factors associated with warehousing and transport operations, including energy usage, waste produced and fuel consumption with a view to rolling this out to all operations in the next year.

The introduction of the WEEE legislation in July 2007 saw our recycling operation in Billingham, UK, go from strength to strength, and we have subsequently announced a £5m investment in a second treatment facility in the Midlands. This will open later this year and will double our current recycling capabilities to 200,000 tonnes per year. The new site will complement the existing facility and will also support our UK network of sortation centres, which separate out reusable product from recycling volumes.

Since the start of the WEEE regulations, Wincanton has offered employees the opportunity to dispose of old electrical and electronic equipment at work. The 'Bring your WEEE to work' initiative eliminates the need for personal trips to civic amenity sites, saving unnecessary road miles. WEEE containers have been deployed at 39 of the largest UK sites and have so far collected 40 tonnes of waste.

In Mainland Europe, we have extended our leadership in multi-modal transport solutions with the expansion of our Mannheim container terminal. We operate regular barge routes between the ports of Antwerp and Rotterdam and inland locations in Belgium, Germany, Switzerland and France. Our dedicated fleet of roll-on roll-off river barges service terminals along the Rhine and facilitate the transfer of products to rail and road.

People

We continue to make progress towards our stated ambition, which is to be recognised as 'employer of choice' in our industry. A focus on individual development provides employees with opportunities to build skills and competencies, while our Operational Excellence programme has focused on mechanisms for capturing and using employee feedback to make continuous improvements.

Initiatives

Wincanton launched its first annual Group-wide employee survey in February 2008 which covered all 30,000 employees across the 13 countries in which we operate. The survey, 'One Voice', invites employees to have their say on an anonymous basis on many aspects of their working environment, including their under-standing of business goals, communication processes, health and safety, management and

Nigel Sullivan
Group Human Resources Director

working for Wincanton in general. The results are displayed in a secure database through a simple dashboard format, which enables managers to create locally relevant action plans for the business year. The early results have been encouraging and will provide the Company with a robust benchmark for future engagement programmes with our people.

After a successful pilot at six sites, we have introduced a Learning & Development Framework (LDF) in our warehouses in the UK and Ireland. Our goal is to use LDF to identify learning needs, support development opportunities and provide a foundation for our site succession plans for both the immediate and long-term future. Initial feedback has been very positive. The framework provides a consistent appraisal and review process for all warehouse staff across Wincanton and maps performance against guideline competencies. The five development levels and LDF Roadmap allow employees to track progress in easy steps from when they first start through to supervisor/manager level.

In order to improve levels of absenteeism and manage recovery from illness for employees in our operations, an absence management pilot programme was introduced at 20 of our sites in the UK and Ireland, covering a total of 5,500 employees. The nine-month pilot in partnership with Active Health Partners required employees to phone a 24-hour call centre operated by qualified nurses who provide medical advice and agree anticipated return to work dates. During the pilot, the total days of absence reduced by 10,000 and the average illness duration reduced from 7 to 4 days. A total of 22,000 calls were placed with the nurses and over 90 per cent of people were satisfied with the service. The scheme will now be rolled out to further sites during the coming year.

Our management development programme was relaunched in January 2007 to include a 'Stepping Stones' level for new managers and revised content of the existing Management Development Programme and Leadership Development Programmes. Since then, over 170 managers from 7 countries have taken up this training framework, which covers topics such as financial awareness, intercultural awareness, customer skills, creativity, innovation and change management.

The award-winning SHELA programme has improved employee engagement in our safety culture.

Our driver training programme in the UK has been mapped against the newly introduced NVQs and exceeds the standard with over 80 per cent of its content. During 2007/08, around 900 drivers were put through NVQs, with a target going forward of 100 per month to take the assessment. Wincanton is the first company to introduce an NVQ qualification programme that will ensure all of its drivers achieve the certification, including any that do not qualify for funded support.

Safety

Our commitment to health and safety excellence continues to deliver good progress across the Group. The establishment of the SHE leadership team with members from France, Germany, Poland, the UK and Ireland is helping to deliver a consistent, progressive approach. Since 2001, our lost time accident rate has reduced by 56 per cent and we have developed a reputation as a benchmark operation through our involvement in national strategic SHE committees. We are Board members of Roadsafe and long-term sponsors of the Prince Michael Road Safety Awards. During 2007/08 our established Driver of the Year and SHELA (Safety, Health and Environment Learning Aid) warehouse safety initiatives attracted greater interest and industry-wide recognition, highlighting our ability to engage employees in an effective safety culture.

Initiatives

We have now integrated the Rivo Safeguard IT system across our operations in Mainland Europe, which has enabled us to standardise incident reporting across the Group. At the same time, we have completed the implementation of our Minimum Safety Standards and Key Principles in our Polish business, following the launch in France and Germany during the previous year.

The second Wincanton 'Driver of the Year' competition was held in July 2007, attracting 1,100 entries, which exceeded the previous year by 400. The rolling three-month scoring periods ensure that drivers remain focused on achieving the highest performance levels throughout the year with a view to qualifying for the final. The July 2008 event will incorporate the first ever 'Forklift Truck Driver of the Year' competition, extending this opportunity to demonstrate excellence to our warehouse operatives.

Following the success of our Driving Development programme in the LGV driver community, we extended the focus on safe driving to our company car drivers. The three-stage process includes a workshop to highlight hazards, risks and safe practices based on Institute of Advance Motoring and RoSPA guidelines, followed by a driver assessment and development programme. During 2007/08 around 800 of our company car drivers were trained and provided with a revised company car drivers' handbook documenting best practice.

We also achieved the OHSAS:18001 certification for our warehouse and transport contract with Nestlé Purina Petcare. The certificate, which recognises best practice in health and safety, was awarded for our collaborative approach with the transport contractor and the customer. As well as creating a policy which defines employees' roles in upholding the safe running of the contract, the team implemented a standardised induction process covering the three businesses in the partnership, site safety consultations that involved both companies' employees and monthly briefings on Wincanton's SHELA warehouse safety initiative.

Our SHELA campaign was recognised in the Safety & Health Practitioner Magazine Awards in October 2007, winning the 'Best Health and Safety Achievement in Transport and Logistics' category. SHELA targets the 15,000 warehouse employees in distribution centres to raise awareness, develop a safety culture and reduce accidents year-on-year.

We secured RoSPA Gold awards at our Argos Kettering and Corby sites, evidencing the achievement of the highest standards in the industry.

CORPORATE RESPONSIBILITY
CONTINUED

In November 2007, the Health & Safety Executive launched its Warehousing and storage guide to health and safety (HSG76) at our Screwfix operation in Stafford. We have worked closely with them to develop this through our membership of the Warehousing Health and Safety Forum and have contributed by writing content for two chapters, as well as providing photography and input on design.

Social

Our culture specifies the importance of integrity, accountability and teamwork in our day-to-day work, which is played out in strong links with the community, both corporately and at many of our sites. During 2007/8 we were recognised with an award for our work with schools and continue to build our relationship with our industry charity Transaid (see case study opposite).

Initiatives

In June 2007 our road safety initiative for schools, The Big Truck Club, was rolled out in conjunction with Matalan, B&Q and Argos to 10 schools in Northampton. The programme was developed by Wincanton to teach schoolchildren about the dangers presented by trucks and other traffic. It is positioned in line with the national curriculum and delivered through assembly sessions, classroom activities and with the help of our drivers and educational marketing specialists. So far, over 8,000 children have been introduced to the Big Truck Club and in February 2008 it was recognised in the Hollis Sponsorship Awards, winning the Education Sponsor category.

The Wincanton Community Scheme was delivered in a further 30 primary schools area during the year, providing children in the South West of England with tag rugby tuition from a leading Bath Rugby coach. So far, around 10,000 children from over 60 schools have benefited from the programme which has been jointly funded by Wincanton and Sportsmatch, the Government-endorsed initiative that encourages businesses to invest in grass-roots sports.

In Holland, Wincanton's 12-year sponsorship of the 15km 'Wincanton Montferland Run' reached new heights in 2007 when Heile Gebrselassie took part and broke the course record. Around 3,500 people race each year, many of them raising thousands of euros for charity.

This year, we launched a Christmas card competition for employees' children and relatives to design our corporate card for customers and partners. The competition ran in France, Poland and the UK & Ireland and also involved a donation to children's charities. In our Dutch business, 10,000 euros were donated to charities during the year instead of sending hampers to customers.

Identifying our Corporate Responsibility priorities

Our internal risk assessment processes identify the opportunities and challenges associated with corporate responsibility. The four priority corporate responsibility-related risk areas remain employee relations, business ethics, health and safety and environmental impact.

Risk area: The deterioration of relations with employees and employee representatives resulting in disruption to operations and failure to meet customer expectations.

Wincanton response: Our people policies are designed to ensure that we consistently live up to our core values. Our personnel procedures and European Works Council are designed to ensure our employees' interests are protected. We actively encourage local management to develop and sustain relations at a local level, providing support through regular senior level meetings held with the Trade Unions and other employee representatives.

Risk area: Insufficient investment in employee training leading to insufficient skills or inadequate succession planning, resulting in a shortage of properly qualified managers.

Wincanton response: A capability review is undertaken on an annual basis to help develop our succession planning processes across all business areas and to continue the development of a wide range of internally delivered training programmes.

Business ethics

Risk area: Unethical behaviour by employees could damage our reputation, customer relations or cause financial loss.

Wincanton response: We have a robust Code of Ethics and a 'whistle-blowing' policy designed to encourage appropriate behaviour at all levels.

Health and safety

Risk area: A significant failure in health and safety performance affecting the public, our employees, our customers or other third parties, could disrupt business operations.

Wincanton response: Wincanton has a strong health and safety culture with monthly safety reviews completed at a local level, and central reviews of local health and safety management carried out by the central SHE department and monthly Executive review. A Business Continuity Plan for head office was also launched in February 2008 including the establishment of a crisis management team.

Risk area: A major road accident involving a vehicle carrying a hazardous load or causing significant third-party damage could adversely affect Wincanton's reputation and subsequently result in financial loss.

Wincanton response: We employ fully qualified managers and drivers who receive a minimum of two days' training each year and undergo annual assessments. We have also reinforced our ADR Emergency Response System.

Environmental impact

Risk area: A failure to demonstrate a robust policy and measured reduction in the environmental impact of our operations could damage the Group's reputation and have a negative impact on our ability to win and retain business.

Wincanton response: We conducted a detailed review of our environmental impacts and identified our key stakeholder priorities during the research and formulation of our environmental strategy, which was launched in March 2008. This strategy details key results areas and objectives for delivering improvements to our environmental performance year-on-year.

Corporate Responsibility achievements in the year

- 9.5% reduction in accidents in the UK & Ireland
- 800 company car drivers trained in advanced techniques
- Two industry award wins for safety campaigns
- £32,000 raised for Transaid

TRANSAID

transaid
transport for life

Continued support for Transaid

Wincanton is a long-standing supporter of Transaid, a charity which works primarily in Africa to reduce poverty and improve quality of life through providing better access to basic services such as health, education and economic opportunities. By working with the UK transport and logistics industry Transaid builds local skills and knowledge to make transport safer, cheaper and more effective for those who need it most.

During 2007/08 Wincanton provided a range of support, including hands-on technical expertise through secondments, corporate donations and fundraising activities:

Secondments

- Feasibility Study for a Transport Management System for the Provincial Directorate of Health in Tete Province, Mozambique by Warehouse Manager Ed O'Connor. His recommendations will help improve health service delivery at local levels
- Analysis of Transport Services for the Department for International Development Bangladesh by Operations Manager, Simon Weeks
- Development of a business plan and sharing of best practice with the Transport Officer of a Women's Transport Co-operative of market traders in Accra, Ghana by Caroline Barber, Business Integration Manager

Fundraising

- In November 2007, Pierre O'Conghaile and John Meehan cycled over 400km across Kenya raising £7,000
- £12,000 raised by employees through Payroll-Giving and fundraising
- Donation of £3,000 via the lease of a Schmitz Cargobull Transaid-liveried trailer to our Dutch operation
- Revenue from recycled toner cartridges donated by the Sainsbury's Northampton site
- £10,000 annual membership donation

"Wincanton's contribution to our work in Africa cannot be understated. While funds help us to do more, the professional and technical inputs ensure we deliver high-quality work". Chris Saunders, Chief Executive, Transaid.

BOARD OF DIRECTORS

David Malpas CBE
Chairman
David was formerly Chairman of Allianz Dresdner Income Growth Investment Trust, having retired as Managing Director of Tesco in 1997. He became a non-executive Director of Wincanton in June 2001 and Chairman in July 2005; he will resign from the Board at the 2008 AGM.

David Edmonds CBE
Deputy Chairman
David is Chairman of the Board of NHS Direct and a Board member of the Legal Services Commission. He is a non-executive Director of Hammerson PLC and William Hill PLC. He is Chairman of NHS Shared Business Services and a Trustee of the Social Market Foundation. Prior to 2003, he held a series of executive posts in government departments and in the NatWest Group. He became a non-executive Director of Wincanton in December 2004 and is the Senior Independent Director. He was appointed Deputy Chairman in November 2007.

Graeme McFaull
Chief Executive
Graeme joined Wincanton in 1994 as Finance Director of the Retail Division following finance roles with Geest, Cargill and Pepsico. He has held several Managing Directorships within Wincanton since 1999, most recently running the UK & Ireland business. He became Chief Executive in December 2005. Graeme is a Fellow and Vice-President of the Chartered Institute of Logistics and Transport.

Gerard Connell
Group Finance Director
Gerard trained with Price Waterhouse and then worked in the City, becoming a Managing Director of Bankers Trust and a Regional Director of Hill Samuel. He joined Wincanton in September 2000 to help prepare the Company for demerger. Gerard is also the Senior Independent non-executive Director and Chairman of the Audit Committee, Pennon Group Plc.

Nigel Sullivan
Group Human Resources Director
Nigel joined Wincanton as Group Human Resources Director in November 2002 from Marconi plc. Prior to that Nigel held a number of human resources positions with Nortel Networks and Rover Group. He was appointed to the Board in January 2004.

Philip Cox
Non-executive Director
Philip is Chief Executive Officer of International Power Plc, having previously been Group Finance Director of Siebe. He became a non-executive Director of Wincanton in June 2001.

Dr Walter Hasselkus
Non-executive Director
Walter is a non-executive Director of DAF Trucks NV, Chairman of the Supervisory Board of Ehlebracht AG, non-executive Director of W.E.T. Holding (Lux) S.A. and Supervisory Board Member of W.E.T. AG. From 1996 to 1998 he was a member of the Board of Management of BMW AG and Chairman and CEO of Rover Group. He became a non-executive Director of Wincanton in January 2004.

Jonson Cox
Non-executive Director
Jonson became a non-executive Director of Wincanton in October 2005. He is currently Group Chief Executive of Anglian Water Group Plc and Morrison plc. Previous senior positions include Chief Executive of Valpak Limited, a business services company, Chief Operating Officer of Railtrack Group plc and Managing Director of Kelda Group plc (formerly Yorkshire Water plc). His early career was with Royal Dutch Shell.

Neil England
Non-executive Director
Neil is currently a non-executive director of ITE Group plc, The Eastern European Trust PLC and Silverstone Holdings Limited. Neil was previously a Director of Gallaher Group plc and prior to that Vice President of Mars Inc. He became a non-executive Director of Wincanton in June 2008.

Nomination Committee
David Edmonds
David Malpas (Chairman)
Graeme McFaull

Remuneration Committee
Jonson Cox
Philip Cox
David Edmonds (Chairman)
Neil England[1]
Walter Hasselkus
David Malpas

Audit Committee
Jonson Cox
Philip Cox (Chairman)
David Edmonds
Neil England[1]
Walter Hasselkus
David Malpas

[1]Appointed 3 June 2008

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the year ended 31 March 2008.

Principal activities
Wincanton is a contract logistics services business which designs, implements and operates a range of supply chain management solutions.

Acquisitions
On 8 November 2007 the Group acquired Swales Haulage Ltd for a debt-free consideration of £4.5m.

On 17 January 2008 the Group acquired Hanbury Davies Ltd for an initial debt-free consideration of £25.0m. Up to a further £2.5m may be payable pending agreement of the financial performance of the acquired business in the period to 31 March 2008.

On 4 March 2008, the Group acquired HeBo GmbH for an initial debt-free consideration of €2.9m. A further €0.5m may be payable subject to the financial performance of HeBo in the year to 31 March 2009.

Results and Dividends
A review of the activities of the Group during the financial year, analyses of revenue and profit and an indication of likely future developments are presented in the Business review on pages 16 to 27, and the Corporate responsibility report on pages 28 to 31 which are incorporated into this Directors' report by reference. The Group profit attributable to shareholders for the financial year amounted to £24.5m. An interim dividend of 4.60p per share was paid on 8 January 2008. Subject to shareholders' approval at the Annual General Meeting (AGM) to be held at 11:30am on Thursday, 24 July 2008 at the offices of Buchanan Communications, 45 Moorfields, London, EC2Y 9AE, a final dividend of 10.31p per share will be paid on 8 August 2008 to those shareholders on the register of members of Wincanton plc at 11 July 2008. Under the requirements of Adopted IFRS this dividend is not provided until declared and therefore the total profit for the year of £25.0m, including £0.5m relating to minority interests, has been transferred to reserves.

Policy and practice on payment of creditors
The Group does not have a formal code that it follows with regard to payments to suppliers. It agrees payment terms with its suppliers when it enters into binding purchase contracts for the supply of goods and services. Its suppliers are, in that way, made aware of these terms. The Group seeks to abide by these payment terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

At the year end there were 54 days (2007: 54 days) purchases in the Group's trade creditors.

Annual General Meeting
At the AGM, the Directors will propose the following special business: to seek to renew the authority to disapply shareholders' pre-emption rights in certain circumstances; to approve the Company's power to buy back a proportion of the Company's share capital; to make specific amendments to the Articles of Association of Wincanton plc so that they comply with new sections of the Companies Act 2006; to authorise the Company to supply documents or information to members by making them available on a website; to allow the Directors to allot shares; and to approve the making of certain payments that may fall to be classified as donations to political parties.

Substantial interests
At the date of this report, the Company has been notified of the following major shareholdings:

Shareholder	Type of Holding	Number of shares held	Per cent
Legal and General Group plc	Direct	5,210,514	4.33%
BT Pension Scheme Trustees Limited	Indirect	4,544,388	3.74%
IFG Corporate Services Limited as Trustee of the Wincanton plc Employee Benefit Trust	Indirect	4,852,118	4.02%
F&C Asset Management plc	Indirect	6,045,153	5.03%
Aberforth Partners LLP	Indirect	6,189,405	5.14%
Newton Investment Management Limited	Indirect	7,776,329	6.47%
Rathbone Brothers Plc	Indirect	9,058,170	7.54%

These holdings are stated as at the date of notification to the Company.

During the year the Company did not purchase any of its own shares, except to meet its obligations to employees under the Share Incentive Plan. The only shares held throughout the year were held in the Employee Benefit Trust (the 'Trust'). During the year, the Trust, in its capacity as trustee, purchased a total of 1,996,519 shares at an average price, excluding costs, of £3.94 per share. These shares were purchased to enable the Trust to hedge against future exercises of share options/awards. As at 31 March 2008, the Trust, in its capacity as trustee, held 4,801,973 (2007: 3,080,661) shares representing 3.96% of the issued share capital.

Share capital and reserves
Details of the authorised and issued share capital and reserves of the Company are shown in note 6 to the Wincanton plc Company financial statements on page 85. The share capital of Wincanton plc is made up of 121,340,268 Ordinary shares of 10 pence as at the date of this report. The shares are listed on the London Stock Exchange. Other than certain of those shares held in Trust in accordance with Employee Share Schemes, and the provisions contained in the Articles of Association of the Company, all shares rank pari passu with each other.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and / or voting rights.

Directors
The names and biographies of the Directors who served at any time during the financial year are shown on page 32. Details of the Company's corporate governance policy are set out on pages 37 to 39. Directors' beneficial interests in the Company's share capital as at 31 March 2008 and the date of this report are set out in the Directors' remuneration report on pages 40 to 48. At the AGM, Wincanton plc will seek the re-election as Directors of G Connell and D Edmonds who are resigning under the rotation provisions of the Articles of the Company. The Directors support their re-election. At the 2008 AGM, David Malpas is stepping down as Chairman and will be replaced by David Edmonds, who was appointed Deputy Chairman on 7 November 2007. To maintain the required balance and independence on the Board, a further non-executive Director, Neil England, was appointed on 3 June 2008. The Company will seek his election at the AGM in accordance with the Articles of the Company. The Directors support his election.

Employees
The Group uses a number of ways to provide employees with information on matters of interest to them. These include a report to employees dealing with Group and segmental results, an intranet, a quarterly in-house newsletter and briefing and consultative meetings.

In December 2005, a European Works Council was set up with the aim of bringing together employee representatives from across Europe, so

that they can be informed and consulted by management on the Group's plans and performance. Employee representatives are also able to meet their colleagues from other countries, exchanging information about the Group and working conditions across Europe.

In February 2008, the Group launched its first annual employee survey, 'One Voice', inviting employees to have their say on many aspects of their working environment including their understanding of business goals, communication processes, health and safety, management and working for Wincanton. The early results have been encouraging and will provide a robust benchmark for future engagement programmes.

The Group has established a variety of option schemes and share incentive plans to align the interests of employees with those of shareholders and to support Wincanton in the development of its business objectives.

Wincanton is committed to a policy of equal opportunities in employment by which the Group has and continues to:

- select, recruit, develop and promote the very best people basing its judgement solely on suitability for the job;
- ensure that all applicants and employees receive fair and equal treatment irrespective of sex, marital status, age, nationality, colour, race, ethnicity, national origin, disability or gender reassignment;
- encourage diversity in its workforce, reflecting, where practicable, the diversity of the working population;
- maintain a working environment free from sexual and racial harassment and intimidation; and
- ensure that all employment conditions and job requirements reflect its commitment to equal opportunities.

Where people become disabled during the course of their employment, every practical effort is made to retain their services, make adjustments and to provide retraining if necessary. All employees are eligible for appropriate training, career development and promotion and disabled people are not treated any differently.

Political and charitable contributions

In accordance with its policy, the Group made no political contributions during the year. Donations to charities amounted to £65,000 (2007: £14,000).

Wincanton's Articles of Association

The Company's Articles of Association may only be amended by a Special Resolution at a general meeting of shareholders. At the 2008 AGM a Special Resolution will be put to shareholders proposing amendments to the Company's existing Articles in relation to the provisions of the new Companies Act 2006.

The Articles of Association of Wincanton currently contain (amongst others) the following provisions.

Voting Rights

Subject to the restrictions set out below, on a show of hands every shareholder present in person has one vote and on a poll every shareholder present in person or by proxy has one vote per share held.

Restrictions on Voting

If any shareholder, or any person appearing to be interested in the shares held by that shareholder, has been properly served with a notice under Section 212 of the Companies Act 1985 requiring information about interests in shares, and has failed for a period of 14 days to supply the Company with the information required by that notice, then that shareholder shall not be entitled to attend or vote at a shareholders meeting. Where the shares represent 0.25% or more of the issued share capital, the Directors may in their absolute discretion retain any dividend which would otherwise be payable in respect of those shares and/or that no transfer of those shares shall be registered unless the transfer is approved.

Variation of Share Capital and Rights

Wincanton may by ordinary resolution increase its share capital; consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; subdivide all or any of its share capital into shares of a smaller amount than that fixed by the Memorandum of Association (subject to the provisions of the Companies Acts); or cancel any shares which have not been taken or agreed to be taken and diminish the amount of its share capital.

Subject to the provisions of the Companies Act, Wincanton may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

Subject to the provisions of the Companies Act, whenever share capital of Wincanton is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Companies Act, be varied or abrogated whether or not Wincanton is being wound up, either with the consent in writing of the holders of three quarters of the nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. The quorum at any such meeting is two persons holding at least one-third in nominal value of the issued shares of the class.

Buying Back Shares

Subject to and in accordance with the provisions of the Companies Act and the Listing Rules, Wincanton may purchase its own shares of any class.

Directors' Power to Allot

The Directors may, subject to the provisions of any legislation dealing with authority, pre-emption rights and other matters, and of any resolution of the Company in general meeting passed pursuant thereto, deal with shares which have not been issued. Directors may allot shares, grant options over, or otherwise dispose of, shares to such persons, at such times and on such terms as they think proper.

Dividends and other Distributions

Wincanton shareholders may declare dividends by passing an ordinary resolution. No such dividend may, however, exceed the amount recommended by the Directors. Any dividend unclaimed after a period of 12 years from the date such dividend was declared shall be forfeited and shall revert to Wincanton.

Distribution of Assets on Winding Up

If Wincanton is wound up, the liquidator may, with the authority of an extraordinary resolution passed by the shareholders, divide among the shareholders the whole or any part of the assets of Wincanton and may determine how such division shall be carried out as between shareholders or different classes of shareholders. For this purpose, the liquidator may set such value as he considers fair upon any property.

Transfer of Shares

Any shareholder may transfer some or all of his shares to another person. The person making the transfer will be treated as continuing to be the holder until the name of the person to whom the share is being transferred is entered onto the register in respect of such shares. Directors may in their absolute discretion, and without giving any reason therefore, refuse to register any transfer of such shares which

are not fully paid shares provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

Directors of Wincanton

Unless otherwise determined by ordinary resolution, there must be at least two Directors but not more than 20. The Directors shall determine the ordinary fees of the Directors and the aggregate amount shall not exceed £500,000 per annum or such higher amount as Wincanton shareholders may from time to time determine by ordinary resolution. Any provision of the Statutes, which would have the effect of rendering any person ineligible for appointment or election as a Director or liable to vacate office as a Director on account of having reached a specified age, has been disapplied.

Directors' Interests in Transactions with the Company

If the legislation allows, and if a Director has disclosed the nature and extent of any interest to the other Directors, that Director may:

(a) be a party to or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;

(b) be a director or other officer of, or employed by, or a party to any contract, transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

(c) act (or any firm of which he is a partner, employee or member may act) in a professional capacity for the Company (other than as auditor) and be remunerated therefore; and

(d) not, save as otherwise agreed by him, be accountable to the Company for any benefit which he derives from any contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate or for such remuneration and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

Directors' Interests and Voting

A Director cannot cast a vote on any contract, arrangement or any other kind of proposal in which he has a material interest other than in the circumstances falling within the paragraph below. For this purpose, interests of a person who is connected with a Director under Section 346 of the Companies Act are added to the interests of the Director himself. Interests purely as a result of an interest in the Company's shares, debentures or other securities are disregarded. In relation to an alternate Director an interest of his appointor shall be treated as an interest of the alternate Director. This is in addition to any interest which the alternate Director has in his own right. A Director may not be included in the quorum of a meeting in relation to any resolution he is not allowed to vote on.

If the Statutes allow this, a Director can vote, and be counted in the quorum on any resolution about any of the following matters, as long as the only material interests he has in it are included in the following list:

(a) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be interested as a holder of securities or as a participant in the underwriting or sub-underwriting thereof;

(d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him within the meaning of Section 346 of the Act) does not have an interest (as that term is used in Sections 198 to 211 of the Act) in one per cent or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);

(e) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not aware him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and

(f) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any Directors of the Company or for persons who include Directors of the Company.

Borrowing Powers

So far as legislation allows, the Directors may exercise all Wincanton's powers to borrow money; to mortgage or charge all or any of Wincanton's undertakings, property, and uncalled capital; to issue debentures and other securities; and to give security either outright or as collateral security for any debt, liability or obligation of Wincanton or of any third party.

Indemnity and Insurance of Officers

So far as relevant legislation allows, every Director, Secretary and other Officer of the Company or its subsidiary undertakings shall be entitled to be indemnified by the Company.

Untraced Shareholders

The Company is entitled to sell, at the best price reasonably obtainable at the time of the sale, shares of a member provided that during the 12 years prior to the date of the publication of advertisements in both a national newspaper and a newspaper circulated in the area of the last known address of the member giving notice of its intention to sell the said shares, at least three dividends in respect of the shares have become payable and no dividend in respect of those shares has been claimed.

Research and development

During the year the Group was active in the development of new products and supply chain services to support current and future customer requirements.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group overall have adequate resources to continue operating for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

DIRECTORS' REPORT
CONTINUED

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with IFRSs, as adopted by the EU, and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group financial statements are required by law and IFRSs, as adopted by the EU, to present fairly the financial position and performance of the Group. The Companies Act 1985 provides, in relation to such financial statements, that references in the relevant part of the Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report, Directors' Remuneration report and Corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and Group financial statements.

The Board confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Board approved the above Responsibility statement on 4 June 2008.

Auditors

In accordance with Section 384 of the Companies Act 1985 and with corporate governance best practice, separate resolutions for the re-appointment of KPMG Audit Plc as auditors of the Company and for the approval of their remuneration are to be proposed at the 2008 AGM.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of the which the parent Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the parent Company's auditors are aware of that information.

By order of the Board

Charles Phillips
Company Secretary
Methuen Park
Chippenham
Wiltshire
SN14 0WT
4 June 2008

CORPORATE GOVERNANCE

Introduction

The Company is committed to high standards of corporate governance and supports the principles laid down in the revised Combined Code on Corporate Governance ('the Code') as issued by the Financial Reporting Council in June 2006. This statement describes how the principles of the Code are applied and reports on the Company's compliance with the Code's provisions.

Board of Directors

As at 31 March 2008, the Board had eight members, comprising the non-executive Chairman, independent non-executive Deputy Chairman, Chief Executive, Group Finance Director, Group Human Resources Director and three further independent non-executive Directors. At the 2008 AGM, the Chairman will resign and the Deputy Chairman will take his role. In order to maintain the required balance and independence on the Board following the resignation of the Chairman, a further non-executive Director was appointed on 3 June 2008. All Directors bring strong judgement to the Board's deliberations. The Board is of sufficient size and diversity that the balance of skills and experience is considered to be appropriate for the requirements of the business. The non-executive Directors are all independent of management and free from any business or other relationship, including those relationships and circumstances referred to in provision A.3.1 of the Code, that could materially interfere with the exercise of independent and objective judgement. The Company considers that, on appointment, the Chairman was independent (for the purposes of provision A.3.1 of the Code) and furthermore the preceding comments regarding freedom from business or other relationships also apply to him. However, after appointment, the Code specifies that the Chairman ceases to be classed as independent. The non-executive Directors have each been appointed for a three-year term. The senior independent non-executive Director and Deputy Chairman during the year was D A Edmonds who will be appointed Chairman at the 2008 AGM.

At all times during the year there has been a majority of independent non-executive Directors on the Board, excluding the Chairman, in compliance with Code provision A.3.2.

The biographical details of the Board members are set out on page 32. The Directors have all occupied, or occupy, senior positions in UK listed companies (or, in the case of Dr W Hasselkus, German listed companies) and have substantial experience in business. The non-executive Directors do not participate in any of the Group's pension schemes or in any of the Group's bonus, share option or other incentive schemes. All Directors must stand for election at the first AGM after they are appointed. The Articles provide that all Directors will stand for re-election at least every three years.

The Board is collectively responsible for the proper management of the Company. The Board normally meets 10 times each financial year and has a formal schedule of matters reserved to it for decision-making, including the approval of annual and interim results, annual budgets, material acquisitions and disposals, material agreements and major capital commitments. Executive Board members are responsible for communicating the Group's strategy to senior managers and for the day-to-day operational activity of the Group. The Company Secretary maintains a record of attendance at Board meetings and Committee meetings, further details of which are set out on page 38. During the year the Chairman also met with the non-executive Directors without the Executive Directors present.

Board members are given appropriate documentation in advance of each Board or Committee meeting. This normally includes a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give its approval. Reports are presented to the Board periodically on matters such as pensions, insurance and treasury. Health and safety is reviewed at every Board meeting and other specific business-related presentations are given when appropriate.

There is an established procedure for the preparation and review, at least annually, by the Board of medium-term plans and annual budgets for business units. Each business unit reports monthly on its performance against its agreed budget. The Board receives a monthly update on performance and reviews significant variances on a monthly basis. All major investment decisions are subject to post-completion reviews.

In line with agreed procedures, the Chairman has conducted interviews with each Director and assessed their individual performance. The Chairman has carried out an evaluation of the performance of the Board as a whole and of each Committee and, led by the senior non-executive Director, the non-executive Directors have assessed the performance of the Chairman taking into account the views of the Executive Directors. The Chairman and the senior independent non-executive Director have presented the conclusions of those assessments to the Board. The evaluation process is designed to cover Board processes, the structure and capability of the Board, strategic alignment, Board dynamics and the skills brought to the Board by each Director. As part of the process, training needs are reviewed and acted upon as appropriate.

The Board has approved a procedure for Directors to take, at the Company's expense, independent professional advice if necessary. In addition, the Directors have direct access to the advice and services of the Company Secretary, who is charged by the Board with ensuring that Board procedures are followed. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. The Company Secretary and Group Human Resources Director take joint responsibility for preparing and implementing an induction programme for Board appointees, including guidance as to their duties, responsibilities and liabilities as a Director of the Company and business familiarisation.

Business familiarisation involves Directors visiting sites, in both the UK and elsewhere in Europe, and giving the Directors the opportunity to meet senior managers around the business. They also have the opportunity to discuss organisational, operational and administrative matters. The Company provides directors' and officers' insurance cover, in line with normal market practice, for the benefit of Directors in respect of claims arising in the performance of their duties.

The different roles of the Chairman and Chief Executive are acknowledged. A responsibility statement for each of those roles has been agreed with the Chairman and Chief Executive respectively and adopted by the Board. The Chairman is primarily responsible for the workings of the Board and ensuring that its strategic and supervisory role is achieved. The Board is responsible for high-level decision-making and approval of significant expenditure and there is a formal listing of matters reserved for Board approval. The Board has delegated appropriate responsibilities to the Chief Executive, the Group Finance Director, the Group Human Resources Director and the members of the Executive Board who are responsible for the day-to-day running of the business, carrying out the agreed strategy and implementing specific Board decisions relating to the operation of the Group.

Board Committees

There are a number of standing Committees of the Board to which various matters are delegated. The Committees all have formal Terms of Reference that have been approved by the Board and that are available for inspection at the Company's registered office. The Terms

of Reference are not currently available on the Group's website and as a result, the Company is not in compliance with provisions A.4.1, B.2.1 and C.3.3 of the Code. The Company feels that making Committee Terms of Reference available at its registered office is sufficient for those shareholders that require to see the Terms of Reference. No such requests were made in the year ended 31 March 2008. Brief details are set out below:

The Nomination Committee comprises D A Edmonds and G McFaull, under the chairmanship of A D Malpas. The Code provision A.4.1 requires that a majority of members of the Nomination Committee should be independent non-executive Directors. The Company does not comply with this provision of the Code. However, the Board feels that the small size of the Committee is best placed to act quickly and efficiently on its behalf. The Committee meets as necessary and is responsible for considering and recommending to the Board persons who are appropriate for appointment as Executive and non-executive Directors. There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. This process involves the Nomination Committee interviewing suitable candidates who are proposed by either existing Board members or by an external search company. Careful consideration is given to ensure that appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained. When dealing with the appointment of a successor to the Chairman, the senior independent non-executive Director will chair the Committee instead of the Chairman. When the Committee has found a suitable candidate, the Chairman of the Committee will make a proposal to the whole Board and the appointment is the responsibility of the whole Board following recommendation from the Committee.

The Remuneration Committee comprises J Cox, P G Cox, N England, Dr W Hasselkus and A D Malpas, under the chairmanship of D A Edmonds. The Remuneration Committee is responsible, within a framework established by the Board overall, for setting the remuneration of senior executives, including the Executive Directors and senior management. It is also responsible for granting executive options, long-term incentive plan awards, pension rights and any compensation packages, and for determining the terms of any compensation package in the event of early termination of the contract of any Director or senior executive.

It meets at least three times a year. The Chairman of the Committee reports the outcome of meetings to the Board. Full details of its activities and of Directors' remuneration are set out in the Directors' remuneration report on pages 40 to 48. Those pages detail compliance with the legal requirements with regard to remuneration matters.

The Audit Committee comprises J Cox, D A Edmonds, N England, Dr W Hasselkus and A D Malpas, under the chairmanship of P G Cox, who is the former Chief Financial Officer and currently the Chief Executive of International Power plc and, as such, has the requisite recent and relevant financial experience. The Code provision C.3.1 requires that all members of the Audit Committee should be independent non-executive Directors. The Company does not comply with this provision of the Code. However, the Board feels that the experience of the Chairman is beneficial in ensuring that the Audit Committee carries out its duties in line with its terms of reference. The Committee is responsible for, and during the year carried out, the following:

- reviewing the annual and half year financial statements before they are presented to the Board;
- monitoring and reviewing the effectiveness of the Group's systems of internal control;
- agreeing internal and external audit plans;
- receiving reports from external auditors' and from the Head of Internal Audit and dealing with any significant control issues arising;
- monitoring and reviewing the external auditors' independence and objectivity and the effectiveness of the external audit process;
- making recommendations for the appointment, re-appointment and removal of the external auditors and approving their remuneration and terms of engagement; and
- developing and implementing policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of such services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The Audit Committee also reviews the arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or otherwise. It is an objective of the Committee to ensure that arrangements are in place for the proportionate and independent investigation of any such matters and for overseeing the appropriate follow-up action, where required.

It is a specific responsibility of the Audit Committee to ensure that an appropriate relationship is maintained between the Company and its external auditors. The Company has a policy of controlling the provision of non-audit services by the external auditors in order to maintain their independence and ensure that their objectivity and independence are safeguarded. This control is exercised by ensuring non-audit projects, where fees are expected to exceed £150,000, are subject to the prior approval of the Chairman of the Audit Committee and the Group Finance Director. If non-audit project fees are expected to exceed £250,000 the prior approval of the Board is required. The Committee meets at least three times each year. The Chairman of the Committee reports the outcome of meetings to the Board and the Board receives the minutes of all Audit Committee meetings.

The Audit Committee met twice in the year and once more just outside the year and discharged its responsibilities as set out above through the matters considered at those meetings.

Attendance at meetings

The Company Secretary maintains a register of attendance of Directors at Board and Committee meetings and the record of attendance during the year ended 31 March 2008 is as follows:

	Board	Nomination Committee	Remuneration Committee	Audit Committee
G D Connell	9	–	1[1]	2[1]
G McFaull	10	–	4[1]	2[1]
N Sullivan	10	–	4[1]	2[1]
J Cox	10	–	4	2
P G Cox	9	–	4	2
D A Edmonds	10	–	4	2
Dr W Hasselkus	10	–	4	2
A D Malpas	9	–	4	1
Total number of meetings	10	–	4	2

[1] Attended at the invitation of the Committee.

Shareholder relations

The Company is committed to maintaining good communications with shareholders. Senior executives, including the Chairman, Chief Executive and Group Finance Director, have dialogue with individual institutional shareholders in order to develop an understanding of their views which are fed back to the Board. Although the other non-executive Directors, including the senior independent non-executive Director, are available to major shareholders to listen to their views, no such meetings have taken place during the year and, to that extent, the Company has not complied with provision D.1.1 of the Code. Twice a year general presentations are given to analysts and investors covering the annual and half year results. The Business review set out on pages 16 to 27 details the financial performance of the Group as well as setting out the risks it faces and plans for the future. The Company Secretary generally deals with questions from individual shareholders. All shareholders have the opportunity to ask questions at the Company's AGM, which all Directors attend. At the AGM, the Chief Executive will give a statement on the Company's performance during the year, together with a statement on current trading conditions. The Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions at the AGM. The Chairman will advise shareholders on proxy voting levels. In addition, the Group's website containing published information and press releases can be found at www.wincanton.co.uk.

Internal control and risk

The respective responsibilities in connection with the financial statements are set out in the Directors' report on pages 33 to 36 and 49 for the Directors and Auditors respectively. The Board, through the Audit Committee, is responsible for the Group's system of internal control and for reviewing its effectiveness.

An ongoing process for identifying, evaluating and managing significant risks faced by the Group has been in place throughout the year which accords with the Turnbull guidance on internal control. The Audit Committee has, as part of its review process, considered the Group's system of internal control throughout the year. The system of internal control is designed to manage rather than eliminate risk of failure to meet business objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

The key elements of the control system are as follows:

- the Group has an organisational structure with established lines of accountability as well as clearly-defined levels of authority;
- the Group has issued manuals, including the Group's Code of Ethics, which provide details of the key policies and procedures to be followed and the overall environment in which the business is expected to operate; and
- the Group has a system of control self-certification, which provides a documented trail of accountability against the internal control policies and procedures.

This process is facilitated by the Internal Audit Department which also provides a degree of assurance as to the operation and validity of the system of internal control. These processes and systems continue to be extended to encompass the sites and operations of the growing Group.

All types of risk applicable to the business are regularly reviewed. In addition, a formal risk assessment review is carried out on an annual basis to highlight key risks to the business and to consider action that can reasonably and cost-effectively be taken to reduce them. The Board considers this review, which accords with the Code.

The Group's Internal Audit Department is involved in the review and testing of the internal control system and of key risks across the Group, in accordance with the annual programme agreed with the Audit Committee. From time to time it undertakes ad-hoc assignments requested by senior managers or the Audit Committee, the findings of which are discussed with the Audit Committee.

Compliance

The Directors consider that, with the exception of the three issues related to the availability of Committee Terms of Reference, Committee membership and the issue related to shareholder relations specifically identified in this report, the Company has been in compliance with the provisions of the Code throughout the year ended 31 March 2008 and to the date of this report. Where the Company has departed from the requirements of the Code, the Board has addressed this and feels that the reasons are justified.

DIRECTORS' REMUNERATION REPORT

Introduction
This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002.

Consideration of matters relating to Directors' remuneration
The remuneration policy is set by the Board and is described below. The Remuneration Committee, within the framework of this policy, determines individual remuneration packages. The names of the Directors who were members of the Remuneration Committee during the year ended 31 March 2008 are set out on page 32.

Except when matters concerning their own positions are being considered, the Chief Executive and Group Human Resources Director are normally invited to attend the meetings of the Remuneration Committee to assist the Committee. The Remuneration Committee would discuss any matter affecting the Chairman without the Chairman being present.

The Remuneration Committee has access to independent advice where it considers it appropriate. During the year, such advice was received from Kepler Associates who were appointed by the Committee and who also provided advice to the Company in respect of other senior managers.

Remuneration policy
During the year ended 31 March 2008, the Remuneration Committee undertook a thorough review of the Company's existing executive incentives to ensure that they met the following list of objectives:

- help reinforce Wincanton's strategy for growth;
- provide strong alignment with the delivery of value to shareholders;
- have clear and stretching targets;
- are tailored to Wincanton's circumstances;
- enable Wincanton to recruit, retain and motivate talent;
- give regard to employee performance;
- are cost-effective; and
- reflect best practice.

In addition, the Remuneration Committee continues to monitor practices in other companies to ensure that it remains in touch with current best practice in the market, whilst accepting its obligations to continue to honour pre-existing contractual commitments.

Employment Contracts
Executive Directors may terminate their service contract on six months' notice, whereas the notice period receivable from the Company is 12 months. In the event of termination due to misconduct or resignation there will be no compensation for loss of office. In other circumstances Executive Directors may be entitled to receive compensation for loss of office, which will be equivalent to salary and the value of benefits that the executive Director would have received if still in employment with the Company. It is intended that future appointments to the Board will have a notice period of 12 months or less except, in exceptional cases, where a longer period is required in order to attract appropriate candidates. In such cases, it would be expected that the notice period reduce to 12 months or less following the expiry of the initial period. None of the Executive Directors received compensation for loss of office in either the current or preceding year.

	Date of contract	Appointment as Executive Director	Outstanding term
G D Connell	23 March 2001	23 March 2001	Rolling contract
G McFaull	23 March 2001	23 March 2001	Rolling contract
N Sullivan	7 November 2002	1 January 2004	Rolling contract

Non-executive Director appointments are for an initial period of three years. They are subject to reappointment every three years, and annually after nine years. Non-executive Directors do not have contracts of service. Either the Company or the non-executive Director by giving 12 months' notice (in the case of P G Cox and A D Malpas) or 6 months' notice (in the case of J Cox, D A Edmonds and Dr W Hasselkus), may terminate their appointment.

	Date of appointment	Date of latest renewal	Expiry
J Cox	21 October 2005	N/A	21 October 2008
P G Cox	4 June 2001	5 June 2007	5 June 2010
D A Edmonds	14 December 2004	14 December 2007	14 December 2010
N England	3 June 2008	N/A	3 June 2011
Dr W Hasselkus	1 January 2004	1 January 2007	1 January 2010
A D Malpas	4 June 2001	5 June 2007	5 June 2010[1]

[1] David Malpas is resigning as Chairman of the Board at the 2008 AGM.

Executive Directors' emoluments
Audited information
The value of Executive Directors' salary, annual bonus and benefits (excluding awards of options) is set out in the following table:

	Salary £'000	Benefits £'000	Performance bonus £'000	2008 Total £'000	2007 Total £'000
G D Connell	356	17	252	625	578
G McFaull	445	26	315	786	726
N Sullivan	261	16	189	466	392

Salary
The base salaries of Executive Directors are, and will continue to be, reviewed annually, having regard to personal performance, Group performance and competitive market practice, supported by research through external independent surveys.

Benefits
Executive Directors are entitled to a company car or a car allowance in lieu of a company car, company sick pay in accordance with Wincanton's sick pay and absence policy, 25 days paid holiday, the right to participate in Wincanton's private health insurance arrangements and payment of the annual membership subscription to a relevant professional body. It is Group policy not to give Executive Directors expense allowances, but to reimburse them for expenses incurred in the performance of their duties.

All Executive Directors are members of the Wincanton Defined Benefit Pension Scheme, which is now closed to new entrants. Executive Directors are generally eligible for a pension of up to two-thirds of base salary at normal retirement age of 60; normally after 20 years of qualifying service (for which purpose previous service with Uniq plc will qualify). The current ages of G D Connell, G McFaull and N Sullivan are 50, 46 and 41, respectively and their length of qualifying service is 11 years 5 months, 14 years and 5 years 4 months respectively. Pensions for Executive Directors are provided so far as possible through the Wincanton Scheme and also through the use of unfunded arrangements. The aim of such unfunded arrangements is to provide broadly similar benefits to those that would otherwise be payable from the Wincanton Scheme had the Executive Directors not been subject to

the maximum permitted earnings as provided by HMRC before 6 April 2006 and as continued in relation to the Wincanton Scheme by a deed executed on 23 March 2006. Following consultation with members of the Scheme, with effect from 1 April 2006 contributions into the Wincanton Scheme are being made by the Executive Directors in respect of these pension arrangements. Pension benefits are calculated on base salary only.

The pension scheme and/or purchased life policies provide for the payment of benefits on death or disability. On death, a two-thirds spouse's pension is due. Children's allowances to a maximum, including spouse's pension, of 100% of the Executive's pension may be payable.

Executive Directors' pensions

	Accrued pension at 1 April 2007 £'000	Increase in accrued pension in the year £'000	Accrued pension at 31 March 2008 £'000
G D Connell	112	16	128
G McFaull	142	18	160
N Sullivan	28	12	40

	Transfer value at 1 April 2007 £'000	Transfer value of increase in accrued benefit excluding inflation £'000	Directors' contributions £'000	Transfer value of net increase £'000	Total change in transfer value £'000	Transfer value at 31 March 2008 £'000
G D Connell	1,409	189	3	471	663	2,072
G McFaull	1,552	177	3	520	700	2,252
N Sullivan	252	123	3	82	208	460

The increase in transfer values in the above table reflects the full impact of changes in pensionable salaries of the Executive Directors in the preceding year.

Performance bonus

After taking an overall view of the Company's performance and subject to an overriding discretion by the Remuneration Committee, annual bonuses may be earned by Executive Directors based on the achievement of pre-agreed targets for profit after tax (excluding amortisation of acquired intangibles, impairment of goodwill and exceptionals) in the year, and the Remuneration Committee's assessment of Company and personal performance. The maximum bonus has been capped at 75% of basic salary following consultation with major shareholders. Bonus maximum opportunities range from 35% to 65% for other senior managers based on Company and on personal performance.

Long-term incentives

Introduction

During the year ended 31 March 2008, the Remuneration Committee, in consultation with shareholders, carried out a review of executive incentives generally and more specifically long-term incentives. At the 2007 AGM, shareholders approved certain revisions to the Share Match Incentive Scheme (SMIS) and the implementation of the Performance Share Plan (PSP) and grants were made under these schemes to Executive Directors and members of the Executive Board in December 2007. Grants under the PSP were made in place of grants under the Executive Share Option Schemes. The performance conditions were made more stretching compared to those previously applied to executive share option grants.

Executive Share Options

No executive share options were granted to members of the Executive Board, including Executive Directors, during the year ended 31 March 2008, having been replaced by awards under the terms of the PSP, details of which are given on page 43.

Executive share options were granted to other Wincanton Senior Managers in December 2007 based on the scale of their role in the Company up to a maximum grant of 100% of salary. Executive share options are intended as an incentive to generate future long-term value rather than a reward for past performance; 248 senior managers received a grant of executive share options in 2007 (2006: 232). Executive share options for UK resident employees are initially granted under the terms of the HMRC Approved scheme, which permits a participant to hold options with a value at the date of grant of up to £30,000. When a participant realises their HMRC limit, or for non-UK resident employees, further options are granted under the Unapproved Scheme. Any gain made on exercise of those options which are granted under the Approved Scheme are free from income tax and National Insurance contributions whereas the gain made on the exercise of unapproved options is not.

All executive share options granted under the Wincanton plc Executive Share Option Scheme 2001 have been subject to two vesting conditions being: continued employment and Company performance where, the average annual growth in the Group's underlying EPS figure published in the audited accounts must, in a three-year period, equal or exceed the average annual growth in the Government's Retail Price Index plus 3.0% over the same period.

This performance condition is considered appropriate and in line with market practice. It seeks to achieve commonality of goals between optionholders and shareholders. Subject to passing these conditions and the options vesting, participants have seven years in which to exercise their options.

Grants made in 2001 and 2002 permitted retesting of the performance condition. However, for grants made on or after the 1 January 2003, retesting was not permitted. The relevant three-year periods for measuring the performance condition for each option grant is as follows:

Date of grant	Performance period	Performance status
June and September 2001	Any three consecutive financial years within the period 1 April 2001 to 31 March 2006	Passed[1]
July and December 2002	Any three consecutive financial years within the period 1 April 2002 to 31 March 2007	Passed[1]
March 2004	The three consecutive financial years ended 31 March 2006	Passed[1]
December 2004	The three consecutive financial years ended 31 March 2007	Passed[1]
July and December 2005	The three consecutive financial years ended 31 March 2008	Passed[1]
December 2006	The three consecutive financial years ended 31 March 2009	Untested
December 2007	The three consecutive financial years ended 31 March 2010	Untested

[1] Options are exercisable subject to the continued employment condition.

Executive share options are not issued at a discount. The option price is calculated with reference to the middle market closing price of a share on the immediately preceding day, or the average of the middle market closing price of a share on the 3 or 5 immediately preceding business days.

Executive Directors' interests in executive share options

As at 31 March 2008
Audited information

Name/Date of grant	Options Opening	Options Exercised	Options Closing	Exercise price	Earliest date exercisable	Latest exercise date
G D Connell						
June 2001	263,157	–	263,157	£1.90	18/06/2004	18/06/2011
December 2002	50,000	–	50,000	£1.93	12/12/2005	12/12/2012
December 2004	106,367	–	106,367	£2.69	15/12/2007	15/12/2014
December 2005	94,030	–	94,030	£3.35	13/12/2008	13/12/2015
December 2006	99,423	–	99,423	£3.47	13/12/2009	13/12/2016
G McFaull						
June 2001	211,842	93,921	117,921	£1.90	18/06/2004	18/06/2011
December 2002	50,000	–	50,000	£1.93	12/12/2005	12/12/2012
December 2004	96,654	–	96,654	£2.69	15/12/2007	15/12/2014
December 2005	117,910	–	117,910	£3.35	13/12/2008	13/12/2015
December 2006	123,919	–	123,919	£3.47	13/12/2009	13/12/2016
N Sullivan						
December 2002	125,000	116,819	8,181	£1.93	12/12/2005	12/12/2012
December 2004	71,004	–	71,004	£2.69	15/12/2007	15/12/2014
December 2005	59,850	–	59,850	£3.35	13/12/2008	13/12/2015
December 2006	67,723	–	67,723	£3.47	13/12/2009	13/12/2016

During the year, both G McFaull and N Sullivan exercised executive share options, the sole reason being to acquire shares, which were lodged under the terms of the revised SMIS.

There have been no changes in the number of executive share options held by Executive Directors between 1 April 2008 and 4 June 2008.

Variation in share capital – If there is a variation in the equity share capital of Wincanton, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital, the number and/or nominal amount of Wincanton shares comprised in each option and the option price may be adjusted in any way (including retrospective adjustments) which the Directors or the Trustee consider appropriate (but, insofar as the Approved Executive Scheme is concerned, subject to HMRC's prior approval).

Takeover – In the case of a company taking control of the Company, options may be exercised within the 6 month period after the company making the offer has obtained control of the Company.

Company reconstruction – If the court sanctions a scheme for the reconstruction of the Company or its amalgamation with any other companies, options may be exercised within the 6 month period after the date of the court sanction.

Demerger – If the Directors become aware that the Company is, or is expected, to be affected by any demerger, dividend in specie, super dividend or other transaction, which affect the current or future value of any option, the Directors may allow some or all options to be exercised.

Winding-up – If notice is given of a general meeting of the Company at which a resolution will be proposed for the voluntary winding-up of the Company, optionholders shall be entitled, at any time prior to the commencement of such winding-up, to exercise their options conditionally upon the commencement of the winding-up.

Administration – If an administration order is made, optionholders may exercise their options within 6 weeks after the date of the administration order subject to authorisation by the administrator or the court.

Voluntary arrangement – If a voluntary arrangement is proposed, optionholders may exercise their options within 14 days after the date of sending any notices of meeting in relation to such proposal.

Shares held by the Employee Share Trust are not directly held in relation to the executive share option schemes and therefore there are no restrictions on the transfer of shares and nor are there any voting right restrictions in relation to the Executive Share Option Schemes. On exercise, shares will be held directly by the participant and will have full voting rights and can be transferred without any restriction. Where an employee leaves (other than for the reasons of injury or disability, redundancy, a transfer of employment which is subject to the Transfer of Undertaking (Protection of Employment) Regulations 2006, a change of control or other circumstances giving rise to the participant's employing company ceasing to be an associated company of any participating company or retirement on or after reaching retirement age), they lose their entitlement to their options. If however they leave for one of the above mentioned reasons, subject to the performance condition, a participant has 6 months in which to exercise their options. In the case of death, the personal representatives have 12 months to exercise the options.

Performance shares

As part of the review, by the Remuneration Committee, of executive incentives, the Wincanton plc Performance Share Plan 2007 ('PSP') was developed and was approved by shareholders at the 2007 AGM. The PSP replaces executive share options, under normal circumstances, for the Executive Board, including Executive Directors. Annual grants of performance shares up to a maximum of 100% of annual salary are permitted; this was limited to 50% in 2007. Dividends accrue over the three-year performance period and are paid on those shares that vest.

Performance shares were granted to the 14 members of the Executive Board to the value of 50% of annual salary as at the date of grant. They are intended as an incentive to generate future long-term company value rather than a reward for past performance.

Performance shares awarded under the PSP are subject to the following two vesting conditions: continued employment and Company performance. The performance conditions are significantly more stretching than those of executive share options, as follows; 50% of the award will vest subject to the Company's TSR performance over 3 years equalling or exceeding that of the FTSE 250 Index over the same period (the 'TSR Award'), and 50% of the matching award will vest subject to underlying EPS performance over 3 years (the 'EPS Award') equalling or exceeding the target. 10% of the TSR Award will vest if the TSR performance equals the TSR of the FTSE 250 index, rising on a straight-line basis to 100% vesting of the TSR Award if the TSR performance is equal to or greater than 20% per annum in excess of the TSR of the FTSE 250 Index (where the TSR of the FTSE 250 Index is measured using the change in the FTSE 250 Index multiplied by the Index dividend yield). 10% of the EPS Award will vest if the annual growth in underlying EPS equals 6% per annum, rising on a straight-line basis to 100% vesting of the EPS Award if annual growth in underlying EPS equals or exceeds 15% per annum.

The Remuneration Committee believes that underlying EPS growth is a good measure of success for Wincanton, and provides good line-of-sight for executives, and that TSR performance against the FTSE 250 Index provides a good relative benchmark of Wincanton's performance and provides good alignment with shareholders. The Remuneration Committee believes that the sliding scale for each of the performance targets will provide a better relationship between pay and performance, and be more motivational to the participants. Subject to passing the performance conditions and the options vesting, participants have 6 months in which to exercise.

The relevant three-year period for measuring the performance condition is as follows:

Date of grant	Performance period	Performance status
December 2007	The three consecutive financial years ended 31 March 2010	Untested

Performance shares are classed as nil cost unconditional share awards for the purposes of the plan rules.

Executive Directors' interests in performance shares

As at 31 March 2008
Audited information

Name/Date of grant	Options Granted	Options Exercised	Options Closing	Earliest date exercisable	Latest exercise date
G D Connell					
December 2007	46,875	–	46,875	14/12/2010	14/06/2011
G McFaull					
December 2007	58,593	–	58,593	14/12/2010	14/06/2011
N Sullivan					
December 2007	35,156	–	35,156	14/12/2010	14/06/2011

There have been no changes in the number of performance shares held by executive directors between 1 April 2008 and 4 June 2008.

Variation in share capital – If there is a variation in the equity share capital of Wincanton, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital, or a demerger, a special dividend or distribution, the Remuneration Committee may adjust the number or class of shares comprised in a conditional award.

Takeover – In the case of a company taking control of the Company, an award vests but only to the extent that any performance condition has been satisfied. An award will not vest to the extent that an offer to exchange the award is made.

Schemes of arrangement – When a court sanctions a scheme, an award vests but only to the extent that any performance condition has been satisfied. An award will not vest to the extent that an offer to exchange the award is made.

Demerger or other corporate event – If the Directors become aware that the Company is, or is expected to be, affected by any demerger, dividend in specie, super dividend or other transaction which affect the current or future value of any option, an award vests but only to the extent that any performance condition has been satisfied.

Shares held by the Employee Share Trust are not directly held in relation to the PSP and therefore there are no restrictions on the transfer of shares and nor are there any voting right restrictions in relation to the PSP. On exercise, exercised shares will be held directly by the participant and have full voting rights and can be transferred without any restriction. Where an employee leaves (other than for the reasons of injury or disability, redundancy, a transfer of employment which is subject to the Transfer of Undertaking (Protection of Employment) Regulations 2006, a change of control or other circumstances giving rise to the participant's employing company ceasing to be an associated company of any participating company or retirement on or after reaching retirement age), they lose their entitlement to their options. If however they leave for one of the above mentioned reasons a participant must wait until the natural vesting date of the performance shares whereupon their entitlement will be time pro rated. On exercise, income tax and National Insurance contributions are payable on the gain made by the participant.

Matching Shares

Original Share Match Incentive Scheme

The original Share Match Incentive Scheme 2003 ('SMIS') continues to offer senior managers the opportunity to voluntarily purchase Wincanton shares and lodge them with the Trust, in its capacity as nominee, in return for the opportunity to earn matching shares after a further 3 years. Lodged shares need to be held for at least 3 years to qualify for any matching shares. Awards under the original SMIS were not made to the Executive Board, including Executive Directors, in 2007. Instead, they received an award under the revised SMIS, details of which are given on page 45. Senior managers can voluntarily invest 10%-50% of their bonus into the SMIS with a 1:1 match. For Executive Directors the minimum (mandatory) investment was 25%, and the maximum voluntary investment a further 75%, of their net annual bonus. For Executive Directors, those mandatory lodged shares, subject to performance conditions will be matched after 3 years on a 1:1 basis with voluntarily lodged shares matched on a 2:1 basis. No shares have been lodged in excess of the mandatory amount by Executive Directors under the original SMIS.

Matching shares are intended as an incentive to generate future long-term Company value rather than a reward for past performance. Matching shares were awarded to 41 senior managers (excluding Executive Directors) in July 2007 (40 in July 2006).

Matching shares granted under the original SMIS are subject to two vesting conditions: continued employment and Company performance where, the average annual growth in the Group's underlying EPS figure published in the audited accounts must, in a three-year period, equal or exceed the average annual growth in the Government's Retail Price Index plus 3.0% over the same period

This performance condition is considered appropriate and in line with market practice. It seeks to achieve commonality of goals between optionholders and shareholders. On vesting the options have a 6 month exercise period.

There have been 3 awards of matching shares and the relevant three-year periods are, for each of these awards, as follows:

Date of grant	Performance period	Performance status
June 2005	The three consecutive financial years ended 31 March 2008	Passed[1]
July 2006	The three consecutive financial years ended 31 March 2009	Untested
July 2007[2]	The three consecutive financial years ended 31 March 2010	Untested

[1] Subject to the continued employment condition.
[2] The Executive Board, including Executive Directors, were not included in this grant.

Matching shares are classed as nil cost options for the purposes of the plan rules.

Executive Directors' interests in matching shares granted under original SMIS

As at 31 March 2008
Audited information

Name/Date of grant	Options Opening	Options Closing	Earliest date exercisable	Latest exercise date
G D Connell				
June 2005	6,183	6,183	29/06/2008	29/12/2008
July 2006	10,646	10,646	13/07/2009	13/01/2010
G McFaull				
June 2005	5,661	5,661	29/06/2008	29/12/2008
July 2006	12,743	12,743	13/07/2009	13/01/2010
N Sullivan				
June 2005	4,024	4,024	29/06/2008	29/12/2008
July 2006	6,701	6,701	13/07/2009	13/01/2010

The number of shares lodged by the Executive Directors and which are used to determine the matching award are recorded on page 47. There have been no changes in the number of matching shares held by Executive Directors between 1 April 2008 and 4 June 2008.

Takeover – In the case of a company taking control of the Company, options may be exercised within the 6 month period after the company making the offer has obtained control. An award vests but only to the extent that any performance condition has been satisfied and on a time apportioned basis.

Company reconstruction – If the court sanctions a scheme for the reconstruction of the Company or its amalgamation with any other companies, options may be exercised within the 6 month period after the date of the court sanction. An award vests but only to the extent that any performance condition has been satisfied and on a time apportioned basis.

Winding-up – If notice is given of a general meeting of the Company at which a resolution will be proposed for the voluntary winding-up of the Company, optionholders shall be entitled at any time prior to the commencement of such winding-up to exercise their options conditionally upon the commencement of the winding-up. An award vests but only to the extent that any performance condition has been satisfied and on a time apportioned basis.

Except for those shares held by the Trust in its capacity as nominee, shares held by the Trust are not directly held in relation to the SMIS and therefore there are no restrictions on the transfer of shares and nor are there any voting right restrictions in relation to the SMIS. On exercise, exercised shares will be held directly by the participant and have full voting rights and can be transferred without any restriction. Participants are entitled to vote on the shares lodged under the terms of the scheme and held by the Trust in its capacity as nominee. Participants are free to transfer lodged shares out of the Trust at any time but in doing so they lose their entitlement to the proportional amount of matching shares. Where an employee leaves (other than for the reasons of injury or disability, redundancy, a transfer of employment which is subject to the Transfer of Undertaking (Protection of Employment) Regulations 2006, a change of control or other circumstances giving rise to the participant's employing company ceasing to be an associated company of any participating company or retirement on or after reaching retirement age) they lose their entitlement to their matching shares. If however they leave for one of the above mentioned reasons subject to the performance condition, their entitlement will be time pro rated and a participant has 6 months in which to exercise. On exercise, income tax and National Insurance contributions are payable on the gain made by the participant; the Company has elected to pay these charges on behalf of participants.

Revised Share Match Incentive Scheme

As part of the review by the Remuneration Committee of executive incentives, shareholders at the 2007 AGM approved revised rules of the SMIS. The scheme rules were revised to increase its motivational effectiveness and strengthen the alignment of the Executive Board with shareholders. The principal changes were to the maximum individual limits, including the basis on which lodged shares are purchased and matching shares awarded. The revisions were made in conjunction with the implementation of the PSP.

The revised scheme gives members of the Executive Board, including Executive Directors, the opportunity to purchase Wincanton shares with a value of up to 50% of their net annual basic salary (100% of their net annual basic salary in respect of the first award made in December 2007) and lodge those shares with the Trust, in its capacity as nominee, in return for the opportunity to earn matching shares after a further 3 years. The minimum investment for Executive Directors is 25% of their net annual bonus. Lodged shares need to be held for at least 3 years to qualify for any matching shares. Participants have the opportunity to earn matching shares, subject to performance conditions, with a total market value in any one financial year of up to 200% of gross annual salary, or up to 400% of gross annual salary in respect of the first award made in December 2007. All matching shares would be forfeited if a participant resigns or withdraws their investment within 3 years from the start of the performance period. Dividends will be accrued on matching shares over the performance period but paid at vesting and only on those matching shares that vest.

Matching shares are intended as an incentive to generate future long-term Company value rather than a reward for past performance and the first awards of such matching shares were made to 14 participants in December 2007.

Matching shares granted under the revised SMIS are subject to the following two vesting conditions: continued employment and Company performance. The performance conditions are significantly more stretching than for previous awards, as follows; 50% of the matching award will vest subject to the Company's TSR performance over 3 years equalling or exceeding that of the FTSE250 Index over the same period (the 'TSR Award'), and 50% of the matching award will vest subject to underlying EPS performance over 3 years (the 'EPS Award') equalling or exceeding the target. 10% of the TSR award will vest if the TSR performance equals the TSR of the FTSE 250 index, rising on a straight-line basis to 100% vesting of the TSR Award if the TSR performance is equal to or greater than 20% per annum in excess of the TSR of the FTSE250 Index (where the TSR of the FTSE250 Index is measured using the change in the FTSE 250 Index multiplied by the Index dividend yield). 10% of the EPS Award will vest if the compound annual growth in underlying EPS equals 6% per annum, rising on a straight-line basis to 100% vesting of the EPS Award if compound annual growth in underlying EPS equals or exceeds 15 per cent per annum.

The Remuneration Committee believes that underlying EPS growth is a good measure of success for Wincanton, and provides good line-of-sight for executives, and that TSR performance against the FTSE250 Index provides a good relative benchmark of Wincanton's performance and provides good alignment with shareholders. The Remuneration Committee believes that the sliding scale for each of the performance targets will provide a better relationship between pay and performance, and be more motivational to the participants. Subject to passing the performance conditions and the options vesting, participants have a six-month exercise period.

The relevant three-year period for the matching share award is as follows:

Date of grant	Performance period	Performance status
December 2007	The three consecutive financial years ended 31 March 2010	Untested

Matching shares are classed as nil cost options for the purposes of the plan rules.

Executive Directors' maximum interests in matching shares under revised SMIS

As at 31 March 2008
Audited information

Name/Date of grant	Options Opening	Options Granted	Options Closing	Earliest date exercisable	Latest exercise date
G D Connell					
December 2007	–	375,000	375,000	14/12/2010	14/06/2011
G McFaull					
December 2007	–	468,750	468,750	14/12/2010	14/06/2011
N Sullivan					
December 2007	–	281,250	281,250	14/12/2010	14/06/2011

The number of shares lodged by the Executive Directors and which are used to determine the matching award are recorded on page 47. There have been no changes in the number of matching shares held by Executive Directors between 1 April 2008 and 4 June 2008.

If there is a takeover, reconstruction, amalgamation or winding-up of Wincanton, the same rules apply in respect of the revised SMIS as to the original SMIS as noted above, as do the comments in respect of transfers, voting rights, exercise and entitlements on leaving employment.

Share Incentive Plan

The Company operates a Share Incentive Plan approved by HMRC, which includes partnership, matching and dividend shares. After 3 months continuous service, all UK resident employees are eligible to participate in the Wincanton plc Share Incentive Plan 2003 ('SIP'). The SIP is 'evergreen' allowing people to, within certain limits, join the plan, leave the plan and vary their contribution at any time.

Employees are invited to buy partnership shares from pre-tax salary with a maximum investment in each tax year of £1,500 or 10% of annual salary, if less. Partnership shares are purchased every month. Employees can withdraw partnership shares from the SIP at any time although there are tax advantages if the shares are retained in the SIP for more than three years.

Where employees buy partnership shares, the Company awards matching shares on a basis of one matching share for every four partnership shares acquired. There are tax advantages if matching shares are retained in the SIP for at least three years. Where a participant (other than for the reasons of injury or disability, redundancy, a transfer of employment which is subject to the Transfer of Undertaking (Protection of Employment) Regulations 2006, a change of control or other circumstances giving rise to the participant's employing company ceasing to be an associated company of any participating company or retirement on or after reaching retirement age) chooses to transfer partnership shares out of the SIP within three years of the date of purchase, entitlement to those matching shares which were awarded in respect of those partnership shares will be lost.

Cash dividends paid on the partnership shares are automatically reinvested to purchase dividend shares up to a value of £1,500 per year. Employees can withdraw dividend shares from the SIP at any time although there are tax advantages if the shares are retained in the SIP for more than three years.

Executive Directors' interests in the SIP

As at 31 March 2008
Audited information

	At 1 April 2007			At 31 March 2008		
	Partnership shares	Matching shares	Dividend shares	Partnership shares	Matching shares	Dividend shares
G McFaull	976	244	46	1,366	341	101
N Sullivan	976	244	46	1,366	341	101

Between 1 April 2008 and 4 June 2008, 74 partnership shares were purchased by and 19 matching shares awarded to each of the Executive Directors included in the above table.

In the event of a company reconstruction, which results in a holding of new shares such as a take-over or reorganisation, the new shares may be treated as equivalent to the old shares held for the purposes of the SIP at the date of the reconstruction. No specific restrictions apply to the transfer of shares held under the SIP however; the timing of a transfer may result, as mentioned above, in a tax charge being incurred and an entitlement to matching shares lost. Participants are entitled to vote on the all shares held under the terms of the SIP.

Executive Directors' shareholdings

We believe it is important that the interests of Executive Directors should be closely aligned with those of shareholders. The long-term incentives provide considerable alignment.

As at 31 March 2008, the Executive Directors held the following shares:

	Partnership shares held under the SIP		Lodged shares held under the SMIS		Unrestricted shares held		Total shares held		Percentage of net salary	
	31/03/08	31/03/07	31/03/08	31/03/07	31/03/08	31/03/07	31/03/08	31/03/07	31/03/08	31/03/07
G D Connell	–	–	72,141	16,829	6,584	52,255	78,725	69,084	128%	126%
G McFaull	1,366	976	87,544	18,404	–	15,000	88,910	34,380	116%	50%
N Sullivan	1,366	976	52,209	10,725	1,000	1,000	54,575	12,701	118%	34%

During the year, G McFaull sold 64,781 shares and N Sullivan sold 81,999 shares. These shares were sold solely with the purpose of funding an exercise of executive share options which was itself done to lodge shares under the terms of the revised SMIS.

There were no changes in the Directors' personal holdings between 1 April 2008 and 4 June 2008 except for those in relation to the SIP detailed on page 46. None of the Directors held any shares non-beneficially nor had any interest in the shares of any subsidiary undertakings.

Dilution

Newly issued shares are currently used to satisfy the exercise of executive share options granted on or before December 2004; all other long-term incentives are satisfied by shares delivered by the Trust, that buys the shares on the market using funding from the Company. For those options granted in December 2004 and for leavers of other option grants, the Trust 'equity settles' those options granted under the Unapproved executive share option scheme. It is considered that by equity settling an option exercise, the participant does not suffer detrimental effect and the shares purchased by the Trust will be available to meet more of the outstanding options on exercise. Newly issued shares are also issued to satisfy the exercise of sharesave options. The last grant of options under the Wincanton plc Sharesave Scheme 2001 ('SAYE') matured on 1 March 2008 and any options outstanding on 31 August 2008 will lapse. Executive Directors did not participate in the SAYE scheme.

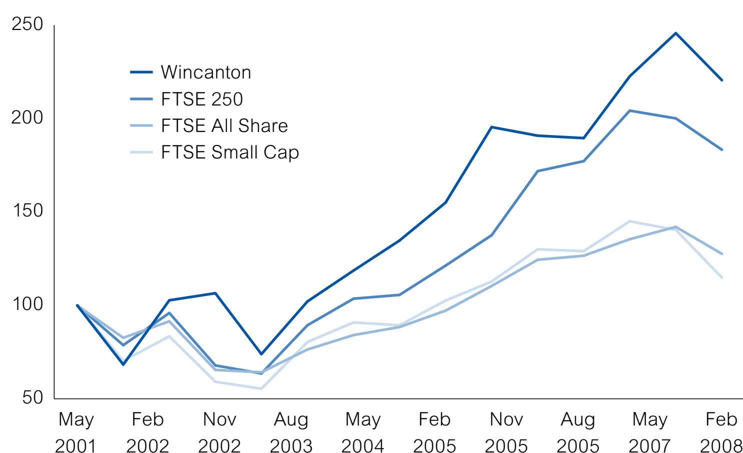
In accordance with the ABI guidelines and scheme rules, the Company can issue a maximum of 10% of its issued share capital in a rolling 10-year period to employees under all its share plans. Within this 10%, the Company can only issue 5% to satisfy awards under discretionary or executive plans. The table below sets out the level of dilution against these limits as at 31 March 2008.

	Total dilution
All share plans (maximum 10%)	6%
Discretionary share plans (maximum 5%)	4%

Total Shareholder Return

The following graph charts the total cumulative shareholder return of the Company since the date of first listing of the Company's shares on the London Stock Exchange on 18 May 2001, against the FTSE All Share, FTSE Small Cap and FTSE 250 indices in which the Company's shares are listed.

TSR since demerger



Source: Thomson Financial Datastream

Outside appointments
Wincanton allows Executive Directors and other appropriate senior employees to accept a maximum of one non-executive appointment outside the Company, subject to permission from the Remuneration Committee and provided there are no conflicts of interest as it is believed that such appointments can enhance Directors' experience and value to the Company. Accordingly, G D Connell is the Senior Independent non-executive Director and Chairman of the Audit Committee of Pennon Group plc, and the retention by him of the fees of £46,650 for the year ended 31 March 2008 (2007: £43,458) has been approved by the Board.

Non-executive Directors' reward
Non-executive Directors do not participate in any of the Company's incentive or benefit plans. Their fees are reviewed annually, having regard to competitive market practice, supported by research through external independent surveys. The Remuneration Committee and the Chief Executive set the Chairman's fees; the Board as a whole sets those for the other non-executive Directors.

Fees were last reviewed in January 2008 leading to a £5,000 increase in the annual fee for non-executive Directors, with all other fees remaining unchanged.

Non-executive Directors' fees
Audited information

	Annual fees £'000	Committee chair fees £'000	2008 Total fees £'000	2007 Total fees £'000
J Cox	41	–	41	40
P G Cox	41	8	49	48
D A Edmonds	41	8	49	48
N England[1]	–	–	–	–
Dr W Hasselkus	41	–	41	40
A D Malpas	115	–	115	115

[1] Appointed on 3 June 2008.

Non-executive Directors' shareholdings

	Opening	Purchased	Disposed	Closing
J Cox	2,052	5,500	–	7,552
P G Cox	5,000	–	–	5,000
D A Edmonds	5,000	10,000	–	15,000
N England[1]	–	–	–	–
Dr W Hasselkus	5,000	–	–	5,000
A D Malpas	48,750	–	–	48,750

[1] Appointed on 3 June 2008.

The highest and lowest prices of the Company's shares during the year were 435.5p and 314.25p respectively. The price at the year end was 345.375p.

This Remuneration report was approved by the Board on 4 June 2008 and was signed on its behalf by:

Charles Phillips
Secretary
Methuen Park
Chippenham
Wiltshire
SN14 0WT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINCANTON PLC

We have audited the Group and parent Company financial statements (the 'financial statements') of Wincanton plc for the year ended 31 March 2008 which comprise the Consolidated income statement, the Consolidated statement of recognised income and expense, the Consolidated and parent Company balance sheets, the Consolidated statement of cash flows, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the parent Company financial statements and the Directors' remuneration report in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice 'UK GAAP') are set out in the Statement of Directors' responsibilities on page 36.

Our responsibility is to audit the financial statements and the part of the Directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements. The information given in the Directors' report includes that specific information presented in the Business review which is cross referenced from the Directors' report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate governance statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' remuneration report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 March 2008 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the parent Company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the parent Company's affairs as at 31 March 2008;
- the parent Company financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
100 Temple Street
Bristol
BS1 6AG

4 June 2008

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 £m	2007 £m
Revenue	2	**2,164.7**	1,933.1
Underlying operating profit		**52.4**	45.5
Amortisation of acquired intangibles	2	**(5.5)**	(3.2)
Exceptional restructuring costs and income	3	**(4.5)**	(6.0)
Other exceptional income	3	**4.9**	6.2
Operating profit	3	**47.3**	42.5
Financing income	5	**3.7**	3.7
Financing cost	5	**(14.5)**	(13.6)
Net financing costs		**(10.8)**	(9.9)
Share of results of associates	13	**0.2**	–
Profit before tax		**36.7**	32.6
Income tax expense	6	**(11.7)**	(9.6)
Profit for the year		**25.0**	23.0
Attributable to			
– equity shareholders of Wincanton plc		**24.5**	22.9
– minority interests		**0.5**	0.1
Profit for the year		**25.0**	23.0
Earnings per share			
– basic	7	**21.0p**	19.7p
– diluted	7	**20.6p**	19.4p
Dividends paid in the year to equity shareholders of Wincanton plc (£m)	8	**16.2**	14.9

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 £m	2007 £m
Actuarial gains on defined benefit pension schemes (net of deferred tax)		**43.6**	9.4
Net foreign exchange gain on investment in foreign subsidiaries net of hedged items		**1.0**	–
Tax taken directly to equity	6	**0.2**	0.7
Net gain recognised directly in equity		**44.8**	10.1
Profit for the year		**25.0**	23.0
Total recognised income and expense for the year	23	**69.8**	33.1
Attributable to			
– equity shareholders of Wincanton plc		**69.3**	33.0
– minority interests		**0.5**	0.1
Total recognised income and expense for the year		**69.8**	33.1

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2008

	Note	2008 £m	2007 £m
Non-current assets			
Goodwill and intangible assets	9	**142.7**	113.2
Property, plant and equipment	10	**231.0**	211.4
Investments, including those equity accounted	11	**0.8**	0.6
Deferred tax assets	15	**2.2**	11.8
		376.7	337.0
Current assets			
Inventories	16	**9.4**	8.2
Trade and other receivables	17	**402.0**	331.1
Cash and cash equivalents	18	**67.4**	60.9
		478.8	400.2
Current liabilities			
Income tax payable		**(8.6)**	(4.4)
Borrowings	19	**(10.0)**	(1.6)
Trade and other payables	20	**(520.2)**	(444.1)
Employee benefits	26	**(8.9)**	(7.7)
Provisions	21	**(19.2)**	(20.1)
		(566.9)	(477.9)
Net current liabilities		**(88.1)**	(77.7)
Total assets less current liabilities		**288.6**	259.3
Non-current liabilities			
Borrowings	19	**(161.9)**	(125.1)
Other payables	20	**(1.4)**	(5.0)
Employee benefits	26	**(31.8)**	(99.6)
Provisions	21	**(39.6)**	(42.0)
Deferred tax liabilities	15	**(16.9)**	(1.3)
		(251.6)	(273.0)
Net assets/(liabilities)		**37.0**	(13.7)
Equity			
Issued share capital	23	**12.1**	12.0
Share premium	23	**11.9**	9.6
Merger reserve	23	**3.5**	3.5
Translation reserve	23	**3.7**	2.7
Retained earnings	23	**5.4**	(41.8)
Equity/(equity deficit) attributable to shareholders of Wincanton plc		**36.6**	(14.0)
Minority interest	23	**0.4**	0.3
Total equity/(equity deficit)		**37.0**	(13.7)

These financial statements were approved by the Board of Directors on 4 June 2008 and were signed on its behalf by:

G McFaull
Chief Executive

G D Connell
Group Finance Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2008

	2008 £m	2007 £m
Operating activities		
Profit before tax	**36.7**	32.6
Adjustments for		
– depreciation and amortisation	**38.6**	35.1
– interest expense	**10.8**	9.9
– income from associates	**(0.2)**	–
– profit on sale of property, plant and equipment	**(4.7)**	(9.3)
– share-based payments fair value charges	**2.7**	1.6
Operating profit before changes in working capital and provisions	**83.9**	69.9
Increase in trade and other receivables	**(30.8)**	(10.3)
Increase in inventories	**(0.5)**	(0.4)
Increase in trade and other payables	**30.2**	15.0
Decrease in provisions	**(7.0)**	(3.1)
Decrease in employee benefits	**(7.6)**	(29.6)
Income taxes paid	**(5.3)**	(1.4)
Cash generated from operations	**(21.0)**	(29.8)
Cash flows from operating activities	**62.9**	40.1
Investing activities		
Proceeds from sale of property, plant and equipment	**18.1**	32.2
Proceeds from sale of unlisted trade investments	**–**	0.1
Interest received	**2.0**	1.7
Acquisitions net of cash acquired and debt repaid on acquisition	**(32.4)**	(29.7)
Acquisition of property, plant and equipment	**(42.9)**	(29.5)
Cash flows from investing activities	**(55.2)**	(25.2)
Financing activities		
Proceeds from the issue of share capital	**2.3**	3.1
Disposal of own shares on exercise of options	**0.4**	1.2
Own shares acquired	**(7.9)**	–
Increase in borrowings	**30.1**	13.4
Payment of finance lease liabilities	**(1.1)**	(1.6)
Dividends paid to minority interest in subsidiary undertakings	**(0.4)**	(0.1)
Equity dividends paid	**(16.2)**	(14.9)
Interest paid	**(11.9)**	(10.9)
Cash flows from financing activities	**(4.7)**	(9.8)
Net increase in cash and cash equivalents	**3.0**	5.1
Cash and cash equivalents at beginning of year	**60.9**	56.1
Effect of exchange rate fluctuations on cash held	**3.5**	(0.3)
Cash and cash equivalents at end of year	**67.4**	60.9
Represented by		
– cash at bank and in hand	**40.9**	33.5
– restricted cash, being deposits held by the Group's captive insurer	**26.5**	27.4
	67.4	60.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

Statement of compliance

Wincanton plc is a company incorporated in the UK. The Group's consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"), plus proportionately consolidate the Group's interest in jointly controlled entities and equity account the Group's interest in associates.

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the International Accounting Standards Board (IASB) and by the European Union (EU) and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS (Adopted IFRS).

The following standards or interpretations issued by the IASB or the IFRIC have been adopted by the EU but only become effective for accounting periods commencing after 31 March 2008:

IFRS 8, Operating Segments, is effective for annual periods beginning on or after 1 January 2009 and the Group plans to apply it from 1 April 2009. The standard requires the presentation of segmental information based on internal reports used by the Group's Board in order to allocate resources and make decisions about operating matters. The Group does not believe the adoption of this standard will have a significant effect either on the consolidated results or financial position of the Group or on disclosures.

The following standards are not yet effective and have not yet been adopted by the EU and therefore cannot be early adopted by the Group:

IAS 1 (Amendment), Presentation of Financial Statements: A Revised Presentation is effective for annual periods beginning on or after 1 January 2009. The revised standard will impact on the presentation of the Group financial statements requiring that all items of income and expense (including those currently recognised through equity) are presented in either a single statement (a 'statement of comprehensive income') or in two statements (a separate 'income statement' and 'statement of comprehensive income'). In the limited circumstances where an accounting policy is retrospectively applied or an item is reclassified an additional balance sheet (statement of financial position) for the beginning of the earliest comparative period will be required. The statement of changes in equity, currently presented as a note will be presented as a separate financial statement. The Group will apply IAS 1 (Amendment) from 1 April 2009, subject to EU endorsement.

IFRS 2 (Amendment) Share-based payment: Vesting Conditions and Cancellations, is effective for annual periods beginning on or after 1 January 2009 with retrospective application to share plans in issue at that time. The amendment to the standard clarifies the definition of vesting conditions and the accounting treatment of cancellations. The main impact of the amendment for the Group will be in the treatment of employees who cease to save under an SAYE arrangement or cease to participate in a share matching arrangement, which will be treated as cancellations and the amount of expense that would have been recognised over the remainder of the vesting period is recognised immediately as an expense. The Group will apply IFRS 2 (Amendment) from 1 April 2009, subject to EU endorsement.

IFRS 3 Business Combinations (Revised) and IAS 27 (Amendment) Consolidated and Separate Financial Statements, are effective for annual periods beginning on or after 1 July 2009. The changes introduced by the standards include the expensing of acquisition related costs, a greater emphasis on fair value and the requirement to remeasure interests at the time when control is achieved or lost. The Group will apply IFRS 3 (Revised) and IAS 27 (Amendment) to business combinations from 1 April 2010, subject to EU endorsement.

IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory minimum funding requirement.

The Group does not currently believe the adoption of these standards or interpretations will have a significant effect, with the exception of changes to disclosures, on the consolidated results or financial position of the Group.

The Company has elected to prepare its parent Company financial statements in accordance with UK Accounting Standards; these are presented on pages 82 to 85 and these present information about the Company as a separate entity and not about its group.

Basis of preparation

The Group and parent Company financial statements are presented in pounds sterling, rounded to the nearest hundred thousand. They are prepared on the historical cost basis except where assets or liabilities are required to be stated at their fair value.

The preparation of Group financial statements under Adopted IFRS and parent Company financial statements under UK Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and/or in future periods if applicable. Judgements made by management in the application of Adopted IFRS that have significant effect on the Group financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes to these consolidated financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements with the exception of first time application of IFRS 7 – Financial Instruments: disclosures; the consequential amendment to IAS 1 – Presentation and Financial Statements; IFRIC 10 – Interim Financial Reporting and Impairment and IFRIC 11 IFRS 2 – Group and Treasury Shares Transactions. Adoption of these standards and interpretations has not had a material effect on the reported results or financial position of the Group for either period.

Basis of consolidation

The consolidated Group financial statements include the financial statements of the Company and its subsidiary undertakings made up to the balance sheet date. When the Company acquired the Wincanton group of companies upon demerger from the former parent in May 2001, the changes in group structure were accounted for using the principles of merger accounting available under UK GAAP at the time. Businesses acquired or disposed of since then have been accounted for using acquisition accounting principles from or up to the date control passed.

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from or up to the date that control passed.

Associates are those entities in which the Group has significant influence, but not control. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from or up to the date that significant influence passes. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the assets, liabilities, revenue and expenses which are included with items of a similar nature on a line-by-line basis, from or up to the date that joint control passes.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities.

In accordance with IFRS 3 'Business Combinations', the fair value adjustments relating to acquisitions in the prior year are, if applicable, reviewed and revised and these adjustments are reflected at the date of acquisition and the prior year balance sheet restated accordingly. Details of such adjustments are given in the Acquisitions note to the consolidated financial statements.

In respect of acquisitions prior to transition to Adopted IFRS, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP. Wincanton elected on transition to Adopted IFRS to apply the exemption under IFRS 1 that the classification and accounting treatment of business combinations that occurred prior to 1 April 2004 was not reconsidered in preparing the opening IFRS balance sheet at 1 April 2004.

Goodwill is stated at cost less any impairment losses (see below). Goodwill is allocated to cash-generating units and under Adopted IFRS is not amortised but is tested annually for impairment (see below). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Other intangible assets

Intangible assets arising under a business combination (acquired intangible assets) are capitalised at fair value as determined at the date of acquisition and are stated at that fair value less accumulated amortisation (see below) and impairment losses (see below).

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of acquired intangible assets from the date they are acquired. The estimated useful lives are as follows:

Customer relationships	7 to 15 years
Software rights	1 to 5 years
Trademarks and logos	1 to 5 years

The cost of computer software purchased or developed in-house which has the capacity to generate economic benefits for a period in excess of one year is capitalised as an intangible asset. Amortisation is charged to the income statement on a straight-line basis over the following estimated useful lives:

Computer software costs	3 to 5 years

Property, plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see below). The cost of tangible assets includes directly attributable costs, including appropriate commissioning costs. The cost of financing the construction of major properties is included in their capitalised cost. The interest rate applied represents the actual finance costs incurred on the funds borrowed specifically to construct the asset.

Plant and equipment acquired by way of finance lease is stated at deemed cost, being an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see below). Lease payments are accounted for as described in the accounting policy on expenses. Finance leases are those under the terms of which the Group assumes substantially all the risks and rewards of ownership.

Subsequent expenditure

The Group recognises in the carrying amount of an item of property, plant and equipment the costs incurred in replacing part of such an item if it is probable that the future economic benefits will flow to the Group and when the cost can be measured reliably. All other such costs, including the derecognition of the replaced part of the item, are expensed in the income statement as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold and long leasehold buildings	50 years
Short leasehold improvements	life of lease
Plant and equipment, furniture and fittings	5 to 25 years
Office machinery and computers	3 to 5 years
Motor vehicles	5 to 10 years

The range of useful economic lives given reflects the fact that assets held for specific contracts are depreciated over the lives of those contracts.

The residual value of tangible assets, if significant, is reassessed annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Trade and other receivables
Trade and other receivables are stated at their fair value on initial recognition (discounted if material) and subsequently at amortised cost, i.e. less any impairment losses (see below).

Cash and cash equivalents
Cash and cash equivalents comprises cash balances, restricted cash and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management process are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other payables
Trade and other payables are stated at fair value at initial recognition and subsequently at amortised cost.

Foreign currency
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on such translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to sterling at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

The Group has taken advantage of the exemption available in IFRS 1 to deem the cumulative translation differences for all investments in foreign operations to be zero at 1 April 2004, the date of transition to Adopted IFRS. Exchange differences arising after 1 April 2004 from the translation of the net investment in foreign operations, and of related hedges are taken to a translation reserve. They are released into the income statement upon disposal.

Employee benefits
The Group operates defined contribution and defined benefit pension schemes. The assets of these schemes are held separately from those of the Group. The Group's investment strategy is to maximise investment returns with a key area for management attention being meeting the Group's funded defined benefit obligations. In accordance with this strategy certain investments are designated at fair value and are accounted for as set out below.

Defined contribution schemes
Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

Defined benefit schemes
The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any scheme assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit method.

When the benefits of a scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately the expense is recognised immediately in the income statement.

All actuarial gains and losses as at 1 April 2004, the date of transition to Adopted IFRS, have been recognised in equity under the provisions of IAS 19 'Employee Benefits' (Revised). Any actuarial gains and losses that arise subsequent to 1 April 2004 in calculating the Group's obligation in respect of a scheme are recognised in full through equity in the statement of recognised income and expense.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the present value of any future refunds from the scheme or reductions in future contributions to the scheme.

Share-based payment transactions
From 1 April 2004 the Group has applied the requirements of IFRS 2 'Share-based Payments' to the grants of options made under the Executive, Performance Share Plan, Share Match Incentive and Sharesave Option schemes. In accordance with the transition provisions, IFRS 2 has been applied to all grants after 7 November 2002 that had not vested as at 1 January 2005.

The Group issues options under equity-settled share-based incentive schemes to certain employees which are measured at the date of grant as the fair value of the employee services required in exchange for the grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by an external valuer using the Binominal or scenario-modelling methods as appropriate. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A number of shares in the Company are held in trust on behalf of employees who hold options under the Group's equity-settled share-based incentive schemes. Such shares are held by an employee benefit trust and are treated as treasury shares and shown in the balance sheet as a deduction from equity.

Other share schemes
Shares awarded on a matching basis to employees participating in the Company's Share Incentive Plan are purchased at the prevailing market rate and charged to the income statement each period as the employee makes an eligible contribution. The shares purchased are held in a separately administered offshore trust for the benefit of the Plan participants.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

The Group provides for insurance claims on an appropriate discounted basis depending on the expected timing of their settlement. Provision is made for the estimated costs of claims arising from past events based on the advice of the Group's external insurance advisors.

Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is considered for impairment testing if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. If any such indication exists, the asset's recoverable amount is estimated. The two exceptions are dealt with as per the separate applicable accounting policy. For trade receivables specific bad debts are provided against unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the amount of goodwill allocated to the applicable cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of a receivable carried at amortised cost is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised and if the reversal can be related objectively to an event occurring after the impairment was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Revenue recognition

Revenue from services rendered is recognised in the income statement on the delivery of those services based on the proportion of the total delivered at the balance sheet date. Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Certain distribution contracts oblige Wincanton to purchase goods from third parties and sell them on to the customer at cost. As Wincanton is rewarded for the physical distribution service provided acting only as an agent in these buy/sell transactions, and as the sale and purchase of the goods have no impact on the operating profit, the amounts invoiced to customers and charged by suppliers for the sale and purchase of these goods are excluded from revenue and cost of sales. Trade and other receivables and payables relating to such transactions are included in the balance sheet.

Expenses

Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

For finance leases the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable and other charges less interest income.

Interest payable on borrowings is calculated using the effective interest rate method. Other charges include bank charges and commission costs, discounts unwound, and losses on hedging instruments that are recognised in the income statement (see hedging accounting policy below).

Interest income includes interest receivable on funds invested and gains on hedging instruments, and these are recognised in the income statement as they accrue.

The interest expense component of finance lease payments is recognised in the income statement using the constant periodic rate of return method.

Net financing costs include the expected return on defined benefit pension scheme assets less the interest on defined benefit pension scheme obligations.

Taxation

Tax on profits or losses for the year comprises current and deferred tax and is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to accumulated profits of overseas subsidiaries to the extent that they will probably not be distributed. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Segment reporting
Segment information is presented in respect of the Group's geographical segments, being the primary segmentation format based on the Group's management and internal reporting structure. As the secondary segment is the business of providing contract logistics services which encompasses the entire scope of Wincanton's operations, no further segmental analysis is required.

The geographical segments are those distinguishable components of the Group that are engaged in providing services within a particular economic environment which is subject to risks and rewards that are different from those of other segments.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments which are accounted for as trading instruments are recognised initially and subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Upon initial recognition attributable transaction costs are recognised in the income statement when incurred.

Fair value hedges
Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are also recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

Hedge of net investment in foreign operations
Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on translation of the liability are recognised directly in equity. Any ineffective position is recognised immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

Hedge of monetary assets and liabilities
Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Interest bearing borrowings which are designated hedged items in a fair value hedge arrangement are carried at fair value (see policy above).

Dividends
Dividends are recognised in the period in which they are declared, approved, or paid.

2 Segment information

Segment information is presented in respect of the Group's geographical segments, being the primary segmentation format based on the Group's management and internal reporting structure. As the secondary segment is the business of providing contract logistics services which encompasses the entire scope of Wincanton's operations, no further segmental analysis is required.

The Group operates in two principal geographical areas, the UK & Ireland, and Mainland Europe. In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of the business operations.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segments

		UK & Ireland		Mainland Europe		Consolidated	
	Note	**2008 £m**	2007 £m	**2008 £m**	2007 £m	**2008 £m**	2007 £m
Revenue[1]		**1,388.7**	1,214.5	**776.0**	718.6	**2,164.7**	1,933.1
Underlying operating profit by segment		**47.2**	42.0	**5.2**	3.5	**52.4**	45.5
Amortisation of acquired intangibles		**(4.0)**	(1.7)	**(1.5)**	(1.5)	**(5.5)**	(3.2)
Exceptional restructuring costs and income		**2.7**	(2.0)	**(7.2)**	(4.0)	**(4.5)**	(6.0)
Other exceptional income		**0.8**	5.8	**4.1**	0.4	**4.9**	6.2
Operating profit		**46.7**	44.1	**0.6**	(1.6)	**47.3**	42.5
Total assets		**512.8**	457.4	**342.7**	279.8	**855.5**	737.2
Total liabilities		**(577.6)**	(574.1)	**(240.9)**	(176.8)	**(818.5)**	(750.9)
Depreciation charges		**(23.2)**	(21.5)	**(8.5)**	(8.4)	**(31.7)**	(29.9)
Amortisation of software intangibles		**(0.7)**	(1.1)	**(0.7)**	(0.9)	**(1.4)**	(2.0)
Capital expenditure							
– property, plant and equipment	10	**33.1**	20.3	**7.8**	8.3	**40.9**	28.6
– software intangibles	9	**1.5**	0.1	**0.8**	0.8	**2.3**	0.9

[1] Revenue derived from sales to external parties only.

In addition to the above external revenue, there were intra-segment sales of £1.7m from UK & Ireland to Mainland Europe (2007: £1.6m) and £2.0m from Mainland Europe to UK & Ireland (2007: £1.4m). All such sales are priced on an arm's-length basis.

The investments in and profits of associated undertakings are all included in the Mainland Europe segment.

3 Operating profit

The Group's results are analysed as follows:

	2008			2007		
	Underlying[1] £m	**Amortisation of acquired intangibles and exceptionals £m**	**Total £m**	Underlying[1] £m	Amortisation of acquired intangibles and exceptionals £m	Total £m
Revenue	**2,164.7**	**–**	**2,164.7**	1,933.1	–	1,933.1
Cost of sales	**(2,074.6)**	**(3.3)**	**(2,077.9)**	(1,850.2)	(3.9)	(1,854.1)
Gross profit	**90.1**	**(3.3)**	**86.8**	82.9	(3.9)	79.0
Administrative expenses	**(37.7)**	**(1.8)**	**(39.5)**	(37.4)	0.9	(36.5)
Operating profit	**52.4**	**(5.1)**	**47.3**	45.5	(3.0)	42.5

[1] Underlying operating profit is stated before amortisation of acquired intangibles and any goodwill impairment and exceptionals.

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	2008 £m	2007 £m
Operating profit before net financing costs is stated after charging:		
Auditors' remuneration		
Audit fees for statutory audit services		
– parent company and consolidation	**0.1**	0.1
– subsidiary undertakings	**0.6**	0.6
Non-audit fees		
– fees paid to the Auditors and their associates for tax advisory services	**0.2**	0.3
– fees paid to the Auditors and their associates for assurance services	**0.1**	0.1
– fees paid to the Auditors and their associates for other services	**0.2**	0.1
Depreciation and other impairment amounts written off property, plant and equipment		
– owned	**30.9**	29.4
– leased	**0.8**	0.5
Amortisation and other amounts written off software intangibles	**1.4**	2.0
Operating lease rentals		
– plant and equipment	**51.2**	43.3
– land and buildings	**63.4**	62.2

Exceptionals

	2008 £m	2007 £m
Exceptional restructuring costs and income		
Reorganisation of operating structures post-acquisition	**(1.0)**	(4.0)
Relocation of UK head office and business rationalisation[1]	**3.7**	0.2
Closure and reorganisation of operations in France and Germany (2007: Spain and Germany)	**(7.2)**	(2.2)
	(4.5)	(6.0)
Other exceptional income		
Property profits – sale of freehold land and buildings	**0.8**	6.2
Partial settlement of the PGN Logistics Ltd arbitration case	**4.1**	–
	4.9	6.2

[1] Includes the profits on sale of the redundant UK head office sites.

Costs and incomes are included as exceptionals where they are non-recurring and where not to do so would distort the reported underlying profit performance of the Group.

4 Personnel expenses, including Directors

	Note	2008 £m	2007 £m
Wages and salaries		**644.5**	596.6
Share-based payments (including IFRS 2 fair value charges)		**3.4**	2.3
Social security contributions		**79.8**	73.6
Contributions to defined contribution pension schemes	26	**4.7**	6.0
Service costs of defined benefit pension schemes	26	**21.4**	17.2
		753.8	695.7

	2008	2007
Average number of persons employed by the Group (including Directors) during the year	**28,200**	27,270

Directors' emoluments

	2008 £'000	2007 £'000
Salaries	**1,062**	988
Bonuses	**756**	644
Other benefits	**59**	64
Non-executive Directors' fees	**295**	291
Total emoluments	**2,172**	1,987

Full details of each individual Director's emoluments, share options and pension entitlements are given in the Directors' remuneration report on pages 40 to 48.

5 Net financing costs

Recognised in the income statement

	Note	2008 £m	2007 £m
Interest income		**2.5**	1.7
Expected return on defined benefit pension scheme assets		**35.5**	32.0
Interest on defined benefit pension scheme obligations		**(34.3)**	(30.0)
		3.7	3.7
Interest expense		**(12.2)**	(11.0)
Finance charges payable in respect of finance leases		**(0.6)**	(0.5)
Unwinding of discount on insurance and other provisions	21	**(1.7)**	(2.1)
		(14.5)	(13.6)
Net financing costs		**(10.8)**	(9.9)

The interest income relates primarily to the deposits held by the Group's captive insurer.

The expected return on assets and the interest on obligations in respect of the defined benefit pension scheme have been combined in the current year and the prior year restated accordingly.

Recognised in equity

	2008 £m	2007 £m
Foreign currency translation differences for foreign operations	**1.0**	–
	1.0	–
Recognised in:		
Translation reserve	**1.0**	–
	1.0	–

6 Income tax expense

	2008 £m	2007 £m
Recognised in the income statement		
Current tax expense		
Current year	**8.7**	1.5
Adjustments for prior years	**0.7**	(1.5)
	9.4	–
Deferred tax expense		
Current year	**3.7**	8.8
Adjustments for prior years	**(1.4)**	0.8
	2.3	9.6
Total income tax expense in the income statement	**11.7**	9.6
Reconciliation of effective tax rate		
Profit before tax	**36.7**	32.6
Income tax using the UK corporation tax rate of 30% (2007: 30%)	**11.0**	9.8
Effect of tax rates in foreign jurisdictions	**(0.3)**	–
Trading losses not recognised	**2.5**	1.9
Non-deductible expenditure	**1.5**	0.7
Capital profits offset by capital losses	**(1.3)**	(2.1)
Adjustments for prior years		
– current tax	**0.7**	(1.5)
– deferred tax	**(1.4)**	0.8
Change in UK tax rate	**(1.0)**	–
Total tax charge for the year	**11.7**	9.6
Recognised in equity		
Tax taken directly to equity	**0.2**	0.7

7 Earnings per share

Earnings per share are calculated on the basis of earnings attributable to the equity shareholders of Wincanton plc of £24.5m (2007: £22.9m) and the weighted average of 116.9m (2007: 116.1m) shares which have been in issue throughout the year. The diluted earnings per share are calculated on the basis of an additional 2.1m (2007: 1.8m) shares deemed to be issued at £nil consideration under the Company's share option schemes. The weighted average number of ordinary shares for both basic and diluted earnings per share are calculated as follows:

	2008 millions	2007 millions
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year	**117.2**	114.9
Net effect of shares issued and purchased during the year	**(0.3)**	1.2
	116.9	116.1
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at the end of the year	**116.9**	116.1
Effect of share options on issue	**2.1**	1.8
	119.0	117.9

An alternative earnings per share number is set out below, being before amortisation of acquired intangibles and any goodwill impairment and exceptionals plus related tax, since the Directors consider that this provides further information on the underlying performance of the Group:

	2008 pence	2007 pence
Underlying earnings per share		
– basic	**24.3**	21.0
– diluted	**23.9**	20.7

Underlying earnings are determined as follows:

	2008 £m	2007 £m
Profit for the year attributable to equity shareholders of Wincanton plc	**24.5**	22.9
Exceptional restructuring costs and income	**4.5**	6.0
Other exceptional income	**(4.9)**	(6.2)
Amortisation of acquired intangibles	**5.5**	3.2
Tax on the above items	**(1.2)**	(1.5)
Underlying earnings	**28.4**	24.4

8 Dividends

Under Adopted IFRS dividends are only provided in the financial statements when they become a liability of the Company. The dividends per ordinary share paid in the year are the interim for the current year, paid on 8 January 2008 and the final for the year ended 31 March 2007, paid on 10 August 2007.

These are detailed in the following table:

	2008 £m	2007 £m
Interim dividend of 4.60p (2007: 4.26p) paid in 2008 and 2007 respectively	**5.3**	5.0
Final dividend of 9.29p for 2007 (2006: 8.60p) paid in 2008 and 2007 respectively	**10.9**	9.9
Total dividend paid in the year	**16.2**	14.9

The final dividend proposed for the year ended 31 March 2008 is 10.31p, which if approved will be paid on 8 August 2008 to shareholders on the register on 11 July 2008, total £12.0m.

9 Goodwill and intangible assets

	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
Cost				
At 1 April 2006	57.9	12.8	30.6	101.3
Effect of movements in foreign exchange	(0.6)	(0.3)	(0.2)	(1.1)
Additions	18.9	28.2	0.9	48.0
Disposals	–	–	(1.7)	(1.7)
At 31 March 2007	76.2	40.7	29.6	146.5
At 1 April 2007	**76.2**	**40.7**	**29.6**	**146.5**
Effect of movements in foreign exchange	**5.7**	**2.3**	**1.3**	**9.3**
Additions	**–**	**–**	**2.3**	**2.3**
Acquisition and fair value adjustments	**15.9**	**11.6**	**0.1**	**27.6**
Disposals	**–**	**–**	**(9.4)**	**(9.4)**
At 31 March 2008	**97.8**	**54.6**	**23.9**	**176.3**
Amortisation and impairment losses				
At 1 April 2006	(2.5)	(1.1)	(26.0)	(29.6)
Effect of movements in foreign exchange	–	0.1	0.1	0.2
Charge for year	–	(3.2)	(2.0)	(5.2)
Disposals	–	–	1.3	1.3
At 31 March 2007	(2.5)	(4.2)	(26.6)	(33.3)
At 1 April 2007	**(2.5)**	**(4.2)**	**(26.6)**	**(33.3)**
Effect of movements in foreign exchange	**(0.1)**	**(0.8)**	**(1.3)**	**(2.2)**
Charge for year	**–**	**(5.5)**	**(1.4)**	**(6.9)**
Disposals	**–**	**–**	**8.8**	**8.8**
At 31 March 2008	**(2.6)**	**(10.5)**	**(20.5)**	**(33.6)**
Carrying value				
At 1 April 2006	55.4	11.7	4.6	71.7
At 31 March 2007 and 1 April 2007	73.7	36.5	3.0	113.2
At 31 March 2008	**95.2**	**44.1**	**3.4**	**142.7**

The amortisation charges above of £6.9m (2007: £5.2m) are recognised in the income statement within cost of sales £0.3m (2007: £0.6m) and administrative expenses £1.1m (2007: £1.4m) in respect of the computer software costs and as a separate line in respect of acquired intangibles. The acquired intangibles are primarily customer relationships of net book value £43.8m (2007: £35.2m).

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGU's) which are identified according to geographical segment as follows:

	2008 £m	2007 £m
UK & Ireland	**55.9**	41.0
Mainland Europe	**39.3**	32.7
	95.2	73.7

The UK & Ireland goodwill balance in the above table includes the goodwill arising in respect of the two UK acquisitions made in the year of Hanbury Davies and Swales (see note 22). The goodwill in respect of the former currently remains capable of separate testing for impairment, however in the future it will be fully integrated into the existing Wincanton business and separate identification of future results and cash flows will not be practicable. The Swales acquisition has been fully integrated with the prior year acquisition of RDL and the results and cash flows of the resulting combined construction business have been utilised in testing for impairment.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations are cash flow projections based on the financial budgets and forecasts approved by the Board for the forthcoming financial year and beyond. Cash flows beyond those 12 and further 48-month periods are extrapolated over a further 19 or 16 years respectively using the estimated growth rates and underlying inflation rates stated overleaf, which do not exceed the long-term average growth and inflation rates in the specific geographical areas where the CGU operates. A 20-year cash flow projection period is viewed as appropriate when considering the value-in-use of goodwill.

Key assumptions used for value-in-use calculations:

	UK & Ireland %	Construction %	Hanbury Davies %	France %	Mainland Europe %
Estimated growth rate	2.5	2.5	2.5	2.2	2.0
Underlying inflation rate	2.4	2.4	2.4	1.8	2.1
Discount rate[1]	11.2	11.2	11.2	11.2	11.2

[1]Pre-tax discount rate applied to the cash flow projections

Management determined the growth rate and underlying inflation rate based on expectations for market development and these are consistent with external forecasts and historical trends. The discount rates are pre-tax and reflect the relevant risks.

10 Property, plant and equipment

	Property £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2006	151.9	231.6	383.5
Effect of movements in foreign exchange	(1.0)	(1.4)	(2.4)
Additions	4.7	23.9	28.6
Acquisition and fair value adjustments	1.5	2.6	4.1
Disposals	(20.1)	(22.4)	(42.5)
At 31 March 2007	137.0	234.3	371.3
At 1 April 2007	**137.0**	**234.3**	**371.3**
Effect of movements in foreign exchange	**14.0**	**13.7**	**27.7**
Additions	**2.0**	**38.9**	**40.9**
Acquisition and fair value adjustments	**0.9**	**7.8**	**8.7**
Disposals	**(6.9)**	**(49.3)**	**(56.2)**
At 31 March 2008	**147.0**	**245.4**	**392.4**
Depreciation and impairment losses			
At 1 April 2006	(29.3)	(121.7)	(151.0)
Effect of movements in foreign exchange	0.2	0.8	1.0
Charge for year	(4.7)	(25.2)	(29.9)
Disposals	2.1	17.9	20.0
At 31 March 2007	(31.7)	(128.2)	(159.9)
At 1 April 2007	**(31.7)**	**(128.2)**	**(159.9)**
Effect of movements in foreign exchange	**(3.4)**	**(9.9)**	**(13.3)**
Charge for year	**(4.7)**	**(27.0)**	**(31.7)**
Disposals	**2.9**	**40.6**	**43.5**
At 31 March 2008	**(36.9)**	**(124.5)**	**(161.4)**
Carrying amount			
At 1 April 2006	122.6	109.9	232.5
At 31 March 2007 and 1 April 2007	105.3	106.1	211.4
At 31 March 2008	**110.1**	**120.9**	**231.0**

Included in the total carrying amount of property, plant and equipment is £15.6m (2007: £5.0m) in respect of assets held under finance leases, and in cost is £2.7m (2007: £4.4m) in respect of capitalised finance costs.

The carrying amount of property comprises:

	2008 £m	2007 £m
Freehold	**69.5**	66.7
Short leasehold	**40.6**	38.6
	110.1	105.3

11 Investments

	2008 £m	2007 £m
Group non-current investments		
Unlisted trade investments	**0.3**	0.3
Equity accounted associates	**0.5**	0.3
	0.8	0.6

12 Investments in subsidiaries

The significant subsidiaries in the Wincanton group of companies, based on the scale of their activities, are as follows:

	Principal activity	% of equity held	Country of incorporation
Wincanton Holdings Limited	Contract logistics services	100	England and Wales
Wincanton Group Limited	Contract logistics services	100	England and Wales
Wincanton International Limited[1]	Intermediate holding company	100	England and Wales
Wincanton UK Limited[1]	Intermediate holding company	100	England and Wales
Wincanton Ireland Limited	Contract logistics services	100	Republic of Ireland
Risk Underwriting (Guernsey) Limited	Captive insurer	100	Guernsey
Wincanton GmbH	Contract logistics services	100	Germany
Rhenania Intermodal Transport GmbH	Contract logistics services	100	Germany
Wincanton Mondia S.A.	Contract logistics services	100	France
Wincanton S.A.S	Contract logistics services	100	France
Wincanton B.V.	Contract logistics services	100	The Netherlands
Rhinecontainer B.V.	Contract logistics services	74.2	The Netherlands
Wincanton Magyarország Logisztikai Kft	Contract logistics services	100	Hungary
Wincanton Polska Sp. z.o.o.	Contract logistics services	100	Poland
Wincanton Czeska republika s.r.o	Contract logistics services	100	Czech Republic
ROBA A.G.	Contract logistics services	100	Switzerland

[1] Direct subsidiaries of Wincanton plc

13 Investments in associates

Summary financial information for associates (100%)

Year ended 31 March 2008

	Country	% of ordinary equity held	Assets £m	Liabilities £m	Equity £m	Revenue £m	Result £m
Rhine-Ro-Ro Service BV	The Netherlands	33.3	**0.7**	**(0.3)**	**0.4**	**0.9**	**0.2**
OMYA Weil GmbH	Germany	26.0	**0.9**	**(0.2)**	**0.7**	**–**	**–**
Neuss Trimodal GmbH	Germany	25.0	**1.4**	**(0.6)**	**0.8**	**1.3**	**0.4**
Other	Germany		**0.4**	**(0.3)**	**0.1**	**0.3**	**–**
			3.4	**(1.4)**	**2.0**	**2.5**	**0.6**
Group share of results of associates							**0.2**

Year ended 31 March 2007

	Country	% of ordinary equity held	Assets £m	Liabilities £m	Equity £m	Revenue £m	Result £m
Rhine-Ro-Ro Service BV	The Netherlands	33.3	0.4	(0.1)	0.3	0.7	0.1
OMYA Weil GmbH	Germany	26.0	0.7	(0.2)	0.5	–	–
Neuss Trimodal GmbH	Germany	25.0	0.7	(0.4)	0.3	1.1	–
Other	Germany		0.3	(0.3)	–	0.3	–
			2.1	(1.0)	1.1	2.1	0.1
Group share of results of associates							–

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14 Interests in jointly controlled entities

The Group has the following significant interests in jointly controlled entities:

	Principal activity	% of equity held	Country of incorporation
PGN Logistics Limited	Contract logistics services	50	England and Wales
Fenthol & Sandtmann GmbH	Contract logistics services	50	Germany
Weckerle Spedition & Logistik GmbH	Contract logistics services	50	Germany
Rhenania Wormser Lagerhaus und Speditions AG	Contract logistics services	50	Germany

Included in the consolidated financial statements are the following amounts representing the Group's share of the assets, liabilities, income and expenses of these jointly controlled entities:

	2008 £m	2007 £m
Non-current assets	**9.3**	15.8
Current assets	**16.1**	11.9
Current liabilities	**(13.1)**	(9.4)
Non-current liabilities	**(5.6)**	(11.0)
Net assets	**6.7**	7.3
Revenue	**80.8**	71.6
Operating profit	**2.6**	2.0
Net financing costs	**(0.2)**	(0.2)
Income tax expense	**(0.8)**	(0.7)
Profit for the year	**1.6**	1.1

In addition to the above profit for the year the consolidated financial statements include other exceptional income of £4.1m (2007: £nil) being the partial settlement of the PGN Logistics Limited arbitration case (see note 3).

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

		Assets		Liabilities		Net
	2008 £m	2007 £m	**2008 £m**	2007 £m	**2008 £m**	2007 £m
Property, plant and equipment	**–**	(5.6)	**(7.1)**	(0.3)	**(7.1)**	(5.9)
Employee benefits	**–**	1.7	**1.1**	–	**1.1**	1.7
Pension provisions	**0.1**	23.4	**1.9**	–	**2.0**	23.4
Other deferred tax assets	**2.1**	4.1	**0.4**	–	**2.5**	4.1
Other deferred tax liabilities	**–**	(11.8)	**(13.2)**	(1.0)	**(13.2)**	(12.8)
	2.2	11.8	**(16.9)**	(1.3)	**(14.7)**	10.5

Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities have not been recognised in respect of the following items:

	2008 £m	2007 £m
Losses carried forward	**27.8**	23.1
Capital losses	**1.1**	1.7
	28.9	24.8

Deferred tax assets have not been recognised in respect of the above losses carried forward due to the uncertainty of utilisation of these losses.

Movement in deferred tax assets and liabilities during the current year

	Balance 1 April 2007 £m	**Recognised in income £m**	**Other movements £m**	**Balance 31 March 2008 £m**
Property, plant and equipment	(5.9)	**(0.1)**	**(1.1)**	**(7.1)**
Employee benefits	1.7	**(0.1)**	**(0.5)**	**1.1**
Pension provisions	23.4	**(3.0)**	**(18.4)**	**2.0**
Other deferred tax assets	4.1	**0.1**	**(1.7)**	**2.5**
Other deferred tax liabilities	(12.8)	**0.8**	**(1.2)**	**(13.2)**
	10.5	**(2.3)**	**(22.9)**	**14.7**

The UK tax changes proposed in the Chancellor's Budget on 21 March 2007 would, based on 31 March 2008 balances, increase the deferred tax liability in the future by approximately £1.6m if the proposed withdrawal of Industrial Buildings Allowances from 1 April 2011 is enacted as announced.

16 Inventories

	2008 £m	2007 £m
Raw materials and consumables	**9.4**	8.2

17 Trade and other receivables

	2008 £m	2007 £m
Trade receivables	**302.3**	260.3
Less: Provision for doubtful debts	**(4.8)**	(5.1)
Net trade receivables	**297.5**	255.2
Other receivables	**9.9**	8.1
Prepayments and accrued income	**94.6**	67.8
	402.0	331.1

All receivables are due within one year, except for other receivables of £9.9m (2007: £8.1m) in respect of amounts recoverable from customers and others under contracts of more than one year, prepayments and accrued income of £0.1m (2007: £0.1m) and trade receivables of £Nil (2007: £8.1m).

Movement in the provision for doubtful debts

	2008 £m	2007 £m
At 1 April	**5.1**	4.9
Effect of movements in foreign exchange	**0.8**	(0.1)
Impairment losses recognised on receivables	**2.5**	1.4
Amounts written off as uncollectible	**(0.4)**	(0.7)
Impairment losses reversed	**(3.2)**	(0.4)
At 31 March	**4.8**	5.1

The ageing of trade receivables and the associated provision for impairment as at 31 March 2008 was:

	Gross 2008 £m	**Provision 2008 £m**	Gross 2007 £m	Provision 2007 £m
Current	**266.7**	**(0.4)**	226.9	(0.3)
1 month overdue	**17.8**	**–**	14.6	–
2 months overdue	**5.4**	**–**	3.1	–
3+ months overdue	**12.4**	**(4.4)**	15.7	(4.8)
	302.3	**(4.8)**	260.3	(5.1)

The standard period of credit on sales is 30 days in the UK & Ireland, 30-60 days in Mainland Europe. No interest is charged on overdue amounts. The Group only provides for specific bad debts where, in the opinion of management, the amount is no longer recoverable. The amount of the provision is management's estimate of the irrecoverable amount.

18 Cash and cash equivalents

	2008 £m	2007 £m
Cash at bank and in hand	**40.9**	33.5
Restricted cash deposits held by the Group's captive insurer	**26.5**	27.4
Cash and cash equivalents	**67.4**	60.9

19 Borrowings

	2008 £m	2007 £m
Current		
Bank loans and overdrafts	**8.5**	1.0
Finance lease liabilities	**1.5**	0.6
	10.0	1.6
Non-current		
Bank loans[1]	**149.4**	122.0
Finance lease liabilities	**12.5**	3.1
	161.9	125.1

[1] Bank loans include the US$ private placement as swapped into euro (see below).

The Group's finance lease liabilities are payable as follows:

	2008			2007		
	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
Less than 1 year	**2.4**	**(0.9)**	**1.5**	1.2	(0.6)	0.6
Between 1 and 5 years	**14.2**	**(3.9)**	**10.3**	4.2	(2.1)	2.1
Over 5 years	**4.9**	**(2.7)**	**2.2**	4.1	(3.1)	1.0
	21.5	**(7.5)**	**14.0**	9.5	(5.8)	3.7

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

31 March 2008

	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	1 to 5 years £m	Over 5 years £m
Non-derivative financial liabilities					
Bank loans and overdrafts	**59.3**	**59.3**	**8.5**	**50.8**	**–**
Unsecured bond issues – US$ private placement	**81.1**	**81.1**	**–**	**51.4**	**29.7**
Finance leases	**14.0**	**21.5**	**2.4**	**14.2**	**4.9**
Trade and other payables[1]	**521.6**	**521.6**	**520.2**	**1.4**	**–**
Derivative financial liabilities					
US$/GBP fixed to floating swap – asset	**(81.1)**	**(81.1)**	**–**	**(51.4)**	**(29.7)**
US$/GBP fixed to floating swap – liability	**14.5**	**14.5**	**–**	**–**	**14.5**
GBP/Euro floating swap	**84.1**	**84.1**	**–**	**63.9**	**20.2**
	693.5	**701.0**	**531.1**	**130.3**	**39.6**

31 March 2007

	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	1 to 5 years £m	Over 5 years £m
Non-derivative financial liabilities					
Bank loans and overdrafts	36.3	36.3	1.0	35.3	–
Unsecured bond issues – US$ private placement	75.9	75.9	–	–	75.9
Finance leases	3.7	9.5	1.2	4.2	4.1
Trade and other payables[1]	449.1	449.1	444.1	5.0	–
Derivative financial liabilities					
US$/GBP fixed to floating swap	(75.9)	(75.9)	–	–	(75.9)
GBP/Euro floating swap	86.7	86.7	–	–	86.7
	575.8	581.6	446.3	44.5	90.8

[1] Excludes derivatives (shown separately).

20 Trade and other payables

	2008 £m	2007 £m
Current		
Trade payables	**194.2**	172.3
Other taxes and social security	**46.6**	43.5
Other payables	**48.4**	26.1
Accruals and deferred income	**231.0**	202.2
	520.2	444.1
Non-current		
Other payables	**1.4**	5.0

21 Provisions

	Note	Insurance £m	Other provisions £m	Total £m
At 1 April 2007		39.4	22.7	62.1
Effect of movements in foreign exchange		–	2.0	2.0
Provisions used during the year		(8.5)	(7.8)	(16.3)
Unwinding of discount	5	1.2	0.5	1.7
Provisions made during the year		6.2	3.1	9.3
At 31 March 2008		**38.3**	**20.5**	**58.8**
Current		11.8	7.4	19.2
Non-current		26.5	13.1	39.6
		38.3	**20.5**	**58.8**

The other provisions are held primarily in respect of leasehold property liabilities. They are determined by management as the best estimate of the expected costs of empty and under-utilised properties and are utilised over the relevant lease terms.

The Group owns 100% of the share capital of a captive insurer whose functions are to both insure and to reinsure certain of the risks of the Group. The insurance provisions in the above table are held in respect of outstanding insurance claims, the majority of which are expected to be paid within two to six years. The discount unwinding arises on the employers' liability policy which is discounted over a period of seven years at a rate based on the Bank of England base rate.

The assets of the captive consist of cash deposits held with various banks, typically on three month fixed interest deposits.

22 Acquisitions

Current year acquisitions

In November 2007 the Group acquired the entire share capital of Swales Haulage Ltd (Swales) for £4.5m in cash. Swales operates in the UK and provides contract logistics services to the building products and construction sector.

In January 2008 the Group acquired the entire share capital of Hanbury Davies Ltd (Hanbury Davies) for £25.0m in cash, of which up to £2.5m is deferred pending 'earn out' performance. Hanbury Davies operates in the UK providing container logistics services to customers that include major shipping lines and freight forwarders.

In March 2008 the Group acquired HeBo GmbH (HeBo) for €2.9m in cash, of which €0.5m is deferred pending 'earn out' performance. HeBo is a specialist provider of logistics services to the high-tech industry in the North Rhine – Westfalia region of Germany.

In the period since acquisition Swales contributed £0.1m, Hanbury Davies contributed £0.6m and HeBo contributed £25,000 of operating profit. If the acquisitions had occurred on the first date of the year it is estimated that the totals of Group underlying operating profit and revenue would have been approximately £55.5m and £2,222.2m respectively.

The acquisitions have given rise to values of goodwill of £2.4m, £12.0m and £1.5m for Swales, Hanbury Davies and HeBo respectively, being the difference between the cash consideration payable and the net assets acquired at fair value.

The acquired net assets at acquisition are summarised in the combined table below:

	Acquirees' book value £m	Fair value adjustments £m	Acquisition amounts £m
Intangible assets	0.1	11.6	11.7
Property, plant and equipment	9.0	(0.3)	8.7
Inventories	0.5	–	0.5
Trade and other receivables	14.8	(0.1)	14.7
Cash and cash equivalents	0.2	–	0.2
Income tax payable	(0.3)	(0.2)	(0.5)
Borrowings	(3.7)	–	(3.7)
Trade and other payables	(11.4)	–	(11.4)
Deferred tax liabilities	(0.8)	(3.5)	(4.3)
Net identifiable assets and liabilities	8.4	7.5	15.9
Goodwill on acquisition			15.9
Consideration payable including expenses of £0.6m			31.8
Cash acquired and debt repaid on acquisition			3.5
			35.3
Less deferred consideration			(2.9)
Net cash outflow			**32.4**

The fair value adjustments above are required to align the accounting policies of the acquired businesses with those of the Group. These adjustments can, if necessary, be amended for up to 12 months following acquisition. The total goodwill of £15.9m arising on the acquisitions reflects the strategic importance of broadening Wincanton's business offering in these growing sectors of the UK and German economies, the value of the management and workforce and some of the expected synergies to be gained as the acquired entities are fully integrated into the Group.

Prior year acquisitions

In October 2006 the Group acquired the entire share capital of RDL Holdings Limited (RDL) and Lane Group plc (Lane) for £29.5m and £0.7m in cash respectively, of which £5.0m of the former was deferred pending 'earn out' performance and has been paid in full in the current year.

The acquisitions gave rise to values of goodwill of £11.5m and £7.4m for RDL and Lane respectively, being the difference between the cash consideration payable and the net assets acquired at fair value.

The acquired net assets at acquisition are summarised in the combined table below:

	As reported at 31 March 2007		
	Acquirees' book value £m	Fair value adjustments £m	Acquisition amounts £m
Intangible assets	–	28.2	28.2
Property, plant and equipment	3.8	0.3	4.1
Deferred tax assets	–	0.5	0.5
Inventories	0.4	–	0.4
Trade and other receivables	13.0	–	13.0
Cash and cash equivalents	2.3	–	2.3
Income tax payable	(0.4)	–	(0.4)
Borrowings	(6.8)	–	(6.8)
Trade and other payables	(17.0)	(0.5)	(17.5)
Provisions	(0.3)	(3.5)	(3.8)
Deferred tax liabilities	(0.1)	(8.6)	(8.7)
Net identifiable assets and liabilities	(5.1)	16.4	11.3
Goodwill on acquisition			18.9
Consideration payable including expenses of £1.3m			30.2
Cash acquired and debt repaid on acquisition			4.5
			34.7
Less deferred consideration			(5.0)
Net cash outflow			**29.7**

23 Capital and reserves

Reconciliation of movement in capital and reserves

	Issued share capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	IFRS 2 reserve £m	Retained earnings: Own shares £m	Retained earnings: Profit and loss £m	Total £m	Minority £m	Total equity/ (equity deficit) £m
Balance at 1 April 2006	11.8	6.5	3.5	2.7	1.6	(8.5)	(55.6)	(38.0)	0.3	(37.7)
Total recognised income and expense	–	–	–	–	–	–	33.0	33.0	0.1	33.1
Increase in IFRS 2 reserve	–	–	–	–	1.6	–	–	1.6	–	1.6
Shares issued	0.2	2.9	–	–	–	–	–	3.1	–	3.1
Own shares disposed of on exercise of options	–	0.2	–	–	–	1.0	–	1.2	–	1.2
Dividends to shareholders	–	–	–	–	–	–	(14.9)	(14.9)	(0.1)	(15.0)
Balance at 31 March 2007	12.0	9.6	3.5	2.7	3.2	(7.5)	(37.5)	(14.0)	0.3	(13.7)
Balance at 1 April 2007	**12.0**	**9.6**	**3.5**	**2.7**	**3.2**	**(7.5)**	**(37.5)**	**(14.0)**	**0.3**	**(13.7)**
Total recognised income and expense	**–**	**–**	**–**	**1.0**	**–**	**–**	**68.3**	**69.3**	**0.5**	**69.8**
Increase in IFRS 2 reserve	**–**	**–**	**–**	**–**	**2.7**	**–**	**–**	**2.7**	**–**	**2.7**
Shares issued	**0.1**	**2.2**	**–**	**–**	**–**	**–**	**–**	**2.3**	**–**	**2.3**
Own shares disposed of on exercise of options	**–**	**0.1**	**–**	**–**	**–**	**0.7**	**(0.4)**	**0.4**	**–**	**0.4**
Own shares acquired	**–**	**–**	**–**	**–**	**–**	**(7.9)**	**–**	**(7.9)**	**–**	**(7.9)**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(16.2)**	**(16.2)**	**(0.4)**	**(16.6)**
Balance at 31 March 2008	**12.1**	**11.9**	**3.5**	**3.7**	**5.9**	**(14.7)**	**14.2**	**36.6**	**0.4**	**37.0**

During the year the Company issued shares, under both the Executive Share Option Schemes and the Sharesave Scheme, for consideration at the applicable exercise prices shown in note 27. During the year ended 31 March 2002, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares.

The aggregate current and deferred tax relating to income and expenses taken directly to or transferred from equity is £18.0m (2007: £(2.8)m).

Share capital

	Ordinary shares 2008 million	Ordinary shares 2007 million
Allotted, called up and fully paid		
In issue at 1 April	**120.2**	118.4
Issued for cash	**1.1**	1.8
In issue at 31 March	**121.3**	120.2

The above issued shares differ from those in note 7 as a result of the inclusion in the above total of the shares held by the Group within an Employee Benefit Trust (EBT) (see below), and also the effect of weighting for the purpose of the earnings per share calculations.

At 31 March 2008 the authorised share capital comprised 159,999,980 (2007:159,999,980) ordinary shares of 10p each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's shares that are held by the Group (see below), all rights are suspended until these shares are reissued.

Merger reserve

The merger reserve arose from the original acquisition of the then Wincanton group of companies by Wincanton plc on the demerger from the previous parent in May 2001, which was accounted for under merger accounting principles.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

IFRS 2 reserve

Since 1 April 2004 the IFRS 2 reserve comprises the charges made to the income statement in respect of share-based payments under the Group's share option schemes.

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Own shares

The own shares reserve comprises the cost of the Company's shares held by the Group within an Employee Benefit Trust (EBT) established in Jersey and managed on its behalf by independent trustees. At 31 March 2008 the number of the Company's shares held by the Group had increased to 4,801,973 (2007: 3,080,661) due to the purchase of further shares in the Company less the settlement of options exercised. The EBT has waived the right to receive dividends in respect of these shares.

All of the shares in the EBT are held in respect of the Group's various equity compensation schemes (see note 27) and at 31 March 2008 1,834,869 of these were held in respect of vested options. The average cost of the shares held is 306p each and at the year end the market value of the shares held was £16.6m (2007: £11.5m)

24 Capital commitments

Capital commitments for the Group at the end of the financial year for which no provision has been made, are as follows:

	2008 £m	2007 £m
Contracted	**15.4**	5.0

25 Operating leases

Leases as lessee

The Group leases warehousing facilities, commercial vehicles and other logistics equipment for use in its operations. Typical lease periods for new warehouse rental contracts are between 5 and 15 years although older rental contracts are for longer periods with intervening break clauses. The average period for vehicles and equipment is 4 years. Wherever possible these commitments are mitigated by the existence of contractual commitments of customers for whom the properties are occupied and/or vehicles and plant are rented. The amounts charged to the income statement in the current and prior year are given in note 3.

The total future minimum lease payments under non-cancellable operating leases are detailed in the following tables:

	2008 Plant and equipment £m	2007 Plant and equipment £m
Leases expiring in:		
Less than one year	**53.2**	45.0
Between one and five years	**69.8**	64.7
More than five years	**2.1**	5.4
	125.1	115.1

	2008 Land and buildings £m	2007 Land and buildings £m
Leases expiring in:		
Less than one year	**69.6**	62.9
Between one and five years	**196.5**	173.5
More than five years	**272.9**	282.4
	539.0	518.8
Less contractual commitments	**(95.4)**	(98.5)
Net rental obligation	**443.6**	420.3

The above net rental obligation includes multi-user warehouses where the occupancy risk of the Group is further spread across a number of customers.

26 Employee benefits

The employee benefit liabilities of the Group consist primarily of the post-retirement obligations of the Group's pension arrangements. In addition certain employment contracts of employees in the Group give rise to holiday pay obligations which are deferred at the accounting year end due to the relative timing of the annual holiday year. These two elements are analysed in the table below and the pension arrangements discussed in detail:

	2008 £m	2007 £m
Holiday pay	**7.2**	6.2
Pension plans (see below)	**33.5**	101.1
	40.7	107.3
These employee benefits are split as follows:		
Current	**8.9**	7.7
Non-current	**31.8**	99.6
	40.7	107.3

Pension schemes

Employees of Wincanton participated in both funded and unfunded pension arrangements in the UK, Ireland and in Mainland Europe during the year ended 31 March 2008, details of these are given below.

The principal Wincanton Scheme in the UK (the Scheme) is a funded arrangement which has three defined benefit sections, plus a defined contribution section called the Wincanton Retirement Savings Section. The employees of Wincanton Ireland Limited are eligible to participate in a separate funded defined contribution scheme. Assets of these pension arrangements are held in separate Trustee administered funds independent of Wincanton. A small number of senior employees, who were subject to the statutory earnings cap on pensionable earnings prior to 6 April 2006, are entitled to participate in an unfunded unapproved arrangement in addition to accruing benefits from the Scheme. The unfunded unapproved arrangement generally aims to supplement the benefits payable under the Scheme so as to produce (when added to benefits from the Scheme) benefits that would otherwise be payable from the Scheme had they not been subject to the maximum permitted earnings as provided by HMRC before 6 April 2006 and as continued by a deed executed by the Trustees of the Scheme on 23 March 2006. The pension cost in relation to this arrangement plus the defined benefit sections of the Scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method.

The latest formal actuarial valuation of the Scheme was carried out as at 31 March 2005 by the Scheme actuary, Hymans Robertson, and as a result, the Group, in consultation with the Trustees and the Scheme actuary, has agreed a series of measures to address both the actuarial past service deficit and the level of future service cost of the Scheme. The measures in respect of the cost of future service accrual were subject to consultation with, and acceptance by, employees in the early part of the year ended 31 March 2007.

The Group has made an additional £8m cash contribution during the year (2007: £8m), designed to address the past service deficit of the Scheme. In the year commencing 1 April 2008, the Group contributions are expected to be approximately £29m, including an incremental cash contribution of £8m. The contributions are subject to review following the results of the next formal actuarial valuation, due at 31 March 2008, which is expected to be finalised by 31 March 2009.

Contributions are made to a number of smaller pension arrangements for employees elsewhere in Mainland Europe, and Wincanton has assumed liability for certain historic unfunded pension obligations of the German business which closed to future service in the 1980s. The pension charge in respect of this arrangement represents interest on the unfunded obligations.

Pension scheme deficit

The assets and liabilities of the defined benefit schemes of the Group are calculated in accordance with IAS 19 'Employee Benefits' and are set out in the tables below.

The calculations under IAS 19 are based on actuarial assumptions which are the best estimates chosen from a range of possible assumptions about the long-term future which, unless by chance, will not necessarily be borne out in practice. The fair value of the assets, which are not intended to be realised in the short-term, may be subject to significant change before they are realised, and the present value of the liabilities are derived from cash flow projections over long periods and are thus inherently uncertain.

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	2008 £m	2007 £m
Present value of unfunded defined benefit obligations	**(31.2)**	(29.0)
Present value of funded defined benefit obligations	**(515.3)**	(598.4)
Fair value of Scheme assets	**513.0**	526.3
Present value of net pension scheme obligations recognised (see above)	**(33.5)**	(101.1)

The movement in the above net pension scheme obligations in the year was the result of a reduction in liabilities due to an increase in the corporate bond yields. This improvement has been partially offset by the fall in the market value of assets during the year, despite further additional cash contributions being made.

Movements in the present value of the defined benefit obligation

	2008			2007
	Wincanton Scheme £m	Unfunded arrangements £m	Total £m	Total £m
Opening defined benefit obligation	**598.4**	**29.0**	**627.4**	614.1
Effect of movements in foreign exchange	**–**	**3.8**	**3.8**	(0.5)
Current service cost	**20.7**	**0.7**	**21.4**	17.2
Interest cost	**32.9**	**1.4**	**34.3**	30.0
Actuarial gains	**(117.3)**	**(2.3)**	**(119.6)**	(18.6)
Employee contributions	**0.3**	**–**	**0.3**	6.1
Benefits paid	**(19.7)**	**(1.5)**	**(21.2)**	(21.1)
Transfer in of unfunded arrangements	**–**	**0.1**	**0.1**	0.2
Closing defined benefit obligation	**515.3**	**31.2**	**546.5**	627.4

In the year ended 31 March 2008 the current service cost includes premiums paid in respect of death in service benefits for UK employees that are not members of the Scheme and also an element of the amounts previously included within employee contributions.

Movements in the fair value of Scheme assets

	2008 £m	2007 £m
Opening fair value of Scheme assets	**526.3**	467.7
Expected return	**35.5**	32.0
Actuarial losses	**(57.9)**	(5.7)
Employer contributions	**30.0**	47.3
Employee contributions	**0.3**	6.1
Benefits paid	**(21.2)**	(21.1)
Closing fair value of Scheme assets	**513.0**	526.3

Where benefits are paid in respect of unfunded arrangements these costs are met by the employer and are included within employer contributions and benefits paid in the table above.

Other pension costs charged in the income statement

	2008 £m	2007 £m
Current service cost	**21.4**	17.2
Interest on pension scheme liabilities	**(34.3)**	(30.0)
Expected return on Scheme assets	**35.5**	32.0
	1.2	2.0

The above expense is recognised in the following lines in the income statement:

	2008 £m	2007 £m
Cost of sales	**17.7**	12.0
Administrative costs	**3.7**	5.2
	21.4	17.2
Net financing costs	**1.2**	2.0

The expected rates of return on the Scheme assets are set at the beginning of the year, as follows:

	2008 Expected return on assets %	2007 Expected return on assets %
Equities	**8.00**	8.00
Corporate bonds	**5.50**	5.10
Government bonds	**4.50**	4.20
Property	**6.25**	–
Other	**5.25**	4.50
Overall expected rate of return	**6.68**	6.47

The expected rates of return on the Scheme assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the Scheme's investment portfolio, net of investment management expenses. The assets of the Scheme are held in the following proportions as at 31 March 2008; equities 55%, corporate bonds 27%, government bonds 13%, property 3%, and cash 2%.

The actual (loss)/return on assets during the year was £(22.4)m (2007: £26.3m).

Liability for defined benefit obligations

The principal actuarial assumptions for the Scheme and for the other unfunded arrangements at the balance sheet date were as follows:

	2008 %	2007 %
Price inflation rate	**3.50**	3.10
Discount rate	**6.95**	5.50
Pensionable salaries rate	**3.50**	3.10
Rate of increase of pensions in payment and deferred pensions		
– for service to 31 March 2006	**3.50**	3.10
– for service from 1 April 2006	**2.50**	2.50

For the majority of Scheme members, increases in pensionable salaries are now capped at the same level as price inflation.

A discount rate of 5.3% (2007: 4.5%) per annum and an average pension increase rate of 2.0% (2007: 1.5%) per annum are the principal actuarial assumptions adopted for the German schemes as at 31 March 2008.

The assumptions used for mortality rates for members of these arrangements at the expected retirement age of 65 years are as follows:

	2008 years	2007 years
Male aged 65 today	**19.8**	19.7
Male aged 45 today	**21.0**	21.0
Female aged 65 today	**22.8**	22.7
Female aged 45 today	**24.0**	23.9

Sensitivity table

The sensitivity of the present value of the Scheme obligations to changes in the key actuarial assumptions are set out in the following table. The illustrations consider the result of only a single assumption changing with the others assumed unchanged, although in reality it is more likely that more than one assumption would change and potentially the results would offset each other. For example, a fall in interest rates will increase the Scheme obligations, but may also trigger an offsetting increase in market value of certain Scheme assets.

	Change in assumption	Impact on liability
Price inflation	± 0.5%	± 10.0%
Discount rate	± 0.5%	±10.0%
Mortality rate	+ 1 year	+ 2.7%

History

The net deficit in the schemes for the current and prior periods is as follows:

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Present value of defined benefit obligations	**(546.5)**	(627.4)	(614.1)	(460.0)	(399.9)
Fair value of assets in the Scheme	**513.0**	526.3	467.7	361.6	310.2
Deficit	**(33.5)**	(101.1)	(146.4)	(98.4)	(89.7)

Analysis of amount recognised in statement of recognised income and expense

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Actual return less expected return on Scheme assets	**(57.9)**	(5.7)	60.5	8.8	35.8
Actuarial gains and losses arising on pension scheme liabilities	**119.6**	18.6	(125.7)	(15.8)	36.4
Actuarial gain/(loss) recognised in statement of total recognised income and expense	**61.7**	12.9	(65.2)	(7.0)	72.2

The cumulative actuarial gains/(losses) reported in the statement of recognised income and expense since the transition to Adopted IFRS on 1 April 2004 are £2.4m (2007: £(59.3)m).

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £4.7m (2007: £6.0m).

27 Equity compensation benefits

Wincanton employees participate in Wincanton's Executive Share Option Scheme, Performance Share Plan, Share Match Incentive Schemes and Sharesave Option Scheme.

The terms and conditions of the grants to date under these schemes are as follows:

Executive Scheme

Grant date	Number of options granted	Vesting conditions	Contractual life years
June 2001	2,966,959	3 years of service plus average annual growth rate for underlying EPS of RPI +3% in any 3 consecutive years of the 5 years following the grant (starting with the year including the grant)	All 10
September 2001	536,826		
July 2002	44,318		
December 2002	1,621,000		
March 2004	250,000	3 years of service plus average annual growth rate for underlying EPS of RPI + 3% in the 3 consecutive years following the grant (starting with the year including the grant)	All 10
December 2004	3,136,630		
July 2005	45,000		
December 2005	3,184,581		
December 2006	2,925,065		
December 2007	2,457,000		
Total	17,167,379		

Performance Share Plan

Grant date	Number of options granted	Vesting conditions	Contractual life years
December 2007	399,734	3 years of service plus (a) 50% will vest subject to the Company's underlying EPS performance over 3 years (maximum vesting is achieved if annual underlying EPS growth is ≥ 15% per annum) and (b) 50% will vest subject to the Company's TSR performance over 3 years relative to the TSR of the FTSE 250 (maximum vesting is achieved if TSR performance is ≥ 20% per annum in excess of the TSR of the FTSE 250).	3½ years

Share Match Incentive Schemes

Grant date	Number of options granted	Vesting conditions	Contractual life years
Original			
June 2005	55,577	3 years of service plus average annual growth rate for underlying EPS of RPI +3% in the 3 consecutive years following the grant (starting with the year including the grant)	3½ years
June 2006	76,702		
June 2007	21,008		
Revised			
December 2007	2,766,504	3 years of service plus (a) 50% will vest subject to the Company's underlying EPS performance over 3 years (maximum vesting is achieved if annual compound underlying EPS growth is ≥ 15% per annum) and (b) 50% will vest subject to the Company's TSR performance over 3 years relative to the TSR of the FTSE 250 (maximum vesting is achieved if TSR performance is ≥ 20% per annum in excess of the TSR of the FTSE 250).	3½ years
Total	2,919,791		

The Executive Scheme, Performance Share Plan and Share Match Incentive Schemes are open to Directors and senior managers only. Upon exercise, all options granted under these schemes are equity settled.

Sharesave Option Scheme

Grant date	Number of options granted	Vesting conditions	Contractual life years	Status
June 2001 (3 year)	2,282,491	3 years of service	3½	Vested
June 2001 (5 year)	2,281,135	5 years of service	5½	Vested
December 2004	1,197,724	3 years of service	3½	Vested
Total	5,761,350			

The Sharesave Option Scheme is open to all UK employees with 12 months' service at the grant date.

The Group schemes all provide for a grant price equal to the average quoted market price of the Group shares for a short period immediately prior to the date of grant.

The number and weighted average exercise price of all share options extant under the Executive, Performance Share Plan, Share Match Incentive and Sharesave Option schemes are as follows:

	2008		2007	
	Options	**Weighted average exercise price pence**	Options	Weighted average exercise price pence
Outstanding at beginning of period	**10,896,685**	**292**	10,792,227	259
Granted during the period	**5,644,246**	**167**	3,057,344	332
Lapsed during the period	**(823,796)**	**271**	(718,614)	196
Exercised during the period	**(1,708,533)**	**255**	(2,234,272)	257
Outstanding at the end of the period	**14,008,602**	**248**	10,896,685	292
Exercisable at the end of the period	**2,952,784**	**245**	1,629,748	193

The weighted average share price at the date of exercise for share options exercised during the period was 370p (2007: 329p). The options outstanding at 31 March 2008 had a range of exercise prices of between nil and 384p and a weighted average remaining contractual life of 7 years.

Under Adopted IFRS, the grants of options since 7 November 2002 are accounted for in accordance with IFRS 2 'Share-based payments', which requires the fair value of services received in return for share options granted to be recognised in the income statement over the vesting period. The fair value of these services is measured by reference to the fair value of the share options granted.

Executive, Share Match Incentive (Original) and Sharesave Option schemes

The awards made under these schemes all have non-market based performance conditions which are taken into account in the fair value calculation using a Binomial pricing model. The contractual life of the options and the expectation of early exercises are incorporated into the model. The other key inputs used in the model for options granted in the current and prior year are as follows:

	2008	2007
Weighted average price at grant date	**384p**	343p
Expected volatility	**25.0%**	26.0%
Expected life	**5 years**	5 years
Risk free rate	**4.78%**	4.92%
Expected dividend yield	**4.00%**	4.00%

Expected volatility is based on a 4 year average of the historic share price volatility where possible and where this is not possible (due to the fact that the Company was only demerged in May 2001), historic share price volatility has been calculated over the period since demerger.

Performance Share Plan and Share Match Incentive (Revised) Scheme

The awards under these schemes are made in two parts based on EPS and TSR performance and a separate fair value is required for each part: (a) The EPS requirement is a non-market based performance condition and as the award is at nil cost the fair value is equivalent to the option value (i.e. the average share price of the Company for the three days prior to the award date). (b) The TSR requirement is a market based performance condition and the fair value is calculated by applying a discount to the option value. The discount is calculated using scenario-modelling and is the expected outcome of meeting the performance criteria.

The Group recognised total expenses of £3.4m (2007: £2.3m) in respect of the costs of equity settled and other share-based payment transactions during the year. At the year end liabilities of £0.8m (2007: £0.7m) were included in the balance sheet for these items.

28 Financial instruments

Financial risk management and treasury policies

The Group, through its activities, is exposed to a range of financial risks. Financial risks are managed through the Group's centralised treasury function which acts within clearly-defined policies approved by the Board. These policies are designed to reduce the financial risks faced by the Group relating to liquidity risk; market risk (being interest rate and currency exchange rate exposure) and credit risk. Transactions of a speculative nature are not permitted and the treasury function does not operate as a profit centre.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has financed its growth in recent years through retained profit and debt. The Group's policy on funding capacity is to ensure that there is always sufficient long-term funding and short-term facilities in place to meet foreseeable peak borrowing requirements.

There were no material changes to the Group's committed facilities during the year. The Group's core facilities are a £210m multi-currency syndicated bank loan which matures in November 2010; and a US$150m private placement which has been swapped into sterling and euros, and matures in 2012 ($95m) and 2015 ($55m). In addition the Group has overdraft and other uncommitted facilities which are used to manage short-term fluctuations in working capital.

At 31 March 2008 the Group's syndicated bank loan was £47.8m drawn leaving headroom of £162.2m (2007: £168m)

The Group holds interest bearing cash deposits, the majority of which are held in sterling and held within the captive insurer. These deposits have a mix of maturities, none of which are greater than 12 months. The income earned on these deposits is subject to changes in interest rates.

See note 19 for further analysis of the contractual maturities of financial liabilities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

The Group maintains a policy of using derivatives to achieve an appropriate balance between fixed, capped, and floating interest profiles, so as to limit the exposure to the cash cost of servicing its debt.

The majority of the Group's drawn debt at 31 March 2008 is in floating rates, mainly derived from the US$ private placement. This floating rate exposure has been managed by using interest rate swaps and caps. At the year end, the profile of the Group's net interest rate exposure was:

	2008			2007		
	Total £m	**Floating rate £m**	**Fixed rate £m**	Total £m	Floating rate £m	Fixed rate £m
Sterling						
Bank loans and overdrafts	**48.3**	**48.3**	**–**	22.6	22.6	–
Finance leases	**13.8**	**–**	**13.8**	3.4	–	3.4
Borrowings	**62.1**	**48.3**	**13.8**	26.0	22.6	3.4
Cash	**(40.8)**	**(40.8)**	**–**	(30.9)	(30.9)	–
Net debt	**21.3**	**7.5**	**13.8**	(4.9)	(8.3)	3.4
Interest rate swap	**–**	**(15.0)**	**15.0**	–	–	–
Net debt	**21.3**	**(7.5)**	**28.8**	(4.9)	(8.3)	3.4
Of which capped	**30.0**	**30.0**	**–**	–	–	–
Euro and other currencies						
Bank loans and overdrafts	**109.6**	**109.6**	**–**	100.4	100.4	–
Finance leases	**0.2**	**–**	**0.2**	0.3	–	0.3
Borrowings	**109.8**	**109.6**	**0.2**	100.7	100.4	0.3
Cash	**(26.6)**	**(26.6)**	**–**	(30.0)	(30.0)	–
Net debt	**83.2**	**83.0**	**0.2**	70.7	70.4	0.3
Of which capped	**79.1**	**79.1**	**–**	67.9	67.9	–

The net fair value of the financial instruments used to manage interest rates is £(0.1)m, (2007: £nil).

Interest rate sensitivity

The following table demonstrates the sensitivity to a change in interest rates of 0.5% on the Group's profit before tax, and equity. A variation of 0.5% represents management's view of a reasonably possible change in interest rates. Any impact on equity excludes the possible effect which a change in interest rates may have on the present value of the Group's pension obligations, the effects of which are set out in note 26.

		Effect on profit before tax £m	Effect on equity £m
2008			
Sterling	0.5% increase in rates	(0.5)	(0.5)
	0.5% decrease in rates	0.5	0.5
Euro	0.5% increase in rates	(0.2)	(0.2)
	0.5% decrease in rates	0.6	0.6
2007			
Sterling	0.5% increase in rates	(0.2)	(0.2)
	0.5% decrease in rates	0.2	0.2
Euro	0.5% increase in rates	(0.3)	(0.3)
	0.5% decrease in rates	0.6	0.6

The methods and assumptions used to calculate the possible effect of a change in interest rates are consistent with those used in the prior year.

Currency risk and sensitivity

As a Pan-European business a proportion of the Group's activities are denominated in currencies other than sterling, principally the euro. However, the transactional exposure of the Group is minimised as the vast majority of transactions are denominated in the relevant functional currency of the operation concerned.

In order to protect the sterling value of the balance sheet, the Group generally finances its investment in overseas subsidiaries by borrowing in the applicable currency. Consequently, any change in the value of a currency against sterling with all other variables held constant has no material impact on the net assets of the Group. The only exception is the Group's net investment in Hungary which is financed in sterling; a 5% change in the sterling / Hungarian forint exchange rate would have a £0.5m impact on the Group's net assets. A variation of 5% represents management's view of a reasonably possible change in the sterling/Hungarian forint exchange rate.

Although a proportion of non-sterling funding is obtained by borrowing euro and other currencies directly from the Group's committed facilities, a large element results from swapping the US$150m private placement into sterling, and then from sterling into euros. The underlying US$150m principal and all future cash flows are fully hedged; the fair values of the US$ principal, and the US$ / GBP swap move in line with each other, so there is no resulting adjustment to the Group's income statement. The GBP / euro swap is used as part of the Group's net investment hedge, whereby changes in the value of the Group's net investment in euro are offset by changes in the value of the swap.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits are only made with pre-approved counterparties. Credit evaluations are performed on all customers requiring credit. The Group does not generally require collateral in respect of financial assets. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet of £455.9m (2007: £400.1m). See note 17 for further analysis of trade receivables and the associated impairment provisions held.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group's net debt at the balance sheet date was:

	2008 £m	2007 £m
Total borrowings	**171.9**	126.7
Cash and cash equivalents	**(67.4)**	(60.9)
Net debt	**104.5**	65.8

Fair values

The fair values of the Group's financial assets and liabilities, together with the carrying amounts shown in the balance sheet are given in the following table:

	2008		2007	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Unlisted trade investments	**0.3**	**0.3**	0.3	0.3
Trade receivables	**297.5**	**297.5**	255.2	255.2
Other receivables	**9.9**	**9.9**	8.1	8.1
Cash and cash equivalents	**67.4**	**67.4**	60.9	60.9
Forward exchange contracts				
Assets	**81.1**	**81.1**	75.9	75.9
Liabilities	**(98.6)**	**(98.6)**	(86.7)	(86.7)
Bank loans and overdrafts	**(59.3)**	**(59.3)**	(36.3)	(36.3)
Unsecured bond issues – US$ private placement	**(81.1)**	**(81.1)**	(75.9)	(75.9)
Finance lease liabilities	**(14.0)**	**(14.0)**	(3.7)	(3.7)
Trade and other payables	**(521.6)**	**(521.6)**	(449.1)	(449.1)
Unrecognised losses		**–**		–

Estimation of fair values
The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

Derivatives
Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps broker quotes are used.

Interest-bearing loans and borrowings and unsecured bond issues
Fair value is calculated on discounted expected future principal and interest cash flows at market interest rates.

Finance lease liabilities
The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogenous lease agreements.

29 Related parties

Identity of related parties

The Group has a controlling related party relationship with its parent company Wincanton plc. In addition the Group has related party relationships with its subsidiaries and associates, jointly controlled entities (note 14) and with its Executive and non-executive Directors.

Transactions with Executive and non-executive Directors

The interests of the Executive and non-executive Directors in the share capital of the Company, plus full details of the individual Director's emoluments, share options and pension entitlements are given in the Directors' remuneration report on pages 40 to 48.

The total of short-term employee remuneration and benefits receivable by the Directors is set out in note 4.

Other related party transactions

Associates
During the year ended 31 March 2008, associates purchased services from the Group in the amount of £0.4m (2007:£0.4m) and sold services to the Group in the amount of £5.6m (2007: £4.9m). At 31 March 2008, the outstanding balance between associates and the Group was £1.2m (2007:£0.8m). All transactions with associates are made on commercial terms.

Jointly controlled entities
During the year ended 31 March 2008, the jointly controlled entities purchased services from the Group in the amount of £10.4m (2007:£8.7m) and sold services to the Group in the amount of £8.7m (2007: £8.2m). At 31 March 2008, the outstanding balance between the jointly controlled entities and the Group was £0.5m (2007:£0.6m). All transactions with the jointly controlled entities are made on commercial terms.

In addition a loan balance existed between the jointly controlled entities and the Group as at 31 March 2008 of £Nil (2007:£0.5m). All loans are provided on commercial terms.

30 Accounting estimates and judgements

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The areas where policy selection is most critical for the Group are concerned with the accounting for pensions, determination of provisions, and the testing of goodwill for impairment. Information about the assumptions and risk factors relating to these issues are given in notes 26, 21 and 9 respectively.

WINCANTON PLC COMPANY FINANCIAL STATEMENTS
COMPANY BALANCE SHEET
AT 31 MARCH 2008

	Note	2008 £m	2007 Restated £m
Fixed assets			
Investments	2	**111.4**	69.3
		111.4	69.3
Current assets			
Debtors	3	**97.5**	110.9
Cash at bank and in hand		**0.3**	2.4
		97.8	113.3
Creditors: amounts falling due within one year	4	**(15.9)**	(5.0)
Net current assets		**81.9**	108.3
Total assets less current liabilities		**193.3**	177.6
Creditors: amounts falling due after more than one year	5	**(145.3)**	(121.4)
Net assets		**48.0**	56.2
Capital and reserves			
Called up share capital	6	**12.1**	12.0
Share premium account	6	**11.9**	9.6
Profit and loss account	6	**24.0**	34.6
Equity shareholders' funds	7	**48.0**	56.2

The financial statements were approved by the Board of Directors on 4 June 2008 and were signed on its behalf by

G McFaull
Chief Executive

G D Connell
Group Finance Director

NOTES TO THE WINCANTON PLC COMPANY FINANCIAL STATEMENTS

1 Accounting policies
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards (UK Generally Accepted Accounting Practice).

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Advantage has been taken of FRS 8 'Related party disclosures' not to disclose transactions with subsidiaries on the basis that all transactions were with members of the Group, 90% or more of whose voting rights were controlled.

The Company has adopted FRS 29 'Financial Instruments: Disclosures', which became effective from 1 January 2007. However, the Company has taken the exemption available to parent companies not to present financial instrument disclosures as the Group financial statements contain disclosures that comply with the standard.

The Company has adopted UITF 44 'FRS 20 – Group and Treasury Share Transactions', which became effective from 1 March 2007. The adoption of UITF 44 has resulted in a prior year adjustment to show the equity-settled share-based payment charge of £2.8m as an increase in the Company's investment in its subsidiaries with a corresponding increase to reserves.

Investments
Investments in subsidiaries are stated at cost and reviewed for impairment if there are indications that the carrying values may not be recoverable.

Foreign currencies
Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on such translation are recognised in the profit and loss account.

Investments in overseas subsidiaries are translated to sterling at the foreign exchange rates ruling at the balance sheet date and foreign exchange differences arising on translation are recognised directly in a separate component of equity. They are released into the profit and loss account upon disposal.

Taxation
The charge for taxation is based on the profit for the year and takes into account deferred taxation. Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes that have occurred but not reversed by the balance sheet date, except as otherwise required by FRS19 'Deferred Tax'.

Tax charges or credits arising on the retranslation of foreign currency borrowings used to finance or provide a hedge against equity investments in foreign enterprises are taken to the statement of total recognised gains and losses together with the exchange differences on the borrowings themselves.

Derivative financial instruments and hedge accounting
The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments which are accounted for as trading instruments are recognised initially and subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Derivative financial instruments which are accounted for as trading instruments are recognised initially and subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Fair value hedges
Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are also recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

Hedge of monetary assets and liabilities
Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the profit and loss account.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis. Interest bearing borrowings which are designated hedged items in a fair value hedge arrangement are carried at fair value (see policy above).

Shares held by employee benefit trust
Shares in the Company held by the Wincanton plc Employee Benefit Trust are shown as a deduction from shareholders' equity at cost in accordance with UITF Abstract 38 'Accounting for ESOP trusts'.

Share-based payments

Where a parent company grants rights to its instruments to employees of a subsidiary, and such share-based compensation is accounted for as equity-settled in the consolidated financial statements of the Group, the subsidiary is required to record an expense for such compensation in accordance with FRS 20 'Share-based payements', with a corresponding increase recognised in equity as a contribution from the parent. Consequently, in the financial statements of the parent (Wincanton plc), the Company has recognised an addition to fixed asset investments of the aggregate amount of these contributions of £2.1m (2007: £1.5m) with a credit to equity for the same amount.

This represents a change in accounting policy and therefore the comparative figures have been adjusted to reflect the addition to fixed asset investments of £2.8m, being the equity-settled share-based payments charge for the accounting periods since FRS 20 became effective.

2. Fixed asset investments

	2008 Shares in Group undertakings £m	2007 Shares in Group undertakings Restated £m
Company		
Cost		
At beginning of year	**69.3**	80.9
Change in accounting policy relating to adoption of UITF 44 (see note 1)	**–**	1.3
Additions	**40.0**	–
Additions – share-based payments (see note 1)	**2.1**	1.5
Transfer to other Group undertaking	**–**	(13.9)
Effect of movements in foreign exchange	**–**	(0.5)
At end of year	**111.4**	69.3

During the year the Company increased its investment in Wincanton UK Limited, a 100% owned subsidiary. A list of the subsidiaries of Wincanton plc is given in note 12 to the Group financial statements.

3. Debtors

	2008 £m	2007 £m
Amounts owed by Group undertakings	**85.9**	101.4
Group tax relief receivable	**11.2**	9.0
Prepayments and accrued income	**0.4**	0.5
	97.5	110.9

4. Creditors: amounts falling due within one year

	2008 £m	2007 £m
Bank loans and overdrafts	**13.5**	3.2
Accruals and deferred income	**2.4**	1.8
	15.9	5.0

5. Creditors: amounts falling due after more than one year

	2008 £m	2007 £m
Bank loans and overdrafts	**145.3**	121.4
	145.3	121.4

Included within bank loans and overdrafts above are amounts repayable after 5 years otherwise than by instalments of £34.7m (2007: £86.7m).

6. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £m	Share premium £m	Translation reserve £m	Reserve for own shares £m	Profit and loss account FRS 20 reserve £m	Profit and loss account Retained earnings £m	Total equity £m
Balance at 1 April 2006	11.8	6.5	0.2	(8.5)	–	45.0	55.0
Total recognised gains and losses	–	–	(0.2)	–	–	9.2	9.0
Shares issued due to options exercised by employees	0.2	2.9	–	–	–	–	3.1
Own shares disposed of on exercise of options	–	0.2	–	1.0	–	–	1.2
Dividends paid to shareholders	–	–	–	–	–	(14.9)	(14.9)
Balance at 31 March 2007	12.0	9.6	–	(7.5)	–	39.3	53.4
Balance at 1 April 2007	**12.0**	**9.6**	**–**	**(7.5)**	**–**	**39.3**	**53.4**
Change in accounting policy relating to adoption of UITF 44	**–**	**–**	**–**	**–**	**–**	**2.8**	**2.8**
Balance at 1 April 2007 as restated	**12.0**	**9.6**	**–**	**(7.5)**	**–**	**42.1**	**56.2**
Total recognised gains and losses	**–**	**–**	**–**	**–**	**–**	**10.1**	**10.1**
Shares issued due to options exercised by employees	**0.1**	**2.2**	**–**	**–**	**–**	**–**	**2.3**
Own shares disposed of on exercise of options	**–**	**0.1**	**–**	**0.7**	**–**	**(0.4)**	**0.4**
Purchase of own shares held by Employee Benefit Trust	**–**	**–**	**–**	**(7.9)**	**–**	**–**	**(7.9)**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**–**	**(16.2)**	**(16.2)**
Equity granted to employees of the Company and subsidiaries	**–**	**–**	**–**	**–**	**1.0**	**2.1**	**3.1**
Balance at 31 March 2008	**12.1**	**11.9**	**–**	**(14.7)**	**1.0**	**37.7**	**48.0**

During the year the Company issued shares, under both the Executive Share Option Scheme and the Sharesave Option Scheme, for consideration at the applicable exercise prices shown in note 27 to the Group financial statements. During the year ended 31 March 2002, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares. The FRS 20 reserve comprises the charges make to the profit and loss account in respect of share-based payments under the Company's share option schemes.

Details of the Company's own shares, held within an Employee Benefit Trust, are given in note 23 to the Group financial statements.

Allotted, called up and fully paid	Ordinary shares 2008 millions	Ordinary shares 2007 millions
In issue at 1 April	**120.2**	118.4
Issued for cash	**1.1**	1.8
In issue at 31 March	**121.3**	120.2

At 31 March 2008 the authorised share capital comprised 159,999,980 (2007:159,999,980) ordinary shares of 10p each.

As permitted by Section 230 (4) of the Companies Act 1985, the Company has not presented its own profit and loss account. The Directors' remuneration as disclosed in note 4 to the Group financial statements is borne by Wincanton plc, the Directors are the only employees of the Company. The Company has taken the exemption not to disclose non-audit fees incurred as these are included in note 3 to the Group financial statements.

7. Reconciliation of movement in shareholders' funds

	2008 £m	2007 Restated £m
Profit for the financial year	**10.1**	9.2
Dividends declared and paid	**(16.2)**	(14.9)
Retained loss for the financial year	**(6.1)**	(5.7)
Adjustment relating to adoption of UITF 44 (see note 1)	**–**	1.3
Exchange adjustments arising on foreign currency investments	**–**	(0.2)
Purchase of own shares held by Employee Benefit Trust	**(7.9)**	–
Shares issued due to options exercised by employees	**2.3**	3.1
Own shares disposed of on exercise of options	**0.4**	1.2
Equity granted to employees of the Company and subsidiaries	**3.1**	1.5
Net (decrease)/increase in shareholders' funds	**(8.2)**	1.2
Opening shareholders' funds	**56.2**	55.0
Closing shareholders' funds	**48.0**	56.2

GROUP FIVE-YEAR RECORD

As reported under Adopted IFRS

	2008 £m	2007 £m	2006 £m	2005 £m
Revenue	**2,164.7**	1,933.1	1,809.3	1,651.5
Underlying operating profit[1]	**52.4**	45.5	42.0	39.3
Net financing costs	**(10.8)**	(9.9)	(9.7)	(9.9)
Underlying profit before tax[1]	**41.8**	35.6	32.3	29.5
Profit before tax[1]	**36.7**	32.6	31.3	27.6
Underlying profit after tax for the year[1]	**28.4**	24.4	22.0	18.6
Underlying earnings per share[1]	**24.3p**	21.0p	19.2p	16.3p
Dividend per share	**14.91p**	13.55p	12.54p	11.40p
Dividend cover[2]	**1.63x**	1.55x	1.53x	1.43x
Interest cover[2]	**4.9x**	4.6x	4.3x	4.0x
Net debt	**(104.5)**	(65.8)	(60.6)	(56.5)
Capital employed[3]	**104.5**	82.5	119.7*	132.1
Return on capital employed[3]	**50.1%**	55.2%	35.1%*	29.8%
Free cash flow[4]	**48.3**	72.2	55.4	52.6

[1] Operating profit, and hence profit before and after tax is reported on an underlying basis, i.e. before amortisation of acquired intangibles and any goodwill impairment and exceptionals and in respect of profit before and after tax, including results of associates. Underlying earnings per share is calculated on the same basis.
[2] Dividend cover is based on the underlying earnings per share as defined above and the dividend per share above. Interest cover is calculated using operating profit as defined above.
[3] Capital employed is defined as net assets/(liabilities) adjusted for goodwill, acquired intangibles, debt, tax, employee benefits and insurance provisions. Return on capital employed is calculated as underlying operating profit over capital employed.
[4] Free cash flow comprises EBITDA plus working capital and net capital expenditure flows.

* Restated due to change on acquisition (see note 22, Annual Report and Accounts 2007).

As reported under UK GAAP

	2005 £m	2004 £m
Turnover	1,725.9	1,680.5
Operating profit[5]	44.5	43.2
Net interest payable and similar charges	(9.5)	(12.6)
Profit before taxation[5]	35.0	30.6
Profit before taxation (unadjusted)	35.2	22.4
Profit after taxation for the year[5]	20.0	18.4
Basic earnings per share[5]	17.5p	16.0p
Dividend per share	11.40p	10.56p
Dividend cover[6]	1.8x	1.7x
Interest cover[6]	5.1x	3.8x
Net debt	(53.0)	(75.3)
Capital employed[7]	135.8	149.4
Return on capital employed[7]	32.8%	28.9%
Free cash flow[4]	61.2	104.9

[5] Operating profit, and hence profit before and after taxation, is adjusted to exclude pension credit, goodwill amortisation and exceptional items. Basic earnings per share is calculated on the same basis
[6] Interest cover is based on the profit before exceptional items and goodwill amortisation, but including pension credit, in line with the Group's banking facilities. Dividend cover is calculated on the same basis.
[7] Capital employed is defined as net assets/(liabilities) adjusted for goodwill, debt, taxation, dividends, pension and insurance provisions. Return on capital employed is calculated as operating profit before pension credit, goodwill amortisation and exceptional items over capital employed.

Except for 2005, Wincanton is not required to restate the above table to comply with Adopted IFRS.

FINANCIAL CALENDAR

Annual General Meeting	To be held on 24 July at the offices of Buchanan Communications, 45 Moorfields, London, EC2Y 9AE at 11.30 am
Ordinary dividends Interim 4.60p per share Final 10.31p per share	 Paid 8 January 2008 Payable 8 August 2008 to shareholders on the register at the close of business on 11 July 2008
Half year results	Interim announcement November 2008
Full year results	Preliminary announcement June 2009
Annual Report	Posted to shareholders at the end of June 2009

SHAREHOLDER INFORMATION

Annual Report
Copies can be obtained from the Company's address overleaf.

Registrar
The Company's Registrar is Equiniti. If you have any questions about your holding or wish to notify any change in your details, please contact the Registrar at: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Telephone: 0871 384 2366 (calls to this number are charged at 8p per minute from a BT landline, other telephony provider costs may vary). Overseas shareholders should call +44 (0) 121 415 7047. Whenever you contact the Registrar, please quote the full names in which your shares are held. Please advise the Registrar promptly of any change of address.

Dividend mandates
The Company encourages its shareholders to have future dividends paid directly into their bank or building society account. To set this up for the shares you hold, you should contact the Registrar for a dividend mandate form or complete the instructions attached to your dividend payment.

Share dealing service
Wincanton shares may be dealt through the Company's brokers. If you would like further information, you may contact the brokers at: Postal Dealing Service, JPMorgan Cazenove Limited, 20 Moorgate, London EC2R 6DA. Telephone: 020 7588 2828. Please note that to comply with legislation aimed at the control of money laundering, users of this service will be required to provide details of their identity.

Share price quotation
The Company's share price is quoted daily in national and regional newspapers as well as on BBC2 Ceefax, Channel 4 Teletext and via the Wincanton website, where it is regularly updated through the day.

Shareholders' enquiries
If you have an enquiry about the Company's business or about something affecting you as a shareholder (other than queries regarding shareholdings which are dealt with by Equiniti) you are invited to contact the Company at the address below.

Unsolicited mail
The Company is obliged to make its Register available to other organisations. Shareholders wishing to limit the amount of unsolicited mail they may receive as a result should write to the Mailing Preference Service at DMA House, 70 Margaret Street, London SW1W 8SS, or online at www.mpsonline.org.uk.

Unsolicited investment advice
Over the last year many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000. It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:
- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FSA before getting involved. You can check at www.fsa.gov.uk/register.
- The FSA also maintains on its website a list of unauthorised overseas firms who are targeting, or have targeted, UK investors and any approach from such organisations should be reported to the FSA so that this list can be kept up to date any other appropriate action can be considered. If you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml.
- Inform Equiniti's Compliance Department.

ShareGift
If you hold only a few shares and feel that it would be uneconomical or simply not worthwhile to sell them, you could consider donating your shares to charity through ShareGift (registered charity 1052686). Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities. Donating shares to charity gives rise to neither a gain nor loss for UK Capital Gains Tax purposes and UK taxpayers may also be able to claim income relief on such gifts of shares. To find out more visit www.sharegift.org or call 020 7930 3737. Alternatively contact the Company's Registrar who can help arrange the transfer of your shares.

Wincanton plc website
The Wincanton website at www.wincanton.co.uk provides news and information about the services offered by Wincanton as well as useful information for investors.

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Revive 100 Uncoated is 100% de-inked post-consumer waste. All pulps used are Elemental Chlorine Free (ECF) and the manufacturing mill is accredited with the ISO 14001 standard for environmental management.

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