Chairman's statement

Group performance
The Group continued to make progress in implementing its proven growth strategy despite the difficult economic environment. While the Group saw a decline in profits, it still achieved a superior operating performance for the jewellery sector including a healthy operating margin and Return on Capital Employed ("ROCE"). Key financial results of the year included:

- Sales up by 3.0% to $3,665.3 million;
- Profit before tax down by 16.8% to $333.5 million;
- Basic earnings per share down by 18.2% to 12.6 cents, and
- ROCE of 16.8%.

The Board is pleased to recommend a final dividend of 6.317 cents per share (2006/07: 6.317 cents) for the year ended 2 February 2008. This represents a total dividend for the year of 7.277 cents, up by 1.6% (see page 96). During the year the Group made share repurchases of $29.0 million, completing the programme announced in July 2006. In total, $152.9 million was distributed to shareholders during 2007/08. Given the substantial increase in economic and financial sector uncertainties, the Board will continue to evaluate dividend policy in the light of the needs of the business taking into consideration the significant competitive advantages of a strong balance sheet and financial flexibility. Account will also be taken of the primary stock market listing of the Company.

Group strategy
The Group aims to build long term value through focusing on the customer by providing a superior merchandise selection in high quality real estate locations. Effective advertising draws consumers into our stores, where they are provided with outstanding service. The operating philosophies that help the Group achieve these aims are:

- excellence in execution;
- test before we invest;
- continuous improvement; and
- disciplined investment.

The Group's strategy to deliver shareholder value is to:

- continue to achieve sector leading performance standards on both sides of the Atlantic;
- increase store productivity in the US and the UK;
- grow new store space in the US; and
- maintain a strong balance sheet.

While progress was made in most of these areas, store productivity in the US declined in 2007/08 as a result of the sales performance in the fourth quarter. A more detailed consideration of these strategies is provided in the Chief Executive's, US and UK performance reviews.

Group domicile and primary listing
As set out in the trading statement dated 10 January 2008, the Board has undertaken a review of the most appropriate domicile and stock market listing for the Company. This review has confirmed that there is a clear rationale for the primary listing of the Group to be in the US as a significant and growing majority of its business and assets are in that country. From consultation with the Company's major investors, the Board believes that Signet's shareholders would, on balance, support a recommendation from the Board regarding a potential redomicile of the Company to Bermuda and a move of the primary listing of Signet's shares to the US. Accordingly the Board continues to take steps that would facilitate such a change. However, in light of market conditions, the determination and timing of any such proposal remains uncertain and will continue to be kept under review by the Board.

Corporate responsibility
During the year further progress was made in developing industry wide initiatives to achieve improvements in the supply chain, and with regard to social, ethical and environmental issues. In keeping with the Group's approach of working with other industry representatives to maintain and improve consumer confidence in our industry we worked with organisations such as the Council for Responsible Jewellery Practices ("CRJP"), the World Diamond Council, Jewelers of America and Jewelers Vigilance Committee to develop programmes to improve the supply chain. Major accomplishments include:

- implementation of a requirement that jewellery supplied to the Group should not contain rubies or jade from Burma. Jewelers of America also introduced the same requirement and advocated that the US government ban such imports;
- the development of a Code of Practices by the CRJP which includes future third party monitoring. It is anticipated that during 2008/09 the Code will be introduced; and
- a better understanding of the Group's impact on the environment and on identifying ways in which it can improve its performance.

Signet remains a member of the FTSE4Good Index and also contributed in the US, to the industry charity, Jewelers for Children, St. Judes Children's Research Hospital and in the UK, to the Princess Royal Trust for Carers.

Current trading
Since the start of 2008/09, the Group has experienced a low single digit decline in like for like sales, with the US down about 4%, having had some benefit from better weather over Valentine's Day.
Early results have been encouraging from the price increases in the US implemented after Valentine's Day. UK like for like sales were up mid single digits. However, the outlook remains very challenging on both sides of the Atlantic.

People
I would like to thank our staff and management for their hard work and dedication in a year when the external environment has placed increased pressures on the business. I would also like to thank Brook Land, who retires as a director at the 2008 annual general meeting, for his significant contribution. He has served on the Board for nearly 13 years, including six as senior independent director. Following his retirement Russell Walls will assume this role.

In addition, I would like to welcome Lesley Knox, who was appointed as a non-executive director in January 2008. I am confident that her broad experience of business and corporate finance will enable her to make a valuable contribution to the Group.

Malcolm Williamson

Sir Malcolm Williamson
Chairman
9 April 2008