

DELIVERING THE GOODS

TO CONSTRUCTION
AND INDUSTRY

SIG plc

Interim Report
2005



SIG plc is the leading supplier of insulation, roofing and commercial interiors products in Europe to construction and industry.

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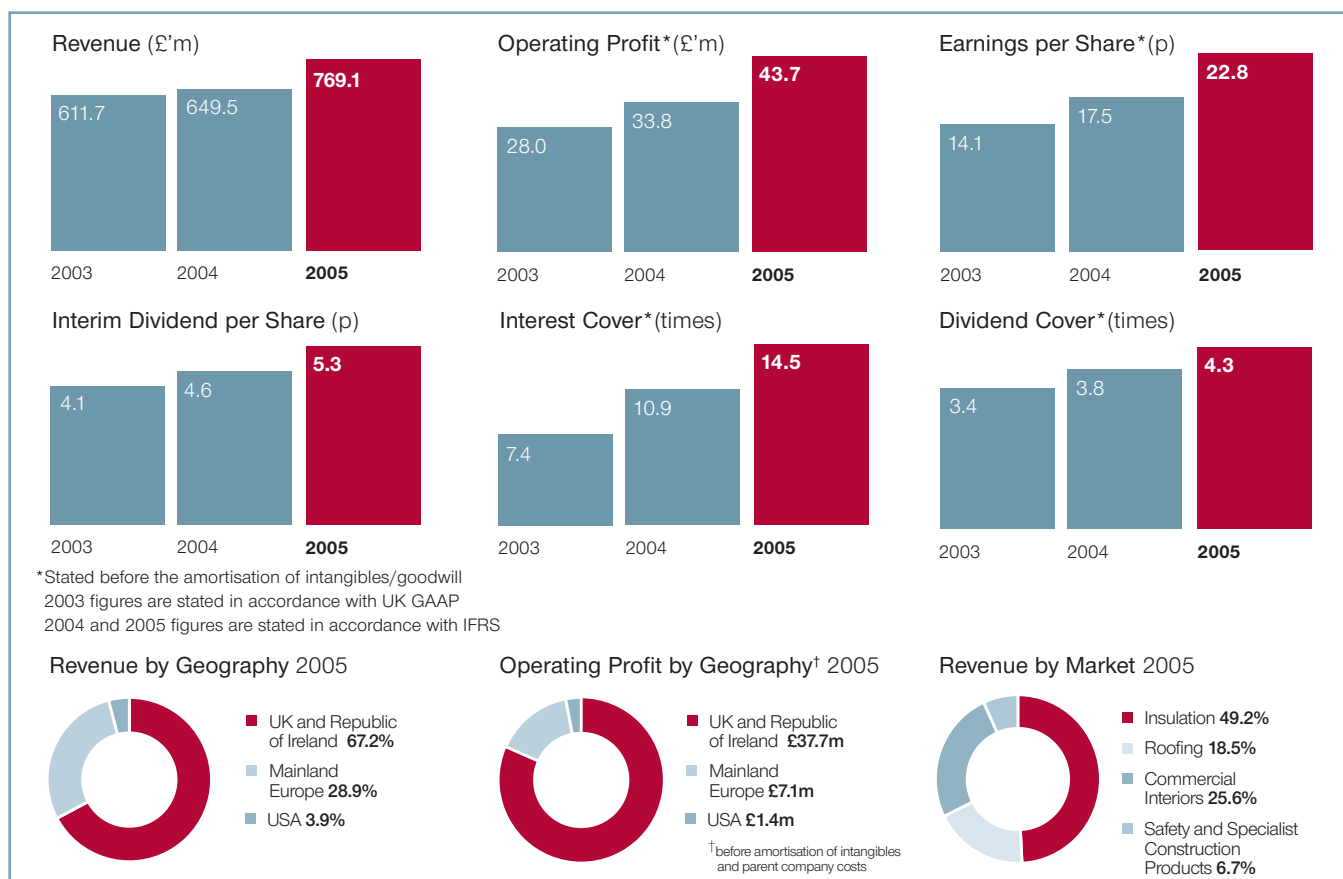
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FINANCIAL AND OPERATING HIGHLIGHTS

- **Record first half sales and profits** with significant growth over first half of 2004.
- **Sales and profits were increased in all main product streams** (insulation, roofing, commercial interiors, safety and specialist construction products) and in each geographic area in which the Group operates. Organic growth was supplemented by the strong performance of businesses acquired during 2004 and the first half of 2005.
- **Sales increased by 18.4% to £769m** (2004: £649m). Like-for-like* sales growth was £75m, an increase of 11.6%.
 - UK and Republic of Ireland (67% of Group sales) sales increased 22.3% to £516.7m (2004: £422.6m).
 - Mainland Europe (29% of Group sales) sales increased 9.4% on a constant currency basis and 12.0% in Sterling to £221.1m (2004: £197.3m).
 - In the USA (4% of Group sales) sales were up 8.2% in local currency.
- **Operating profit before amortisation of intangibles increased 29.5% to £43.7m** (2004: £33.8m).
 - UK and Republic of Ireland up 31.2% to £37.7m (2004: £28.7m).
 - Mainland Europe up 14.6% to £7.1m (2004: £6.2m).
 - USA up by 89.3% to £1.4m (2004: £0.7m).
- **Profit before tax and amortisation of intangibles was up 32.8% to £40.7m** (2004: £30.7m).
- **Basic earnings per share before amortisation of intangibles increased by 30.3% to 22.8p** (2004: 17.5p).
- **Dividend per share up 15.2% to 5.3p** (2004: 4.6p).
- **So far this year SIG has completed 11 acquisitions for £62.1m**; all complement its activities across existing businesses. Annualised sales from these acquisitions are £75m.

*Like-for-like is defined as the business excluding the impact of acquisitions made since 1 January 2004.

SIX MONTHS ENDED 30 JUNE 2005



CHAIRMAN'S STATEMENT

The Group has produced excellent results in the first half of 2005, having achieved substantial growth in sales and profits compared with the corresponding period in 2004 in each of its three geographic reporting regions – UK and Republic of Ireland, Mainland Europe and USA.

Strong like for like growth was supplemented by the good performance of businesses acquired during 2004 and in the first six months of 2005. The measured expansion of the number of trading sites, and of the range of products sold by the Group continued during the period.

The interim results have been prepared in accordance with International Financial Reporting Standards (IFRS), which are expected to become fully effective at 31 December 2005. Comparative information for the six months ended 30 June 2004 and the year ended 31 December 2004 has been restated on an IFRS basis.

RESULTS

For the six months to 30 June 2005, compared with the corresponding period in 2004:

Sales

- Group sales increased by £120m to £769m, up 18.4% over first half 2004 (£649m)
- Like for like sales growth, i.e. excluding the impact of acquisitions completed after 1 January 2004, was £75m, an increase of 11.6%
- Currency exchange rates (chiefly Sterling against the US Dollar and the Euro) were slightly more favourable overall than in the corresponding period, adding £5m to Group sales. Excluding this small positive forex impact, sales growth on a constant currency basis was £115m (up 17.6%).
- Sales growth was achieved in all countries in which the Group operates on a constant currency basis, and in all principal market sectors and product streams.

Profits

- Operating profit, before amortisation of intangibles, increased by £10.0m, up 29.5% to £43.7m (2004: £33.8m)
- Profit before tax and amortisation of intangibles increased by £10.0m, up 32.8% to £40.7m (2004: £30.7m)
- Interest charges reduced slightly to £3.0m (2004: £3.1m)
- Profit before tax increased by £8.7m, up 28.4% to £39.4m (2004: £30.7m)
- Basic earnings per share before amortisation of intangibles were 30.3% higher at 22.8p (2004: 17.5p). Fully diluted earnings per share before amortisation of intangibles were 30.2% higher at 22.4p (2004: 17.2p).

Financial

- Balance sheet gearing was 58% at 30 June 2005, compared with 38% at 31 December 2004, (33% at 30 June 2004). This increase chiefly reflects the cash outflow of £60.7m in respect of acquisitions completed in the period. Underlying cash generation in the period continued to be strong.

- We have published our Preliminary Restatement of 2004 Financial Information under IFRS on our website which can be accessed via www.sigplc.co.uk.

The table below sets out a summary of the effect on profit before tax of the change from UK GAAP to IFRS for the six months ended 30 June 2004 and 30 June 2005:

	Unaudited Six months ended 30 June 2005 £000's	Unaudited Six months ended 30 June 2004 £000's
Profit before tax under UK GAAP	36,674	28,347
Goodwill amortisation	3,718	2,475
Intangibles amortisation	(1,359)	(24)
Defined benefit pension	(4)	(3)
Share based payments	(76)	(84)
Foreign exchange	394	-
Lease incentives	20	(61)
Restated profit before tax under IFRS	39,367	30,650

- Interest cover pre-amortisation continued to be very prudent, and improved further to 14.5 times (2004: 10.9 times).

Dividend

Consistent with the Group's progressive dividend policy, an interim dividend of 5.3p per share has been declared, which is an increase of 15.2% (2004 interim dividend: 4.6p). The interim dividend is covered 4.3 times by earnings pre-amortisation (2004: 3.8 times).

In accordance with IFRS, the interim dividend has not been included as a liability at 30 June 2005.

The dividend is payable on 25 November 2005, to shareholders on the register at 28 October 2005.

TRADING REVIEW

UK & Republic of Ireland (67% of Group sales)

Sales in the UK and Republic of Ireland increased by £94.1m to £516.7m, representing growth of 22.3% (2004: £422.6m).

Operating profit pre-amortisation increased by £9.0m, up 31.2% to £37.7m (2004: £28.7m).

The operating profit margin increased to 7.3% (2004: 6.8%).

Like for like performance was sales growth of 12.9% and operating profit growth of 17.3%.

The principal contributing factors to this excellent performance are as follows:

- Strong activity levels in the construction and building industries, especially in non-residential new build and larger refurbishment work, giving rise to increased volumes of demand
- Continued recovery in the premium office sector, again leading to increased sales volumes

- Selling prices across a wide range of products were higher in H1 2005 than the average price levels in the first half of 2004, due largely to the impact of price increases implemented during the course of 2004. It should be noted that price increases introduced in 2005 have been far less than in 2004, and have been partly offset by decreases in some products. Across the breadth of products, 2005 pricing has been marginally helpful
- Strong growth in sales of new and additional products
- Further progress on a wide range of activities and measures as part of our internal continuous improvement programme
- Increased number of trading locations – up 25 to 282 at 30 June 2005 (31 December 2004: 257)
- Good contribution from the businesses acquired in 2004 and to date in 2005.

Sales and operating profits were increased on a like for like basis in all the main business streams.

Commercial Interiors benefited from good levels of market demand, higher selling prices, and the growing success of manufactured products launched in 2004.

Our Roofing sales showed good growth, despite continued sluggish demand in the market.

Insulation again performed strongly, although as expected the benefits of the 2002 change in the Building Regulations have now levelled off. In recent months prices have weakened in certain products, due to the impact of additional manufacturing capacity coming on stream.

An announcement from the Government regarding the timetable for implementation of the next change in Part L of the UK Building Regulations had been expected to have been made mid 2005, with an anticipated implementation date in the early part of 2006. This Regulation sets the minimum standards of energy efficiency in (chiefly) new buildings of all types, and is expected to increase demand for insulation materials over time. From past experience, it could take six months before new, more stringent Regulations begin to affect market demand. The Government have not yet made an announcement regarding the intended timetable for implementation, and we are presently taking a cautious view and assuming that we may not see any material impact on market demand for insulation products derived from increased Regulations until 2007.

Mainland Europe (29% of Group Sales)

Sales in the first half of 2005 increased by £23.8m to £221.1m, up 12.0% (2004: £197.3m).

Operating profit pre-amortisation increased by £0.9m to £7.1m, up 14.6% (2004: £6.2m).

The corresponding growth figures compared with prior year on a constant currency basis are sales up 9.4% and operating profits up 13.0%. This is a very encouraging performance in generally lacklustre market conditions.

The comprehensive price increases implemented in 2004 and referred to above in the comments relating to the UK and Republic of Ireland, also benefited Mainland Europe, though to a lesser extent. These 2004 increases affected only a proportion of sales made in the first half of 2004, and therefore, like the UK, these prior year price increases have had a positive impact on sales in the first half of 2005.

- In Germany and Austria, sales and operating profit grew despite a fall in market demand across all products, combined with some price deflation. The like for like sales increase was 4% in Euros
- In France, demand for both industrial insulation and commercial interiors was reasonably good and sales (up 13% like for like in Euros) and operating profit grew strongly
- In Benelux, after two years of falling demand due to the depressed level of both residential and non-residential

construction activity, demand has improved slightly in recent months. Sales increased by 7% like for like in Euros, and operating profit improved substantially

- In Poland, year on year comparisons of market demand are distorted by the significant increase in the VAT rate on all building materials, implemented on 1 May 2004. Many customers brought forward their purchases to avoid the tax increase, thus artificially boosting H1 2004 sales at the expense of H2 2004. As widely reported, market demand in H1 2005 was below H1 2004. Against this background, like for like sales in local currency increased by 17% and a small operating loss was reported, compared with a small operating profit for the first half of 2004. This chiefly reflects increased costs associated with our continued planned investment in Poland

USA (4% of Group sales)

Against a background of steadily strengthening demand, the trend of improving performance in 2004 has continued into 2005. On a like for like basis, sales increased by 8% to \$58.5m (2004: \$54.0m) and operating profit increased by 94% to \$2.6m (2004: \$1.3m).

The equivalent growth figures in Sterling are sales up 5.6% to £31.3m (2004: £29.6m) and operating profit up 89% to £1.4m (2004: £0.7m).

At the end of August 2005, our operations in New Orleans, Baton Rouge and Mobile have been affected by the devastating impact of Hurricane Katrina. In the short term, trading will clearly be disrupted, and it is too early to assess whether there may be any longer term impact on business in this region of the US.

Price Inflation – Profit Impact

During 2004 we reported that as a result of exceptional and unprecedented circumstances, the degree and extent of price increases implemented by manufacturers created opportunities for the Group to make significant one-off profits through buying gains. These exceptional profits amounted to approximately £1m in the first half of 2004, and a further £2m in the second half.

As expected, these conditions have not been repeated, and therefore there is no exceptional profit gain within our 2005 interim results.

Acquisitions

As part of our ongoing strategy of seeking appropriate acquisitions in order to supplement organic growth, so far this year we have completed 11 transactions with combined annual sales of £75m. Total consideration, including acquired debt is £62.1m.

Each of the acquired businesses operates in our existing markets and is complementary to our existing activities.

PROSPECTS

Market conditions in the second half of 2005 are expected to be broadly similar to the first half of the year, throughout each of the geographic areas in which the Group operates.

Against this background, the Group is focused on continued expansion and growth, in order to create long term shareholder value. The strength of the balance sheet and the sound finances will enable the Group to take advantage of future opportunities that may arise.

Trading since the end of June has continued to be strong and this, together with the positive impact of recent acquisitions gives the Board confidence that further substantial progress will be made in 2005.



Les Tench,

Non-Executive Chairman
14 September 2005

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2005

	Note	Unaudited Six months ended 30 June 2005		Unaudited Six months ended 30 June 2004		Audited Year ended 31 December 2004	
		£000's	£000's	£000's	£000's	£000's	£000's
Revenue	3		769,074		649,494		1,398,237
Operating profit before amortisation of intangibles	3	43,748		33,772		77,020	
Amortisation of intangibles	3	1,359		24		634	
Operating profit			42,389		33,748		76,386
Finance costs			2,965		2,882		5,683
Other finance charges			57		216		474
Profit before tax			39,367		30,650		70,229
Income tax expense			12,712		9,288		21,425
Profit after tax			26,655		21,362		48,804
Attributable to:							
Equity holders of the Company			26,287		21,083		48,232
Minority interests			368		279		572
Earnings per share							
Basic earnings per share	4		21.6p		17.5p		39.9p
Diluted earnings per share	4		21.3p		17.2p		39.3p
Earnings per share before amortisation of intangibles							
Basic earnings per share	4		22.8p		17.5p		40.4p
Diluted earnings per share	4		22.4p		17.2p		39.9p

The results of the Group relate entirely to continuing operations.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the six months ended 30 June 2005

	Note	Unaudited Six months ended 30 June 2005 £000's	Unaudited Six months ended 30 June 2004 £000's	Audited Year ended 31 December 2004 £000's
Profit after tax		26,655	21,362	48,804
Tax (debit)/credit on exchange difference arising on foreign currency borrowings		(1,647)	–	1,786
Exchange difference on retranslation of foreign currency goodwill		(1,498)	(1,674)	149
Exchange difference on retranslation of overseas net investments (excluding goodwill)		(4,868)	(5,159)	(619)
Exchange difference on foreign currency borrowings		4,871	3,999	(1,676)
Actuarial loss relating to the pension schemes		–	(7)	(8,741)
Deferred tax movement associated with actuarial loss		–	–	2,537
Deferred tax on share options		405	280	1,824
Transitional adjustment to adopt IAS 32 and IAS 39 at 1 January 2005	6	(6,625)	–	–
Total recognised income and expense for the period		17,293	18,801	44,064
Attributable to:				
Equity holders of the Company		16,925	18,522	43,492
Minority interests		368	279	572
		17,293	18,801	44,064

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2005

	Called up share capital £000's	Share premium account £000's	Capital redemption reserve £000's	Special reserve £000's	Share option reserve £000's	Hedging and translation reserve £000's	Retained profits £000's	Total £000's	Minority interests £000's	Total equity £000's
At 1 January 2004 - UK GAAP	12,027	14,967	347	22,113	237	66	149,556	199,313	447	199,760
IFRS adjustments										
Reverse proposed dividend	-	-	-	-	-	-	9,983	9,983	-	9,983
Deferred tax	-	-	-	-	-	-	12,845	12,845	-	12,845
Lease incentives	-	-	-	-	-	-	(510)	(510)	-	(510)
Retranslation of goodwill	-	-	-	-	-	4,278	-	4,278	-	4,278
Exchange reserve reset	-	-	-	-	-	(4,344)	4,344	-	-	-
Adjustment to pension asset valuation	-	-	-	-	-	-	(57)	(57)	-	(57)
Adjustment for IFRS 2 Share based payments	-	-	-	-	(46)	-	46	-	-	-
At 1 January 2004 - IFRS	12,027	14,967	347	22,113	191	-	176,207	225,852	447	226,299
Profit for the period	-	-	-	-	-	-	21,083	21,083	279	21,362
Dividend	-	-	-	-	-	-	(9,983)	(9,983)	-	(9,983)
New share capital issued	29	711	-	-	-	-	-	740	-	740
Exchange difference on retranslation of foreign currency goodwill	-	-	-	-	-	(1,674)	-	(1,674)	-	(1,674)
Exchange difference on retranslation of overseas net investments (excluding goodwill)	-	-	-	-	-	(5,159)	-	(5,159)	-	(5,159)
Exchange difference on foreign currency borrowings	-	-	-	-	-	3,999	-	3,999	-	3,999
Deferred tax on share options	-	-	-	-	-	-	280	280	-	280
Credit to share option reserve	-	-	-	-	177	-	-	177	-	177
Actuarial loss on defined benefit pension schemes	-	-	-	-	-	-	(7)	(7)	-	(7)
Payment to minority interest shareholder	-	-	-	-	-	-	-	-	(447)	(447)
At 30 June 2004 - IFRS	12,056	15,678	347	22,113	368	(2,834)	187,580	235,308	279	235,587
At 31 December 2004 - UK GAAP	12,139	16,793	347	22,113	554	(356)	169,941	221,531	572	222,103
IFRS adjustments										
Reverse proposed dividend	-	-	-	-	-	-	11,412	11,412	-	11,412
Deferred tax	-	-	-	-	-	(87)	14,358	14,271	-	14,271
Lease incentives	-	-	-	-	-	-	(637)	(637)	-	(637)
Retranslation of goodwill	-	-	-	-	-	4,427	-	4,427	-	4,427
Reversal of amortisation of goodwill	-	-	-	-	-	-	5,653	5,653	-	5,653
Amortisation of intangibles	-	-	-	-	-	-	(634)	(634)	-	(634)
Deferred tax credit associated with amortisation of intangibles	-	-	-	-	-	-	190	190	-	190
Adjustment to pension asset valuation	-	-	-	-	-	-	(70)	(70)	-	(70)
Exchange reserve reset	-	-	-	-	-	(4,344)	4,344	-	-	-
Adjustment for IFRS 2 Share based payments	-	-	-	-	85	-	(85)	-	-	-
At 31 December 2004 - IFRS	12,139	16,793	347	22,113	639	(360)	204,472	256,143	572	256,715
Profit for the period	-	-	-	-	-	-	26,287	26,287	368	26,655
Dividend	-	-	-	-	-	-	(11,412)	(11,412)	-	(11,412)
New share capital issued	9	187	-	-	-	-	-	196	-	196
Tax debit on exchange difference arising on foreign currency borrowings	-	-	-	-	-	(1,647)	-	(1,647)	-	(1,647)
Exchange difference on retranslation of foreign currency goodwill	-	-	-	-	-	(1,498)	-	(1,498)	-	(1,498)
Exchange difference on retranslation of overseas net investments (excluding goodwill)	-	-	-	-	-	(4,868)	-	(4,868)	-	(4,868)
Exchange difference on foreign currency borrowings	-	-	-	-	-	4,871	-	4,871	-	4,871
Deferred tax on share options	-	-	-	-	-	-	405	405	-	405
Credit to share option reserve	-	-	-	-	327	-	-	327	-	327
Payment to minority interest shareholder	-	-	-	-	-	-	-	-	(572)	(572)
Recognition of minority interest on acquisition	-	-	-	-	-	-	-	-	230	230
Transitional adjustment to adopt IAS 32 and IAS 39 at 1 January 2005	-	-	-	-	-	-	(6,625)	(6,625)	-	(6,625)
At 30 June 2005 - IFRS	12,148	16,980	347	22,113	966	(3,502)	213,127	262,179	598	262,777

CONSOLIDATED BALANCE SHEET

as at 30 June 2005

	Unaudited 30 June 2005 £000's	Unaudited 30 June 2004 Restated £000's	Audited 31 December 2004 £000's
Non-current assets			
Property, plant and equipment	91,078	68,820	74,481
Goodwill	138,013	87,318	113,467
Intangible assets	38,355	4,049	14,714
Deferred tax assets	21,860	19,462	21,455
	289,306	179,649	224,117
Current assets			
Inventories	120,821	109,990	116,436
Trade receivables	307,540	245,824	243,766
Other receivables	22,516	18,222	19,996
Financial derivatives	1,069	-	-
Cash and cash equivalents	22,975	30,877	19,467
	474,921	404,913	399,665
Total assets	764,227	584,562	623,782
Current liabilities			
Trade and other payables	250,358	193,754	189,233
Obligations under finance leases	918	2,050	1,391
Bank overdrafts and loans	67,742	13,311	13,211
Financial derivatives	158	-	-
Current tax liabilities	22,056	11,623	13,995
Provisions	1,639	1,215	1,735
	342,871	221,953	219,565
Non-current liabilities			
Obligations under finance leases	799	679	564
Bank loans	68,897	91,589	95,613
Financial derivatives	30,289	-	-
Loan notes	7,006	-	7,006
Deferred tax liabilities	14,456	5,154	6,615
Other payables	4,192	2,994	3,955
Retirement benefit obligations	24,707	20,502	25,035
Provisions	8,233	6,104	8,714
	158,579	127,022	147,502
Total liabilities	501,450	348,975	367,067
Net assets	262,777	235,587	256,715
Capital and reserves			
Called up share capital	12,148	12,056	12,139
Share premium account	16,980	15,678	16,793
Capital redemption reserve	347	347	347
Special reserve	22,113	22,113	22,113
Share option reserve	966	368	639
Hedging and translation reserve	(3,502)	(2,834)	(360)
Retained profits	213,127	187,580	204,472
Attributable to equity holders of the Company	262,179	235,308	256,143
Minority interests	598	279	572
Total equity	262,777	235,587	256,715

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2005

	Unaudited 30 June 2005 £000's	Unaudited 30 June 2004 Restated £000's	Unaudited 31 December 2004 £000's
Net cash flow from operating activities			
Operating profit	42,389	33,748	76,386
- Adjustments for:			
Depreciation and amortisation	10,646	8,299	18,454
Profit on sale of tangible fixed assets	(362)	(208)	(279)
Share based payments	327	177	448
Increase in working capital	(5,810)	(10,465)	(17,587)
Cash inflow from operating activities	47,190	31,551	77,422
Interest paid	(4,768)	(4,176)	(8,472)
Interest received	1,803	1,085	2,319
Income tax paid	(7,454)	(6,025)	(15,049)
Net cash inflow from operating activities	36,771	22,435	56,220
Cash flows from investing activities			
Purchase of property, plant and equipment	(14,236)	(8,981)	(22,627)
Proceeds from sale of property, plant and equipment	1,033	679	1,549
Purchase of businesses	(46,476)	(8,659)	(35,740)
Net cash used in investing activities	(59,679)	(16,961)	(56,818)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital	196	740	1,938
Capital element of finance lease rental payments	(702)	(1,970)	(3,317)
Repayment of loans	(15,446)	(18,990)	(17,172)
New loans	53,641	474	-
Dividends paid to equity holders of the Company	(11,412)	(10,005)	(15,587)
Payments to minority shareholder	(572)	(447)	(447)
Net cash generated/(used) in financing activities	25,705	(30,198)	(34,585)
Increase/(decrease) in cash and cash equivalents in the period	2,797	(24,724)	(35,183)
Cash and cash equivalents at beginning of period	16,501	51,356	51,356
Effect of foreign exchange rate changes	(491)	(518)	328
Cash and cash equivalents at end of period	18,807	26,114	16,501

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Basis of preparation of interim financial information and accounting policies

The interim financial information was approved by the Board of Directors on 14 September 2005. The financial information set out in the interim report is unaudited.

The Group's interim financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") in issue that are expected to be endorsed by the European Union and are effective or available for adoption at the Group's first IFRS annual reporting date, 31 December 2005. Comparative information for the six months ended 30 June 2004 and the year ended 31 December 2004 has been restated under IFRS from the UK Financial Reporting Standard ("UK GAAP") values originally reported by the Group.

The financial information has been prepared under the historical cost convention except that derivative financial instruments are stated at their fair value. The interim financial information includes the accounts of the Company and all its subsidiaries.

The IFRS that will be effective or available for adoption in the annual financial statements for the year ended 31 December 2005 are subject to review and amendment by the International Accounting Standards Board ("IASB") and subsequent endorsements by the European Union and are subject to change.

In determining the Group's IFRS accounting policies the Board of Directors has used its best endeavours in making assumptions about those IFRS expected to be effective or available for adoption when the first IFRS annual financial statements are prepared for the year ended 31 December 2005.

The Group has adopted all IFRS with the exception of IAS 34 "Interim Financial Reporting" which is not mandatory for UK Groups. The Group has anticipated that the amendment to IAS 19 "Actuarial Gains and Losses, Group Plans and Disclosure" which has yet to be formally adopted for use in the European Union, will be so adopted in time to be applicable to its first IFRS annual reporting date, 31 December 2005.

IFRS 1 permits those companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. The Group has taken advantage of the following exemptions:

- a) IFRS 3 "Business combinations" – the Group has elected not to apply IFRS 3 retrospectively to acquisitions that took place before 1 January 2004.
- b) IAS 19 "Employee benefits" – in accordance with the amendment to IAS 19 which was issued on 16 December 2004, the Group has elected to recognise actuarial gains and losses in full in the period in which they occur in the Consolidated Statement of Recognised Income and Expense.
- c) IFRS 2 "Share based payments" – the Group has elected to apply IFRS 2 only to those share based payment options that were granted after 7 November 2002 and remained unvested at 1 January 2005.
- d) IAS 21 "The effects of changes in foreign exchange rates" – the Group has elected to reset the Hedging and translation reserve to zero at 1 January 2004.
- e) IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" – the Group has elected to apply UK GAAP to its comparative financial statements (i.e. 1 January 2004 to 31 December 2004) and implement IAS 32 and IAS 39 at 1 January 2005. On 1 January 2005, in accordance with IAS 32 and IAS 39, all financial instruments were recorded at their fair value. The difference between the fair value and book value of all financial instruments at 1 January 2005 has been recorded in 2005 through the Consolidated Statement of Recognised Income and Expense.

The Group has today released an IFRS Restatement Document that contains the following:

- i. the restatement of 2004 comparative financial information from UK GAAP to IFRS;
- ii. a summary of significant accounting policies; and
- iii. an unqualified independent auditors' report on the Restatement Document.

This document can be found on the Company's website, www.sigplc.co.uk and is also available in hard copy from the Company Secretary of SIG plc at the registered office (tel. 0114 2856300).

2. Publication of non statutory accounts

The financial information included in this statement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The interim results to 30 June 2005 and 2004 are neither audited nor reviewed. The financial information for the full preceding year is based on the UK GAAP statutory accounts for the financial year ended 31 December 2004 as amended for IFRS as set out in the Group's IFRS Restatement Document. Those 2004 UK GAAP accounts, upon which the auditors issued an unqualified opinion have been delivered to the Registrar of Companies. The auditors' report contained no statement under Section 237(2) or 237(3) of the Companies Act 1985.

NOTES TO THE INTERIM FINANCIAL INFORMATION

continued

3. Segmental information

The Group is managed and organised in three geographies; UK & Republic of Ireland, Mainland Europe and the USA. These geographies are the basis on which the Group reports its primary segment information.

	Unaudited Six months ended 30 June 2005				Unaudited Six months ended 30 June 2004				Unaudited Year ended 31 December 2004			
	2005 UK & ROI	2005 Mainland Europe	2005 USA	2005 Total	2004 UK & ROI	2004 Mainland Europe	2004 USA	2004 Total	2004 UK & ROI	2004 Mainland Europe	2004 USA	2004 Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Revenue	516,705	221,075	31,294	769,074	422,558	197,304	29,632	649,494	907,054	433,595	57,588	1,398,237
Segment result	37,700	7,141	1,374	46,215	28,743	6,230	726	35,699	63,823	15,456	1,681	80,960
Parent Company costs				(2,467)				(1,927)				(3,940)
Operating profit before amortisation of intangibles				43,748				33,772				77,020
Amortisation of intangibles	(1,331)	(28)	-	(1,359)	(23)	(1)	-	(24)	(619)	(15)	-	(634)
Operating profit				42,389				33,748				76,386
Finance costs				(3,022)				(3,098)				(6,157)
Profit before taxation				39,367				30,650				70,229
Income tax expense				(12,712)				(9,288)				(21,425)
Minority interests				(368)				(279)				(572)
Retained profit				26,287				21,083				48,232
Assets												
Segment assets	540,437	190,145	28,021	758,603	397,440	158,839	23,265	579,544	424,105	169,495	24,826	618,426
Unallocated assets				5,624				5,018				5,356
Total assets				764,227				584,562				623,782
Liabilities												
Segment liabilities	247,741	78,439	5,352	331,532	181,192	54,506	4,137	239,835	190,587	57,332	4,350	252,269
Unallocated liabilities				169,918				109,140				114,798
Total liabilities				501,450				348,975				367,067
Other segment information												
<i>Net capital expenditure on:</i>												
Property, plant and equipment	10,949	2,084	170	13,203	6,598	1,481	223	8,302	15,395	5,284	399	21,078
Intangible assets	24,821	179	-	25,000	4,053	20	-	4,073	15,138	210	-	15,348
Goodwill	25,899	175	-	26,074	5,504	514	-	6,018	29,543	801	-	30,344
<i>Non cash expenditure:</i>												
Depreciation	6,688	2,342	257	9,287	5,889	2,062	324	8,275	12,295	4,899	626	17,820
Amortisation of intangibles	1,331	28	-	1,359	23	1	-	24	619	15	-	634

4. Earnings per share

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

	Basic and diluted			Basic and diluted before amortisation of intangibles		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	Six months ended 30 June 2005 £000's	Six months ended 30 June 2004 £000's	Year ended 31 December 2004 £000's	Six months ended 30 June 2005 £000's	Six months ended 30 June 2004 £000's	Year ended 31 December 2004 £000's
Profit after tax	26,655	21,362	48,804	26,655	21,362	48,804
Minority interests	(368)	(279)	(572)	(368)	(279)	(572)
Amortisation of intangibles	-	-	-	1,359	24	634
	26,287	21,083	48,232	27,646	21,107	48,866

Weighted average number of shares

	Unaudited	Unaudited	Audited
	Six months ended 30 June 2005	Six months ended 30 June 2004	Year ended 31 December 2004
	Number	Number	Number
For basic earnings per share	121,430,203	120,444,412	120,863,011
Exercise of share options	2,207,254	2,126,258	1,747,068
For diluted earnings per share	123,637,457	122,570,670	122,610,079

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

5. Change in presentation

Pensions

In the prior year at 30 June 2004, two book reserved pension schemes operated in Germany and France were reported within other provisions. In the accounts for the year ended 31 December 2004, in accordance with FRS 17 (the standard in force at that time), these were reclassified and included as part of the FRS 17 pension liability.

In order to show consistent presentation as at 30 June 2004, the provision for liabilities and charges has been reduced by £1.141m to £7.319m and the pension liability has been increased by £1.141m to £14.629m. This restatement has no effect on net assets or the Consolidated Income Statement.

6. IAS 32 and IAS 39 Transitional adjustment

On 1 January 2005, in accordance with IAS 32 and IAS 39, all financial derivatives are recorded at their fair value. The difference between the fair value and book value of all financial derivatives at 1 January 2005 is an additional liability of £6.625m, which has been recorded as a one-off movement in reserves through the Consolidated Statement of Recognised Income and Expense.

Due to the inherent uncertainty over whether fair value movements associated with adopting IAS 32 and IAS 39 will be taxable or not, the Group has not recognised any deferred tax on this transitional adjustment.

7. Interim dividend

An interim dividend of 5.3p per share (2004: 4.6p) has been declared.

In accordance with IAS 10 "Events after the balance sheet date", dividends declared after the balance sheet date are not recognised as a liability in the financial statements.

COMPANY INFORMATION

President

Sir Norman Adsetts, OBE, MA

Secretary

Richard Monro, FCIS

Registered office

Hillsborough Works,
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Registration number

Registered in England
998314

Listing details

Market - UK Listed
Reference - SHI
Index - FTSE 250
Sector - Construction and
Building Materials

Company website

www.sigplc.co.uk

Registrars and transfer office

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FINANCIAL CALENDAR

Interim dividend 2005	→	Payable 25 November 2005
Full year results 2005	→	Announcement March 2006
Annual Report and Accounts 2005	→	Posted to shareholders March 2006
Final dividend 2005	→	Payable May 2006

PRINCIPAL TRADING SUBSIDIARIES

At 30 June 2005 the Company's principal trading subsidiaries, all of which are wholly owned except where stated, were as follows:



Insulation and related products



Roofing products



Commercial interior products

United Kingdom

SIG Trading Limited



Miller Pattison Limited



Leaderflush + Shapland Limited



Republic of Ireland

SIG Building Products Limited



Insulation Distributors Limited



Germany

WeGo Dämmstoffe GmbH & Co. Holding OHG (WeGo)



France

Société de l'Ouest des Produits Isolants SA (Ouest Isol)



Benelux

SIG Nederland B.V.



Poland

WKT Polska Sp. z o.o.



USA

SIG-Southwest, Inc.



BWI Group, Inc.



All of the above companies are registered in the country referred to above, with the exception of SIG Trading Limited, Miller Pattison Limited and LS Group Limited which are registered in England and Wales.

SIG Trading Limited also distributes personal protective equipment and specialist construction products.

Fibreglass Insulations Limited and Past and Forward Limited together hold the beneficial ownership of SIG Building Products Limited, WeGo, Ouest Isol, SIG Nederland B.V. and WKT Polska Sp. z o.o.

SIG-USA, Inc. an intermediate holding company, owns the entire share capital of SIG-Southwest, Inc. and BWI Group, Inc.

The Group owns 80% of the ordinary share capital of Insulation Distributors Limited, via SIG Trading Limited.

The Group owns 93.5% of the ordinary share capital of LS Group Limited. This company owns the entire share capital of Leaderflush + Shapland Limited, via Leaderflush + Shapland Holdings Limited.



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