



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

13 September 2006

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

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

- SIG reports strong sales and profits across all regions.
- Sales increased by 15.6% to £889m (2005: £769m). Like for like sales growth (i.e. excluding the impact of acquisitions made in 2005 and 2006) was 6.7%.
 - UK and Ireland sales increased 17.1% to £605.1m (2005: £516.7m).
 - Mainland Europe sales increased 11.0% to £245.5m (2005: £221.1m).
 - USA sales increased 22.7% to £38.4m (2005: £31.3m).
- Underlying* operating profit increased 27.8% to £55.9m (2005: £43.8m).
 - UK and Ireland underlying operating profit increased 27.4% to £48.0m (2005: £37.7m).
 - Mainland Europe underlying operating profit increased 19.3% to £8.5m (2005: £7.1m).
 - USA underlying operating profit increased by 67.0% to £2.3m (2005: £1.4m).
- Underlying profit before tax was up 22.7% to £49.7m (2005: £40.5m) and underlying basic earnings per share increased by 24.7% to 27.8p (2005: 22.3p).
- Profit before tax was up 21.6% to £47.9m (2005: £39.4m) and basic earnings per share increased by 24.1% to 26.8p (2005: 21.6p).
- Interim dividend per share has been increased 17% to 6.2p (2005: 5.3p).
- So far in 2006, SIG has completed twelve acquisitions, with combined annual sales of c.£115m, for a total consideration of £49m.

* Where reference is made to “underlying” this should be taken as meaning before the amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness.

Les Tench, Chairman, commented:

“The first six months of 2006 has been a period of continued expansion and solid growth throughout the Group. Strong like for like increases in sales and operating profit across all the geographic regions in which the Group trades were supplemented by the positive impact of businesses acquired in 2005 and during the period.

We are focused on achieving sustainable long term growth through a programme of investments in existing businesses, and the acquisition of carefully targeted complementary businesses. The company continues to strengthen its position in its key markets, and is well positioned to benefit from future opportunities. Trading since the end of June has been in line with expectations, and the Board is confident that further progress will be made in 2006.”

Enquiries:

| | | | |
|---------------------------------|----------|------------|---------------|
| David Williams, Chief Executive | SIG plc | today | 020 7251 3801 |
| Gareth Davies, Finance Director | | thereafter | 0114 285 6300 |
| Gordon Simpson/Kirsty Flockhart | Finsbury | | 020 7251 3801 |

Full Interim Results information is available on www.sigplc.co.uk. An interview with David Williams, Chief Executive is now available on SIG's website and www.cantos.com

Chairman's Statement

The first six months of 2006 has been a period of continued expansion and solid growth throughout the Group.

Strong like for like increases in sales and operating profit across all the geographic regions in which the Group trades were supplemented by the positive impact of businesses acquired in 2005 and during the period.

Results

For the six months to 30 June 2006, compared with the corresponding period in 2005:

Sales

- Total sales were £889m, up £120m (15.6%) over the first half of 2005 (£769m).
- Like for like sales growth, i.e. excluding the impact of acquisitions completed after 1 January 2005, was £51m, an increase of 6.7%.
- Foreign currency exchange rate movements compared to 2005 were minimal, adding less than £5m to Group sales. Sales growth on a constant currency basis was 15.0%.
- Like for like sales growth was achieved in all countries in which the Group has trading operations, and in all principal business streams.

Profits

- Underlying* operating profit was £55.9m, an increase of £12.1m (27.8%) over the £43.8m in the first half of 2005.
- Underlying* profit before tax increased by £9.2m (22.7%) to £49.7m (2005: £40.5m).

- Net finance charges before hedge ineffectiveness were £6.2m (up from £3.3m for the first half of 2005) reflecting the expenditure on acquisitions and increased Euro interest rates since June 2005.
- Profit before tax increased by £8.5m, up 21.6% to £47.9m (2005: £39.4m).

* Where reference is made to “underlying” this should be taken as meaning before the amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness.

Earnings per Share

- Underlying basic earnings per share were 27.8p, up 5.5p (24.7%) on the 22.3p in the first half of 2005.
- Basic earnings per share increased by 5.2p to 26.8p (2005: 21.6p), an increase of 24.1%.

Financial

- Balance sheet gearing was 65% at 30 June 2006, compared to 60% at 31 December 2005.
- Interest cover continues to be healthy at 9 times (30 June 2005: 13 times).

Dividend

An interim dividend of 6.2p per share has been declared, an increase of 17.0% on the 5.3p interim dividend paid for the first half of 2005.

This dividend is covered 4.3 times.

The dividend is payable on 27 November 2006, to shareholders on the register at 27 October 2006.

Trading Review

UK & Ireland (68% of Group sales)

Total sales in the UK and Ireland increased by £88m to £605.1m, up 17.1% on H1 2005 (£516.7m).

Sales growth on a like for like basis was 4.8%.

Operating profit increased by £10.3m to £48.0m, up 27.4% on 2005 (£37.7m) and the net operating margin increased to 7.9% (2005: 7.3%).

This strong performance was achieved against the background of the following market conditions:

Overall construction activity, which is the main external factor influencing the Group, is estimated to have been very slightly up on the first half of 2005. This small increase came from non-residential new build and renovation programmes, where SIG is particularly strong. Within the non-residential sector, commercial office construction grew. Public sector construction, which is heavily influenced by the long term government commitment to rebuild and replace schools and hospitals throughout the UK, is believed to have been flat compared with prior year. The release of new work of this type so far in 2006 has been at a lower level than industry expectations.

In the residential building sector, new construction activity continued at similar levels to 2005, and the market for upgrading and renovation of existing homes remained sluggish.

Market demand for thermal insulation materials was similar to prior year, and average prices declined due to oversupply in the market arising from increased manufacturing capacity. After three years of very strong growth in demand, the market for upgrading of insulation in existing dwellings began to level off during the first half of 2006. Demand is heavily driven by grants and subsidies both from government agencies and from the energy producers, and whilst the long term

prospects are very good, in the short term certain key schemes are beginning to wind down.

Demand for roofing materials continued to be adversely affected by reduced activity in the housing RM&I market, and by the reduced number of “conventional” semi-detached and detached homes under construction.

The range of commercial interiors and specialist construction products sold by SIG are more commonly sold to non-residential rather than residential construction sites, and therefore demand has been slightly stronger in the first six months of 2006.

Against this background of mixed market conditions, results in the first half of 2006 benefited from a range of internal growth and development initiatives, as outlined below.

Businesses acquired in 2005 and so far in 2006 have integrated well into the Group, and together, contributed strongly to the growth achieved.

The range of products sold has been further expanded, and certain products newly introduced as a result of recent acquisitions have been migrated into existing core operations.

Largely as a result of the acquisition programme, the number of trading sites in the UK and Ireland increased by 38 to 375 at 30 June 2006 (31 December 2005: 337). This expansion increases the customer base, and improves the Group’s capability to meet customer service demands.

Actions taken as part of our ongoing continuous improvement programme, and the positive impact of higher margin businesses acquired in 2005 enabled the gross and net operating margins to be increased in the period, compared with the first six months of 2005.

Mainland Europe (28% of Group sales)

Sales in the first half of 2006 increased by £24.4m to £245.5m, up 11.0% on H1 2005 (£221.1m).

Operating profit increased by £1.4m to £8.5m (2005: £7.1m), an increase of 19.3%.

Management actions and initiatives increased the net operating margin to 3.5% (2005: 3.2%).

Exchange rate movements compared to prior year had a very small positive impact on the results, adding £2.7m to sales and less than £100k to operating profit. On a constant currency basis, sales growth was 9.8%, and operating profit growth 18.3%.

On a like for like constant currency basis, sales growth was 7.6% and operating profit growth 13.7%. These are very encouraging growth figures, and are believed to represent progress at a significantly greater rate than market demand.

In Germany and Austria sales grew by 8.8% in Euros. After a slow start to 2006, construction activity strengthened in more recent months. Operating profit declined slightly due to a reduction in the gross margin, as a result of changes in the product mix together with generally weaker prices in the market.

In France, sales in Euros increased by 5.9%, and operating profits were substantially increased, with market demand strong and pricing positive.

In Benelux, the good progress reported in 2005 continued in 2006, with sales in Euros up 26.7% and operating profit strongly ahead of prior year.

Construction activity in Poland increased, and sales were up by 16.6% in local currency. In comparison with a small operating loss reported in the first half of 2005, a small operating profit was achieved in the first half of 2006.

The total number of trading sites in Mainland Europe increased by 2 to 141 at 30 June 2006, compared with 139 at 31 December 2005. Again, this represents further growth and market penetration by SIG.

USA (4% of Group sales)

Against the background of strong market conditions, sales increased by £7.1m to £38.4m, (2005: £31.3m), an increase of 22.7%, entirely on a like for like basis.

Operating profit rose by £0.9m to £2.3m (2005: £1.4m), an increase of 67.0%.

Results in Dollars on a like for like basis are sales growth of 18.4%, and operating profit up 61.2%.

Whilst sales in the first three months were positively affected by some one-off reconstruction work in the Southern States arising from the hurricane damage to petrochemical and other industrial processing facilities in that area, the underlying improvement in market demand was reflected in strong growth in the second quarter.

Market Price Inflation

After a period of strong price inflation in 2004 and 2005, the overall impact of price increases in 2006 has been around 2%. This is in line with internal expectations, and is close to the long range average price inflation in the products and markets served by SIG.

This average figure takes into account the price deflation on a year on year basis of a number of products, most notably certain insulation materials in the UK.

Acquisitions

SIG has had another successful period of acquiring businesses in related and complementary markets in order to broaden the Group's activities, strengthen the core businesses, and increase the range of growth opportunities for the future.

So far in 2006, we have completed twelve acquisitions, with combined annual sales of c.£115m. Total consideration for these acquired businesses is £49m, including assumed debt.

These are broadly spread across the markets served by SIG, and comprise seven in roofing and related building plastics, (one in Germany, six in the UK), three in insulation (one in France, two in the UK) and one in both specialist construction products and commercial interiors (both UK).

In June 2006, we acquired a UK distributor of roofline and building plastics that is loss making. With 27 trading sites this acquisition significantly extends our market coverage in this product sector and we are confident that this business will be returned to profitability. As indicated in the Trading Statement released on 11 July 2006, it is anticipated that restructuring costs will be taken over the remainder of 2006 in connection with this acquisition. These are not expected to exceed £1m.

Prospects

Market conditions in the key countries and product sectors which are important to SIG are not expected to change significantly during the remainder of 2006.

We are focused on achieving sustainable long term growth through a programme of investments in existing businesses, and the acquisition of carefully targeted complementary businesses. The company continues to strengthen its position in its key markets, and is well positioned to benefit from future opportunities.

The acquisitions made in 2005 impacted chiefly on the second half year, and for this reason the year on year comparators for the six month period beginning 1 July are more demanding than those for the first six months.

Trading since the end of June has been in line with expectations, and the Board is confident that further progress will be made in 2006.

Consolidated Income Statement

for the six months ended 30 June 2006

| | | Unaudited six months ended 30 June 2006 | | | Unaudited six months ended 30 June 2005 | | | Audited year ended 31 December 2005 | | |
|-------------------------------|------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------|
| | | Before amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness* | Amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness* | Total | Before amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness* | Amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness* | Total | Before amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness* | Amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness* | Total |
| Continuing Operations | Note | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Revenue | 2 | 888,987 | - | 888,987 | 769,074 | - | 769,074 | 1,639,332 | - | 1,639,332 |
| Operating profit | 2 | 55,892 | (2,969) | 52,923 | 43,748 | (1,359) | 42,389 | 102,103 | (9,342) | 92,761 |
| Finance income | | 2,785 | 1,170 | 3,955 | 3,385 | 250 | 3,635 | 6,691 | 1,880 | 8,571 |
| Finance costs | | (9,019) | - | (9,019) | (6,657) | - | (6,657) | (14,521) | - | (14,521) |
| Profit before tax | | 49,658 | (1,799) | 47,859 | 40,476 | (1,109) | 39,367 | 94,273 | (7,462) | 86,811 |
| Income tax expense | 3 | (15,374) | 540 | (14,834) | (13,045) | 333 | (12,712) | (29,211) | 542 | (28,669) |
| Profit after tax | | 34,284 | (1,259) | 33,025 | 27,431 | (776) | 26,655 | 65,062 | (6,920) | 58,142 |
| Attributable to: | | | | | | | | | | |
| Equity holders of the Company | | 33,914 | (1,259) | 32,655 | 27,063 | (776) | 26,287 | 64,106 | (6,920) | 57,186 |
| Minority interests | | 370 | - | 370 | 368 | - | 368 | 956 | - | 956 |
| Earnings per share | | | | | | | | | | |
| Basic earnings per share | 4 | 27.8p | (1.0p) | 26.8p | 22.3p | (0.7p) | 21.6p | 52.7p | (5.7p) | 47.0p |
| Diluted earnings per share | 4 | 27.4p | (1.1p) | 26.3p | 21.9p | (0.6p) | 21.3p | 51.9p | (5.6p) | 46.3p |

* Amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness have been disclosed separately in order to give an indication of the underlying earnings of the Group.

Consolidated Statement of Recognised Income and Expense

for the six months ended 30 June 2006

| | Unaudited six months ended 30 June 2006 | Unaudited six months ended 30 June 2005 | Audited year ended 31 December 2005 |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-------------------------------------------|
| | £000's | Restated £000's | £000's |
| Profit after tax | 33,025 | 26,655 | 58,142 |
| Exchange difference on retranslation of foreign currency goodwill and intangibles | 10 | (1,498) | (725) |
| Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles) | 320 | (4,868) | (1,669) |
| Exchange difference on foreign currency borrowings | (1,756) | 4,871 | 1,111 |
| Tax credit/(charge) on exchange difference arising on foreign currency borrowings | 333 | (1,647) | (639) |
| Deferred tax credit on share options | 558 | 405 | 596 |
| Fair value movement on interest rate swaps | 700 | - | - |
| Actuarial loss on defined benefit pension schemes | - | - | (1,885) |
| Deferred tax movement associated with actuarial loss | - | - | 563 |
| Transitional adjustment to adopt IAS 32 and IAS 39 at 1 January 2005 | - | (6,625) | (6,625) |
| Recognition of deferred tax assets on certain transitional adjustments at 1 January 2005 | - | 3,869 | 3,869 |
| Total recognised income and expense for the period | 33,190 | 21,162 | 52,738 |
| Attributable to: | | | |
| Equity holders of the Company | 32,820 | 20,794 | 51,782 |
| Minority interests | 370 | 368 | 956 |
| | 33,190 | 21,162 | 52,738 |

In the second half of 2005, in light of further guidance from the UK tax authorities regarding the tax treatment of IFRS transitional adjustments relating to derivative financial instruments and foreign currency exchange differences, a deferred tax asset of £3.869m was booked as at 1 January 2005. As a result the Consolidated Statement of Recognised Income and Expense has been restated for the period ended 30 June 2005. This adjustment was already reflected in the results reported for the year ended 31 December 2005 and therefore no restatement is necessary in respect of that period. Further details of this restatement are provided in Note 9.

Consolidated Balance Sheet

as at 30 June 2006

| | Unaudited 30 June 2006 £000's | Unaudited 30 June 2005 Restated £000's | Audited 31 December 2005 £000's |
|---------------------------------------------------------------|----------------------------------------|----------------------------------------------------|------------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 108,947 | 91,078 | 102,093 |
| Goodwill | 174,465 | 138,013 | 164,675 |
| Intangible assets | 51,558 | 38,355 | 49,252 |
| Deferred tax assets | 20,495 | 25,729 | 21,085 |
| | 355,465 | 293,175 | 337,105 |
| Current assets | | | |
| Inventories | 145,012 | 118,021 | 128,101 |
| Trade receivables | 327,943 | 307,540 | 281,053 |
| Other receivables | 28,388 | 22,516 | 21,745 |
| Derivative financial instruments | 1,163 | 1,069 | - |
| Cash and cash equivalents | 39,579 | 22,975 | 32,120 |
| | 542,085 | 472,121 | 463,019 |
| Total assets | 897,550 | 765,296 | 800,124 |
| Current liabilities | | | |
| Trade and other payables | 272,327 | 250,358 | 224,859 |
| Obligations under finance leases and hire purchase agreements | 770 | 918 | 756 |
| Bank overdrafts | 1,516 | 4,168 | 3,211 |
| Bank loans | 132,107 | 63,574 | 95,148 |
| Derivative financial instruments | 601 | 158 | - |
| Loan notes | 5,244 | - | 2,253 |
| Current tax liabilities | 22,918 | 22,056 | 25,483 |
| Provisions | 2,438 | 1,639 | 2,252 |
| | 437,921 | 342,871 | 353,962 |
| Non-current liabilities | | | |
| Obligations under finance leases and hire purchase agreements | 859 | 799 | 838 |
| Bank loans | 506 | 874 | 521 |
| Derivative financial instruments | 32,415 | 30,289 | 28,376 |
| Loan notes | 66,344 | 75,029 | 75,740 |
| Deferred tax liabilities | 7,576 | 14,456 | 7,507 |
| Other payables | 2,327 | 4,192 | 2,159 |
| Retirement benefit obligations | 27,676 | 24,707 | 26,987 |
| Provisions | 12,301 | 8,233 | 13,695 |
| | 150,004 | 158,579 | 155,823 |
| Total liabilities | 587,925 | 501,450 | 509,785 |
| Net assets | 309,625 | 263,846 | 290,339 |
| Capital and reserves | | | |
| Called up share capital | 12,226 | 12,148 | 12,189 |
| Share premium account | 18,269 | 16,980 | 17,883 |
| Capital redemption reserve | 347 | 347 | 347 |
| Special reserve | 22,113 | 22,113 | 22,113 |
| Share option reserve | 1,825 | 966 | 1,375 |
| Hedging and translation reserve | (3,375) | (3,502) | (2,282) |
| Retained profits | 257,377 | 214,196 | 237,515 |
| Attributable to equity holders of the Company | 308,782 | 263,248 | 289,140 |
| Minority interests | 843 | 598 | 1,199 |
| Total equity | 309,625 | 263,846 | 290,339 |

Consolidated Cash Flow Statement

for the six months ended 30 June 2006

| | | Unaudited 30 June 2006 £000's | Unaudited 30 June 2005 £000's | Audited 31 December 2005 £000's |
|------------------------------------------------------------|---|--------------------------------------------------|----------------------------------------|------------------------------------------|
| Net cash flow from operating activities | | | | |
| Cash inflow from operating activities | 6 | 43,617 | 47,190 | 113,581 |
| Borrowing costs paid | | (7,287) | (4,768) | (11,511) |
| Interest received | | 1,084 | 1,803 | 3,518 |
| Income tax paid | | (18,049) | (7,454) | (21,850) |
| Net cash inflow from operating activities | | 19,365 | 36,771 | 83,738 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | | (16,312) | (14,236) | (33,576) |
| Proceeds from sale of property, plant and equipment | | 802 | 1,033 | 2,098 |
| Purchase of businesses | | (14,937) | (46,476) | (83,482) |
| Net cash used in investing activities | | (30,447) | (59,679) | (114,960) |
| Cash flows from financing activities | | | | |
| Proceeds from issue of ordinary share capital | | 423 | 196 | 1,140 |
| Capital element of finance lease rental payments | | (414) | (702) | (1,306) |
| Repayment of loans | | (2,268) | (15,446) | (22,020) |
| New loans | | 37,162 | 53,641 | 84,511 |
| Dividends paid to equity holders of the Company | | (14,051) | (11,412) | (17,861) |
| Payments to minority shareholder | | (726) | (572) | (572) |
| Net cash generated from financing activities | | 20,126 | 25,705 | 43,892 |
| Increase in cash and cash equivalents in the period | 7 | 9,044 | 2,797 | 12,670 |
| Cash and cash equivalents at beginning of period | | 28,909 | 16,501 | 16,501 |
| Effect of foreign exchange rate changes | | 110 | (491) | (262) |
| Cash and cash equivalents at end of period | | 38,063 | 18,807 | 28,909 |

Notes to the Interim Financial Information

1 Basis of preparation of interim financial information

The interim financial information was approved by the Board of Directors on 12 September 2006. 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") as adopted for use in the European Union and in accordance with the accounting policies included in the Annual Report for the year ended 31 December 2005, which have been applied consistently throughout the current and preceding periods.

The interim financial information does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The interim results to 30 June 2006 and 2005 are neither audited nor reviewed. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 31 December 2005. Those 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.

2 Segmental information

The Group is managed and organised in three geographies: UK & Ireland, Mainland Europe and the USA. These geographies are the basis on which the Group reports its primary segment information. Segment information about these geographies is presented below:

| | Unaudited six months ended 30 June 2006 | | | | Unaudited six months ended 30 June 2005 | | | | Audited year ended 31 December 2005 | | | |
|------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------|---------------|----------------|-----------------------------------------|-----------------|-----------------|-----------------|-------------------------------------|-----------------|--------|-----------|
| | UK & Ireland | Mainland Europe | USA | Total | UK & Ireland | Mainland Europe | USA | Total | UK & Ireland | Mainland Europe | USA | Total |
| | £000's | £000's | £000's | £000's | Restated £000's | Restated £000's | Restated £000's | Restated £000's | £000's | £000's | £000's | £000's |
| Revenue | 605,133 | 245,454 | 38,400 | 888,987 | 516,705 | 221,075 | 31,294 | 769,074 | 1,098,055 | 473,393 | 67,884 | 1,639,332 |
| Result | | | | | | | | | | | | |
| Segment result before amortisation of acquired intangibles and goodwill impairment loss | 48,041 | 8,521 | 2,295 | 58,857 | 37,700 | 7,141 | 1,374 | 46,215 | 84,359 | 19,612 | 3,008 | 106,979 |
| Amortisation of acquired intangibles | (2,891) | (78) | - | (2,969) | (1,331) | (28) | - | (1,359) | (3,630) | (58) | - | (3,688) |
| Goodwill impairment loss | - | - | - | - | - | - | - | - | (5,654) | - | - | (5,654) |
| Segment result | 45,150 | 8,443 | 2,295 | 55,888 | 36,369 | 7,113 | 1,374 | 44,856 | 75,075 | 19,554 | 3,008 | 97,637 |
| Parent Company costs | | | | (2,965) | | | | (2,467) | | | | (4,876) |
| Operating profit | | | | 52,923 | | | | 42,389 | | | | 92,761 |
| Net finance costs | | | | (5,064) | | | | (3,022) | | | | (5,950) |
| Profit before tax | | | | 47,859 | | | | 39,367 | | | | 86,811 |
| Income tax expense | | | | (14,834) | | | | (12,712) | | | | (28,669) |
| Minority interests | | | | (370) | | | | (368) | | | | (956) |
| Retained profit | | | | 32,655 | | | | 26,287 | | | | 57,186 |
| Balance sheet | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Segment assets | 670,118 | 191,563 | 31,186 | 892,867 | 537,637 | 190,145 | 28,021 | 755,803 | 587,710 | 179,100 | 31,535 | 798,345 |
| Unallocated assets | | | | 4,683 | | | | 9,493 | | | | 1,779 |
| Consolidated total assets | | | | 897,550 | | | | 765,296 | | | | 800,124 |
| Liabilities | | | | | | | | | | | | |
| Segment liabilities | 280,099 | 68,800 | 6,128 | 355,027 | 247,741 | 78,439 | 5,352 | 331,532 | 238,255 | 54,200 | 6,327 | 298,782 |
| Unallocated liabilities | | | | 232,898 | | | | 169,918 | | | | 211,003 |
| Consolidated total liabilities | | | | 587,925 | | | | 501,450 | | | | 509,785 |
| Other segment information | | | | | | | | | | | | |
| Capital expenditure on: | | | | | | | | | | | | |
| Property, plant and equipment | 12,825 | 3,239 | 248 | 16,312 | 11,124 | 2,892 | 220 | 14,236 | 24,802 | 8,448 | 326 | 33,576 |
| Intangible assets | 4,727 | 548 | - | 5,275 | 24,821 | 179 | - | 25,000 | 37,543 | 689 | - | 38,232 |
| Goodwill | 9,541 | 239 | - | 9,780 | 25,899 | 175 | - | 26,074 | 56,107 | 1,474 | - | 57,581 |
| Non-cash expenditure: | | | | | | | | | | | | |
| Depreciation | 8,044 | 2,447 | 195 | 10,686 | 6,688 | 2,342 | 257 | 9,287 | 16,537 | 4,781 | 501 | 21,819 |
| Amortisation of acquired intangibles | 2,891 | 78 | - | 2,969 | 1,331 | 28 | - | 1,359 | 3,630 | 58 | - | 3,688 |
| Goodwill impairment loss | - | - | - | - | - | - | - | - | 5,654 | - | - | 5,654 |

3 Income tax expense

The income tax expense comprises:

| | Unaudited six months ended 30 June 2006 £000's | Unaudited six months ended 30 June 2005 £000's | Audited year ended 31 December 2005 £000's |
|------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|
| UK taxation | 10,161 | 8,224 | 20,032 |
| Overseas taxation | 4,673 | 4,488 | 8,637 |
| Total income tax expense for the period | 14,834 | 12,712 | 28,669 |

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 acquired intangibles, goodwill impairment and hedge ineffectiveness | | |
|------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|
| | Unaudited six months ended 30 June 2006 £000's | Unaudited six months ended 30 June 2005 £000's | Audited year ended 31 December 2005 £000's | Unaudited six months ended 30 June 2006 £000's | Unaudited six months ended 30 June 2005 £000's | Audited year ended 31 December 2005 £000's |
| Profit after tax | 33,025 | 26,655 | 58,142 | 33,025 | 26,655 | 58,142 |
| Minority interests | (370) | (368) | (956) | (370) | (368) | (956) |
| Amortisation of acquired intangibles | - | - | - | 2,969 | 1,359 | 3,688 |
| Goodwill impairment loss | - | - | - | - | - | 5,654 |
| Hedge ineffectiveness | - | - | - | (1,170) | (250) | (1,880) |
| Tax relating to the amortisation of acquired intangibles and hedge ineffectiveness | - | - | - | (540) | (333) | (542) |
| | 32,655 | 26,287 | 57,186 | 33,914 | 27,063 | 64,106 |

| | Unaudited six months ended 30 June 2006 Number | Unaudited six months ended 30 June 2005 Number | Audited year ended 31 December 2005 Number |
|------------------------------------|------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|
| Weighted average number of shares: | | | |
| For basic earnings per share | 122,040,935 | 121,430,203 | 121,625,474 |
| Exercise of share options | 1,926,741 | 2,207,254 | 1,970,146 |
| For diluted earnings per share | 123,967,676 | 123,637,457 | 123,595,620 |

| | Unaudited six months ended 30 June 2006 | Unaudited six months ended 30 June 2005 | Audited year ended 31 December 2005 |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------|
| Earnings per share | | | |
| - Basic earnings per share | 26.8p | 21.6p | 47.0p |
| - Diluted earnings per share | 26.3p | 21.3p | 46.3p |
| Earnings per share before amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness | | | |
| - Basic earnings per share | 27.8p | 22.3p | 52.7p |
| - Diluted earnings per share | 27.4p | 21.9p | 51.9p |

Earnings per share before amortisation of acquired intangibles, goodwill impairment and hedge ineffectiveness is presented in order to give an indication of the underlying performance of the Group.

5 Consolidated statement of changes in equity

| | Unaudited six months ended 30 June 2006 £000's | Unaudited six months ended 30 June 2005 Restated £000's | Audited year ended 31 December 2005 £000's |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------|
| Profit for the period | 32,655 | 26,287 | 57,186 |
| Dividends | (14,051) | (11,412) | (17,861) |
| New share capital issued | 423 | 196 | 1,140 |
| Exchange difference on retranslation of foreign currency goodwill and intangibles | 10 | (1,498) | (725) |
| Exchange difference on retranslation of overseas net investments (excluding goodwill and intangibles) | 320 | (4,868) | (1,669) |
| Exchange difference on foreign currency borrowings | (1,756) | 4,871 | 1,111 |
| Tax credit/(charge) on exchange difference arising on foreign currency borrowings | 333 | (1,647) | (639) |
| Deferred tax credit on share options | 558 | 405 | 596 |
| Fair value movement in interest rate swaps | 700 | - | - |
| Credit to share option reserve | 450 | 327 | 736 |
| Actuarial loss on defined benefit pension schemes | - | - | (1,885) |
| Deferred tax movement associated with actuarial loss | - | - | 563 |
| Transitional adjustment to adopt IAS 32 and IAS 39 at 1 January 2005 | - | (6,625) | (6,625) |
| Recognition of deferred tax assets on certain transitional adjustments at 1 January 2005 | - | 3,869 | 3,869 |
| Net addition to shareholders' funds | 19,642 | 9,905 | 35,797 |
| Opening shareholders' funds | 289,140 | 253,343 | 253,343 |
| Closing shareholders' funds | 308,782 | 263,248 | 289,140 |
| Amounts attributable to minority interests | 843 | 598 | 1,199 |
| Total equity | 309,625 | 263,846 | 290,339 |

6 Reconciliation of operating profit to cash inflow from operating activities

| | Unaudited six months ended 30 June 2006 £000's | Unaudited six months ended 30 June 2005 £000's | Audited year ended 31 December 2005 £000's |
|-------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|
| Operating profit | 52,923 | 42,389 | 92,761 |
| Depreciation charge | 10,686 | 9,287 | 21,819 |
| Amortisation of acquired intangibles | 2,969 | 1,359 | 3,688 |
| Goodwill impairment loss | - | - | 5,654 |
| Profit on sale of property, plant and equipment | (286) | (362) | (572) |
| Share-based payments | 450 | 327 | 736 |
| Increase in working capital | (23,125) | (5,810) | (10,505) |
| Cash inflow from operating activities | 43,617 | 47,190 | 113,581 |

7 Reconciliation of net cash flow to movements in net debt

| | Unaudited six months ended 30 June 2006 £000's | Unaudited six months ended 30 June 2005 £000's | Audited year ended 31 December 2005 £000's |
|-----------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|
| Increase in cash and cash equivalents in the period | 9,044 | 2,797 | 12,670 |
| Cash outflow from movement in debt | (34,480) | (37,493) | (61,185) |
| Increase in net debt resulting from cash flows | (25,436) | (34,696) | (48,515) |
| Debt acquired with acquisitions | (263) | (14,953) | (21,270) |
| Non-cash items | 1,223 | 427 | (1,242) |
| IFRS transitional adjustment | - | (6,625) | (6,625) |
| Exchange differences | (421) | 2,400 | 1,247 |
| Increase in net debt in the period | (24,897) | (53,447) | (76,405) |
| Net debt at beginning of period | (174,723) | (98,318) | (98,318) |
| Net debt at end of period | (199,620) | (151,765) | (174,723) |

8 Interim dividend

An interim dividend of 6.2p per share (2005: 5.3p) 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.

9 IFRS adjustment

On 9 March 2006, SIG plc published its "Final Restatement of 2004 Financial Information" document, which can be found on SIG's website: www.sigplc.co.uk. Two additional transitional adjustments were made in this restatement document from those made in the "Preliminary Restatement of 2004 Financial Information" document issued 14 September 2005. Although these additional adjustments were reflected in the numbers reported for the year ended 31 December 2005, they were not included in those reported for the period ended 30 June 2005.

The additional adjustments were as follows:

a) A deferred tax asset of £3.869m was booked as at 1 January 2005 and 30 June 2005 in relation to tax on certain transitional adjustments made on derivative financial instruments and foreign currency exchange differences; and

b) Inventory was reduced by £2.800m as at 1 January 2004, 31 December 2004 and 30 June 2005 to take into account early settlement discounts in the valuation of inventory.

The combined impact of the above adjustments is to increase net assets at 30 June 2005 by £1.069m. As a result, the Consolidated Balance Sheet, Consolidated Statement of Recognised Income and Expense and the related notes have been restated as at 30 June 2005 to reflect these adjustments. Neither of the additional adjustments had any impact on the Consolidated Income Statement.

The impact of the adjustments at 30 June 2005 is as follows:

| | 30 June 2005 as previously reported £000's | IFRS adjustment £000's | 30 June 2005 as restated £000's |
|---------------------|--------------------------------------------------|---------------------------|---------------------------------------|
| Deferred tax assets | 21,860 | 3,869 | 25,729 |
| Inventories | 120,821 | (2,800) | 118,021 |
| Net assets | 262,777 | 1,069 | 263,846 |