



## P R E S S   R E L E A S E

13 September 2007

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

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

- SIG reports record results for the first half of 2007, with growth achieved in all business streams and all countries in which it has trading operations
- All numbers stated below are on a continuing basis, ie. excluding the USA business sold in November 2006
- Sales increased 29.2% to £1,099m (2006: £851m), exceeding £1bn for the first time in the first half of any year. Like for like<sup>†</sup> sales growth was 12.5%
  - UK and Ireland sales increased 19.4% to £722.5m (2006: £605.1m)
  - Mainland Europe sales increased 53.4% to £376.6m (2006: £245.5m)
- Underlying\* operating profit increased 30.6% to £70.0m (2006: £53.6m)
  - UK and Ireland underlying operating profit increased 19.0% to £57.1m (2006: £48.0m)
  - Mainland Europe underlying operating profit increased 92.3% to £16.4m (2006: £8.5m)
- Underlying profit before tax increased 31.0% to £62.1m (2006: £47.4m). Profit before tax increased 23.3% to £56.2m (2006: £45.6m)
- Underlying basic earnings per share increased 29.9% to 34.3p (2006: 26.4p). Basic earnings per share increased 22.0% to 31.0p (2006: 25.4p)
- Interim dividend per share increased 29% to 8.0p (2006: 6.2p)
- SIG also reports record acquisition activity - 22 acquisitions, for total consideration of £312m so far this year
  - Acquisitions have added 136 trading sites and aggregate annualised sales (on an historic basis) of £424m, split £289m in Mainland Europe and £135m in the UK and Ireland

<sup>†</sup> Like for like sales excludes the impact of acquisitions completed after 1 January 2006

\* Underlying is before the amortisation of acquired intangibles and hedge ineffectiveness

#### **Les Tench, Chairman, commented:**

“The Group has achieved excellent progress in the first six months, with strong like for like increases in all countries and business streams and a step-change in the breadth of the Group’s activities with a total of 146 branches added so far in 2007. The interim dividend is being increased by 29%, an indication of our confidence in the future prospects for SIG.”

#### **Enquiries:**

David Williams, Chief Executive	SIG plc	today	020 7251 3801
Gareth Davies, Finance Director		thereafter	0114 285 6300
Faeth Birch/Gordon Simpson	Finsbury		020 7251 3801

Full Interim Results information is available on [www.sigplc.co.uk](http://www.sigplc.co.uk). An interview with David Williams, Chief Executive, and Gareth Davies, Finance Director is now available on SIG’s website and [www.cantos.com](http://www.cantos.com)

The first six months of 2007 have been marked by a very strong trading performance and by further significant expansion of the Group's activities.

Growth was achieved in all business streams, and in all countries in which SIG has trading operations and sales exceeded £1bn for the first time in the first half of any year.

## **Results**

*The figures given below are on a continuing basis, ie. excluding the contribution from the USA business, which was sold in November 2006.*

*For the first six months to 30 June 2007, compared with the corresponding period in 2006:*

### **Sales**

- Total sales were £1,099m, up £248m (29.2%) on the first half of 2006 (£851m).
- Like for like sales growth, ie. excluding the impact of acquisitions completed after 1 January 2006, was £106m (12.5%).
- Foreign exchange rate movements compared to the first half of 2006 were negligible, reducing sales by approximately £8m. On a constant currency basis sales growth was 30.1% in total and 13.3% on a like for like basis.
- Like for like sales growth was achieved in all countries in which the Group has trading operations and in all business streams.

### **Profits**

- Underlying\* operating profit was £70.0m, an increase of £16.4m (30.6%) over the £53.6m reported in the first half of 2006.

- Underlying net finance costs increased by £1.7m to £7.9m (2006: £6.2m) reflecting the increased acquisition spend.
- Underlying profit before tax was £62.1m, an increase of £14.7m (31.0%) over the £47.4m in the first half of 2006.
- Amortisation of acquired intangibles increased by £3.1m to £6.1m (2006: £3.0m). A credit of £0.2m has arisen in relation to hedge ineffectiveness (2006: £1.2m).
- Profit before tax increased by £10.6m (23.3%) to £56.2m (2006: £45.6m).

### **Earnings per Share**

- Underlying basic earnings per share increased by 7.9p to 34.3p (2006: 26.4p), an increase of 29.9%.
- Basic earnings per share increased by 5.6p to 31.0p (2006: 25.4p), an increase of 22.0%.

### **Financial**

- Balance sheet gearing was 67% at 30 June 2007, compared with 65% at both 30 June and 31 December 2006.
- Underlying interest cover at 30 June 2007 was a healthy 8.8 times (30 June 2006: 8.6 times).

### **Dividend**

An interim dividend of 8.0p per share has been declared, a significant increase (29%) on the 6.2p per share interim dividend for the first half of 2006.

This reflects the continued growth in earnings per share and the Board's confidence going forward.

The dividend is covered 3.9 times and is payable on 27 November 2007, to shareholders on the register on 26 October 2007.

## **Trading Sites**

During the first six months of the year the Group increased the number of trading sites by 126 to 744 (31 December 2006: 618), driven mainly by acquisition activity.

## **Trading Review**

### **UK and Ireland (66% of Group sales)**

Total sales in the UK and Ireland increased by £117.4m to £722.5m, up 19.4% on H1 2006 (£605.1m).

Like for like sales increased by 9.7%.

Underlying operating profit increased by £9.1m to £57.1m, up 19.0% on H1 2006 (£48.0m).

These strong results were achieved against the background of modest market growth in overall non-residential construction activity and flat residential building work in the UK, whilst in Ireland building activity began to decline from April onwards.

Demand for insulation materials grew with the first signs coming through of the new higher standards required to be built into all new construction, driven by the 2006 revision to Part L of the Building Regulations. Within the domestic upgrading insulation market, as anticipated, demand was reduced as phase two of the Energy Efficiency Commitment (EEC2) grant scheme winds down and prior to the next scheme beginning early in 2008. The new grant scheme is called CERT, which stands for Carbon Emission Reduction Targets, and is expected to generate a higher volume of insulation upgrading than its predecessor over the period 2008 to 2010.

The growth in non-residential construction activity in the UK created increased demand for both commercial interiors and specialist construction products. Like for like sales were strongly ahead in the period. Whilst commercial new construction is the largest sector within non-residential, the ongoing public expenditure programmes aimed at building new schools and hospitals continued to generate sales across all of SIG's product groups.

After two years of reduced demand there was some modest increase in roofing activity in the first half. This increased demand, coupled with the ongoing expansion of our number of trading sites and product range, created a good level of sales growth.

Average price inflation in the UK and Ireland was around 2.5%.

The number of trading sites increased from 422 in the UK and Ireland at 31 December 2006, to 440 at 30 June 2007.

### **Mainland Europe (34% of Group sales)**

Total sales in Mainland Europe increased by £131.1m to £376.6m, up 53.4% on H1 2006 (£245.5m).

Underlying operating profits almost doubled to £16.4m, up 92.3% on H1 2006 (£8.5m). The net operating margin increased to 4.3% (H1 2006: 3.5%) driven by the operational gearing benefit of additional sales and tight cost control.

Exchange rate movements had a mildly adverse impact on the reported results due to the weakening of the Euro and Polish Zloty against Sterling compared with H1 2006, reducing sales by £6.8m and operating profits by £0.3m. For clarification, the Group is not materially affected by exchange rate movements in respect of its trading activities, as the vast majority of the goods sold by SIG are either bought or produced in the same currency as that applied to the sale.

On a like for like constant currency basis, sales growth was 21.7% and operating profit growth 64.2%.

These excellent results from our operations in Mainland Europe were achieved against the background of generally more helpful market conditions with product demand increased over prior year, coupled with modest price inflation (estimated overall at 2.8% over the prior year). These results represent an increase of more than two times sales and almost five times operating profit over the four years since H1 2003.

In Germany and Austria, overall construction activity was much stronger than in H1 2006, partly due to the sharply contrasting climatic conditions – an extremely mild start to 2007 compared to a very severe and prolonged winter in Q1 2006, enabling building work to continue largely unaffected by freezing temperatures and snow this year. Against this helpful background, total sales grew by 46.8% and by 18.3% on a like for like basis in Euros. The net operating margin increased and operating profits more than doubled.

It should be borne in mind that a combination of exceptional factors created a surge in demand for building materials in the final calendar quarter of 2006 in Germany, which meant that the second half results were very much stronger than anticipated and skewed the H1 / H2 split sharply towards H2. This means that the year on year comparators for H2 2007 are more demanding than in the first half.

Total sales in France grew by 25.4% in Euros and by 19.9% on a like for like basis. Demand for insulation and commercial interiors products was strong and we continued to make good progress in developing both the product range and our geographic coverage. The net operating margin increased and operating profits were substantially up on H1 2006.

In Poland, the revival of construction activity which was reported in 2006 continued strongly into 2007. Like Germany and Austria, this year the unseasonably mild start to 2007 enabled building sites to continue working. Total sales increased almost threefold compared with first half prior year. Like for like sales in local currency grew

by 72.1%. The net operating margin was increased and the small operating profit reported in the first half of 2006 was substantially increased. This excellent performance marks a new milestone in the development and growth of the Group's business in Poland.

In Benelux, again in more favourable market conditions, we made strong progress in both insulation and commercial interiors, with total sales up 28.4% in Euros, 13.9% on a like for like basis. The net operating margin was increased and the operating profit almost doubled.

Largely as a result of the acquisition programme in both 2006 and so far in 2007, the number of trading sites in Mainland Europe has increased significantly during the past year, with a total of 304 locations at the current period end compared with 141 at 30 June 2006 and 196 at 31 December 2006.

## **Acquisitions**

In addition to the record trading performance in the first half of 2007, it has also been one of record acquisition activity. In the period 1 January 2007 to 30 June 2007, 14 acquisitions were completed, together adding 116 trading sites and aggregate annualised sales of £309m on an historic basis. Total consideration, including assumed debt and performance-related contingent consideration amounted to £259m. Of the £309m annualised sales, £274m is in Mainland Europe and £35m in the UK and Ireland.

Since 30 June 2007 we have completed 8 further acquisitions, together adding 20 trading sites and aggregate annualised sales of £115m. Total consideration for these 8 most recent acquisitions is £53m, including assumed debt and performance-related contingent consideration.

To summarise, the total number of acquisitions completed since 1 January 2007 is 22, together adding 136 trading sites, with annualised sales of £424m, split £289m Mainland Europe and £135m in the UK and Ireland.

Each of the acquired businesses fits the profile of SIG as suppliers of specialist materials to the building and construction trades with emphasis on supplying professional companies and trades people rather than the retail consumer.

Most of the businesses acquired to date are directly complementary to our existing countries and existing business streams, ie. "bolt-on". Others represent a new platform for future growth. Key examples of new "platform" acquisitions in 2007 are:

- i) In June 2007, SIG acquired Larivière, the leading specialist roofing materials distributor in France, with 83 trading sites and annualised sales of £229m. Performance has been in line with expectations since acquisition, and the expansion programme is progressing with 2 additional trading sites added so far.
  
- ii) SIG made its first entry into Central Europe through the acquisition of a supplier of insulation and commercial interiors products with 16 trading sites in Slovakia and Czech Republic. Construction activity in these countries is expected to grow at a higher rate going forward than Western and Southern Europe, creating attractive new opportunities for the Group.

In August an additional acquisition added 7 more trading sites in the Czech Republic, trading in both insulation and commercial interiors products.

- iii) In September 2007, SIG acquired one of the largest suppliers to the specialist professional contract flooring market in the UK, with 5 trading sites and annualised sales of £70m. This business adds a new dimension to the existing SIG Commercial Interiors operations in the UK.

The integration of all of these acquisitions is progressing well.

Two loss-making businesses were acquired in the second half of 2006, one in the UK and one in Poland. The specialist roofline products business in the UK has been significantly restructured and is close to achieving profitability. The Polish acquisition

has performed extremely well since acquisition, raising margins and turnover substantially and is now profitable on a monthly basis.

## **Investments**

The Group continues to invest in future growth via suitable acquisitions and in the infrastructure of existing businesses to improve customer service and internal efficiencies. These investments include increased capacity within our UK insulation operations in order to maintain our market leading position against the background of anticipated future increases in demand both in the new build and residential upgrading sectors.

Presently we are upgrading and replacing a number of computer systems in use throughout different parts of the Group, to improve service and aid efficiencies. This programme is being introduced at a measured pace and is progressing well.

## **Board**

As previously announced, the Board has been further strengthened by the appointment in February 2007 of Chris Davies to the Group Board. Chris joined SIG in 1994 and has held a number of management positions in the UK and in Mainland Europe. He is Managing Director of SIG in Mainland Europe and has led the expansion and growth in this key region over the last 6 years.

## **Share Capital Issue**

On 24 May 2007, SIG announced a placing of new ordinary shares with institutional and other investors to raise gross proceeds of £150m (the "Placing"). The Company placed 11,363,637 new ordinary shares at 1320p each, raising £147m after commissions and expenses. The Placing proceeds have been used to fund the acquisition of Larivière and the increased acquisition spend. They also provide SIG with financial flexibility to take advantage of acquisition opportunities as they arise and ensuring that SIG continues to drive its organic growth through ongoing investment in its businesses.

## **Prospects**

Demand from the key building and construction industries has been good in the first half of 2007 throughout the Group's operating regions and we do not foresee any significant change in market conditions in the remainder of 2007.

Against the background of the recent uncertainties in the financial markets, it is not presently known whether these events may spill over into the wider economy, possibly affecting building and construction activity. There are no signs of this at present.

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

\* Underlying is before the amortisation of acquired intangibles and hedge ineffectiveness

## Consolidated Income Statement

for the six months ended 30 June 2007

	Note	<u>Unaudited six months ended</u> 30 June 2007			<u>Unaudited six months ended</u> 30 June 2006			<u>Audited year ended</u> 31 December 2006		
		Before other items* £000's	Other items* £000's	Total £000's	Before other items* £000's	Other items* £000's	Total £000's	Before other items* £000's	Other items* £000's	Total £000's
<b>Revenue</b>	2	<b>1,099,131</b>	-	<b>1,099,131</b>	850,587	-	850,587	1,859,832	-	1,859,832
<b>Operating profit</b>	2	<b>69,974</b>	<b>(6,072)</b>	<b>63,902</b>	53,597	(2,969)	50,628	121,401	(6,942)	114,459
Finance income		4,132	186	4,318	2,775	1,170	3,945	6,056	1,357	7,413
Finance costs		(12,056)	-	(12,056)	(9,019)	-	(9,019)	(19,200)	-	(19,200)
<b>Profit before tax</b>		<b>62,050</b>	<b>(5,886)</b>	<b>56,164</b>	47,353	(1,799)	45,554	108,257	(5,585)	102,672
Income tax expense	3	(18,615)	1,766	(16,849)	(14,715)	540	(14,175)	(32,515)	1,676	(30,839)
<b>Profit after tax from continuing operations</b>		<b>43,435</b>	<b>(4,120)</b>	<b>39,315</b>	32,638	(1,259)	31,379	75,742	(3,909)	71,833
<b>Discontinued operation:</b>										
Profit before tax from discontinued operation		-	-	-	2,305	-	2,305	3,774	-	3,774
Profit on disposal of discontinued operation		-	-	-	-	-	-	-	1,947	1,947
Income tax expense on discontinued operation		-	-	-	(659)	-	(659)	(1,124)	92	(1,032)
		-	-	-	1,646	-	1,646	2,650	2,039	4,689
<b>Profit after tax</b>		<b>43,435</b>	<b>(4,120)</b>	<b>39,315</b>	34,284	(1,259)	33,025	78,392	(1,870)	76,522
<b>Attributable to:</b>										
Equity holders of the Company		42,879	(4,120)	38,759	33,914	(1,259)	32,655	77,719	(1,870)	75,849
Minority interests		556	-	556	370	-	370	673	-	673
<b>Earnings per share</b>										
<i>From continuing operations:</i>										
Basic earnings per share	4	34.3p	(3.3p)	31.0p	26.4p	(1.0p)	25.4p	61.3p	(3.2p)	58.1p
Diluted earnings per share	4	33.9p	(3.2p)	30.7p	26.0p	(1.0p)	25.0p	60.6p	(3.1p)	57.5p
<i>From continuing and discontinued operations:</i>										
Basic earnings per share	4	34.3p	(3.3p)	31.0p	27.8p	(1.0p)	26.8p	63.4p	(1.5p)	61.9p
Diluted earnings per share	4	33.9p	(3.2p)	30.7p	27.4p	(1.1p)	26.3p	62.8p	(1.6p)	61.2p

\* Other items relate to the amortisation of acquired intangibles, hedge ineffectiveness and for the year ended 31 December 2006, the profit on disposal of discontinued operation. Other items 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 2007

	<b>Unaudited six months ended 30 June 2007 £000's</b>	Unaudited six months ended 30 June 2006 £000's	Audited year ended 31 December 2006 £000's
Profit after tax	<b>39,315</b>	33,025	76,522
Exchange difference on retranslation of foreign currency goodwill and intangibles	<b>71</b>	10	(918)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	<b>1,240</b>	320	(3,980)
Exchange and fair value movements associated with borrowings and derivative financial instruments	<b>(9,967)</b>	(1,056)	6,712
Tax charge on exchange difference arising on borrowings and derivative financial instruments	<b>382</b>	333	(1,078)
Current and deferred tax on share options	<b>1,371</b>	558	2,214
Actuarial gain on defined benefit pension schemes	-	-	3,292
Deferred tax movement associated with actuarial gain	-	-	(966)
<b>Total recognised income and expense for the period</b>	<b>32,412</b>	33,190	81,798
<b>Attributable to:</b>			
Equity holders of the Company	<b>31,856</b>	32,820	81,125
Minority interests	<b>556</b>	370	673
	<b>32,412</b>	33,190	81,798

## Consolidated Balance Sheet

as at 30 June 2007

	Note	Unaudited 30 June 2007 £000's	Unaudited 30 June 2006 £000's	Audited 31 December 2006 £000's
<b>Non-current assets</b>				
Property, plant and equipment		178,540	108,947	134,943
Goodwill		404,202	174,465	216,257
Intangible assets		117,158	51,558	81,925
Deferred tax assets		17,147	20,495	16,435
		<b>717,047</b>	<b>355,465</b>	<b>449,560</b>
<b>Current assets</b>				
Inventories		211,379	145,012	151,791
Trade receivables		442,513	327,943	310,418
Other receivables		31,660	28,388	20,527
Derivative financial instruments		3,110	1,163	1,668
Cash and cash equivalents		111,006	39,579	62,447
		<b>799,668</b>	<b>542,085</b>	<b>546,851</b>
<b>Total assets</b>		<b>1,516,715</b>	<b>897,550</b>	<b>996,411</b>
<b>Current liabilities</b>				
Trade and other payables		426,404	268,287	260,601
Obligations under finance leases and hire purchase agreements		4,882	770	1,391
Bank overdrafts		3,024	1,516	3,302
Bank loans		120,053	132,107	50,845
Loan notes		2,974	5,244	483
Derivative financial instruments		633	601	61
Current tax liabilities		27,550	22,918	21,366
Provisions		9,344	6,478	12,019
		<b>594,864</b>	<b>437,921</b>	<b>350,068</b>
<b>Non-current liabilities</b>				
Obligations under finance leases and hire purchase agreements		2,424	859	1,448
Bank loans		4,635	506	4,703
Loan notes		-	263	-
Private placement notes		268,826	66,081	193,043
Derivative financial instruments		51,583	32,415	37,659
Deferred tax liabilities		34,415	7,576	17,764
Other payables		1,581	2,327	1,267
Retirement benefit obligations		24,622	27,676	23,633
Provisions		18,354	12,301	14,164
		<b>406,440</b>	<b>150,004</b>	<b>293,681</b>
<b>Total liabilities</b>		<b>1,001,304</b>	<b>587,925</b>	<b>643,749</b>
<b>Net assets</b>		<b>515,411</b>	<b>309,625</b>	<b>352,662</b>
<b>Capital and reserves</b>				
Called up share capital	9	13,467	12,226	12,310
Share premium account		165,698	18,269	19,636
Capital redemption reserve		347	347	347
Special reserve		22,113	22,113	22,113
Share option reserve		1,991	1,825	1,786
Hedging and translation reserve		(4,223)	(3,375)	(4,570)
Retained profits		314,309	257,377	299,887
<b>Attributable to equity holders of the Company</b>		<b>513,702</b>	<b>308,782</b>	<b>351,509</b>
<b>Minority interests</b>		<b>1,709</b>	<b>843</b>	<b>1,153</b>
<b>Total equity</b>		<b>515,411</b>	<b>309,625</b>	<b>352,662</b>

**Consolidated Cash Flow Statement**

for the six months ended 30 June 2007

	Note	Unaudited 30 June 2007 £000's	Unaudited 30 June 2006 £000's	Audited 31 December 2006 £000's
<b>Net cash flow from operating activities</b>				
Cash inflow from operating activities	6	63,496	43,617	132,355
Borrowing costs paid		(4,342)	(7,287)	(14,206)
Interest received		2,101	1,084	2,433
Income tax paid		(13,243)	(18,049)	(36,615)
Net cash inflow from operating activities		48,012	19,365	83,967
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(27,298)	(16,312)	(44,682)
Proceeds from sale of property, plant and equipment		2,428	802	2,009
Purchase of businesses	8	(175,468)	(14,937)	(90,061)
Net proceeds from sale of discontinued operation		-	-	25,327
Net cash used in investing activities		(200,338)	(30,447)	(107,407)
<b>Cash flows from financing activities</b>				
Proceeds from issue of ordinary share capital		147,219	423	1,874
Capital element of finance lease rental payments		(818)	(414)	(1,723)
Repayment of loans		(19,200)	(2,268)	(135,112)
New loans		91,551	37,162	211,562
Dividends paid to equity holders of the Company		(17,604)	(14,051)	(21,719)
Payments to minority shareholder		-	(726)	(719)
Net cash generated from financing activities		201,148	20,126	54,163
<b>Increase in cash and cash equivalents in the period</b>	7	<b>48,822</b>	<b>9,044</b>	<b>30,723</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>59,145</b>	<b>28,909</b>	<b>28,909</b>
Effect of foreign exchange rate changes		15	110	(487)
<b>Cash and cash equivalents at end of period</b>		<b>107,982</b>	<b>38,063</b>	<b>59,145</b>

## **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 2007. 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 2006, 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 2007 and 2006 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 2006. 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

As at 30 June 2007, the Group is managed and organised in two geographies: UK and Ireland and Mainland Europe. On 20 November 2006, the Group disposed of its operations in 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 2007			Unaudited six months ended 30 June 2006			Audited year ended 31 December 2006				
	UK and Ireland	Mainland Europe	Total	UK and Ireland	Mainland Europe	Discontinued operation (USA)	Total	UK and Ireland	Mainland Europe	Discontinued operation (USA)	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Revenue</b>	<b>722,496</b>	<b>376,635</b>	<b>1,099,131</b>	<b>605,133</b>	<b>245,454</b>	<b>38,400</b>	<b>888,987</b>	<b>1,254,376</b>	<b>605,456</b>	<b>65,228</b>	<b>1,925,060</b>
<b>Result</b>											
<b>Segment result before amortisation of acquired intangibles</b>	<b>57,149</b>	<b>16,383</b>	<b>73,532</b>	<b>48,041</b>	<b>8,521</b>	<b>2,295</b>	<b>58,857</b>	<b>99,919</b>	<b>27,577</b>	<b>3,758</b>	<b>131,254</b>
Amortisation of acquired intangibles	(5,597)	(475)	(6,072)	(2,891)	(78)	-	(2,969)	(6,470)	(472)	-	(6,942)
<b>Segment result</b>	<b>51,552</b>	<b>15,908</b>	<b>67,460</b>	<b>45,150</b>	<b>8,443</b>	<b>2,295</b>	<b>55,888</b>	<b>93,449</b>	<b>27,105</b>	<b>3,758</b>	<b>124,312</b>
Parent Company costs			(3,558)				(2,965)				(6,095)
<b>Operating profit</b>			<b>63,902</b>				<b>52,923</b>				<b>118,217</b>
Net finance costs - continuing operations			(7,738)				(5,074)				(11,787)
Net finance costs - discontinued operation			-				10				16
<b>Profit before tax</b>			<b>56,164</b>				<b>47,859</b>				<b>106,446</b>
Profit on disposal of discontinued operation			-				-				1,947
Income tax credit - on profit on disposal of discontinued operation			-				-				92
Income tax expense - continuing operations			(16,849)				(14,175)				(30,839)
Income tax expense - discontinued operation			-				(659)				(1,124)
Minority interests			(556)				(370)				(673)
<b>Retained profit</b>			<b>38,759</b>				<b>32,655</b>				<b>75,849</b>
<b>Attributable to:</b>											
Continuing operations			38,759				31,009				71,160
Discontinued operation			-				1,646				4,689
			38,759				32,655				75,849
<b>Balance Sheet</b>											
<b>Assets</b>											
Segment assets	825,032	612,832	1,437,864	670,118	191,563	31,186	892,867	718,293	266,490	-	984,783
Unallocated assets			78,851				4,683				11,628
Consolidated total assets			1,516,715				897,550				996,411
<b>Liabilities</b>											
Segment liabilities	342,274	198,371	540,645	280,099	68,800	6,128	355,027	264,338	91,886	-	356,224
Unallocated liabilities			460,659				232,898				287,525
Consolidated total liabilities			1,001,304				587,925				643,749
<b>Other segment information</b>											
<i>Capital expenditure on:</i>											
Property, plant and equipment	21,516	6,414	27,930	13,266	3,239	248	16,753	37,289	8,121	391	45,801
Intangible assets	10,186	31,119	41,305	4,727	548	-	5,275	28,835	10,793	-	39,628
Goodwill	16,926	170,948	187,874	9,541	239	-	9,780	36,470	18,891	-	55,361
<i>Non-cash expenditure:</i>											
Depreciation	10,204	3,316	13,520	8,044	2,447	195	10,686	18,217	5,540	346	24,103
Amortisation of acquired intangibles	5,597	475	6,072	2,891	78	-	2,969	6,470	472	-	6,942

### 3 Income tax expense

The income tax expense comprises:

	<b>Unaudited six months ended 30 June 2007 £000's</b>	Unaudited six months ended 30 June 2006 £000's	Audited year ended 31 December 2006 £000's
UK taxation	<b>10,703</b>	10,161	21,894
Overseas taxation	<b>6,146</b>	4,673	9,977
Total income tax expense for the period	<b>16,849</b>	14,834	31,871
Attributable to:			
Continuing operations	<b>16,849</b>	14,175	30,839
Discontinued operation	-	659	1,032
	<b>16,849</b>	14,834	31,871



## 5 Consolidated statement of changes in equity

	Unaudited six months ended 30 June 2007	Unaudited six months ended 30 June 2006	Audited year ended 31 December 2006
	£000's	£000's	£000's
Profit for the period attributable to equity holders of the Company	38,759	32,655	75,849
Dividends	(17,604)	(14,051)	(21,719)
New share capital issued	147,219	423	1,874
Exchange difference on retranslation of foreign currency goodwill and intangibles	71	10	(918)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	1,240	320	(3,980)
Exchange and fair value movements associated with borrowings and derivative financial instruments	(9,967)	(1,056)	6,712
Tax charge on exchange difference arising on borrowings and derivative financial instruments	382	333	(1,078)
Current and deferred tax on share options	1,371	558	2,214
Actuarial gain on defined benefit pension schemes	-	-	3,292
Deferred tax movement associated with actuarial gain	-	-	(966)
Credit to share option reserve	722	450	1,089
<b>Net addition to shareholders' funds</b>	<b>162,193</b>	<b>19,642</b>	<b>62,369</b>
Opening shareholders' funds	351,509	289,140	289,140
<b>Closing shareholders' funds</b>	<b>513,702</b>	<b>308,782</b>	<b>351,509</b>
Amounts attributable to minority interests	1,709	843	1,153
<b>Total equity</b>	<b>515,411</b>	<b>309,625</b>	<b>352,662</b>

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

	Unaudited six months ended 30 June 2007	Unaudited six months ended 30 June 2006	Audited year ended 31 December 2006
	£000's	£000's	£000's
<b>Operating profit</b>	<b>63,902</b>	<b>52,923</b>	<b>118,217</b>
Depreciation charge	13,520	10,686	24,103
Amortisation of acquired intangibles	6,072	2,969	6,942
Profit on sale of property, plant and equipment	(1,422)	(286)	(630)
Share-based payments	722	450	1,089
Increase in working capital	(19,298)	(23,125)	(17,366)
Cash inflow from operating activities	<b>63,496</b>	<b>43,617</b>	<b>132,355</b>

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

	Unaudited six months ended 30 June 2007	Unaudited six months ended 30 June 2006	Audited year ended 31 December 2006
	£000's	£000's	£000's
Increase in cash and cash equivalents in the period	48,822	9,044	30,723
Cash outflow from movement in debt	(72,165)	(34,480)	(75,846)
Increase in net debt resulting from cash flows	(23,343)	(25,436)	(45,123)
Debt acquired with acquisitions	(83,802)	(263)	(15,920)
Loan notes settling contingent consideration on prior period acquisitions	(1,116)	-	-
Non-cash items	(7,569)	1,223	5,911
Exchange differences	(268)	(421)	1,035
Increase in net debt in the period	(116,098)	(24,897)	(54,097)
Net debt at beginning of period	(228,820)	(174,723)	(174,723)
Net debt at end of period	(344,918)	(199,620)	(228,820)

## 8 Reconciliation of acquisition expenditure

	Unaudited six months ended 30 June 2007 £000's	Unaudited six months ended 30 June 2006 £000's	Audited year ended 31 December 2006 £000's
<b>Total consideration for acquisitions made in the period</b>			
Cash consideration	168,689	20,059	101,728
Contingent consideration	2,505	750	4,587
Deferred consideration (loan notes)	1,375	263	483
Total consideration	172,569	21,072	106,798
<b>Total consideration for acquisitions made in the period including assumed debt and net of cash and cash equivalents acquired</b>			
Total consideration (as above)	172,569	21,072	106,798
Overdraft / (cash) acquired	4,238	(5,316)	(13,054)
Debt acquired	82,427	-	15,437
Total consideration (including assumed debt)	259,234	15,756	109,181
<b>Acquisition cash flows during the period</b>			
Cash paid for acquisitions made in the period	168,689	20,059	101,728
Overdraft / (cash) acquired	4,238	(5,316)	(13,054)
Cash paid in relation to prior period acquisitions	2,541	194	1,387
	175,468	14,937	90,061

## 9 Called up share capital

	Unaudited six months ended 30 June 2007 £000's	Unaudited six months ended 30 June 2006 £000's	Audited year ended 31 December 2006 £000's
<b>Authorised:</b>			
190,000,000 ordinary shares of 10p each (30 June 2006 : 190,000,000 ; 31 December 2006 : 190,000,000)	19,000	19,000	19,000
<b>Allotted, called up and fully paid:</b>			
134,667,294 ordinary shares of 10p each (30 June 2006 : 122,264,587 ; 31 December 2006 : 123,104,025)	13,467	12,226	12,310

On 24 May 2007, SIG announced a placing of new ordinary shares with institutional and other investors to raise gross proceeds of £150m (the "Placing"). The Company placed 11,363,637 new ordinary shares at 1320p each, raising £147m after commissions and expenses. The Placing proceeds have been used to fund the acquisition of Larivière and the increased acquisition spend. They also provide SIG with financial flexibility to take advantage of acquisition opportunities as they arise and ensuring that SIG continues to drive its organic growth through ongoing investment in its businesses.

Total cash consideration received by the Company (including the Placing) for shares allotted during the period, net of commissions and expenses, amounted to £147.2m (30 June 2006 : £0.4m; 31 December 2006 : £1.9m).

## 10 Interim dividend

An interim dividend of 8.0p per share (2006: 6.2p) 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.