



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

20 August 2009

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

SIG plc is a leading European specialist supplier of insulation, exteriors, interiors and specialist construction products.

- As outlined in the trading update on 10 July, trading conditions in the first six months of 2009 have been exceptionally challenging
- Group sales were £1,345m, down 10% on the first half of 2008, with like for like[†] sales down 12.7%. At constant currency, total sales were down 15.0% and like for like sales were down 17.5%
 - Total sales in the UK and Ireland were £667.1m, down 21.5% on H1 2008, against a background of much weaker market demand
 - Total sales in Mainland Europe increased by 5.2% to £677.6m, down 5.5% on a constant currency basis, as extremely cold weather in the first quarter curtailed building site activity
- Underlying* operating profit was £35.0m, a decrease of 58.3% from the first half of 2008 (£84.0m)
- Throughout the first half, management has continued to move decisively to adapt its cost base to the increasingly challenging trading conditions
 - Actions taken in the first half have resulted in annualised net savings of £39m at a one-off cost of £18m
 - Total net savings from actions taken from Spring 2008 to 30 June 2009 amount to £74m
 - Further fundamental restructuring programmes commenced in the second half of 2009
 - Total net cost savings arising from the cost saving and restructuring programme since it began in 2008 amount to £92m at a one-off cost of £67m
- Underlying profit before tax was £21.9m, a decrease of £46.4m (67.9%) from the £68.3m reported in the first half of 2008
- Strong cash generation of £79m (H1 2008: outflow of £17m) reflected the focus on working capital management and a reduction in the Group's net capital expenditure
- Significantly strengthened financial position following the successful equity raising of £325m (net of expenses) in April 2009

Les Tench, Chairman, commented:

"Trading conditions in the first half of 2009 have been exceptionally challenging in all of our end markets, which negatively impacted Group trading. We expect trading in the near term to remain difficult and management therefore continues to run the business tightly, reducing costs and focusing on cash management while defending the Group's leading market positions and gross margins. Following the equity raise in April, SIG is well placed to trade through the challenging times ahead and benefit fully from the upturn when it arrives."

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Interim results information, including a live webcast of the analyst presentation is available at www.sigplc.co.uk.

† Like for like sales excludes the impact of acquisitions completed after 1 January 2008.

* Underlying is before the amortisation of acquired intangibles, gains and losses on derivative financial instruments and restructuring costs.

SIG Interim Results 2009

Chairman's Statement

As outlined in the Group's Trading Update of 10 July 2009, trading conditions in the first six months of 2009 have been exceptionally challenging. Construction activity in the UK and Ireland was substantially lower than the same period in 2008, resulting in steeply lower volumes and gross margin pressures. In Mainland Europe, following the harsh winter which severely affected building site activity in the first quarter of 2009, the economic downturn depressed normal patterns of seasonal demand in the second quarter, and as a consequence H1 sales volumes were down compared to 2008 in all SIG's countries of operation except Benelux.

After a steep fall in the market during 2008 in the UK, by the end of the first half of 2009 the new build housing segment has shown some modest signs of stabilising at a very low absolute level, while discretionary residential RMI spending has continued to fall. Ireland has seen further significant contraction in residential construction in 2009, while in SIG's Mainland European markets residential new building and RMI have declined everywhere compared to the prior year, though by less than in the UK and Ireland.

The previously reported decline in the private non-residential sector in the UK and Ireland continued to gather pace in the first half of 2009, particularly in the commercial office market segment, while activity in most of SIG's Mainland European markets was less badly affected. Publicly funded non-residential construction has held steadier than privately funded construction in all of SIG's countries and although timescales have slipped, the Group expects to see some additional project work for its customers from the government stimulus packages in the UK, France and Germany.

Demand for heavy industrial process insulation has remained broadly steady in most countries, although some slackening of demand for insulation for heating and ventilation applications in non-residential buildings has begun to occur in the UK and elsewhere as construction work in this segment has slowed.

In response to the ongoing decline in demand in construction markets, SIG has continued to implement a full range of cost saving measures and restructuring programmes. Annualised net hard cost savings of £92m have now been implemented since mid 2008, further details of which are given below.

Results

For the first six months ended 30 June 2009, compared with the corresponding period in 2008:

Sales

- Total sales were £1,345m, down £149m (10.0%) on the first half of 2008 (£1,494m).
- Like for like sales, i.e. excluding the impact of acquisitions completed after 1 January 2008, were down £183m (12.7%).
- At constant currency, total sales were down 15.0% and like for like sales down 17.5%.

Profits

- Underlying* operating profit was £35.0m, a decrease of £49.0m (58.3%) from the £84.0m reported in the first half of 2008.
- Underlying net finance costs decreased by £2.6m to £13.1m (2008: £15.7m) reflecting the benefit of the reduction in net debt following the equity raise in April 2009 coupled with the strong cash flow in the first six months of the year and reduced interest rates.
- Underlying profit before tax was £21.9m, a decrease of £46.4m (67.9%) from the £68.3m reported in the first half of 2008.

- Amortisation of acquired intangibles amounted to £14.3m (2008: £12.5m).
- Exceptional restructuring costs amounted to £18.0m (2008: £nil).
- Profit before tax reduced from £55.7m in the first half of 2008 to a loss before tax of £9.2m for the first half of 2009.

Earnings per Share

- Underlying basic earnings per share decreased by 25.2p to 4.3p (2008: 29.5p[^]), a reduction of 85.4%.
- Basic earnings per share reduced by 26.2p to a loss per share of 2.1p (2008: 24.1p[^]).

Financial

- In April 2009 the Group raised £325m (net of expenses) through the issue of 455,047,973 ordinary shares via a placing and open offer and firm placing. The equity share issue enabled SIG to preserve its attractive debt financing arrangements, reduce debt, increase headroom against debt covenants and provides greater resilience and financial flexibility in the current environment.
- Net debt reduced by £421m from £697m at 31 December 2008 to £276m at 30 June 2009. The reduction in debt included the following:
 - Net equity proceeds - £325m
 - Cash generation - £79m
 - Foreign exchange and fair value movements - £20m
- Strong cash generation of £79m in the first six months of 2009 (2008: outflow of £17m) has been achieved through trading cash flows, working capital management and a reduction in the Group's net capital expenditure.

- Underlying interest cover for the twelve month period ended 30 June 2009 (i.e. calculated in accordance with covenant requirements) was 4.1 times; compared to the covenant requirement that interest cover must be greater than 3 times.
- Leverage (net debt/ebitda) at 30 June 2009 was 1.6 times; compared to the covenant requirement that leverage must be less than 3.5 times.
- The Board remains confident that the Group will continue to operate within its banking covenants.

Dividend

- No interim dividend is being declared.

Cost Saving and Restructuring Programme

Since the Spring of 2008, SIG has carried out a continuous programme of operational performance reviews and contingency planning, and has moved decisively to adapt its cost base to the increasingly challenging trading conditions which prevailed in its markets. As well as maintaining the drive for further efficiencies within individual operating businesses, in H1 2009 SIG made a number of fundamental changes to its organisational structure aimed at driving improved sales and service as well as cost savings. These included the merger of its Polish subsidiaries into a single entity, and the restructuring of its discrete UK Roofing and Roofline operations into a single business unit. As previously announced actions taken in H1 2009 have resulted in net annualised hard cost savings of £39m, staff reductions of 980 and 44 branch closures with total associated one-off restructuring costs of £18m.

This brought the total net annualised hard cost savings of actions taken from Spring 2008 to 30 June 2009 to £74m, staff reductions to 2,000 and branch closures to 124.

As indicated in the Trading Update of 10 July 2009, SIG has been engaged in the complete reconfiguration of its Interiors manufacturing businesses.

These four individual business units have been re-formed into a specialist UK Interiors Manufacturing Division, and are undergoing rationalisation of their product ranges and production facilities to provide customers with a co-ordinated offering and enhanced service. This restructuring will result in increased capacity utilisation by concentrating production in six factories instead of the current twelve, with a consequent headcount reduction of 300 staff. In addition to cost savings previously announced, this process will deliver annualised net savings of £10.3m at the expense of one-off restructuring costs of c.£23m.

Additionally, the Company has been implementing a number of initiatives to increase commercial and operational efficiencies between some of its UK Divisions, resulting in twenty locations in the insulation, interiors and SCP distribution divisions now sharing nine common sites, providing enhanced warehousing and transport efficiency while maintaining front-end sales focus and specialisation.

In April 2009 the Company placed its UK insulation and interiors distribution businesses under single management, and, building on the experience gained through the programme of cross-divisional initiatives, the Group is today announcing the full merger into the new single entity SIG Distribution of its SIG Insulations and CPD interiors distribution operations, which are both clear market leaders in their respective specialist sectors together representing over 40% of SIG's UK sales. As well as driving operational efficiencies in increasingly challenging market conditions, this move establishes category-defining market coverage and service by combining site networks under unified management offering customers enhanced product availability and service. The combination of these cross-divisional site sharing and restructuring changes will result in annualised savings of £2.8m with one-off costs amounting to £1.6m.

In aggregate, these latest steps and other incremental savings in the Group increase the previously announced level of annualised net hard cost savings implemented in 2009 from £39m in the period to 30 June 2009 to £57m of which we expect to benefit c.£33m in 2009, with one-off restructuring costs totalling c.£45m compared to the £18m announced on 10 July 2009.

Since the commencement of the cost saving programme in 2008 this brings the annualised net hard cost savings achieved to £92m, branch closures to 141 and staff reductions to 2,557.

Acquisitions

No acquisitions were made in the period and none are planned for the remainder of 2009.

Trading Review

UK and Ireland (50% of Group sales)

Total sales in the UK and Ireland decreased by £182.3m to £667.1m, down 21.5% on H1 2008 (£849.4m), and down by £188.1m (22.1%) in constant currency.

In the UK, like for like sales decreased by 22.2% against strong prior period comparatives, with turnover in Ireland down 44.3% on a like for like constant currency basis.

In UK and Ireland combined it is estimated that c.£15m of the total sales reduction arises from the branch closure programme in 2008 and 2009.

Underlying operating profit decreased by £41.5m to £18.2m, down 69.5% on H1 2008 (£59.7m).

The UK results were achieved against the background of much weaker market demand in all of SIG's distribution and manufacturing businesses, whose individual sectors were down between 15% and 40% in SIG's estimation.

The most heavily affected UK Divisions were Interiors, particularly the manufacturing operations, and Exteriors.

In the case of the former, increasing work in the publicly funded sector did not flow through in line with market expectations and failed to adequately offset significant reductions in the private sector, notably in the office and retail markets. The Exteriors Division is mainly exposed to the residential market and was therefore heavily impacted by the decline in both new build and RMI.

Sales of insulation and related products in the UK performed better than SIG's other UK divisions, strongly influenced by the CERT (Carbon Emissions Reduction Target) Scheme which came into effect in the Spring of 2008.

In Ireland (3.5% of Group sales), the deteriorating macroeconomic situation impacted increasingly on the non-residential construction sector, with the housing sector also continuing to decline heavily in the first half of 2009 after steep falls in 2008.

All of SIG's UK businesses are taking action to protect and improve gross margins, whilst maintaining market position.

The number of trading sites decreased from 433 in the UK and Ireland at 31 December 2008 to 403 at 30 June 2009 (30 June 2008: 501).

Mainland Europe (50% of Group sales)

Total sales in Mainland Europe increased by £33.3m to £677.6m, up 5.2% on H1 2008 (£644.3m).

At constant currency, total sales were down 5.5%, with like for like sales down 9.0%.

Underlying operating profit decreased by £8.4m to £20.5m, down 29.1% on H1 2008 (£28.9m).

Extremely cold weather in continental Europe curtailed building site activity and adversely affected sales in the first quarter of 2009.

While varying considerably from country to country, sales rates in the second quarter improved as more normal weather conditions prevailed and construction work regained momentum, though for the most part without achieving the level of seasonal upswing usually experienced in Spring and early Summer.

Although no countries were immune to the effects of the economic downturn, against testing H1 2008 comparatives SIG's Western European markets (90% of SIG's Mainland European sales) performed creditably.

In Germany and Austria (39% of SIG's Mainland European sales), in Euros total sales fell by 9.1% and by 9.6% on a like for like basis, with the government's stimulus packages yet to have a discernible effect. In France (39% of SIG's Mainland European sales), Euro sales fell 4.6% in total and by 4.7% like for like, with the Insulation, Interiors and Exteriors Divisions all taking share as brownfield sites opened in the last 2-3 years continue towards maturity. Benelux (12% of SIG's Mainland European sales) was the least affected of SIG's European businesses, with total sales in Euros, including the international Air Handling business headquartered in Holland up 38%, and like for like sales held at prior period levels.

The picture was less favourable in Poland and Central Europe (10% of SIG's Mainland European sales), with sales in constant currency down 20.9% in total and by 24.3% like for like. Within the region, like for like sales in Poland (80% of region) in constant currency were down 20.5%. Political turmoil and sovereign debt issues in Czech Republic, Slovakia and Hungary resulted in construction markets being more severely impacted with like for like local currency sales down over 45%.

The number of trading sites in Mainland Europe decreased from 374 at 31 December 2008 to 371 at 30 June 2009 (30 June 2008: 371).

Outlook

Overall there has been no material change to the trading environment since the end of June, and day to day patterns of business in the Group's individual market sectors and countries continue to be variable.

In management's view, in the near term trading will remain exceptionally challenging for all of SIG's businesses, with volumes continuing at very subdued levels for some time, with demand potentially eroding further in H2 2009 in certain sectors and countries.

In the UK, although house building may prove to be at or around the bottom of the cycle, the number of new housing starts is not expected to recover significantly in the short term and discretionary residential RMI spending in the UK on larger projects such as home extensions is expected to remain depressed until credit availability and consumer confidence improve. Increased publicly funded non-residential construction is expected to continue to filter through, but not at a sufficient level to offset significantly the reduction in non-residential work in the private sector. Ireland shows no sign of stabilisation as yet, with further declines in both the housing and non-residential markets widely anticipated.

In Mainland Europe, local macroeconomic conditions vary considerably and countries and sectors are at different stages of their respective cycles. Whilst these circumstances make the outlook difficult to predict, it is widely expected that underlying market demand will suffer further moderate slippage.

Accordingly, SIG continues to run its business tightly, reducing costs and improving efficiencies wherever possible whilst protecting the integrity of its service proposition, defending its leading market positions and gross margins and focusing on cash management. Following the equity issuance in April 2009, the Group is well placed to manage the business through the challenging times ahead and benefit fully from the upturn when it arrives.

† *Like for like sales excludes the impact of acquisitions completed after 1 January 2008.*

* *Underlying is before the amortisation of acquired intangibles, gains and losses on derivative financial instruments and restructuring costs.*

^ *In accordance with IAS 33, earnings per share has been recalculated to take into account the discount to the open offer element of the Group's equity issue completed in April 2009.*

Cautionary Statement

This Interim Report has been prepared in accordance with the requirements of English Company Law and the liabilities of the Directors in connection with this Interim Report shall be subject to the limitations and restrictions provided by such law.

This Interim Report is prepared for and addressed only to the Company's shareholders as a whole and to no other person. The Company, its Directors, employees, agents or advisors do not accept or assume responsibility to any other person to whom this Interim Report is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

Certain information included in this Interim Report is forward looking and involves risk and uncertainties that could cause the actual results to differ materially from those expressed or implied by forward thinking statements. It is believed that the expectations set out in these forward looking statements are reasonable but they may be affected by a wide range of variables which could cause future outcomes to differ from those foreseen in forward looking statements, including but not limited to, changes in risks associated with the level of market demand, product availability and pricing, competitor risk, credit risk, credit insurers, restructuring of SIG and changes in exchange rates. All statements in this Interim Report are based upon information known to the Company at the date of this report. The Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

Responsibility Statement

We confirm to the best of our knowledge:

- (a) the Interim set of financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting”;
- (b) the Interim Report includes a fair review of the information required by the Financial Services Authority Disclosure and Transparency Rules (“DTR”)4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim Report includes a fair review of the information required by DTR4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Chris Davies

Director

19 August 2009

Gareth Davies

Director

19 August 2009

Condensed Consolidated Income Statement

for the six months ended 30 June 2009

	Note	<u>Unaudited six months ended</u> <u>30 June 2009</u>			<u>Unaudited six months ended</u> <u>30 June 2008</u>			<u>Audited year ended</u> <u>31 December 2008</u>		
		Before other items* £m	Other items* £m	Total £m	Before other items* £m	Other items* £m	Total £m	Before other items* £m	Other items* £m	Total £m
Revenue										
Existing operations		1,344.7	-	1,344.7	1,440.5	-	1,440.5	2,898.0	-	2,898.0
Acquisitions		-	-	-	53.2	-	53.2	155.6	-	155.6
Continuing operations	2	1,344.7	-	1,344.7	1,493.7	-	1,493.7	3,053.6	-	3,053.6
Cost of Sales		(1,006.3)	-	(1,006.3)	(1,099.5)	-	(1,099.5)	(2,245.2)	-	(2,245.2)
Gross profit		338.4	-	338.4	394.2	-	394.2	808.4	-	808.4
Other operating expenses		(303.4)	(32.3)	(335.7)	(310.2)	(12.5)	(322.7)	(638.6)	(62.8)	(701.4)
Operating profit										
Existing operations		35.0	(32.3)	2.7	78.5	(12.5)	66.0	156.6	(62.8)	93.8
Acquisitions		-	-	-	5.5	-	5.5	13.2	-	13.2
Continuing operations	2	35.0	(32.3)	2.7	84.0	(12.5)	71.5	169.8	(62.8)	107.0
Finance income		4.1	1.2	5.3	6.1	-	6.1	11.9	-	11.9
Finance costs		(17.2)	-	(17.2)	(21.8)	(0.1)	(21.9)	(44.4)	(41.4)	(85.8)
Profit/(loss) before tax		21.9	(31.1)	(9.2)	68.3	(12.6)	55.7	137.3	(104.2)	33.1
Income tax (expense)/credit	4	(6.5)	9.0	2.5	(19.8)	3.7	(16.1)	(40.2)	13.9	(26.3)
Profit/(loss) after tax		15.4	(22.1)	(6.7)	48.5	(8.9)	39.6	97.1	(90.3)	6.8
Attributable to:										
Equity holders of the Company		14.9	(22.1)	(7.2)	48.3	(8.9)	39.4	96.6	(90.3)	6.3
Minority interests		0.5	-	0.5	0.2	-	0.2	0.5	-	0.5
Earnings per share[^]										
Basic earnings per share	5	4.3p	(6.4p)	(2.1p)	29.5p	(5.4p)	24.1p	58.9p	(55.1p)	3.8p
Diluted earnings per share	5	4.3p	(6.4p)	(2.1p)	29.3p	(5.4p)	23.9p	58.7p	(54.9p)	3.8p

* "Other items" relate to the amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs. "Other items" have been disclosed separately in order to give an indication of the underlying earnings of the Group. Further details can be found in Note 3.

[^] In accordance with IAS 33, earnings per share has been recalculated to take into account the discount to the open offer element of the Group's equity issue completed in April 2009. Further details can be found in Note 5.

Condensed Consolidated Statement of Recognised Income and Expense

for the six months ended 30 June 2009

	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
(Loss)/profit after tax	(6.7)	39.6	6.8
Exchange difference on retranslation of foreign currency goodwill and intangibles	(50.7)	24.9	97.0
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	(35.9)	19.9	61.8
Exchange and fair value movements associated with borrowings and derivative financial instruments	28.1	(35.9)	(92.9)
Tax credit on exchange difference arising on borrowings and derivative financial instruments	-	10.0	13.8
Gains and losses on cash flow hedges	(14.8)	4.8	3.5
Transfer to profit and loss on cash flow hedges	(0.3)	1.6	(1.4)
Current and deferred tax on share options	0.1	(0.4)	(0.7)
Actuarial loss on defined benefit pension schemes	-	-	(10.6)
Deferred tax movement associated with actuarial loss	-	-	3.0
Recognition of option in relation to minority interest Shareholding	-	(2.0)	-
Total recognised income and expense for the period	(80.2)	62.5	80.3
Attributable to:			
Equity holders of the Company	(80.7)	62.3	79.8
Minority interests	0.5	0.2	0.5
	(80.2)	62.5	80.3

Condensed Consolidated Balance Sheet

as at 30 June 2009

	Note	Unaudited 30 June 2009 £m	Unaudited 30 June 2008 £m	Audited 31 December 2008 £m
Non-current assets				
Property, plant and equipment		226.4	248.9	259.3
Goodwill		525.2	520.0	567.1
Intangible assets		162.0	183.2	183.4
Deferred tax assets		25.0	14.7	18.7
		938.6	966.8	1,028.5
Current assets				
Inventories		229.9	289.1	268.6
Trade receivables		460.8	546.4	469.7
Other receivables		36.6	51.3	31.3
Current tax assets		7.7	-	-
Derivative financial instruments		43.8	2.6	74.6
Cash and cash equivalents		201.5	48.4	71.7
		980.3	937.8	915.9
Total assets		1,918.9	1,904.6	1,944.4
Current liabilities				
Trade and other payables		418.4	488.0	373.2
Obligations under finance lease contracts		2.6	3.0	3.4
Bank overdrafts		9.3	24.0	18.8
Bank loans		171.3	313.2	345.3
Private placement notes		-	22.1	-
Loan notes		0.1	0.7	0.1
Derivative financial instruments		-	19.4	60.6
Current tax liabilities		3.2	16.5	5.9
Provisions		14.1	13.6	8.3
		619.0	900.5	815.6
Non-current liabilities				
Obligations under finance lease contracts		7.5	7.9	9.2
Bank loans		5.1	6.6	6.4
Private placement notes		292.8	255.3	328.6
Loan notes		-	0.2	0.1
Derivative financial instruments		32.8	38.8	70.9
Deferred tax liabilities		54.2	54.3	49.5
Other payables		3.1	2.8	4.0
Retirement benefit obligations		17.9	6.7	19.1
Provisions		23.2	18.9	22.1
		436.6	391.5	509.9
Total liabilities		1,055.6	1,292.0	1,325.5
Net assets		863.3	612.6	618.9
Capital and reserves				
Called up share capital	8	59.1	13.5	13.6
Share premium account		447.0	166.5	167.5
Capital redemption reserve		0.3	0.3	0.3
Special reserve		22.1	22.1	22.1
Share option reserve		2.1	2.7	2.6
Hedging and translation reserve		30.9	28.6	89.4
Retained profits		299.6	377.5	321.5
Attributable to equity holders of the Company		861.1	611.2	617.0
Minority interests		2.2	1.4	1.9
Total equity		863.3	612.6	618.9

Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2009

For the unaudited six months ended 30 June 2009	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Special reserve £m	Share option reserve £m	Hedging and translation reserve £m	Retained profits £m	Total £m	Minority interests £m	Total equity £m
As at 31 December 2008	13.6	167.5	0.3	22.1	2.6	89.4	321.5	617.0	1.9	618.9
Loss after tax	-	-	-	-	-	-	(7.2)	(7.2)	0.5	(6.7)
New share capital issued	45.5	279.5	-	-	-	-	-	325.0	-	325.0
Exchange difference on retranslation of foreign currency goodwill and intangibles	-	-	-	-	-	(50.7)	-	(50.7)	-	(50.7)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	-	-	-	-	-	(35.9)	-	(35.9)	-	(35.9)
Exchange and fair value movements associated with borrowings and derivative financial instruments	-	-	-	-	-	28.1	-	28.1	-	28.1
Gains and losses on cash flow hedges	-	-	-	-	-	-	(14.8)	(14.8)	-	(14.8)
Transfer to profit and loss on cash flow hedges	-	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Current and deferred tax on share options	-	-	-	-	-	-	0.1	0.1	-	0.1
Debit to share option reserve	-	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Exercise of share options	-	-	-	-	(0.3)	-	0.3	-	-	-
Dividend payment to minority interest Shareholder	-	-	-	-	-	-	-	-	(0.2)	(0.2)
At 30 June 2009	59.1	447.0	0.3	22.1	2.1	30.9	299.6	861.1	2.2	863.3

For the unaudited six months ended 30 June 2008	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Special reserve £m	Share option reserve £m	Hedging and translation reserve £m	Retained profits £m	Total £m	Minority interests £m	Total equity £m
As at 31 December 2007	13.5	166.5	0.3	22.1	2.7	9.7	358.8	573.6	1.3	574.9
Profit after tax	-	-	-	-	-	-	39.4	39.4	0.2	39.6
Dividends	-	-	-	-	-	-	(25.3)	(25.3)	-	(25.3)
New share capital issued	-	-	-	-	-	-	-	-	-	-
Exchange difference on retranslation of foreign currency goodwill and intangibles	-	-	-	-	-	24.9	-	24.9	-	24.9
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	-	-	-	-	-	19.9	-	19.9	-	19.9
Exchange and fair value movements associated with borrowings and derivative financial instruments	-	-	-	-	-	(35.9)	-	(35.9)	-	(35.9)
Tax credit on exchange difference arising on borrowings and derivative financial instruments	-	-	-	-	-	10.0	-	10.0	-	10.0
Gains and losses on cash flow hedges	-	-	-	-	-	-	4.8	4.8	-	4.8
Transfer to profit and loss on cash flow hedges	-	-	-	-	-	-	1.6	1.6	-	1.6
Current and deferred tax on share options	-	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)
Recognition of option in relation to minority interest Shareholding	-	-	-	-	-	-	(2.0)	(2.0)	-	(2.0)
Credit to share option reserve	-	-	-	-	0.6	-	-	0.6	-	0.6
Exercise of share options	-	-	-	-	(0.6)	-	0.6	-	-	-
Minority interest acquired	-	-	-	-	-	-	-	-	1.2	1.2
Purchase of minority interest Shareholding	-	-	-	-	-	-	-	-	(0.6)	(0.6)
Dividend payment to minority interest Shareholder	-	-	-	-	-	-	-	-	(0.7)	(0.7)
At 30 June 2008	13.5	166.5	0.3	22.1	2.7	28.6	377.5	611.2	1.4	612.6

Condensed Consolidated Statement of Changes in Equity (continued)

for the six months ended 30 June 2009

For the audited year ended 31 December 2008	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Special reserve £m	Share option reserve £m	Hedging and translation reserve £m	Retained profits £m	Total £m	Minority interests £m	Total equity £m
As at 31 December 2007	13.5	166.5	0.3	22.1	2.7	9.7	358.8	573.6	1.3	574.9
Profit after tax	-	-	-	-	-	-	6.3	6.3	0.5	6.8
Dividends	-	-	-	-	-	-	(36.5)	(36.5)	-	(36.5)
New share capital issued	0.1	1.0	-	-	-	-	-	1.1	-	1.1
Exchange difference on retranslation of foreign currency goodwill and intangibles	-	-	-	-	-	97.0	-	97.0	-	97.0
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	-	-	-	-	-	61.8	-	61.8	-	61.8
Exchange and fair value movements associated with borrowings and derivative financial instruments	-	-	-	-	-	(92.9)	-	(92.9)	-	(92.9)
Tax credit on exchange difference arising on borrowings and derivative financial instruments	-	-	-	-	-	13.8	-	13.8	-	13.8
Gains and losses on cash flow hedges	-	-	-	-	-	-	3.5	3.5	-	3.5
Transfer to profit and loss on cash flow hedges	-	-	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Current and deferred tax on share options	-	-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Actuarial loss on defined benefit pension schemes	-	-	-	-	-	-	(10.6)	(10.6)	-	(10.6)
Deferred tax movement associated with actuarial loss	-	-	-	-	-	-	3.0	3.0	-	3.0
Recognition of option in relation to minority interest Shareholding	-	-	-	-	-	-	(2.0)	(2.0)	-	(2.0)
Credit to share option reserve	-	-	-	-	1.0	-	-	1.0	-	1.0
Exercise of share options	-	-	-	-	(1.1)	-	1.1	-	-	-
Minority interest acquired	-	-	-	-	-	-	-	-	1.4	1.4
Purchase of minority interest Shareholding	-	-	-	-	-	-	-	-	(0.6)	(0.6)
Dividend payment to minority interest Shareholder	-	-	-	-	-	-	-	-	(0.7)	(0.7)
At 31 December 2008	13.6	167.5	0.3	22.1	2.6	89.4	321.5	617.0	1.9	618.9

The special reserve arises as a result of a number of transfers from the Group's share premium reserve up until 1996. Goodwill arising on a number of historic acquisitions was then written off against this special reserve. The cumulative amount of goodwill resulting from acquisitions in earlier years which has been written off directly against reserves, net of goodwill relating to undertakings disposed of, is £131.4m (30 June 2008: £131.4m; 31 December 2008: £131.4m).

The share option reserve represents the cumulative share option charge under IFRS 2 less the value of any share options that have been exercised.

The hedging and translation reserve represents movements in the Condensed Consolidated Balance Sheet as a result of movements in exchange rates which are taken directly to reserves.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2009

	Note	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
Net cash flow from operating activities				
Cash inflow from operating activities	6	103.6	30.5	156.0
Borrowing costs paid		(13.6)	(20.3)	(42.2)
Interest received		1.0	3.7	6.6
Income tax paid		(10.1)	(12.0)	(27.8)
Net cash inflow from operating activities		80.9	1.9	92.6
Cash flows from investing activities				
Purchase of property, plant and equipment		(7.7)	(33.9)	(65.9)
Proceeds from sale of property, plant and equipment		5.8	3.7	15.8
Settlement of amounts payable for purchase of businesses		(3.5)	(118.4)	(121.4)
Net cash used in investing activities		(5.4)	(148.6)	(171.5)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		325.0	0.1	1.1
Capital element of finance lease rental payments		(1.1)	(2.2)	(3.5)
Repayment of loans/settlement of derivative financial instruments		(255.2)	(38.0)	(74.8)
New loans		-	146.0	146.0
Dividends paid to equity holders of the Company		-	(25.3)	(36.5)
Payments to minority Shareholder		(0.2)	(0.7)	(0.7)
Net cash generated from financing activities		68.5	79.9	31.6
Increase/(decrease) in cash and cash equivalents in the period	7	144.0	(66.8)	(47.3)
Cash and cash equivalents at beginning of period		52.9	87.3	87.3
Effect of foreign exchange rate changes		(4.7)	3.9	12.9
Cash and cash equivalents at end of period		192.2	24.4	52.9

Notes to the condensed interim financial information

1. Basis of preparation of condensed interim financial information

The condensed interim financial information was approved by the Board of Directors on 19 August 2009.

The condensed interim financial information does not constitute statutory accounts. The interim results to 30 June 2009 and 2008 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 2008. 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.

The Group's condensed 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 IAS 34 "Interim Financial Reporting", and the accounting policies included in the Annual Report for the year ended 31 December 2008, which have been applied consistently throughout the current and preceding periods with the exception of new standards adopted in the current period (see below).

Going Concern

The Directors have considered the Group's forecasts which support the view that the Group should be able to continue to operate within its banking facilities and comply with its banking covenants. Through its various business activities the Group is exposed to a number of risks and uncertainties (see Note 11), which could affect the Group's ability to meet these forecasts and hence its ability to meet its banking covenants. The Directors have considered the challenging trading conditions, the current competitive environment and markets in which the Group's businesses operate and associated credit risks, together with the available ongoing committed finance facilities and the potential actions that can be taken, should revenues be worse than expected, to protect operating profits and cash flows. After making enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing this Interim Report.

Changes in accounting policy

The Group has adopted IFRS 8 "Operating Segments" for the first time in this Interim Report. This standard requires the Group to report segmental information on the basis of internal reports which are regularly reviewed by the Group Board and used to allocate the resources of the business, and supercedes IAS 14 "Segment Reporting". The Group has also adopted IAS 1 "Presentation of Financial Statements" (revised 2007) for the first time in this Interim Report. The amendments arising from this require the inclusion of the Condensed Consolidated Statement of Changes in Equity as a primary statement in the condensed interim financial information. The Group has complied fully with the requirements of IFRS 8 and IAS 1 in the period, which apply to disclosure matters only, and has presented updated prior year comparatives in accordance with these standards.

In the current financial period, in addition to the two standards detailed above, the following significant changes to International Financial Reporting Standards have become applicable. The adoption of these standards in the current period has had no material impact on the financial statements of the Group:

- IFRS 2 "Share-based Payment";
- IAS 23 "Borrowing Costs"; and
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation".

2. Segmental information

(a) Segmental results

Following the adoption of IFRS 8 "Operating Segments", the Group has identified its reportable segments as those upon which the Group Board regularly bases its opinion and assesses performance. The Group has deemed it appropriate to aggregate its reportable segments into two reported segments: UK and Ireland and Mainland Europe. The constituent reportable segments have been aggregated as they have similar products and services; production processes; types of customer; methods of distribution; regulatory environments and economic characteristics.

	Unaudited six months ended 30 June 2009				Unaudited six months ended 30 June 2008				Audited year ended 31 December 2008			
	UK and Ireland	Mainland Europe	Eliminations	Total	UK and Ireland	Mainland Europe	Eliminations	Total	UK and Ireland	Mainland Europe	Eliminations	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue												
External sales	667.1	677.6	-	1,344.7	849.4	644.3	-	1,493.7	1,669.4	1,384.2	-	3,053.6
Inter-segment sales*	0.2	2.1	(2.3)	-	-	-	-	-	-	2.3	(2.3)	-
Total revenue	667.3	679.7	(2.3)	1,344.7	849.4	644.3	-	1,493.7	1,669.4	1,386.5	(2.3)	3,053.6
Segment result before amortisation of acquired intangibles, impairment charges and restructuring costs	18.2	20.5	-	38.7	59.7	28.9	-	88.6	111.2	67.9	-	179.1
Amortisation of acquired intangibles and impairment charges	(9.6)	(4.7)	-	(14.3)	(8.4)	(4.1)	-	(12.5)	(31.7)	(8.9)	-	(40.6)
Restructuring costs	(14.2)	(3.8)	-	(18.0)	-	-	-	-	(19.1)	(3.1)	-	(22.2)
Segment operating (loss)/profit	(5.6)	12.0	-	6.4	51.3	24.8	-	76.1	60.4	55.9	-	116.3
Parent Company costs				(3.7)				(4.6)				(9.3)
Operating profit				2.7				71.5				107.0
Net finance costs				(13.1)				(15.7)				(32.5)
Gains/(losses) on derivative financial instruments				1.2				(0.1)				(41.4)
(Loss)/profit before tax				(9.2)				55.7				33.1
Income tax credit/(expense)				2.5				(16.1)				(26.3)
Minority interests				(0.5)				(0.2)				(0.5)
Retained (loss)/profit				(7.2)				39.4				6.3
Balance sheet												
Assets												
Segment assets	851.7	863.6	-	1,715.3	1,063.6	837.0	-	1,900.6	909.0	961.4	-	1,870.4
Unallocated assets				203.6				4.0				74.0
Consolidated total assets				1,918.9				1,904.6				1,944.4
Liabilities												
Segment liabilities	264.9	232.2	-	497.1	349.7	276.3	-	626.0	245.4	246.5	-	491.9
Unallocated liabilities				558.5				666.0				833.6
Consolidated total liabilities				1,055.6				1,292.0				1,325.5
Other segment information												
<i>Capital expenditure on:</i>												
Property, plant and equipment	4.3	3.4	-	7.7	22.0	13.6	-	35.6	39.7	29.0	-	68.7
Intangible assets	-	-	-	-	35.5	12.4	-	47.9	35.8	4.6	-	40.4
Goodwill	0.5	1.2	-	1.7	45.9	9.8	-	55.7	40.2	25.8	-	66.0
<i>Non-cash expenditure:</i>												
Depreciation	12.5	7.5	-	20.0	12.8	6.4	-	19.2	28.4	14.2	-	42.6
Amortisation of acquired intangibles	9.6	4.7	-	14.3	8.4	4.1	-	12.5	17.5	8.9	-	26.4
Impairment charges	-	-	-	-	-	-	-	-	14.2	-	-	14.2

*Inter-segment sales are charged at the prevailing market rates

2. Segmental information (continued)

(b) Revenue by product group

The Group focuses its activities into four product sectors: Insulation and Building Environments; Interiors; Exteriors; and Specialist Construction Products ("SCP").

The following table provides an analysis of Group sales by type of product:

	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
Insulation and Building Environments	535.2	524.4	1,111.5
Interiors	322.8	388.3	848.9
Exteriors	356.3	418.2	809.2
SCP	130.4	162.8	284.0
Total	1,344.7	1,493.7	3,053.6

(c) Geographic information

The Group's revenue from external customers and its non-current assets (i.e. property, plant and equipment, goodwill, intangible assets and deferred tax assets) by geographical location are as follows:

Country	Unaudited six months ended 30 June 2009		Unaudited six months ended 30 June 2008		Audited year ended 31 December 2008	
	Revenue £m	Non-current assets £m	Revenue £m	Non-current assets £m	Revenue £m	Non-current assets £m
United Kingdom	620.3	486.9	777.1	521.4	1,536.2	508.0
Ireland	46.8	47.4	72.3	58.9	133.2	54.7
France	261.9	254.8	240.3	233.6	484.5	288.1
Germany and Austria	265.9	64.6	256.0	67.1	570.5	76.6
Poland	57.4	20.6	82.1	26.7	171.1	28.4
Benelux*	78.6	35.8	49.8	33.4	120.0	41.1
Central Europe	13.8	28.5	16.1	25.7	38.1	31.6
Total	1,344.7	938.6	1,493.7	966.8	3,053.6	1,028.5

There is no material difference between the basis of preparation of the information reported above and the Accounting Policies adopted by the Group (Note 1).

*Includes international air handling business (headquartered in Benelux).

3. Other items

"Other items" have been disclosed in a separate column within the Condensed Consolidated Income Statement in order to provide a better indication of the underlying earnings of the Group. Other operating expenses and finance income/(costs) included within "Other items" are as follows:

	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
Amortisation of acquired intangibles	(14.3)	(12.5)	(26.4)
Impairment charges	-	-	(14.2)
Restructuring costs	(18.0)	-	(22.2)
Other operating expenses	(32.3)	(12.5)	(62.8)
Gains/(losses) on derivative financial instruments	1.2	(0.1)	(41.4)
Loss before tax	(31.1)	(12.6)	(104.2)
Income tax credit	9.0	3.7	13.9
Loss after tax	(22.1)	(8.9)	(90.3)

4. Income tax (credit)/expense

The income tax (credit)/expense comprises:

	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
UK taxation	(1.5)	9.4	8.6
Overseas taxation	(1.0)	6.7	17.7
Total income tax (credit)/expense for the period	(2.5)	16.1	26.3

5. Earnings per share

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

	Basic and diluted		
	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
(Loss)/profit after tax	(6.7)	39.6	6.8
Minority interests	(0.5)	(0.2)	(0.5)
	(7.2)	39.4	6.3

Basic and diluted before amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs

	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
(Loss)/profit after tax	(6.7)	39.6	6.8
Minority interests	(0.5)	(0.2)	(0.5)
Amortisation of acquired intangibles	14.3	12.5	26.4
Impairment charges	-	-	14.2
(Gains)/losses on derivative financial instruments	(1.2)	0.1	41.4
Restructuring costs	18.0	-	22.2
Tax relating to the amortisation of acquired intangibles, gains and losses on derivative financial instruments and restructuring costs	(9.0)	(3.7)	(13.9)
	14.9	48.3	96.6

5. Earnings per share (continued)

Weighted average number of shares:

	Unaudited six months ended 30 June 2009 Number	Unaudited six months ended 30 June 2008 Number	Audited year ended 31 December 2008 Number
For basic earnings per share as previously reported	348,528,197	135,040,188	135,314,199
Equity issue adjustment*	-	28,566,174	28,624,157
Revised	348,528,197	163,606,362	163,938,356
Exercise of share options	250,110	907,485	557,700
For diluted earnings per share	348,778,307	164,513,847	164,496,056

* Following the placing and open offer and firm placing of 455,047,973 ordinary shares announced on 18 March 2009 and approved at the Company's Extraordinary General Meeting on 9 April 2009, in accordance with paragraph 26 of IAS 33 "Earnings per Share" the Group has treated the discount element to the open offer part of the increase in share capital as if it were a bonus issue. The effect of this is to increase the weighted average number of shares for all reported prior periods, with a resulting reduction in the reported basic and diluted earnings per share for the six months ended 30 June 2008 and the year ended 31 December 2008.

	Unaudited six months ended 30 June 2009	Unaudited six months ended 30 June 2008	Audited year ended 31 December 2008
Earnings per share			
Total basic earnings per share	(2.1p)	24.1p	3.8p
Total diluted earnings per share	(2.1p)	23.9p	3.8p
Earnings per share before amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs			
Total basic earnings per share	4.3p	29.5p	58.9p
Total diluted earnings per share	4.3p	29.3p	58.7p

Earnings per share before amortisation of acquired intangibles, impairment charges, gains and losses on derivative financial instruments and restructuring costs is disclosed in order to present the underlying performance of the Group.

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

	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
Operating profit	2.7	71.5	107.0
Depreciation charge	20.0	19.2	42.6
Amortisation of acquired intangibles and impairment charges	14.3	12.5	40.6
Profit on sale of property, plant and equipment	-	(1.2)	(1.8)
Share-based payments	(0.2)	0.6	1.0
Cash outflow on defined benefit pension schemes*	(0.6)	(9.0)	(8.4)
Decrease/(increase) in working capital	67.4	(63.1)	(25.0)
Cash inflow from operating activities	103.6	30.5	156.0

* Cash outflow on defined benefit pension schemes represents pension contributions greater than the amount charged to operating profit.

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

	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
Increase/(decrease) in cash and cash equivalents in the period	144.0	(66.8)	(47.3)
Cash inflow/(outflow) from movement in debt	256.3	(124.3)	(70.5)
Decrease/(increase) in net debt resulting from cash flows	400.3	(191.1)	(117.8)
Debt acquired with acquisitions	-	(8.9)	(8.2)
Movement in deferred consideration on prior period acquisitions	0.2	4.0	-
Non-cash items	(17.9)	3.9	(52.7)
Exchange differences	38.3	(19.2)	(89.5)
Decrease/(increase) in net debt in the period	420.9	(211.3)	(268.2)
Net debt at beginning of period	(697.1)	(428.9)	(428.9)
Net debt at end of period	(276.2)	(640.2)	(697.1)

8. Called up share capital

	Unaudited six months ended 30 June 2009 £m	Unaudited six months ended 30 June 2008 £m	Audited year ended 31 December 2008 £m
Authorised: 800,000,000 ordinary shares of 10p each (30 June 2008: 190,000,000; 31 December 2008: 190,000,000)	80.0	19.0	19.0
Allotted, called up and fully paid: 590,813,193 ordinary shares of 10p each (30 June 2008: 135,140,886; 31 December 2008: 135,639,175)	59.1	13.5	13.6

Total cash consideration received by the Company for shares allotted during the period amounted to £325.0m (30 June 2008: £0.1m; 31 December 2008: £1.1m).

On 18 March 2009 the Group announced a placing and open offer and firm placing of 455,047,973 ordinary shares for a total consideration of £325.0m (net of expenses), which was approved at the Company's Extraordinary General Meeting on 9 April 2009.

9. Interim dividend

No dividend has been declared in the period (2008: 8.3p).

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

10. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

The Group has not identified any other material related party transactions in the six month period to 30 June 2009.

11. Risks and uncertainties

The principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining six months of the 2009 financial year have not changed significantly from those set out on pages 22 and 23 of the Business Review included in the Group's 2008 Annual Report and Accounts. These risks and uncertainties include, but are not limited to:

- (1) levels of market demand in the building and construction markets in which SIG operates;
- (2) product availability and pricing;
- (3) competitor risk;
- (4) credit risk;
- (5) credit insurers; and
- (6) restructuring of SIG.

The primary risk affecting the Group for the remaining six months of the year is the level of market demand in the markets in which SIG operates. SIG's diverse market sectors are affected by macroeconomic factors which limit visibility and therefore render the short to medium term outlook difficult to predict. The "Outlook" section of the Chairman's Statement details the current assessment of the markets in which the Group operates.

12. Seasonality

The Group's operations are not normally affected by significant seasonal variations between the first and second halves of the calendar year. However, extremely challenging trading conditions in the first half of 2009, coupled with adverse weather conditions in the first quarter of 2009, indicate that there is likely to be a more significant seasonality in the Group's performance in 2009 when compared to prior years.