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

25 August 2010

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

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

- As outlined in the Group's Trading Update on 9 July 2010, trading conditions improved in the latter part of the first half of 2010 following the extreme weather experienced in all of the Group's geographies during Q1 2010.
- Sales for the first half of 2010 were in line with management's expectations at £1,291m, down 4% on the first half of 2009. At constant currency, sales were down 3%.
    - In the UK and Ireland sales were £633.7m, down 5.0% on H1 2009.
    - In Mainland Europe sales were £657.0m, down 3.0% on H1 2009 in Sterling and down 1.3% in constant currency.
    - Having entered 2010 with declining sales trends, the rate of decline slowed in Q1 despite the adverse weather and moved into positive territory in Q2.
    - Encouraging start to H2 2010 – Sales per day in July 2010 up 4% in constant currency against prior year.
- Underlying* operating profit was £25.8m, a decrease of 26% on H1 2009.
    - In the UK and Ireland underlying operating profit was £14.9m, a decrease of 18% on H1 2009.
    - In Mainland Europe underlying operating profit was £14.2m, down 31% on H1 2009.
- Total operating profit increased from £2.7m in H1 2009 to £11.4m in H1 2010.
- Underlying profit before tax was £18.5m, a decrease of 16% on the first half of 2009.
- Total loss before tax reduced from £9.2m in H1 2009 to a loss before tax of £2.2m in H1 2010.
- Underlying basic earnings per share decreased to 2.1p, a reduction of 51%.
- Net debt reduced by £28m from £255m at 31 December 2009 to £227m at 30 June 2010.

Les Tench, Chairman, commented:

"Although overall sales trends since the end of the first quarter have been encouraging, SIG's management remains cautious on how its markets will develop over the next few months. This caution is based on the continuing macroeconomic uncertainty and concerns about the potential impact of government austerity measures and credit availability on the timing and path of the construction markets' recovery. Accordingly, across the Group's businesses the focus remains on driving through the operational benefits of the major restructuring changes made over the last two years, protecting and enhancing SIG's strong market positions and gross margins, and making further cost savings as appropriate, to rebuild profitability."

Enquiries:

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Results information, including a live webcast of the analyst presentation, is available at www.sigplc.com

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

SIG Interim Results 2010

Chairman's Statement

As outlined in the Group's Trading Update on 9 July 2010, trading conditions improved in the latter part of the first half of 2010 following the extreme weather experienced in all of the Group's geographies during Q1 2010.

Across the Group, during the first half of 2010, the year on year rate of improvement in sales trends has been in line with management's expectations. Entering 2010 with declining overall sales trends of 11.6%, the rate of decline slowed to 9% in Q1 despite the adverse weather and moved into positive territory (+0.3%) in Q2. In May overall sales were up 2% year on year and in June although volumes were a little softer they remained in positive territory at +1.1%. This improvement has been driven by modest growth in residential markets in the UK, France and Germany which has offset the overall continuing decline in activity in non-residential construction.

Against this background of improving volume performance, the highly competitive pricing environment experienced in 2009 across all of SIG's geographies and particularly in the UK, Ireland and the smaller countries in which SIG trades in Mainland Europe, continued in the first six months of 2010. As a result of pricing pressures and changes in the business mix, overall gross margins were down 0.3% compared to the equivalent period last year – with the UK and Ireland falling 0.7% offset by an improvement from Mainland Europe of 0.2%.

<u>Results</u>

For the first six months ended 30 June 2010, compared with the corresponding period in 2009:

Sales

- Sales were £1,291m, down £54m (4%) on the first half of 2009 (£1,345m).
- At constant currency, sales were down 3%.

Profits

- Underlying* operating profit was £25.8m, a decrease of £9.2m (26%) from the £35.0m reported in the first half of 2009.
- Underlying net finance costs decreased by £5.8m, or 44%, to £7.3m (2009: £13.1m) reflecting the benefit of the reduction in net debt following the equity raise in April 2009 coupled with the strong cash flows thereafter.
- Underlying profit before tax was £18.5m, a decrease of £3.4m (16%) from the £21.9m reported in the first half of 2009.
- Amortisation of acquired intangibles amounted to £14.2m (2009: £14.3m).
- Exceptional restructuring costs amounted to £0.2m (2009: £18.0m).
- Loss before tax reduced from £9.2m in the first half of 2009 to a loss before tax of £2.2m for the first half of 2010.

Earnings per share

- Underlying basic earnings per share decreased to 2.1p (2009: 4.3p), a reduction of 51%.
- Basic earnings per share improved by 1.7p to a loss per share of 0.4p (2009: Loss per share of 2.1p).

Financial

- Following the significant reduction in the Group's net debt and the success of the Group's working capital reduction initiatives in 2009, the Group has continued its intense focus on working capital and trading cash conversion in H1 2010.

- Net debt reduced by £28m from £255m at 31 December 2009 to £227m at 30 June 2010. The reduction in debt can be reconciled as follows:

  - Cash generation excluding payments in respect of prior year restructuring £21m
  - Restructuring Costs (£10m)
  - Foreign exchange and fair value movements £17m

- Cash generation of £21m in the first six months of 2010 (2009: inflow of £76m) has been achieved through trading cash flows, a continued focus on working capital management and the maintenance of a conservative capital expenditure to depreciation ratio.

- Underlying interest cover for the twelve month period ended 30 June 2010 (calculated in accordance with covenant requirements) was 5.4 times (31 December 2009: 4.3 times).

- Leverage (net debt/EBITDA) at 30 June 2010 was 1.9 times (31 December 2009: 2.0 times).

Dividend

- No interim dividend is being declared. The board remains committed to a progressive dividend policy and SIG will resume dividend payments when markets stabilise and it believes it is prudent to do so taking into account the Group's earnings, cash flow and balance sheet position.

Cost Saving Measures

Coming into 2010 the board anticipated that £30m of net hard cost savings would be delivered in 2010, arising from restructuring activities in 2009.

Overall, cost savings delivered in the first half are in line with levels anticipated. However, savings associated with the Interiors Manufacturing reconfiguration will now take longer than originally scheduled. The board now anticipates that the annualised cost savings from this particular project, amounting to c.£6m, will be delivered in 2011 rather than in this financial year.

Management continues to seek further opportunities for cost savings across the Group.

Trading Review

UK and Ireland (49% of Group sales)

Total sales in the UK and Ireland decreased by £33.4m to £633.7m, down 5.0% on H1 2009 (£667.1m).

In the UK, sales decreased by 3.9%, whilst turnover in Ireland was down 17.3% in Euros. The rates of decline slowed progressively throughout the period with sales in the UK down by only 1% in Q2 (compared to Q2 2009) and by 11% in the same period in Ireland.

In the UK, sales in the distribution and merchanting businesses (86% of UK sales) were down only 0.7% in the first half with activity improving steadily through the period. From April onwards monthly sales have shown modest growth compared to the corresponding months in 2009. The biggest improvement was experienced by the Group's UK roofing operations which have the greatest exposure to the recovering residential sector, where sales were up by 7.5% in Q2 compared to the same period last year.

Conversely, sales in the UK Interiors Manufacturing division in Q2 were down 23.2% (slightly worse than Q1) due to the decline in non-residential construction and sales in the Insulation contracting business (part of SIG Energy Management) were down 17.9% in Q2 (slightly better than Q1) driven by a temporary delay in CERT funding in the period. It is expected that improved CERT funding flows will arise in Q4 2010 following the recent approval by Parliament of the relevant legislation. In May 2010 the Group made a small strategic trade investment in a specialist designer and installer of ground source heat pump and Solar PV systems in order to strengthen SIG Energy Management's position in the growing field of sustainable energy.

Underlying operating profit decreased by £3.3m to £14.9m, down 18% on H1 2009 (£18.2m).

All of SIG's businesses continue to take action to protect and improve gross margins whilst maintaining market position.

The number of trading sites decreased from 378 in the UK and Ireland at 31 December 2009 to 366 at 30 June 2010 (30 June 2009: 403).

Mainland Europe (51% of Group sales)

Total sales in Mainland Europe fell by £20.6m to £657.0m, down 3% on H1 2009 (£677.6m). At constant currency, total sales were down 1.3%.

Underlying operating profit decreased by £6.3m to £14.2m, down 31% on H1 2009 (£20.5m).

Following the impact on trading of the extreme weather conditions in Mainland Europe in Q1, overall sales in Q2 are ahead of prior year by 2%.

In Germany and Austria (39% of SIG's Mainland European sales), total sales fell by 0.7% in Euros. The Group's roofing business in this region, which is focused mainly on the residential sector, made strong progress growing 8.4% in H1 2010. This improvement was offset by the insulation and interiors distribution business - down 3.2% compared to H1 2009. In France (40% of SIG's Mainland European sales), Euro sales increased by 2.8%, with the Insulation, Interiors and Roofing Divisions all taking share as brownfield sites opened in the last 2-3 years continue towards maturity. Again the French roofing business with greater residential focus performed strongly with growth of 5.5% in the first half.

The picture was less favourable in Benelux (11% of SIG's Mainland European sales) and in Poland and Central Europe (10% of SIG's Mainland European sales), with sales in constant currency down 4.7% and 14.4% respectively.

Following stable markets in Benelux in 2008 and 2009, the sectors in which SIG operates (non-residential and process insulation) have now entered recession and it will be some time before the rate of decline begins to level out.

In Poland and Central Europe, the rate of decline eased in Q2, particularly in Poland, although continuing economic weakness in the Czech Republic, Slovakia and Hungary (together 2% of SIG's Mainland European sales) is holding back construction activity. Q2 sales decline in Poland was 4.4% compared to prior year and 10% in these other countries.

The number of trading sites in Mainland Europe was increased by 6 openings in the period from 375 at 31 December 2009 to 381 at 30 June 2010 (30 June 2009: 371).

Board

David Haxby, Senior Independent Director, retired from the board at the conclusion of the Annual General Meeting on 13 May 2010, having served as a Non-Executive Director since 2003. The board would like to thank David for his excellent counsel over the past seven years.

Outlook

As the majority of SIG's markets continue to stabilise, performance since Q1 2010 has been encouraging and the positive sales trend experienced in Q2 has continued into the first few weeks of H2. Sales per day in July were up 4% in constant currency against prior year, and the sales trend in the first half of August has remained in positive territory. The Group's distribution and merchanting businesses in the UK, Germany and France, have seen sales rates ahead of prior year in each month since the start of Q2. In Ireland, Benelux and Poland & Central Europe the rate of decline in SIG's end markets is gradually easing, although has not yet levelled out. As previously outlined, the Group's UK Insulation Installation and Interiors Manufacturing operations will continue to face challenges in the short term.

Although overall sales trends since the end of Q1 2010 have been encouraging, SIG's management remains cautious on how its markets will develop over the next few months, given continuing macroeconomic uncertainty and concerns about the potential impact of government austerity measures and credit availability on the timing and path of the construction markets' recovery. Accordingly, across the Group's businesses the focus remains on driving through the operational benefits of the major restructuring changes made over the last two years, protecting and enhancing SIG's strong market positions and gross margins, and making further cost savings as appropriate, to rebuild profitability.

Throughout the downturn SIG has continued to invest very selectively in organic growth and will continue to do so going forward, gradually increasing the rate of investment as markets improve.

Looking further ahead, the new UK government has demonstrated a strong commitment to energy conservation by moving swiftly to legislate for the extension of the current CERT scheme, which will generate increased demand for insulation retrofitting from Q4 2010 onwards. The Group remains positioned to benefit from this and other schemes offering incentives and subsidies in the field of energy conservation, renewable energy and sustainable construction as well as higher regulatory standards.

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

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	**Gareth Davies**
Director	Director
24 August 2010	24 August 2010

Condensed Consolidated Income Statement

for the six months ended 30 June 2010

		Unaudited six months ended 30 June 2010			Unaudited six months ended 30 June 2009			Audited year ended 31 December 2009		
		Before other items*	**Other items***	**Total**	Before other items*	Other items*	Total	Before other items*	Other items*	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Revenue										
Continuing operations	2	**1,290.7**	**-**	**1,290.7**	1,344.7	-	1,344.7	2,743.5	-	2,743.5
Cost of sales		**(968.7)**	**-**	**(968.7)**	(1,006.3)	-	(1,006.3)	(2,050.3)	-	(2,050.3)
Gross profit		**322.0**	**-**	**322.0**	338.4	-	338.4	693.2	-	693.2
Other operating expenses		**(296.2)**	**(14.4)**	**(310.6)**	(303.4)	(32.3)	(335.7)	(612.3)	(113.4)	(725.7)
Operating profit/(loss)										
Continuing operations	2	**25.8**	**(14.4)**	**11.4**	35.0	(32.3)	2.7	80.9	(113.4)	(32.5)
Finance income		**5.4**	**-**	**5.4**	4.1	1.2	5.3	10.3	1.4	11.7
Finance costs		**(12.7)**	**(6.3)**	**(19.0)**	(17.2)	-	(17.2)	(30.6)	(3.9)	(34.5)
(Loss)/profit before tax		**18.5**	**(20.7)**	**(2.2)**	21.9	(31.1)	(9.2)	60.6	(115.9)	(55.3)
Income tax (expense)/credit	4	**(6.0)**	**5.8**	**(0.2)**	(6.5)	9.0	2.5	(18.0)	28.2	10.2
(Loss)/profit after tax		**12.5**	**(14.9)**	**(2.4)**	15.4	(22.1)	(6.7)	42.6	(87.7)	(45.1)
Attributable to:										
Equity holders of the Company		**12.5**	**(14.9)**	**(2.4)**	14.9	(22.1)	(7.2)	42.1	(87.7)	(45.6)
Minority interests		**-**	**-**	**-**	0.5	-	0.5	0.5	-	0.5
Earnings per share										
Basic (loss)/earnings per share	5	**2.1p**	**(2.5p)**	**(0.4p)**	4.3p	(6.4p)	(2.1p)	9.0p	(18.7p)	(9.7p)
Diluted (loss)/earnings per share	5	**2.1p**	**(2.5p)**	**(0.4p)**	4.3p	(6.4p)	(2.1p)	9.0p	(18.7p)	(9.7p)

* "Other items" relate to the amortisation of acquired intangibles, impairment charges, restructuring costs and gains and losses on derivative financial instruments. "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.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2010

	Unaudited six months ended 30 June 2010 £m	Unaudited six months ended 30 June 2009 £m	Audited year ended 31 December 2009 £m
Loss after tax	**(2.4)**	(6.7)	(45.1)
Other comprehensive income/(expense):			
Exchange difference on retranslation of foreign currency goodwill and intangibles	**(25.9)**	(50.7)	(33.1)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	**(15.3)**	(35.9)	(21.2)
Exchange and fair value movements associated with borrowings and derivative financial instruments	**3.3**	28.1	16.5
Tax charge on exchange difference arising on borrowings and derivative financial instruments	**(0.8)**	-	(5.5)
Gains and losses on cash flow hedges	**10.2**	(14.8)	(20.1)
Transfer to profit and loss on cash flow hedges	**2.6**	(0.3)	1.3
Current and deferred tax on share options	**-**	0.1	-
Actuarial loss on defined benefit pension schemes	**-**	-	(4.7)
Deferred tax movement associated with actuarial loss	**-**	-	1.3
Other comprehensive expense	**(25.9)**	(73.5)	(65.5)
Total comprehensive expense	**(28.3)**	(80.2)	(110.6)
Attributable to:			
Equity holders of the Company	**(28.3)**	(80.7)	(111.1)
Minority interests	**-**	0.5	0.5
	(28.3)	(80.2)	(110.6)

Condensed Consolidated Balance Sheet

as at 30 June 2010

	Note	**Unaudited 30 June 2010 £m**	Unaudited 30 June 2009 £m	Audited 31 December 2009 £m
Non-current assets				
Property, plant and equipment		**192.7**	226.4	213.5
Goodwill		**484.8**	525.2	506.9
Intangible assets		**132.6**	162.0	150.6
Interest in associate	9	**1.5**	-	-
Deferred tax assets		**27.1**	25.0	27.5
		838.7	938.6	898.5
Current assets				
Inventories		**235.8**	229.9	227.7
Trade receivables		**429.4**	460.8	385.8
Other receivables		**25.9**	36.6	28.0
Current tax assets		**-**	7.7	-
Derivative financial instruments		**60.7**	43.8	38.6
Cash and cash equivalents		**133.5**	201.5	219.4
		885.3	980.3	899.5
Total assets		**1,724.0**	1,918.9	1,798.0
Current liabilities				
Trade and other payables		**402.5**	418.4	340.7
Obligations under finance lease contracts		**2.0**	2.6	2.3
Bank overdrafts		**2.6**	9.3	2.5
Bank loans		**76.0**	171.3	173.5
Loan notes		**-**	0.1	0.1
Derivative financial instruments		**0.3**	-	0.1
Current tax liabilities		**1.0**	3.2	2.8
Provisions		**7.4**	14.1	9.5
		491.8	619.0	531.5
Non-current liabilities				
Obligations under finance lease contracts		**5.8**	7.5	7.1
Bank loans		**14.7**	5.1	12.1
Private placement notes		**310.7**	292.8	299.2
Derivative financial instruments		**8.7**	32.8	15.6
Deferred tax liabilities		**35.0**	54.2	38.9
Other payables		**5.6**	3.1	6.1
Retirement benefit obligations		**23.6**	17.9	24.0
Provisions		**24.8**	23.2	31.7
		428.9	436.6	434.7
Total liabilities		**920.7**	1,055.6	966.2
Net assets		**803.3**	863.3	831.8
Capital and reserves				
Called up share capital	8	**59.1**	59.1	59.1
Share premium account		**447.0**	447.0	447.0
Capital redemption reserve		**0.3**	0.3	0.3
Special reserve		**-**	22.1	-
Share option reserve		**0.9**	2.1	0.9
Hedging and translation reserve		**7.4**	30.9	46.1
Retained profits		**286.6**	299.6	276.2
Attributable to equity holders of the Company		**801.3**	861.1	829.6
Minority interests		**2.0**	2.2	2.2
Total equity		**803.3**	863.3	831.8

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2010

	Note	**Unaudited six months ended 30 June 2010 £m**	Unaudited six months ended 30 June 2009 £m	Audited year ended 31 December 2009 £m
Net cash flow from operating activities				
Cash inflow from operating activities	6	**32.5**	103.6	174.1
Borrowing costs paid		**(10.5)**	(13.6)	(27.4)
Interest received		**2.8**	1.0	6.0
Income tax paid		**(6.3)**	(10.1)	(16.5)
Net cash inflow from operating activities		**18.5**	80.9	136.2
Cash flows from investing activities				
Purchase of property, plant and equipment		**(6.5)**	(7.7)	(19.6)
Proceeds from sale of property, plant and equipment		**1.3**	5.8	10.1
Settlement of amounts payable for purchase of businesses/investment in associate		**(1.7)**	(3.5)	(3.9)
Net cash used in investing activities		**(6.9)**	(5.4)	(13.4)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**-**	325.0	325.0
Capital element of finance lease rental payments		**(1.0)**	(1.1)	(2.3)
Repayment of loans/settlement of derivative financial instruments		**(91.7)**	(255.2)	(278.6)
Payments to minority Shareholders		**(0.2)**	(0.2)	(0.2)
Net cash (used)/generated from financing activities		**(92.9)**	68.5	43.9
(Decrease)/increase in cash and cash equivalents in the period	7	**(81.3)**	144.0	166.7
Cash and cash equivalents at beginning of period		**216.9**	52.9	52.9
Effect of foreign exchange rate changes		**(4.7)**	(4.7)	(2.7)
Cash and cash equivalents at end of period		**130.9**	192.2	216.9

Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2010

For the unaudited six months ended 30 June 2010	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
At 31 December 2009	59.1	447.0	0.3	-	0.9	46.1	276.2	829.6	2.2	831.8
Loss after tax	-	-	-	-	-	-	(2.4)	(2.4)	-	(2.4)
Other comprehensive income/(expense):										
Exchange difference on retranslation of foreign currency goodwill and intangibles	-	-	-	-	-	(25.9)	-	(25.9)	-	(25.9)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	-	-	-	-	-	(15.3)	-	(15.3)	-	(15.3)
Exchange and fair value movements associated with borrowings and derivative financial instruments	-	-	-	-	-	3.3	-	3.3	-	3.3
Tax charge on exchange difference arising on borrowings and derivative financial instruments	-	-	-	-	-	(0.8)	-	(0.8)	-	(0.8)
Gains and losses on cash flow hedges	-	-	-	-	-	-	10.2	10.2	-	10.2
Transfer to profit and loss on cash flow hedges	-	-	-	-	-	-	2.6	2.6	-	2.6
Total comprehensive expense	-	-	-	-	-	(38.7)	10.4	(28.3)	-	(28.3)
Credit to share option reserve	-	-	-	-	0.2	-	-	0.2	-	0.2
Exercise of share options	-	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Dividend payments to minority interest Shareholders	-	-	-	-	-	-	-	-	(0.2)	(0.2)
At 30 June 2010	**59.1**	**447.0**	**0.3**	**-**	**0.9**	**7.4**	**286.6**	**801.3**	**2.0**	**803.3**

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
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)
Other comprehensive income/(expense):										
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
Total comprehensive expense	-	-	-	-	-	(58.5)	(22.2)	(80.7)	0.5	(80.2)
New share capital issued	45.5	279.5	-	-	-	-	-	325.0	-	325.0
Debit to share option reserve	-	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Exercise of share options	-	-	-	-	(0.3)	-	0.3	-	-	-
Dividend payment to minority interest Shareholders	-	-	-	-	-	-	-	-	(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

Condensed Consolidated Statement of Changes in Equity (continued)
for the six months ended 30 June 2010

For the audited year ended 31 December 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
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	-	-	-	-	-	-	(45.6)	(45.6)	0.5	(45.1)
Other comprehensive income/(expense):										
Exchange difference on retranslation of foreign currency goodwill and intangibles	-	-	-	-	-	(33.1)	-	(33.1)	-	(33.1)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	-	-	-	-	-	(21.2)	-	(21.2)	-	(21.2)
Exchange and fair value movements associated with borrowings and derivative financial instruments	-	-	-	-	-	16.5	-	16.5	-	16.5
Tax charge on exchange difference arising on borrowings and derivative financial instruments	-	-	-	-	-	(5.5)	-	(5.5)	-	(5.5)
Gains and losses on cash flow hedges	-	-	-	-	-	-	(20.1)	(20.1)	-	(20.1)
Transfer to profit and loss on cash flow hedges	-	-	-	-	-	-	1.3	1.3	-	1.3
Actuarial loss on defined benefit pension schemes	-	-	-	-	-	-	(4.7)	(4.7)	-	(4.7)
Deferred tax movement associated with actuarial loss	-	-	-	-	-	-	1.3	1.3	-	1.3
Total comprehensive expense	-	-	-	-	-	(43.3)	(67.8)	(111.1)	0.5	(110.6)
New share capital issued	45.5	279.5	-	-	-	-	-	325.0	-	325.0
Transfer between reserves	-	-	-	(22.1)	-	-	22.1	-	-	-
Debit to share option reserve	-	-	-	-	(1.3)	-	-	(1.3)	-	(1.3)
Exercise of share options	-	-	-	-	(0.4)	-	0.4	-	-	-
Dividend payment to minority interest Shareholders	-	-	-	-	-	-	-	-	(0.2)	(0.2)
At 31 December 2009	59.1	447.0	0.3	-	0.9	46.1	276.2	829.6	2.2	831.8

The special reserve arose 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 under the accounting convention at that time. The balance on the special reserve was transferred into retained profits in 2009.

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.

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 24 August 2010.

The condensed interim financial information does not constitute statutory accounts. The interim results to 30 June 2010 and 2009 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 2009. 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 498(2) or Section 498(3) of the Companies Act 2006.

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 2009, 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 12), 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

In 2010, a number of new standards and interpretations have become effective, most notably IFRS 3 (revised) "Business Combinations", the key requirement of which being that any future acquisition costs are to be expensed to the Condensed Consolidated Income Statement as incurred. Previously such expenses were capitalised as part of goodwill.

The following significant changes to International Financial Reporting Standards have been issued, but are not yet effective:

- IFRS 2 "Share-based Payment";
- IAS 24 "Related Party Disclosures";
- IAS 27 (revised) "Consolidated and Separate Financial Statements";
- IAS 31 (revised) "Interests in Joint Ventures";
- IAS 32 (revised) "Financial Instruments: Presentation";
- IFRS 9 "Financial Instruments"; and
- IFRIC 14 "Prepayments of a Minimum Funding Requirement".

The Directors anticipate that the future adoption of these standards and interpretations will have no material impact on the Group's financial statements.

2. Segmental information

(a) Segmental results

In accordance with IFRS 8 "Operating Segments", the Group identifies 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 operating segments into two reported segments: UK and Ireland and Mainland Europe. The constituent operating 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 2010				Unaudited six months ended 30 June 2009				Audited year ended 31 December 2009			
	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	**633.7**	**657.0**	**-**	**1,290.7**	667.1	677.6	-	1,344.7	1,326.2	1,417.3	-	2,743.5
Inter-segment sales*	**0.1**	**2.1**	**(2.2)**	**-**	0.2	2.1	(2.3)	-	0.5	3.9	(4.4)	-
Total revenue	**633.8**	**659.1**	**(2.2)**	**1,290.7**	667.3	679.7	(2.3)	1,344.7	1,326.7	1,421.2	(4.4)	2,743.5
Result												
Segment result before amortisation of acquired intangibles, impairment charges and restructuring costs	**14.9**	**14.2**	**-**	**29.1**	18.2	20.5	-	38.7	37.7	50.2	-	87.9
Amortisation of acquired intangibles and impairment charges	**(9.5)**	**(4.7)**	**-**	**(14.2)**	(9.6)	(4.7)	-	(14.3)	(49.5)	(9.1)	-	(58.6)
Restructuring costs	**(0.1)**	**(0.1)**	**-**	**(0.2)**	(14.2)	(3.8)	-	(18.0)	(49.8)	(5.0)	-	(54.8)
Segment operating profit/(loss)	**5.3**	**9.4**	**-**	**14.7**	(5.6)	12.0	-	6.4	(61.6)	36.1	-	(25.5)
Parent Company costs				**(3.3)**				(3.7)				(7.0)
Operating profit/(loss)				**11.4**				2.7				(32.5)
Net finance costs				**(7.3)**				(13.1)				(20.3)
Net (losses)/gains on derivative financial instruments				**(6.3)**				1.2				(2.5)
Loss before tax				**(2.2)**				(9.2)				(55.3)
Income tax (expense)/credit				**(0.2)**				2.5				10.2
Minority interests				**-**				(0.5)				(0.5)
Retained loss				**(2.4)**				(7.2)				(45.6)
Balance sheet												
Assets												
Segment assets	**803.8**	**787.3**	**-**	**1,591.1**	851.7	863.6	-	1,715.3	801.1	826.0	-	1,627.1
Unallocated assets				**132.9**				203.6				170.9
Consolidated total assets				**1,724.0**				1,918.9				1,798.0
Liabilities												
Segment liabilities	**274.6**	**216.0**	**-**	**490.6**	264.9	232.2	-	497.1	260.4	188.0	-	448.4
Unallocated liabilities				**430.1**				558.5				517.8
Consolidated total liabilities				**920.7**				1,055.6				966.2
Other segment information												
Capital expenditure on:												
Property, plant and equipment	**4.4**	**2.1**	**-**	**6.5**	4.3	3.4	-	7.7	10.7	8.9	-	19.6
Goodwill/investment in associate	**1.5**	**-**	**-**	**1.5**	0.5	1.2	-	1.7	(3.0)	1.7	-	(1.3)
Non-cash expenditure:												
Depreciation	**11.2**	**7.1**	**-**	**18.3**	12.5	7.5	-	20.0	25.7	14.5	-	40.2
Impairment of property, plant and equipment	**-**	**-**	**-**	**-**	-	-	-	-	6.8	-	-	6.8
Amortisation of acquired intangibles	**9.5**	**4.7**	**-**	**14.2**	9.6	4.7	-	14.3	19.5	9.1	-	28.6
Goodwill impairment charges	**-**	**-**	**-**	**-**	-	-	-	-	30.0	-	-	30.0

*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 2010	Unaudited six months ended 30 June 2009	Audited year ended 31 December 2009
	£m	£m	£m
Insulation and Building Environments	**504.7**	535.2	1,086.4
Interiors	**295.6**	322.8	685.9
Exteriors	**376.6**	356.3	749.0
SCP	**113.8**	130.4	222.2
Total	**1,290.7**	1,344.7	2,743.5

(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:

	Unaudited six months ended 30 June 2010		Unaudited six months ended 30 June 2009		Audited year ended 31 December 2009	
Country	**Revenue**	**Non-current assets**	Revenue	Non-current assets	Revenue	Non-current assets
	£m	**£m**	£m	£m	£m	£m
United Kingdom	**596.1**	**433.1**	620.3	486.9	1,239.3	442.6
Ireland	**37.6**	**13.3**	46.8	47.4	86.9	14.0
France	**261.8**	**239.6**	261.9	254.8	520.0	269.6
Germany and Austria	**256.7**	**64.4**	265.9	64.6	588.6	73.7
Poland	**53.6**	**20.2**	57.4	20.6	122.7	23.0
Benelux*	**72.8**	**42.3**	78.6	35.8	156.3	46.1
Central Europe	**12.1**	**25.8**	13.8	28.5	29.7	29.5
Total	**1,290.7**	**838.7**	1,344.7	938.6	2,743.5	898.5

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

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).

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 (costs)/income included within "Other items" are as follows:

	Unaudited six months ended 30 June 2010 £m	Unaudited six months ended 30 June 2009 £m	Audited year ended 31 December 2009 £m
Amortisation of acquired intangibles	**(14.2)**	(14.3)	(28.6)
Goodwill impairment charges	**-**	-	(30.0)
Restructuring costs	**(0.2)**	(18.0)	(54.8)
Other operating expenses	**(14.4)**	(32.3)	(113.4)
Net (losses)/gains on derivative financial instruments	**(6.3)**	1.2	(2.5)
Loss before tax	**(20.7)**	(31.1)	(115.9)
Income tax credit	**5.8**	9.0	28.2
Loss after tax	**(14.9)**	(22.1)	(87.7)

4. Income tax expense/(credit)

The income tax expense/(credit) comprises:

	Unaudited six months ended 30 June 2010 £m	Unaudited six months ended 30 June 2009 £m	Audited year ended 31 December 2009 £m
UK taxation	**(2.5)**	(1.5)	(18.5)
Overseas taxation	**2.7**	(1.0)	8.3
Total income tax expense/(credit) for the period	**0.2**	(2.5)	(10.2)

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 2010 £m	Unaudited six months ended 30 June 2009 £m	Audited year ended 31 December 2009 £m
Loss after tax	**(2.4)**	(6.7)	(45.1)
Minority interests	**-**	(0.5)	(0.5)
	(2.4)	(7.2)	(45.6)

	Basic and diluted before amortisation of acquired intangibles, impairment charges, restructuring costs and gains and losses on derivative financial instruments		
	Unaudited six months ended 30 June 2010 £m	Unaudited six months ended 30 June 2009 £m	Audited year ended 31 December 2009 £m
Loss after tax	**(2.4)**	(6.7)	(45.1)
Minority interests	**-**	(0.5)	(0.5)
Amortisation of acquired intangibles	**14.2**	14.3	28.6
Impairment charges	**-**	-	30.0
Restructuring costs	**0.2**	18.0	54.8
Gains and losses on derivative financial instruments	**6.3**	(1.2)	2.5
Tax relating to other items*	**(5.8)**	(9.0)	(28.2)
	12.5	14.9	42.1

* “Other items” relate to the amortisation of acquired intangibles, impairment charges, restructuring costs and gains and losses on derivative financial instruments.

5. Earnings per share (continued)

Weighted average number of shares:

	Unaudited six months ended 30 June 2010 Number	Unaudited six months ended 30 June 2009 Number	Audited year ended 31 December 2009 Number
For basic earnings per share	**590,829,339**	348,528,197	469,350,343
Exercise of share options	**2,281,009**	250,110	897,421
For diluted earnings per share	**593,110,348**	348,778,307	470,247,764

	Unaudited six months ended 30 June 2010	Unaudited six months ended 30 June 2009	Audited year ended 31 December 2009
Earnings per share			
Total basic loss per share	**(0.4p)**	(2.1p)	(9.7p)
Total diluted loss per share	**(0.4p)**	(2.1p)	(9.7p)
Earnings per share before amortisation of acquired intangibles, impairment charges, restructuring costs and gains and losses on derivative financial instruments			
Total basic earnings per share	**2.1p**	4.3p	9.0p
Total diluted earnings per share	**2.1p**	4.3p	9.0p

Earnings per share before amortisation of acquired intangibles, impairment charges, restructuring costs and gains and losses on derivative financial instruments 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 2010 £m	Unaudited six months ended 30 June 2009 £m	Audited year ended 31 December 2009 £m
Operating profit/(loss)	**11.4**	2.7	(32.5)
Depreciation charge	**18.3**	20.0	40.2
Impairment of property, plant and equipment	**-**	-	6.8
Amortisation of acquired intangibles and impairment charges	**14.2**	14.3	58.6
Profit on sale of property, plant and equipment	**(0.4)**	-	(1.8)
Share-based payments	**0.2**	(0.2)	(0.5)
(Increase)/decrease in working capital	**(11.2)**	66.8	103.3
Cash inflow from operating activities	**32.5**	103.6	174.1

Included within the 2010 working capital outflow of £11.2m is cash paid in respect of prior year exceptional costs amounting to £10.0m.

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

	Unaudited six months ended 30 June 2010 £m	Unaudited six months ended 30 June 2009 £m	Audited year ended 31 December 2009 £m
(Decrease)/increase in cash and cash equivalents in the period	**(81.3)**	144.0	166.7
Cash inflow from movement in debt	**92.7**	256.3	280.9
Decrease in net debt resulting from cash flows	**11.4**	400.3	447.6
Movement in deferred consideration on prior period acquisitions	**0.1**	0.2	-
Non-cash items^	**6.8**	(17.9)	(24.5)
Exchange differences	**9.6**	38.3	19.5
Decrease in net debt in the period	**27.9**	420.9	442.6
Net debt at beginning of period	**(254.5)**	(697.1)	(697.1)
Net debt at end of period	**(226.6)**	(276.2)	(254.5)

^Non-cash items relate to fair value movement of debt recognised in the period which does not give rise to a cash inflow or outflow.

Included within the cash inflow from movement in debt is a cash outflow of £1.0m relating to foreign exchange rate movements. Combined with the exchange differences and non-cash items of £9.6m and £6.8m respectively included in the table above, the total reduction in the Group's net debt position at 30 June 2010 attributable to favourable foreign exchange rate movements and non-cash items is £17.4m.

8. Called up share capital

	Unaudited six months ended 30 June 2010 £m	Unaudited six months ended 30 June 2009 £m	Audited year ended 31 December 2009 £m
Authorised:			
800,000,000 ordinary shares of 10p each (30 June 2009: 800,000,000; 31 December 2009: 800,000,000)	**80.0**	80.0	80.0
Allotted, called up and fully paid:			
590,829,339 ordinary shares of 10p each (30 June 2009: 590,813,193; 31 December 2009: 590,829,339)	**59.1**	59.1	59.1

The Company did not allot any shares during the period (30 June 2009: consideration of £325.0m; 31 December 2009: consideration of £325.0m).

9. Interest in associate

On 4 May 2010 the Company made a strategic trade investment in Ice Energy Technologies Limited by acquiring shares in that company from Andrew Hillier, Andrew Sheldon, David Greenwood and Brian Roberts. Ice Energy Technologies Limited is a specialist designer and installer of ground source heat pumps and Solar PV systems. Consideration of £1.0m was paid to the shareholders of Ice Energy Technologies Limited, and a further £0.5m was paid for new shares in the company. Following the investment of £1.5m, the Group holds a 25% stake in the company, and as such this investment will be accounted for as an associate in accordance with IAS 28 "Investments in Associates".

In addition, at the date of signing this report, the Company has made a loan amounting to £0.9m to Ice Energy Technologies Limited.

The Group's share of operating income arising from this investment since 4 May 2010 has been positive but minimal. Given that the Group's Condensed Consolidated Income Statement is reported in £m's, in order for a figure to be separately disclosable the minimum threshold for recognition is £50,000 i.e. £0.1m. As a result, no separate recognition of the Group's share of income attributable to this associate has been made on the face of the Condensed Consolidated Income Statement.

10. Interim dividend

No dividend has been declared in the period (2009: nil).

11. 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.

Other than the relationship disclosed in Note 9, the Group has not identified any other material related party transactions in the six month period to 30 June 2010.

12. 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 2010 financial year have not changed significantly from those set out on pages 23 and 24 of the Business Review included in the Group's 2009 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) competitor risk;
(3) credit risk;
(4) credit insurers;
(5) restructuring of SIG; and
(6) product availability and pricing.

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.

13. Seasonality

The Group's operations are not normally affected by significant seasonal variations between the first and second halves of the calendar year. However, challenging trading conditions in the first half of 2010, coupled with adverse weather conditions in the first quarter of 2010, indicate that there is likely to be more significant seasonality in the Group's performance in 2010 when compared to prior years.