



SIG plc
Interim Report 2011



**RESHAPED
FOR THE
FUTURE**

OUR BUSINESS

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

SIG's strategy is to develop and grow the Group as a leading supplier of specialist products to the construction and related markets, in order to achieve sustainable long term growth in shareholder value.

AT A GLANCE: PERFORMANCE

Total revenue ^

£1,399m



Underlying* basic earnings per share

4.1p



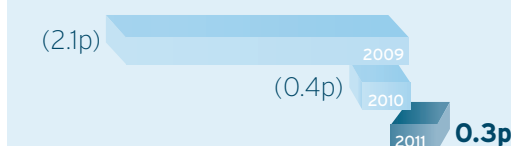
Underlying* operating profit

£43.5m



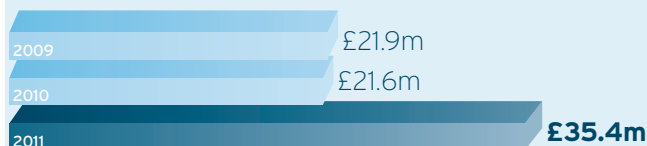
Basic earnings per share

0.3p



Underlying* profit before tax

£35.4m



Trading sites as at 30 June 2011

729



Loss before tax

(£0.6m)



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* Underlying is before the amortisation of acquired intangibles, impairment charges, restructuring costs, profit and loss arising on the sale of businesses, trading profits and losses associated with disposed businesses and gains and losses on derivative financial instruments.

^ Revenue from total operations including divested businesses.

The 2009 underlying comparative numbers have not been restated and therefore include the trading profits and losses associated with those businesses disposed of in 2011.

HIGHLIGHTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

- Sales from continuing operations[^] increased by 10.2% to £1,344m
 - Strong performance in Mainland Europe, sales up 15.5% to £752m (up 13.9% in constant currency)
 - UK and Ireland revenues from continuing operations increased by 4.2% to £592m
- Gross margin in continuing operations maintained at 25.4% in competitive markets (H1 2010: 25.4%)
- Underlying* operating margin in continuing operations increased to 3.2% (H1 2010: 2.4%)
- Underlying profit before tax from continuing operations increased by 63.9% to £35.4m – benefits of operational gearing being realised
- Statutory profit after tax of £1.7m (H1 2010: loss of £2.4m)
- Upgrading the portfolio – divested Interiors Manufacturing, Safety & Workwear and Scaffolding businesses in 2011
- Net debt reduced by £22m to £163m compared to £185m as at 31 December 2010
- Resumption of dividends – interim dividend of 0.75p per share

[^] Continuing operations excludes the results of businesses (up to the date of the disposals) divested in 2011. The comparative results for these businesses for the six months ended 30 June 2010 have also been excluded.

* Underlying is before the amortisation of acquired intangibles, impairment charges, restructuring costs, profit and loss arising on sale of businesses, trading profits and losses associated with disposed businesses and gains and losses on derivative financial instruments.

BUSINESS REVIEW

Overall trading was in line with management's expectations with total revenues increasing by 9.1% to £1,399.1m in the first half of 2011

Chris Davies Chief Executive



Gareth Davies Finance Director



Overall trading was in line with management's expectations with total revenues increasing by 9.1% to £1,399.1m in the first half of 2011. Sales from continuing operations (i.e. excluding the results from the divested Interiors Manufacturing, Safety & Workwear and Scaffolding businesses) were up by 10.2% to £1,343.7m.

As outlined in the Group's trading update on 8 July 2011, strong growth in Q1 2011 was assisted by weak weather-affected 2010 comparators, with the rate of revenue growth easing back in Q2 against more testing comparators.

Sales growth was driven by a particularly strong outperformance of the market in Mainland Europe, assisted by some moderate product price inflation of approximately 3% across the Group. Sales in Mainland Europe, which now accounts for 56% of Group sales from continuing operations, increased by 15.5% and by 13.9% on a constant currency basis.

The rate of growth in the UK and Ireland was also affected by a noticeable softening in demand towards the end of Q2, due to the weaker economic environment, but remained in positive territory. In the UK and Ireland revenues from continuing operations were up by 4.2%.

Against this background of improving volume performance, the pricing environment both in the UK and Ireland and Mainland Europe remained competitive. Overall gross margins from continuing operations remained at 25.4% in the first half of the year, unchanged from H1 2010.

Underlying operating profit from continuing operations increased by 50.5% to £43.5m (H1 2010: £28.9m). Underlying net finance costs increased by 11.0% to £8.1m (H1 2010: £7.3m), leaving underlying profit before tax from continuing operations up 63.9% at £35.4m (H1 2010: £21.6m). This performance reflects the operational gearing benefit of strong sales growth at stable gross margins, partially moderated by the impact of cost inflation and investment in growth. Underlying basic earnings per share from continuing operations increased by 64.0% to 4.1p (H1 2010: 2.5p).

Non-underlying charges before taxation during the period totalled £36.0m (H1 2010: £23.8m) and included amortisation of acquired intangibles of £12.3m (H1 2010: £14.2m) and £22.1m relating to the net loss on disposal of businesses in 2011. Including these charges, the loss before tax was £0.6m compared to a loss of £2.2m in the corresponding period last year. Basic earnings per share was 0.3p (H1 2010: loss per share of 0.4p).

Net debt at 30 June 2011 was £163m (31 December 2010: £185m). During the period net debt benefited from the divestment of SIG's Safety & Workwear and Scaffolding businesses, partially offset by adverse exchange rate movements and cash costs associated with prior year restructuring. The Group continues to focus strongly on its working capital management and on improving returns on capital consumed.

HIGHLIGHTS

- Sales from continuing operations were up by 10.2% to £1,343.7m
- Underlying operating profit from continuing operations increased by 50.5% to £43.5m
- Net debt at 30 June 2011 was £163m

GLOSSARY OF TERMS

Continuing operations excludes the results of businesses (up to the date of the disposals) divested in 2011. The comparative results for these businesses for the six months ended 30 June 2010 have also been excluded.

Underlying is before the amortisation of acquired intangibles, impairment charges, restructuring costs, profit and loss arising on sale of businesses, trading profits and losses associated with disposed businesses and gains and losses on derivative financial instruments.

BUSINESS REVIEW CONTINUED

DIVIDEND

As indicated at the Group's Full Year results in March, based on more stable markets and improved business performance, SIG is resuming dividend payments and declaring an interim dividend of 0.75p per share. The interim dividend will be paid on 4 November 2011 to shareholders on the register at close of business on 7 October 2011. The ex-dividend date is 5 October 2011.

Going forward the Board is committed to a progressive dividend policy whilst maintaining a dividend cover of 2–3x over the medium term.

TRADING REVIEW

MAINLAND EUROPE (56% OF GROUP SALES)

Total sales in Mainland Europe increased by 15.5% to £752.2m (H1 2010: £651.1m) and by 13.9% on a constant currency basis. Underlying operating profit was up by 70.4% to £24.2m (H1 2010: £14.2m) and underlying operating margin improved to 3.2% (H1 2010: 2.2%).

During the first half of the year residential construction activity levels continued to improve across the countries in Mainland Europe in which SIG operates. The rate of decline in activity levels in private sector non-residential construction continued to moderate in 2011 and now appears to have broadly levelled out.

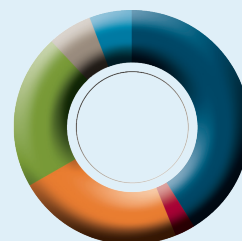
Good progress was made in France, Germany and Poland & Central Europe, with sales growing strongly in all of these geographies. In France, which was SIG's strongest performing country in the first half of the year, the Group significantly outperformed the residential market, which itself grew strongly. Non-residential markets in France remain challenging.

Revenue	H1 2011 £m	H1 2010 £m	Change %	Change % constant currency
France	309.1	261.7	18.1	16.5
Germany and Austria	286.7	251.1	14.2	12.6
Benelux*	78.5	72.6	8.1	6.6
Poland and Central Europe	77.9	65.7	18.6	16.2

* includes international air handling business, headquartered in the Netherlands.

Revenue by country (continuing operations)

UK	41%
Ireland	3%
France	23%
Germany and Austria	21%
Poland and Central Europe	6%
Benelux*	6%



* includes international air handling business, headquartered in the Netherlands.

In Germany there was a continuing improvement in residential sector construction activity and the non-residential market has been slowly recovering, with the non-residential RMI market stronger than new-build. In Poland & Central Europe SIG has consolidated the management team so it now operates as a single region and the benefits of these cost savings measures are being realised. During the period there was good growth in Poland in both residential and non-residential markets.

Trading conditions in Benelux remain more challenging, with the economic recession having impacted later than elsewhere in Europe. However, sales here also improved during H1 2011.

The number of trading sites in Mainland Europe fell by four in the period, from 384 at 31 December 2010 to 380 at 30 June 2011, mainly due to a rationalisation of sites in Central Europe. SIG opened six new sites in France and Germany in the period.

BUSINESS REVIEW CONTINUED

TRADING REVIEW CONTINUED

UK AND IRELAND (44% OF GROUP SALES)

Total sales in the UK and Ireland increased by 2.6% to £646.9m (H1 2010: £630.8m) and on a continuing basis total sales were up by 4.2% to £591.5m (H1 2010: £567.7m). Underlying operating profit increased by 28.3% to £23.1m (H1 2010: £18.0m) and the underlying operating margin improved to 3.9% (H1 2010: 3.2%).

In the UK sales from continuing operations increased by 4.4%, whilst turnover in Ireland was marginally up in Euros by 0.2%.

Growth in residential construction maintained the mildly positive trend experienced during 2010, although some weakness in the private repair, maintenance and improvement sector and public sector housing was experienced towards the end of the period.

Similar to Mainland Europe, non-residential construction activity levels now appear to have broadly flattened out, with some modest recovery in the South East being offset by continuing slight decline in other parts of the UK. To date, the Group has not experienced any significant impact from the expected reduction in public sector non-residential construction resulting from Government austerity measures.

In the UK, sales from continuing operations in the Group's distribution and merchandising businesses (c.92% of UK revenues) grew by 4.5%.

Although revenues were up by 5.5% in the period, SIG Energy Management is yet to benefit materially from increased CERT funding, which is only slowly filtering through. This situation is unlikely to change before the autumn given the normal summer lull in demand for home insulation.

In addition to its traditional core business of insulation installation, SIG Energy Management is being positioned as a provider of whole house energy efficiency solutions to take advantage of the significant growth opportunities in this market. SIG acquired a 25% investment in ICE Energy in 2010 to provide the Group with additional renewables expertise, augmenting our current capabilities.

SIG and ICE Energy have recently secured a £45m privately-financed funding package for Solar PV, targeted at social housing in the UK. The first £20m contract has been signed, and is expected to commence in H2 2011. Further deals are in the pipeline, including non-funded work for the private housing market. SIG is able to exploit synergies across the Group in servicing this market- SIG Distribution will purchase, store and distribute Solar PV for major contracts; SIG Energy Management provides design and installation expertise; and SIG Roofing is well-placed to sell Solar PV to roofing contractors.

The number of trading sites in the UK and Ireland fell by 15 in the period (11 relating to the divestment of the Safety & Workwear and Scaffolding businesses) from 364 at 31 December 2010 to 349 at 30 June 2011. A further eight sites relating to the Interiors Manufacturing business were disposed of in August 2011.

DIVESTMENTS

In line with SIG's stated objective of upgrading its portfolio, the Group sold its Safety & Workwear and Scaffolding businesses in H1 2011 and announced the divestment of its UK Interiors Manufacturing business in July 2011, which completed in August.

In aggregate these businesses generated revenues of £55.4m (H1 2010: £63.1m) and an operating profit of £0.3m for the period of ownership in the first half of the year, compared to a loss of £3.1m in H1 2010 and a profit of £1.4m in H2 2010. The results of the businesses have been treated in the first half as non-underlying. Net proceeds from the divestment of the three businesses amounted to £30.8m (net of expenses) resulting in a net loss on disposal of £22.1m.

The divestments enable SIG to better focus on its core distribution and merchandising operations and help to rebalance the Group's exposure more towards residential markets.

BOARD

Janet Ashdown and Mel Ewell have recently joined the Board as Non-Executive Directors. Ms Ashdown is currently Chief Executive Officer of Blue Ocean Associates Ltd, having previously held a number of senior positions with BP plc. Mr Ewell is currently Chief Executive Officer of Amey plc.

BUSINESS REVIEW CONTINUED

FINANCE DIRECTOR

With the Group's restructuring programmes now largely completed and its finances restored to a very sound condition, Gareth Davies has discussed with the Board his wish to further his career through a new challenge elsewhere after 18 years of service with SIG, the last 9 as Finance Director. He has agreed to remain in post until such time as a successor has been appointed and a suitable handover process has been completed.

OUTLOOK

The Board continues to expect growth in the second half to moderate, due to a combination of stronger comparators in both regions in which SIG operates, a weaker economic backdrop and the effect of public sector spending cuts in the UK. In July year on year percentage sales growth was in the high single digits for Mainland Europe and slightly positive in the UK and Ireland.

SIG remains mindful of the current macroeconomic uncertainties and will take the appropriate actions in its businesses if required. However, the Board believes that SIG is well positioned to make progress this year and reflecting this confidence, is declaring the resumption of dividend payments.

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 looking 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 in SIG's operating markets, competitors and margin management, commercial relationships, government legislation, debt, working capital/cash management, IT infrastructure and resilience and availability of key resources. 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.



CHRIS DAVIES
CHIEF EXECUTIVE
24 AUGUST 2011



GARETH DAVIES
FINANCE DIRECTOR
24 AUGUST 2011

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
24 AUGUST 2011



GARETH DAVIES
DIRECTOR
24 AUGUST 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Note	Unaudited six months ended 30 June 2011			Unaudited six months ended 30 June 2010			Audited year ended 31 December 2010		
		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	2	1,343.7	55.4	1,399.1	1,218.8	63.1	1,281.9	2,545.4	122.6	2,668.0
Cost of sales		(1,003.0)	(36.7)	(1,039.7)	(908.7)	(41.9)	(950.6)	(1,899.1)	(76.3)	(1,975.4)
Gross profit		340.7	18.7	359.4	310.1	21.2	331.3	646.3	46.3	692.6
Other operating expenses		(297.2)	(52.8)	(350.0)	(281.2)	(38.7)	(319.9)	(568.5)	(178.7)	(747.2)
Operating profit/(loss)	2	43.5	(34.1)	9.4	28.9	(17.5)	11.4	77.8	(132.4)	(54.6)
Finance income		0.6	–	0.6	5.4	–	5.4	7.8	–	7.8
Finance costs		(8.7)	(1.9)	(10.6)	(12.7)	(6.3)	(19.0)	(21.4)	(12.6)	(34.0)
(Loss)/profit before tax		35.4	(36.0)	(0.6)	21.6	(23.8)	(2.2)	64.2	(145.0)	(80.8)
Income tax credit/(expense)	4	(10.9)	13.2	2.3	(6.7)	6.5	(0.2)	(20.1)	24.1	4.0
Profit/(loss) after tax		24.5	(22.8)	1.7	14.9	(17.3)	(2.4)	44.1	(120.9)	(76.8)
Attributable to:										
Equity holders of the Company		24.3	(22.8)	1.5	14.9	(17.3)	(2.4)	43.8	(120.9)	(77.1)
Non-controlling interests		0.2	–	0.2	–	–	–	0.3	–	0.3
Earnings per share										
Basic earnings/(loss) per share	5	4.1p	(3.8p)	0.3p	2.5p	(2.9p)	(0.4p)	7.4p	(20.4p)	(13.0p)
Diluted earnings/(loss) per share	5	4.1p	(3.8p)	0.3p	2.5p	(2.9p)	(0.4p)	7.4p	(20.4p)	(13.0p)

* "Other items" relate to the amortisation of acquired intangibles, impairment charges, restructuring costs, profit and loss arising on the sale of businesses, trading profits and losses associated with disposed businesses 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 2011

	Unaudited six months ended 30 June 2011 £m	Unaudited six months ended 30 June 2010 £m	Audited year ended 31 December 2010 £m
Profit/(loss) after tax	1.7	(2.4)	(76.8)
Other comprehensive income/(expense)			
Exchange difference on retranslation of foreign currency goodwill and intangibles	14.7	(25.9)	(8.8)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	13.2	(15.3)	(6.8)
Exchange and fair value movements associated with borrowings and derivative financial instruments	(4.1)	3.3	3.2
Tax charge on exchange difference arising on borrowings and derivative financial instruments	(0.2)	(0.8)	(0.9)
Gains and losses on cash flow hedges	(1.0)	10.2	6.8
Transfer to profit and loss on cash flow hedges	1.9	2.6	12.6
Actuarial loss on defined benefit pension schemes	–	–	(1.8)
Deferred tax movement associated with actuarial loss	–	–	0.5
Effect of change in rate on deferred tax	(0.2)	–	(0.2)
Other comprehensive income/(expense)	24.3	(25.9)	4.6
Total comprehensive income/(expense)	26.0	(28.3)	(72.2)
Attributable to:			
Equity holders of the Company	25.8	(28.3)	(72.5)
Non-controlling interests	0.2	–	0.3
	26.0	(28.3)	(72.2)

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2011

	Note	Unaudited 30 June 2011 £m	Unaudited 30 June 2010 £m	Audited 31 December 2010 £m
Non-current assets				
Property, plant and equipment		155.4	192.7	183.6
Interest in associate	10	1.6	1.5	1.6
Goodwill		460.1	484.8	447.1
Intangible assets		81.6	132.6	92.2
Deferred tax assets		33.1	27.1	28.7
Derivative financial instruments		46.1	–	52.0
		777.9	838.7	805.2
Current assets				
Inventories		245.8	235.8	230.9
Trade receivables		459.0	429.4	373.9
Assets held for sale	9	24.0	–	–
Other receivables		32.3	25.9	24.8
Derivative financial instruments		–	60.7	–
Cash and cash equivalents		132.1	133.5	129.5
		893.2	885.3	759.1
Total assets		1,671.1	1,724.0	1,564.3
Current liabilities				
Trade and other payables		444.2	402.5	347.6
Liabilities held for sale	9	13.8	–	–
Obligations under finance lease contracts		1.9	2.0	1.7
Bank overdrafts		1.5	2.6	2.5
Bank loans		6.5	76.0	31.2
Private placement notes		48.0	–	49.1
Derivative financial instruments		7.1	0.3	4.9
Current tax liabilities		1.6	1.0	0.1
Provisions		10.9	7.4	12.7
		535.5	491.8	449.8
Non-current liabilities				
Obligations under finance lease contracts		5.7	5.8	5.5
Bank loans		0.2	14.7	0.3
Private placement notes		261.3	310.7	263.6
Derivative financial instruments		8.8	8.7	7.7
Deferred tax liabilities		22.7	35.0	26.5
Other payables		4.4	5.6	5.5
Retirement benefit obligations		26.1	23.6	25.2
Provisions		29.0	24.8	28.8
		358.2	428.9	363.1
Total liabilities		893.7	920.7	812.9
Net assets		777.4	803.3	751.4
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
Share option reserve		1.2	0.9	1.0
Hedging and translation reserve		56.4	7.4	32.8
Retained profits		212.0	286.6	209.3
Attributable to equity holders of the Company		776.0	801.3	749.5
Non-controlling interests		1.4	2.0	1.9
Total equity		777.4	803.3	751.4

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Note	Unaudited six months ended 30 June 2011 £m	Unaudited six months ended 30 June 2010 £m	Audited year ended 31 December 2010 £m
Net cash flow from operating activities				
Cash generated from operating activities	6	30.1	32.5	98.8
Borrowing costs paid		(7.8)	(10.5)	(15.6)
Interest received		0.6	2.8	2.1
Income tax paid		(4.5)	(6.3)	(13.4)
Net cash generated from operating activities		18.4	18.5	71.9
Cash flows from investing activities				
Purchase of property, plant and equipment		(8.9)	(6.5)	(16.8)
Proceeds from sale of property, plant and equipment		1.2	1.3	4.8
Proceeds from sale of businesses	9	18.6	–	–
Settlement of amounts payable for purchase of businesses		(1.2)	(0.2)	(0.9)
Investment in associate		–	(1.5)	(1.6)
Net cash generated from/(used in) investing activities		9.7	(6.9)	(14.5)
Cash flows from financing activities				
Capital element of finance lease rental payments		(0.2)	(1.0)	(1.9)
Repayment of loans/settlement of derivative financial instruments		(28.2)	(91.7)	(143.4)
Dividend payments to non-controlling interests		(0.1)	(0.2)	(0.4)
Net cash used in financing activities		(28.5)	(92.9)	(145.7)
Decrease in cash and cash equivalents in the period	7	(0.4)	(81.3)	(88.3)
Cash and cash equivalents at beginning of period		127.0	216.9	216.9
Effect of foreign exchange rate changes		4.0	(4.7)	(1.6)
Cash and cash equivalents at end of period		130.6	130.9	127.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

FOR THE UNAUDITED SIX MONTHS ENDED 30 JUNE 2011

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserve £m	Retained profits £m	Total £m	Non- controlling interests £m	Total equity £m
At 31 December 2010	59.1	447.0	0.3	1.0	32.8	209.3	749.5	1.9	751.4
Profit after tax	—	—	—	—	—	1.5	1.5	0.2	1.7
Other comprehensive income/(expense):									
Exchange difference on retranslation of foreign currency goodwill and intangibles	—	—	—	—	14.7	—	14.7	—	14.7
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	—	—	—	—	13.2	—	13.2	—	13.2
Exchange and fair value movements associated with borrowings and derivative financial instruments	—	—	—	—	(4.1)	—	(4.1)	—	(4.1)
Tax charge on exchange difference arising on borrowings and derivative financial instruments	—	—	—	—	(0.2)	—	(0.2)	—	(0.2)
Gains and losses on cash flow hedges	—	—	—	—	—	(1.0)	(1.0)	—	(1.0)
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	1.9	1.9	—	1.9
Effect of change in rate on deferred tax	—	—	—	—	—	(0.2)	(0.2)	—	(0.2)
Total comprehensive income	—	—	—	—	23.6	2.2	25.8	0.2	26.0
Credit to share option reserve	—	—	—	0.2	—	—	0.2	—	0.2
Exercise of option to purchase non-controlling interest shareholding	—	—	—	—	—	0.5	0.5	(0.6)	(0.1)
Dividend payments to non-controlling interests	—	—	—	—	—	—	—	(0.1)	(0.1)
At 30 June 2011	59.1	447.0	0.3	1.2	56.4	212.0	776.0	1.4	777.4

FOR THE UNAUDITED SIX MONTHS ENDED 30 JUNE 2010

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserve £m	Retained profits £m	Total £m	Non- controlling 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 non-controlling interests	—	—	—	—	—	—	—	(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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2011

FOR THE AUDITED YEAR ENDED 31 DECEMBER 2010

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserve £m	Retained profits £m	Total £m	Non- controlling 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	—	—	—	—	—	(77.1)	(77.1)	0.3	(76.8)
Other comprehensive income/(expense):									
Exchange difference on retranslation of foreign currency goodwill and intangibles	—	—	—	—	(8.8)	—	(8.8)	—	(8.8)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	—	—	—	—	(6.8)	—	(6.8)	—	(6.8)
Exchange and fair value movements associated with borrowings and derivative financial instruments	—	—	—	—	3.2	—	3.2	—	3.2
Tax charge on exchange difference arising on borrowings and derivative financial instruments	—	—	—	—	(0.9)	—	(0.9)	—	(0.9)
Gains and losses on cash flow hedges	—	—	—	—	—	6.8	6.8	—	6.8
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	12.6	12.6	—	12.6
Actuarial loss on defined benefit pension schemes	—	—	—	—	—	(1.8)	(1.8)	—	(1.8)
Deferred tax movement associated with actuarial loss	—	—	—	—	—	0.5	0.5	—	0.5
Effect of change in rate on deferred tax	—	—	—	—	—	(0.2)	(0.2)	—	(0.2)
Total comprehensive expense	—	—	—	—	(13.3)	(59.2)	(72.5)	0.3	(72.2)
Credit to share option reserve	—	—	—	0.1	—	—	0.1	—	0.1
Current and deferred tax on share options	—	—	—	—	—	0.2	0.2	—	0.2
Recognition of put options regarding non-controlling interests	—	—	—	—	—	(7.4)	(7.4)	—	(7.4)
Purchase of non-controlling interest shareholding	—	—	—	—	—	(0.5)	(0.5)	(0.2)	(0.7)
Dividend payments to non-controlling interests	—	—	—	—	—	—	—	(0.4)	(0.4)
At 31 December 2010	59.1	447.0	0.3	1.0	32.8	209.3	749.5	1.9	751.4

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

I BASIS OF PREPARATION OF CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by the Board of Directors on 24 August 2011.

The condensed interim financial information does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The interim results to 30 June 2011 have been subject to an Interim Review by the Company's Auditor. The interim results to 30 June 2010 were 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 2010. Those accounts, upon which the Auditor issued an unqualified opinion, have been delivered to the Registrar of Companies. The Auditor's Report did not draw attention to any matters by way of emphasis and 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, in accordance with IAS 34 "Interim Financial Reporting" and the accounting policies included in the Annual Report for the year ended 31 December 2010, 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 13), 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

TREATMENT OF EARLY SETTLEMENT DISCOUNTS

On transition to IFRS it was considered materially appropriate to continue to classify early settlement discounts granted and received within Other operating expenses. Having reflected on current practice, in the 2010 Annual Report and Accounts the Group disclosed early settlement discounts granted as a reduction in Revenue, and early settlement discounts received as a reduction in Cost of sales. This treatment has been applied in this condensed interim financial information and the relevant comparative amounts presented have been restated in line with this change.

This change in treatment has resulted in Revenue being reduced by £10m (30 June 2010: £9m; 31 December 2010: £20m), Cost of sales being reduced by £20m (30 June 2010: £18m; 31 December 2010: £40m) and Other operating expenses increasing by £10m (30 June 2010: £9m; 31 December 2010: £20m). The change has had no effect on operating profit, cash flows or net assets.

NEW ACCOUNTING STANDARDS

In 2011, no new standards or interpretations have become effective that have a material impact upon the condensed interim financial information for the period ended 30 June 2011.

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

IAS 19 "Employee Benefits";

IFRS 10 "Consolidated Financial Statements";

IFRS 11 "Joint Arrangements";

IFRS 12 "Disclosure of Interests in Other Entities"; and

IFRS 13 "Fair Value Measurement".

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION CONTINUED

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 2011				Unaudited six months ended 30 June 2010				Audited year ended 31 December 2010			
	UK and Ireland £m	Mainland Europe £m	Eliminations £m	Total £m	UK and Ireland £m	Mainland Europe £m	Eliminations £m	Total £m	UK and Ireland £m	Mainland Europe £m	Eliminations £m	Total £m
Revenue												
Underlying sales	591.5	752.2	–	1,343.7	567.7	651.1	–	1,218.8	1,158.6	1,386.8	–	2,545.4
Sales attributable to businesses divested in 2011	55.4	–	–	55.4	63.1	–	–	63.1	122.6	–	–	122.6
Inter-segment sales*	–	2.7	(2.7)	–	0.1	2.1	(2.2)	–	0.1	4.3	(4.4)	–
Total revenue	646.9	754.9	(2.7)	1,399.1	630.9	653.2	(2.2)	1,281.9	1,281.3	1,391.1	(4.4)	2,668.0
Result												
Segment result before other items ^	23.1	24.2	–	47.3	18.0	14.2	–	32.2	41.7	42.5	–	84.2
Amortisation of acquired intangibles and impairment charges	(7.6)	(4.7)	–	(12.3)	(9.5)	(4.7)	–	(14.2)	(87.4)	(21.5)	–	(108.9)
Impairment and other costs associated with UK Interiors Manufacturing in 2011	(20.9)	–	–	(20.9)	–	–	–	–	–	–	–	–
Net loss arising from sale of other businesses	(1.2)	–	–	(1.2)	–	–	–	–	–	–	–	–
Restructuring costs	–	–	–	–	(0.1)	(0.1)	–	(0.2)	(20.5)	(1.3)	–	(21.8)
Operating profit/(loss) attributable to businesses divested in 2011	0.3	–	–	0.3	(3.1)	–	–	(3.1)	(1.7)	–	–	(1.7)
Segment operating profit/(loss)	(6.3)	19.5	–	13.2	5.3	9.4	–	14.7	(67.9)	19.7	–	(48.2)
Parent Company costs				(3.8)				(3.3)				(6.4)
Operating profit/(loss)				9.4				11.4				(54.6)
Net finance costs				(8.1)				(7.3)				(13.6)
Net losses on derivative financial instruments				(1.9)				(6.3)				(12.6)
Loss before tax				(0.6)				(2.2)				(80.8)
Income tax credit/(expense)				2.3				(0.2)				4.0
Non-controlling interests				(0.2)				–				(0.3)
Retained profit/(loss)				1.5				(2.4)				(77.1)

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

^ "Other items" relate to the amortisation of acquired intangibles, impairment charges, restructuring costs, profit and loss arising on the sale of businesses and trading profits and losses associated with disposed businesses.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION CONTINUED

2 SEGMENTAL INFORMATION CONTINUED

A) SEGMENTAL RESULTS CONTINUED

	Unaudited six months ended 30 June 2011				Unaudited six months ended 30 June 2010				Audited year ended 31 December 2010			
	UK and Ireland £m	Mainland Europe £m	Eliminations £m	Total £m	UK and Ireland £m	Mainland Europe £m	Eliminations £m	Total £m	UK and Ireland £m	Mainland Europe £m	Eliminations £m	Total £m
Balance sheet												
Assets												
Segment assets	667.6	879.8	–	1,547.4	803.8	787.3	–	1,591.1	677.2	785.7	–	1,462.9
Unallocated assets:												
Derivative financial instruments				46.1				60.7				52.0
Cash and cash equivalents				50.5				71.4				47.2
Other items				3.1				0.8				2.2
				1,647.1				1,724.0				1,564.3
Assets held for sale				24.0				–				–
Consolidated total assets				1,671.1				1,724.0				1,564.3
Liabilities												
Segment liabilities	308.9	237.8	–	546.7	274.6	216.0	–	490.6	262.5	182.7	–	445.2
Unallocated liabilities:												
Bank loans				–				83.8				24.7
Private placement notes				309.3				310.7				312.7
Derivative financial instruments				15.9				9.0				12.6
Other items				8.0				26.6				17.7
				879.9				920.7				812.9
Liabilities held for sale				13.8				–				–
Consolidated total liabilities				893.7				920.7				812.9
Other segment information												
<i>Capital expenditure on:</i>												
Property, plant and equipment	4.8	4.1	–	8.9	4.4	2.1	–	6.5	9.6	7.2	–	16.8
Investment in associate	–	–	–	–	1.5	–	–	1.5	1.6	–	–	1.6
Goodwill	–	–	–	–	–	–	–	–	(0.5)	–	–	(0.5)
<i>Non-cash expenditure:</i>												
Depreciation	8.9	7.3	–	16.2	11.2	7.1	–	18.3	21.2	14.8	–	36.0
Impairment and other costs associated with UK Interiors Manufacturing in 2011	20.9	–	–	20.9	–	–	–	–	–	–	–	–
Impairments of property, plant and equipment	–	–	–	–	–	–	–	–	3.8	–	–	3.8
Amortisation of acquired intangibles	7.6	4.7	–	12.3	9.5	4.7	–	14.2	19.0	9.5	–	28.5
Goodwill impairment charges	–	–	–	–	–	–	–	–	68.4	12.0	–	80.4

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 2011 £m	Unaudited six months ended 30 June 2010 £m	Audited year ended 31 December 2010 £m
Insulation and Building Environments	538.8	501.3	1,020.6
Interiors	289.0	253.1	584.1
Exteriors	430.1	374.0	788.7
SCP	85.8	90.4	152.0
Total underlying	1,343.7	1,218.8	2,545.4
Attributable to businesses divested in 2011	55.4	63.1	122.6
Total	1,399.1	1,281.9	2,668.0

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION CONTINUED

2 SEGMENTAL INFORMATION CONTINUED

C) GEOGRAPHIC INFORMATION

The Group's revenue from external customers and its non-current assets (including property, plant and equipment, goodwill and intangible assets but excluding deferred tax and derivative financial instruments) by geographical location are as follows:

Country	Unaudited six months ended 30 June 2011		Unaudited six months ended 30 June 2010		Audited year ended 31 December 2010	
	Revenue £m	Non-current assets £m	Revenue £m	Non-current assets £m	Revenue £m	Non-current assets £m
United Kingdom	553.5	293.6	530.3	414.7	1,082.0	328.7
Ireland	38.0	1.1	37.4	12.7	76.6	1.1
France	309.1	261.1	261.7	237.2	528.4	252.8
Germany and Austria	286.7	63.0	251.1	61.3	565.0	62.9
Poland	63.3	19.9	53.6	18.6	123.1	19.8
Benelux*	78.5	45.0	72.6	42.1	142.4	44.2
Central Europe	14.6	15.0	12.1	25.0	27.9	15.0
Total underlying	1,343.7	698.7	1,218.8	811.6	2,545.4	724.5
Attributable to businesses divested in 2011	55.4		63.1		122.6	
Total	1,399.1		1,281.9		2,668.0	

* Includes international air handling business (headquartered in the Netherlands).

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 items" are as follows:

	Unaudited six months ended 30 June 2011 £m	Unaudited six months ended 30 June 2010 £m	Audited year ended 31 December 2010 £m
Amortisation of acquired intangibles	(12.3)	(14.2)	(28.5)
Goodwill and intangible asset impairment charges	–	–	(80.4)
Impairment and other costs associated with UK Interiors Manufacturing in 2011 (Note 9)	(20.9)	–	–
Net loss arising from sale of other businesses (Note 9)	(1.2)	–	–
Operating profit/(loss) attributable to businesses divested in 2011	0.3	(3.1)	(1.7)
Restructuring costs	–	(0.2)	(21.8)
Operating loss	(34.1)	(17.5)	(132.4)
Losses on derivative financial instruments	(1.9)	(6.3)	(12.6)
Loss before tax	(36.0)	(23.8)	(145.0)
Income tax credit	13.2	6.5	24.1
Loss after tax	(22.8)	(17.3)	(120.9)

4 INCOME TAX

The income tax (credit)/expense comprises:

	Unaudited six months ended 30 June 2011 £m	Unaudited six months ended 30 June 2010 £m	Audited year ended 31 December 2010 £m
UK taxation	(7.2)	(2.5)	(14.3)
Overseas taxation	4.9	2.7	10.3
Total income tax (credit)/expense for the period	(2.3)	0.2	(4.0)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION CONTINUED

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 2011 £m	Unaudited six months ended 30 June 2010 £m	Audited year ended 31 December 2010 £m
Profit/(loss) after tax	1.7	(2.4)	(76.8)
Non-controlling interests	(0.2)	—	(0.3)
	1.5	(2.4)	(77.1)

	Basic and diluted before other items*		
	Unaudited six months ended 30 June 2011 £m	Unaudited six months ended 30 June 2010 £m	Audited year ended 31 December 2010 £m
Profit/(loss) after tax	1.7	(2.4)	(76.8)
Non-controlling interests	(0.2)	—	(0.3)
Amortisation of acquired intangibles	12.3	14.2	28.5
Goodwill and intangible asset impairment charges	—	—	80.4
Impairment and other costs associated with UK Interiors Manufacturing in 2011 (Note 9)	20.9	—	—
Net loss arising from sale of other businesses (Note 9)	1.2	—	—
Restructuring costs	—	0.2	21.8
Operating (profit)/loss attributable to businesses divested in 2011	(0.3)	3.1	1.7
Losses on derivative financial instruments	1.9	6.3	12.6
Tax relating to other items*	(13.2)	(6.5)	(24.1)
	24.3	14.9	43.8

* "Other items" relates to the amortisation of acquired intangibles, impairment charges, restructuring costs, profit and loss arising on the sale of businesses, trading profits and losses associated with disposed businesses and gains and losses on derivative financial instruments.

Weighted average number of shares:

	Unaudited six months ended 30 June 2011 Number	Unaudited six months ended 30 June 2010 Number	Audited year ended 31 December 2010 Number
For basic earnings per share	590,829,339	590,829,339	590,829,339
Exercise of share options	3,218,569	2,281,009	2,333,789
For diluted earnings per share	594,047,908	593,110,348	593,163,128

	Unaudited six months ended 30 June 2011	Unaudited six months ended 30 June 2010	Audited year ended 31 December 2010
Earnings per share			
Total basic earnings/(loss) per share	0.3p	(0.4p)	(13.0p)
Total diluted earnings/(loss) per share	0.3p	(0.4p)	(13.0p)
Earnings per share before other items ^			
Total basic earnings per share	4.1p	2.5p	7.4p
Total diluted earnings per share	4.1p	2.5p	7.4p

^ Earnings per share before other items is disclosed in order to present the underlying performance of the Group.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION CONTINUED

6 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATING ACTIVITIES

	Unaudited six months ended 30 June 2011 £m	Unaudited six months ended 30 June 2010 £m	Audited year ended 31 December 2010 £m
Operating profit/(loss)	9.4	11.4	(54.6)
Depreciation charge	16.2	18.3	36.0
Impairment and other costs associated with UK Interiors Manufacturing in 2011 (Note 9)	20.9	—	—
Impairment of property, plant and equipment	—	—	3.8
Amortisation of acquired intangibles and goodwill impairment charges	12.3	14.2	108.9
Profit on sale of property, plant and equipment	(0.1)	(0.4)	(1.2)
Net loss arising from sale of other businesses (Note 9)	1.2	—	—
Share-based payments	0.3	0.2	0.4
(Increase)/decrease in working capital	(30.1)	(11.2)	5.5
Cash generated from operating activities	30.1	32.5	98.8

7 RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT

	Unaudited six months ended 30 June 2011 £m	Unaudited six months ended 30 June 2010 £m	Audited year ended 31 December 2010 £m
Decrease in cash and cash equivalents in the period	(0.4)	(81.3)	(88.3)
Cash flow from decrease in debt	28.4	92.7	145.3
Decrease in net debt resulting from cash flows	28.0	11.4	57.0
Movement in deferred consideration on prior period acquisitions	—	0.1	—
Non-cash items ^	(1.1)	6.8	6.9
Exchange differences	(4.7)	9.6	5.6
Decrease in net debt in the period	22.2	27.9	69.5
Net debt at beginning of period	(185.0)	(254.5)	(254.5)
Net debt at end of period	(162.8)	(226.6)	(185.0)

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

In March 2011 the Group signed a new £250m four year bank facility. Upon completion, the Group's existing UK bank debt facilities were cancelled and repaid using cash held on deposit.

8 CALLED UP SHARE CAPITAL

	Unaudited 30 June 2011 £m	Unaudited 30 June 2010 £m	Audited 31 December 2010 £m
Authorised:			
800,000,000 ordinary shares of 10p each (30 June 2010: 800,000,000; 31 December 2010: 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 2010: 590,829,339; 31 December 2010: 590,829,339)	59.1	59.1	59.1

The Company did not allot any shares during the period (30 June 2010 and 31 December 2010: £nil).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION CONTINUED

9 DIVESTMENTS

During the period the Company sold the trade and assets of its UK Scaffolding business (30 April 2011) and its UK Safety & Workwear business (1 June 2011) for a total consideration net of expenses of £18.2m, resulting in a net loss on disposal of £1.2m. The combined net assets of these businesses at disposal were as follows:

	Unaudited At the date of disposal £m	Unaudited 30 June 2010 £m	Audited 31 December 2010 £m
Property, plant and equipment	10.5	12.3	10.7
Inventories	7.0	6.9	6.8
Trade and other receivables	10.6	11.4	12.4
Trade and other payables	(8.7)	(11.2)	(9.6)
	19.4	19.4	20.3
Expenses	0.9		
Loss on disposal	(1.2)		
Total consideration	19.1		
Satisfied by:			
Cash	18.6		
Amounts held in escrow (included within trade receivables)	0.5		
	19.1		

POST BALANCE SHEET EVENT

On 1 August 2011 the Company sold the trade and assets of its UK Interiors Manufacturing business for a total consideration of £14.0m. The assets and liabilities held in respect of this business have been classified as "held for sale" within the Condensed Consolidated Balance Sheet.

Details of the transaction are as follows:

	£m
Consideration	14.0
Expenses	(1.4)
Consideration net of expenses	12.6
Less net assets disposed*	(12.6)
Net loss on disposal	–

* Due to working capital movements between 30 June 2011 and 1 August 2011 this amount differs to that disclosed in the Condensed Consolidated Balance Sheet at 30 June 2011.

The net assets attributable to the UK Interiors Manufacturing business on 1 August 2011 had an estimated book value of £27.6m. Consistent with the requirements of IFRS 5 "Non Current Assets Held For Sale and Discontinued Operations" impairments of £15.0m, together with certain other costs and liabilities arising of £5.9m, have been accrued in the results to 30 June 2011 reflecting the estimated net realisable value of the business agreed on 1 August 2011. Accordingly no additional loss on disposal arises at that date.

Due to the proximity of the sale to the date of signing this Interim Report the amounts disclosed are provisional and will be finalised in advance of the year end.

The impairment and other costs associated with the UK Interiors Manufacturing business in 2011 of £20.9m, the net loss arising from the sale of other businesses of £1.2m, together with the results for these businesses in the current and comparative periods have been disclosed within "Other items" in the Condensed Consolidated Income Statement. All three businesses form part of the UK and Ireland reported segment as disclosed in Note 2.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION CONTINUED

10 INTEREST IN ASSOCIATE

The Group's share of operating income arising from its interest in associate, Ice Energy Technologies Limited ("Ice"), for the six months ended 30 June 2011 and in 2010 was 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 in 2011 and 2010 has been made on the face of the Condensed Consolidated Income Statement.

The only material transaction between SIG plc and its associate was a loan made by SIG plc to Ice amounting to £1.2m as at 30 June 2011 (30 June 2010: £0.8m; 31 December 2010: £1.2m). The loan attracts interest, however, the interest receivable falls below the minimum threshold for disclosure in the current and comparative periods.

11 INTERIM DIVIDEND

An interim dividend of 0.75p per share has been declared for the period (30 June 2010: nil p; 31 December 2010: nil p). In accordance with IAS 10 "Events After the Balance Sheet Date", dividends declared after the balance sheet date are not recognised as a liability in the financial statements.

12 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 10, the Group has not identified any other material related party transactions in the six month period to 30 June 2011.

13 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 2011 financial year have not changed significantly from those set out on pages 26 and 27 of the Business Review included in the Group's 2010 Annual Report and Accounts. These risks and uncertainties include, but are not limited to:

- (1) level of market demand in SIG's operating markets;
- (2) competitors and margin management;
- (3) commercial relationships;
- (4) government legislation;
- (5) debt;
- (6) working capital/cash management;
- (7) IT infrastructure and resilience; and
- (8) availability of key resources.

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 Business Review details the current assessment of the markets in which the Group operates.

14 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, resulted in significantly more seasonality in the Group's performance in 2010 when compared to previous years. It is envisaged that the impact of seasonality on the Group's performance in 2011 will return to more normalised levels.

INDEPENDENT REVIEW REPORT TO SIG plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.



DELOITTE LLP
CHARTERED ACCOUNTANTS AND STATUTORY AUDITOR
LEEDS, UK
24 AUGUST 2011

COMPANY INFORMATION

PRESIDENT

Sir Norman Adsetts

DIRECTORS

LESLIE VAN DE WALLE

(Non-Executive Chairman)

CHRIS DAVIES

(Chief Executive)

GARETH DAVIES

(Finance Director)

JOHN CHIVERS

(Executive Director)

JANET ASHDOWN (APPOINTED 11 JULY 2011)

(Non-Executive Director)

MEL EWELL (APPOINTED 1 AUGUST 2011)

(Non-Executive Director)

CHRIS GEOGHEGAN

(Non-Executive Director)

JONATHAN NICHOLLS

(Non-Executive Director)

SECRETARY

Richard Monro

AUDITORS

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HSBC BANK PLC

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Sheffield Business Park
Sheffield S9 1XE

REGISTRARS AND TRANSFER OFFICE*

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LISTING DETAILS

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REFERENCE SHI.L

SECTOR Support Services

COMPANY WEBSITE

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