11 August 2015

Half year results for the six months ended 30 June 2015

SIG plc ("SIG") is a leading distributor of specialist building products in Europe, with strong positions in its core markets of insulation & energy management, interior fit out and roofing.

Continuing operations*	**H1 2015**	**H1 2014**	***Change***	***Change in constant currency***
Revenue	£1,243.6m	£1,278.6m	*(2.7)%*	*3.1%*
Underlying** operating profit	£44.6m	£49.3m	*(9.5)%*	*(3.7)%*
Underlying** profit before tax	£39.1m	£43.0m	*(9.1)%*	*(2.8)%*
Underlying** basic earnings per share	4.8p	5.2p	*(7.7)%*	
Dividend per share	1.69p	1.42p	*19.0%*	
Post-tax return on capital employed	9.9%	10.1%	*(20)bps*	

** Continuing operations excludes divested businesses.*
*** Underlying is before the amortisation of acquired intangibles, restructuring costs, other one-off items, profits and losses arising on the sale of businesses and associated impairment charges, operating losses attributable to businesses divested in 2014, unwinding of provision discounting and fair value gains and losses on derivative financial instruments.*
**** Like-for-like (LFL) is defined as sales per day in constant currency excluding acquisitions and disposals.*

Highlights

- Group sales increased 3.1% in constant currency and by 0.6% on LFL*** basis
- Improving trend in Mainland Europe with LFL sales turning positive Q2 2015
- UK & Ireland LFL sales up 2.8%
- Strategic Initiatives ahead of schedule; £7.0m incremental net benefit H1 2015
- Gross margin increased 20bps to 27.1%
- Supply chain review progressing well; findings to be presented Q4 2015
- Eight infill acquisitions for initial consideration of £34.0m and earn-out up to £10.2m
- Statutory profit before tax increased to £26.8m
- Interim dividend up 19.0% to 1.69p per share

Statutory

Total operations	**H1 2015**	**H1 2014**
Revenue	£1,243.6m	£1,308.5m
Operating profit	£33.6m	£19.1m
Profit before tax	£26.8m	£11.8m
Basic earnings per share	3.1p	3.1p

Commenting on the results and outlook, Stuart Mitchell, Chief Executive, said:

"The Group delivered a robust first half performance against a strong comparative period, supported by continued good progress on its Strategic Initiatives. This was despite variable trading conditions in Mainland Europe, increasing competitive pressures and a significant weakening of the Euro.

"The first stage of the Group's business transformation programme, to improve procurement, is increasingly embedded within SIG and delivering significant savings. The next stage, a review of our supply chain, is progressing well with findings to be presented towards the end of this year.

"Our outlook for the year is broadly unchanged although underlying market conditions are resulting in margin pressure, which will offset some of the benefit from our Strategic Initiatives. Assuming the improving sales trend in Mainland Europe continues we expect to make year-on-year progress, with results H2 weighted as anticipated.

"Looking further ahead the Group is encouraged by the clear opportunities to improve efficiency in the business, particularly in procurement and supply chain, and to drive growth as our markets recover."

Enquiries

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Analyst presentation

A briefing to analysts will take place today at 9.00am at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. A live webcast will be available on the investor relations section of www.sigplc.com which will also be available on replay later in the day.

Overview

Group sales from continuing operations decreased 2.7% to £1,243.6m (H1 2014: £1,278.6m), having been adversely affected by foreign exchange translation, with the average Euro to Sterling exchange rate depreciating by 12.7% from €1.223 in H1 2014 to €1.378 in H1 2015. On a constant currency basis Group sales increased 3.1% in the first half and were ahead by 0.6% on a like-for-like ("LFL") basis. This compares to a strong H1 2014, which benefited from the mild weather, when LFL sales were up 7.1%.

SIG experienced product price inflation of 0.6% and flat volumes in H1 2015. SIG estimates that its overall market, weighted according to the sectors in which it operates, declined by 0.6% in the period, corresponding to an outperformance of 1.2% by the Group.

In UK & Ireland revenues from continuing operations increased 5.8% to £679.2m (H1 2014: £642.1m), and were up 2.8% on a LFL basis, with the UK ahead by 2.1% and Ireland up 14.8%.

Sales in Mainland Europe from continuing operations decreased 11.3% to £564.4m (H1 2014: £636.5m), mainly due to movements in foreign exchange rates. On a LFL basis sales in Mainland Europe fell by 1.5%, but showed an improving trend, with a Q2 LFL increase of 0.9% compared to declines of 4.0% in Q1 2015 and 7.3% in Q4 2014.

The Group continues to make good progress on its Strategic Initiatives to improve business performance. These have delivered an incremental net benefit after costs of £7.0m in the first half, giving a total cumulative saving of £17.1m since the programme began, mainly sourced from procurement. SIG continues to have a high degree of confidence in achieving its target of a cumulative net benefit of at least £20m in 2015 and at least £30m in 2016.

Although the Strategic Initiatives added 70bps to SIG's gross margin in the first half, changes in product mix and weak trading conditions in Mainland Europe offset some of this improvement, resulting in an overall net increase of 20bps in the Group's gross margin to 27.1% (H1 2014: 26.9%).

In H1 2015 SIG's operating cost base decreased by £2.6m to £291.8m (H1 2014: £294.4m) due to a beneficial currency impact of £17.5m, lower incentive charge of £3.1m and £1.1m decrease in fuel costs offset by cost increases of £9.4m relating to acquisitions and new branches, inflation of £6.6m, volume related costs of £1.8m and £1.5m expenditure on the Strategic Initiatives.

Underlying operating profit declined 9.5% to £44.6m (H1 2014: £49.3m) having been impacted by movements in foreign exchange rates, and underlying operating margin declined 30bps to 3.6% (H1 2014: 3.9%). Underlying net finance costs fell slightly to £5.5m (H1 2014: £6.3m), which together with the decline in operating profit resulted in underlying profit before tax decreasing 9.1% to £39.1m (H1 2014: £43.0m). On a constant currency basis underlying profit before tax was 2.8% lower at £41.8m. Underlying basic earnings per share from continuing operations were 4.8p (H1 2014: 5.2p).

On a statutory basis profit before tax increased 127.1% to £26.8m (H1 2014: £11.8m) mainly due to a reduction in amortisation of acquired intangibles, and the prior half year including costs associated with the sale of businesses. Basic earnings per share was unchanged at 3.1p (H1 2014: 3.1p).

Net debt at 30 June 2015 increased to £195.4m (30 June 2014: £131.5m). As anticipated, net capital expenditure (excluding property disposals) in the period increased to £23.4m (H1 2014: £15.7m). This was 1.9x depreciation of £12.5m (H1 2014: £11.7m), as the Group reinvests in the business, particularly in IT and fleet, following a period of constrained expenditure during the economic downturn. In addition the Group spent £30.6m on acquisitions in the first half of the year (H1 2014: £5.2m). The Group continues to have significant funding headroom, with undrawn debt facilities of £155.7m at 30 June 2015.

The Group continues to expect year end leverage to be in the range of 1.0 – 1.5x, consistent with previous guidance.

Return on Capital Employed

Post-tax Return on Capital Employed ("ROCE") is the key metric for the Group and is calculated on a rolling 12 month basis as underlying operating profit less tax, divided by average net assets plus average net debt. As at 30 June 2015 SIG's ROCE was 9.9% (H1 2014: 10.1%).

SIG remains committed to its medium-term objective of achieving ROCE in excess of 11.0% in 2015, subject to the timing and quantum of any acquisition expenditure. As well as taking a disciplined approach to its capital management, SIG seeks to achieve this target through further improvements in its gross and operating margins.

Acquisitions

Based on the Group's good cash conversion rates and strong financial position, SIG is targeting expenditure of around £200m on infill acquisitions during 2015 – 2017, while maintaining its strict hurdle rates.

Since restarting its acquisition programme in 2012, newly acquired infill businesses are performing well and exceeding their targets, with returns in aggregate higher than the Group's ROCE.

In the first half of the year SIG acquired eight infill businesses for an initial consideration of £34.0m, together with a contingent consideration of up to £10.2m depending on future performance.

Four of the acquisitions were regional infills in the UK roofing sector. Three were geographic and product infills in Mainland Europe, with activities in the air handling, interiors and insulation sectors. The Group also acquired an interiors business in the Middle East, complementing its existing operations in the region, where SIG has been present since 2007.

Since the period end SIG has acquired a business with a strong presence in the UK technical insulation market.

Strategic Initiatives and supply chain review

SIG continues to make strong progress on its Strategic Initiatives to improve business performance, delivering gross incremental savings of £8.5m in H1 2015, almost all sourced from its procurement initiative, of which £4.9m was in UK & Ireland and £3.6m was in Mainland Europe.

The net incremental benefit to the Group, after costs of £1.5m to deliver the programme, was £7.0m in H1 2015. This takes the cumulative benefit to £17.1m over the last 18 months. As a result SIG has a high degree of confidence in achieving its 2015 and 2016 cumulative net benefit targets of at least £20m and at least £30m respectively.

SIG reduced its supplier numbers by a further 600 in the first half, taking its total suppliers to 6,973 as at 30 June 2015. This represents a reduction of 29% in its supplier base since 2013, meaning that the Group is well on track to meet its target of a 33% reduction by the end of 2015.

SIG is also making good progress towards its target of growing its own label products by 50% by the end of 2016, having increased its own label sales by 30% since 2013.

The Group's supply chain review is progressing well and further details will be presented at a Capital Markets Day in November. The review encompasses the complete end-to-end movement of products from the Group's suppliers to its customers, covering its branch network and commercial vehicles.

Dividend

SIG is declaring an interim dividend of 1.69p per ordinary share, an increase of 19.0% compared to last year's interim dividend of 1.42p per ordinary share. This increase reflects the Board's commitment to a progressive dividend policy, while maintaining a dividend cover of 2-3x on an underlying basis over the medium term.

The interim dividend will be paid on 6 November 2015 to shareholders on the register at close of business on 9 October 2015. The ex-dividend date is 8 October 2015.

Non-underlying items

Non-underlying items before taxation during the period totalled £12.3m (H1 2014: £31.2m) and included amortisation of acquired intangibles of £4.5m (H1 2014: £9.4m), restructuring costs and other one-off items of £3.4m (H1 2014: £6.2m), contingent consideration and acquisitions expenses of £3.1m (H1 2014: £0.6m), and net fair value losses on derivative financial instruments and unwinding of provision discounts of £1.3m (H1 2014: £1.0m). The prior half year comparative also included profits and losses arising on sale of businesses and associated impairment charges of £8.3m and operating losses attributable to businesses divested in 2014 of £5.7m.

UK & Ireland

- Sales from continuing operations increased 5.8% to £679.2m (H1 2014: £642.1m)
- Gross margin from continuing operations up 40bps to 26.9% (H1 2014: 26.5%)
- Underlying operating profit increased 8.5% to £28.0m (H1 2014: £25.8m)
- Statutory operating profit of £19.8m (H1 2014: loss of £3.5m)

Continuing operations	**H1 2015 Sales**	**Change**	**LFL change**	**Change in gross margin**
United Kingdom	£644.2m	6.0%	2.1%	40bps
Ireland	£35.0m	2.0%	14.8%	90bps
UK & Ireland	**£679.2m**	**5.8%**	**2.8%**	**40bps**

Sales from continuing operations in the UK increased 6.0%, having benefited from acquisitions, which added £23.2m of revenues in the period. On a LFL basis revenues were up 2.1%.

During the first half of the year SIGD, the Group's insulation and interiors division, experienced increasing competitive pressures. However, SIG has continued to focus on its quality of earnings, increasing gross margin in the UK by 40bps, helped by the delivery of the Strategic Initiatives.

SIG was also impacted by a reduction in collected sales in its roofing division. The Group believes that this is due to a lower than anticipated level of demand in the private repair, maintenance and improvement ("RMI") market, to which SIG Roofing has a relatively high exposure.

The roll out of the new ERP system, Kerridge K8, is on track to be completed in 2016 and has now been implemented in 136 of SIG's 302 UK branches currently in scope.

SIG continues to invest in its offsite prefabrication capabilities, having recently acquired RoofSpace Solutions Limited, which specialises in panelised roofing systems for the new build residential sector, and has committed additional investment to Insulshell, a provider of insulated structural panels.

The Group's outlook for the UK market in the second half remains positive, with growth expected to continue to be driven by the residential sector. SIG expects the upturn in the non-residential sector to benefit its sales towards the end of this year and into 2016.

In Ireland revenues increased by 2.0%, having been adversely affected by the weakening Euro, and were up 14.8% on a LFL basis, with gross margin improving by 90bps. This was principally driven by growth in the Irish residential market, along with some more limited recovery in activity in the non-residential sector.

Mainland Europe

- Sales from continuing operations decreased 11.3% to £564.4m (H1 2014: £636.5m)
- Gross margin from continuing operations down 10bps to 27.2% (H1 2014: 27.3%)
- Underlying operating profit of £21.4m (H1 2014: £27.5m)
- Statutory operating profit of £18.6m (H1 2014: £26.6m)

Continuing operations	H1 2015 Sales	Change	LFL change	Change in gross margin
France	£261.7m	(13.0)%	(3.4)%	(30)bps
Germany & Austria	£178.7m	(12.9)%	(2.5)%	No change
Benelux*	£76.0m	(1.7)%	7.7%	60bps
Poland	£48.0m	(9.9)%	0.2%	(60)bps
Mainland Europe	**£564.4m**	**(11.3)%**	**(1.5)%**	**(10)bps**

** includes Air Trade Centre*

France

The French construction market remained challenging during the first half, principally due to ongoing weak conditions in the residential sector, with new housing starts down by 7% on a rolling 12 months basis.

SIG continued its record of strong market outperformance with LFL sales only falling 3.4% in the period. The trend is also improving, with LFL revenues decreasing marginally, by 0.9% in Q2, compared to declines of 6.0% in Q1 2015 and 10.1% in Q4 2014.

Revenues in Sterling were impacted by foreign exchange translation and were down by 13.0% in the first half. SIG's gross margin in France fell by 30bps principally due to competitive pressures in a declining market and a shift in mix in the Group's roofing business towards lower margin products.

SIG operates a lean business in France and continues to make good returns in this market. The Group is continuing to grow its position both organically and through infill acquisitions.

Germany & Austria

Sales in Germany & Austria decreased 2.5% on a LFL basis, compared to a market decline of nearly 3%, and were down 12.9% in Sterling. Gross margin was unchanged despite market pressures, as savings from the Group's procurement initiative were offset by the downward effect of changes in product mix.

Although growth in the residential sector in Germany remains relatively robust, SIG continues to be affected by weak demand in the non-residential and industrial sectors, which together account for c.75% of SIG's sales in the country.

In particular the Group's technical insulation business has been adversely affected by the closure of power stations over recent years as the country transitions to renewable energy sources. SIG is therefore seeking to diversify its customer base into new segments of this market.

As part of its supply chain review the Group has decided to close three branches in Germany in H2 2015. This will provide annualised savings of £1.2m, with SIG recognising a restructuring charge of £1.9m in H1 2015.

Benelux / Air Trade Centre / Poland

Sales in Benelux (including Air Trade Centre) were up by 7.7% on a LFL basis but down 1.7% in Sterling due to foreign exchange translation. Excluding Air Trade Centre, LFL sales in Benelux increased 5.9% in the period.

Market conditions in The Netherlands continued to improve in the first half of the year, led by growth in the residential sector, with the non-residential market now stable. Conversely, the construction market in Belgium remains challenging, with uncertainty persisting in both residential and non-residential sectors.

The Group's air handling business, Air Trade Centre, which has its headquarters in The Netherlands, continues to grow rapidly, experiencing a strong first half with LFL sales increasing by 10.6%. SIG believes that this industry has good growth prospects with opportunities for consolidation, and is investing in the sector, both organically and through infill acquisitions.

In Poland, following a challenging 2014, when LFL sales decreased 5.7%, there were signs that the construction market started to recover in the first half of the year, with SIG recording a marginal increase of 0.2% in LFL sales. However, following a 160bps improvement last year, gross margin fell back by 60bps mainly due to sales mix.

Group outlook

The Group's outlook for the year is broadly unchanged although underlying market conditions are resulting in margin pressure, which will offset some of the benefit from its Strategic Initiatives. Assuming the improving sales trend in Mainland Europe continues SIG expects to make year-on-year progress, with results H2 weighted as previously anticipated.

Looking further ahead the Group is encouraged by the clear opportunities to further improve efficiency in the business, particularly in procurement and supply chain, and to drive growth as its markets recover.

Responsibility Statement

We confirm to the best of our knowledge that:

(a) the condensed interim set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;

(b) the Interim Report includes a fair review of the information required by 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 DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Stuart Mitchell	**Doug Robertson**
Director	Director
10 August 2015	10 August 2015

Condensed Consolidated Income Statement

for the six months ended 30 June 2015

	Note	**Unaudited six months ended 30 June 2015**			Unaudited six months ended 30 June 2014			Audited year ended 31 December 2014		
		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	2	**1,243.6**	**-**	**1,243.6**	1,278.6	29.9	1,308.5	2,602.9	31.0	2,633.9
Cost of sales		**(907.2)**	**-**	**(907.2)**	(934.9)	(26.3)	(961.2)	(1,902.3)	(27.5)	(1,929.8)
Gross profit		**336.4**	**-**	**336.4**	343.7	3.6	347.3	700.6	3.5	704.1
Other operating expenses		**(291.8)**	**(11.0)**	**(302.8)**	(294.4)	(33.8)	(328.2)	(590.4)	(60.5)	(650.9)
Operating profit	2	**44.6**	**(11.0)**	**33.6**	49.3	(30.2)	19.1	110.2	(57.0)	53.2
Finance income		**0.5**	**-**	**0.5**	0.5	0.1	0.6	0.9	0.1	1.0
Finance costs		**(6.0)**	**(1.3)**	**(7.3)**	(6.8)	(1.1)	(7.9)	(13.0)	(2.2)	(15.2)
Profit before tax		**39.1**	**(12.3)**	**26.8**	43.0	(31.2)	11.8	98.1	(59.1)	39.0
Income tax (expense)/credit	4	**(10.4)**	**2.0**	**(8.4)**	(11.9)	17.7	5.8	(27.6)	23.1	(4.5)
Profit after tax		**28.7**	**(10.3)**	**18.4**	31.1	(13.5)	17.6	70.5	(36.0)	34.5
Attributable to:										
Equity holders of the Company		**28.6**	**(10.3)**	**18.3**	31.0	(12.7)	18.3	70.1	(37.1)	33.0
Non-controlling interests		**0.1**	**-**	**0.1**	0.1	(0.8)	(0.7)	0.4	1.1	1.5
Earnings per share										
Basic earnings per share	5	**4.8p**	**(1.7p)**	**3.1p**	5.2p	(2.1p)	3.1p	11.9p	(6.3p)	5.6p
Diluted earnings per share	5	**4.8p**	**(1.7p)**	**3.1p**	5.2p	(2.1p)	3.1p	11.9p	(6.3p)	5.6p

* "Other items" relate to the amortisation of acquired intangibles, restructuring costs, other one-off items, profits and losses arising on the sale of businesses and associated impairment charges, operating losses attributable to businesses divested in 2014, unwinding of provision discounting, fair value gains and losses on derivative financial instruments, one-off recognition of deferred tax assets, the taxation effect of "Other items" and the effect of changes in taxation rates. "Other items" have been disclosed separately in order to give an indication of the underlying earnings of the Group (see Note 3 for details).

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2015

	Unaudited six months ended 30 June 2015 £m	Unaudited six months ended 30 June 2014 £m	Audited year ended 31 December 2014 £m
Profit after tax	**18.4**	17.6	34.5
Items that will not subsequently be reclassified to the Consolidated Income Statement:			
Remeasurement of defined benefit pension liability	**(3.2)**	(5.0)	(7.7)
Deferred tax movement associated with remeasurement of defined benefit pension liability	**0.5**	1.0	1.7
Effect of change in rate on deferred tax	-	-	(0.1)
	(2.7)	(4.0)	(6.1)
Items that may subsequently be reclassified to the Consolidated Income Statement:			
Exchange difference on retranslation of foreign currency goodwill and intangibles	**(18.2)**	(8.1)	(14.3)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	**(24.4)**	(11.0)	(18.9)
Exchange and fair value movements associated with borrowings and derivative financial instruments	**11.5**	5.3	8.9
Tax charge on exchange and fair value movements arising on borrowings and derivative financial instruments	**(2.5)**	(1.2)	(1.9)
Exchange differences reclassified to the Consolidated Income Statement in respect of the disposal of foreign operations	-	(6.7)	(6.7)
Gains and losses on cash flow hedges	**(1.8)**	(2.3)	(3.7)
Transfer to profit and loss on cash flow hedges	**1.2**	1.1	2.3
	(34.2)	(22.9)	(34.3)
Other comprehensive expense	**(36.9)**	(26.9)	(40.4)
Total comprehensive expense	**(18.5)**	(9.3)	(5.9)
Attributable to:			
Equity holders of the Company	**(18.6)**	(8.6)	(7.4)
Non-controlling interests	**0.1**	(0.7)	1.5
	(18.5)	(9.3)	(5.9)

Condensed Consolidated Balance Sheet

as at 30 June 2015

	Note	**Unaudited 30 June 2015 £m**	Unaudited 30 June 2014 £m	Audited 31 December 2014 £m
Non-current assets				
Property, plant and equipment		**132.2**	122.0	127.2
Goodwill		**409.7**	408.4	419.2
Intangible assets		**69.9**	46.2	49.6
Deferred tax assets		**27.0**	33.6	29.0
Deferred consideration	9	**1.5**	1.5	1.5
Derivative financial instruments	9	**30.4**	23.1	33.9
		670.7	634.8	660.4
Current assets				
Inventories		**229.6**	232.2	225.4
Trade and other receivables		**448.4**	446.9	381.7
Current tax assets		**3.9**	4.1	5.6
Other financial assets	9	**1.9**	-	0.9
Cash and cash equivalents		**99.5**	103.4	110.3
		783.3	786.6	723.9
Total assets		**1,454.0**	1,421.4	1,384.3
Current liabilities				
Trade and other payables		**390.7**	406.1	349.2
Obligations under finance lease contracts		**2.3**	2.4	2.5
Bank overdrafts		**2.3**	2.9	4.4
Bank loans		**67.5**	0.4	0.7
Loan notes	9	**1.9**	-	1.9
Derivative financial instruments	9	**0.5**	0.1	0.5
Current tax liabilities		**8.5**	8.3	8.3
Provisions		**17.6**	8.1	14.6
		491.3	428.3	382.1
Non-current liabilities				
Obligations under finance lease contracts		**8.0**	7.9	8.0
Bank loans		**0.5**	0.7	0.6
Private placement notes		**245.2**	244.7	254.3
Derivative financial instruments	9	**0.5**	0.4	0.6
Deferred tax liabilities		**16.4**	13.6	12.1
Other payables		**4.3**	3.5	4.3
Retirement benefit obligations	11	**29.7**	26.3	28.7
Provisions		**29.9**	25.9	29.3
		334.5	323.0	337.9
Total liabilities		**825.8**	751.3	720.0
Net assets		**628.2**	670.1	664.3
Capital and reserves				
Called up share capital	10	**59.1**	59.1	59.1
Share premium account		**447.2**	447.2	447.2
Capital redemption reserve		**0.3**	0.3	0.3
Share option reserve		**1.7**	1.5	1.8
Hedging and translation reserve		**(53.9)**	(9.1)	(20.3)
Retained profits		**173.1**	171.2	175.6
Attributable to equity holders of the Company		**627.5**	670.2	663.7
Non-controlling interests		**0.7**	(0.1)	0.6
Total equity		**628.2**	670.1	664.3

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2015

	Note	**Unaudited six months ended 30 June 2015**	Unaudited six months ended 30 June 2014	Audited year ended 31 December 2014
		£m	£m	£m
Net cash flow from operating activities				
Cash generated from operating activities	7	**11.5**	24.5	95.6
Income tax paid		**(5.5)**	(7.6)	(16.9)
Net cash generated from operating activities		**6.0**	16.9	78.7
Cash flows from investing activities				
Finance costs paid		**(5.6)**	(6.4)	(12.5)
Finance income received		**0.5**	0.5	0.9
Purchase of property, plant and equipment and computer software		**(23.6)**	(16.4)	(38.1)
Proceeds from sale of property, plant and equipment		**0.6**	14.7	13.2
Net cash flow on sale of businesses		-	0.3	(2.6)
Settlement of amounts payable for purchase of businesses	6	**(29.7)**	(5.2)	(19.0)
Net cash used in investing activities		**(57.8)**	(12.5)	(58.1)
Cash flows from financing activities				
Capital element of finance lease rental payments		**(1.4)**	(1.5)	(2.3)
Issue of share capital		-	-	-
Repayment of loans		**(0.6)**	(1.2)	(0.4)
New loans		**67.1**	0.9	1.1
Settlement of derivative financial instruments		**3.5**	1.2	0.9
Dividends paid to equity holders of the Company	12	**(17.6)**	(14.2)	(22.6)
Net cash generated from/(used in) financing activities		**51.0**	(14.8)	(23.3)
Decrease in cash and cash equivalents in the period	8	**(0.8)**	(10.4)	(2.7)
Cash and cash equivalents at beginning of the period		**105.9**	113.8	113.8
Effect of foreign exchange rate changes		**(7.9)**	(2.9)	(5.2)
Cash and cash equivalents at end of the period		**97.2**	100.5	105.9

Condensed Consolidated Statement of Changes in Equity

For the unaudited six months ended 30 June 2015	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 2014	**59.1**	**447.2**	**0.3**	**1.8**	**(20.3)**	**175.6**	**663.7**	**0.6**	**664.3**
Profit after tax	-	-	-	-	-	18.3	18.3	0.1	**18.4**
Other comprehensive income/(expense)	-	-	-	-	(33.6)	(3.3)	(36.9)	-	**(36.9)**
Total comprehensive income/(expense)	-	-	-	-	(33.6)	15.0	(18.6)	0.1	**(18.5)**
Credit to share option reserve	-	-	-	0.6	-	-	0.6	-	**0.6**
Exercise of share options	-	-	-	-	-	-	-	-	-
Reclassification of share option liability to other payables	-	-	-	(0.7)	-	-	(0.7)	-	**(0.7)**
Current and deferred tax on share options	-	-	-	-	-	0.1	0.1	-	**0.1**
Dividends paid to equity holders of the Company	-	-	-	-	-	(17.6)	(17.6)	-	**(17.6)**
At 30 June 2015	**59.1**	**447.2**	**0.3**	**1.7**	**(53.9)**	**173.1**	**627.5**	**0.7**	**628.2**

For the unaudited six months ended 30 June 2014	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 2013	59.1	447.2	0.3	1.1	12.6	172.2	692.5	0.6	693.1
Profit/(loss) after tax	-	-	-	-	-	18.3	18.3	(0.7)	17.6
Other comprehensive income/(expense)	-	-	-	-	(21.7)	(5.2)	(26.9)	-	(26.9)
Total comprehensive income/(expense)	-	-	-	-	(21.7)	13.1	(8.6)	(0.7)	(9.3)
Credit to share option reserve	-	-	-	0.4	-	-	0.4	-	0.4
Current and deferred tax on share options	-	-	-	-	-	0.1	0.1	-	0.1
Dividends paid to equity holders of the Company	-	-	-	-	-	(14.2)	(14.2)	-	(14.2)
At 30 June 2014	59.1	447.2	0.3	1.5	(9.1)	171.2	670.2	(0.1)	670.1

For the audited year ended 31 December 2014	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 2013	59.1	447.2	0.3	1.1	12.6	172.2	692.5	0.6	693.1
Profit after tax	-	-	-	-	-	33.0	33.0	1.5	34.5
Other comprehensive income/(expense)	-	-	-	-	(32.9)	(7.5)	(40.4)	-	(40.4)
Total comprehensive income/(expense)	-	-	-	-	(32.9)	25.5	(7.4)	1.5	(5.9)
Derecognition of non-controlling interest	-	-	-	-	-	-	-	(1.5)	(1.5)
Credit to share option reserve	-	-	-	0.7	-	-	0.7	-	0.7
Exercise of share options	-	-	-	-	-	-	-	-	-
Current and deferred tax on share options	-	-	-	-	-	0.5	0.5	-	0.5
Dividends paid to equity holders of the Company	-	-	-	-	-	(22.6)	(22.6)	-	(22.6)
At 31 December 2014	59.1	447.2	0.3	1.8	(20.3)	175.6	663.7	0.6	664.3

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 Statements

1. Basis of preparation of Condensed Interim Financial Statements

The Condensed Interim Financial Statements were approved by the Board of Directors on 10 August 2015.

The Condensed Interim Financial Statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The interim results to 30 June 2015 and 30 June 2014 have been subject to an Interim Review in accordance with ISRE 2410 by the Company's Auditor. The financial information for the full preceding year is based on the audited statutory accounts for the financial year ended 31 December 2014 prepared in accordance with IFRS as adopted by the European Union. 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 Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and the accounting policies included in the Annual Report and Accounts for the year ended 31 December 2014, which have been applied consistently throughout the current and preceding periods with the exception of new standards adopted in the current period (see below).

The areas of critical accounting judgement and key sources of estimation uncertainty set out on page 104 of the 2014 Annual Report and Accounts are considered to continue and be consistently applied.

All results are from continuing operations under International Accounting Standards as the businesses disposed of in 2014 did not meet the disclosure criteria of IFRS 5 "Discontinued Operations" as they did not represent a separate major line of business or geographical area of operation. In order to give an indication of the underlying earnings of the Group the results of these businesses have been included in the middle column of the Condensed Consolidated Income Statement entitled "Other items". The comparatives for the period ending 30 June 2014 have been re-analysed to present the results of Ice Energy Technologies Limited, which was divested on 13 October 2014, within "Other items".

Going Concern

The Directors have considered the Group's forecasts which support the view that the Group will 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 14), 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 or the reasonable expectation of the renewal of 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

Adoption of new and revised accounting standards

Since the 2014 Annual Report and Accounts was published no significant new standards and interpretations have been issued.

The following new and revised standards became effective during 2015:

- IFRS 9 "Financial Instruments";
- Annual improvements 2010-2012 cycle; and
- Annual improvements 2011-2013 cycle.

The adoption of these standards has not had a material impact on the financial statements of the Group.

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. There has been no change in the basis of measurement of segment profit or loss in the period.

	Unaudited six months ended 30 June 2015				Unaudited six months ended 30 June 2014				Audited year ended 31 December 2014			
	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												
Continuing sales	**679.2**	**564.4**	**-**	**1,243.6**	642.1	636.5	-	1,278.6	1,336.2	1,266.7	-	2,602.9
Sales attributable to businesses divested in 2014	**-**	**-**	**-**	**-**	17.0	12.9	-	29.9	18.6	12.4	-	31.0
Inter-segment sales*	**1.3**	**5.6**	**(6.9)**	**-**	1.0	5.7	(6.7)	-	2.4	11.2	(13.6)	-
Total revenue	**680.5**	**570.0**	**(6.9)**	**1,243.6**	660.1	655.1	(6.7)	1,308.5	1,357.2	1,290.3	(13.6)	2,633.9
Result												
Segment result before Other items	**28.0**	**21.4**	**-**	**49.4**	25.8	27.5	-	53.3	65.9	54.2	-	120.1
Amortisation of acquired intangibles	**(3.6)**	**(0.9)**	**-**	**(4.5)**	(4.3)	(5.1)	-	(9.4)	(8.9)	(10.7)	-	(19.6)
Profits and losses on sale of businesses and associated impairment charges	**-**	**-**	**-**	**-**	(14.5)	6.2	-	(8.3)	(19.0)	5.0	-	(14.0)
Operating losses attributable to businesses divested in 2014	**-**	**-**	**-**	**-**	(3.7)	(2.0)	-	(5.7)	(4.7)	(2.0)	-	(6.7)
Restructuring costs	**(1.7)**	**(1.7)**	**-**	**(3.4)**	(1.4)	-	-	(1.4)	(7.1)	(2.1)	-	(9.2)
Other one-off items	**(2.9)**	**(0.2)**	**-**	**(3.1)**	(5.4)	-	-	(5.4)	(7.4)	(0.1)	-	(7.5)
Segment operating profit/(loss)	**19.8**	**18.6**	**-**	**38.4**	(3.5)	26.6	-	23.1	18.8	44.3	-	63.1
Parent Company costs				**(4.8)**				(4.0)				(9.9)
Operating profit				**33.6**				19.1				53.2
Net finance costs before Other items				**(5.5)**				(6.3)				(12.1)
Net fair value losses on derivative financial instruments				**(0.9)**				(1.0)				(1.9)
Unwinding of provision discounting				**(0.4)**				-				(0.2)
Profit before tax				**26.8**				11.8				39.0
Income tax (expense)/credit				**(8.4)**				5.8				(4.5)
Non-controlling interests				**(0.1)**				0.7				(1.5)
Profit for the period				**18.3**				18.3				33.0

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

Notes to the Condensed Interim Financial Statements (Continued)

2. Segmental information (Continued)

(a) Segmental results (Continued)

Balance Sheet	**Unaudited six months ended 30 June 2015**			Unaudited six months ended 30 June 2014			Audited year ended 31 December 2014		
	UK and Ireland	**Mainland Europe**	**Total**	UK and Ireland	Mainland Europe	Total	UK and Ireland	Mainland Europe	Total
	£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Assets									
Segment assets	**766.6**	**632.2**	**1,398.8**	668.8	706.6	1,375.4	666.4	645.6	1,312.0
Unallocated assets:									
Derivative financial instruments			**30.4**			23.1			33.9
Deferred consideration			**1.5**			1.5			1.5
Cash and cash equivalents			**11.1**			8.7			25.5
Deferred tax assets			**7.6**			11.4			9.6
Other financial assets			**1.0**			-			0.3
Other assets			**3.6**			1.3			1.5
Consolidated total assets			**1,454.0**			1,421.4			1,384.3
Liabilities									
Segment liabilities	**316.4**	**182.7**	**499.1**	294.8	199.2	494.0	283.9	165.4	449.3
Unallocated liabilities:									
Private placement notes			**245.2**			244.7			254.3
Bank loans			**67.1**			-			-
Derivative financial instruments			**1.0**			0.5			1.1
Other liabilities			**13.4**			12.1			15.3
Consolidated total liabilities			**825.8**			751.3			720.0
Other segment information									
Capital expenditure on:									
Property, plant and equipment	**15.9**	**4.5**	**20.4**	6.5	7.5	14.0	16.5	14.8	31.3
Computer software	**3.2**	**0.4**	**3.6**	4.5	0.3	4.8	10.1	0.3	10.4
Goodwill and intangible assets (excluding computer software)	**29.1**	**2.3**	**31.4**	4.7	-	4.7	23.1	8.5	31.6
Non-cash expenditure:									
Depreciation	**6.4**	**4.7**	**11.1**	5.5	4.9	10.4	11.4	9.8	21.2
Impairment of property, plant and equipment and computer software	-	-	-	6.1	-	6.1	6.1	-	6.1
Amortisation of acquired intangibles and computer software	**4.8**	**1.1**	**5.9**	5.1	5.6	10.7	10.8	11.6	22.4
Impairment of goodwill	-	-	-	3.3	-	3.3	3.3	-	3.3

Notes to the Condensed Interim Financial Statements (Continued)

2. Segmental information (Continued)

(b) Revenue by product group

The Group focuses its activities into three product sectors: Insulation and Energy Management; Exteriors; and Interiors.

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

	Unaudited six months ended 30 June 2015	Unaudited six months ended 30 June 2014	Audited year ended 31 December 2014
	£m	£m	£m
Insulation and Energy Management	**563.0**	586.8	1,195.0
Exteriors	**381.2**	381.8	807.6
Interiors	**299.4**	310.0	600.3
Total continuing	**1,243.6**	1,278.6	2,602.9
Attributable to businesses divested in 2014	-	29.9	31.0
Total	**1,243.6**	1,308.5	2,633.9

(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, deferred consideration and derivative financial instruments) by geographical location are as follows:

	Unaudited six months ended 30 June 2015		Unaudited six months ended 30 June 2014		Audited year ended 31 December 2014	
	Revenue	**Non-current assets**	Revenue	Non-current assets	Revenue	Non-current assets
Country	**£m**	**£m**	£m	£m	£m	£m
United Kingdom	**644.2**	**360.9**	607.8	300.1	1,265.2	323.2
Ireland	**35.0**	**0.9**	34.3	0.8	71.0	0.8
France	**261.7**	**189.3**	300.8	212.2	586.1	205.7
Germany and Austria	**178.7**	**16.7**	205.1	16.3	412.2	17.8
Poland	**48.0**	**15.4**	53.3	17.2	112.0	16.8
Benelux*	**76.0**	**28.6**	77.3	29.9	156.4	31.7
Total continuing	**1,243.6**	**611.8**	1,278.6	576.5	2,602.9	596.0
Attributable to businesses divested in 2014	-	-	29.9	0.1	31.0	-
Total	**1,243.6**	**611.8**	1,308.5	576.6	2,633.9	596.0

* Includes Air Trade Centre.

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

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. Included within "Other items" are the following:

	Unaudited six months ended 30 June 2015	Unaudited six months ended 30 June 2014	Audited year ended 31 December 2014
	£m	£m	£m
Amortisation of acquired intangibles	**(4.5)**	(9.4)	(19.6)
Profits and losses on sale of businesses and associated impairment charges	-	(8.3)	(14.0)
Operating losses attributable to businesses divested in 2014	-	(5.7)	(6.7)
Restructuring costs^	**(3.4)**	(1.4)	(9.2)
Other one-off items*	**(3.1)**	(5.4)	(7.5)
Impact on operating profit	**(11.0)**	(30.2)	(57.0)
Net fair value losses on derivative financial instruments	**(0.9)**	(1.0)	(1.9)
Unwinding of provision discounting	**(0.4)**	-	(0.2)
Impact on profit before tax	**(12.3)**	(31.2)	(59.1)
Income tax credit on Other items	**2.0**	3.1	8.2
One-off recognition of deferred tax assets	-	14.6	14.9
Impact on profit after tax	**(10.3)**	(13.5)	(36.0)

^ Included within restructuring costs are redundancy costs of £0.6m (30 June 2014: £0.7m; 31 December 2014: £3.9m), property closure costs of £2.0m (30 June 2014: £nil; 31 December 2014: £3.1m), rebranding costs of £nil (30 June 2014: £0.7m; 31 December 2014: £2.2m), and other restructuring costs of £0.8m (30 June 2014: £nil; 31 December 2014: £nil).

* Other one-off items in the current period relate to acquisition expenses and contingent consideration (see Note 6).

Notes to the Condensed Interim Financial Statements (Continued)

4. Income tax

The income tax expense/(credit) comprises:

	Unaudited six months ended 30 June 2015 £m	Unaudited six months ended 30 June 2014 £m	Audited year ended 31 December 2014 £m
UK taxation	**3.0**	(12.4)	(7.7)
Overseas taxation	**5.4**	6.6	12.2
Total income tax expense/(credit) for the period	**8.4**	(5.8)	4.5

Tax for the six month period ended 30 June 2015 on underlying profits (i.e. before "Other items") is charged at 26.6% (30 June 2014: 27.7%; 31 December 2014: 28.1%), representing the best estimate of the average annual effective tax rate expected for the full year being applied to the underlying pre-tax income of the six month period to 30 June 2015.

On 2 July 2013 the Finance Act 2013 passed through the House of Commons and hence became substantively enacted, which confirmed the proposed reductions in the UK corporation tax rate by 1% to 20% with effect from 1 April 2015. This rate reduction has been reflected in the calculation of the Group's deferred tax.

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 2015 £m	Unaudited six months ended 30 June 2014 £m	Audited year ended 31 December 2014 £m
Profit after tax	**18.4**	17.6	34.5
Non-controlling interests	**(0.1)**	0.7	(1.5)
	18.3	18.3	33.0

	Basic and diluted before Other items		
	Unaudited six months ended 30 June 2015 £m	Unaudited six months ended 30 June 2014 £m	Audited year ended 31 December 2014 £m
Profit after tax	**18.4**	17.6	34.5
Non-controlling interests	**(0.1)**	0.7	(1.5)
Other items:			
Amortisation of acquired intangibles	**4.5**	9.4	19.6
Profits and losses on sale of businesses and associated impairment charges	-	8.3	14.0
Operating losses attributable to businesses divested in 2014	-	5.7	6.7
Restructuring costs	**3.4**	1.4	9.2
Other one-off items	**3.1**	5.4	7.5
Net fair value losses on derivative financial instruments	**0.9**	1.0	1.9
Unwinding of provision discounting	**0.4**	-	0.2
One-off recognition of deferred tax assets	-	(14.6)	(14.9)
Tax credit relating to Other items	**(2.0)**	(3.1)	(8.2)
Other items attributable to non-controlling interests	-	(0.8)	1.1
	28.6	31.0	70.1

	Weighted average number of shares		
	Unaudited six months ended 30 June 2015 Number	Unaudited six months ended 30 June 2014 Number	Audited year ended 31 December 2014 Number
For basic earnings per share	**591,141,273**	591,100,447	591,112,524
Exercise of share options	**99,237**	154,065	99,237
For diluted earnings per share	**591,240,510**	591,254,512	591,211,761

Notes to the Condensed Interim Financial Statements (Continued)

5. Earnings per share (Continued)

	Earnings per share		
	Unaudited six months ended 30 June 2015	Unaudited six months ended 30 June 2014	Audited year ended 31 December 2014
Total basic earnings per share	**3.1p**	3.1p	5.6p
Total diluted earnings per share	**3.1p**	3.1p	5.6p
	Earnings per share before Other items*		
Total basic earnings per share	**4.8p**	5.2p	11.9p
Total diluted earnings per share	**4.8p**	5.2p	11.9p

* Earnings per share before Other items has been disclosed in order to present the underlying performance of the Group.

6. Acquisitions

During the period SIG acquired the following companies:

Acquisition name	% of share capital acquired	Acquisition date	Country of incorporation	Principal activity
Advanced Cladding & Insulation Group Limited	100%	30 January 2015	United Kingdom	Manufacturer and distributor of roofing materials and associated products
Gutters & Ladders (1968) Limited	100%	7 March 2015	United Kingdom	Distributor of roofing materials and associated products
Multijoint SA	100%	30 April 2015	Switzerland	Distributor of insulating materials and associated products
Undercover Holdings Limited	100%	30 April 2015	United Kingdom	Distributor of roofing materials and associated products
Flex-R Limited	100%	1 May 2015	United Kingdom	Distributor of flat roofing materials
KG SML System und Metallbau GmbH & Co.	100%	7 May 2015	Germany	Distributor of commercial interiors products
Drywall Qatar LLC	49%*	28 May 2015	Qatar	Distributor of commercial interiors products

* Although the Group owns less than 50% of the ordinary share capital of Drywall Qatar LLC it has full operational control of the business. Therefore the assets, liabilities and results of the business are consolidated in full in the Group's Condensed Financial Statements.

The Group also acquired the trade and certain assets and liabilities of the following business:

Acquisition name	Acquisition date	Country of operation	Principal activity
Airtech	23 March 2015	France	Distributor of air handling products

The fair value of the net assets of these businesses at acquisition (in aggregation) were as follows:

	£m
Property, plant and equipment	**1.6**
Inventories	**4.5**
Trade and other receivables	**10.1**
Cash	**4.3**
Trade and other payables	**(7.7)**
Corporation tax	**(0.9)**
Finance leases	**(0.9)**
Net assets acquired	**11.0**
Intangible assets – customer relationships	**22.8**
Intangible assets – non-compete clauses	**0.4**
Deferred tax liability on acquired intangible assets	**(4.5)**
Goodwill	**8.2**
Total consideration	**37.9**
Consideration is represented by:	
Cash	**34.0**
Contingent consideration	**3.9**
Total consideration	**37.9**
Cash (per above)	**34.0**
Net cash acquired	**(4.3)**
Settlement of amounts payable for purchase of businesses	**29.7**

Notes to the Condensed Interim Financial Statements (Continued)

6. Acquisitions (Continued)

In accordance with IFRS 3 "Business Combinations", acquisition expenses of £0.6m in relation to the above acquisitions have been recognised within the Condensed Consolidated Income Statement and have been presented in "Other items" in accordance with the Group's accounting policies.

In addition, it is currently expected that, dependent upon future profits, a further £16.8m will be paid to the vendors of acquisitions who are employed by the Group. These payments are contingent upon the vendors remaining within the business, and as required by IFRS 3, this will be treated as remuneration and will be charged to the Income Statement as earned. The related accrual for potential consideration as at 30 June 2015 is £4.3m (30 June 2014: £0.2m; 31 December 2014: £2.9m) after charging £2.5m in the current period. Added to the £0.6m acquisition expenses, this has led to a charge within "Other items" in the Condensed Consolidated Income Statement of £3.1m in respect of acquisitions.

The Directors have made a provisional assessment of the fair value of the net assets acquired. Any further adjustments arising will be accounted for within the hindsight period. These fair value adjustments relate primarily to:

(a) a review of the carrying value of all non-current assets to ensure that they accurately reflect their fair value;
(b) the alignment of valuation and provisioning methodologies to those adopted by the Group; and
(c) an assessment of all provisions and payables to ensure they are accurately reflected in accordance with the Group's policies.

The fair value of financial assets includes trade receivables with a fair value of £9.1m and a gross contractual value of £9.3m. The best estimate at the date of acquisition of the contractual cash flows not to be collected is £0.2m.

Included within goodwill is the benefit of staff acquired as part of the business and strategic acquisition synergies which are specifically excluded in the identification of intangible assets on acquisition in accordance with the relevant accounting standards. Goodwill arising is not deductible for tax purposes.

Post-acquisition revenue and operating profit for the period ended 30 June 2015 for all 2015 acquisitions amounted to £10.9m and £1.5m respectively.

The Directors estimate that the combined pre-acquisition revenue and operating profit of the 2015 acquisitions for the period from 1 January 2015 to the respective acquisition dates was £15.1m and £2.8m respectively.

Post balance sheet events

On 31 July 2015, the Group acquired 100% of the issued share capital of AIS Insulation Supplies Limited, Ainsworth Insulation Limited and Ainsworth Insulation Supplies Limited (the "Ainsworth Group") for net consideration of £10.9m, with net assets acquired of £2.1m. The Ainsworth Group is a distributor of thermal, acoustic, fire and building insulation products registered in the United Kingdom.

7. Reconciliation of operating profit to cash generated from operating activities

	Unaudited six months ended 30 June 2015	Unaudited six months ended 30 June 2014	Audited year ended 31 December 2014
	£m	£m	£m
Operating profit	**33.6**	19.1	53.2
Depreciation	**11.1**	10.4	21.2
Amortisation of computer software	**1.4**	1.3	2.8
Impairment of property, plant and equipment	-	6.1	6.1
Profits and losses on sale of businesses and associated impairment charges	-	8.3	14.0
Amortisation of acquired intangibles	**4.5**	9.4	19.6
Profit on sale of property, plant and equipment	**(0.3)**	(1.2)	(2.2)
Share-based payments	**0.7**	0.4	0.7
Working capital movements	**(39.5)**	(29.3)	(19.8)
Cash generated from operating activities	**11.5**	24.5	95.6

Included in cash generated from operating activities is a special contribution to the defined benefit pension scheme of £2.5m (30 June 2014: £2.5m; 31 December 2014: £2.5m) and cash paid on current and prior period restructuring costs of £3.2m (30 June 2014: £4.4m; 31 December 2014: £10.8m).

Included within working capital movements are payments of £1.1m (30 June 2014: £nil; 31 December 2014: £nil) in settlement of contingent consideration dependent upon the vendors remaining with the business.

Notes to the Condensed Interim Financial Statements (Continued)

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

	Unaudited six months ended 30 June 2015 £m	Unaudited six months ended 30 June 2014 £m	Audited year ended 31 December 2014 £m
Decrease in cash and cash equivalents in the period	**(0.8)**	(10.4)	(2.7)
Cash flow from (increase)/decrease in debt	**(68.6)**	0.6	0.7
Increase in net debt resulting from cash flows	**(69.4)**	(9.8)	(2.0)
Debt added on acquisition	**(0.9)**	(0.1)	(0.1)
Non-cash items*	**(4.1)**	(2.4)	(3.8)
Exchange differences	**5.9**	2.0	0.2
Increase in net debt in the period	**(68.5)**	(10.3)	(5.7)
Net debt at beginning of the period	**(126.9)**	(121.2)	(121.2)
Net debt at end of the period	**(195.4)**	(131.5)	(126.9)

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

Net debt is defined as the net of cash and cash equivalents, deferred consideration, other financial assets, bank overdrafts, derivative financial instruments, loan notes, private placement notes, bank loans and obligations under finance lease contracts.

9. Financial instruments fair value disclosures

At the balance sheet date the Group held the following financial instruments at fair value:

	Unaudited six months ended 30 June 2015 £m	Unaudited six months ended 30 June 2014 £m	Audited year ended 31 December 2014 £m
Financial assets			
Derivative financial instruments	**30.4**	23.1	33.9
Other financial assets	**1.9**	-	0.9
Deferred consideration	**1.5**	1.5	1.5
	33.8	24.6	36.3
Financial liabilities			
Derivative financial instruments	**1.0**	0.5	1.1
Loan notes	**1.9**	-	1.9
Contingent consideration	**16.8**	0.6	12.6
	19.7	1.1	15.6

The derivative financial instruments above all have fair values which are calculated by reference to observable inputs (i.e. classified as level 2 in the fair value hierarchy). The fair values of these derivative financial instruments, adjusted for credit risk, are calculated by discounting the associated future cash flows to net present values using appropriate market rates prevailing at the balance sheet date.

The contingent consideration is calculated based on management's forecasts for the business over the earn-out period (i.e. classified as level 3 in the fair value hierarchy). The fair value of contingent consideration is calculated by discounting the associated future cash flows to net present values using appropriate market rates prevailing at the balance sheet date.

The carrying value of financial assets and liabilities that are recorded at amortised cost in the accounts is approximately equal to their fair value.

10. Called up share capital

	Unaudited six months ended 30 June 2015 £m	Unaudited six months ended 30 June 2014 £m	Audited year ended 31 December 2014 £m
Authorised:			
800,000,000 ordinary shares of 10p each (30 June 2014: 800,000,000; 31 December 2014: 800,000,000)	**80.0**	80.0	80.0
Allotted, called up and fully paid:			
591,155,750 ordinary shares of 10p each (30 June 2014: 591,100,447; 31 December 2014: 591,137,803)	**59.1**	59.1	59.1

The Company allotted 17,947 shares during the period (30 June 2014: nil; 31 December 2014: 37,356).

11. Retirement benefit schemes

Defined benefit schemes
The Group operates a number of pension schemes, five of which provide defined benefits based upon pensionable salary. One of these schemes has assets held in a separate trustee administered fund, and four are overseas book reserve schemes. The UK defined benefit pension scheme obligation is calculated on a year to date basis, using the latest triennial valuation as at 31 December 2013.

The IAS 19 valuation conducted as at 31 December 2014 has been updated to reflect current market conditions, and as a result an actuarial loss of £3.2m and an associated deferred tax credit of £0.5m have been recognised within the Condensed Consolidated Statement of Comprehensive Income.

12. Interim dividend

An interim dividend of 1.69p per share has been declared for the period (30 June 2014: 1.42p). 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.

The final dividend for the year ended 31 December 2014 of 2.98p per share has been recognised as a distribution to equity holders in the period.

13. 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.

SIG has a shareholding of less than 0.1% in a German purchasing co-operative. Net purchases from this co-operative (on commercial terms) totalled £101m in the period to 30 June 2015 (30 June 2014: £131m; 31 December 2014: £311m). At the balance sheet date trade payables in respect of the co-operative amounted to £18m (30 June 2014: £14m; 31 December 2014: £9m).

In the period to 30 June 2015, SIG incurred expenses of £0.1m (30 June 2014: £0.2m; 31 December 2014: £0.3m) on behalf of the SIG plc Retirement Benefits Plan, the UK defined benefit pension scheme.

The Group has provided a loan of £0.1m (30 June 2014: £0.1m, 31 December 2014: £0.1m) to Passive Fire Protection (PFP) UK Limited, a jointly controlled entity.

The Group has not identified any other material related party transactions in the six month period to 30 June 2015.

14. 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 2015 financial year have not changed significantly from those set out on pages 16 to 19 of the Strategic Report included in the Group's 2014 Annual Report and Accounts. These risks and uncertainties include, but are not limited to:

(1) market conditions;
(2) competitors and margin management;
(3) commercial relationships;
(4) government legislation;
(5) debt;
(6) working capital and credit management;
(7) IT infrastructure and cyber security; and
(8) availability and quality 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 "Group outlook" section of the Trading Review details the current assessment of the markets in which the Group operates.

15. Seasonality

The Group’s operations are not normally affected by significant seasonal variations between the first and second halves of the calendar year, and it is likely that the seasonality experienced in 2015 will be largely consistent with that experienced historically.

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 2015 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and related notes 1 to 15. 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 Conduct 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 financial report for the six months ended 30 June 2015 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 Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK
10 August 2015