

Interior Services Group

ISG



BP – London Fit Out

Half Year Interim Results to Dec 2005

March 2006

Services & Brands



UK London

new build
refurbishment
fit out



100%

UK Regions

new build
refurbishment
fit out



100%

Europe

fit out



49%



20%

INTERIOR ALPHA GMBH

36%

Asia

fit out
project management
facilities management



22%

Financial Highlights

ISG

6 months to Dec 2005

	2005 £m	2004 £m	% £m
Gross Value of Work performed	£326m	£179m	82%
Fee Income	£35.7m	£18.4m	94%
PBT (pre amortisation & exceptional)	£3.6m	£1.25m	186%
PBT (after goodwill & exceptional)	£3.1m	£1.2m	153%
EPS - Basic	7.48p	3.07p	144%
- Adjusted	9.34p	3.19p	193%
DPS	3.0p	2.75p	9%
Net Cash	£21.4m	£30.3m	(29%)

Organic Growth

- Medium scale Fit out team
- Regional service expansion
- Alpha ISG JV

Acquisitions

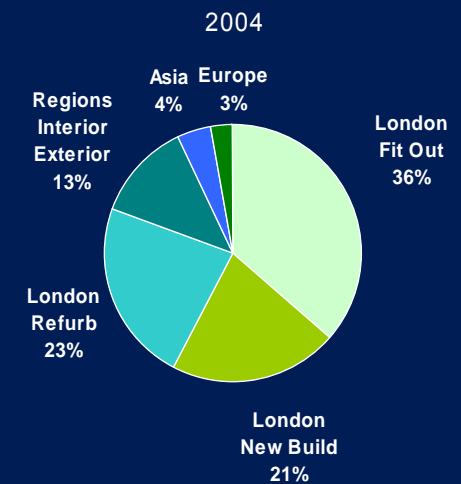
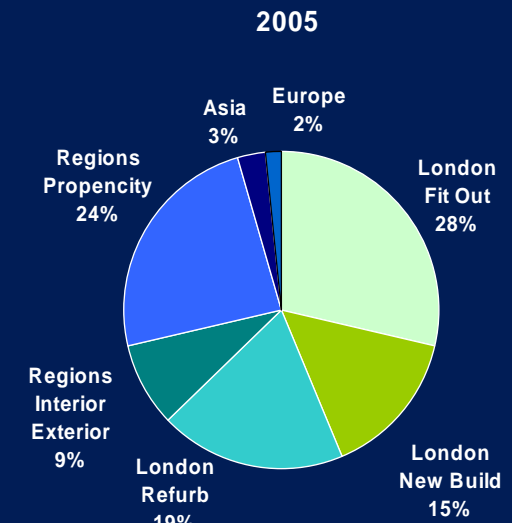
- Propensity acquisition 09/05

Improve overseas contribution

- Europe
- Asia

Fee Income Split

	2005	2004
	£m	£m
London		
- Fit Out	10.2	6.7
- Refurb	6.8	4.2
- New Build	5.4	3.9
Regions		
- Propensity	8.6	-
- Interior Exterior	3.1	2.3
Overseas		
- Asia	1.0	0.8
- Europe	0.6	0.5
Group Total	35.7	18.4



- Increasing volumes
- Improving owner & occupier demand
- Improving margins



Credit Suisse

Fit out

- 2 years of improved take up rates
- Fee income up 52%
- Larger projects market strong
- Key successes with IPC, DKW, Nomura
- Midscale projects team on target



Wandsworth

New Build

- Increased office/ education/residential activity
- Major success with 2 city academies
- Improving risk profile
- Bid margin improvements
- Fee Income up 38%



Floral Street

Refurbishment

- Strong demand from owners
- Increased fee income 62%
- Improving market position
- Major project – R.F.H.
- Recent successes – UBS & Royal Institution



Spaceport Visitor Centre



Vauxhall Showroom



Credit Suisse, Tokyo

ISG InteriorExterior

- 1st full year of new team and expanded offer
- Fee income up 35%
- Major sales successes
 - Doncaster Racecourse
 - Barnsley Civic Centre
 - Endress & Hauser
- Team building

Propensity

- 3 months ownership
- £1.2m PBIT contribution
- £44m T/O → £8.6 fee income
- Strong seasonal performance by Dean & Bowes
- Good demand from H.M.P.(Totty) + Social Housing (Jackson)

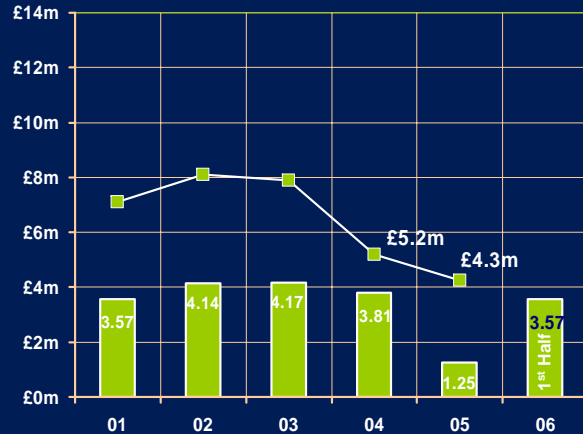
Overseas

- Paris market strong
- Frankfurt recovering slowly
- European fee income up 20%
- Asia fee income up 25%
- Improving market driven by Banking and outsourcing growth

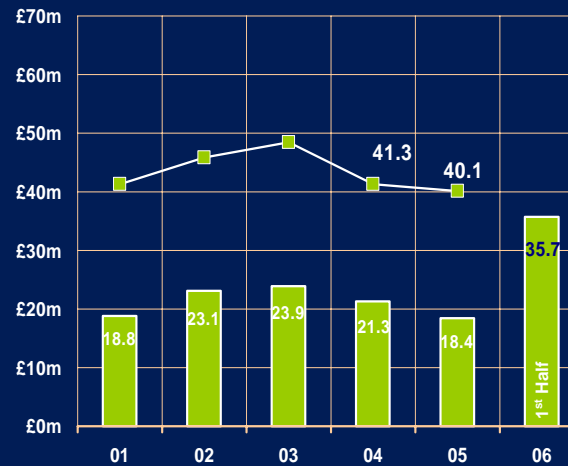
Key Performance Indicators



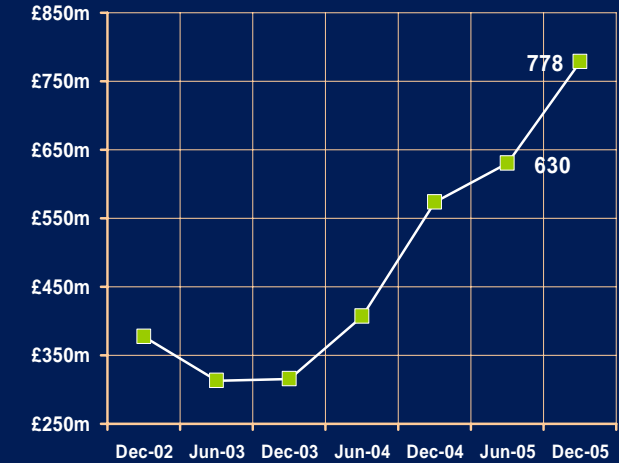
Profit before tax



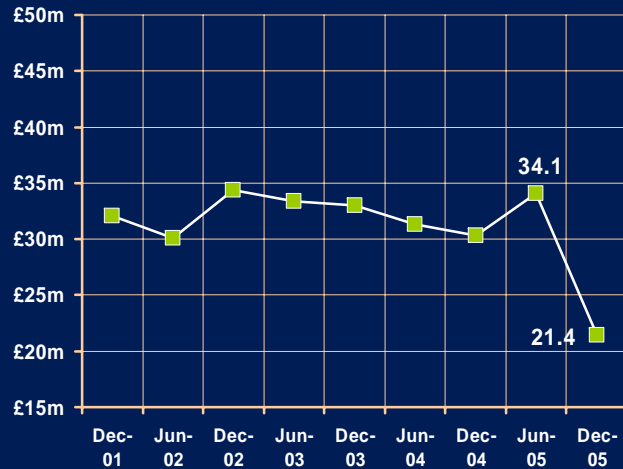
Fee income*



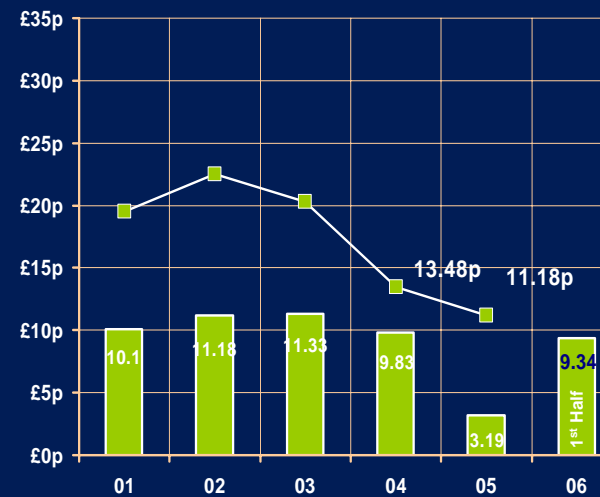
Order book *



Net cash



Adjusted earnings per share



* Ongoing Activity

- Order book up to record £778m
- Volumes set to increase in 2nd half
- Improving demand from owners + occupiers
- Fit out % mix to increase
- Longer term margin improvement
- Regional expansion opportunities
- Overseas contribution improvement potential
- Succession



Government Offices – IPCC



UBS – Fit Out



Erco - Refurb



Esure – UK Regions



Palladia Central Court – Special Works



Faculty Building – Imperial College/NB

Financial Analysis

ISG

Balance Sheet

	2005 Dec £m	2005 Jun £m*	2004 Dec £m*
Fixed Assets – Tangible	3.7	1.8	1.8
Fixed Assets – Intangible	34.1	0.9	0.9
Total Fixed Assets	<u>37.8</u>	<u>2.7</u>	<u>2.7</u>
Working Capital	(42.2)	(23.4)	(18.2)
Net Cash	21.4**	34.1	30.3
Net Shareholders' Funds	<u><u>17.0</u></u>	<u><u>13.4</u></u>	<u><u>14.8</u></u>

* Restated for FRS21

** Net of £9.2m loan

Appendix – Financial Analysis



Movement on Shareholders' Funds

	2005	2004
	£m	£m*
Group Operations	2.4	0.8
Dividends	(1.7)	(1.4)
Amortisation of Goodwill	(0.5)	-
FX gain	0.1	-
Issue of shares	1.9	0.2
Total Movement	<u>2.2</u>	<u>(0.4)</u>

* Restated for FRS21 adoption to show dividend paid as opposed to proposed.

Appendix – Financial Analysis

ISG

Cash Flow Summary

	2005	2004
	£m	£m
Cash Flow from Operating Activities	5.2	(1.8)
Dividends from Associates	0.1	0.1
Net Interest Received	0.6	0.5
Tax	(0.6)	0.1
Dividend Paid	(1.7)	(1.4)
Fixed Assets Acquired	(0.2)	(0.2)
Acquisition of subsidiary	(15.2)	-
Proceeds from sale of Group Investment	-	1.5
Issue of new shares	0.1	0.2
Bank Loans	9.4	-
Total	(2.3)	(1.0)