



Interim results for 6 months
to 31 December 2009

March 2010



ISG's three principal markets

- Fit out - corporate office and retail fit out services for multinational customers across UK, Europe, Middle East and Asia
- Food retail - new build, refurbishment and fit out services to national food retail customers across the UK
- UK construction - construction services to UK customers across a network of nationally co-ordinated regionally based construction businesses in England and Wales

Key initiatives

Fit out

- Expanding in overseas growth markets
 - Moscow acquisition
 - Exploring opportunities in India
 - Abu Dhabi office
 - Western China office and exploring opportunities
 - Investing in people
- Focus on global multinational accounts

Food retail

- Expanding services and national offering for UK food retailers

UK construction

- Relentless focus on efficiency
- Cash flow management





Financial highlights

Results for 6 months to December

	2009	2008
Revenue	£484m	£562m
Operating Profit ¹	£5.4m	£7.4m
Profit Before Tax ¹	£5.0m	£7.0m
Net Cash	£32.0m	£26.8m
Earnings per Share - Adjusted Basic ¹	11.70p	17.40p
- Basic ²	10.02p	15.63p
Dividend per Share	4.20p	4.00p

Robust set of interim results despite difficult trading environment

¹ before exceptional items and amortisation of intangible assets

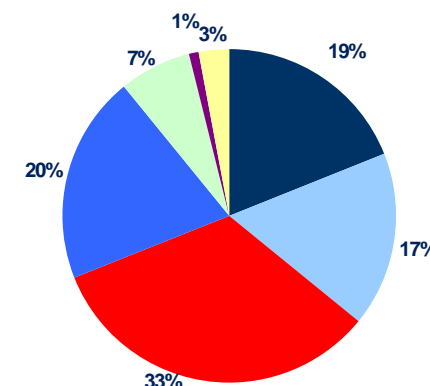
² before exceptional items



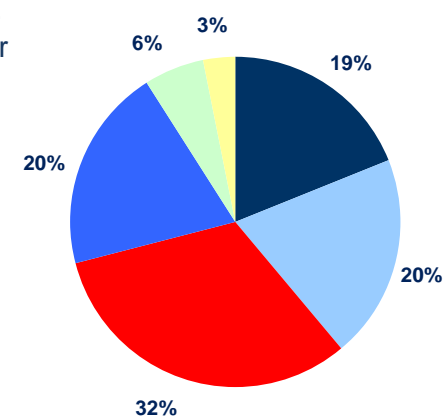
Trading - volume/revenue split

	6 months December 2009 £m	6 months June 2009 £m	+/- %	6 months December 2008 £m
London				
• Fit out*	110	101	+9	117
• Construction	82	115	-29	115
Sub total	193	215	-10	233
Regional Construction	162	189	-14	178
Retail	99	95	+4	113
Overseas				
• Asia	37	33	+11	31
• Middle East	8	1	+511	2
• Europe	13	11	+15	18
Group Volume total	511	544	-6	574
Less: notional revenue	-27	-57	-53	-12
Group Revenue total	484	487	-1	562

6 months
December
2009



6 months
December
2008



* EDS data centre performed under construction management contract



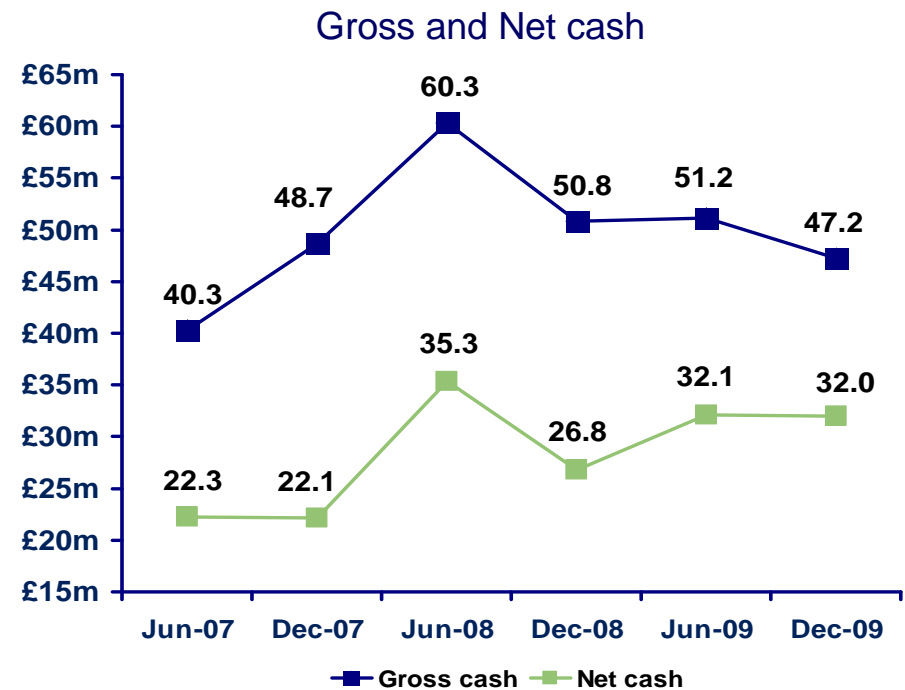
Trading – operating profit

	6 months December 2009		6 months June 2009		6 months December 2008	
	Operating profit £m	Margin %	Operating profit £m	Margin %	Operating profit £m	Margin %
London	3.0	1.7	3.1	1.9	2.2	1.0
Regional Construction	2.6	1.6	1.7	0.9	1.3	0.7
Retail	2.5	2.5	2.8	2.9	3.9	3.4
Asia	0.3	0.8	1.1	3.5	1.0	3.2
Middle East	0.1	-	(0.3)	-	(0.1)	-
Europe	(0.9)	-	-	-	1.4	7.8
Group Activities	(2.2)	-	(1.9)	-	(2.2)	-
Operating Profit¹	5.4	1.1	6.5	1.3	7.4	1.3

¹ before exceptional items and amortisation of intangible assets

Cash flow

- Strong working capital management in place
- Average gross cash balance in period of £38m (2008 - £45m)
- Acquisition term debt facilities paid down by £7.9m during 12 month period to £15.2m
- Standby £10m revolving credit facility - undrawn
- ISG trading well within covenants



Order book



- Total order book £780m (2008 - £950m, June 2009 - £822m) of which £442m (2008 - £494) is for current financial year
- Order book heavily weighted toward private sector (63%) vs public sector (37%)
- Fit out and Food retail order books increasing
- UK construction - unwind of large contracts

	As at 31 December 2009	As at 30 June 2009
	£m	£m
Fit out		
- London	150	159
- Retail	59	69
- Asia	44	42
- Middle East	7	6
- Europe	29	6
	289	282
Food retail	71	66
UK construction		
- London	153	188
- Regional Construction	267	286
	420	474
Total	780	822

London Fit out

	December 2009 £m	June 2009 £m	December 2008 £m
Volumes	110	101	117
Total Order Book	150	159	205
In Year Order Book	83	137	122

Outlook

- Major corporate office fit outs secured for Man Group, RBS, Telefonica O2, Lockton Insurance Group and Burges Salmon
- Improved pipeline for major fit out opportunities
- Targeted high end residential market winning seven projects with a total value of £40m - acquired ex Harry Neal management team
- Anticipate volumes being maintained in current financial year



London Construction

	December 2009	June 2009	December 2008
	£m	£m	£m
Revenue	82	112	115
Total Order Book	153	188	281
In Year Order Book	77	140	105

Outlook

- Recent wins include a further student accommodation scheme for Blackstone, and education projects for Croydon College and Queen Mary’s University
- Continuing to target education and smaller public works opportunities
- Recent increase in enquiries from corporate office developers which should benefit 2011
- Revenue target for 2009/10 secured



Regional Construction

	December 2009	June 2009	December 2008
	£m	£m	£m
Revenue	162	189	178
Total Order Book	267	286	311
In Year Order Book	140	224	160

Outlook

- 77% relates to public sector work
- Total education order book £81m (2008 - £136m) includes recently won North Warwickshire and Hinckley College, Haysfield School in Bath, National Star College in Cheltenham and The Manchester College
- Public sector frameworks covering affordable housing, local authorities, health and prisons - delivered £34m of revenue (2008 - £25m) and an in year order book of £30m (2008 - £18m)
- With pressure on public spending, we anticipate revenue being 10% down in current financial year



Retail

	December 2009 £m	June 2009 £m	December 2008 £m
Revenue	99	95	113
Total Order Book	130	135	108
In Year Order Book	77	131	67

Outlook

- 40% of revenue in food retail sector where demand remains strong
- Expanding geography and services offer on Tesco, Asda, Sainsbury's and Morrisons frameworks - first new build project for Tesco delivered with four further new build projects allocated
- 37% of revenue in retail banking sector where demand also remains strong
- Frameworks with Barclays, Lloyds Banking Group, HSBC and RBS, all of whom are investing in their retail deposit base
- 17% of revenue in High Street fashion retail sector where demand remains weak; majority of activity with M&S and Primark
- Anticipate maintaining revenue level in current financial year



Asia



	December 2009	June 2009	December 2008
	£m	£m	£m
Revenue	37	33	31
Total Order Book	44	42	34
In Year Order Book	41	42	28

Outlook

- Highly competitive environment throughout 2009 in all markets
- In China international high end retailers including bank retail have restarted their capital investment programmes
- Hong Kong continued diversification from financial services office sector helping to increase volumes
- Singapore currently on site with two large fit out jobs for Marina Bay Sands and one large office fit out for Standard Chartered Bank - revenues and profitability heavily weighted towards the second half of the year
- Anticipating 25% increase in revenue levels based on improving prospects for the region



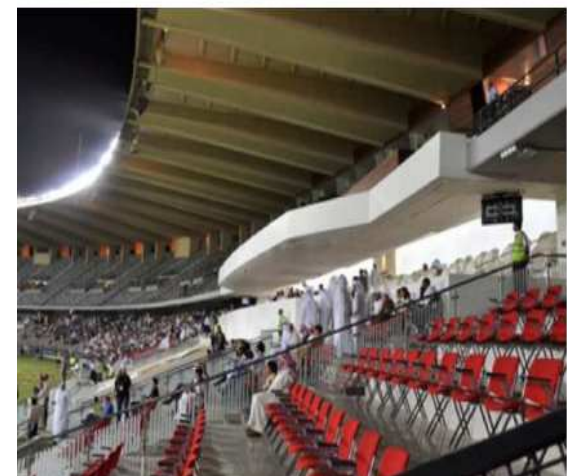
Middle East

	December 2009	June 2009	December 2008
	£m	£m	£m
Volumes	8*	1	2
Total Order Book	7*	6*	2
In Year Order Book	6*	6*	2

Outlook

- Completed first large project (£10m) refurbishing the Sheikh Zayed football Stadium in Abu Dhabi
- Order book at end December 2009 £7m* (2008 - £2m)
- Strong pipeline of opportunities in Abu Dhabi - Dubai stabilising
- Anticipate a positive contribution in the current financial year

*50% share



Europe

	December 2009 £m	June 2009 £m	December 2008 £m
Revenue	13	11	18
Total Order Book	29	6	9
In Year Order Book	18	6	9

Outlook

- Slower recovery than other areas - customer base of international financial services and technology companies delayed or cancelled their strategic projects
- Significant project wins for Barclays Capital and Japanese Tobacco International in Geneva, the British Council in Rome, ExxonMobil in Hamburg and Brussels and Marriot Group in Disneyland Paris
- Order book of £29m (June 2009 - £6m)
- Outlook continues to improve and we expect the business to make a positive contribution for the full year



Outlook

London Fit out

- Activity levels are recovering from 2009 low point
- Anticipate growth over the next two years

Retail

- Food and banking retail customers continue/increase current capital investment levels
- High Street fashion retailers expected to restart capital investment plans at low level in 2010/11

UK Construction

South East

- Current activity levels near low point
- Recovery in private sector demand from 2011

Outside South East

- Decline in activity levels over next two years as public sector spend under pressure
- Recovery in private sector demand from 2012

Europe, Middle East and Asia

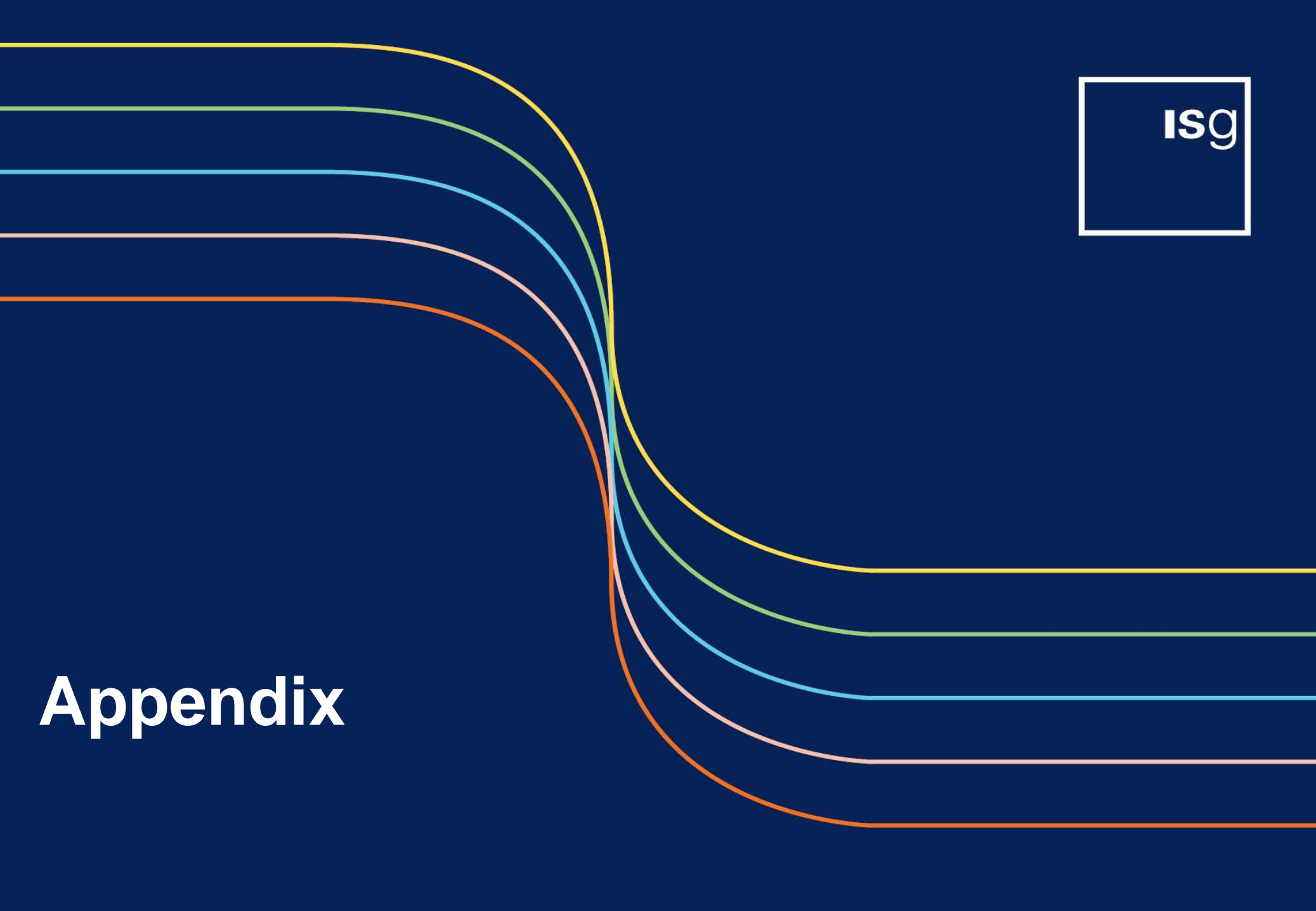
- Overseas recovering well
- Given current level of market share, our ability to grow is substantial

Summary

- Order book stabilising with 90% of target revenue secured for the current financial year
- Increased demand for our services in Europe, Middle East and Asia
- London Fit out market stabilised and set for recovery
- Framework allocations for UK food and bank retail customers remain strong
- Continuing to pursue organic growth and acquisition opportunities
- Group is well placed to resume growth path demonstrated from 2004 through to 2008 as markets recover



Appendix



Where we are

United Kingdom



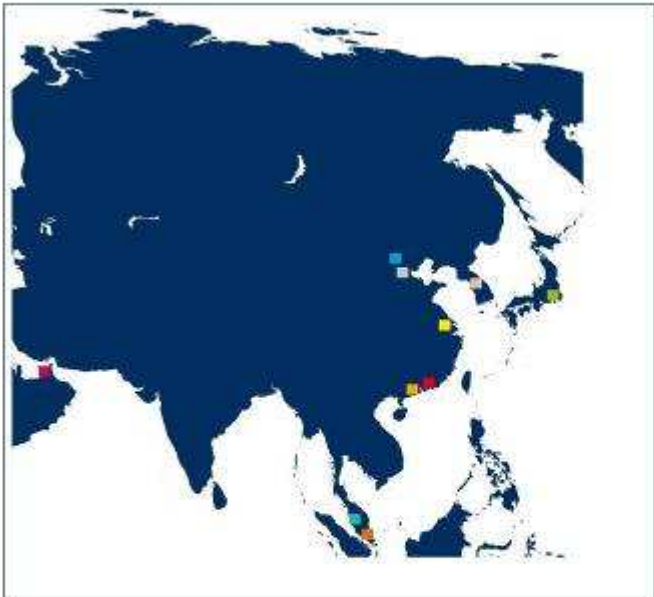
- Birmingham
- Bradford
- Bristol
- Chorley
- Exeter
- Huntingdon
- Ipswich
- London
- Manchester
- Tonbridge
- Whitstable

Europe



- Amsterdam
- Frankfurt
- Geneva
- Milan
- Moscow
- Paris

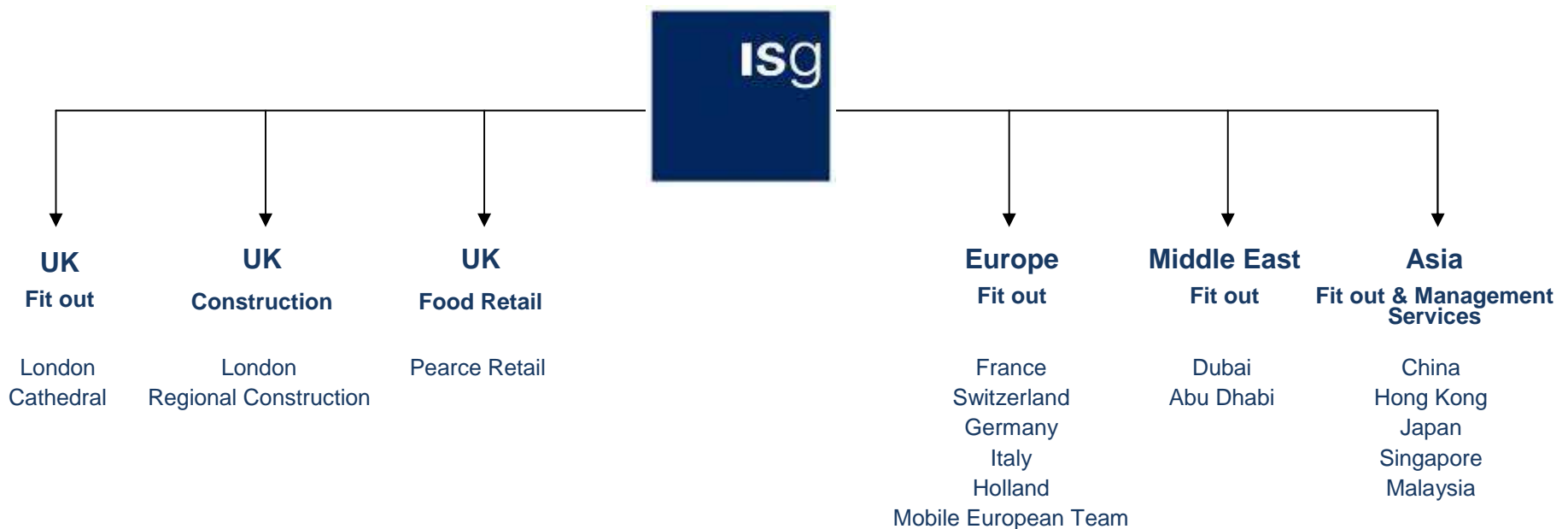
Middle East and Asia



- Beijing
- Dubai / Abu Dhabi (JV)
- Hong Kong
- Kuala Lumpur
- Macau
- Seoul
- Shanghai
- Singapore
- Tianjin
- Tokyo



ISG service offering



- London Fit out: market leader in commercial office fit out
- Cathedral: market leader in retail banking
- UK Construction: strong regional presence
- UK Food Retail: market leader
- Europe: market leader to international blue chip companies; building local market presence
- Middle East: building capability
- Asia: market leader to international blue chip companies with focus on China



Key clients

	Financial	Corporate	Technology	Retail	Developers	Public Sector
London:	RBS, Credit Suisse, Standard Chartered, Goldman Sachs, Deutsche, Citibank	Shell, BP, KPMG, Mayer Brown, Unilever, Audi, Lockton	EDS, Guy's and St Thomas'		Blackstone, Derwent London, CIT, Great Portland Estates	ODA, Imperial College
Regions:	Standard Life, Barclays Capital	Village Hotels				25 Public Sector Frameworks
Retail:	Barclays, RBS, Lloyds, HSBC		T Mobile, Vodafone, Orange	Primark, Tesco, Sainsbury's, Asda, Morrisons, M&S, Best Buy, Selfridges		
Europe:	Nomura, RBS, Gen Re, Ace, Western Union, Soc Gen, Barclays	ExxonMobil, Iron Mountain, Rolls Royce, Right Management, Accor	Google, Yahoo, Adobe, VM Ware	Footlocker, Hackett, Nike		
Asia:	Standard Chartered, Morgan Stanley, JP Morgan, Bohai Bank, Fidelity, Merrill Lynch, Barclays	Shell, Deloitte, Mandarin Oriental, Marina Bay Sands, Ogilvy & Mather, Accenture	Nokia	Apple, Armani, UGG, Ralph Lauren, Tods	Swire Properties	City University of Hong Kong

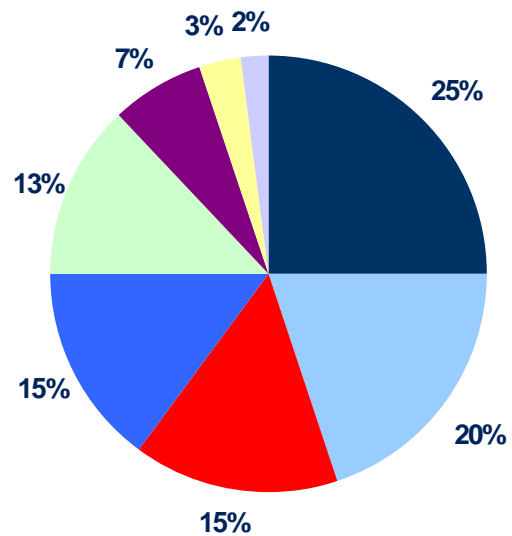
Balance sheet



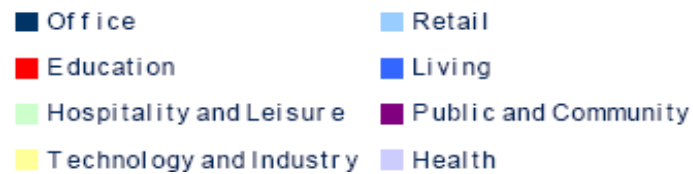
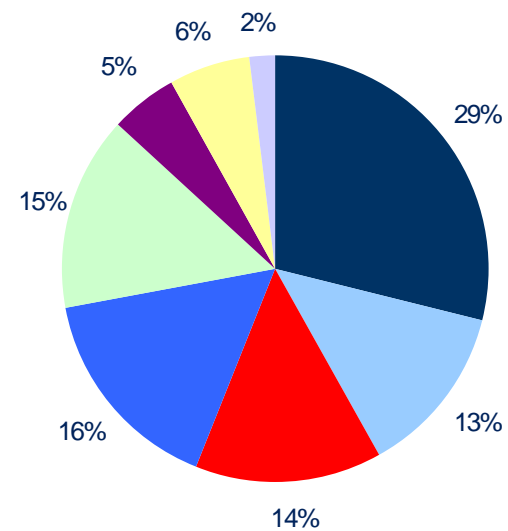
	December 2009 £m	June 2009 £m	December 2008 £m
Non current assets			
Intangible	88.3	88.0	91.3
Tangible	6.2	7.2	8.4
Trade and other receivables	8.4	5.4	6.3
Current assets			
Inventories	3.2	3.2	3.9
Trade and other receivables	163.0	207.9	202.6
Cash and cash equivalents	47.2	51.2	50.8
Non-current liabilities			
- Bank debt	(9.9)	(12.3)	(17.4)
- Other	(5.1)	(4.3)	(8.2)
Current liabilities			
- Bank debt	(5.4)	(6.8)	(6.7)
- Other	(248.6)	(294.2)	(283.6)
Net assets	47.3	45.3	47.4

Order book by sector

December 2009



December 2008





Our vision and values

To be a leading international brand delivering exceptional service in construction, fit out and management services

- We will achieve our vision by:
 - engaging with our customers and understanding their needs
 - providing exceptional levels of service that combine innovation and best practice
 - growing the business to serve customers in a wider range of sector and geographies
 - employing great people in a values driven culture
- Our values:
 - passionate about our work
 - committed to customer relationships
 - fulfilling our people's potential
 - dedicated to detail
 - acting responsibly and safely