



Half-Year Statement 2005

August 2005

To Our Shareholders

HALF-YEAR STATEMENT 2005**SIG strategically on track – European market conditions and raw material prices impact operating results – Group net profit increased**

In the first half of 2005, SIG continued its rigorous strategic focus on the sectors of beverage cartons and value added bottling. Closing of the announced divestments is planned in the course of the second semester. Driven by the concentration on core business, the structures of both the Group and the Corporate Center have been streamlined and the corresponding costs significantly reduced. Also on track is the functional reorganization of SIG Combibloc, which is oriented towards future growth and increased efficiencies.

Operations of the largest division SIG Combibloc (beverage cartons) were marked in the first semester 2005 on the one hand by promising developments in future growth markets in Eastern Europe, the Far and Middle East as well as in Southeast Asia, and on the other hand by the continuing difficult economic environment in Germany, the main market. Net sales in Germany fell by around 3%, despite having maintained market share, whereas in non-European markets, sales rose by more than 20%. Despite the on-going weak market situation in Germany and continuing pressure on prices, the divisions net sales increased by 2% to EUR 532 million (2004: EUR 522 million) in the first semester. In terms of net sales of packaging materials, the increase was 3.4%, and in numbers of packages sold, growth was even 10.2%. Here again it was the growth markets that outstripped the traditional ones. In China, for example, the volume of packaging sleeves sold rose by more than 45% over the previous year.

Caused by cumulative external factors, SIG Combibloc operating profit (EBIT) fell by 13% to EUR 54 million (2004: EUR 62 million). Historically high prices alone – for polyethylene – alone impacted operating profits by some EUR 16 million, representing a reduction in margins of around 3% compared to the first semester 2004. Thanks to cost-cutting measures implemented earlier and now already taking effect, the operating margin remained above 10%.

Net sales of the SIG Beverages division (value added bottling) fell off by 17% to EUR 54 million (2004: EUR 65 million), whereas by contrast, order intake was held at the previous year's level. The Operating profit (EBIT) of the division remained balanced

(2004: EUR –6 million) despite major product innovations such as Plasmex and the significantly lower net sales volume.

At Group level, the markedly improved financial profit stemming from positive exchange rate factors and higher financial income as well as lower tax rates in the first semester resulted in a net profit of EUR 38 million (2004: EUR 25 million). This represents an increase of 52% over the year on year period.

The market situation in Germany and the high price levels of raw materials will not improve significantly in the short term. Consequently, we assume that the second semester will settle at the level of the first half, both in terms of net sales and operating profit. The positive one-off effect on financial profit will likely lapse in the second half. On the other hand, net financial debt will decrease markedly as a result of the expected divestments.

Key figures in EUR million

	Continuing ¹			SIG Group ²		
	1 st half of 2005	1 st half of 2004		1 st half of 2005	1 st half of 2004	
Order intake	588	599	-2%	742	890	-17%
Net sales	574	576	0%	751	898	-16%
Operating profit before depreciation & amortization (EBITDA)	94	102	-8%	98	112	-13%
Operating profit before goodwill amortization (EBITA)	47	58	-19%	51	61	-16%
Operating profit (EBIT)	47	51	-8%	51	50	2%
Profit / loss	39	32	22%	38	25	52%
Cash flow from operating activities	62	52	19%	33	44	-25%
Cash flow from investing activities	-66	-19	n.a.	-63	-45	n.a.
Free cash flow	-4	33	n.a.	-30	-1	n.a.
Number of employees (full time equivalents)	4 746	4 964	-4%	6 438	6 832	-6%

¹SIG Combibloc, SIG Beverages (without Discontinuing Business), Corporate/Services, Eliminations

²The comparability of the presented figures with the prior year figures is difficult due to changes in the scope of consolidation listed in note 2.

Strategy: focusing program on schedule for completion

With the planned closing of divestment of the Italian units, an important step in the strategic reorientation on core business will have been implemented. The contract covering the sale of Simonazzi and Alfa was signed with Tetra Laval on March 3, 2005. Closing and the related deconsolidation is expected to take place in the course of the second semester as announced, following approval by the anti-trust authorities at the end of July. Also, in June, SIG was able to announce the sale of Manzini and Comaco to Catelli Holding SpA, Italy. Closing of the sale took place at July 31, 2005 after the half-year closing. Subsequent to the successful focusing on aseptic cartons and value added bottling, SIG can now concentrate on further expanding into new growth sectors.

Core business in the first half 2005

SIG Combibloc (beverage cartons): slow-down in growth, functional organization being implemented as planned

Despite the continuing weak economy in Germany, representing some 30% of total net sales and by far the most important market for the division, SIG Combibloc net sales grew in the first semester by 2% to EUR 532 million (2004: EUR 522 million). As previously indicated, sales volumes of carton sleeves demonstrated a two-digit growth, increasing by 10.2%. Continuing pressures on prices and the ongoing trend towards smaller packages, however, led to a decreasing average sales price per delivered sleeve.

Consumer reluctance in Germany, compounded by cold springtime and summer weather in Germany and certain other regions in Europe, had an additional negative impact on growth. In Germany, despite having maintained market share, net sales dropped by 3%, whereas in the growth markets in Eastern Europe, South East Asia and both the Middle and Far East continued to develop gratifyingly. In China, for example, the volume of packaging sleeves sold in the first semester rose by more than 45% over the previous year. Through further investments in new markets and packaging materials plants, the division will, in the medium term, continue to reduce its dependence on the German market.

As a result of significantly higher raw materials costs, pressures on prices and the competitive situation in Germany, the EBIT of the division fell by some 13% to EUR 54 million (2004: EUR 62 million). Overall, the profit-reducing external factors of raw materials costs, pressure on prices and negative exchange rate effects, amounted to EUR 24 million.

The restructuring initiative, launched in the fall of 2004, already positively countered these factors. In particular, the introduction of the new functional organization, which is superseding the hitherto regional one, will bring about process optimizations and contribute to significant and sustainable cost reductions. Through the implemented efficiency drive the number of employees was reduced to around 3900 (2004: 4075), despite increased production volumes. Restructuring of the organization will largely be completed by early 2006. In future, improved operational collaboration with the remaining business units of SIG Beverages will have a beneficial effect.

The future growth potentials of SIG Combibloc will primarily orient towards launching product innovations and expansion in the markets outside Europe. In Saudi Arabia, the new packaging materials plant ramped-up production on schedule. Our new screw cap combiSwift is in the process of market roll-out and has been extremely well received by pilot customers. Its improved user-friendliness is highly appreciated by consumers.

SIG Beverages (value added bottling): objective met, investments in Plasmax

In the first half of 2005, as a result of difficult market conditions net sales of the SIG Beverages division fell by 17% to EUR 54 million (2004: EUR 65 million). In the meantime, however, the market situation of the first months has improved somewhat and, at EUR 65 million, order intake is at the level of the previous year. Management responded to these lower sales volumes and pressures on margins with cost-cutting measures, which also included an unavoidable downsizing of around 40 jobs. As budgeted, operating profit of the division for the first semester was balanced (2004: EUR -6 million). SIG Corpoplast in particular was able to maintain its EBIT margin despite significantly lower sales volumes. Operating profit generated by the SIG Corpoplast and SIG Cantec units will be selectively invested in expanding research and development activities. The further development of Plasmax technology for coating PET bottles continues to enjoy high strategic priority within SIG.

Corporate/Services: leaner structures, full effect in second half

The focusing initiative enabled SIG to simplify structures at Group level. The management companies of the divisions and the Holding have been merged to form a Corporate Center, thereby rigorously eliminating duplications of effort. These measures allowed around EUR 2 million costs to be saved year on year. In the year overall, this will result in a clearly improved result for the segment Corporate/Services.

Segment "Discontinuing": divestments on schedule for closing

The segment "Discontinuing" comprises the two units Simonazzi/Alfa and Manzini/Comaco for which respective divestment contracts have been signed. The closing of the corresponding divestment contracts and hence the deconsolidation of these units are scheduled for the second semester.

The half-year results of the segment "Discontinuing" are not comparable to those of the previous year's figures as, in 2004, these still incorporated, among others, the "SIG Pack" activities.

SIG Group: significant improvement in net profit

Compared to the previous year, Group net profit increased by 52% to EUR 38 million (2004: EUR 25 million) as a result of improved financial results and lower taxes. The markedly improved financial profit stems from both the positive exchange rate effect and a higher financial income.

Share performance: satisfying upward trend continues

The SIG share performed positively again in the first half 2005. At June 30, 2005 it stood at CHF 290 or 11.5% higher than the value at year end 2004. Compared to the closing day of the first half 2004, the share price was actually up by 28.0%, or double the performance of the comparable SPI index.

At 20000 shares, the daily volume of traded SIG stocks stood around 70% over that of the previous year's period. This strong interest in our share and the related increased liquidity make it even more attractive for institutional investors. At the end of May 2005, the SIG share also succeeded in making the leap onto the renowned MSCI Switzerland Index.

Outlook: continued favorable position in an attractive business sector

In the short term, the market development in Germany and the price situation of raw materials will not improve significantly. Consequently, we assume that the second semester will remain at a similar level to that of the first half, both in terms of net sales and operating profit. Mainly as a result of closing divestments in the second half, Group net profit and free cash flow will improve markedly compared to the previous year. Net financial debt will also decrease significantly year on year due to the expected divestments.

We remain convinced that, through the rigorous implementation of our operational and organizational measures, our favorable positioning in an attractive market and because of our financial strength, we possess outstanding opportunities for future growth.

Sincerely yours

SIG Holding Ltd.

L. Leisewitz
Chairman of the Board of Directors

R.-D. Rademacher
President and CEO



Publication of Annual Results 2005:
Tuesday, March 7, 2006

Next Ordinary General Meeting:
Thursday, March 30, 2006

FINANCIAL REPORT: HALF-YEAR 2005

Half-year statement

Consolidated income statement in EUR million

	Continuing			
	SIG Combibloc		SIG Beverages	
	1 st half of 2005	1 st half of 2004	1 st half of 2005	1 st half of 2004
Net sales third	530	522	47	55
Net sales between segments ¹	2	0	7	10
Net sales	532	522	54	65
Own work capitalized	39	32	0	0
Income from associated companies	-1	0	0	0
Other operating income	11	7	4	7
Operating income	581	561	58	72
Changes in inventories of finished goods & WIP	8	10	8	2
Raw materials, supplies and services	-281	-263	-29	-32
Personnel costs	-100	-100	-22	-23
Other operating expenses	-113	-106	-15	-18
Operational financial income from third parties	2	1	1	0
Operating profit before depreciation and amortization (EBITDA)	97	103	1	1
Depreciation of tangible fixed assets	-34	-31	-1	-1
Amortization of intangible fixed assets (without Goodwill)	-9	-9	0	0
Operating profit before goodwill amortization (EBITA)	54	63	0	0
Amortization of goodwill	0	-1	0	-6
Operating profit (EBIT)	54	62	0	-6
Financial income				
Financial expense				
Debt waivers				
Financial profit				
Profit on divestments				
Profit before tax (EBT)				
Income tax expenses				
Profit / loss				
thereof:				
Profit or loss attributable to minorities				
Profit or loss attributable to equity holders				
Outstanding shares (average of the year)				
Basic and diluted earnings per share in EUR				
Additional information				
Order intake	531	545	65	66
Number of employees (full time equivalents)	3 903	4 075	653	690
Number of employees in %	61%	60%	10%	10%

¹Internal transfer prices are at market values

Continuing									
Corporate/Services		Eliminations		Total Continuing ²		Discontinuing ³		SIG Group	
1 st half of 2005	1 st half of 2004	1 st half of 2005	1 st half of 2004	1 st half of 2005	1 st half of 2004	1 st half of 2005	1 st half of 2004	1 st half of 2005	1 st half of 2004
0	0	0	0	577	577	174	321	751	898
0	0	-12	-11	-3	-1	3	1	0	0
0	0	-12	-11	574	576	177	322	751	898
0	0	0	0	39	32	0	0	39	32
0	0	0	0	-1	0	0	0	-1	0
25	28	-19	-27	21	15	2	5	23	20
25	28	-31	-38	633	623	179	327	812	950
0	0	0	0	16	12	2	18	18	30
0	0	12	11	-298	-284	-107	-173	-405	-457
-9	-10	0	0	-131	-133	-45	-104	-176	-237
-17	-18	19	27	-126	-115	-25	-59	-151	-174
0	0	-3	-2	0	-1	0	1	0	0
-1	0	-3	-2	94	102	4	10	98	112
-2	-2	0	0	-37	-34	0	-6	-37	-40
-1	-1	0	0	-10	-10	0	-1	-10	-11
-4	-3	-3	-2	47	58	4	3	51	61
0	0	0	0	0	-7	0	-4	0	-11
-4	-3	-3	-2	47	51	4	-1	51	50
				4	1	0	1	4	2
				-1	-3	-4	-9	-5	-12
				-3	-3	3	3	0	0
				0	-5	-1	-5	-1	-10
				0	0	0	0	0	0
				47	46	3	-6	50	40
				-8	-14	-4	-1	-12	-15
				39	32	-1	-7	38	25
				0	0	0	0	0	0
				39	32	-1	-7	38	25
				6 442 871	6 446 252	6 442 871	6 446 252	6 442 871	6 446 252
				6.1	5.0	-0.2	-1.1	5.9	3.9
0	0	-8	-12	588	599	154	291	742	890
190	199	0	0	4 746	4 964	1 692	1 868	6 438	6 832
3%	4%	0%	0%	74%	74%	26%	26%	100%	100%

²SIG Combibloc, SIG Beverages (without Discontinuing Business), Corporate/Services, Eliminations

³SIG Pack, Others, SIG Beverages Discontinuing Business (SIG Simonazzi, SIG Alfa, SIG Manzini, SIG Comaco)

Half-year statement

Consolidated balance sheet in EUR million

	Continuing ¹		Discontinuing ²		SIG Group	
	6/30/05	12/31/04	6/30/05	12/31/04	6/30/05	12/31/04
Assets						
Investment properties	43	46	0	0	43	46
Land and buildings	86	87	33	34	119	121
Machines, plants and other	171	170	13	10	184	180
Leased assets (Lessor)	61	56	8	9	69	65
Plants under construction	40	32	0	0	40	32
Non-current assets held for sale	0	0	0	0	0	0
Total tangible fixed assets	401	391	54	53	455	444
Goodwill	19	19	0	0	19	19
Rights to supply	70	56	0	0	70	56
Other	11	10	6	5	17	15
Total intangible fixed assets	100	85	6	5	106	90
Interests in associated companies	13	13	0	0	13	13
Other financial interests	2	3	0	0	2	3
Long-term receivables	39	32	3	7	42	39
Long-term loans	4	3	0	0	4	3
Total financial assets	58	51	3	7	61	58
Deferred tax assets	33	35	4	3	37	38
Total non-current assets	592	562	67	68	659	630
Inventories	183	166	75	75	258	241
Trade receivables	95	89	95	92	190	181
Other receivables	64	19	24	65	88	84
Securities	13	12	0	0	13	12
Cash and cash equivalents	102	103	17	12	119	115
Total current assets	457	389	211	244	668	633
Total assets	1 049	951	278	312	1 327	1 263
Equity and liabilities						
Share capital	40	40	0	0	40	40
Additional paid in capital	22	22	137	137	159	159
Retained earnings	331	293	-95	-91	236	202
Currency differences	-22	-32	1	-2	-21	-34
Equity attributable to shareholders	371	323	43	44	414	367
Minority interests	0	0	1	1	1	1
Total equity	371	323	44	45	415	368
Deferred tax liabilities	29	32	2	0	31	32
Long-term provisions	91	94	25	25	116	119
Long-term financial liabilities	165	264	12	13	177	277
Total long-term liabilities	285	390	39	38	324	428
Short-term financial liabilities	153	6	15	24	168	30
Advance payments by customer	14	10	23	33	37	43
Trade payables	46	46	66	82	112	128
Short-term provisions	57	65	13	13	70	78
Accruals for contractual obligations to complete	68	58	55	50	123	108
Other short-term liabilities	55	53	23	27	78	80
Total short-term liabilities	393	238	195	229	588	467
Total liabilities	678	628	234	267	912	895
Total equity and liabilities	1 049	951	278	312	1 327	1 263

¹SIG Combibloc, SIG Beverages (without Discontinuing Business), Corporate/Services, Eliminations

²SIG Pack, Others, SIG Beverages Discontinuing Business (SIG Simonazzi, SIG Alfa, SIG Manzini, SIG Comaco)

Half-year statement

Consolidated cash flow statement in EUR million

	Continuing ¹		Discontinuing ²		SIG Group	
	1 st half of 2005	1 st half of 2004	1 st half of 2005	1 st half of 2004	1 st half of 2005	1 st half of 2004
Cash flow from operating activities						
Profit / loss	39	32	-1	-7	38	25
Adjustments for:						
Depreciation and amortization of fixed assets (+)	47	51	0	11	47	62
Profit from sale of securities and financial assets (-)	0	0	0	0	0	0
Profit from sale of tangible fixed assets (-)	-1	-4	-1	0	-2	-4
Profit from sale of consolidated companies (-)	0	0	0	0	0	0
Result from associated companies (+/-)	1	0	0	0	1	0
Exchange rate profit (-) / loss (+) from financing activities	-4	0	-1	0	-5	0
Write down of financial assets and securities (+)	0	2	0	0	0	2
Other non-liquidity-related positions (+/-)	3	9	-3	-9	0	0
Increase (-) / decrease (+) in net current assets (excluding securities, cash and cash equivalents)	-11	-43	-24	-2	-35	-45
Increase (+) / decrease (-) of net deferred taxes	0	-3	1	0	1	-3
Increase (+) / decrease (-) of provisions	-12	8	0	-1	-12	7
Total	62	52	-29	-8	33	44
Cash flow from investing activities						
Purchase of tangible fixed assets (-)	-44	-63	-1	-4	-45	-67
Sale of tangible fixed assets (+)	5	18	2	12	7	30
Purchase (-) / sale (+) of intangible fixed assets	-19	-14	-1	0	-20	-14
Acquisition of consolidated companies (net of cash) (-)	-2	0	0	0	-2	0
Disposal of consolidated companies (net of cash) (+)	0	42	0	-34	0	8
Acquisition (-) / disposal (+) of non-consolidated companies	0	-4	0	0	0	-4
Dividends received from associated companies (+)	0	0	0	0	0	0
Increase (-) / decrease (+) in loans	-6	2	3	0	-3	2
Purchase (-) / sale (+) of securities	0	0	0	0	0	0
Total	-66	-19	3	-26	-63	-45
Free cash flow	-4	33	-26	-34	-30	-1
Cash flow from financing activities						
Dividends paid (-)	-3	-4	-1	0	-4	-4
Purchase (-) / sale (+) of own shares	3	-5	0	0	3	-5
Capital increases (+/-)	-3	-10	3	10	0	0
Increase (+) / decrease (-) in borrowings	10	-15	28	12	38	-3
Total	7	-34	30	22	37	-12
Currency translation differences on cash and cash equivalents	-3	1	1	0	-2	1
Changes in cash and cash equivalents	0	0	5	-12	5	-12
Cash and cash equivalents at beginning of period	103	106	12	26	115	132
Cash and cash equivalents at end of period	103	106	17	14	120	120
Additional information						
Interest paid	8	8	1	1	9	9
Interest received	2	2	0	0	2	2
Income tax paid	9	15	3	2	12	17
Dividends received	0	0	0	0	0	0

¹SIG Combibloc, SIG Beverages (without Discontinuing Business), Corporate/Services, Eliminations

²SIG Pack, Others, SIG Beverages Discontinuing Business (SIG Simonazzi, SIG Alfa, SIG Manzini, SIG Comaco)

Half-year statement

Changes in equity in EUR million

Changes in equity

	Share capital	Additional paid in capital	Retained earnings	Currency differences	Equity attributable to share-holders	Minority interests	Total equity
As at 1/1/2004	40	159	376	-29	546	0	546
Profit / loss			25		25	0	25
Dividend payments			-4		-4	0	-4
Purchase / sale of own shares	0	0	-5		-5		-5
Cash flow hedges			0		0		0
Currency translation differences				1	1		1
As at 6/30/2004	40	159	392	-28	563	0	563
As at 1/1/2005	40	159	202	-34	367	1	368
Profit / loss			38		38	0	38
Dividend payments			-4		-4	0	-4
Purchase / sale of own shares	0	0	2		2	0	2
Cash flow hedges			-2		-2		-2
Currency translation differences				13	13	0	13
As at 6/30/2005	40	159	236	-21	414	1	415

Notes to the financial statements

1. Accounting principles

The financial statements are based on the accounting principles and methods described in the 2004 Annual Report. They comply with International Financial Reporting Standards (IFRS) as at 1 January 2005. Main changes to the principles and methods applied until 2004 are:

- Prohibition of goodwill amortization from 2005 (IFRS 3). Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.
- Non current assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated from 2005 (IFRS 5). These assets are stated at the lower of carrying amount and fair value less costs to sell.

2. Changes in scope of consolidation

Disposals

2/18/2004	SIG Elettric 80 S.p.A., Viano (RE), IT
3/26/2004	SIG Hamba Filltec GmbH & Co. KG, Neunkirch-Saar, DE
4/26/2004	SIG Blowtec GmbH & Co. KG, Troisdorf, DE
4/26/2004	SIG Plastics Technology Guangdong Co. Ltd., Guangdong, CN
4/26/2004	SIG Kautex GmbH & Co. KG, Bonn, DE
4/26/2004	SIG Kautex Inc., North Branch (NJ), US
4/26/2004	SIG Plastics Technologies (UK) Ltd., Milton Keynes, GB
6/30/2004	SIG Pack division, consisting of:
	- SIG Pack Ltda., São Paulo, BR
	- SIG Pack Services GmbH, Dusseldorf, DE
	- SIG Pack Services S.à.r.l., Asnières Cedex, FR
	- SIG Pack Services Ltd., Derby, GB
	- SIG Demaurex SA, Romanel-sur-Lausanne, CH
	- SIG Pack International AG, Neuhausen am Rheinfall, CH
	- SIG Pack Services AG, Neuhausen am Rheinfall, CH
	- SIG Pack Systems AG, Beringen, CH
	- SIG Sapal SA, Ecublens, CH
	- SIG Transver AG, Altendorf, CH
	- SIG Pack Pte. Ltd., Singapore, SG
	- SIG Dobby Inc., New Richmond, US
	- SIG Pack Services Inc., Raleigh, US

**SIG is an international provider of
beverage cartons and packaging equipment
for value added beverages
and liquid foodstuffs.**



Fill the Difference

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