



McBride plc Half-Year Report 2013



Refreshed,
innovative
and **focused**

McBride plc Half-Year Report 2013

Passionate about Private Label

McBride is Europe's leading provider of Private Label Household and Personal Care products.

Our strategy is to drive Private Label growth in Household and Personal Care markets throughout Europe and into developing and emerging markets of Eastern Europe and Asia through:

- **building on our existing product launch pipeline;**
- **exploiting our scale in procurement and operational efficiency with consistent quality to improve operating margins;**
- **driving innovation through our Centres of Excellence whilst maintaining our focus on a number of Core categories; and**
- **developing our core Commercial, Supply Chain and R&D functions to deliver exceptional value to our customers.**

The actions we are taking provide the platform on which to build the momentum for Private Label in our Core categories.

Highlights

- 3.0% revenue reduction at constant currency, mainly as a consequence of the previously announced reduction in contract manufacturing business impacting the first half of 2013/14 and the prolonged branded promotional activity within the UK.
- 2.0% revenue growth at constant currency in our Core and Future Growth categories, with a 0.5% growth in Private Label overall.
- McBride Private Label market share gains in Western Europe resulted in a constant currency revenue gain of 6.3%, and a 50% improvement in adjusted operating profit in that region to £10.8 million.
- Group adjusted operating profit declined 10.5% due to weaker performance in the UK. Adjusted EBITDA declined by 3.9%.
- Net debt of 1.9x annualised adjusted EBITDA.⁽⁵⁾
- Successfully secured further debt facilities of \$50m from a US Private Placement. The Group's balance sheet remains strong with committed headroom of £129.4 million.
- Interim payment to shareholders maintained.
- Continued product innovation, including the launch in France of the first Private Label dual compartment Laundry sachet in Europe.

£m unless otherwise stated	2013	2012 ⁽¹⁾	Change
Revenue	380.3	378.2	+0.6%
Revenue (constant currency) ⁽²⁾	380.3	391.9	-3.0%
Operating profit	7.0	8.9	-21.3%
Adjusted operating profit ⁽³⁾	10.2	11.4	-10.5%
Adjusted operating margin ⁽³⁾	2.7%	3.0%	-0.3pts
Diluted earnings per share	1.6p	2.3p	-0.7p
Adjusted diluted earnings per share ⁽³⁾	3.0p	3.4p	-0.4p
Interim payment to shareholders (per ordinary share)	1.7p	1.7p	-
Cash flow from operations (before exceptional items)	23.5	20.6	+14.1%
Net debt	84.8	86.8	-2.3%
Return on capital employed ⁽⁴⁾	10.9%	12.0%	-1.1pts

(1) Net debt comparative is as at 30 June 2013, all other comparatives refer to the six months ended on 31 December 2012 unless otherwise stated. The comparatives have been re-presented due to the adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

(2) Comparative revenue translated at 2013 exchange rates.

(3) Adjusted operating profit and adjusted earnings per share are stated before those items of financial performance that the Group believes should be separately disclosed to assist in the understanding of the underlying performance achieved by the Group ('adjusting items'). Adjusting items include amortisation of intangible assets, exceptional items, changes in estimates of contingent consideration arising on business combinations, any non-cash financing costs from unwind of discount on initial recognition of contingent consideration and any related tax. Adjusted operating profit is used to calculate return on capital employed.

(4) Adjusted operating profit as a percentage of average period-end net assets excluding net debt.

(5) Annualised adjusted EBITDA equates to the rolling 12 months to 31 December 2013.

“We have witnessed sustained branded promotional activity that has impacted the performance of our UK business, and are taking appropriate actions to improve profitability. We have achieved in our first half further progress in the Private Label categories that underpin our long term growth plans, and another strong performance in Central and Eastern Europe.

Trading since the end of December and our outlook for the year remain as indicated in our January trading statement. We continue to expect an improvement in performance in our second half given the extent of new product launches in the pipeline and cost saving initiatives underway. The scale of this improvement remains dependent on the extent of branded promotional activity and demand in the UK retail sector.”

Chris Bull
Chief Executive

Business review

Overview

The key elements of the Group's performance were as follows:

- Reported revenue increased by 0.6%, however on a constant currency basis decreased by 3.0% as a consequence of the previously announced wind-down in selected contract manufacturing business impacting the first half of 2013/14, and prolonged branded promotional activity in the UK.
- Adjusted operating profit⁽¹⁾ for the first half was £10.2 million (2012: Re-presented £11.4m), driven by a decline in UK performance. As a result, adjusted operating profit⁽¹⁾ margin decreased to 2.7% (2012: Re-presented 3.0%) and return on capital employed decreased to 10.9% (2012: Re-presented 12.0%).
- Cash generated from operations, before exceptional items, was £23.5 million (2012: £20.6m).
- In the UK, external reported segmental revenue decreased by 11.5% to £132.8 million (2012: £150.0m) reflecting prolonged branded promotional activity from retailers. Adjusted operating profit⁽¹⁾ decreased to £2.1 million (2012: Re-presented £6.9m) mainly due to the decline in sales.
- In Western Europe, external reported segmental revenue increased by 8.8% to £214.3 million (2012: £196.9m). Private Label sales at constant currency grew by 6.3%. Adjusted operating profit⁽¹⁾ increased 50% to £10.8 million (2012: £7.2m), driven by strong sales growth in Germany and previously announced cost reduction plans.
- In the Rest of the World, reported segmental revenue increased by 6.1% to £33.2 million (2012: £31.3m) due to strong growth in Poland. Revenue at constant currency grew by 2.1%. Adjusted operating profit⁽¹⁾ decreased to £0.4 million (2012: £0.6m) as a result of an insolvency of a major customer in Vietnam that had a half year financial impact of £0.3 million and costs incurred in Poland of £0.2 million to support sales growth.
- Corporate costs declined from £3.3 million to £3.1 million as we continue to rationalise our head office functions.

⁽¹⁾ Adjusted operating profit and adjusted earnings per share are stated before those items of financial performance that the Group believes should be separately disclosed to assist in the understanding of the underlying performance achieved by the Group ('adjusting items'). Adjusting items include amortisation of intangible assets, exceptional items, changes in estimates of contingent consideration arising on business combinations, any non-cash financing costs from unwind of discount on initial recognition of contingent consideration and any related tax. Adjusted operating profit is used to calculate return on capital employed.

Strategy

Our strategy is to drive Private Label growth in Household and Personal Care markets throughout Europe and into developing and emerging markets of Eastern Europe and Asia through product innovation, excellent customer service, consistent quality, and by exploiting our scale in procurement and operational efficiency, to deliver exceptional value to our customers.

The main achievements during the period have been:

- restored profitability in Western Europe, particularly in France and Benelux countries within core categories;
- continued strong growth in Germany and Poland, with Germany benefiting from business wins and Poland increasing Private Label penetration;
- continued progress in Asia Pacific;
- continued new product launch programme across all markets;
- successful delivery of our New Product Development ('NPD') programme with the development of the first Private Label dual compartment laundry sachet in Europe;
- further developments in the areas of value engineering and operational efficiency; and
- successfully securing further debt facilities of \$50 million from a US Private Placement.

Current trading and outlook

Trading since the end of December and our outlook for the year remain as indicated in our January trading statement. We continue to expect an improvement in performance in our second half given the extent of new product launches in the pipeline and cost saving initiatives underway. The scale of this improvement remains dependent on the extent of branded promotional activity and demand in the UK retail sector.

Business review

continued

Business review

UK business review

In the UK market, Private Label's volume share for the 26 weeks to 5 January 2014 declined slightly to 28.1% (2012: 28.7%) driven by the branders' promotional activity, in particular in the Laundry category which resulted in Private Label volume share down in Laundry care to 18.8% (2012: 20.3%). The Private Label share of the Machine Dishwashing category improved to 38.2% (2012: 37.8%) driven by Private Label machine dishwashing tablets share up by 2 percentage points to 25.5% (2012: 23.5%). The overall household cleaners sector including toilet cleaners and bleach saw Private Label volume share slightly lower at 36.4% (2012: 36.7%).

The UK business saw a decline in external reported revenue by 11.5% reflecting the challenging trading environment, with sales in the laundry sector being particularly impacted by the branded promotional activity.

The business remains focused on further optimisation of the cost base, operational excellence and continuing new product development.

(Source of market data: McBride estimates based on Kantar Europanel data.)

Western Europe business review

Reported revenue for the Western European business increased by 8.8% to £214.3 million (2012: £196.9m). On a constant currency basis, this was driven by growth in Germany up 45%, and a return to growth in our second largest market France up 2%, whilst trading conditions in Italy and Spain remain difficult with revenues down 4% and 10% respectively.

Markets in Western Europe continue to be impacted by the weak consumer demand, in particular in Southern European countries. In France, the market for Household cleaning products within the hypermarket and supermarket sector remained broadly flat compared to the prior year. Private Label's volume share of the Household products sector remained stable at 28.4% (2012: 28.5%).

In Germany, the market for Household products was also flat with Private Label's volumes down 1% versus the prior year resulting in Private Label's volume share of the Household cleaning products marginally lower at 42.2% (2012: 42.6%).

The Italian market was characterised by weaker consumer demand with the overall market for Household cleaning products down 2% in volume terms for the 52 weeks to end December 2013. Private Label volumes were down 4% resulting in Private Label volume share in Italy falling slightly to 24% (2012: 25%). Laundry Liquids was the only category not to show a decline in total volume sales up 5% year on year, Private Label saw volume sales of the Laundry sachet sector double to gain a 7% volume share (2012: 2%).

In Spain, the market continues to be very weak with continuing high levels of unemployment. The market for Household cleaning products declined 3% in volume terms with Private Label volume similarly 3% lower than the prior year. Private Label volume share remained unchanged at 58% (2012: 58%).

The Western European business is focused on delivery of new product development initiatives, which resulted in the launch of the first Private Label dual compartment laundry sachet in Europe; continuing focus on growth in our core categories, continuing the expansion of our German business and the delivery of further operational cost efficiencies.

The overall demand for Personal Care products in our core UK and French markets remained flat in the 52 weeks to December 2013. Private Label Personal Care sales in both markets continued to be impacted by the high level of branded promotional activity across the sector resulting in Private Label volume declines of 2% in the UK and 4% in France. Private Label volume shares declined slightly in both markets to 17.6% (2012: 17.9%) in the UK and 15.7% (2012: 16.4%) in France.

(Source of market data: IRI Symphony – France; GfK – Germany, IRI including Hard Discount – Italy.)

Rest of the World business review

Reported revenue for the Rest of the World increased 6.1% to £33.2 million (2012: £31.3m), driven by continued strong growth in Poland as our key customers continue to drive growth in Private Label market share.

In Asia, on a constant currency basis, the business saw strong Private Label growth in Australia and Malaysia up 11% and 4% respectively, this was in part offset by a major customer in Vietnam going into liquidation during the period.

Whilst emerging markets are facing a slowdown in demand as the growth rate in the region has reduced, the Group is continuing to grow sales through progressive new product launches and winning additional business. Major gains have been made in the Machine Dishwasher category supplied from the UK into Australia, and also in Air Fresheners manufactured in China and shipped to our customers in Europe. We plan to invest in capacity enhancing equipment in Malaysia, to improve our efficiency and output to support recent gains in Personal Care categories.

Group financial review

Group Summary

Revenue was £380.3 million compared with £378.2 million in 2012, an increase of 0.6%. On a constant currency basis, revenue in 2013 was 3% lower than in 2012. Adjusted operating profit fell by £1.2 million to £10.2 million. Adjusted diluted earnings per share declined to 3.0 pence (2012: Re-presented 3.4 pence).

Cash generated from operations before exceptional items was £23.5 million (2012: £20.6m). The cash outflow in relation to exceptional items was £3.0 million (2012: £5.8m). Period end net debt decreased to £84.8 million (30 June 2013: £86.8m).

Average capital employed was £187.5 million (2012: £190.2m) and the return on average capital employed was 10.9% (2012: Re-presented 12.0%).

Business review

continued

Segmental analysis

While the Group is managed on a functional basis, its markets are defined by geography. Accordingly, the Group's operating segments continue to be determined on a geographical basis.

Revenue

Group revenue declined by 3% on a constant currency compared with 2012, mainly as a consequence of the actions we took to withdraw from low-margin contract manufacturing and Private Label business and the considerable promotional activity by manufacturers of branded Household products within the UK.

Revenue by reportable segment was as follows:

	Unaudited 6 months to 31 Dec 2013 £m	Unaudited 6 months to 31 Dec 2012 £m	Audited Year ended 30 Jun 2013 £m
United Kingdom	132.8	150.0	286.3
Western Europe	214.3	196.9	409.9
Rest of the World	33.2	31.3	65.2
Total segment revenue	380.3	378.2	761.4

In the UK, the decline in revenue was driven by the effect of branded promotional activity. In Western Europe, revenue increased due to continued strong growth in Germany derived from business wins. Rest of the World reported revenues increased due to strong growth in Poland.

Core and Future growth categories continue to drive overall Private Label sales growth, growing 2% on a constant currency basis, with Core and Future growth categories accounting for 49% of Private Label revenues.

Operating profit

Operating profit was £7.0 million, compared with £8.9 million in 2012. Adjusted operating profit was £10.2 million, compared with £11.4 million in 2012. The adjusted operating margin decreased to 2.7% from 3.0%.

Adjusted operating profit can be reconciled to operating profit as follows:

	Unaudited 6 months to 31 Dec 2013 £m	Re-presented Unaudited 6 months to 31 Dec 2012 £m	Re-presented Audited Year ended 30 Jun 2013 £m
Operating profit	7.0	8.9	15.0
Amortisation of intangibles assets	0.6	0.5	1.1
Change in contingent consideration	–	–	1.6
Exceptional items	2.6	2.0	5.9
Adjusted operating profit	10.2	11.4	23.6

Administration costs

Administration costs have increased from £86.6 million to £93.1 million mainly due to exchange rate movements, costs incurred in supporting sales growth, an increase in exceptional costs, and depreciation and one off property items.

Net finance costs

Net finance costs remained in line with the prior year at £3.3 million (2012: £3.2m).

Exceptional items

There were exceptional charges of £2.6 million in the period. This charge includes exceptional charges of £2.2 million in respect of the functional reorganisation and an impairment charge of £0.4 million with regards to Head office assets, as we rationalised our head office functions to Manchester.

Amortisation of intangible assets

The charge in relation to amortisation of intangible assets in the period was £0.6 million (2012: £0.5m).

Contingent consideration

There was no charge in relation to revision of estimates of contingent consideration. As at 31 December 2013, the Group recognised a liability of £5.3 million.

Profit before tax and taxation

Profit before tax was £3.7 million (2012: Re-presented £5.7m) and, excluding adjusting items, adjusted profit before tax amounted to £7.0 million (2012: Re-presented £8.5m). The £0.7 million tax charge (2012: £1.5m) reflects a 19% effective rate (2012: Re-presented 26%). The tax rate for the period ended 31 December 2013 has benefited from a one-off credit on the revaluation of deferred tax assets and liabilities arising from the reduction in the statutory tax rate in the UK from 23% to 21%. The tax rate will not benefit from a similar one off credit in the second half of the year.

Earnings per share

Basic earnings per share (EPS) was 1.6 pence (2012: Re-presented 2.3p) and adjusted basic EPS decreased to 3.0 pence (2012: Re-presented 3.4p). On an adjusted basis, diluted EPS decreased to 3.0 pence per share (2012: Re-presented 3.4p). The weighted average number of shares in the period used in calculating basic and diluted earnings per share was 182.2 million (2012: 182.1m) and 182.9 million (2012: 182.6m) respectively.

Payments to shareholders

The Board's policy with regard to payments to shareholders is that they should be sustainable and paid out of earnings, and will, where possible, be progressive given the cyclical nature of the markets in which the Group operates.

Last year, shareholders approved the Board's recommendation that the total payment to shareholders should be re-based to 5.0 pence per share to ensure that the Group has the maximum financial resources available to it in order to exploit the opportunities for Private Label growth. On this basis, an interim payment to shareholders of 1.7 pence (2012: 1.7p) will be recommended.

Cash flow and net debt

Net cash generated from operations, excluding cash flows relating to exceptional items, was £23.5 million (2012: £20.6m). There was a net working capital inflow in the first half of £2.6 million (2012: £1.3m outflow).

Capital expenditure in the period was £8.6 million (2012: £5.1m). Overall net debt at 31 December 2013 was £84.8 million compared to £86.8 million at 30 June 2013.

Business review

continued

Access to credit lines

The Group aims to maintain a strong balance sheet, with a relatively conservative level of debt-to-equity gearing. The Group has a €175 million revolving credit facility, which is committed until June 2015. In addition, the Group has invoice discounting facilities in the UK, France and Belgium.

In the UK, the £25 million facility was renewed during the prior year and is committed until August 2014. In France and Belgium, there is an aggregate €30 million facility, which has a rolling notice period of six months for the French part and three months for the Belgian part. The Group also has access to working capital facilities amounting to £49 million, which are generally uncommitted and subject to annual review. We maintain close working relationships with the small number of major banks which provide these credit lines. The Group's credit lines, together with internally-generated cash, provide adequate headroom for acquisitions and contingencies.

The revolving credit facility is subject to covenants, representations and warranties that are customary for unsecured borrowing facilities, including two financial covenants. Debt Cover (the ratio of net debt to EBITDA) may not exceed 3:1 and Interest Cover (the ratio of EBITDA to net interest) may not be less than 4:1. For the purpose of these calculations, net debt excludes amounts drawn under the invoice discounting facilities and net interest comprises interest payments and receipts on net debt. The Group remains comfortably within these covenants. At 31 December 2013, the Debt Cover ratio was 1.4:1 (30 June 2013: 1.25:1) and the Interest Cover ratio was 11.3:1 (30 June 2013: 13.7:1).

During the period, we have successfully secured further debt facilities of \$50 million from a US Private Placement, providing further committed headroom to our existing facilities. The Group's committed headroom, assuming continuing covenant compliance, amounts to £129.4 million as at 31 December 2013.

Pensions

The Group operates a funded defined benefit scheme in the UK. At 31 December 2013, the Group recognised a deficit on the UK scheme of £28.8 million (30 June 2013: £24.2m); the increase during the period is principally due to a decline in the discount rate and an increase in expectations of inflation.

The Group also has other unfunded post-employment benefit obligations outside the UK that amounted to £1.7 million (30 June 2013: £1.8m).

During the period, the Group have adopted IAS 19 (revised). Consequently, the income statement and statement of comprehensive income has been restated. Further details are disclosed in note 2.

Principal risks and uncertainties

The Group is subject to risk factors both internal and external to its business, and has a well established set of risk management procedures. The following risks and uncertainties are those that the directors believe could have the most significant impact on the Group's business. These risks, along with events in the financial markets and their potential impacts on the wider economy, remain the most likely to affect the Group in the second half of the year.

- Market competitiveness
- Unrecovered input costs
- Serious loss of volume
- Public product recall
- Degree of business change
- Human resource and employee retention
- Poor product design

For greater detail of these risks, please refer to page 54 to 57 of the McBride plc Annual Report and Accounts 2013, which is available on the Group's website www.mcbride.co.uk.

Related parties

Related party disclosures are provided in note 12.

Forward looking statements

Certain statements in the interim report are forward looking. Although the Group believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that these statements are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements.

The Group undertakes no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Responsibility statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- The interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7 of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8 of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any material changes in the related party transactions described in the last annual report that could do so.

The Board

The Board of Directors that served during the six months to 31 December 2013 and their respective responsibilities can be found on page 43 of the McBride plc Annual Report and Accounts 2013.

On behalf of the Board

Chris Bull, Chief Executive
10 February 2014

Richard Armitage, Chief Finance Officer
10 February 2014

Independent review report to McBride plc

Introduction

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 31 December 2013, which comprises the condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim consolidated balance sheet, condensed interim consolidated cash flow statement, condensed interim consolidated statement of changes in equity and related notes. 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.

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. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2013 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.

PricewaterhouseCoopers LLP Chartered Accountants

London
10 February 2014

Notes:

- (a) The maintenance and integrity of the McBride plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed interim consolidated income statement

	Note	Unaudited 6 months to 31 Dec 2013 £m	Re-presented* Unaudited 6 months to 31 Dec 2012 £m	Re-presented* Audited Year ended 30 June 2013 £m
Revenue	5	380.3	378.2	761.4
Cost of sales		(253.9)	(257.0)	(512.7)
Gross profit		126.4	121.2	248.7
Distribution costs		(26.3)	(25.7)	(51.4)
Administrative costs		(93.1)	(86.6)	(182.3)
Operating profit	5	7.0	8.9	15.0
Finance costs		(5.4)	(5.2)	(10.0)
Finance income		2.1	2.0	4.0
Net finance costs		(3.3)	(3.2)	(6.0)
Profit before tax		3.7	5.7	9.0
Taxation	8	(0.7)	(1.5)	(3.5)
Profit for the period attributable to owners of the Company		3.0	4.2	5.5
Operating profit	5	7.0	8.9	15.0
Adjusted for:				
Amortisation of intangible assets		0.6	0.5	1.1
Change in contingent consideration		–	–	1.6
Exceptional items		2.6	2.0	5.9
Adjusted operating profit	5	10.2	11.4	23.6
Earnings per ordinary share (pence)	7			
Basic		1.6	2.3	3.0
Diluted		1.6	2.3	3.0

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

Condensed interim consolidated statement of comprehensive income

	Unaudited 6 months to 31 Dec 2013 £m	Represented* Unaudited 6 months to 31 Dec 2012 £m	Represented* Audited Year ended 30 June 2013 £m
Profit for the period attributable to owners of the Company	3.0	4.2	5.5
Other comprehensive (expense)/income			
Items that may be reclassified to profit and loss:			
Currency translation differences on foreign subsidiaries	(3.4)	0.8	5.5
Gain/(loss) on net investment hedges	2.7	(0.8)	(4.7)
(Loss)/gain on cash flow hedges	(2.6)	(1.0)	0.4
Loss on cash flow hedges transferred to profit or loss	0.4	2.0	2.4
Taxation relating to items above	0.5	(0.2)	(0.7)
	(2.4)	0.8	2.9
Items that will not be reclassified to profit or loss:			
Net actuarial loss on post-employment benefits	(5.1)	(3.6)	(7.2)
Taxation relating to item above	0.3	0.3	1.4
	(4.8)	(3.3)	(5.8)
Total other comprehensive expense	(7.2)	(2.5)	(2.9)
Total comprehensive (expense)/income for the period	(4.2)	1.7	2.6

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

Condensed interim consolidated balance sheet

	Note	Unaudited as at 31 Dec 2013 £m	Unaudited as at 31 Dec 2012 £m	Audited as at 30 June 2013 £m
Non-current assets				
Goodwill		30.6	32.6	30.8
Other intangible assets		3.0	2.9	3.3
Property, plant and equipment	6	165.5	169.9	173.6
Derivative financial instruments		–	0.1	0.1
Deferred tax		8.8	3.0	5.5
Other non-current assets		0.6	0.6	0.6
		208.5	209.1	213.9
Current assets				
Inventories		81.4	80.6	85.2
Trade and other receivables		133.0	135.8	144.5
Derivative financial instruments		0.5	–	0.9
Cash and cash equivalents	10	16.3	11.7	4.9
Assets classified as held for sale		1.3	1.2	1.3
		232.5	229.3	236.8
Total assets		441.0	438.4	450.7
Current liabilities				
Trade and other payables		186.1	190.9	197.9
Borrowings	10	47.5	42.0	41.9
Derivative financial instruments		0.9	1.6	0.7
Current tax liabilities		6.0	6.8	9.0
Provisions		1.7	3.0	2.3
		242.2	244.3	251.8
Non-current liabilities				
Trade and other payables		5.3	3.9	5.6
Borrowings	10	53.6	47.5	49.8
Derivative financial instruments		2.8	2.1	1.5
Pension and other post-employment benefits	13	30.5	22.6	26.0
Provisions		0.5	0.5	0.5
Deferred tax liabilities		9.5	8.5	8.8
		102.2	85.1	92.2
Total liabilities		344.4	329.4	344.0
Net assets		96.6	109.0	106.7
Equity				
Issued share capital		18.3	18.3	18.3
Share premium account		114.6	123.7	120.6
Other reserves		25.9	17.2	22.4
Accumulated loss		(62.8)	(50.8)	(55.2)
Equity attributable to owners of the Company		96.0	108.4	106.1
Non-controlling interests		0.6	0.6	0.6
Total equity		96.6	109.0	106.7

Condensed interim consolidated cash flow statement

	Unaudited 6 months to 31 Dec 2013 £m	Re-presented* Unaudited 6 months to 31 Dec 2012 £m	Re-presented* Audited Year ended 30 June 2013 £m
Operating activities			
Profit before tax	3.7	5.7	9.0
Net finance costs	3.3	3.2	6.0
Change in contingent consideration	–	–	1.6
Exceptional items	2.6	2.0	5.9
Share based payments	0.1	0.1	0.1
Loss/(profit) on sale of non-current assets	0.1	(0.1)	–
Depreciation of property, plant and equipment	11.8	11.5	23.9
Amortisation of intangible assets	0.6	0.5	1.1
Operating cash flow before changes in working capital	22.2	22.9	47.6
Decrease in receivables	8.9	6.9	2.7
Decrease/(increase) in inventories	2.0	(7.9)	(10.3)
(Decrease)/increase in payables	(8.3)	(0.3)	1.1
Operating cash flow after changes in working capital	24.8	21.6	41.1
Additional cash funding of pension schemes	(1.3)	(1.0)	(1.8)
Cash flow from operations (before exceptional items)	23.5	20.6	39.3
Cash outflow in respect of exceptional items	(3.0)	(5.8)	(8.4)
Cash generated from operations	20.5	14.8	30.9
Interest paid	(2.4)	(2.3)	(4.3)
Taxation (paid)/received	(5.0)	0.9	(1.4)
Net cash from operating activities	13.1	13.4	25.2
Investing activities			
Proceeds from sale of non-current assets	0.1	0.5	0.4
Purchase of property, plant and equipment	(8.3)	(4.8)	(15.0)
Purchase of intangible assets	(0.3)	(0.3)	(1.2)
Acquisition of subsidiaries	–	(0.5)	(0.5)
Settlement of derivatives used in net investment hedging	0.9	0.2	(2.0)
Net cash used in investing activities	(7.6)	(4.9)	(18.3)
Financing activities			
Redemption of B Shares	(5.9)	(5.6)	(8.7)
Drawdown of bank loans	59.9	40.6	85.7
Repayment of bank loans	(37.9)	(43.1)	(99.5)
Capital element of finance lease rentals	(0.2)	(0.1)	(0.1)
Net cash from/(used) in financing activities	15.9	(8.2)	(22.6)
Increase/(decrease) in cash and cash equivalents	21.4	0.3	(15.7)
Net cash and cash equivalents at start of the period	(8.3)	7.6	7.6
Currency translation differences	–	0.7	(0.2)
Net cash and cash equivalents at end of the period	13.1	8.6	(8.3)
Net cash and cash equivalents comprise:			
Cash and Cash equivalents	16.3	11.7	4.9
Overdrafts	(3.2)	(3.1)	(13.2)
Net cash and cash equivalents at end of the period	13.1	8.6	(8.3)

Condensed interim consolidated statement of changes in equity

	Issued share capital £m	Share premium account £m	Other reserves			Accumulated loss £m	Equity attributable to owners of the Company Total £m	Non-controlling interests £m	Total equity and reserves £m
			Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m				
At 1 July 2013	18.3	120.6	(1.4)	(0.7)	24.5	(55.2)	106.1	0.6	106.7
Profit for the period	-	-	-	-	-	3.0	3.0	-	3.0
Other comprehensive income/(expense)									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	-	-	-	(3.4)	-	-	(3.4)	-	(3.4)
Gain on net investment hedges	-	-	-	2.7	-	-	2.7	-	2.7
Loss on cash flow hedges in the period	-	-	(2.6)	-	-	-	(2.6)	-	(2.6)
Loss on cash flow hedges transferred to profit or loss	-	-	0.4	-	-	-	0.4	-	0.4
Taxation relating to items above	-	-	0.5	-	-	-	0.5	-	0.5
	-	-	(1.7)	(0.7)	-	-	(2.4)	-	(2.4)
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post employment benefits	-	-	-	-	-	(5.1)	(5.1)	-	(5.1)
Taxation relating to items above	-	-	-	-	-	0.3	0.3	-	0.3
	-	-	-	-	-	(4.8)	(4.8)	-	(4.8)
Total other comprehensive expense	-	-	(1.7)	(0.7)	-	(4.8)	(7.2)	-	(7.2)
Total comprehensive expense	-	-	(1.7)	(0.7)	-	(1.8)	(4.2)	-	(4.2)
Transactions with owners of the Company									
Issue of B Shares	-	(6.0)	-	-	-	-	(6.0)	-	(6.0)
Redemption of B Shares	-	-	-	-	5.9	(5.9)	-	-	-
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
At 31 December 2013	18.3	114.6	(3.1)	(1.4)	30.4	(62.8)	96.0	0.6	96.6

Condensed interim consolidated statement of changes in equity continued

	Issued share capital £m	Share premium account £m	Other reserves			Accumulated loss £m	Equity attributable to owners of the Company Total £m	Non-controlling interests £m	Total equity and reserves £m
			Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m				
At 1 July 2012	18.3	129.2	(3.5)	(1.5)	15.8	(46.5)	111.8	0.6	112.4
Profit for the period	-	-	-	-	-	4.2	4.2	-	4.2
Other comprehensive income/(expense)									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	-	-	-	0.8	-	-	0.8	-	0.8
Loss on net investment hedges	-	-	-	(0.8)	-	-	(0.8)	-	(0.8)
Loss on cash flow hedges in the period	-	-	(1.0)	-	-	-	(1.0)	-	(1.0)
Loss on cash flow hedges transferred to profit or loss	-	-	2.0	-	-	-	2.0	-	2.0
Taxation relating to items above	-	-	(0.2)	-	-	-	(0.2)	-	(0.2)
	-	-	0.8	-	-	-	0.8	-	0.8
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post employment benefits	-	-	-	-	-	(3.6)	(3.6)	-	(3.6)
Taxation relating to items above	-	-	-	-	-	0.3	0.3	-	0.3
	-	-	-	-	-	(3.3)	(3.3)	-	(3.3)
Total other comprehensive income/(expense)	-	-	0.8	-	-	(3.3)	(2.5)	-	(2.5)
Total comprehensive income	-	-	0.8	-	-	0.9	1.7	-	1.7
Transactions with owners of the Company									
Issue of B Shares	-	(5.5)	-	-	-	-	(5.5)	-	(5.5)
Redemption of B Shares	-	-	-	-	5.6	(5.6)	-	-	-
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
Transfer of own shares	-	-	-	-	-	0.3	0.3	-	0.3
At 31 December 2012	18.3	123.7	(2.7)	(1.5)	21.4	(50.8)	108.4	0.6	109.0

Condensed interim consolidated statement of changes in equity continued

	Issued share capital £m	Share premium account £m	Other reserves			Accumulated loss £m	Equity attributable to owners of the Company Total £m	Non-controlling interests £m	Total equity and reserves £m
			Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m				
At 1 July 2012	18.3	129.2	(3.5)	(1.5)	15.8	(46.5)	111.8	0.6	112.4
Profit for the period	-	-	-	-	-	5.5	5.5	-	5.5
Other comprehensive income/(expense)									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	-	-	-	5.5	-	-	5.5	-	5.5
Loss on net investment hedges	-	-	-	(4.7)	-	-	(4.7)	-	(4.7)
Gain on cash flow hedges in the period	-	-	0.4	-	-	-	0.4	-	0.4
Loss on cash flow hedges transferred to profit or loss	-	-	2.4	-	-	-	2.4	-	2.4
Taxation relating to items above	-	-	(0.7)	-	-	-	(0.7)	-	(0.7)
	-	-	2.1	0.8	-	-	2.9	-	2.9
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post employment benefits	-	-	-	-	-	(7.2)	(7.2)	-	(7.2)
Taxation relating to items above	-	-	-	-	-	1.4	1.4	-	1.4
	-	-	-	-	-	(5.8)	(5.8)	-	(5.8)
Total other comprehensive income/(expense)	-	-	2.1	0.8	-	(5.8)	(2.9)	-	(2.9)
Total comprehensive income/(expense)	-	-	2.1	0.8	-	(0.3)	2.6	-	2.6
Transactions with owners of the Company									
Issue of B Shares	-	(8.6)	-	-	-	-	(8.6)	-	(8.6)
Redemption of B Shares	-	-	-	-	8.7	(8.7)	-	-	-
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
Transfer of own shares	-	-	-	-	-	0.3	0.3	-	0.3
Taxation relating to items above	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
At 30 June 2013	18.3	120.6	(1.4)	(0.7)	24.5	(55.2)	106.1	0.6	106.7

Notes to the condensed interim financial statements

1. Basis of preparation

McBride plc ('the Company') is a company incorporated and domiciled in the United Kingdom. The Company's ordinary shares are listed on the London Stock Exchange. The registered office of the Company is Middleton Way, Middleton, Greater Manchester, M24 4DP.

The Company and its subsidiaries (together, 'the Group') comprise Europe's leading provider of Private Label Household and Personal Care products to major retailers.

This Half Year Report has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority; IAS 34 'Interim Financial Reporting' as adopted by the European Union; on the basis of the accounting policies and the recognition and measurement requirements of IFRS applied in the financial statements at 30 June 2013 and those standards that have been endorsed by the European Union and will be applied at 30 June 2014. This report should be read in conjunction with the financial statements for the year ended 30 June 2013.

The results for each half-year are unaudited and do not represent the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial information has been reviewed, not audited. The Group's statutory accounts were approved by the Directors on 2 September 2013 and have been reported on by PricewaterhouseCoopers LLP and delivered to the Registrar of Companies. The report of PricewaterhouseCoopers LLP was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 of the Companies Act 2006.

Going concern basis

The Group meets its funding requirements through internal cash generation and bank credit facilities, most of which are committed until June 2015. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate comfortably within its current bank facilities. In addition, during the period the Group successfully secured further debt facilities of \$50 million from a US Private Placement. On this basis, the Directors are confident that the Group will be able to extend or refinance these facilities as and when required.

The Group has a relatively conservative level of debt-to-equity gearing. As a result, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements were approved by the Board on 10 February 2014.

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2013, except for:

- IAS 19 (Revised 2011) 'Employee Benefits'
- IAS 28 (Revised 2011) 'Investments in Associates and Joint Ventures'
- IFRS 13 'Fair value measurement'

Of the above changes to accounting policies, only the adoption of IAS 19 will have a financial effect on the consolidated financial statements for the year ended 30 June 2014. In addition, management have re-presented prior year administration costs to be aligned on a consistent basis with current year in relation to the allocation of engineering costs between direct and indirect.

Adoption of IAS 19 (Revised 2011) 'Employee Benefits'

Amendments to IAS 19, which fully impact the accounting for the Group's defined benefit pension schemes for the first time in the annual report for the year to 30 June 2014, are reflected in the condensed interim financial statements. The IAS 19 amendments affect the pensions disclosure as follows:

- Pension scheme administration costs are now charged to operating profit. However, the costs of managing pension scheme assets continue to be deducted in arriving at the actual return on the scheme assets.
- The Group's consolidated income statement now reflects a net interest cost, calculated by applying the discount rate used to measure the benefit obligation to the net deficit on the scheme as at the beginning of the year. Essentially, therefore, in the Group's income statement the expected return on the scheme assets has been replaced by an interest credit. Differences between the actual return on the scheme assets and the interest credit are recognised on a separate line in other comprehensive income.

Notes to the condensed interim financial statements continued

The combined impact of the amendments to IAS 19 has been to increase the income statement cost of the Group's defined benefit pension scheme for the year ended 30 June 2013 as follows:

- Pension scheme administration costs are now charged to operating profit amounting to £0.4 million;
- Net interest cost increased by £0.1 million; and
- Offset by taxation relating to the above items.

Adjusted results

The Group believes that adjusted operating profit and adjusted earnings per share provide additional useful information to shareholders on the underlying performance achieved by the Group. These measures are used for internal performance analysis and short and long-term incentive arrangements for employees. Adjusting items include amortisation of intangible assets, exceptional items, changes in estimates of contingent consideration arising on business combinations, any non-cash financing costs from unwind of discount on initial recognition of contingent consideration and any related tax.

Segment reporting

For segment reporting purposes the Executive Management Team, designated as Chief Operating Decision Maker ('CODM'), regularly reviews the adjusted result described above as the profit measure by operating segment – excluding unallocated corporate expenses, to assess performance and allocate resources. Therefore, the segment profit measure is defined as adjusted results excluding unallocated corporate expenses. This measure is believed to be the most representative of the underlying performance of the Group.

Taxation

Taxation in the interim period is accrued using the tax rate that would be applicable to the expected annual profit or loss.

3. Critical accounting judgments and estimates

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 June 2013.

4. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and they should be read in conjunction with the Group's annual financial statements as at 30 June 2013. There have been no changes in the risk management policies since the year end.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

Notes to the condensed interim financial statements continued

4. Financial risk management continued

	Unaudited 6 months to 31 Dec 2013 £m	Unaudited 6 months to 31 Dec 2012 £m	Audited Year ended 30 Jun 2013 £m
Assets			
Level 2:			
Derivative financial instruments			
– Forward currency contracts	–	–	0.9
– Interest rate caps	0.5	0.1	0.1
Total assets	0.5	0.1	1.0
Liabilities			
Level 2:			
Derivative financial instruments			
– Forward currency contracts	(0.9)	(1.6)	(0.2)
– Interest rate swaps	(2.8)	(2.1)	(2.0)
	(3.7)	(3.7)	(2.2)
Level 3:			
Contingent consideration	(5.3)	(3.9)	(5.6)
Total liabilities	(9.0)	(7.6)	(7.8)

Derivative financial instruments

Derivative financial instruments comprise the foreign currency derivatives and interest rate derivatives that are held by the Group in designated hedging relationships. Foreign currency forward contracts are measured by reference to prevailing forward exchange rates. Foreign currency options are measured using a variant of the Monte Carlo valuation model. Interest rate swaps and caps are measured by discounting the related cash flows using yield curves derived from prevailing market interest rates.

Contingent consideration

Contingent consideration is measured at fair value based upon management's estimates of the future sales and profitability of the acquired business.

On 1 September 2010, the Group acquired 70% of the share capital of Dermacol a.s., a manufacturer of Skincare products in the Czech Republic. Under the terms of the acquisition, the Group agreed to pay fixed installments on completion and within one year of completion and further installments based on Dermacol's revenue in each financial year in the five-year period ending 30 June 2017. The Group also agreed to purchase the remaining 30% of the share capital of Dermacol in 2017 for consideration based on Dermacol's operating profit for the financial year ending 30 June 2017.

Valuation levels and techniques

There were no transfers between levels during the period and no changes in valuation techniques.

Financial assets and liabilities measured at amortised cost

The fair value of borrowings are as follows:

	Unaudited 31 Dec 2013 £m	Unaudited 31 Dec 2012 £m	Audited 30 Jun 2013 £m
Non current	53.6	47.5	49.8
Current	47.5	42.0	41.9
Total borrowings	101.1	89.5	91.7

The fair value of the following financial assets and liabilities approximate to their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Trade and other payables

Notes to the condensed interim financial statements continued

5. Segment information

While the Group is managed on a functional basis, its markets are defined by geography. Accordingly, the Group's operating segments continue to be determined on a geographical basis.

	Unaudited 6 months to 31 Dec 2013 £m	Unaudited 6 months to 31 Dec 2012 £m	Audited Year ended 30 Jun 2013 £m
United Kingdom	132.8	150.0	286.3
Western Europe	214.3	196.9	409.9
Rest of the World	33.2	31.3	65.2
Total segment revenue	380.3	378.2	761.4

	Unaudited 6 months to 31 Dec 2013 £m	Re-presented* Unaudited 6 months to 31 Dec 2012 £m	Re-presented* Audited Year ended 30 Jun 2013 £m
United Kingdom	2.1	6.9	14.5
Western Europe	10.8	7.2	14.3
Rest of the World	0.4	0.6	2.0
Total segment profit	13.3	14.7	30.8

	Unaudited 31 Dec 2013 £m	Unaudited 31 Dec 2012 £m	Audited 30 Jun 2013 £m
United Kingdom	162.9	170.6	163.4
Western Europe	219.3	213.0	232.3
Rest of the World	56.1	53.0	54.8
Total segment assets	438.3	436.6	450.5
Corporate	2.7	1.8	0.2
Total assets	441.0	438.4	450.7

	Unaudited 31 Dec 2013 £m	Unaudited 31 Dec 2012 £m	Audited 30 Jun 2013 £m
United Kingdom	(118.9)	(106.8)	(105.3)
Western Europe	(134.3)	(154.4)	(151.0)
Rest of the World	(18.4)	(15.6)	(19.2)
Total segment assets	(271.6)	(276.8)	(275.5)
Corporate	(72.8)	(52.6)	(68.5)
Total liabilities	(344.4)	(329.4)	(344.0)

Reconciliation of Segment profit to profit before tax

	Unaudited 6 months to 31 Dec 2013 £m	Re-presented* Unaudited 6 months to 31 Dec 2012 £m	Re-presented* Audited Year ended 30 Jun 2013 £m
Total segment profit	13.3	14.7	30.8
Corporate costs	(3.1)	(3.3)	(7.2)
Adjusted operating profit	10.2	11.4	23.6
Amortisation of intangible assets	(0.6)	(0.5)	(1.1)
Change in contingent consideration	–	–	(1.6)
Exceptional items	(2.6)	(2.0)	(5.9)
Operating profit	7.0	8.9	15.0
Net financing costs	(3.3)	(3.2)	(6.0)
Profit before tax	3.7	5.7	9.0

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

Notes to the condensed interim financial statements continued

6. Property, plant and equipment

	Total £m
Net book value at 1 July 2013 (audited)	173.6
Exchange movements	(3.1)
Additions	7.3
Disposals	(0.1)
Impairment on long-lived assets	(0.4)
Depreciation charge	(11.8)
Net book value at 31 December 2013 (unaudited)	165.5

Capital commitments as at 31 December 2013 amounted to £7 million.

7. Earnings per ordinary share

		Unaudited 6 months to 31 Dec 2013 £m	Re-presented* Unaudited 6 months to 31 Dec 2012 £m	Re-presented* Audited Year ended 30 Jun 2013 £m
Earnings (£m)	a	3.0	4.2	5.5
Weighted average number of ordinary shares (million)	b	182.2	182.1	182.4
Basic earnings per share (pence)	a/b	1.6	2.3	3.0

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on assumption of conversion of all potentially dilutive ordinary shares. During the period, the Company had equity settled LTIP awards with a nil exercise price that are potentially dilutive ordinary shares.

		Unaudited 6 months to 31 Dec 2013 £m	Re-presented* Unaudited 6 months to 31 Dec 2012 £m	Re-presented* Audited Year ended 30 Jun 2013 £m
Weighted average number of ordinary shares (million)	b	182.2	182.1	182.4
Effect of dilutive share awards (million)		0.7	0.1	0.6
Effect of dilutive SAYE scheme shares (million)		–	0.4	–
Weighted average number of ordinary shares for calculating diluted earnings per share (million)	c	182.9	182.6	183.0
Diluted earnings per share (pence)	a/c	1.6	2.3	3.0

Adjusted basic earnings per share applies to earnings excluding adjusting items as defined in note 2 since the directors consider that this gives additional information as to the underlying performance of the Group.

		Unaudited 6 months to 31 Dec 2013 £m	Re-presented* Unaudited 6 months to 31 Dec 2012 £m	Re-presented* Audited Year ended 30 Jun 2013 £m
£m				
Earnings used to calculate basic and diluted EPS	a	3.0	4.2	5.5
Exceptional items		2.6	2.0	5.9
Amortisation of intangible assets		0.6	0.5	1.1
Changes in contingent consideration		–	–	1.6
Unwind of discount on contingent consideration		0.1	0.3	0.3
Taxation relating to the above items		(0.8)	(0.8)	(1.1)
Earnings before adjusting items	d	5.5	6.2	13.3
Adjusted basic earnings per share (pence)	d/b	3.0	3.4	7.3
Adjusted diluted earnings per share (pence)	d/c	3.0	3.4	7.3

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

8. Taxation

The £0.7 million (2012: £1.5m) tax charge reflects an effective tax rate of 19% (2012: Re-presented 26%). The tax rate for the period ended 31 December 2013 has benefited from a one-off credit on the revaluation of deferred tax assets and liabilities arising from the future reduction in the statutory tax rate in the UK from 23% to 21%. The tax rate will not benefit from a similar one off credit in the second half of the year.

Notes to the condensed interim financial statements continued

9. Payments to shareholders

Payments to ordinary shareholders are made by way of the issue of B Shares in place of income distributions. Ordinary shareholders are able to redeem any number of the B Shares issued to them for cash. Any B Shares that they retain attract a dividend of 75 per cent of LIBOR on the 0.1 pence nominal value of each share, paid on a twice-yearly basis.

Payments to ordinary shareholders made or proposed in respect of each period were as follows:

	Unaudited 6 months to 31 Dec 2013* £m	Unaudited 6 months to 31 Dec 2012 £m	Audited Year ended 30 Jun 2013 £m
Pence per share			
Interim	1.7	1.7	1.7
Final	n/a	n/a	3.3

* Proposed interim payment to shareholders that is not recognised within these condensed interim consolidated financial statements.

Movements in the B Shares were as follows:

	Number	Nominal value £m
At 1 July 2012 (audited)	495,384,888	0.5
Issued	5,465,811,510	5.5
Redeemed	(5,591,305,669)	(5.6)
At 31 December 2012 (unaudited)	369,890,729	0.4
Issued	3,097,558,253	3.1
Redeemed	(3,072,556,350)	(3.1)
At 30 June 2013 (audited)	394,892,632	0.4
Issued	6,012,907,197	6.0
Redeemed	(5,918,285,044)	(5.9)
At 31 December 2013 (unaudited)	489,514,785	0.5

10. Net debt

	Audited as at 30 Jun 2013 £m	Cash flow £m	Exchange differences £m	Unaudited as at 31 Dec 2013 £m
Cash and cash equivalents	4.9	11.6	(0.2)	16.3
Overdrafts	(13.2)	9.8	0.2	(3.2)
Net cash and cash equivalents	(8.3)	21.4	-	13.1
Bank and other loans	(78.2)	(22.0)	2.4	(97.8)
Finance lease liabilities	(0.3)	0.2	-	(0.1)
Net debt	(86.8)	(0.4)	2.4	(84.8)

11. Exceptional items

Exceptional items are presented separately as, due to their nature or the infrequency of the events giving rise to them, this allows users of the financial statements to understand better the elements of financial performance for the year, to facilitate comparison with prior periods, and to assess the trends of financial performance.

During the period ended 31 December 2013, the Group recognised further exceptional costs of £2.2 million in relation to the finalisation of a functional structure with centralised support services located in Manchester, comprising project management, consulting costs and redundancy costs.

In addition, the Group relocated its Head office from London to Manchester, this gave rise to additional redundancy costs. An impairment charge was also recognised on certain assets of £0.4 million.

The amounts are summarised below:

	Unaudited 6 months to 31 Dec 2013 £m
Functional reorganisation	2.2
Impairment of long-lived assets	0.4
	2.6

Notes to the condensed interim financial statements continued

12. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and, therefore, are not required to be disclosed in these condensed interim financial statements.

Key management compensation and transactions with the Group's pension and post-employment schemes for the financial year ended 30 June 2013 are detailed in note 29 (page 124) McBride plc's 2013 Annual Report. A copy of McBride plc's Annual Report is available on McBride's website at www.mcbride.co.uk. There have been no changes in the composition of the Executive Management Team or in the type of transactions with them since the year end.

13. Pensions and post-employment benefits

The Group operates a number of post-employment benefit arrangements. In the UK, the Group operates a defined benefit pension scheme and defined contribution schemes. Together, these schemes cover most of the Group's UK employees. Elsewhere in Europe, the Group has a number of unfunded post-employment benefit arrangements.

During 2013, a triennial valuation of the Robert McBride Pension Fund ('the Fund') as at 31 March 2012 was finalised. The valuation for the purpose of the Fund showed a deficit in the Fund of £32.7 million. The Group has agreed with the Trustees that it will aim to eliminate the deficit in the Fund by 2026 and increase its monthly deficit-funding contributions with effect from July 2013. Overall, the Group expects to contribute £3.9 million to the Fund during 2014.

For accounting purposes, the Fund's benefit obligation as at 31 December 2013 has been calculated based on data gathered for the triennial actuarial valuation and by applying assumptions made by the Group on the advice of an independent actuary in accordance with IAS 19 'Employee Benefits'.

14. Contingent liabilities

The Group is in discussion with a local authority regarding possible remedial actions in relation to potential historical environmental contamination at one of its sites. The high degree of uncertainty about the nature of any possible remedial action means that the Group cannot predict the outcome of the discussion and any associated costs. Short-term precautionary measures are being taken to mitigate the possible impact of any potential contamination.

It is possible that agreement will be reached with the local authority during this financial year such that a reliable estimate of any associated costs could be made. If material, any such costs would be classified as an adjusting item.

15. Key Performance Indicators (KPIs)

Management uses a number of KPIs to measure the Group's performance and progress against its strategic objectives. The most important of these are noted and defined below:

- Organic revenue growth – Change in revenue adjusted for the effect of exchange rate movements (constant currency).
- Adjusted operating profit – Operating profit before adjusting items.
- Adjusted operating margin – Adjusted operating profit as a percentage of revenue.
- Adjusted diluted earnings per share – Profit attributable to shareholders before adjusting items divided by the weighted average number of ordinary shares used for calculating diluting earnings per share.
- Return on capital employed – Adjusted operating profit as a percentage of average year-end net assets excluding net debt.

Other information

Financial calendar for the year ending 30 June 2014

Payments to shareholders

Interim	Announcement Entitlement to B Shares Redemption of B Shares	11 February 2014 25 April 2014 30 May 2014
Final	Announcement Entitlement to B Shares Redemption of B Shares	10 September 2014 October 2014 November 2014

Results

Interim	Announcement	11 February 2014
Preliminary statement for full year Report and Accounts	Announcement Circulated	10 September 2014 September 2014
Annual General Meeting	To be held	20 October 2014

Exchange rates

The exchange rates used for conversion to sterling were as follows:

	6 months to 31 Dec 2013	6 months to 31 Dec 2012	Year ended 30 June 2013
Average rate:			
Euro	1.18	1.25	1.21
Polish Zloty	4.98	5.16	5.04
Czech Koruna	31.00	31.44	30.84
Hungarian Forint	351.32	354.31	351.24
Malaysian Ringgit	5.11	4.92	4.84
Australian Dollar	1.72	1.53	1.53
Chinese Yuan	9.68	10.03	9.80
Closing rate:			
Euro	1.20	1.23	1.17
Polish Zloty	4.98	5.03	5.05
Czech Koruna	32.90	30.94	30.31
Hungarian Forint	356.29	359.05	343.67
Malaysian Ringgit	5.42	4.97	4.79
Australian Dollar	1.85	1.57	1.66
Chinese Yuan	10.01	10.13	9.31

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McBride has been accepted into the FTSE4Good Index of leading companies which meet globally recognised corporate responsibility standards.



McBride has been a leading contributor in the development of the AISE Charter for sustainable cleaning and was the first Private Label company to achieve Charter status.