Delivering in today's markets

McBride plc
Half Year Report 2008

We are Europe's leading provider of Private Label Household and Personal Care products, developing, producing and selling our products to leading retailers primarily in the UK and across Continental Europe. We manage the business through three divisions – UK, Western Continental Europe and Eastern Continental Europe – with sales in all major European markets and many beyond.

We consistently deliver our strategy through:

→ Growth
→ Efficiency
→ Scale
→ Innovation
→ Sustainability

Highlights

- Revenue up 14% to £392.2m (2007: £342.9m)
- Private Label dynamics strong across all our European markets confirming our strategy
- As expected, adjusted operating profit[1] was down to £14.3m (2007: £16.0m) due to continuing higher input costs. The operating margin was 3.6% (2007: 4.7%). Reported operating profit was £7.8m (2007: £13.5m)
- Adjusted diluted earnings per share[1] were 4.7p (2007: 5.5p). Reported diluted earnings per share were 2.0p (2007: 4.5p)
- Interim dividend per share at 1.7p (2007: 1.7p)
- Net cash generated from operations before exceptional items was £27.7m (2007: £14.6m)
- Net debt was £104.7m at 31 December 2008, an increase of £1.4m in the six month period. This increase reflected £16.6m of adverse exchange rate movements, primarily on Euro denominated debt

(1) Adjusted operating profit and adjusted diluted earnings per share are calculated before amortisation of intangible assets and exceptional items.

"These results are in line with our expectations and have been achieved in a very difficult environment. We experienced revenue growth in our three largest markets; France, UK and Italy, where Private Label continues to increase share. The divisional restructuring programmes and ongoing improvements in our cost base helped offset the continued increases in our raw material costs. Operating cash flows also grew, reflecting our continuous focus on cash and working capital management.

Trading since the end of December has been good and our strategy remains underpinned by the consumer trend towards Private Label and our continuing focus on driving cost and cash efficiencies."

Miles Roberts
Chief Executive

Business review

Overview

The Group's first half performance was driven by revenue growth and operational efficiencies, despite further increases in raw material costs.

- Revenue was ahead of prior year first half in all divisions, driven by favourable exchange rate movements and organic growth
- Organic revenue[(1)] was up 4% overall on prior year's first half, with Household revenues increasing by 2% and Personal Care by 11%
- Sales (by destination) increased in our major markets of UK up 5%, France up 9% and Italy up 9%
- The current squeeze on consumer spending is leading consumers to switch to Private Label offerings to secure best value. Overall, in Western Europe, Private Label sales (in value) in Household products grew by between 4-5% over the last twelve months
- Adjusted operating profit[(2)] for the first half was £14.3m (2007: £16.0m)
- Raw material costs provided a significant challenge and continued to increase into the second quarter. These cost pressures were largely offset by securing selling price increases and improvements in the Group's cost base, although the results do reflect the time lag between raw material prices rising and McBride securing customer price increases
- 2007 acquisitions continue to perform in line with expectation
- Strong cash generated from operations, before exceptional items, at £27.7m (2007: £14.6m) reflected a continuing focus on working capital management
- The programmes to reconfigure the UK's manufacturing capabilities and restructure Western Continental Europe are progressing to plan and will deliver cost savings going forward. In relation to these projects there was a £5.7m pre-tax operating exceptional charge in the first half
- In the UK, revenue was up 6% to £161.5m (2007: £151.8m). Adjusted operating profit[(2)] declined 7% to £8.6m (2007: £9.2m)
- The Western Continental Europe business revenue was up 20% to £225.2m (2007: £188.2m). This reflected strong contributions from all its major markets and continuing strong performances from the acquisitions made in 2007. Adjusted operating profit[(2)] declined 2% to £6.1m (2007: £6.2m)
- Eastern Continental Europe revenues were up 6% to £17.3m (2007: £16.3m) and adjusted operating profit[(2)] was flat at £1.0m (2007: £1.0m)

(1) Organic revenue is before any exchange rate movement impact.
(2) Adjusted operating profit is before amortisation of intangible assets and exceptional items.

Strategy

The Household and Personal Care markets in which McBride operates are large and dynamic with their long term growth driven by levels of disposable income, the rate of household formation and new product innovations that reflect lifestyle changes or deliver improved performance or greater convenience.

McBride is the leading provider of Private Label Household and Personal Care products in Europe. Its core strengths are the breadth and flexibility of its operations, its commitment to driving Private Label category development and a continuous focus and investment in new product development and operational efficiency.

McBride's strategy is to work in partnership with the major European grocery retailers in Private Label Household and Personal Care product categories, recognising that shareholders' long term interests lie in a cautious approach to Group capital structure whilst maintaining highly efficient manufacturing operations and only pursuing growth opportunities in its selected product categories.

Current trading and outlook

Trading since the end of December has been good and our strategy remains underpinned by the consumer trend towards Private Label and our continuing focus on driving cost and cash efficiencies.

Looking further ahead, we anticipate consumers will continue to seek greater value and performance resulting in further Private Label share gains, particularly in markets where current share is modest. McBride is well positioned to benefit from this trend.

UK business review

Revenue by origin (£m)
Six months to December 2008

During 2008 the economic environment has resulted in consumers reviewing their shopping habits and spending patterns. One of the increasing trends has been the switch to Private Label products.

The UK Household products market value growth was 2% in the six months to end December 2008. At the same time Private Label Household products grew 7% by value. Private Label's market share at the end of December 2008 was 22% up from 20% at June 2008. The strongest performing Private Label sectors included machine dishwashing products, cleaners and fabric conditioners.

In Personal Care, Private Label's value share of the market was stable at 19% at end December 2008. Product categories showing good Private Label growth were liquid soap, shower gels, mouthwash and roll-on deodorants.

McBride's UK business increased total revenue by 6% to £161.5m (2007: £151.8m). We have continued restructuring the business to improve efficiencies and have commissioned our new Personal Care facility at St Helens, which required a planned increase in costs during the start up of production.

During the half year we announced the closure of our Warrington and Coventry sites and these actions will benefit the business in the second half. We also continued to develop innovative new products to meet the changing customer requirements.

Adjusted operating profit declined by 7% reflecting material cost inflation as raw materials reached an all time high during the first quarter.

(Source of market data: McBride estimates based on Taylor Nelson Sofres retail selling price data.)

Western Continental Europe business review

Revenue by origin (£m)
Six months to December 2008

The markets of Western Europe are also experiencing the impact of the economic slow down, in particular the Spanish, German and French markets. The consumer shopping dynamics referred to above are also becoming evident across Europe with Private Label demand increasing.

France is McBride's largest market in Western Continental Europe. In the year to December 2008 the total Household market fell 3% reflecting the economic slowdown whilst the Personal Care market fell by 1%. However, Private Label continues to gain share, recording 4% and 3% growth in Household products and Personal Care respectively in the year to November 2008. Private Label performance was particularly strong in Household cleaners, laundry liquids and washing up liquid. In Personal Care, the market has been driven by strong performances in bath and shower products, liquid soap and shampoos. McBride grew sales by 9% in France.

In Italy, McBride's second largest market in Western Continental Europe, the year to end December 2008 saw the Household products market grow just 2% in value whilst Private Label Household product sales increased 7%. Private Label share increased to 14% in value terms from 13%. Our Italian business has continued to perform well in a competitive but growing market with sales up 9%.

In Spain in the 12 months to end December 2008 the total Household products market declined 1% whilst Private Label Household products grew almost 7%. In Spain, McBride's sales fell as we exited low margin commodity products.

In Western Continental Europe Personal Care grew by 27% (including 17% exchange) and we saw good organic growth in all our major markets. Recent investment in bottle blowing and filling capacity at the Ieper Personal Care factory has underpinned this growth.

Business review continued

McBride's Western Continental Europe business increased total sales by 20% to £225.2m (2007: £188.2m), with 18% driven by exchange and 2% organic growth.

Adjusted operating profit reduced by 2% as exchange, price increases overall and volume gains in Personal Care almost offset the continuing increases in raw materials that were observed during the first half.

(Source of market data: IRI retail selling price data with data for Italy for the whole market and for France and Spain including supermarkets and hypermarkets but not the hard discount sector.)

Eastern Continental Europe business review

Revenue by origin (£m)
Six months to December 2008

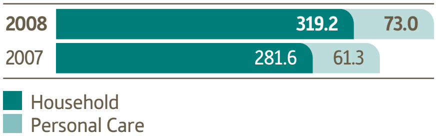
The countries that comprise our Eastern Continental Europe division continue to show strong organic market growth and increasing Private Label share driven by further retailer concentration in the region and the continuing focus of consumers on value for money products. Whilst the economic environment in the short term is challenging in some of our markets, we remain convinced that the potential for further Private Label growth across the region remains strong as the multinational retailers continue to develop their Private Label ranges and continue to expand their presence into the emerging markets in the region.

Total revenue in Eastern Continental Europe increased 6% to £17.3m (2007: £16.3m) and is performing in line with expectations. Private Label and minor branded sales in Poland were up 3.5% on the prior year. Adjusted operating profit was flat reflecting the impact of rising input costs and lower volumes offset by favourable currency movements and higher sales prices.

Group financial review

Revenue

Revenue by class of business (£m)
Six months to December 2008

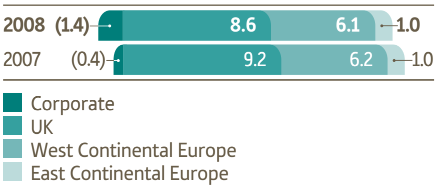


Group revenue increased 14% to £392.2m (2007: £342.9m). There was a favourable 10% translation benefit from the strengthening of the Euro and Polish Zloty against Sterling, and a net 4% growth primarily from selling price increases. Excluding translation, Household sales increased by 2% while Personal Care increased by 11%.

Overall, UK revenues increased by 6% to £161.5m (2007: £151.8m), Western Continental Europe's revenues improved by 20% to £225.2m (2007: £188.2m), and Eastern Continental Europe's revenues improved 6% to £17.3m (2007: £16.3m).

Operating profit

Operating profit (£m)*
Six months to December 2008



* Operating profit is calculated before amortisation of intangible assets and exceptional items.

Group operating profit, before amortisation of intangible assets and exceptional items (adjusted operating profit), declined 11% to £14.3m (2007: £16.0m). The operating margin reduced from 4.7% to 3.6% reflecting a significant increase in materials and other input costs, partially offset by price increases in all our territories and ongoing operational efficiencies.

Administrative costs increased 13% to £84.2m (2007: £74.2m), with 9% of this increase attributable to translation movements. Administrative costs as a percentage of revenue declined from 21.6% to 21.5%.

UK adjusted operating profit fell 7% to £8.6m (2007: £9.2m) and the operating margin declined from 6.1% to 5.3%. In Western Continental Europe, adjusted operating profit reduced 2% to £6.1m (2007: £6.2m) and the margin declined from 3.3% to 2.7%. In Eastern Continental Europe, adjusted operating profit was flat at £1.0m (2007: £1.0m) although the margin reduced from 6.1% to 5.8%.

Finance costs

Net finance costs increased to £2.8m (2007: £2.3m) mainly reflecting a higher average debt level.

Exceptional items and amortisation of intangible assets

There was a £5.7m pre-tax operating exceptional charge to the income statement in the period (2007: £1.7m). Of this £4.4m related to restructuring programmes in the UK and £1.3m to restructuring in Western Continental Europe, with most of the total charge redundancy related. There was a £0.8m amortisation of intangible assets charge in the period (2007: £0.8m).

Profit before tax and tax charge

Adjusted profit before tax declined 16% to £11.5m (2007: £13.7m). Reported profit before tax declined 55% to £5.0m (2007: £11.2m). The effective tax rate continued to reduce to 26% (2007: 27%), down from 30% in 2005 and 28% in 2006. Adjusted profit after tax declined 15% to £8.5m (2007: £10.0m).

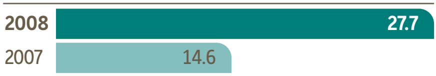
Earnings per share and dividend

Reported basic earnings per share were 2.1p (2007: 4.6p) and diluted earnings per share were 2.0p (2007: 4.5p). Adjusted basic and diluted earnings per share, calculated before amortisation of intangible assets and exceptional items, were 4.7p (2007: 5.6p) and 4.7p (2007: 5.5p) respectively. The weighted average number of shares in the period used in calculating basic and diluted earnings per share was 180.3m (2007: 180.0m) and 182.5m (2007: 181.6m) respectively.

An interim dividend of 1.7p per share (2007: 1.7p) will be paid on 22 May 2009 to shareholders on the register on 24 April 2009.

Cash flow and net debt

Cash generated from operations (£m)*



* Cash generated from operations is before exceptional items.

Net cash generated from operations, excluding cash flows relating to exceptional items, was strong at £27.7m (2007: £14.6m). There was a net working capital inflow in the first half of £1.6m (2007: £11.7m outflow) reflecting the benefits of both strong cash management in the business as well as a number of one-off creditor payments in the corresponding period last year.

Capital expenditure in the period was £7.4m (2007: £13.4m) reflecting the timing of purchasing commitments. Overall net debt at 31 December 2008 was £104.7m compared to £103.3m at 30 June 2008. The £1.4m deterioration included £16.6m of adverse currency effects partially offset by a return of consideration in respect of a prior period acquisition.

The Group has a total of £175m of credit facilities which remain committed until February 2011.

Balance sheet

Net assets were £5.0m higher at 31 December 2008 at £123.9m compared to 30 June 2008. Increase in net debt and fixed assets were both mainly due to exchange rate movements. The Euro strengthened against Sterling from 1.26 at 30 June 2008 to 1.03 at 31 December 2008.

The pre-tax return on average capital employed, before amortisation of intangible assets and exceptional items, was 12.7%, as compared to the year ended 30 June 2008 at 12.8%.

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 4.2.7R 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 4.2.8R 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 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 2008 and their respective responsibilities can be found on pages 27 and 31 of the McBride plc Annual Report and Accounts 2008.

By order of the Board

4 February 2009

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 2008 which comprises condensed consolidated income statement, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and the related explanatory 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.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Services Authority ('the UK FSA'). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

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 DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. 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 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc

Chartered Accountants
8 Salisbury Square
London EC4Y 8BB
4 February 2009

Consolidated income statement

	Note	Unaudited 6 months to 31 Dec 2008 £m	Unaudited 6 months to 31 Dec 2007 £m	Audited Year ended 30 June 2008 £m
Revenue	3	**392.2**	342.9	700.9
Cost of sales		**(267.3)**	(230.0)	(470.9)
Gross profit		**124.9**	112.9	230.0
Distribution costs		**(26.4)**	(22.7)	(47.2)
Administrative costs:				
Before amortisation of intangible assets and exceptional items		**(84.2)**	(74.2)	(155.8)
Amortisation of intangible assets		**(0.8)**	(0.8)	(1.6)
Exceptional items	4	**(5.7)**	(1.7)	(4.0)
Administrative costs including amortisation of intangible assets and exceptional items		**(90.7)**	(76.7)	(161.4)
Operating profit	3	**7.8**	13.5	21.4
Operating profit before amortisation of intangible assets and exceptional items		**14.3**	16.0	27.0
Financial income		**3.8**	3.2	6.0
Financial expenses		**(6.6)**	(5.5)	(11.7)
Net financing costs		**(2.8)**	(2.3)	(5.7)
Profit before tax		**5.0**	11.2	15.7
Taxation	5	**(1.3)**	(3.0)	(4.2)
Profit for the period	3	**3.7**	8.2	11.5
Earnings per ordinary share (pence)	6			
Basic		**2.1**	4.6	6.4
Diluted		**2.0**	4.5	6.3
Dividends				
Paid in period (£m)		**7.0**	7.0	10.1
Paid in period (pence per share)		**3.9**	3.9	5.6
Proposed (£m)		**3.1**	3.1	7.0
Proposed (pence per share)		**1.7**	1.7	3.9

Consolidated balance sheet

	Note	Unaudited as at 31 Dec 2008 £m	Unaudited as at 31 Dec 2007 £m	Audited as at 30 June 2008 £m
Non-current assets				
Intangible assets		**37.0**	41.2	42.1
Property, plant and equipment		**206.0**	175.2	187.3
Other non-current assets		**0.7**	0.5	0.5
Deferred tax		**–**	0.5	–
		243.7	217.4	229.9
Current assets				
Inventories		**80.7**	60.8	66.0
Trade and other receivables		**157.8**	130.0	135.3
Cash and cash equivalents		**7.8**	3.3	4.4
Assets classified as held for sale		**–**	1.3	0.9
		246.3	195.4	206.6
Total assets	3	**490.0**	412.8	436.5
Current liabilities				
Interest bearing loans and borrowings		**26.0**	19.4	24.5
Trade and other payables		**223.1**	159.7	183.3
Current tax payable		**–**	1.8	–
Provisions		**4.1**	2.0	2.0
		253.2	182.9	209.8
Non-current liabilities				
Interest bearing loans and borrowings		**86.5**	86.5	83.2
Pensions and other post-employment benefits		**6.2**	8.1	10.0
Provisions		**–**	0.9	–
Deferred tax		**18.0**	13.3	14.6
Other non-current liabilities		**2.2**	–	–
		112.9	108.8	107.8
Total liabilities	3	**366.1**	291.7	317.6
Net assets		**123.9**	121.1	118.9
Equity				
Issued share capital		**18.0**	18.0	18.0
Share premium account		**143.5**	143.0	143.0
Other reserves		**5.4**	1.3	0.3
Retained earnings		**(43.0)**	(41.2)	(42.4)
Total equity and reserves	9	**123.9**	121.1	118.9

Consolidated cash flow statement

	Note	Unaudited 6 months to 31 Dec 2008 £m	Unaudited 6 months to 31 Dec 2007 £m	Audited Year ended 30 June 2008 £m
Profit before tax		**5.0**	11.2	15.7
Net financing costs		**2.8**	2.3	5.7
Pre-tax exceptional charge in the period		**5.7**	1.7	4.0
Share based payments		**0.1**	–	–
Loss on sale of property, plant and equipment		**–**	–	0.1
Depreciation		**11.7**	10.3	21.8
Amortisation of intangible assets		**0.8**	0.8	1.6
		26.1	26.3	48.9
(Increase)/decrease in receivables		**(0.8)**	9.5	8.7
(Increase)/decrease in inventories		**(6.1)**	2.0	–
Increase/(decrease) in payables		**8.5**	(23.2)	(8.2)
Cash outflow in respect of exceptional items		**(3.0)**	(2.0)	(4.6)
Cash generated from operations		**24.7**	12.6	44.8
Interest paid		**(3.3)**	(3.5)	(7.5)
Taxation paid		**(1.6)**	(2.2)	(3.8)
Net cash from operating activities		**19.8**	6.9	33.5
Cash flows from investing activities				
Proceeds from sale of land and buildings		**1.8**	–	0.1
Acquisition of property, plant and equipment		**(7.4)**	(13.4)	(26.4)
Acquisition of intangible assets		**–**	–	(0.1)
Acquisition of businesses, net of cash acquired		**6.3**	(0.1)	–
Interest received		**1.3**	0.1	0.2
Forward contracts used in net investment hedging		**(1.3)**	(3.3)	(11.4)
Net cash used in investing activities		**0.7**	(16.7)	(37.6)
Cash flows from financing activities				
Proceeds from issue of share capital		**0.4**	1.5	1.5
Repurchase of own shares		**–**	(1.4)	(1.4)
(Repayment of)/increase in borrowings	8	**(10.1)**	9.3	12.3
Payment of finance lease liabilities		**(0.4)**	(0.5)	(0.9)
Dividends paid		**(7.0)**	(7.0)	(10.1)
Net cash (used in)/generated from financing activities		**(17.1)**	1.9	1.4
Net increase/(decrease) in cash and cash equivalents		**3.4**	(7.9)	(2.7)
Cash and cash equivalents at start of period		**(3.4)**	(1.0)	(1.0)
Effect of exchange rate fluctuations on cash held		**0.5**	0.1	0.3
Cash and cash equivalents at end of period		**0.5**	(8.8)	(3.4)
Reconciliation of cash and cash equivalents per the balance sheet and cash flow statement				
Cash and cash equivalents per the balance sheet		**7.8**	3.3	4.4
Overdrafts		**(7.3)**	(12.1)	(7.8)
Cash and cash equivalents per the cash flow statement		**0.5**	(8.8)	(3.4)

Consolidated statement of recognised income and expense

	Unaudited 6 months to 31 Dec 2008 £m	Unaudited 6 months to 31 Dec 2007 £m	Audited Year ended 30 June 2008 £m
Foreign exchange translation differences	**24.2**	10.3	19.8
Net loss on hedge of net investment in foreign subsidiaries	**(19.5)**	(9.6)	(18.9)
Effective portion of changes in fair value of cash flow hedges	**0.5**	0.9	(0.6)
Net changes in fair value cash flow hedges transferred to profit or loss	**–**	0.2	0.2
Actuarial gain/(loss)	**3.5**	–	(2.0)
Tax on items taken directly to equity	**(1.0)**	(0.3)	0.6
Income and expense recognised directly in equity	**7.7**	1.5	(0.9)
Profit for the period	**3.7**	8.2	11.5
Total recognised income and expense for the period	**11.4**	9.7	10.6

Notes to the interim financial statements

1) Basis of preparation

This Half Year Report has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Services Authority. The Half Year Report has been prepared in accordance with IAS 34 'Interim Financial Reporting' and on the basis of the accounting policies and the recognition and measurement requirements of IFRS applied in the financial statements at 30 June 2008 and those standards that have been endorsed and will be applied at 30 June 2009. This report should be read in conjunction with the financial statements for the year ended 30 June 2008.

The results for each half-year are unaudited and do not represent the Group's statutory accounts. The comparative figures for the financial year ended 30 June 2008 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors 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 237 (2) or (3) of the Companies Act 1985. Comparative figures for the periods ended 31 December 2007 and 30 June 2008 have been restated so as to be consistently presented with those of the period end.

The interim financial statements were approved by the Board on 4 February 2009.

2) Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2008, as described in those financial statements. *IFRIC 12 Service concession arrangements* is mandatory for the first time for the financial year ended 30 June 2009 but is not expected to have a material impact for the Group.

3) Segment information

Segment information is presented below in respect of the Group's geographic and business segments. The primary format, geographic segments, is based on the Group's operating divisions and internal reporting structure. Transfer prices between segments are set on an arm's length basis. Segment revenue and profit include transfers between segments which are eliminated on consolidation.

3) Segment information continued

Geographic segments

	United Kingdom			Western Continental Europe		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m	**6 months to 31 Dec 2008 £m**	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
External revenue	**159.7**	149.2	292.5	**216.0**	178.1	377.2
Inter-segment revenue	**1.8**	2.6	4.8	**9.2**	10.1	18.2
Total segment revenue	**161.5**	151.8	297.3	**225.2**	188.2	395.4
Segment profit pre amortisation of intangible assets	**8.6**	9.2	15.2	**6.1**	6.2	11.4
Amortisation of intangible assets	**(0.2)**	(0.3)	(0.5)	**(0.6)**	(0.5)	(1.0)
Segment profit	**8.4**	8.9	14.7	**5.5**	5.7	10.4

	Eastern Continental Europe			Elimination		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m	**6 months to 31 Dec 2008 £m**	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
External revenue	**16.5**	15.6	31.2	**–**	–	–
Inter-segment revenue	**0.8**	0.7	0.9	**(11.8)**	(13.4)	(23.9)
Total segment revenue	**17.3**	16.3	32.1	**(11.8)**	(13.4)	(23.9)
Segment profit pre amortisation of intangible assets	**1.0**	1.0	2.1	**–**	–	(0.1)
Amortisation of intangible assets	**–**	–	(0.1)	**–**	–	–
Segment profit	**1.0**	1.0	2.0	**–**	–	(0.1)

	Total		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
External revenue	**392.2**	342.9	700.9
Inter-segment revenue	**–**	–	–
Total segment revenue	**392.2**	342.9	700.9
Segment profit pre amortisation of intangible assets	**15.7**	16.4	28.6
Amortisation of intangible assets	**(0.8)**	(0.8)	(1.6)
Segment profit	**14.9**	15.6	27.0
Corporate costs[1]	**(1.4)**	(0.4)	(1.6)
Exceptional items (see note 4)	**(5.7)**	(1.7)	(4.0)
Operating profit	**7.8**	13.5	21.4
Net financing costs	**(2.8)**	(2.3)	(5.7)
Taxation	**(1.3)**	(3.0)	(4.2)
Profit for the period	**3.7**	8.2	11.5

[1] Corporate costs relate primarily to head office costs that are not reallocated to one of the geographic segments.

Notes to the interim financial statements continued

3) Segment information continued

Geographic segments continued

	United Kingdom			Western Continental Europe		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m	**6 months to 31 Dec 2008 £m**	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
Segment assets	**169.0**	152.1	165.4	**296.4**	239.5	247.0
Segment liabilities	**(94.7)**	(74.3)	(92.1)	**(150.3)**	(124.0)	(120.8)
Capital expenditure[1]	**5.0**	5.6	12.4	**2.0**	7.4	13.0
Amortisation and depreciation	**4.4**	4.2	8.7	**7.8**	6.6	14.1

	Eastern Continental Europe			Corporate		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m	**6 months to 31 Dec 2008 £m**	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
Segment assets	**23.1**	19.5	22.3	**1.5**	1.7	1.8
Segment liabilities[2]	**(6.5)**	(6.1)	(6.7)	**(114.6)**	(87.3)	(98.0)
Capital expenditure[1]	**0.3**	0.4	0.8	**0.1**	–	0.3
Amortisation and depreciation	**0.4**	0.3	0.6	**–**	–	–

	Total		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
Segment assets	**490.0**	412.8	436.5
Segment liabilities	**(366.1)**	(291.7)	(317.6)
Capital expenditure[1]	**7.4**	13.4	26.5
Amortisation and depreciation	**12.6**	11.1	23.4

(1) Capital expenditure includes property, plant and equipment and intangible assets.
(2) Corporate liabilities include external debt and tax liabilities.

3) Segment information continued

Business segments

	Household			Personal Care		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m	**6 months to 31 Dec 2008 £m**	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
Segment revenue	**319.2**	281.6	575.0	**73.0**	61.3	125.9
Segment profit pre amortisation of intangible assets	**12.7**	12.4	21.9	**3.0**	4.0	6.7
Amortisation of intangible assets	**(0.8)**	(0.8)	(1.5)	**–**	–	(0.1)
Segment profit	**11.9**	11.6	20.4	**3.0**	4.0	6.6

	Total		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
Segment revenue	**392.2**	342.9	700.9
Segment profit pre amortisation of intangible assets	**15.7**	16.4	28.6
Amortisation of intangible assets	**(0.8)**	(0.8)	(1.6)
Segment profit	**14.9**	15.6	27.0
Corporate costs(1)	**(1.4)**	(0.4)	(1.6)
Exceptional items (see note 4)	**(5.7)**	(1.7)	(4.0)
Operating profit	**7.8**	13.5	21.4

(1) Corporate costs related primarily to head office costs that are not reallocated to one of the business segments.

	Household			Personal Care		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m	**6 months to 31 Dec 2008 £m**	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
Segment assets	**386.5**	340.4	346.2	**102.0**	70.7	88.5
Capital expenditure(1)	**5.9**	8.5	16.4	**1.4**	4.9	9.8

(1) Capital expenditure includes property, plant and equipment and intangible assets.

	Corporate			Total		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m	**6 months to 31 Dec 2008 £m**	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
Segment assets	**1.5**	1.7	1.8	**490.0**	412.8	436.5
Capital expenditure(1)	**0.1**	–	0.3	**7.4**	13.4	26.5

(1) Capital expenditure includes property, plant and equipment and intangible assets.

Notes to the interim financial statements continued

3) Segment information continued

External revenue by destination

Segmental information is also presented below in respect of external revenue by destination.

	United Kingdom			Western Continental Europe		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m	**6 months to 31 Dec 2008 £m**	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
External revenue by destination	**149.8**	142.7	279.3	**211.9**	171.6	362.1

	Eastern Continental Europe and Rest of World			Total		
	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m	**6 months to 31 Dec 2008 £m**	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
External revenue by destination	**30.5**	28.6	59.5	**392.2**	342.9	700.9

4) Exceptional items

The Group presents certain items as 'exceptional'. These are items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order to obtain a proper understanding of the financial information.

There was a £5.7m pre-tax operating exceptional charge to the income statement in the period relating to restructuring programmes at both UK and Western Continental Europe divisions. Most of the charge was redundancy related but there were also asset write offs and onerous lease provisions in the UK.

In terms of segment analysis in Note 3, the exceptional charge relates to the UK £4.4m (31 December 2007: £1.0m; 30 June 2008: £2.0m), Western Continental Europe £1.3m (31 December 2007: £0.7m; 30 June 2008: £1.3m) and Corporate £nil (31 December 2007: £nil; 30 June 2008: £0.7m), on a geographic basis, and Household £5.0m (31 December 2007: £1.6m; 30 June 2008: £2.9m), Personal Care £0.7m (31 December 2007: £0.1m; 30 June 2008: £0.4m) and Corporate £nil (31 December 2007: £nil; 30 June 2008: £0.7m) on a business basis.

5) Taxation

The £1.3m tax charge for the half year ended 31 December 2008 (2007: £3.0m) consists of £0.5m (2007: £1.4m) of UK tax and £0.8m (2007: £1.6m) of overseas tax. The Group's consolidated effective tax rate for the half year ended 31 December 2008 was 26% (2007: 27%).

6) Earnings per ordinary share

Basic earnings per ordinary share is calculated on profit after tax, attributable to equity holders of the parent, divided by the weighted average number of ordinary shares in issue during the period in accordance with IAS 33.

		6 months to 31 Dec 2008	6 months to 31 Dec 2007	Year ended 30 Jun 2008
Total earnings (£m)	a	3.7	8.2	11.5
Weighted average number of ordinary shares	b	180,288,282	179,960,782	180,121,808
Basic earnings per share (pence)	a/b	2.1	4.6	6.4

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. The Company has three categories of potentially dilutive ordinary shares: share options issued whose exercise price is less than the average price of the Company's ordinary shares during the period, share awards with no option price and shares allocated to an approved Save As You Earn scheme.

		6 months to 31 Dec 2008	6 months to 31 Dec 2007	Year ended 30 Jun 2008
Weighted average number of ordinary shares (million)	b	180.3	180.0	180.1
Effect of dilutive share options (million)		0.2	0.3	0.3
Effect of dilutive share awards (million)		2.0	1.1	1.1
Effect of dilutive SAYE scheme shares (million)		–	0.2	0.1
	c	182.5	181.6	181.6
Diluted earnings per share (pence)	a/c	2.0	4.5	6.3

Adjusted basic earnings per share applies to earnings excluding exceptional items and amortisation of intangible assets since the directors consider that this gives additional information as to the underlying performance of the Group.

		6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
Earnings used to calculate basic and diluted EPS	a	3.7	8.2	11.5
Exceptional items after tax		4.2	1.2	2.9
Amortisation of intangible assets after tax		0.6	0.6	1.2
Earnings before exceptional items and amortisation of intangible assets	d	8.5	10.0	15.6
Adjusted basic earnings per share (pence)	d/b	4.7	5.6	8.7
Adjusted diluted earnings per share (pence)	d/c	4.7	5.5	8.6

Notes to the interim financial statements continued

7) Reconciliation of net cash flow to movement in net debt

	6 months to 31 Dec 2008 £m	6 months to 31 Dec 2007 £m	Year ended 30 Jun 2008 £m
Increase/(decrease) in cash and cash equivalents in the period	**3.4**	(7.9)	(2.7)
Cash outflow/(inflow) from movement in debt	**10.1**	(9.3)	(12.3)
Movement on finance leases	**0.4**	0.5	0.9
Change in net debt resulting from cash flows	**13.9**	(16.7)	(14.1)
Finance lease additions	**–**	–	(0.2)
Translation differences	**(15.3)**	(5.0)	(8.1)
Movement in net debt in the period	**(1.4)**	(21.7)	(22.4)
Net debt at the beginning of the period	**(103.3)**	(80.9)	(80.9)
Net debt at the end of the period	**(104.7)**	(102.6)	(103.3)

8) (Repayment of)/increase in borrowings

The net amounts repaid and drawn down during the period were £12.0m (2007: £4.8m) and £1.9m (2007: £14.1m) respectively.

9) Reconciliation of movement in equity and reserves

	Issued share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2007	**17.8**	**141.8**	**(0.2)**	**(39.1)**	**120.3**
Profit for the period	–	–	–	8.2	**8.2**
Movement in cash flow hedge	–	–	1.1	–	**1.1**
Foreign exchange translation differences	–	–	10.3	–	**10.3**
Net loss on hedge of net investment in foreign subsidiaries	–	–	(9.6)	–	**(9.6)**
Own shares acquired and held as Treasury shares[1]	(0.1)	–	–	(1.3)	**(1.4)**
Shares issued to satisfy employee share option exercises[2]	0.3	1.2	–	–	**1.5**
Equity dividends	–	–	–	(7.0)	**(7.0)**
Tax on items taken directly to equity	–	–	(0.3)	(1.9)	**(2.2)**
Other movements	–	–	–	(0.1)	**(0.1)**
At 31 December 2007	**18.0**	**143.0**	**1.3**	**(41.2)**	**121.1**
Profit for the period	–	–	–	3.3	**3.3**
Movement in cash flow hedge	–	–	(1.5)	–	**(1.5)**
Actuarial loss	–	–	–	(2.0)	**(2.0)**
Foreign exchange translation differences	–	–	9.5	–	**9.5**
Net loss on hedge of net investment in foreign subsidiaries	–	–	(9.3)	–	**(9.3)**
Equity dividends	–	–	–	(3.1)	**(3.1)**
Tax on items taken directly to equity	–	–	0.3	0.5	**0.8**
Other movements	–	–	–	0.1	**0.1**
At 30 June 2008	**18.0**	**143.0**	**0.3**	**(42.4)**	**118.9**
Profit for the period	–	–	–	3.7	**3.7**
Actuarial gain	–	–	–	3.5	**3.5**
Movement in cash flow hedge	–	–	0.5	–	**0.5**
Foreign exchange translation differences	–	–	24.2	–	**24.2**
Net loss on hedge of net investment in foreign subsidiaries	–	–	(19.5)	–	**(19.5)**
Equity dividends	–	–	–	(7.0)	**(7.0)**
Tax on items taken directly to equity	–	–	(0.1)	(0.9)	**(1.0)**
Other movements	–	0.5	–	0.1	**0.6**
At 31 December 2008	**18.0**	**143.5**	**5.4**	**(43.0)**	**123.9**

[1] 0.8 million ordinary 10p shares were repurchased by the Company for £1.4m to be held as Treasury Shares for the expected future exercise of employee share options.
[2] 3.3 million ordinary 10p shares were issued for £1.5m to satisfy the Save As You Earn savings scheme that matured in August 2007.

Financial calendar for the year ending 30 June 2009

Dividends

Interim	Announcement	5 February 2009
	Payment	22 May 2009
Final	Announcement	3 September 2009
	Payment	November 2009

Results

Interim	Announcement	5 February 2009
Preliminary statement for full year	Announcement	3 September 2009
Report and Accounts	Circulated	September 2009
Annual General Meeting	To be held	October 2009

Exchange rates

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

	6 months to 31 Dec 2008	6 months to 31 Dec 2007	Year ended 30 June 2008
Average rate:			
Euro	**1.23**	1.44	1.37
Polish Zloty	**4.33**	5.38	4.95
Czech Koruna	**30.3**	39.6	36.1
Hungarian Forint	**306**	365	347
Closing rate:			
Euro	**1.03**	1.36	1.26
Polish Zloty	**4.26**	4.90	4.23
Czech Koruna	**27.8**	36.2	30.2
Hungarian Forint	**275**	344	297

Design and production: The College www.thecollege.uk.com

Printing and paper: This Half Year Report has been printed on Take 2 Offset and is fully recyclable.
It is made from 100% de-inked fibre sourced entirely from post-consumer recycled waste.
It is FSC-certified under the Chain of Custody reference CU-COC-809070.

Both the paper and the printer involved in the production support the growth of responsible forest management and are both accredited to ISO 14001. The printer also holds FSC status.

If you have finished reading the report and no longer wish to retain it, please pass it on to other interested readers, return it to McBride plc or dispose of it in your recycled paper waste. Thank you.

FSC
Recycled
Supporting responsible use of forest resources
www.fsc.org Cert no. CU-COC-809070
© 1996 Forest Stewardship Council
100%

McBride plc
28th Floor
Centre Point
103 New Oxford Street
London WC1A 1DD
United Kingdom

Telephone: +44 (0)20 7539 7850
Facsimile: +44 (0)20 7539 7855

www.mcbride.co.uk