McBRIDE PLC
Interim Report 2003

FINANCIAL HIGHLIGHTS

- Group turnover was £249.3m, up 4% on the same period last year.
- Group operating profit was £14.0m, (£14.7m before goodwill amortisation), up 20%.
- Pre tax profit was £11.8m, up 44%.
- Net debt was £76.6m at the end of the period, a reduction of £18.3m.
- Basic Earnings per share for the half-year were 4.7p, up 42%.
- Interim dividend of 0.8p, up 14%.

CE – COMMERCIAL HIGHLIGHTS

- Sales from Continental Europe were £129.0m, up 7.1% on the previous year. This was a result of significant growth in France, our major market, as well as Spain and Holland.
- Operating profit after goodwill amortisation for the half-year was £6.5m, an increase of £1.2m on the previous half-year's result.

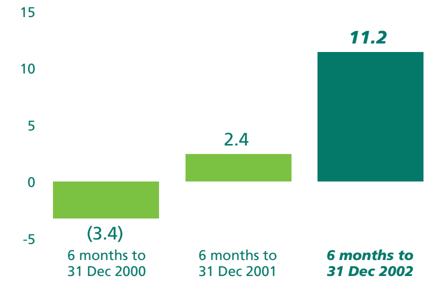
UK – COMMERCIAL HIGHLIGHTS

- As the result of a strong first quarter due to high levels of promotional activity, sales from the UK rose £1.2m to £120.3m.
- Operating profit after goodwill amortisation was £7.5m, an increase of £1.1m on the previous half-year's result.

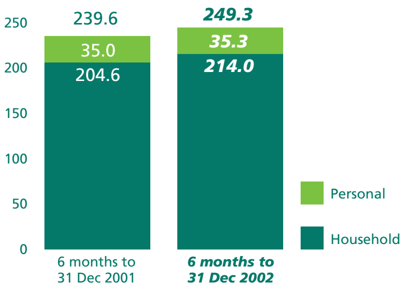
FINANCIAL HIGHLIGHTS CONTINUED

The Board is committed to a strategy of growing with our customers across Europe. Our financial objectives include growing sales and profits, improving the return on capital and reducing debt.

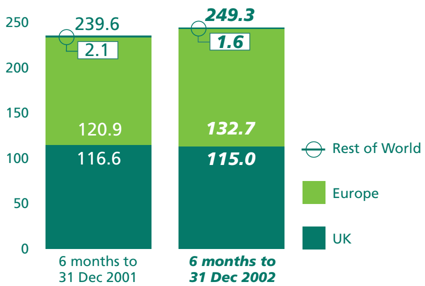
Cash Generation § (pence per share)



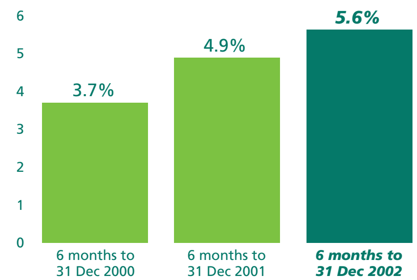
Turnover by Product Group (£m)



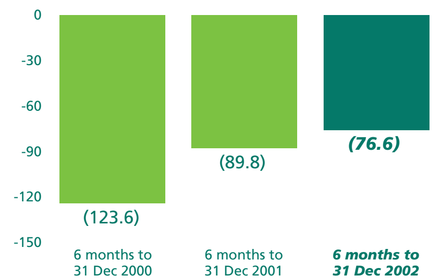
Turnover by Destination (£m)



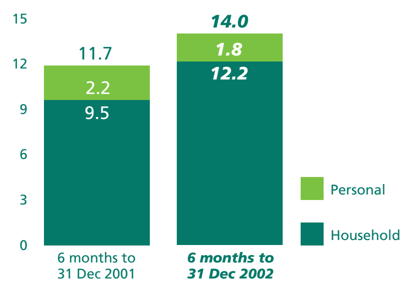
Return on Sales



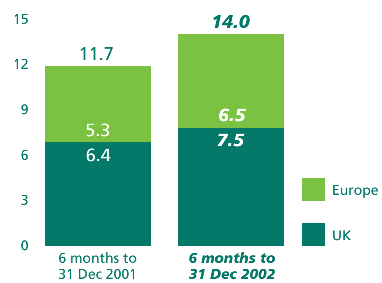
Net Debt (£m)



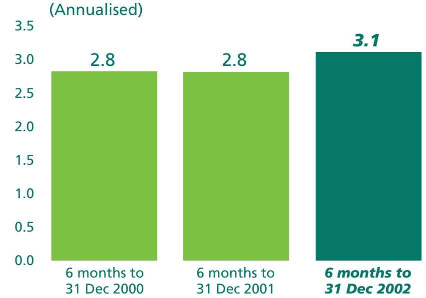
Operating Profit by Product Group (£m)



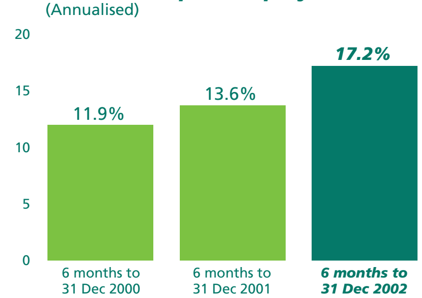
Operating Profit by Origin (£m)



Asset Turnover † (£m)
(Annualised)



Return on Capital Employed *
(Annualised)



† Turnover ÷ (net assets + net debt)
§ Cashflow before financing and equity dividend
* PBIT ÷ (opening net assets + opening net debt)

INTERIM REVIEW

"These results underline the current favourable market conditions for Private Label and our ability to serve our customers' needs. We are particularly pleased with progress in our Continental European business. Our cashflow has been strong and we have significantly reduced our net debt. Trading remains in line with expectations."

Lord Sheppard of Didgemere
Chairman

Mike Handley
Chief Executive

Overview

> Sales from Continental Europe continued to grow strongly, up 7.1% to £129.0 million, operating profits improved 22.6% to £6.5 million.

> Sales in the UK rose 1.0% to £120.3 million and tight cost control saw profits rise 17.2% to £7.5 million.

> Improved working capital management and reduced capital expenditure levels resulted in a significant reduction in net debt – down £18.3 million in the six months since June 2002.

Strategy

The Board is committed to a strategy of growing with our customers across Europe. Our financial objectives include growing sales and profits, improving the return on capital and reducing debt.

Key Strengths

Two aspects of our competitive edge that stand out are our commitment to innovation and the skills of our people. We demonstrate innovation in all facets of our business: product, packaging, manufacturing, logistics, marketing and information systems. Our specialist expertise in meeting the requirements of Europe's major retailers sets us apart from our competitors and is well recognised by our customers. Our competitive advantage stems from our excellent reputation for service delivery and speed-to-market for new products.

Continental Europe

Our Continental Europe business (McBride CE) sells in all member states of the European Union in mainland Europe, with its head office located in Belgium and production sites in five member states. Retailer consolidation led by the French multiples and some German and Dutch retailers is creating a favourable environment for Private Label growth in these markets.

Sales from Continental Europe were £129.0 million, up 7.1% on the previous year. This was a result of significant growth in France, our major market, as well as Spain and Holland. In the calendar year, the market share for Private Label grew in France from 10.9% to 11.4%, Spain from 20.7% to 23.2% and the Netherlands from 15.1% to 15.6%.

Operating profit after goodwill amortisation for the Continental European business for the half-year was £6.5 million, an increase of £1.2 million on last year's first-half result, an improvement of 23%. This result was due to a combination of higher sales and improved operating efficiency.

United Kingdom

As the result of a strong first quarter due to high levels of promotional activity, sales from the UK rose £1.2 million to £120.3 million, an increase of 1.0%. This is a satisfying result, given the downward price pressure from imports, due to the weakness of the Euro, and continued aggressive price competition between the grocery retailers.

The UK market for Private Label household products grew in value by 7.4%, compared to 4.4% for the total household market. This resulted in an increase in the market share of Private Label from 23.6% to 24.1%.

The UK market for Private Label personal care products declined by 5.1% in value compared to total market growth of 1.3%, while Private Label volume growth was 2.1% against market volume growth of 3.4%.

Operating profit after goodwill amortisation for the UK business was £7.5 million, an increase of £1.1 million on last year's first-half result. This improvement was mainly the result of efficiency improvements in manufacturing and lower stock holding and distribution costs.

International

McBride International has responsibility for all markets outside the EU, with the majority of its sales in Central & Eastern Europe, the core of which is Intersilesia in Poland which was acquired in 1998. The business represents about 7% of Group turnover and comprises exports from both the UK and CE combined with Intersilesia's own sales.

In Poland, Intersilesia achieved 4% growth in local currency. However, due to weakness in the Zloty, this represented a reduction in sterling terms. In Hungary, the Czech Republic and Slovakia, the market is being led by the rapid development of Western European retailers through a combination of store building programmes and acquisitions. Our strategy is to support our leading customers as they expand outside their domestic markets.

Financial Review

Growth in sales, particularly mainland Europe, combined with improved operating efficiencies raised Group operating profit after goodwill amortisation to £14.0 million (Dec 2001, £11.7 million). EBITDA similarly improved from £21.6 million to £24.5 million. The Group's pre-tax profit for the half-year increased to £11.8 million, up 44 % (Dec 2001, £8.2 million).

Interest charges reduced to £2.2 million (Dec 2001, £2.4 million).

Including full provision for deferred taxation under FRS19, the tax charge for the half-year represents an underlying charge of 28% before goodwill amortisation. This continues to be below the mainstream rate due to the recovery of unutilised previously written off ACT. This recovery is expected to continue for the rest of the year.

The improvement in profitability was accompanied by a very strong cash inflow; net debt was reduced from £94.9 million at 30 June 2002 to £76.6 million at 31 December 2002. This reduction in debt is after a small deterioration from exchange differences and a dividend payment of £1.3 million. Debt fell consistently through the half-year and into January 2003.

Working capital has improved following continuing initiatives on stock management and terms of trade.

Capital expenditure was £2.4 million for the period (Dec 2001, £6.0 million). This lower level of expenditure was influenced by phasing on a number of projects with an element of catch-up expected in the second half. However, the drive to improve existing asset utilisation across the group is reducing the need for new investment.

Following significant financial and operational restructuring in June 2002, the aerosol joint venture (APL) achieved break even at the pre-tax level in the half-year (Dec 2001, loss of £1.1 million). Overheads and direct costs have been cut and unprofitable business terminated. Debt within APL has been eliminated and operating cashflow was strong.

Earnings and Dividends

Earnings per share, on an undiluted basis, were 4.7 pence, (Dec 2001, 3.3 pence).

An interim dividend of 0.8 pence per share (Dec 2001, 0.7 pence) will be paid on 4 July 2003. Accordingly the ex-dividend date will be 4 June 2003 with a record date of 6 June 2003.

Current Trading and Outlook

"These results underline the current favourable market conditions for Private Label and our ability to serve our customers' needs. We are particularly pleased with progress in our Continental European business. Our cashflow has been strong and we have significantly reduced our net debt. Trading remains in line with expectations."

INDEPENDENT REVIEW REPORT BY KPMG AUDIT PLC TO McBRIDE PLC

Introduction

We have been instructed by the Company to review the financial information set out on pages 6 to 11 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement letter dated 12th June 2001 to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority and the proper control of its affairs. Our review has been undertaken so that we might state to the Company those matters we are required to state by the terms of our engagement 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2002.

KPMG Audit Plc
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB
12th February 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Unaudited 6 months to 31 Dec 2002 £m	Unaudited 6 months to 31 Dec 2001 £m	Audited Total Year ended 30 Jun 2002 £m
Turnover				
Continuing operations and share of joint venture		**256.8**	248.7	500.6
Less: share of joint venture's turnover		**(7.5)**	(9.1)	(16.6)
Total Group turnover	1	**249.3**	239.6	484.0
Cost of sales		**(149.8)**	(150.2)	(297.6)
Gross profit		**99.5**	89.4	186.4
Distribution costs		**(13.4)**	(12.9)	(26.2)
Administrative costs				
Before goodwill amortisation		**(71.4)**	(64.1)	(134.1)
Goodwill amortisation		**(0.7)**	(0.7)	(1.3)
Administrative costs including goodwill amortisation		**(72.1)**	(64.8)	(135.4)
Group operating profit		**14.0**	11.7	24.8
Share of joint venture's operating profit/(loss) before goodwill amortisation		**0.2**	(0.5)	(1.2)
Goodwill amortisation on joint venture		**–**	(0.1)	(0.3)
Share of joint venture's operating profit/(loss)		**0.2**	(0.6)	(1.5)
Total operating profit		**14.2**	11.1	23.3
Write-off of goodwill in joint venture		**–**	–	(15.8)
Profit on ordinary activities before interest		**14.2**	11.1	7.5
Group interest receivable and similar income		**0.2**	0.4	0.6
Group interest payable and similar charges		**(2.4)**	(2.8)	(5.0)
Share of joint venture's interest payable and similar charges		**(0.2)**	(0.5)	(0.9)
Profit on ordinary activities before taxation		**11.8**	8.2	2.2
Tax on profit on ordinary activities		**(3.5)**	(2.7)	(5.6)
Share of joint venture's tax credit on ordinary activities		**–**	0.4	0.2
Profit/(loss) on ordinary activities after taxation		**8.3**	5.9	(3.2)
Equity minority interest		**–**	(0.1)	(0.2)
Profit/(loss) for the period		**8.3**	5.8	(3.4)
Equity dividend		**(1.4)**	(1.3)	(3.7)
Retained profit/(loss) for the period		**6.9**	4.5	(7.1)
Earnings per ordinary share (pence)				
• Basic	4	**4.7**	3.3	(1.9)
• Diluted		**4.6**	3.3	(1.9)
• Basic before operating exceptional items, share of joint venture and goodwill amortisation		**5.1**	4.1	9.0
Dividend per share (pence)		**0.8**	0.7	2.0

CONSOLIDATED BALANCE SHEET

	Note	Unaudited 31 Dec 2002 £m	Unaudited 31 Dec 2001 £m	Audited Year ended 30 Jun 2002 £m
Fixed assets				
Intangible assets		**9.7**	11.5	10.4
Tangible assets		**128.3**	136.6	135.4
Investment in joint venture		**–**	4.9	–
Total fixed assets		**138.0**	153.0	145.8
Current assets				
Stocks		**43.9**	47.7	46.9
Debtors		**108.3**	102.4	110.8
Cash at bank and in hand		**3.0**	1.7	1.2
		155.2	151.8	158.9
Creditors: amounts falling due within one year		**(137.5)**	(135.8)	(232.0)
Net current assets		**17.7**	16.0	(73.1)
Total assets less current liabilities		**155.7**	169.0	72.7
Creditors: amounts falling due after more than one year		**(77.3)**	(82.6)	(2.4)
Provisions for liabilities and charges		**(4.9)**	(2.8)	(3.9)
Investment in joint venture				
Share of gross assets		**4.3**	5.1	4.3
Share of gross liabilities		**(6.1)**	(13.0)	(6.1)
Net investment in joint venture		**(1.8)**	(7.9)	(1.8)
Net assets		**71.7**	75.7	64.6
Capital and reserves				
Called up share capital		**17.8**	17.8	17.8
Share premium account		**139.3**	139.3	139.3
Profit and loss account	3	**(85.5)**	(81.6)	(92.7)
Equity shareholders' funds		**71.6**	75.5	64.4
Equity minority interest		**0.1**	0.2	0.2
Net assets		**71.7**	75.7	64.6

CONSOLIDATED CASHFLOW STATEMENT

	Note	*Unaudited 6 months to 31 Dec 2002 £m*	Unaudited 6 months to 31 Dec 2001 £m	Audited Year ended 30 Jun 2002 £m
Net cashflow from operating activities	5	***25.8***	15.4	42.3
Returns on investments and servicing of finance		***(2.0)***	(3.0)	(4.8)
Taxation		***(1.5)***	(2.1)	(5.4)
Operating cashflow after taxation and finance costs		***22.3***	10.3	32.1
Capital expenditure		***(2.4)***	(6.0)	(10.5)
Cost of refinancing joint venture		***–***	–	(16.3)
Deferred consideration payments		***–***	–	1.0
Equity dividends paid		***(1.3)***	–	(3.6)
Cashflow before financing		***18.6***	4.3	2.7
Financing		***(10.6)***	(9.2)	(9.9)
Increase/(Decrease) in cash in the period		***8.0***	(4.9)	(7.2)

RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	Unaudited 6 months to 31 Dec 2002 £m	Unaudited 6 months to 31 Dec 2001 £m	Audited Year ended 30 Jun 2002 £m
Increase/(Decrease) in cash in the period	***8.0***	(4.9)	(7.2)
Cash outflow from movement in debt and lease financing	***10.6***	9.2	9.9
Change in net debt resulting from cashflows	***18.6***	4.3	2.7
Translation differences	***(0.3)***	(0.9)	(4.4)
Movement in net debt in the period	***18.3***	3.4	(1.7)
Net debt at the beginning of the period	***(94.9)***	(93.2)	(93.2)
Net debt at the end of the period	***(76.6)***	(89.8)	(94.9)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Unaudited 6 months to 31 Dec 2002 £m	Unaudited 6 months to 31 Dec 2001 £m	Audited Year ended 30 Jun 2002 £m
Profit/(loss) for the period	***8.3***	5.8	(3.4)
Unrealised foreign currency differences	***0.3***	–	0.5
Total recognised gains/(losses) relating to the period	***8.6***	5.8	(2.9)
Prior period adjustment	***–***	–	(5.0)
Total recognised gains and losses	***8.6***	5.8	(7.9)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Unaudited 6 months to 31 Dec 2002 £m	Unaudited 6 months to 31 Dec 2001 £m	Audited Year ended 30 Jun 2002 £m
Profit/(loss) for the period	***8.3***	5.8	(3.4)
Equity dividends	***(1.4)***	(1.3)	(3.7)
Retained profit/(loss)	***6.9***	4.5	(7.1)
Unrealised foreign currency differences	***0.3***	–	0.5
Opening equity shareholders' funds	***64.4***	71.0	71.0
Closing equity shareholders' funds	***71.6***	75.5	64.4

NOTES

1) Segmental information

	Unaudited 6 months to 31 Dec 2002 £m	Unaudited 6 months to 31 Dec 2001 £m	Audited Year ended 30 Jun 2002 £m
Turnover by destination is analysed by geographical area as follows:			
Continuing operations			
UK	***115.0***	116.6	228.5
Continental Europe	***132.7***	120.9	251.3
Rest of world	***1.6***	2.1	4.2
Group turnover	***249.3***	239.6	484.0
Share of joint venture's turnover	***7.5***	9.1	16.6
Turnover by destination	***256.8***	248.7	500.6
Turnover by geographical origin is analysed as follows:			
Continuing operations			
UK	***120.3***	119.1	243.1
Continental Europe	***129.0***	120.5	240.9
Group turnover	***249.3***	239.6	484.0
Share of joint venture's turnover	***7.5***	9.1	16.6
Turnover by origin	***256.8***	248.7	500.6
Turnover by class of business is analysed as follows:			
Continuing operations			
Household products	***214.0***	204.6	415.2
Personal care products	***35.3***	35.0	68.8
Group turnover	***249.3***	239.6	484.0
Share of joint venture's turnover	***7.5***	9.1	16.6
Total turnover by class of business	***256.8***	248.7	500.6
Operating profit by geographical origin is analysed as follows:			
Continuing operations			
UK	***7.5***	6.4	15.0
Continental Europe	***6.5***	5.3	9.8
Group operating profit	***14.0***	11.7	24.8
Non operating items	***–***	(1.1)	(18.2)
Net interest payable	***(2.2)***	(2.4)	(4.4)
Profit on ordinary activities before tax	***11.8***	8.2	2.2
Operating profit by class of business is analysed as follows:			
Continuing operations			
Household products	***12.2***	9.5	21.1
Personal Care products	***1.8***	2.2	3.7
Group operating profit	***14.0***	11.7	24.8
Non operating items	***–***	(1.1)	(18.2)
Net interest payable	***(2.2)***	(2.4)	(4.4)
Profit on ordinary activities before tax	***11.8***	8.2	2.2

2) Unaudited half-year results

The results for the half-year ended 31 December 2002 and 31 December 2001 are unaudited and have been prepared on the basis of accounting policies set out in the Report and Accounts for the year ended 30 June 2002. The comparative figures for the year ended 30 June 2002 do not constitute statutory accounts. The accounts for that period have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors thereon was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

3) Profit and loss account

	Unaudited 6 months to 31 Dec 2002 £m	Unaudited 6 months to 31 Dec 2001 £m	Audited Year ended 30 Jun 2002 £m
Goodwill reserve	***(146.4)***	(146.4)	(146.4)
Profit and loss account	***60.9***	64.8	53.7
	(85.5)	(81.6)	(92.7)

4) Earnings per ordinary share

Earnings per ordinary share is calculated on profit after tax and minority interests in accordance with FRS 14. The calculation of basic earnings per ordinary share for all the periods disclosed is based on a weighted average of 177,639,197 ordinary shares of 10 pence each. For the purposes of calculating the diluted Earnings per share, only potential ordinary shares have been included in the weighted average of 179,306,409 (Dec 2001, 177,639,197).

5) Reconciliation of operating profit to operating cashflow

	Unaudited 6 months to 31 Dec 2002 £m	Unaudited 6 months to 31 Dec 2001 £m	Audited Year ended 30 Jun 2002 £m
Group operating profit	***14.0***	11.7	24.8
Depreciation	***9.8***	9.2	18.6
Goodwill amortisation	***0.7***	0.7	1.3
Loss on disposal of fixed assets	***–***	–	0.1
Movement in stocks	***3.1***	1.3	3.3
Movement in debtors	***2.9***	(3.6)	(9.6)
Movement in creditors	***(4.7)***	(3.9)	3.8
cashflow from operating activities	***25.8***	15.4	42.3

6) Contingent liabilities

The Group had no material contingent liabilities at 31 December 2002.

NOTES CONTINUED

Financial calendar for the year ending 30 June 2003

Dividends		
Interim	Announcement	13 February 2003
	Payment	4 July 2003
Final	Announcement	September 2003
	Payment	January 2004
Results		
Interim	Announcement	13 February 2003
Preliminary statement for full year	Announcement	September 2003
Report and Accounts	Circulated	September 2003
Annual General Meeting	To be held	December 2003

Exchange rates

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

	Unaudited 6 months to 31 Dec 2002	Unaudited 6 months to 31 Dec 2001	Audited Year ended 30 Jun 2002
Average rate:			
Euro	***1.57***	1.61	1.61
Polish Zloty	***6.35***	5.98	5.94
Czech Koruna	***48.05***	54.13	52.05
Hungarian Forint	***381.0***	405.9	398.7
Closing rate:			
Euro	***1.53***	1.63	1.54
Polish Zloty	***6.17***	5.75	6.18
Czech Koruna	***48.42***	51.75	45.08
Hungarian Forint	***361.9***	399.9	377.8

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