McBride plc ("McBride", the "Company" or the "Group")

Significant progress with "Prepare" objectives; good growth in key Household categories

6 September 2018

McBride plc, the leading European manufacturer and supplier of Co-manufactured and Private Label products for the Household and Personal Care market, announces its results for the year ended 30 June 2018.

During the year the Group disposed of its skincare business in the Czech Republic and on 3 July 2018 agreed terms for the sale of its European Personal Care Liquids business. The financial results of these businesses have been treated as discontinued operations in both the current and prior year financial statements. The remaining activities within the Group are referred to as continuing operations. The use of the expression "underlying" refers to figures excluding the impact of acquisitions or disposals and stated at constant currency.

£m unless otherwise stated	**2018**	2017	Reported % Change	Constant Currency % Change[1]
Continuing operations				
Revenue	**689.8**	632.9	9.0%	6.7%
Adjusted operating profit[2]	**37.7**	42.0	(10.2%)	(12.7%)
Adjusted operating margin[2]	**5.5%**	6.6%	(1.1ppts)	(1.2ppts)
Operating profit	**31.8**	40.3	(21.1%)	
Operating margin	**4.6%**	6.4%	(1.8ppts)	
Adjusted profit before taxation	**33.2**	35.1	(5.4%)	(8.5%)
Profit before taxation	**26.5**	19.7	34.5%	
Adjusted diluted earnings per share[3]	**12.7p**	13.3p	(4.5%)	
Diluted earnings per share	**10.4p**	5.1p	103.9%	
Total operations				
Revenue	**755.0**	705.2	7.1%	4.8%
Adjusted operating profit	**36.2**	41.5	(12.8%)	(15.4%)
Operating profit	**13.1**	39.8	(67.1%)	
Adjusted profit before taxation	**31.7**	34.6	(8.4%)	(11.7%)
Profit before taxation	**7.8**	19.2	(59.4%)	
Adjusted diluted earnings per share[3]	**12.1p**	13.1p	(7.6%)	
Diluted earnings per share	**1.9p**	4.9p	(61.2%)	
Net debt[4]	**114.3**	75.7		
Return on capital employed[5]	**22.5%**	27.7%		
Full year payment to shareholders (per ordinary share)	**4.3p**	4.3p		

Headlines: Continuing operations

- Revenues 9.0% higher at £689.8m, with Danlind adding £48.4m for the nine months following acquisition; underlying[6] revenues 0.8% lower for the full year, with second half up 2.9%
- Adjusted operating profit[3] of £37.7m, lower by £4.3m after absorbing raw material and transport cost inflation
- Household underlying revenues broadly flat across the year, but up 3.8% in H2; good growth in key laundry and auto-dishwash categories
- Operating profits of £31.8m (2017: £40.3m) after adjusting items of £5.9m, mostly exceptional costs of £4.5m from the reorganisation in Aerosols and Danlind acquisition costs, and amortisation of £1.4m
- Adjusted profits before tax from continuing operations of £33.2m, lower by £1.9m; reported profits before tax on continuing operations up £6.8m to £26.5m
- Adjusted, diluted EPS from continuing operations 4.5% lower at 12.7p (2017: 13.3p)
- Integration of Danlind progressing well
- Full year contract manufacturing revenues up 3.6%; group wide supply chain initiatives now underway

Headlines: Group

- Exit from loss-making European Personal Care Liquids business due to complete Q4 2018
- Total exceptional charge of £22m, largely non-cash and relating to European Personal Care transformation activities and the Danlind acquisition
- 34.8% reduction (£2.4m) in underlying[7] interest costs following refinancing in June 2017
- Net debt at £114.3m (2017: £75.7m), primarily reflecting acquisition of Danlind (£35.7m)
- Total diluted EPS 1.9p (2017: 4.9p)
- Full year payment to shareholders maintained at 4.3p (2017: 4.3p)

Rik De Vos, Chief Executive Officer, commented:

“Whilst our trading performance in the year ended slightly behind our early expectations, we have continued to outperform our sector both financially and operationally in what has been a particularly challenging environment. Against this backdrop I am pleased that our teams have made such excellent progress in the execution of our strategy. We achieved good growth in our key categories and geographies, the integration of Danlind is progressing well, and the exit from a major part of our PCA business in Europe allows us to focus fully on our core activities in European Household.

In the current year we remain focused on the profitable delivery of our anticipated volume growth whilst continuing to take actions to mitigate strong input cost inflation, including commercial price recovery from our customers. We will also maintain close control of overheads whilst investing in key focus areas that will enable McBride to fully exploit its scale and cost advantage within its supply chain.

Revenues in the first few months of the new financial year have been satisfactory and whilst certain cost pressures persist, at this stage the Board remains confident the Group will achieve its full year expectations.”

McBride plc	
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[1] *Comparatives translated at 2018 exchange rates.*
[2] *Adjustments were made for the amortisation of intangible assets and exceptional items.*
[3] *Adjustments were made for the amortisation of intangible assets, exceptional items, non-cash financing costs from unwind of discount on initial recognition of contingent consideration; unwind of discount on provisions and any related tax.*
[4] *Net debt comprises cash and cash equivalents, overdraft, bank and other loans and finance lease liabilities.*
[5] *Adjusted operating profit as a percentage of average year-end net assets excluding net debt.*
[6] *"Underlying" refers to figures excluding the impact of acquisitions or disposals and stated at constant currency.*
[7] *Underlying interest refers to figures excluding unwind discount on environmental remediation provision and exceptional finance costs.*

Strategy Progress

Towards the end of the prior financial year, the Group launched the "Prepare" phase of its three-phase ("Repair, Prepare, Grow") 'Manufacturing Our Future' strategy. This comprises four key objectives that provide the foundations to deliver our ambitions, and against which we made considerable progress over the last 12 months.

Building our fundamental commercial growth capabilities in Household

The strategy, which was presented to shareholders at an Investor Day in London during October 2017, is led by a category focus for all aspects of growth, whether organic growth with retail customers, with brand owners as contract manufacturing customers or as a strategic direction for bolt-on acquisitions. Within the retail customers business, we highlighted our growth ambitions with Limited Assortment Discounters.

We indicated that the Group's ambition was to seek an organic CAGR of 2-2.5% for the five years to 2021 in our core Household markets and categories. This would, in value terms, be matched in the same period by growth in sales for Contract Manufacturing activities and supplemented with bolt-on acquisitions.

Developing the necessary asset base with related investment plans

We indicated at the outset of the "Repair, Prepare, Grow" strategy that we intended to invest £100 million over four years in support of our 'Grow' ambitions, aligning our asset footprint and production capabilities to our commercial ambition. Over the past two financial years, we have approved £45.2 million of capital projects and already deployed £42.6 million of capital in support of our growth.

Creating the organisational structure and skills required to deliver our strategy

During the past 12 months we have delivered two key aspects of our organisational plans, which will give us the resources to support our growth initiatives.

During the autumn of 2017, we launched the McBride Leadership Development Programme with the objective of nurturing and supporting the development of our future business leaders.

In June 2018, we commenced a management re-organisation in Europe to position the business to more effectively deliver our growth ambition. As well as an alignment to product technologies for the operational teams we also reconfigured the regional sales organisations to incorporate the new Denmark-based sales team and a new dedicated France sales organisation.

Addressing our underperforming European PCA business

At our half year results in February 2018, we announced plans to launch an accelerated transformation programme for the loss-making European Personal Care & Aerosols (PCA) segment and confirmed the disposal of the Czech based skin care business as a first step in this plan.

Since February, we have announced proposals to close the UK aerosols operations at Hull with the absorption of some volumes into the French aerosols operation.

As the final element in the plan, on 3 July 2018, we announced that we had agreed terms with Royal Sanders BV for the disposal of the Group's European Personal Care Liquids activities, which comprises two manufacturing sites at Bradford, UK and Ieper, Belgium. The proposed transaction is expected to complete during the final quarter of 2018.

These actions will see the Group exit from a major part of our Personal Care activities in Europe such that once completed, there will be a reduction in annual Group revenues of c.£85 million when compared to the year to June 2018. These remaining activities are expected to be operating at a break-even level from the start of the next financial year in July 2019.

Prospects for the Grow phase

During the year, we outlined the key opportunities McBride will pursue in its growth ambitions. We have made good initial progress with second half Household underlying revenues up 3.8%. In laundry capsules, we have seen growth in the past 12 months of 15% whilst in auto-dishwash, our other key category, underlying growth in the second half was 10.7% with a specific focus on retailer wins. These wins were supported by continued success in winning industry awards in external product performance tests. Our acquisition of Danlind in 2017 provides additional competence and reputation in auto dish-wash technology. Progress has been made in increasing our market share with Limited Assortment Discounters during the past year where our pan-European presence, technical capability, production capacity and financial strength have seen volumes won in competitive tenders with the major European-wide operators.

For many of our competitors, the current trading environment has seen margins eroded and funding becoming more challenging. This has been evident most notably in Germany where a key competitor entered administration and with continuing reports of others in difficulty. McBride remains ready to move quickly in support of customers who need to change supplier to ensure their store shelves are stocked with product. While such events will be infrequent, they provide a potential step change in our opportunities for growth.

Meanwhile, we continue to make progress with our Contract Manufacturing activities. Total growth of the business was 3.6% for the year to 30 June 2018. We remain committed to this growth opportunity and continue to develop our knowledge and insight into opportunities and the key decision factors facing potential customers.

The Group also remains active in consideration of acquisition opportunities. Whilst in the past six months, our focus in this area has been on integrating Danlind into McBride and actions relating to the PCA transformation strategy, we will remain active in seeking acquisitions in the coming years.

Group operating results

During the year the Group disposed of its skincare business in the Czech Republic and on 3 July 2018 agreed the terms for the sale of its European Personal Care Liquids business. Within these financial statements, the financial results of these disposed activities have been treated as discontinued operations in both the current and prior year. The remaining activities within the Group are referred to as continuing operations.

The use of the expressions “underlying” refer to the figures excluding the impact of acquisitions or disposals and stated at constant currency.

Continuing operations - Income Statement

Full year Group revenues at £689.8 million were £56.9 million (9.0%) higher than the prior year, aided by the translation effect of a weak Sterling and the acquisition of Danlind from 29 September 2017. On an underlying basis, full year sales were lower by £5.1 million (0.8%). Following an overall decline in the first half of 4.3%, second half underlying revenues were ahead by 2.9% with Household underlying revenues up 3.8%.

Full year underlying Household sales were higher by 0.1% and PCA lower by 7.0%. In Household the increase was primarily as a result of the start-up of deliveries in the second half from the previously-disclosed contract wins in Germany that resulted from competitor weakness, and UK growth following a number of contract wins. These volume gains were offset by volume losses in France due to continuing difficult market conditions.

The PCA segment, which now comprises Aerosols and Asia, saw the Aerosols business continue to experience an extremely competitive environment in both the UK and France, with volumes declining year on year by 11.7% after a first half year decline of 12.1%. Asia delivered a 2.6% year on year increase driven mainly by continued growth in Australia.

Customer price pressure remained a feature during the year and at a Group level prices were essentially flat overall. We experienced deflation in France and Eastern Europe but this was offset by some successful price increase actions elsewhere, mostly in the UK. Late in the second half year the Group launched a group-wide initiative to further recover the impact of the significantly higher input costs experienced over the last 18 months from our customers through price increases. This is a major challenge in such a highly competitive market with many retailers themselves under pricing pressure. Whilst we have already seen some positive outcomes so far, these negotiations will continue through the coming months.

Across the full year to June 2018, raw material prices increased by approximately 2.2% when compared to the prior year, some 0.4% of this was driven by foreign exchange, mostly from the impact of the weak Sterling. This measure was at 4.0% for the first half before raw material prices levelled out early in the second half. With the rapid volume growth in the second half, especially in Germany, our distribution platform has been under significant pressure and as a result the business has experienced increased distribution costs. These were due to higher costs associated with external storage, accentuated by cost pressure driven mostly by labour shortages in the transport and logistics market. The impact, with underlying volumes down 0.6%, has been a distribution cost increase of 6.7% or £2.9 million for the full year.

We continued to focus on overhead saving initiatives, some of which had been announced in previous years although specific initiatives during the year supported the Group result. The combined effect of these initiatives amounted to a benefit £10.5 million, which included lower costs for management incentives of £3.3 million.

Full year adjusted operating profit was £37.7 million (2017: £42.0m) with adjusted operating profit margin decreasing to 5.5% (2017: 6.6%), and Danlind contributing £1.6 million. On an underlying basis, operating profits were lower by £7.1 million which comprised lower profits of £5.6 million in underlying Household and £2.8 million higher losses in PCA offset by £1.3 million of lower corporate costs.

Year-end operating profit decreased by £8.5 million to £31.8 million (2017: £40.3m). This includes exceptional charges of £4.5 million, due to costs incurred as part of the acquisition of Danlind (£1.6m) and costs to reorganise the Aerosols business following the announcement to close the Hull site (£2.9m), and amortisation of £1.4 million.

Continuing Operations - Segmental performance

We continue to separately manage the Group's Household and PCA activities and our segmental reporting reflects this. Danlind is reported in the financial year as a separate region within our Household division recognising the current management and reporting structure. Recent organisational changes which become effective from 1 July 2018 and which incorporate the ongoing Danlind integration and changes to PCA will be reflected in an amended segmental structure for our 2019 financial statements.

Corporate costs, which include the costs associated with the Board and the Executive Leadership Team, governance and listed company costs and certain central functions (mostly associated with financial disciplines such as treasury), are reported separately to Household and PCA.

Household

Reported revenues increased by 11.1% to £617.1 million (2017: £555.7m). Underlying revenues were broadly flat with underlying volume increases of £2.8 million offset by £2.6 million from lower customer pricing.

Revenue	2018 £m	2017 £m	Reported Change	Underlying Change[1]
UK	**163.9**	155.4	5.5%	5.5%
North	**189.7**	192.8	(1.6%)	(4.6%)
South	**77.2**	76.4	1.0%	(1.9%)
East	**137.9**	131.1	5.2%	1.8%
Danlind	**48.4**	-	-	-
	617.1	555.7	11.0%	0.1%

[1] *Comparatives translated at 30 June 2018 exchange rates and excluding the impact of Danlind acquisition.*

In the UK, revenues of £163.9 million were 5.5% higher compared to the prior year due to increased customer pricing (reflecting recovery of the high raw material prices experienced in the UK) and volume gains. These equated to £8.5 million as several key strategic customers extended their partnership with the Group.

In the North region, the trend of the past few years continued, particularly in France. Volumes declined 3.3% during the year, with overall pricing lower by 1.9%. Volumes in France have been impacted by both changing consumer behaviour and increased branded promotional activity. We have refocused our commercial structure to provide new management focus going forward.

Our South region reported a sales decline of 1.9% at constant currency. The Iberia business continues to show significant improvement, with volumes up 16.4% on prior year following new business wins at the end of the prior financial year. Within Italy, revenues were down 4.9% driven by volume decline and deflationary pricing pressures.

The East region, covering Germany, Poland and other East European countries, saw volumes up on prior year by 3.8% (H2 17.5%) with prices 2.1% lower following the significant new business wins already referenced. It is pleasing that the significant operational challenges brought about by servicing this new business have been largely successfully managed and this new business positions the Group well in both the German market and the discount channels, which are both target areas in our growth strategy.

The combination of a number of mainly external cost challenges, including raw materials, labour market pressures and transportation costs, resulted in adjusted trading profit margins in this segment, excluding Danlind, declining from 8.8% to 7.8%. The business however is now very well positioned to take advantage of the strategic opportunities in the Household growth categories in the coming years.

Personal Care & Aerosols (PCA)

Following the agreed sale of the European PCA Liquids activities and the disposal of the Skincare business in the Czech Republic, the continuing PCA business comprises the Aerosols businesses in Europe and Group activities in Asia.

On a reported basis, continuing revenues for PCA declined by 5.9% to £72.7 million (2017: £77.2m). Underlying revenues were lower by 7.0%, wholly driven by declines in European Aerosols while Asia delivered growth of 2.6% at constant currency driven primarily by a continued expansion of our commercial activities in Australia.

Overall reported profitability for this segment declined to a loss of £1.5 million (2017: profit £1.3m) reflecting the volume challenges and raw material price pressures within the Aerosols business and lower margins in Asia as a result of currency weakness of the Ringgit and Australian dollar.

Continuing Operations - Exceptional items

Total exceptional items incurred in relation to the continuing business of £4.8 million were recorded during the year (2017: £1.0m). The charge primarily comprises the following:

- As part of the acquisition of Danlind, exceptional costs of £1.6 million have been incurred to date relating primarily to legal and advisory fees for the transaction and certain integration costs; and
- Reorganisation costs in the period of £2.9 million relating to redundancies and associated costs following the management decision to close the Aerosols site in Hull; and
- Exceptional finance charges of £0.3 million incurred as part of the refinancing of the Danlind banking arrangements.

Discontinued Operations - Income Statement

The discontinued operations in the current year relate to the activities in the year for the disposed Skincare Business at Brno and the European Personal Care Liquids business, for which terms to sell the business were agreed on 3 July 2018.

Brno was disposed of during February 2018 and nine months of trade in the current financial year have been included in these results. During the year this business generated revenues of £9.0 million (2017: £12.5m) with adjusted trading profit at break-even (2017: £0.1m loss).

In the 12 months to June 2018 the European Personal Care Liquids business generated revenues of £56.2 million (2017: £59.8m) and an adjusted trading profit loss of £1.5 million (2017: £0.4m loss). Previously allocated costs of £1.5 million shared with Household and Aerosols operations that will neither transfer to the new business owners nor exit from McBride have been retained in continuing operating costs. The net assets of these operations that will be disposed of (£10.9 million) are treated as an asset held for sale within the balance sheet. Proceeds of the sale will be used to pay down Group net debt and settle transaction costs.

Discontinued operations - Exceptional items

Total exceptional items of £17.2 million in relation to the discontinued business were recorded during the year (2017: £nil). The charge primarily comprises the following:

- The business has undertaken a strategic review of the PCA business, culminating with the sale of Personal Care Liquids. As a result £16.1 million exceptional costs have been incurred in relation to redundancies (£1.2m), the impairment of plant and machinery (£6.2m) and the re-measurement of assets of a disposal group to assets held for sale (£8.5m); as a result the goodwill allocated to PCA (£0.2m) has been fully impaired: and
- A net charge of £1.1 million has been taken in relation to the Czech Republic based skincare business at Brno, comprising; the release of £3.0 million contingent consideration following the acquisition of the remaining 30% of the business for £nil consideration; and a £4.1 million charge following the impairment review triggered by the sale of 100% of the business.

Other financial information – Total Group

Net finance costs

Underlying finance costs reduced by £2.4 million to £4.5 million (2017: £6.9m) with the main part of the reduction the result of the benefits of the Group's refinancing initiative completed in June 2017.

Profit before tax and tax rate

Adjusted profit before taxation from continuing operations reduced by £1.9 million to £33.2 million (2017: £35.1m). Reported profit before taxation from continuing operations was £26.5 million (2017: £19.7m). The tax charge on adjusted profit before tax for the period of £10.0 million (2017: £10.8m) represents a 30% (2017: 31%) effective tax rate.

Earnings per share

On an adjusted basis, diluted earnings per share (EPS) from continuing operations fell slightly to 12.7p from 13.3p in the prior year. Total adjusted EPS decreased by 7.6% to 12.1 pence (2017: 13.1p) with basic EPS at 1.9 pence (2017: 4.9p).

Payments to shareholders

In line with the policy on payments to shareholders, the Group expects to distribute adjusted earnings to shareholders based on a dividend cover range of 2x-3x progressive with earnings of the Group, taking into account funding availability.

Following the interim payment of 1.5 pence declared in February 2018, the Board recommends a final payment of 2.8 pence (2017: 2.9p) to shareholders such that the full year payment remains unchanged at 4.3 pence (2017: 4.3p). It is intended this will be issued using the Company's B Share scheme.

Balance Sheet and Net Debt

Return on capital employed fell to 22.5% (2017: 28.0%). Trading working capital[1] as a percentage of sales decreased from 10.7% at 30 June 2017 to 10.6% at the end of the year but excluding Danlind, the underlying trading working capital percentage decreased from 10.7% to 9.0%. Focus on the level of working capital invested in Danlind forms a key part of the post-acquisition synergy programme and we expect working capital levels to move into line with the Group average over the coming 12 months.

For the year end, cash generated from operations before exceptional items was £43.0 million (2017: £63.3m). Capital expenditure increased during the year to £23.6 million (2017: £17.7m) in cash terms. This is in line with our planned £100 million programme of capital expenditure over the four years to 2021. The cash impact from changes in working capital saw an outflow of £8.9 million (2017: £3.1m inflow) mainly comprising payments relating to prior year incentive schemes, quarterly tax charges and the settlement of aged tax payments which occurred in the year accounting for most of the movement.

During the year, a cash consideration of £10.4 million was paid to acquire Danlind, with net debt of £25.3 million assumed by the Group on acquisition. This has contributed to year-end net debt increasing to £114.3 million (2017: £75.7m).

The Group's balance sheet remains robust with net assets of £67.6 million (2017: £64.2m). Gearing rose to 71% (2017: 50%) with the debt cover ratio increasing to 2.1x (2017: 1.2x) primarily driven by the financing of the Danlind acquisition.

[1] Trading working capital consists inventories, trade receivables and trade payables.

Covenants

The Group's funding arrangements are 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. The Group remains comfortably within these covenants.

Pensions

The Group operates a funded defined benefit scheme in the UK. At 30 June 2018, the Group recognised a deficit on its UK scheme of £28.5 million (2017: £40.0m). The reduction during the year is primarily due to reduced liability values as a result of increased yields on corporate bonds.

The Group has other unfunded post-employment benefit obligations outside the UK that amounted to £2.4 million (2017: £2.2m).

Current trading and outlook

In the current year we remain focused on the profitable delivery of our anticipated volume growth whilst continuing to take actions to mitigate strong input cost inflation, including commercial price recovery from our customers. We will also maintain close control of overheads whilst investing in key focus areas that will enable McBride to fully exploit its scale and cost advantage within its supply chain.

Revenues in the first few months of the new financial year have been satisfactory and whilst certain cost pressures persist, at this stage the Board remains confident the Group will achieve its full year expectations.

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:

- Consumer and customer trends;
- Market competitiveness;
- Input costs;
- Legislation;
- Financial risks; and
- Breach of IT security.

Cautionary statement

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised.

The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Company undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Consolidated income statement

For the year ended 30 June 2018

		2018			2017*		
			Adjusting items			Adjusting items	
		Adjusted	**(see note 4)**	**Total**	Adjusted	(see note 4)	Total
Continuing operations	Note	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	3	**689.8**	-	**689.8**	632.9	-	632.9
Cost of sales		**(454.2)**	-	**(454.2)**	(402.6)	-	(402.6)
Gross profit		**235.6**	-	**235.6**	230.3	-	230.3
Distribution costs		**(48.9)**	-	**(48.9)**	(42.7)	-	(42.7)
Administrative costs		**(149.0)**	**(5.9)**	**(154.9)**	(145.6)	(1.7)	(147.3)
Operating profit	3	**37.7**	**(5.9)**	**31.8**	42.0	(1.7)	40.3
Finance costs		**(4.5)**	**(0.8)**	**(5.3)**	(6.9)	(13.7)	(20.6)
Profit before taxation		**33.2**	**(6.7)**	**26.5**	35.1	(15.4)	19.7
Taxation	7	**(10.0)**	**2.5**	**(7.5)**	(10.8)	0.4	(10.4)
Profit for the year from continuing operations		**23.2**	**(4.2)**	**19.0**	24.3	(15.0)	9.3
Discontinued operations							
Loss for the year from discontinued operations	5, 6	**(1.0)**	**(14.6)**	**(15.6)**	(0.4)	-	(0.4)
Profit for the year		**22.2**	**(18.8)**	**3.4**	23.9	(15.0)	8.9
Earnings/(loss) per ordinary share from continuing and discontinued operations attributable to the owners of the parent during the year	8						
Basic earnings/(loss) per share							
From continuing operations				**10.4p**			5.1p
From discontinued operations				**(8.5p)**			(0.2p)
From profit for the year				**1.9p**			4.9p
Diluted earnings/(loss) per share							
From continuing operations				**10.4p**			5.1p
From discontinued operations				**(8.5p)**			(0.2p)
From profit for the year				**1.9p**			4.9p
Operating profit				**31.8**			40.3
Adjusted for:							
Amortisation of intangible assets				**1.4**			0.7
Exceptional items	4			**4.5**			1.0
Adjusted operating profit	3			**37.7**			42.0

*2017 comparatives have been restated for discontinued operations – see note 1 for further information

Consolidated statement of comprehensive income
For the year ended 30 June 2018

	Note	2018 £m	2017* £m
Profit for the year attributable to owners of the Parent		**3.4**	8.9
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Currency translation differences on foreign subsidiaries		**0.6**	7.4
Gain/(loss) on net investment hedges		**0.1**	(7.8)
Gain on discontinued cash flow hedges recycled to exceptional items		**-**	1.8
Gain on cash flow hedges in the year		**0.1**	3.4
Loss on cash flow hedges transferred to profit or loss		**(0.6)**	(4.7)
Taxation relating to items above		**0.1**	2.5
Purchase of non-controlling interest of Fortune Organics		**(0.5)**	-
		(0.2)	2.6
Items that will not be reclassified to profit or loss:			
Net actuarial gain/(loss) on post-employment benefits	10	**9.5**	(11.0)
Taxation relating to item above		**(1.6)**	1.4
		7.9	(9.6)
Total other comprehensive income/(expense)		**7.7**	(7.0)
Total comprehensive income		**11.1**	1.9
Attributable to:			
- Owners of the parent		**11.7**	1.9
- Non-controlling interests		**(0.6)**	-
Total comprehensive income		**11.1**	**1.9**
Total comprehensive income attributable to equity shareholders arises from:			
Continuing operations		**26.7**	2.3
Discontinued operations		**(15.6)**	(0.4)
		11.1	1.9

*2017 comparatives have been restated for discontinued operations – see note 1 for further information

Consolidated balance sheet

As at 30 June 2018

	Note	2018 £m	2017 £m
Non-current assets			
Goodwill		**20.4**	17.5
Other intangible assets		**9.5**	4.2
Property, plant and equipment		**135.6**	140.9
Derivative financial instruments		**0.1**	0.1
Deferred tax assets		**12.9**	12.0
Other non-current assets		**0.6**	0.6
		179.1	175.3
Current assets			
Inventories		**88.9**	78.8
Trade and other receivables		**155.2**	137.6
Current tax asset		**0.8**	-
Derivative financial instruments		**0.3**	0.9
Cash and cash equivalents		**11.7**	26.0
Assets classified as held for sale	6	**12.1**	1.3
		269.0	244.6
Total assets		**448.1**	419.9
Current liabilities			
Trade and other payables		**202.2**	193.7
Borrowings		**43.6**	39.3
Derivative financial instruments		**0.3**	0.7
Current tax liabilities		**7.3**	5.8
Provisions	11	**3.0**	1.8
		256.4	241.3
Non-current liabilities			
Borrowings		**82.4**	62.4
Derivative financial instruments		**0.2**	0.1
Pensions and other post-employment benefits	10	**30.9**	42.2
Provisions	11	**4.2**	2.9
Deferred tax liabilities		**6.4**	6.8
		124.1	114.4
Total liabilities		**380.5**	355.7
Net assets		**67.6**	64.2
Equity			
Issued share capital		**18.3**	18.3
Share premium account		**81.8**	89.8
Other reserves		**61.6**	53.6
Accumulated loss		**(94.1)**	(98.1)
Equity attributable to owners of the Parent		**67.6**	63.6
Non-controlling interests		**-**	0.6
Total equity		**67.6**	64.2

The financial statements were approved by the Board of Directors on 6 September 2018 and were signed on its behalf by:

Rik De Vos	**Chris Smith**
Director	Director

Consolidated cash flow statement

For the year ended 30 June 2018

	Note	2018 £m	2017 £m
Operating activities			
Profit before tax		**7.8**	19.2
Net finance costs		**5.3**	20.6
Exceptional items	4	**21.7**	1.0
Share-based payments (credit)/charge		**(0.4)**	2.3
Depreciation of property, plant and equipment		**19.1**	19.4
Amortisation of intangible assets		**1.4**	0.7
Operating cash flow before changes in working capital		**54.9**	63.2
(Increase)/decrease in receivables		**(7.7)**	4.9
(Increase)/decrease in inventories		**(7.6)**	0.5
Increase/(decrease) in payables		**6.4**	(2.3)
Operating cash flow after changes in working capital		**46.0**	66.3
Additional cash funding of pension schemes		**(3.0)**	(3.0)
Cash generated from operations before exceptional items		**43.0**	63.3
Cash outflow in respect of exceptional items		**(4.1)**	(13.2)
Cash generated from operations		**38.9**	50.1
Interest paid		**(3.7)**	(6.4)
Taxation paid		**(6.8)**	(6.4)
Net cash generated from operating activities		**28.4**	37.3
Investing activities			
Proceeds from sale of Brno		**1.0**	-
Proceeds from sale of non-current assets		**-**	0.1
Purchase of property, plant and equipment		**(22.4)**	(15.2)
Purchase of intangible assets		**(1.2)**	(2.5)
Purchase of non-controlling interest of Fortune Organics		**(0.5)**	-
Purchase of Danlind, net of cash and borrowings acquired		**(35.7)**	-
Settlement of derivatives used in net investment hedges		**0.2**	8.3
Net cash used in investing activities		**(58.6)**	(9.3)
Financing activities			
Redemption of B Shares		**(7.7)**	(6.6)
Purchase of own shares		**-**	(0.2)
Net drawdown/(repayment) of bank loans and overdrafts		**23.7**	(20.8)
Capital element of finance lease rentals		**(0.1)**	(0.2)
Net cash generated from/used in financing activities		**15.9**	(27.8)
(Decrease)/increase in net cash and cash equivalents		**(14.3)**	0.2
Net cash and cash equivalents at the start of the year		**26.0**	24.8
Currency translation differences		**-**	1.0
Net cash and cash equivalents at the end of the year		**11.7**	26.0

Reconciliation of net cash flow to movement in net debt
For the year ended 30 June 2018

	Note	**2018** £m	2017 £m
(Decrease)/increase in net cash and cash equivalents		**(14.3)**	0.2
Net (drawdown)/repayment of bank loans and overdrafts		**(23.7)**	20.8
Capital element of finance lease rentals		**0.1**	0.2
Change in net debt resulting from cash flows		**(37.9)**	21.2
Currency translation differences		**(0.7)**	(6.0)
Movement in net debt in the year		**(38.6)**	15.2
Net debt at the beginning of the year		**(75.7)**	(90.9)
Net debt at the end of the year		**(114.3)**	(75.7)

Consolidated statement of changes in equity

For the year ended 30 June 2018

			Other reserves				Equity attributable		
	Issued share capital £m	Share premium account £m	Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m	Accumulated losses £m	to owners of the Parent £m	Non-controlling interests £m	Total equity £m
At 30 June 2016	18.3	96.7	(0.5)	(3.0)	47.9	(90.9)	68.5	0.6	69.1
Year ended 30 June 2017									
Profit for the year	-	-	-	-	-	8.9	8.9	-	8.9
Other comprehensive income/(expense)									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	-	-	-	7.4	-	-	7.4	-	7.4
Loss on net investment hedges	-	-	-	(7.8)	-	-	(7.8)	-	(7.8)
Gain on discontinued cash flow hedges recycled to exceptional items	-	-	1.8	-	-	-	1.8	-	1.8
Gain on cash flow hedges in the year	-	-	3.4	-	-	-	3.4	-	3.4
Loss on cash flow hedges transferred to profit or loss	-	-	(4.7)	-	-	-	(4.7)	-	(4.7)
Taxation relating to items above	-	-	0.4	2.1	-	-	2.5	-	2.5
	-	-	0.9	1.7	-	-	2.6	-	2.6
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	-	-	-	-	-	(11.0)	(11.0)	-	(11.0)
Taxation relating to item above	-	-	-	-	-	1.4	1.4	-	1.4
	-	-	-	-	-	(9.6)	(9.6)	-	(9.6)
Total other comprehensive income/(expense)	-	-	0.9	1.7	-	(9.6)	(7.0)	-	(7.0)
Total comprehensive income	-	-	0.9	1.7	-	(0.7)	1.9	-	1.9
Transactions with owners of the Parent									
Issue of B Shares	-	(6.9)	-	-	-	-	(6.9)	-	(6.9)
Redemption of B Shares	-	-	-	-	6.6	(6.6)	-	-	-
Share-based payments	-	-	-	-	-	0.3	0.3	-	0.3
Purchase of own shares	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
At 30 June 2017	**18.3**	**89.8**	**0.4**	**(1.3)**	**54.5**	**(98.1)**	**63.6**	**0.6**	**64.2**
Year ended 30 June 2018									
Profit for the year									
Other comprehensive (expense)/income	-	-	-	-	-	3.4	3.4	-	3.4
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	-	-	-	0.6	-	-	0.6	-	0.6
Gain on net investment hedges	-	-	-	0.1	-	-	0.1	-	0.1
Gain on cash flow hedges in the year	-	-	0.1	-	-	-	0.1	-	0.1
Loss on cash flow hedges transferred to profit or loss	-	-	(0.6)	-	-	-	(0.6)	-	(0.6)
Taxation relating to items above	-	-	0.1	-	-	-	0.1	-	0.1
Purchase of non-controlling interest of Fortune Organics	-	-	-	-	-	0.1	0.1	(0.6)	(0.5)
	-	-	(0.4)	0.7	-	0.1	0.4	(0.6)	(0.2)
Items that will not be reclassified to profit or loss:									
Net actuarial gain on post-employment benefits	-	-	-	-	-	9.5	9.5	-	9.5
Taxation relating to item above	-	-	-	-	-	(1.6)	(1.6)	-	(1.6)
	-	-	-	-	-	7.9	7.9	-	7.9
Total other comprehensive (expense)/income	-	-	(0.4)	0.7	-	8.0	8.3	(0.6)	7.7
Total comprehensive (expense)/income	-	-	(0.4)	0.7	-	11.4	11.7	(0.6)	11.1
Transactions with owners of the Parent									
Issue of B Shares	-	(8.0)	-	-	-	-	(8.0)	-	(8.0)
Redemption of B Shares	-	-	-	-	7.7	(7.7)	-	-	-
Share-based payments	-	-	-	-	-	0.3	0.3	-	0.3
At 30 June 2018	**18.3**	**81.8**	**-**	**(0.6)**	**62.2**	**(94.1)**	**67.6**	**-**	**67.6**

Notes to the consolidated financial information
For the year ended 30 June 2018

1. Basis of preparation

The financial information is derived from the Group's consolidated financial statements for the year ended 30 June 2018, which have been prepared on the going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, IFRS Interpretations Committee and those parts of the Companies Act 2006 ('the Act') applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of contingent consideration, financial assets and liabilities (derivative financial instruments) at fair value through profit or loss and assets held for sale.

The consolidated financial statements were approved by the Directors on 6 September 2018.

The financial information does not constitute statutory accounts within the meaning section 435 of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of IFRS.

The Company's auditors, PricewaterhouseCoopers LLP, have given an unqualified report on the consolidated financial statements for the year ended 30 June 2018, which did not include reference to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 498 of the Companies Act 2006.

Subject to approval by the Company's shareholders, the consolidated financial statements will be filed with the Registrar of Companies following the Company's Annual General Meeting on 23 October 2018.

Discontinued operations
Following the disposal of the Group's Czech skincare business and European Personal Care Liquids' assets, the respective results of these businesses will be disclosed as a discontinued operations. Where necessary the results for the year ended 30 June 2017 have been restated to present these as discontinued operations.

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2017, except for:

• Defined Benefit Plans: Employee Contributions (Amendments to IAS 19); and
• Annual Improvements Projects 2012.

All of the above changes to accounting policies had no financial effect on the consolidated financial statements for the year ended 30 June 2018.

Adjusted results
The Group believes that adjusted operating profit, adjusted profit before taxation 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, any non-cash financing costs from unwind of discount on initial recognition of contingent consideration, unwind of discount on provisions and any related tax.

Accounting standards issued but not yet adopted
The Group has assessed the impact of the following new standards and interpretations that are not yet effective for the year ending 30 June 2018:

• IFRS 9 – 'Financial Instruments' (effective 1 January 2018, EU endorsed 22 November 2016);
• IFRS 15 – 'Revenue from Contracts with Customers' (effective 1 January 2018, EU endorsed 22 September 2016).

The impact of the assessments of these new accounting standards are disclosed in the accounting policies section of the 2018 Annual Report and Accounts.

The Group is currently assessing the impact of the following new standards and interpretations that are not yet effective and will provide a further assessment of the potential impact in future years.

• IFRS 16 – 'Leases' (effective 1 January 2019, not yet endorsed by EU).

The standards and interpretations addressed above will be applied for the purpose of the Group financial statements from the date they become effective.

3. Segment information

Background
Financial information is presented to the Board by product category for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. It is considered that Household products have different market characteristics to Personal Care & Aerosols in terms of volumes, market share and production requirements. Accordingly, the Group's operating segments are determined by product category. Following the acquisition of Danlind, it has been integrated into the Household operating segment as a separate division of this segment.

The Board uses adjusted operating profit to measure the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses. During the years under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items.

Analysis by reportable segment

2018	Household UK £m	Household North[1] £m	Household South[2] £m	Household East[3] £m	Household Danlind £m	Total Household £m	Personal[4] Care & Aerosols £m	Total segments £m	Corporate[5] £m	Total Group £m
Continuing operations										
Segment revenue	**163.9**	**189.7**	**77.2**	**137.9**	**48.4**	**617.1**	**72.7**	**689.8**	**-**	**689.8**
Adjusted operating profit/(loss)						**46.0**	**(1.5)**	**44.5**	**(6.8)**	**37.7**
Amortisation of intangible assets										**(1.4)**
Exceptional items (see note 4)										**(4.5)**
Operating profit										**31.8**
Net finance costs										**(5.3)**
Profit before taxation										**26.5**
Discontinued operations										
Segment revenue	**-**	**-**	**-**	**-**	**-**	**-**	**65.2**	**65.2**	**-**	**65.2**
Adjusted operating loss						**-**	**(1.5)**	**(1.5)**	**-**	**(1.5)**
Inventories						**73.6**	**15.3**	**88.9**	**-**	**88.9**
Capital expenditure						**20.7**	**1.2**	**21.9**	**-**	**21.9**
Amortisation and depreciation						**18.6**	**1.9**	**20.5**	**-**	**20.5**

(1) France, Belgium, Holland and Scandinavia (excluding Danlind).
(2) Italy and Spain.
(3) Germany, Poland, Luxembourg and other Eastern Europe.
(4) Includes Asia.
(5) Corporate represents costs related to the Board, the Executive Leadership Team and key supporting functions.

2017*	Household UK £m	Household North[1] £m	Household South[2] £m	Household East[3] £m	Household Danlind £m	Total Household £m	Personal[4] Care& Aerosols £m	Total segments £m	Corporate[5] £m	Total Group £m
Continuing operations										
Segment revenue	155.4	192.8	76.4	131.1	-	555.7	77.2	632.9	-	632.9
Adjusted operating profit/(loss)						48.8	1.3	50.1	(8.1)	42.0
Amortisation of intangible assets										(0.7)
Exceptional items (see note 4)										(1.0)
Operating profit										40.3
Net finance costs										(20.6)
Profit before taxation										19.7
Discontinued operations										
Segment revenue	**-**	**-**	**-**	**-**	**-**	**-**	72.3	72.3	-	72.3
Adjusted operating loss						**-**	(0.5)	(0.5)	-	(0.5)
Inventories						59.0	19.8	78.8	-	78.8
Capital expenditure						18.9	1.7	20.6	-	20.6
Amortisation and depreciation						16.8	3.3	20.1	-	20.1

*2017 comparatives have been restated for discontinued operations – see note 1 for further information.

4. Exceptional items

Analysis of exceptional items

	2018 £m	2017 £m
Continuing operations		
Reorganisation and restructuring costs:		
Supply chain restructuring	**-**	0.9
Other prior year projects	**-**	0.1
Reorganisation of continuing PCA business	**2.9**	-
Danlind acquisition	**1.6**	-
Total charged to operating profit	**4.5**	**1.0**
Group refinancing:		
Group refinancing	**-**	13.0
Danlind finance charges incurred at acquisition	**0.3**	-
Total charged to financing costs	**0.3**	13.0
Total continuing operations	**4.8**	14.0
Discontinued operations		
Impairment of long-lived assets, property, plant and equipment, and inventory		
PCA Liquids	**6.2**	-
FV impairment for assets held for sale	**8.5**	-
Impairment of goodwill PCA	**0.2**	-
Brno, Czech Republic	**4.1**	-
	19.0	-
Reorganisation of PCA business	**1.2**	-
Change in contingent consideration	**(3.0)**	-
Total discontinued operations	**17.2**	-
Total	**22.0**	14.0

Total exceptional items of £22.0 million were recorded during the year (2017: £14.0m). The charge primarily comprises the following:

Items relating to continuing operations

- As part of the acquisition of Danlind, exceptional costs of £1.6 million have been incurred to date relating primarily to legal and advisory fees and integration costs; and
- Reorganisation costs in the period of £2.9 million relate to redundancies and associated costs following the management decision to close the Aerosols site in Hull; and
- Exceptional finance charges of £0.3 million incurred as part of the refinancing of the Danlind banking arrangements.

Items relating to discontinued operations

- The business has undertaken a strategic review of the PCA business, culminating with the sale of PCA Liquids. As a result £16.1 million exceptional costs have been incurred to date in relation to redundancies (£1.2m),the impairment of plant and machinery (£6.2m) and the re-measurement of assets of a disposal group to assets held for sale (£8.5m), as a result the goodwill allocated to PCA (£0.2m) has been fully impaired; and
- A net charge of £1.1 million in relation to the Czech Republic based skincare business at Brno, comprising; the release of £3.0 million contingent consideration following the acquisition of the remaining 30% of the business for £nil consideration; and £4.1 million charge following the impairment review triggered by the sale of 100% of the business.

In the prior year, the following exceptional costs were charged:

- £0.9 million of costs in relation to the reorganised its Poland site with significant investment and upgrades to focus on Household activities;
- £13.0 million incurred as part of the refinancing of the Group.

5. Acquisition and disposals

i) Acquisition of the entire share capital of Danlind a/s

On 29 September 2017, the Group acquired the entire share capital of Danlind a/s, a company registered in Denmark, whose principal activity is the manufacture and sale of Auto dishwash and Laundry products.

Danlind provides McBride with access to accelerated growth in the key strategic category of auto dish-wash tablets, through its well invested capacity, technology platform and high quality product range. Danlind has a significant range of retail and contract customers along with a well-established position in the Nordic region and in the commercial laundry and dish-wash markets. Danlind will enable McBride to gain entry into growth segments where it is currently under represented. Additionally, Danlind's strong position in environmental products can be developed further through McBride's extensive European reach.

Details of the acquisition are as follows:

a) Purchase consideration and fair value of net assets acquired

	£m
Cash consideration	10.4
Purchase price adjustment*	(0.2)
Total purchase consideration	**10.2**

*Relates to a VAT loan repayment in which the group receives £0.2 million from Lind Holdings.

The assets and liabilities recognised at the date of acquisition are as follows:

	Book value	Fair value adjustment	Fair value
	£m	£m	£m
Intangible assets	0.1	5.5	5.6
Fixed assets	23.8	(9.9)	13.9
Inventories	14.0	(0.7)	13.3
Trade receivables and other receivables(1)	11.8	-	11.8
Net debt	(25.3)	-	(25.3)
Trade payables and other payables	(11.6)	-	(11.6)
Deferred tax liability	(2.0)	1.4	(0.6)
Net identifiable assets acquired	**10.8**	**(3.7)**	**7.1**
Goodwill			3.1
Consideration paid			**10.2**

(1) The fair value of receivables at acquisition were equal to the gross contractual amounts receivable and the best estimate of the contractual cash flows not expected to be collected.

The fair value adjustments relate to fixed assets and inventory, the recognition of deferred tax liabilities on the associated intangible assets for customer relationships and the Danlind brands, resulting in a goodwill balance of £3.1 million.

The goodwill is attributable mainly to the well invested capacity, technology platform and high quality product range as well as the skills and tacit knowledge of Danlind's workforce. In addition, the Group will benefit from the synergies expected to be achieved from integrating Danlind into the Group, allowing the company to benefit from the Group's extensive European reach.

None of the recognised goodwill will be deductible for tax purposes.

Acquisition related costs

Acquisition related costs of £1.9 million, comprising £1.6 million legal & advisory and reorganisation, and £0.3 million refinancing of Danlind debt are included in the income statement and are treated as exceptional items.

b) Revenue and profit contribution

The acquired business contributed revenues of £48.4 million and operating profit before exceptionals of £1.6 million to the Group for the period from 29 September 2017 to 30 June 2018.

If the acquisition had occurred on 1 July 2017, Group total consolidated revenue and consolidated operating profit before exceptional items for the year ended 30 June 2018 would have been £769.4 million and £36.6 million respectively.

ii) Acquisition of remaining 30% and subsequent disposal of Czech Republic based skincare business at Brno

On 5 October 2017, in line with the Sale and Purchase Agreement (SPA), the remaining 30% of the Czech Republic based skincare business at Brno was acquired by the Group for consideration of £nil. As a result, the contingent consideration of £3.0 million held in relation to acquiring this remaining 30% interest has been released to exceptional items within the profit and loss.

Within the half year reported results, an exceptional charge of £4.1 million was made following the impairment review triggered by the ongoing sale of 100% of the Czech Republic based skincare business which completed on the 21 February 2018 (equating to the net of the businesses book and fair values at that time). The net charge to exceptional items is £1.1 million.

At disposal the net assets held of £1.3 million were equal to the consideration received hence no gain or loss on disposal has been reflected within these financial statements.

The results of the Skincare business for the 12 months ended 31 June 2018 are included within discontinued operations in accordance with IFRS 5.

The consideration and the profit on disposal were as follows:

	£m
Consideration	
Cash received on disposal	**1.0**
Cash held in escrow	**0.3**
	1.3

	£m
Profit or loss	
Consideration	**1.3**
Net assets disposed	**(1.3)**
	-

Net assets disposed of:

	2018 £m	2017 £m
Inventories	**2.7**	-
Trade receivables and other receivables	**2.9**	-
Trade payables and other payables	**(3.7)**	-
Net debt	**(0.6)**	-
	1.3	-

Analysis of the results of the discontinued operation is as follows:

	2018 £m	2017 £m
Revenue	**9.0**	12.5
Expenses	**(10.1)***	(12.6)
Loss before tax of discontinued operations	**(1.1)**	(0.1)
Tax	**-**	-
Loss after tax of discontinued operations	**(1.1)**	(0.1)

*Includes exceptional charge of £1.1 million (see note 4).

Cashflow

	2018 £m	2017 £m
Operating cash flows	**(0.4)**	0.4
Investing cash flows	**-**	(0.4)
Financing cash flows	**0.4**	-
Total cash flows	**-**	-

iii) Acquisition of remaining 45% minority shareholding of Fortune Organics (F.E.) Sdn. Bhd.

During the year, Fortune Laboratories (McBride's Malaysian operating company) purchased the remaining 45% of the property company Fortune Organics (F.E.) Sdn. Bhd. for £0.5 million. The purchase of the remaining 45% of the company has been treated as an equity transaction with no impact to the income statement or the balance sheet. The carrying value of the non-controlling interest has been adjusted within equity to represent the change in ownership.

6. Assets classified as held for sale

i) Assets held for sale at Bradford and Ieper PCA

On 3 July 2018 the group signed an agreement for the disposal of the Group's European Personal Care Liquids' activities, which comprises two manufacturing sites at Bradford, UK and Ieper, Belgium, supplying customers with a range of personal hygiene, haircare and oral care products.

This sale represents the disposal of the majority of the Group's PCA Liquids business, therefore in accordance with IFRS 5 the results of PCA Liquids are now included in discontinued operations as at 30 June 2018. The completion date for the transaction is expected by October 2018.

The proposed transaction, which is subject to customary closing conditions, will comprise the disposal of the trade and assets of the Group's European Personal Care Liquids business for a cash consideration of £12.5 million (subject to any post-closing working capital adjustments), payable on completion.

Assets of disposal group classified as held for sale:

	2018	2017
	£m	£m
Assets of disposal group classified as held for sale		
Property, plant and equipment	**3.4**	-
Inventories	**7.5**	-
	10.9	-

In accordance with IFRS 5, the fixed assets held for sale were written down to their fair value less costs to sell of £3.4 million. This is a non-recurring fair value which has been measured using observable inputs, being the agreed sales price in an arm's length transaction, and is therefore within level 2 of the fair value hierarchy.

Analysis of the results of the discontinued operations, and the result recognised on the re-measurement of assets of the disposal group, is as follows:

	2018	2017
	£m	£m
Revenue	**56.2**	59.8
Expenses	**(65.3)***	(60.2)
Loss before taxation of discontinued operations	**(9.1)**	(0.4)
Taxation	**2.0**	0.1
Loss after taxation of discontinued operations	**(7.1)**	(0.3)
Pre-taxation loss recognised on the remeasurement of assets of disposal group	**(8.5)**	-
Taxation	**1.1**	-
After taxation loss recognised on the remeasurement of assets of disposal group	**(7.4)**	-
Loss for the year from discontinued operations	**(14.5)**	(0.3)

*Including exceptional charges of £7.6 million, including £6.2 million for the impairment of assets, £0.2 million for the write off of goodwill, and £1.2 million for reorganisation costs.

Cashflow

	2018	2017
	£m	£m
Operating cash flows	**(2.0)**	(3.6)
Investing cash flows	**(0.4)**	(0.6)
Financing cash flows	**-**	-
Total cash flows	**(2.4)**	(4.2)

ii) Former manufacturing site in Italy

At 30 June 2018, assets held for sale amounting to £1.2 million (2017: £1.3m) comprised freehold land and buildings at a former manufacturing site in Italy.

On the 25th July 2018, following the balance sheet date, the Group entered into an agreement for the sale of the Solaro site in Italy. Consideration of £1.6 million has been received with respect to this sale.

7. Taxation

Income tax expense

	2018			2017		
	UK	**Overseas**	**Total**	UK	Overseas	Total
From continuing operations	**£m**	**£m**	**£m**	£m	£m	£m
Current tax expense:						
Current year	**3.6**	**7.5**	**11.1**	1.4	6.9	8.3
Adjustment for prior years	**(1.2)**	**(0.4)**	**(1.6)**	-	0.8	0.8
	2.4	**7.1**	**9.5**	1.4	7.7	9.1
Deferred tax expense:						
Origination and reversal of temporary differences	**(1.8)**	**1.3**	**(0.5)**	1.0	0.4	1.4
Adjustment for prior years	**(0.7)**	**0.1**	**(0.6)**	(0.2)	0.1	(0.1)
Impact of change in tax rate	**-**	**(0.9)**	**(0.9)**	-	-	-
	(2.5)	**0.5**	**(2.0)**	0.8	0.5	1.3
Income tax expense	**(0.1)**	**7.6**	**7.5**	2.2	8.2	10.4

Tax expense on continuing operations excludes the tax income from discontinued operations (PCA Liquids and Brno) of £3.1 million, which has been included in the loss from discontinued operation, net of tax, (see notes 5 and 6).

8. Earnings per share

Basic earnings per ordinary share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of the Company’s ordinary shares in issue during the financial year. The weighted average number of the Company’s ordinary shares in issue excludes 0.2 million shares (2017: 0.7m shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

Earnings/(loss) per share figures for the year ending 30 June 2017 have been restated to reflect the presentation of the results of the held for sales business units that have been classified as discontinued operations under IFRS 5 Non-current assets held for sale and discontinued operations.

	Reference	**2018**	**2017**
Weighted average number of ordinary shares in issue (million)	a	**182.6**	182.1
Effect of dilutive LTIP awards (million)		**0.7**	0.8
Weighted average number of ordinary shares for calculating diluted earnings per share (million)	b	**183.3**	182.9

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming the conversion of all potentially dilutive ordinary shares.

During the year, the Company had equity-settled LTIP awards with a nil exercise price that are potentially dilutive ordinary shares.

Adjusted earnings per share measures are calculated based on profit for the year attributable to owners of the Company before adjusting items as follows:

From continuing operations	Reference	2018 £m	2017 £m
Earnings for calculating basic and diluted earnings per share	c	**19.0**	9.3
Adjusted for:			
Amortisation of intangible assets		**1.4**	0.7
Exceptional items (see note 4)		**4.8**	14.0
Unwind of discount on contingent consideration		**-**	0.3
Unwind of discount on provisions		**0.5**	0.4
Taxation relating to the above items		**(2.5)**	(0.4)
Earnings for calculating adjusted earnings per share	d	**23.2**	24.3

	Reference	2018 Pence	2017 pence
Basic earnings per share	c/a	**10.4**	5.1
Diluted earnings per share	c/b	**10.4**	5.1
Adjusted basic earnings per share	d/a	**12.7**	13.3
Adjusted diluted earnings per share	d/b	**12.7**	13.3

From discontinued operations	Reference	2018 £m	2017 £m
Losses for calculating basic and diluted earnings per share	c	**(15.6)**	(0.4)
Adjusted for:			
Exceptional items (see note 4)		**17.2**	-
Taxation relating to the above items		**(2.6)**	-
Losses for calculating adjusted earnings per share	d	**(1.0)**	(0.4)

	Reference	2018 pence	2017 pence
Basic earnings per share	c/a	**(8.5)**	(0.2)
Diluted earnings per share	c/b	**(8.5)**	(0.2)
Adjusted basic earnings per share	d/a	**(0.5)**	(0.2)
Adjusted diluted earnings per share	d/b	**(0.6)**	(0.2)

Total attributable to ordinary shareholders	**Reference**	2018 £m	2017 £m
Earnings for calculating basic and diluted earnings per share	c	**3.4**	8.9
Adjusted for:			
Amortisation of intangible assets		**1.4**	0.7
Exceptional items (see note 4)		**22.0**	14.0
Unwind of discount on contingent consideration		**-**	0.3
Unwind of discount on provisions		**0.5**	0.4
Taxation relating to the above items		**(5.1)**	(0.4)
Earnings for calculating adjusted earnings per share	d	**22.2**	23.9

	Reference	**2018** **pence**	2017 pence
Basic earnings per share	c/a	**1.9**	4.9
Diluted earnings per share	c/b	**1.9**	4.9
Adjusted basic earnings per share	d/a	**12.2**	13.1
Adjusted diluted earnings per share	d/b	**12.1**	13.1

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 the year were as follows:

	2018		2017	
	Pence per share	**£m**	Pence per share	£m
Interim	**1.5**	**2.7**	1.4	2.6
Final	**2.8**	**5.2**	2.9	5.3
Total for the year	**4.3**	**7.9**	4.3	7.9

The proposed final payment in respect of 2018 of 2.8 pence per ordinary share is subject to approval by shareholders at the Company's AGM and has therefore not been recognised in this financial information.

10. 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 pension schemes. The net value of the pension deficit for the UK scheme decreased in the year to £28.5 million from £40.0 million at the end of the previous year primarily due to the effects of increases in the future inflation assumptions and experiential gains on liabilities.

The Group has other unfunded post-employment benefit obligations outside the UK that amounted to £2.4 million (2017: £2.2m).

11. Provisions

	Reorganisation and restructuring £m	Leasehold dilapidations £m	Environmental remediation £m	Other £m	Total £m
At 30 June 2016	3.4	0.7	2.3	-	6.4
Charged to profit or loss	1.0	0.1	-	0.3	1.4
Unwind of discount	-	-	0.4	-	0.4
Utilisation	(3.8)	-	-	-	(3.8)
Currency translation differences	0.1	-	0.2	-	0.3
At 30 June 2017	0.7	0.8	2.9	0.3	4.7
Charged to profit or loss	**2.9**	**-**	**-**	**-**	**2.9**
Unwind of discount	**-**	**-**	**0.5**	**-**	**0.5**
Utilisation	**(0.4)**	**-**	**(0.3)**	**(0.3)**	**(1.0)**
Currency translation differences	**-**	**-**	**0.1**	**-**	**0.1**
At 30 June 2018	**3.2**	**0.8**	**3.2**	**-**	**7.2**

Analysis of provisions:

	2018	2017
	£m	£m
Current	**3.0**	1.8
Non-current	**4.2**	2.9
Total	**7.2**	4.7

Reorganisation costs in the period of £2.9 million relate to redundancies and associated costs following the management decision to close the PCA site in Hull (see note 4).

The brought forward reorganisation and restructuring provisions principally comprise of redundancies made in the prior year in relation to the Group reorganisation and UK restructuring.

Environmental remediation provision relates to historical environmental contamination at a site in Belgium.

12. Exchange rates

	Average rate		Closing rate	
	2018	2017	**2018**	2017
	£m	£m	**£m**	£m
Euro	**1.13**	1.16	**1.13**	1.14
US Dollar	**1.35**	1.27	**1.32**	1.30
Danish Krone	**8.44**	8.47	**8.41**	8.48
Polish Zloty	**4.78**	5.02	**4.94**	4.81
Czech Koruna	**28.99**	31.30	**29.37**	29.79
Hungarian Forint	**351.61**	360.45	**372.18**	351.37
Malaysian Ringgit	**5.49**	5.43	**5.31**	5.57
Australian Dollar	**1.74**	1.68	**1.78**	1.69

13. Date of payments to shareholders

Subject to shareholder approval at the Annual General Meeting, payment to shareholders by means of the allotment of B Shares will be made on 30 November 2018 to ordinary shareholders on the register on 26 October 2018.

Note: This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation which came into effect on 3 July 2016.

-Ends-