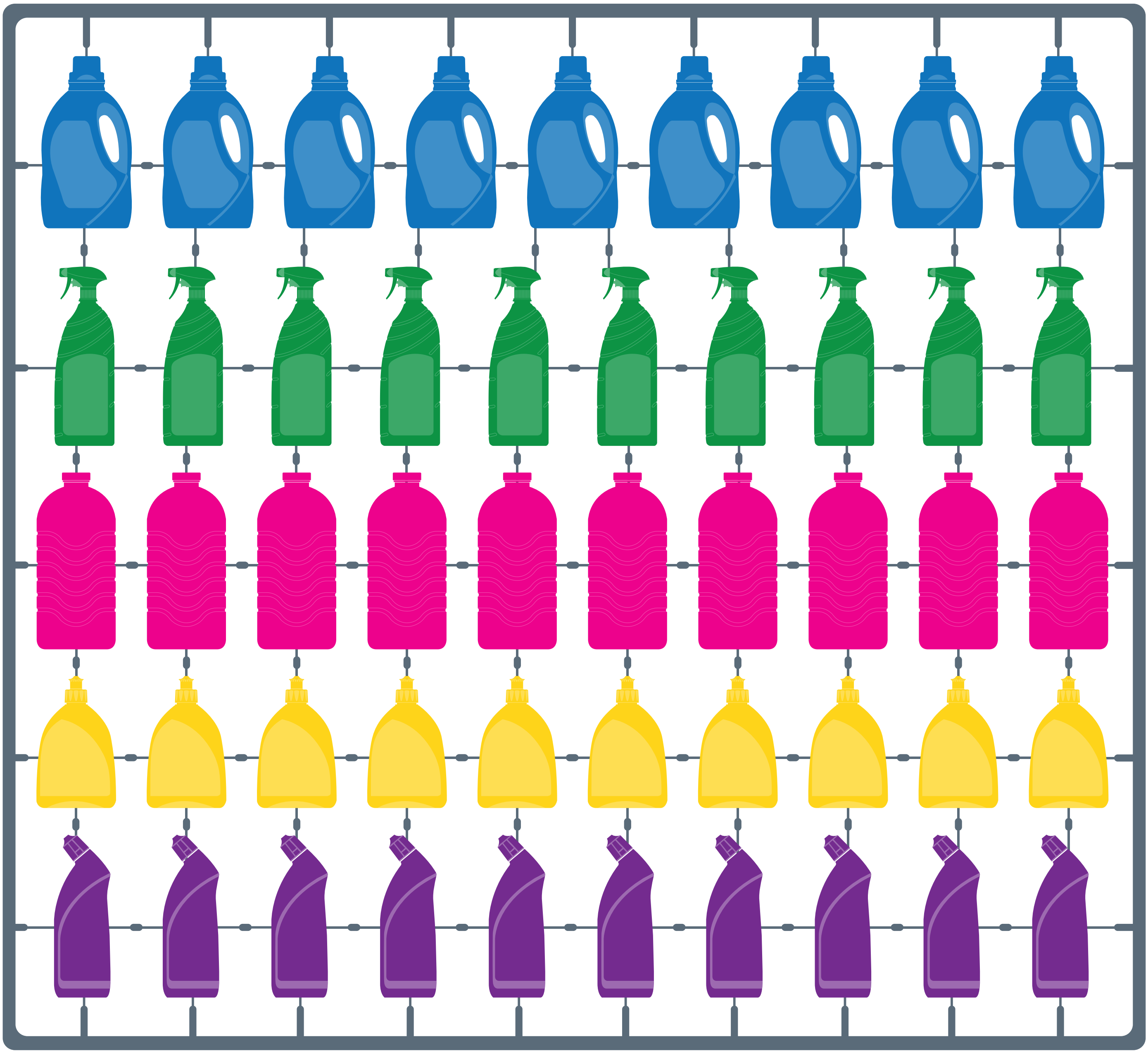

Investing for growth

McBride plc Half Year Report 2018

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Welcome to the McBride plc Half-Year Report 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 Half-Year Report for the six months ended 31 December 2017.

The Group remains confident in the development of its strategy and believes it is particularly well placed in light of its recent success in securing a number of significant business wins as a result of competitor weakness.

As a consequence, the Group's Household activities are progressing well and are expected to deliver significant growth in the second half. The PCA business has seen disproportionate impact from inflationary pressures and market dynamics resulting in trading losses. The Group expects to shortly launch an accelerated transformation plan to return the division to break even within 18 months.

For more information visit
www.mcbride.co.uk

Headlines

Emerging Household growth tempered by rising external costs and PCA losses

Group

- Revenues 2.2% higher at £368.4 million, with Danlind adding £15.2 million for the first three months following acquisition; underlying(3) business 4.7% lower
- Adjusted operating profit(4) of £15.8 million, £7.1 million (31%) lower than the strong first half of last financial year
- ROS of 4.3% (H116: 6.4%; FY17: 5.9%)
- Exceptional items of £9.0 million, mostly asset write-downs in Personal Care & Aerosols (PCA)
- Operating profits of £6.7 million (2016: £22.5m)
- 35% reduction in underlying(5) interest costs following refinancing in June 2017
- Interim payment to shareholders increased by 7% to 1.5 pence (2016: 1.4p) reflecting Board confidence in future growth prospects
- Net debt increase of £47.1 million, primarily reflecting acquisition of Danlind (£35.7m)

Segments

- Household underlying revenues lower by 3.4% with improving performance and outlook (Q1 5.4% decline; Q2 1.2% decline with some regions now in growth)
- Household expected to deliver mid-to-high single digit underlying revenue growth in second half driven by new contract wins
- Household adjusted operating profit(4) at £22.0 million and ROS 7.4% (2016: £26.5m and 9.3%)
- PCA underlying revenues lower by 9.7% with adjusted operating loss(4) of £2.3 million (2016: £0.9m)
- European PCA recovery strategy nearing launch, Czech Skincare business sold

£m unless otherwise stated	Half year to 31 Dec 2017	Half year to 31 Dec 2016(1)	Reported change	Constant currency change(2)	Underlying change(3)
Revenue	368.4	360.6	2.2%	(0.6%)	(4.7%)
Adjusted operating profit(4)	15.8	22.9	(31.0%)	(33.9%)	(33.9%)
Adjusted operating margin(4)	4.3%	6.4%	(2.1ppts)	(2.1ppts)	(1.9ppts)
Operating profit	6.7	22.5	(70.2%)		
Operating margin	1.8%	6.2%	(4.4ppts)		
Adjusted profit before taxation	13.6	19.5	(30.3%)	(33.3%)	(32.4%)
Profit before taxation	4.0	18.8	(78.7%)		
Diluted earnings per share	0.7p	7.1p	(90.1%)		
Adjusted diluted earnings per share(5)	5.2p	7.4p	(29.7%)		
Interim payment to shareholders (per ordinary share)	1.5p	1.4p	7.1%		
Cash flow from operations (before exceptional items)	14.3	34.4			
Net debt(6)	122.8	75.7			
Return on capital employed(7)	20.6%	28.0%			

(1) Net debt comparative is as at 30 June 2017, all other comparatives refer to the six months ended on 31 December 2016 unless otherwise stated.

(2) Comparatives translated at 31 December 2017 exchange rates.

(3) Underlying after adjusting for constant currency and excluding the impact of Danlind acquisition.

(4) Adjustments made for the amortisation of intangible assets and exceptional items (see Consolidated Income Statement).

(5) Adjustments 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 (see Consolidated Income Statement).

(6) Net debt comprises cash and cash equivalents, overdraft, bank and other loans and finance lease liabilities.

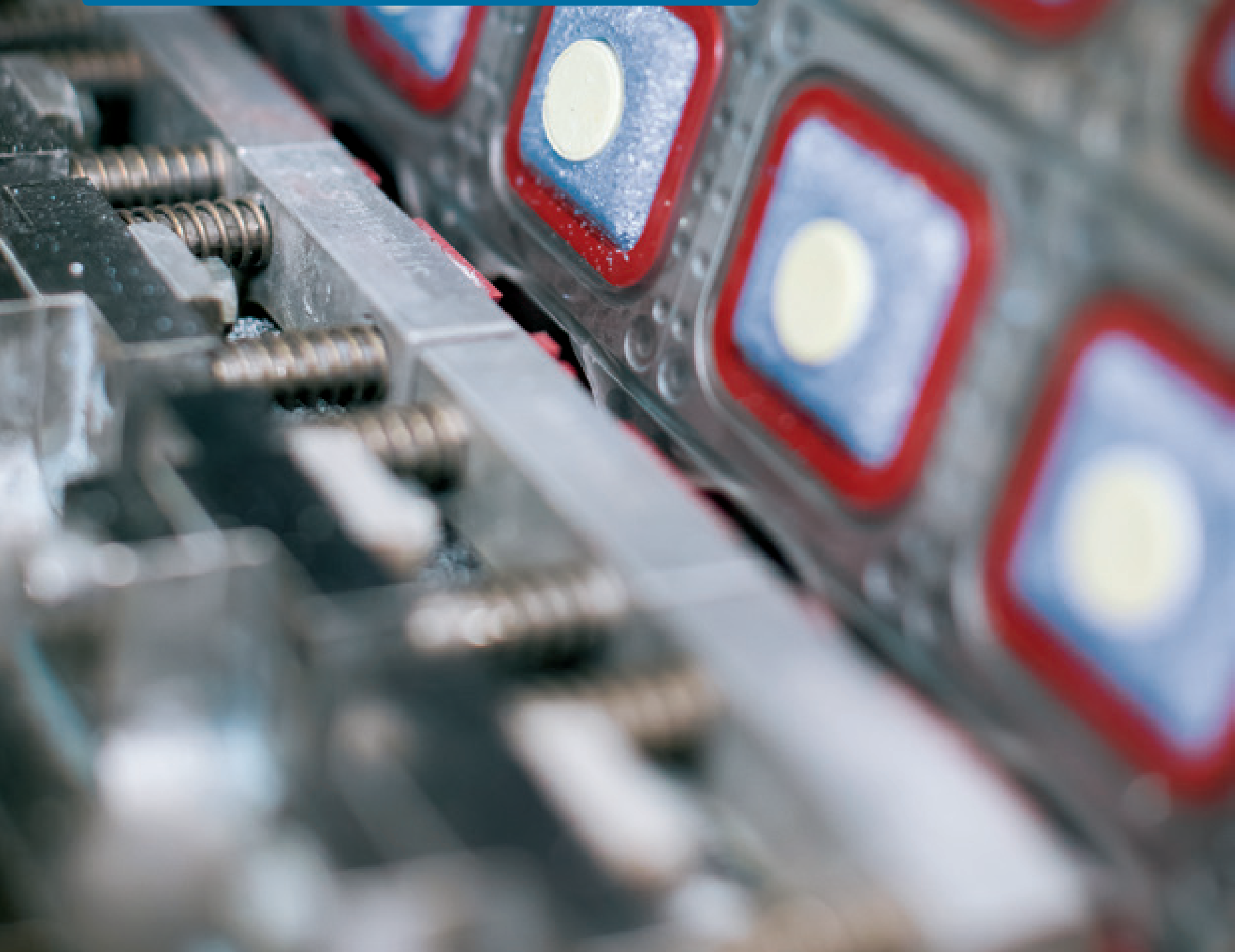
(7) Rolling twelve months adjusted operating profit to 31 December 2017 as a percentage of average period end net assets excluding net debt.

Executive review

Success in securing significant business wins validates our strategic direction.

Rik De Vos
Chief Executive Officer

Chris Smith
Chief Finance Officer



Strategy progress

Significant progress in the delivery of our three-phased (‘Repair’, ’Prepare’ and ‘Grow’) ‘Manufacturing Our Future’ strategy since its launch in September 2015 has underpinned the strong financial performance of the Group over recent years.

Having successfully concluded the ‘Repair’ phase during the last financial year, we embarked on the ‘Prepare’ phase which comprises four key objectives that will provide the foundations to deliver our ambitions: first, building our fundamental commercial growth capabilities; second, developing the necessary asset base with related investment plans; third, creating the organisational structure and skills required to deliver our strategy; and, fourth and finally, resolving our underperforming European PCA business.

In our Household business, we have identified laundry capsules, laundry liquids and auto dishwash tablets as key growth categories. When combined with increasing demand for contract manufacturing services and scale and cost leadership opportunities within converging traditional retail and hard discount channels, we have established a profitable growth plan. This plan will be underpinned by a greatly improved cost position resulting from a more efficient manufacturing and distribution asset base.

The ‘Prepare’ phase will provide an efficient and sustainable platform to support our growth ambitions. To date, we have made good progress in this programme and the contribution from staff across the whole Group has been significant.

In September 2017 we announced the acquisition of Danlind a/s, a supplier of auto dishwash and laundry products in Denmark. Danlind provides our Household division with access to accelerated growth in our key strategic category of auto dishwash tablets through its well-invested capacity, technology platform and high quality product range. Having recently completed the first phase of its integration into the Group we remain confident in the value proposition it provides.

Competitor weakness led to a number of significant business wins in H1, with further wins anticipated, within our key Household growth categories. A number of our major customers have turned to the Group for support, validating our assessment of the market opportunities. This has fast-tracked our growth ambition significantly but has required certain choices to be made in terms of the phasing of our investment plans. Our focus in this financial year is now on ensuring the smooth transition of this new production to the McBride supply chain. As a result, we have decided to defer certain efficiency and rationalisation initiatives until these significant volumes of new business have been effectively consolidated. Our progress in securing additional volumes provides more evidence of the deliverability of our medium-term financial targets but changes the phasing of our growth, essentially pushing back delivery by one year.

The Group has identified within its key management teams the skills necessary to ensure the delivery of its strategy and has made the appropriate investment both in securing key talent in critical roles and developing existing management.

Executive review
continued

Strategy progress continued

The performance of our European PCA business is clearly unsatisfactory and the fourth key objective of the 'Prepare' phase is to resolve this situation. By simplifying its scope and streamlining its activities, we will reduce costs and deliver a competitive business for the future. As a first step, we have sold our Skincare business, based in Czech Republic, which had revenue of £15 million and was break even at the trading profit level last year. This business has been an uneasy fit in the volume Personal Care liquids activities and a significant management distraction. Plans for the remaining four liquids and aerosols factories are currently under consideration and will shortly be finalised, with implementation expected to commence in the second half of this financial year. We aim to return PCA in Europe to at least a breakeven position within 18 months. Exceptional costs totalling £7.3 million to cover the anticipated loss on sale of the Czech business and asset impairments in PCA have been charged within these interim results.

Group operating results

Group revenues at £368.4 million were £7.8 million (2.2%) higher than the prior half year, aided by the translation effect of a strong Euro and the acquisition of Danlind during the period. On an underlying basis, sales were lower by £17.6 million (4.7%), with Household sales lower by 3.4% and PCA lower by 9.7%.

Overall volumes, excluding Danlind, were lower by 4.2% across the Group (2.7% Household, 9.8% PCA). In Household the decline was primarily as a result of the previously-disclosed major contract loss in Germany that has subsequently been resecured. In PCA, deliberate management actions to exit certain customer and product arrangements and increased market pressures, especially in Aerosols, were the key drivers of lower sales volumes. Customer price pressure remained a feature in the period with 0.7% of the year-on-year revenue decline a result of lower sales prices, primarily in the competitive French market.

In the half year to December 2017, raw material prices increased by approximately 4.0% versus the same period last year. Of this, 1.0% was driven by foreign exchange, mostly being the impact of weaker Sterling. We continued to focus on overhead saving initiatives, some of which were announced in previous years and this delivered a further £5.1 million benefit in the period.

As a result, half-year adjusted operating profit was £15.8 million (2016: £22.9m) with adjusted operating profit margin decreasing to 4.3% (2016: 6.4%).

Half–year operating profit decreased by £15.8 million to £6.7 million (2016: £22.5m). This includes an exceptional charge of £8.7 million, primarily due to restructuring and impairment charges within our European PCA business as we focused sites on dedicated PCA activities (£7.1m), a net change as a result of the sale of the Czech Republic based Skincare business at Brno (£1.1m) and costs incurred as part of the acquisition of Danlind (£0.5m).

Based on twelve-month trailing adjusted operating profit, return on capital employed fell to 20.6% (2016: 28.0%). Trading working capital[1] as a percentage of sales increased from 10.7% at 30 June 2017 to 12.7% at the end of the period but excluding Danlind, the underlying trading working capital percentage decreased from 10.7% to 10.5%. 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 over the coming twelve months.

For the half year, cash generated from operations before exceptional items was £14.3 million (2016: £34.4m). Capital expenditure increased during the period to £12.7 million (2016: £7.4m) in cash terms. This is in line with our planned £100.0 million programme of capital expenditure over the four years to 2021.

During the period, 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 half-year end net debt increasing to £122.8 million (30 June 2017: £75.7m). Some £1.1 million of the increase arose because of the translation impact of the weaker Sterling exchange rates on Euro denominated borrowings.

Operating cash flow from working capital changes was an outflow of £10.4 million compared to an inflow of £2.1 million in the comparative period last year mainly comprising an increase in stock following a period of reduced customer service levels, with payments relating to the 2017 bonus scheme, quarterly tax charges and the settlement of aged tax payments which occurred in the period accounting for most of the balancing items.

The Group's balance sheet remains robust with net assets of £64.1 million (30 June 2017: £64.2m). Gearing rose to 73% (30 June 2017: 50%) with the debt cover ratio increasing to 2.3x (30 June 2017: 1.2x) primarily driven by the financing of the Danlind acquisition. The debt cover ratio is expected to return below 2.0x within the next nine months.

(1) Trading working capital consists inventories, trade receivables and trade payables.

Segmental performance

We continue to separately manage the Group's Household and PCA activities, and our segmental reporting reflects this. Danlind is reported at half year as a separate business recognising the current management and reporting structure and is included within our Household segment. During our second half year as part of our Danlind integration process, any changes to segmental reporting will be reflected in our full year 2018 Annual Report and Accounts.

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 4.8% to £298.0 million (2016: £284.4m) but underlying revenues were lower by 3.4%. Of this decrease, £7.9 million is due to a reduction in underlying volumes with an additional £2.5 million of the decline due to customer pricing.

In the UK, revenues of £80.6 million compared to revenues of £79.7 million in 2016, an increase of 1.1%. Increased customer pricing of approximately £2.2 million was offset by £1.3 million of volume decline.

In the North region, underlying sales were impacted by a very competitive market, particularly in France. Volume decline of 0.9% was noted during the period, in addition to price deflation of 2.9%, driven by an increasingly competitive environment.

Our South region reported sales growth of 0.2% at constant currency. Our Iberia business continues to show significant improvement, with volumes up 8.4% on prior year following new business wins at the end of last financial year. Within Italy, revenue is broadly flat on the prior period.

The East region, covering Germany, Poland and other East European countries, saw volumes down on prior year by 8.6%. Germany has seen an increasingly competitive environment in addition to the negative impact of the previously-disclosed major contract loss, whilst sales in Poland were weaker as key retailers shifted their business models towards higher proportions of branded SKUs in store.

Headline profits in Household decreased 17.0% (19.7% at constant currency and excluding Danlind). 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 9.3% to 7.8%.

As a result of competitor weakness, the Group has secured a number of business wins that will start shipments in the second half year. In order to capture and secure this growth opportunity and to ensure high quality support is maintained with existing customer arrangements, the Group decided to defer certain supply chain efficiency and rationalisation initiatives planned for the current financial year given the resources required in the near term to meet the anticipated rapid increase in volumes. These efficiency initiatives are planned to be implemented in the next financial year as we seek a significantly improved cost position delivered from a more efficient manufacturing and distribution asset base, as identified in the 'Prepare' phase of our strategy.

Revenue	Half year to 31 Dec 2017 £m	Half year to 31 Dec 2016 £m	Reported change	Underlying change[1]
UK	80.6	79.7	1.1%	1.1%
North	96.7	96.0	0.7%	(3.2%)
South	40.8	39.2	4.1%	0.2%
East	64.7	69.5	(6.9%)	(10.8%)
Danlind	15.2	—	—	—
	298.0	284.4	4.8%	(3.4%)

(1) Comparatives translated at 31 December 2017 exchange rates and excluding the impact of Danlind acquisition.

Executive review
continued


Segmental performance continued

Personal Care & Aerosols (PCA)

The PCA division comprises the Personal Care liquids, Skincare and Aerosols businesses of McBride's European operations and also the activities of McBride in Asia.

On a reported basis, revenues for this division declined by 7.6% to £70.4 million (2016: £76.2m). At constant currency, revenues were lower by 9.7%, wholly driven by volume decline. Within this segment, revenues grew strongly in Asia, up 7.3% at constant currency. Volumes in our European businesses were 12.1% lower overall at constant currency, approximately half of which was due to deliberate management actions to exit certain Personal Care liquids customer and product arrangements. Our Aerosols business experienced an extremely competitive environment in both the UK and France, with revenues declining year-on-year by 17.1%. Our liquids business, excluding the deliberate management actions noted above, experienced marginal growth in the period.

Overall reported profitability for this segment reduced by £3.2 million to a loss of £2.3 million (2016: profit £0.9m). At constant currency, profitability reduced by £3.3 million, reflecting the volume challenges during the year within our European business and increasing price pressures on raw materials, particularly in the UK.

Asia continued to make underlying profit margins close to the Group average.

The sale of the Skincare business in Czech Republic is a first step to simplifying and resetting the ambition of PCA. The Group is developing an accelerated transformation programme in order to recover the weak performance of PCA in Europe, and this is expected to commence in the second half year.

Other financial information

Exceptional items

Exceptional items of £9.0 million were recorded during the half year (2016: £nil). The charge primarily comprises the following items:

- exceptional finance charges of £0.3 million incurred as part of the refinancing of the Danlind banking arrangements;
- as part of the acquisition of Danlind, exceptional costs of £0.5 million have been incurred to date relating primarily to legal and advisory fees;
- the business is undertaking a strategic review of the PCA business with £7.1 million exceptional costs incurred to date in relation to redundancies (£0.9m) and the impairment of plant and machinery (£6.2m); 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 now completed sale of 100% of the Czech Republic based Skincare business (equating to the net of the businesses book and fair values at half year).

Net finance costs

Net finance costs were £2.7 million (2016: £3.7m) with the reduction mainly a result of the benefits of the Group refinancing initiative completed in June 2017.

Profit before tax and tax rate

Reported profit before taxation was £4.0 million (2016: £18.8m) with adjusted profit before taxation totalling £13.6 million (2016: £19.5m). The tax charge on adjusted profit before taxation for the period of £4.1 million (2016: £6.0m) represents a 30% (2016: 31%) effective tax rate.

Earnings per share

On an adjusted basis, diluted earnings per share (EPS) decreased by 29.7% to 5.2 pence (2016: 7.4p) with basic EPS at 0.7 pence (2016: 7.1p) decreasing by 90.1%.

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.

The Board recommends an increase in the interim payment to shareholders in light of Household growth prospects and the effectiveness of the actions that are expected to result from the PCA recovery strategy. The interim payment of 1.5 pence per share, a 7% increase from the 1.4 pence in 2016, will be paid to shareholders in May and it is intended this will be issued using the Company's B Share scheme.

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 31 December 2017, the Group recognised a deficit on its UK scheme of £34.9 million (30 June 2017: £40.0m). The reduction during the past six months is primarily a result of improved asset values.

The Group has other unfunded post-employment benefit obligations outside the UK that amounted to £2.3 million (30 June 2017: £2.2m).

Current trading and outlook

As stated in our January trading update, the Group's growth prospects have been significantly enhanced by recent business wins, mainly arising from competitor weakness, with a number of major customers turning to the Group for support. We anticipate that these opportunities will lead to annualised high-single digit growth for the Household business. These additional sales are anticipated to phase in through the second half of the current financial year and Household is expected to deliver mid-to-high single digit underlying revenue growth in the second half.

In order to capture this growth opportunity and support our customers, the Group has decided to defer certain efficiency and rationalisation initiatives planned for the current financial year, given the resources required in the near term to meet the anticipated rapid increase in volumes. The combination of the trading performance in the first half, ongoing cost inflation and the operational requirements of accommodating a significant level of new business means that the Group's full-year adjusted profit before tax and adjusted EPS are expected to be broadly in line with the prior year.

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;
- change agenda;
- input costs;
- legislation;
- financial risks; and
- breach of IT security.

For greater detail of these risks, please refer to pages 26 to 28 of the McBride plc Annual Report and Accounts 2017 – which is available on the Group's website **www.mcbride.co.uk**.

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.

Responsibility statement

Responsibility statement

The Directors confirm that to the best of their knowledge:

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

On behalf of the Board

Rik De Vos
Chief Executive Officer

Chris Smith
Chief Financial Officer
22 February 2018

Independent review report to McBride plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed McBride plc's condensed consolidated interim financial statements (the "interim financial statements") in the half year report of McBride plc for the 6 month period ended 31 December 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed interim consolidated balance sheet as at 31 December 2017;
- the condensed interim consolidated income statement and condensed interim consolidated statement of comprehensive income for the period then ended;
- the condensed interim consolidated cash flow statement for the period then ended;
- the condensed interim consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-year report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half year report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, 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.

We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
St Albans

22 February 2018

(a) The maintenance and integrity of the McBride plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed interim consolidated income statement

Continuing operations	Note	Unaudited Half year to 31 Dec 2017 £m	Unaudited Half year to 31 Dec 2016 £m	Audited Year ended 30 June 2017 £m
Revenue	4	**368.4**	360.6	705.2
Cost of sales		**(242.7)**	(227.9)	(452.4)
Gross profit		**125.7**	132.7	252.8
Distribution costs		**(24.3)**	(23.8)	(46.2)
Administrative expenses		**(94.7)**	(86.4)	(166.8)
Operating profit		**6.7**	22.5	39.8
Net finance costs		**(2.7)**	(3.7)	(20.6)
Profit before taxation		**4.0**	18.8	19.2
Taxation	5	**(2.8)**	(5.8)	(10.3)
Profit for the period attributable to owners of the Parent		**1.2**	13.0	8.9
Earnings per ordinary share	6			
Basic		**0.7p**	7.1p	4.9p
Diluted		**0.7p**	7.1p	4.9p
Operating profit		**6.7**	22.5	39.8
Adjusted for:				
Amortisation of intangible assets		**0.4**	0.4	0.7
Exceptional items	7	**8.7**	—	1.0
Adjusted operating profit		**15.8**	22.9	41.5
Profit before taxation		**4.0**	18.8	19.2
Adjusted for:				
Amortisation of intangibles assets		**0.4**	0.4	0.7
Exceptional items	7	**9.0**	—	14.0
Unwind of discount on contingent consideration		**—**	0.1	0.3
Unwind of discount on provisions		**0.2**	0.2	0.4
Adjusted profit before taxation		**13.6**	19.5	34.6

Condensed interim consolidated statement of comprehensive income

	Unaudited Half year to 31 Dec 2017 £m	Unaudited Half year to 31 Dec 2016 £m	Audited Year ended 30 June 2017 £m
Profit for the period attributable to owners of the Parent	**1.2**	13.0	8.9
Other comprehensive income/(expense)			
Items that may be reclassified to profit and loss:			
Currency translation differences on foreign subsidiaries	**0.7**	3.7	7.4
Loss on net investment hedges	**(0.1)**	(2.3)	(7.8)
Gain on discontinued cash flow hedges recycled to exceptional items	**—**	—	1.8
Gain on cash flow hedges	**0.2**	4.8	3.4
Loss on cash flow hedges transferred to profit or loss	**(0.6)**	(8.1)	(4.7)
Taxation relating to items above	**0.1**	0.1	2.5
	0.3	(1.8)	2.6
Items that will not be reclassified to profit or loss:			
Net actuarial gain/(loss) on post-employment benefits	**4.2**	(11.9)	(11.0)
Taxation relating to item above	**(0.7)**	0.8	1.4
	3.5	(11.1)	(9.6)
Total other comprehensive income/(expense)	**3.8**	(12.9)	(7.0)
Total comprehensive income for the period	**5.0**	0.1	1.9

Condensed interim consolidated balance sheet

	Note	Unaudited As at 31 Dec 2017 £m	Unaudited As at 31 Dec 2016 £m	Audited As at 30 June 2017 £m
Non-current assets				
Goodwill	8	**23.6**	17.5	17.5
Other intangible assets	8	**4.1**	2.8	4.2
Property, plant and equipment	8	**151.6**	136.4	140.9
Derivative financial instruments	9	**—**	15.2	0.1
Deferred tax assets		**12.4**	10.5	12.0
Other non-current assets		**0.6**	0.5	0.6
		192.3	182.9	175.3
Current assets				
Inventories		**97.6**	81.2	78.8
Trade and other receivables		**146.1**	132.2	137.6
Derivative financial instruments	9	**0.4**	0.7	0.9
Cash and cash equivalents	10	**29.6**	28.9	26.0
Assets classified as held for sale		**1.3**	1.3	1.3
		275.0	244.3	244.6
Total assets		**467.3**	427.2	419.9
Current liabilities				
Trade and other payables		**193.6**	187.2	193.7
Borrowings	9	**50.2**	36.8	39.3
Derivative financial instruments	9	**0.3**	0.9	0.7
Current tax liabilities		**6.3**	5.9	5.8
Provisions		**1.2**	2.1	1.8
		251.6	232.9	241.3
Non-current liabilities				
Borrowings	9	**102.2**	75.0	62.4
Derivative financial instruments	9	**0.1**	0.1	0.1
Pensions and other post-employment benefits	11	**37.2**	43.6	42.2
Provisions		**3.1**	3.5	2.9
Deferred tax liabilities		**9.0**	7.3	6.8
		151.6	129.5	114.4
Total liabilities		**403.2**	362.4	355.7
Net assets		**64.1**	64.8	64.2
Equity				
Issued share capital		**18.3**	18.3	18.3
Share premium account		**84.5**	92.3	89.8
Other reserves		**58.9**	46.8	53.6
Accumulated loss		**(98.2)**	(93.2)	(98.1)
Equity attributable to owners of the Parent		**63.5**	64.2	63.6
Non-controlling interests		**0.6**	0.6	0.6
Total equity		**64.1**	64.8	64.2

Condensed interim consolidated cash flow statement

	Note	Unaudited Half year to 31 Dec 2017 £m	Unaudited Half year to 31 Dec 2016 £m	Audited Year ended 30 June 2017 £m
Operating activities				
Profit before taxation		**4.0**	18.8	19.2
Net finance costs		**2.7**	3.7	20.6
Exceptional items	7	**8.7**	—	1.0
Share-based payments charge		**0.7**	1.2	2.3
Depreciation of property, plant and equipment	8	**9.7**	9.7	19.4
Amortisation of intangible assets	8	**0.4**	0.4	0.7
Operating cash flow before changes in working capital		**26.2**	33.8	63.2
Decrease in receivables		**4.5**	7.2	4.9
(Increase)/decrease in inventories		**(6.4)**	(3.7)	0.5
Decrease in payables		**(8.5)**	(1.4)	(2.3)
Operating cash flow after changes in working capital		**15.8**	35.9	66.3
Additional cash funding of pension schemes		**(1.5)**	(1.5)	(3.0)
Cash flow from operations before exceptional items		**14.3**	34.4	63.3
Cash outflow in respect of exceptional items		**(2.3)**	(1.5)	(13.2)
Cash generated from operations		**12.0**	32.9	50.1
Interest paid		**(1.6)**	(2.8)	(6.4)
Taxation paid		**(2.6)**	(2.6)	(6.4)
Net cash from operating activities		**7.8**	27.5	37.3
Investing activities				
Proceeds from sale of non-current assets		**—**	—	0.1
Purchase of property, plant and equipment		**(12.4)**	(6.8)	(15.2)
Purchase of intangible assets		**(0.3)**	(0.6)	(2.5)
Settlement of derivatives used in net investment hedging		**(0.4)**	(0.9)	8.3
Cash obtained from acquired business		**0.6**	—	—
Borrowings obtained from acquired business		**(25.9)**	—	—
Acquisition of Danlind		**(10.4)**	—	—
Net cash used in investing activities		**(48.8)**	(8.3)	(9.3)
Financing activities				
Redemption of B Shares		**(5.0)**	(4.2)	(6.6)
Drawdown of borrowings		**213.3**	27.6	137.2
Repayment of borrowings		**(163.7)**	(38.6)	(158.0)
Purchase of own shares		**—**	(0.2)	(0.2)
Capital element of finance lease rentals		**(0.1)**	(0.1)	(0.2)
Net cash generated/(used) in financing activities		**44.5**	(15.5)	(27.8)
Increase in net cash and cash equivalents		**3.5**	3.7	0.2
Net cash and cash equivalents at start of the period		**26.0**	24.8	24.8
Currency translation differences		**0.1**	0.4	1.0
Net cash and cash equivalents at end of the period		**29.6**	28.9	26.0

Condensed interim consolidated statement of changes in equity

	Issued share capital £m	Share premium account £m	Other reserves: Cash flow hedge reserve £m	Other reserves: Currency translation reserve £m	Other reserves: Capital redemption reserve £m	Accumulated loss £m	Equity attributable to owners of the Parent Total £m	Non-controlling interests £m	Total equity £m
At 1 July 2017	18.3	89.8	0.4	(1.3)	54.5	(98.1)	63.6	0.6	64.2
Profit for the period	—	—	—	—	—	1.2	1.2	—	1.2
Other comprehensive income/(expense)									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	—	—	—	0.7	—	—	0.7	—	0.7
Loss on net investment hedges	—	—	—	(0.1)	—	—	(0.1)	—	(0.1)
Gain on cash flow hedges in the period	—	—	0.2	—	—	—	0.2	—	0.2
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
	—	—	(0.3)	0.6	—	—	0.3	—	0.3
Items that will not be reclassified to profit or loss:									
Net actuarial gain on post-employment benefits	—	—	—	—	—	4.2	4.2	—	4.2
Taxation relating to items above	—	—	—	—	—	(0.7)	(0.7)	—	(0.7)
	—	—	—	—	—	3.5	3.5	—	3.5
Total other comprehensive income/(expense)	—	—	(0.3)	0.6	—	3.5	3.8	—	3.8
Total comprehensive income/(expense)	—	—	(0.3)	0.6	—	4.7	5.0	—	5.0
Transactions with owners of the Parent									
Issue of B Shares	—	(5.3)	—	—	—	—	(5.3)	—	(5.3)
Redemption of B Shares	—	—	—	—	5.0	(5.0)	—	—	—
Share-based payments charge	—	—	—	—	—	0.2	0.2	—	0.2
At 31 December 2017	**18.3**	**84.5**	**0.1**	**(0.7)**	**59.5**	**(98.2)**	**63.5**	**0.6**	**64.1**

Condensed interim consolidated statement of changes in equity continued

	Issued share capital £m	Share premium account £m	Other reserves: Cash flow hedge reserve £m	Other reserves: Currency translation reserve £m	Other reserves: Capital redemption reserve £m	Accumulated loss £m	Equity attributable to owners of the Parent Total £m	Non-controlling interests £m	Total equity £m
At 1 July 2016	18.3	96.7	(0.5)	(3.0)	47.9	(90.9)	68.5	0.6	69.1
Profit for the period	—	—	—	—	—	13.0	13.0	—	13.0
Other comprehensive income/(expense)									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	—	—	—	3.7	—	—	3.7	—	3.7
Loss on net investment hedges	—	—	—	(2.3)	—	—	(2.3)	—	(2.3)
Gain on cash flow hedges in the period	—	—	4.8	—	—	—	4.8	—	4.8
Loss on cash flow hedges transferred to profit or loss	—	—	(8.1)	—	—	—	(8.1)	—	(8.1)
Taxation relating to items above	—	—	0.1	—	—	—	0.1	—	0.1
	—	—	(3.2)	1.4	—	—	(1.8)	—	(1.8)
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	—	—	—	—	—	(11.9)	(11.9)	—	(11.9)
Taxation relating to items above	—	—	—	—	—	0.8	0.8	—	0.8
	—	—	—	—	—	(11.1)	(11.1)	—	(11.1)
Total other comprehensive income/(expense)	—	—	(3.2)	1.4	—	(11.1)	(12.9)	—	(12.9)
Total comprehensive income/(expense)	—	—	(3.2)	1.4	—	1.9	0.1	—	0.1
Transactions with owners of the Parent									
Issue of B Shares	—	(4.4)	—	—	—	—	(4.4)	—	(4.4)
Redemption of B Shares	—	—	—	—	4.2	(4.2)	—	—	—
Share-based payments charge	—	—	—	—	—	0.2	0.2	—	0.2
Repurchase of own shares	—	—	—	—	—	(0.2)	(0.2)	—	(0.2)
At 31 December 2016	**18.3**	**92.3**	**(3.7)**	**(1.6)**	**52.1**	**(93.2)**	**64.2**	**0.6**	**64.8**

	Issued share capital £m	Share premium account £m	Other reserves: Cash flow hedge reserve £m	Other reserves: Currency translation reserve £m	Other reserves: Capital redemption reserve £m	Accumulated loss £m	Equity attributable to owners of the Parent Total £m	Non-controlling interests £m	Total equity £m
At 1 July 2016	18.3	96.7	(0.5)	(3.0)	47.9	(90.9)	68.5	0.6	69.1
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 items 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/(expense)	—	—	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 charge	—	—	—	—	—	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**

Notes to the condensed interim financial statements

1. Basis of preparation

McBride plc ('the Company') is a company incorporated and domiciled in the United Kingdom. The Company's ordinary shares are listed on the London Stock Exchange. The registered office of the Company is Middleton Way, Middleton, Manchester, M24 4DP. For the purposes of DTR 6.4.2R, the Home State of McBride plc is the United Kingdom.

The Company and its subsidiaries (together, 'the Group') comprise the leading European manufacturer and supplier of Co-manufactured and Private Label products for the Household and Personal Care market.

This half-year report has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority; IAS 34 'Interim financial reporting' as adopted by the European Union; on the basis of the accounting policies and the recognition and measurement requirements of IFRS applied in the financial statements at 30 June 2017 and those standards that have been endorsed by the European Union and will be applied at 30 June 2018. This report should be read in conjunction with the financial statements for the year ended 30 June 2017.

The results for each half-year are unaudited and do not represent the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial information has been reviewed, not audited. The Group's statutory accounts were approved by the Directors on 7 September 2017 and have been reported on by PricewaterhouseCoopers LLP and delivered to the Registrar of Companies. The report of PricewaterhouseCoopers LLP was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 of the Companies Act 2006.

Going concern basis

The Group meets its funding requirements through internal cash generation and bank credit facilities, most of which are committed until June 2022.

At 31 December 2017, committed undrawn facilities and net cash position amounted to £80.5 million. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate comfortably within its current bank facilities.

The Group has a relatively conservative level of debt to earnings. As a result, the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis.

The condensed interim consolidated financial statements were approved by the Board on 22 February 2018.

2. Accounting policies

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

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2017:

- 'Disclosure initiative' – Amendments to IAS 7;
- 'Recognition of deferred tax assets for unrealised losses' – Amendments; and
- Annual improvements to IFRSs: 2014-16 Cycle – IFRS 12 Amendments.

All of the above changes to accounting policies will have no material 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.

Taxation

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

Accounting standards issued but not yet adopted

Recently issued accounting standards that are relevant to the Group but have not yet been adopted are outlined below:

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

The Group is currently assessing the impact of the above standards and will provide a fuller assessment for the year ended 30 June 2018. The standards and interpretations addressed above will be applied for the purpose of the Group financial statements from the date they become effective.

3. Critical accounting judgements and estimates

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 June 2017.

4. Segment information

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 PCA in terms of volumes, market share and production requirements. Accordingly, the Group's operating segments are determined by product category.

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 period on period or with other businesses. During the periods under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangibles assets and exceptional items.

Danlind is reported at half year as a separate business recognising the current management and reporting structure and is included within our Household segment. During our second half year as part of our Danlind integration process, any changes to segmental reporting will be reflected in our full year 2018 Annual Report and Accounts.

Analysis by reportable segment

	Household									
31 December 2017	UK £m	North[1] £m	South[2] £m	East[3] £m	Danlind £m	Total Household £m	Personal Care & Aerosols[4] £m	Total segments £m	Corporate[5] £m	Total Group £m
Segment revenue	80.6	96.7	40.8	64.7	15.2	298.0	70.4	368.4	–	368.4
Adjusted operating profit/(loss)						22.0	(2.3)	19.7	(3.9)	15.8
Amortisation of intangible assets										(0.4)
Exceptional items (see note 7)										(8.7)
Operating profit										6.7
Net finance costs										(2.7)
Profit before taxation										4.0
Inventories						79.4	18.2	97.6	–	97.6
Capital expenditure						12.0	0.7	12.7	–	12.7
Amortisation and depreciation						9.4	0.7	10.1	–	10.1

(1) France, Belgium, Holland & Scandinavia.

(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.

Notes to the condensed interim financial statements
continued

4. Segment information continued

31 December 2016	Household UK £m	Household North(1) £m	Household South(2) £m	Household East(3) £m	Household Danlind £m	Household Total Household £m	Personal Care & Aerosols(4) £m	Total segments £m	Corporate(5) £m	Total Group £m
Segment revenue	79.7	96.0	39.2	69.5	—	284.4	76.2	360.6	—	360.6
Adjusted operating profit/(loss)						26.5	0.9	27.4	(4.5)	22.9
Amortisation of intangible assets										(0.4)
Exceptional items (see note 7)										—
Operating profit										22.5
Net finance costs										(3.7)
Profit before taxation										18.8
Inventories						62.7	18.5	81.2	—	81.2
Capital expenditure						6.6	0.8	7.4	—	7.4
Amortisation and depreciation						8.6	1.5	10.1	—	10.1

30 June 2017	Household UK £m	Household North(1) £m	Household South(2) £m	Household East(3) £m	Household Danlind £m	Household Total Household £m	Personal Care & Aerosols(4) £m	Total segments £m	Corporate(5) £m	Total Group £m
Segment revenue	155.4	192.8	76.4	131.1	—	555.7	149.5	705.2	—	705.2
Adjusted operating profit/(loss)						50.3	(0.7)	49.6	(8.1)	41.5
Amortisation of intangible assets										(0.7)
Exceptional items (see note 7)										(1.0)
Operating profit										39.8
Net finance costs										(20.6)
Profit before taxation										19.2
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

(1) France, Belgium, Holland & Scandinavia.
(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.

5. Taxation
The tax charge reflects an effective tax rate of 30% (30 June 2017: 31%) on adjusted profit before taxation of £13.6 million (30 June 2017: £34.6m).

6. Earnings per ordinary share
Basic earnings per ordinary share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of the Company's ordinary shares in issue during the financial period. The weighted average number of the Company's ordinary shares in issue excludes 0.9 million shares (2016: 0.7m shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

	Reference	**Unaudited Half year to 31 Dec 2017**	Unaudited Half year to 31 Dec 2016	Audited Year ended 30 June 2017
Weighted average number of ordinary shares in issue (million)	a	**182.1**	182.1	182.1
Effect of dilutive share incentive plans (million)		**0.9**	0.7	0.8
Weighted average number of ordinary shares for calculating diluted earnings per share (million)	b	**183.0**	182.8	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 period, the Company had both equity-settled LTIP awards and Deferred Annual Bonus Plan awards (together the "share incentive plans") 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:

	Reference	Unaudited Half year to 31 Dec 2017 £m	Unaudited Half year to 31 Dec 2016 £m	Audited Year ended 30 June 2017 £m
Earnings for calculating basic and diluted earnings per share	c	1.2	13.0	8.9
Adjusted for:				
Amortisation of intangible assets		0.4	0.4	0.7
Exceptional items (see note 7)		9.0	–	14.0
Unwind of discount on contingent consideration		–	0.1	0.3
Unwind of discount on provisions		0.2	0.2	0.4
Taxation relating to the above items		(1.3)	(0.2)	(0.4)
Earnings for calculating adjusted earnings per share	d	9.5	13.5	23.9

	Reference	Unaudited Half year to 31 Dec 2017 pence	Unaudited Half year to 31 Dec 2016 pence	Audited Year ended 30 June 2017 pence
Basic earnings per share	c/a	0.7	7.1	4.9
Diluted earnings per share	c/b	0.7	7.1	4.9
Adjusted basic earnings per share	d/a	5.2	7.4	13.1
Adjusted diluted earnings per share	d/b	5.2	7.4	13.1

7. Exceptional items

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

During the period ended 31 December 2017, the Group recognised £9.0 million of exceptional charges (2016: £nil). The charges were made up of the following items:

- exceptional finance charges of £0.3 million incurred as part of the refinancing of the Danlind banking arrangements;
- as part of the acquisition of Danlind, exceptional costs of £0.5 million have been incurred to date relating primarily to legal and advisory fees;
- the business is undertaking a strategic review of the PCA business with £7.1 million of exceptional costs incurred to date in relation to redundancies (£0.9 million) and the impairment of plant and machinery (£6.2 million); 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 now completed sale of 100% of the Czech Republic based skincare business (equating to the net of the businesses book and fair values at half year).

8. Property, plant and equipment and intangible assets

	Goodwill and other intangible assets £m	Property, plant and equipment £m
Net book value at 1 July 2017 (audited)	21.7	140.9
Exchange movements	0.3	1.5
Acquisition of Danlind	5.9	18.1
Additions	0.2	10.4
Impairment	–	(9.6)
Depreciation charge	–	(9.7)
Amortisation charge	(0.4)	–
Net book value at 31 December 2017 (unaudited)	**27.7**	**151.6**

Goodwill and other intangible assets comprise goodwill of £23.6 million (30 June 2017: £17.5m) and computer software of £4.1 million (30 June 2017: £4.2m).

Capital commitments as at 31 December 2017 amounted to £5.4 million (30 June 2017: £7.8m).

The impairment loss of £9.6 million in the current financial year is in relation to:

- UK assets impaired (£6.2 million) following a period of cost inflation and as part of the PCA strategic business review; and
- the impairment of Czech Republic based skincare business at Brno (£3.4 million).

Notes to the condensed interim financial statements
continued

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and they should be read in conjunction with the Group's annual financial statements as at 30 June 2017. There have been no material changes in the risk management policies since the year end.

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

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

	Unaudited As at 31 Dec 2017 £m	Unaudited As at 31 Dec 2016 £m	Audited As at 30 June 2017 £m
Assets			
Level 2:			
Derivative financial instruments			
– Forward currency contracts	**0.4**	0.8	1.0
– Cross currency interest rate swaps	**—**	15.1	—
Total financial assets	**0.4**	15.9	1.0
Liabilities			
Level 2:			
Derivative financial instruments			
– Forward currency contracts	**(0.4)**	(1.0)	(0.7)
– Interest rate swaps	**—**	—	(0.1)
	(0.4)	(1.0)	(0.8)
Level 3:			
Trade and other payables			
– Contingent consideration	**—**	(2.6)	(2.9)
Total liabilities	**(0.4)**	(3.6)	(3.7)

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

Contingent consideration
Contingent consideration at 30 June 2017 related to the 70% interest acquired and the liability to acquire the remaining 30% interest of the Czech Republic based skincare business at Brno. The Czech Republic based skincare business at Brno has been acquired during the period for consideration of £nil, with the contingent consideration released to exceptional items in the profit and loss.

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

Financial assets and liabilities measured at amortised cost
The fair value of borrowings are as follows:

	Unaudited As at 31 Dec 2017 £m	Unaudited As at 31 Dec 2016 £m	Audited As at 30 June 2017 £m
Current	**50.2**	36.8	39.3
Non-current	**102.2**	75.0	62.4
Total borrowings	**152.4**	111.8	101.7

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

- trade and other receivables;
- other current financial assets;
- cash and cash equivalents; and
- trade and other payables.

10. Net debt

	Audited As at 30 June 2017 £m	Cash flow £m	Exchange differences £m	Unaudited As at 31 Dec 2017 £m
Cash and cash equivalents	26.0	3.5	0.1	**29.6**
Overdrafts	(5.4)	(9.7)	(0.1)	**(15.2)**
Bank and other loans	(96.0)	(39.9)	(1.1)	**(137.0)**
Finance lease liabilities	(0.3)	0.1	–	**(0.2)**
Net debt	(75.7)	(46.0)	(1.1)	**(122.8)**

11. Pensions and post-employment benefits

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

At 31 December 2017, the Group recognised a deficit on its UK Defined Benefit pension plan of £34.9 million (30 June 2017: £40.0m). The Group's post-employment benefit obligations outside the UK amounted to £2.3 million (30 June 2017: £2.2m).

Defined Benefit schemes had the following effect on the Group's results and financial position:

	Unaudited Half year to 31 Dec 2017 £m	Unaudited Half year to 31 Dec 2016 £m	Audited Year ended 30 June 2017 £m
Profit or loss			
Service cost and administration expenses	**(0.3)**	(0.3)	(0.5)
Charge to operating profit	**(0.3)**	(0.3)	(0.5)
Net interest cost on defined benefit obligation	**(0.5)**	(0.5)	(0.9)
Charge to profit before taxation	**(0.8)**	(0.8)	(1.4)
Other comprehensive expense			
Net actuarial gain/(loss)	**4.2**	(11.9)	(11.0)
Other comprehensive expense	**4.2**	(11.9)	(11.0)

	Unaudited As at 31 Dec 2017 £m	Unaudited As at 31 Dec 2016 £m	Audited As at 30 June 2017 £m
Balance sheet			
Defined benefit obligations:			
UK – funded	**(157.2)**	(162.1)	(155.9)
Other – unfunded	**(2.3)**	(1.8)	(2.2)
	(159.5)	(163.9)	(158.1)
Fair value of scheme assets	**122.3**	120.3	115.9
Deficit on the schemes	**(37.2)**	(43.6)	(42.2)

For accounting purposes, the Fund's benefit obligation as at 31 December 2017 has been calculated based on data gathered for the triennial actuarial valuation as at March 2015 and by applying assumptions made by the Group on the advice of an independent actuary in accordance with IAS 19, 'Employee benefits'.

Notes to the condensed interim financial statements
continued

12. 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% of LIBOR on the 0.1 pence nominal value of each share, paid on a twice-yearly basis.

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

	Unaudited Half year to 31 Dec 2017[1]	Unaudited Half year to 31 Dec 2016	Audited Year ended 30 June 2017
Interim	**1.5p**	1.4p	1.4p
Final	**n/a**	n/a	2.9p

(1) Interim payment to shareholders that is not recognised within these condensed interim consolidated financial statements.

Movements in the B Shares were as follows:

	Number '000	Nominal value £m
At 1 July 2016 (audited)	858,528	0.9
Issued	4,373,024	4.4
Redeemed	(4,231,289)	(4.2)
At 31 December 2016 (unaudited)	1,000,263	1.0
Issued	2,550,930	2.6
Redeemed	(2,345,581)	(2.3)
At 30 June 2017 (audited)	1,205,612	1.2
Issued	5,284,070	5.3
Redeemed	(4,996,018)	(5.0)
At 31 December 2017 (unaudited)	**1,493,664**	**1.5**

13. Acquisitions

i) Acquisition of remaining 30% 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 profit and loss.

Subsequent to the half-year end, the Group has exchanged contracts to sell the entire Czech Republic based skincare business at Brno for £1.3 million. An exceptional charge at the half year of £4.1 million has been made following the impairment review triggered by the now completed sale of 100% of the Czech Republic based skincare business (equating to the net of the businesses book and fair values at half year).

The net charge to exceptional items is £1.1 million.

ii) 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. Details of the acquisition are as follows:

a) Purchase consideration and provisional fair value of net assets acquired

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

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

	Book value £m	Fair value adjustment £m	Provisional fair value £m
Intangible assets	0.1	—	0.1
Fixed assets	23.8	(5.7)	18.1
Inventories	14.0	(0.7)	13.3
Trade receivables and other receivables	11.8	—	11.8
Net debt	(25.3)	—	(25.3)
Trade payables and other payables	(13.6)	—	(13.6)
Net identifiable assets acquired	**10.8**	**(6.4)**	**4.4**
Goodwill			5.8
Consideration paid			**10.2**

The fair value adjustments relate to the fair value of fixed assets using Group accounting policies and the recognition of inventory to net realisable value, resulting in a goodwill balance of £5.8 million. None of the recognised goodwill will be deductible for tax purposes.

The above calculations are provisional with reviews to be completed by the end of the financial year ended 30 June 2018.

b) Acquisition related costs

Acquisition related costs of £0.8 million (£0.5 million legal and advisory costs, £0.3 million refinancing of Danlind debt) are included in the income statement and are treated as exceptional.

c) Revenue and profit contribution

The acquired business contributed revenues of £15.2 million and break-even operating profits to the Group for the period from 29 September 2017 to 31 December 2017.

If the acquisition had occurred on 1 July 2017, Group consolidated revenue and consolidated operating profit before exceptional items for the six months ended 31 December 2017 would have been £382.8 million and £16.2 million respectively.

14. Related party transactions

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

Key management compensation and transactions with the Group's pension and post-employment schemes for the financial year ended 30 June 2017 are detailed in note 28 (page 107) McBride plc's Annual Report and Accounts 2017. A copy of McBride plc's Annual Report and Accounts 2017 is available on McBride's website at **www.mcbride.co.uk**. Aside from this, there are no other related party transactions.

15. Key Performance Indicators (KPIs)

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

- Organic revenue growth – change in revenue adjusted for the effect of exchange rate movements (constant currency).
- Adjusted operating profit – operating profit before adjusting items.
- Adjusted operating margin – adjusted operating profit as a percentage of revenue.
- Labour cost/revenue – labour cost as a percentage of revenue.
- Customer Service Level – volume of products delivered in the correct volumes and within agreed timescales as a percentage of total volumes ordered by customers.
- Adjusted diluted earnings per share – profit attributable to shareholders before adjusting items divided by the weighted average number of ordinary shares used for calculating diluting earnings per share.
- Return on capital employed – adjusted operating profit as a percentage of average period-end net assets excluding net debt.

Additional information

Financial calendar for the year ending 30 June 2018

Payments to shareholders		
Interim	Announcement	22 February 2018
	Entitlement to B Shares	27 April 2018
	Redemption of B Shares	1 June 2018
Final	Announcement	6 September 2018
	Entitlement to B Shares	26 October 2018
	Redemption of B Shares	30 November 2018
Results		
Interim	Announcement	22 February 2018
Preliminary statement for full year	Announcement	6 September 2018
Annual Report and Accounts 2017	Circulated	September 2018
Annual General Meeting	To be held	23 October 2018

Exchange rates

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

	Unaudited Half year to 31 Dec 2017	Unaudited Half year to 31 Dec 2016	Audited Year ended 30 June 2017
Average rate:			
Euro	**1.12**	1.16	1.16
US Dollar	**1.32**	1.28	1.27
Polish Zloty	**4.76**	5.08	5.02
Czech Koruna	**28.99**	31.47	31.30
Danish Kroner	**8.39**	—	—
Malaysian Ringgit	**5.55**	5.35	5.43
Australian Dollar	**1.69**	1.69	1.68
Closing rate:			
Euro	**1.13**	1.17	1.14
US Dollar	**1.35**	1.23	1.30
Polish Zloty	**4.71**	5.15	4.81
Czech Koruna	**28.78**	31.56	29.79
Danish Kroner	**8.39**	—	—
Malaysian Ringgit	**5.47**	5.52	5.57
Australian Dollar	**1.73**	1.70	1.69

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

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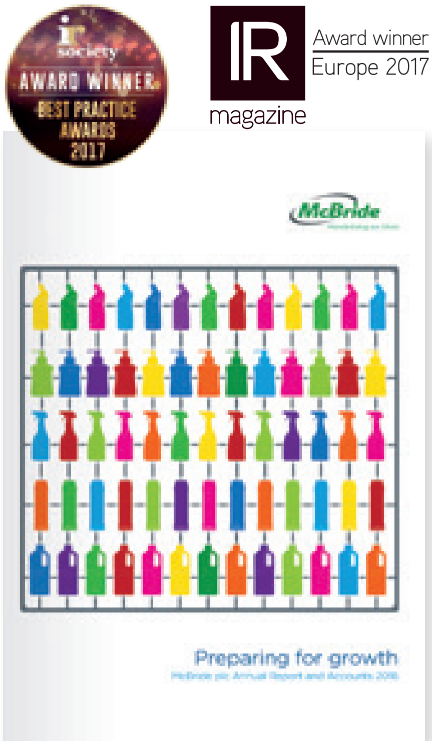
Winner of Best Annual Report at the IR Society Best Practice Awards 2016



Winner of Most Effective Communication of Company Investment Proposition at the IR Society Best Practice Awards 2017

Winner of Best Annual Report at the IR Magazine Awards – Europe 2017

FTSE4Good

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

An A.I.S.E. voluntary sustainability initiative – www.cleanright.eu –

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