McBride plc
Annual report and accounts 2009

Performance...Value...Growth

McBride

Passionate about Private Label

We are Europe's leading provider of Private Label Household and Personal Care products.

We develop, produce and sell our products to leading retailers primarily in the UK and across Continental Europe. We manage the business through three divisions – UK, Western Continental Europe and Eastern Continental Europe – with sales in all major European markets and many beyond.

We consistently deliver our strategy through:

- Growth
- Efficiency
- Scale
- Innovation
- Sustainability
- Teamwork

This is underpinned by our people, culture and ways of working.


new
MARKS & SPENCER
calming CONCENTRATED FABRIC CONDITIONER with lavender and lily
luxuriously soft
helps make ironing easier
SENSITIVE
CONCENTRATED NON-BIOLOGICAL TABLETS
improved performance, same number of washes, less packaging
MARKS & SPENCER
SENSITIVE

Private Label gaining share throughout Europe

Private Label products have never been so popular throughout Europe. This is not just due to the current economic climate but increasingly consumers are switching to Private Label products due to the excellent value and performance they offer.

In a recent study by the Institute of Grocery Distribution (IGD) undertaken in April 2009, a survey of shoppers regarding their buying habits reported that 33% were intending to purchase more Private Label products in the future, while only 4% of consumers questioned said they were intending to buy more branded products.

Own brands clean up

In the year ended July 2009, 41% of all grocery sales in the UK were Private Label compared to 38% to July 2008 according to Datamonitor. Neil Saunders, director of Verdict Research, part of Datamonitor, said: "What's really changed in the past few years is the range of own label products you can buy. It's not just about the value products any more, supermarkets like Tesco have own label ranges right up to premium now. There's been a move towards down trading and the value end of the spectrum but in the long-term premium products will do well."

Similarly a report by uSwitch found that almost 71% of shoppers in the UK were now active buyers of retailer brands. As part of their weekly shop 31 million consumers in the UK were now buying Private Label. They reported that much of this increase was due to supermarkets expanding their range of own brand products in a bid to stop consumers switching to cheaper discount stores.

Private Label has been gaining ground not just in the UK but throughout Europe. In McBride's sectors of Household products in the UK, Private Label sales in the year to June 2009 grew by 5.4%, over two times faster than those of branded products which grew by 2.4% in the same period. In Italy, the performance of Private Label was even better with sales growth of 5.5% compared with branded sales up just 1.2%. In France, TNSofres (TNS) reported Private Label reached over 23% market share by value, with sales up 1% compared to branded sales which declined 2.4%. In Germany, Private Label share of the Household cleaning and laundry products reached 33.0% value share (2008:32.6%) in the year to March 2009 with volume share at 43.0% (2008: 42.5%).

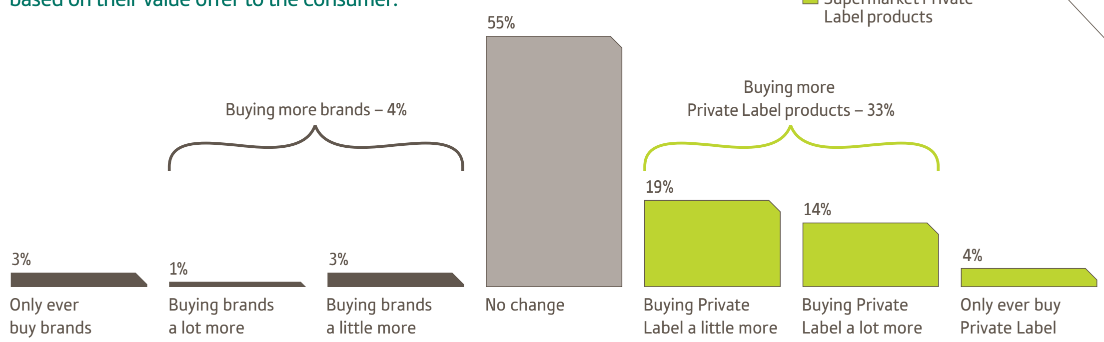
McBride growth categories

Speciality cleaners saw Private Label value sales growth ahead of the market in UK, France, Germany and Italy. The automatic dishwashing sector saw strong gains for Private Label in Italy, France, modest share gains in Germany and a slight decline in its value share in the UK. In air care, Private Label growth was ahead of the market in the UK, Italy and Germany but lost ground to branded air fresheners in the French market. The laundry liquid sector including liquid sachets has been particularly dynamic in the last 12 months in the UK registering a 17% sales growth for laundry liquids at the expense of laundry powders which declined by 7%. UK Private Label laundry liquids growth was 21% for the same period. In Italy, laundry liquids grew strongly registering a 7% growth with Private Label again delivering strong sales growth up 15% in the same period.

Private Label is more established in developed retail markets of Western Europe, but in the emerging markets of Eastern Europe and markets like the Far East and the USA, Private Label is gaining share providing further growth opportunities for McBride in the future.

Passionate about Private Label

Private Label dynamics remain strong, based on their value offer to the consumer.



1% said that they don't know.
Source : IGD Consumer Unit, 2009.

Growth

"McBride, as the leading producer of Private Label Household and Personal Care products in Europe, is confident that consumers are recognising the benefits of the quality of Private Label."

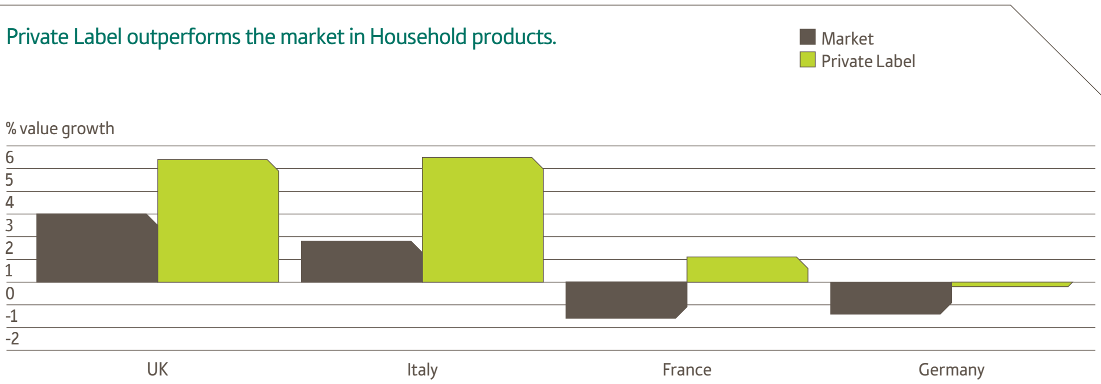
Miles Roberts
Chief Executive, McBride plc

The majority of consumers in Europe consider Private Label (store brands) Household cleaners to be equivalent to the leading brands.

Question: All things considered, how similar are store brands (e.g supermarket own brands) in the following categories compared to well know leading brands?

Source : Datamonitor Consumer Survey, April 2009.

Private Label outperforms the market in Household products.



Source: UK: TNS to June 2009. France: TNS to June 2009. Italy: IRI to June 2009. Germany: GfK to March 2009.

Constantly reviewing and improving our efficiency

We believe we can always improve efficiency and follow a culture of continuous improvement. Benchmarking and sharing of operational performance data across the Group means we are always improving the returns from our asset base by increasing output or reducing downtime and costs.

We share data on blow moulding performance, filling line effectiveness, supplier service and New Product Development to maximise efficiency. Where possible we use similar machinery in our factories and common packaging formats, caps and triggers to provide flexibility across the Group. We are introducing new standard operating procedures across the Group based on 'Lean' principles.

During the year we have closed two factories in the UK and integrated their production into our larger facilities such as Middleton, Burnley and the St Helens factory which we acquired in 2008 to maintain a competitive and efficient cost base.

Essential to the integration of the St Helens facility was the rapid implementation of our SAP systems and reconfiguration of the production flow in the factory in line with the need for flexibility required by a Private Label business. Investment in recruitment, training new staff, establishment of new policies and procedures and audit approvals by both authorities and customers have been successfully managed and the site is now fully operational.

In Middleton we have invested in new high-speed filling capacity running at 200 bottles every minute: 24 hours per day – that's two million bottles a week. It is the fastest line installed to date. Further investment in PET blow moulding in Middleton will also help improve manufacturing efficiency by reducing delivery times and storage of bought-in bottles.

Batch traceability has become increasingly important not only in Personal Care products manufacturing but also in Household products. McBride in Ieper have recently implemented a system to control and report on the dosage of batch ingredients through the use of hand-held scanners linked to our SAP system. The new system ensures there can be no mismatch of material usage against product formulations and provides greater manufacturing efficiency through the integration of stock visibility, batch tracking, quality control and traceability of every ingredient used in the manufacturing process.

Significant investment in SAP systems in our Polish factory and further expansion of our blow moulding capabilities at Strzelce have contributed to record service levels for the factory during the year.

We aim to ensure that our improvements in efficiency are not just related to increased output, but also provide a more sustainable manufacturing capability. During the year we increased our eco-efficiency for tonnes of production per cubic metre of water used by 3%, and further improved the tonnes of production per kilojoule of energy consumed, despite the increase in bottle-blowing within the business.

We will continue to focus on identifying opportunities to drive efficiency enhancements and share them across the Group to maximise the benefits for all our stakeholders.

McBride

Passionate about Private Label

Efficiency

Scale


McBride
Passionate about Private Label

McBride plc
28th floor
Centre Point
103 New Oxford Street
London
WC1A 1DD

www.mcbride.co.uk

Europe's leading retailers

Rank	Retailer	2008 Banner Sales (£m)
1	Carrefour	67,428
2	Tesco	49,705
3	Schwarz Group	47,030
4	Metro Group	41,292
5	Rewe Group	36,280
6	Auchan	35,347
7	Aldi	32,361
8	Edeka	29,941
9	E Leclerc	26,955
10	ITM (Intermarché)	23,801
11	Casino	23,489
12	Ahold	22,782
13	Sainsbury's	20,063
14	Wal-Mart	19,440
15	Morrisons	15,791
16	Système U	14,234
17	El Corte Inglés	12,911
18	Mercadona	12,262
19	Lekkerland	10,475
20	Coop Italia	10,190
21	Marks & Spencer	9,837
22	Migros	9,518
23	Louis Delhaize	9,148
24	Tengelmann	8,520
25	Coop (CH)	8,156
26	Co-operative Group	7,922
27	AS Watson	7,849
28	Alliance Boots	7,776
29	Musgrave	7,738
30	John Lewis Partnership	7,358

Note: Analysis by format incorporating; hypermarkets and superstores, supermarkets, discount stores, neighbourhood stores, drugstores and pharmacies, cash & carry stores, convenience and forecourt stores across Europe.

Banner Sales include Vat or Sales tax

Source: www.planetretail.net

McBride is the leading provider of Private Label Household and Personal Care products for Europe's largest and most successful retailers. Our 19 factories in seven countries supply over 90% of the top 30 retailers.

Focused on Europe's leading retailers

McBride is by far the largest provider of Private Label Household and Personal Care products to Europe's largest and most successful retailers. Our 19 factories in seven countries across Europe supply over 90% of the top 30 retailers.

In many markets throughout Europe the volumes of Private Label sales are larger than many national brands. McBride has the range, technical competence, supply chain expertise and scale efficiencies to meet the increasing popularity of Private Label products.

Across Europe certain retailers are expanding their presence and require a pan-European supplier. Again, only McBride has the scale to satisfy this need.

McBride has scale:

- We produce in the region of four million consumer products a day
- We produce over 220 million bottles of cleaning products at our factory in Ieper each year
- We produce over 85 million trigger cleaners a year
- We produce 145 million aerosols each year
- We blow over 80% of our bottle requirement
- We have five factories in Europe using soluble film technology

Over the last five years McBride has invested over £100 million in:

- Additional mixing and filling capacity
- Additional blow moulding capacity
- End-of-line automation
- New technologies and delivery systems
- IT infrastructure
- Health, safety and environmental controls

Customer service is our main operational priority and a highly visible benchmark by which we are measured by our customers. It influences directly our ability to maintain commercial leadership and supports the Group's overall growth strategy. Our investments underpin our commitment to delivering customer service by providing the capacity, flexibility and integrated systems to support this key performance indicator.

Our strategy is to continue to focus on building scale positions in our priority product markets. This will allow the Group to further improve efficiencies and unit costs, in order to deliver even better value and performance in our product offerings.

Enhancing scale ultimately brings substantial benefits to all our stakeholders including:

- Strengthening customer and supplier partnerships
- Leveraging greater purchasing power for the benefit of customers and shareholders
- Delivering outstanding value products to customers and consumers
- Offering enhanced and more varied careers for employees
- Increasing resources focused on improving sustainability

Europe's leading retailers are considered to have the most highly developed and sophisticated Private Label ranges in the world and are now exporting that expertise into new geographic markets as the grocery market becomes more global. To achieve their ambitions they will require manufacturing partners with scale and expertise.

McBride

Passionate about Private Label

Optimising performance and value

In today's marketplace where consumers are becoming increasingly aware of value for money, our Private Label product development continues to focus on improving performance and reducing cost.

Our product development priorities are:

- improved product performance;
- lower environmental impact;
- improved convenience of use; and
- packaging reduction

These priorities are underpinned by the need to ensure we are always providing the very best balance between quality and price.

Recent research by Datamonitor* across Europe found that in our core European markets (the UK, France, Italy and Germany) over 60% of consumers thought the performance of Private Label Household cleaning products was identical or superior to that of famous leading brands. Furthermore, over 55% of respondents thought the performance of supermarket own-label laundry products was identical or superior to that of the leading brands.

By providing the very best possible balance between quality and price, we enable our retail customers to provide consumers with the opportunity to make the 'smart' purchase.

It is therefore not surprising that in the last 12 months Private Label sales of Household cleaning products have outperformed branded sales in every market throughout Europe and many beyond.

Every year we spend more on research and development of new products. Our customers rely on our speed to market to provide innovative new Private Label products and ranges.

And it is not just in Private Label that we aim to provide products that suit our consumers' pockets. In many of the less developed markets in Eastern Europe we provide value-for-money brands such as Avea shampoos and Yplon descalers, thereby enabling consumers to purchase products with great performance at prices which are much lower than major multinational brands.

We satisfy the eco-conscious consumer by providing products to help protect the environment. In the UK McBride launched Greenforce, an eco-friendly range of products using plant-based ingredients and 100% natural fragrances. The whole range is made in the UK using recyclable packaging. These features, combined with outstanding cleaning performance and great value for money, now mean consumers can afford to be green.

* Datamonitor Consumer Insight series (Datamonitor Consumer Surveys, April 2009).

McBride

Passionate about Private Label

Innovation

Sensei
ALL IN 1
30 Fresh Burst
Dishwasher Tablets
just arrived
MARKS & SPENCER
TESCO
Mens
Everyday all surface spray
for everyday shine with no limescale
Lime lite
Denk mit
Non-Biological Laundry Liquid
Surcare
Sensitive
improved performance, same number of washes, less packaging
The Plan A way to cut packaging
10 SACHETS
10 STANDARD WASHES
30°C
MARKS & SPENCER
WHITES
CONCENTRATED BIOLOGICAL SACHETS
KEEPS WHITES BRILLIANT WHITE EVEN AT 30°C
gentelle
nappy cream
McBride

Working towards sustainability

McBride is committed to achieving a long-term successful and sustainable business as the leading provider of Private Label Household and Personal Care products.

As a Group we believe in the importance of social responsibility in our business and the contribution it makes to our success. Our approach to the environment, product safety, health and safety in our operations, how we treat people, our customers and suppliers, the communities in which we operate and other stakeholders, is embedded in our Company culture and values.

The issues of environment and climate change impact all our stakeholders. For us the key to thriving in our dynamic market is to set the standards, not merely follow them. We remain aligned with the evolving needs of our customers and our consumer markets. It is this close, proactive relationship that keeps us at the top of the Private Label sector.

We are particularly pleased that this year McBride has been accepted into the FTSE4Good Index of leading companies that meet globally recognised corporate responsibility standards.

McBride continues to be involved in driving the concept of Sustainable Cleaning through the AISE (International Association for Soaps, Detergents and Maintenance Products). We were the first Private Label manufacturer to sign up to the Waste and Resources Action Programme (WRAP) Courtauld Commitment in the UK whose aims are to achieve an absolute reduction in packaging waste by 2010 by integrating sustainability into our New Product Development initiatives.

We measure and report on the environmental impact of our operations. In 2008-09 our eco-efficiency performance showed further improvements:

Kgs production per m^3 water used	+3.8%
Kgs production per m^3 effluent generated	-1.5%
M^3 water per tonne production	-3.0%
Kgs production per tonne CO_2 produced	+1.1%
Kgs production per G Joule of energy	+0.9%

Waste generated increased slightly to 1.3% including the adverse impact of closing two factories and commissioning a new one. Reused, recycled and recovered waste improved from 66% in 2007-08 to 67% in 2008-09.

Our accidents statistics have also shown a significant improvement with LTIs (Accidents requiring more than three days off work) down to 125 (2007-08: 160), this is the best result for four years and the accident rate (measured in frequency per 100,000 hours worked) at 1.4 (2007-08: 1.7) is our safest performance for over nine years.

Reducing our carbon footprint

Last year we reported we had installed over 5,000 solar panels on the roof of our Ieper Household factory in Belgium with the capability of producing 800,000 kWh per year. Since going live in January 2009, the 5,000 panels have generated enough electricity to save the equivalent of 102 tonnes of CO_2. We are now installing a further 2,700 panels on the roof of our Ieper Personal Care factory capable of generating a further 425,000 kWh per year or roughly 10% of the energy consumption of the Personal Care factory. When fully operational the combined benefit will be to reduce CO_2 emissions by over 550 tonnes per annum.

Greener aerosols

Nitrogen makes up 80% of the air we breathe and has the benefits of being:

- Non flammable
- Non toxic
- Environmentally friendly as it does not contribute to greenhouse gases
- Non oil based and therefore not influenced by the oil price

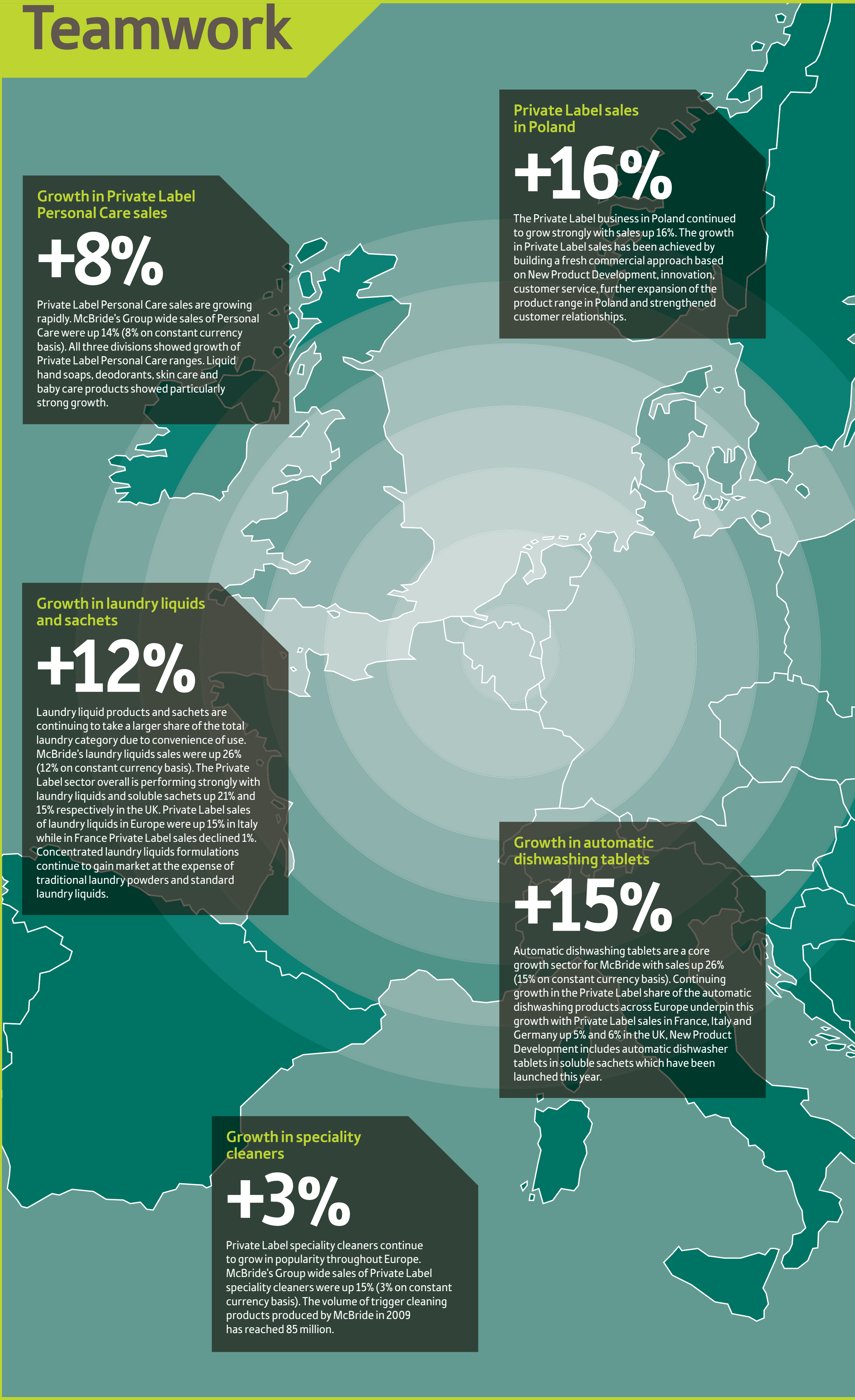
These properties make nitrogen an ideal eco-friendly propellant for a number of aerosol products such as air fresheners, furniture polishes and insecticides. To date we have equipped one filling line in France to produce air fresheners using nitrogen with a second line due to be installed this year to provide greater capacity.

McBride

Passionate about Private Label

Sustainability

Teamwork



Private Label sales in Poland

+16%

The Private Label business in Poland continued to grow strongly with sales up 16%. The growth in Private Label sales has been achieved by building a fresh commercial approach based on New Product Development, innovation, customer service, further expansion of the product range in Poland and strengthened customer relationships.

Growth in Private Label Personal Care sales

+8%

Private Label Personal Care sales are growing rapidly. McBride's Group wide sales of Personal Care were up 14% (8% on constant currency basis). All three divisions showed growth of Private Label Personal Care ranges. Liquid hand soaps, deodorants, skin care and baby care products showed particularly strong growth.

Growth in laundry liquids and sachets

+12%

Laundry liquid products and sachets are continuing to take a larger share of the total laundry category due to convenience of use. McBride's laundry liquids sales were up 26% (12% on constant currency basis). The Private Label sector overall is performing strongly with laundry liquids and soluble sachets up 21% and 15% respectively in the UK. Private Label sales of laundry liquids in Europe were up 15% in Italy while in France Private Label sales declined 1%. Concentrated laundry liquids formulations continue to gain market at the expense of traditional laundry powders and standard laundry liquids.

Growth in automatic dishwashing tablets

+15%

Automatic dishwashing tablets are a core growth sector for McBride with sales up 26% (15% on constant currency basis). Continuing growth in the Private Label share of the automatic dishwashing products across Europe underpin this growth with Private Label sales in France, Italy and Germany up 5% and 6% in the UK, New Product Development includes automatic dishwasher tablets in soluble sachets which have been launched this year.

Growth in speciality cleaners

+3%

Private Label speciality cleaners continue to grow in popularity throughout Europe. McBride's Group wide sales of Private Label speciality cleaners were up 15% (3% on constant currency basis). The volume of trigger cleaning products produced by McBride in 2009 has reached 85 million.

Driving Private Label across Europe

McBride is passionate about Private Label and our employees believe in the Private Label business model.

McBride is the leading provider of Private Label Household and Personal Care products in Europe, and teamwork is the vital ingredient that keeps us ahead.

The popularity of Private Label has never been stronger. Private Label products are gaining share, not just in Western Europe but also in Eastern Europe, South East Asia and more recently in the USA.

We believe passionately that our people are most effective when working together in teams and we promote a culture to make this happen. We encourage and develop teamwork which crosses functional and geographical boundaries.

Our teams of chemists, engineers, packaging designers and commercial people work together to deliver product development across our core product categories. Cross-functional teams co-operate across all the divisions to maximise efficiency of our resources often bringing over 100 years of experience to New Product Development meetings.

This year, recent expansion of our soluble sachet capability brought together engineers from Burnley, St Helens and Estaimpuis, with commercial and logistics teams from both the UK and Western Continental European divisions. The objective was to review capacity requirements across the Group and identify how best to optimise our capacity and supply chain.

Group purchasing works with all three divisions to provide a strong centralised function. This enables the Company to obtain the best value for money and security from our suppliers.

Teamwork across international boundaries now delivers new air fresheners to European customers including new air fresheners, new reed diffusers and new timed-release air fresheners from our factory in China.

The technical and formulation skills of the Estaimpuis factory enabled McBride to be the first company to launch liquid soluble sachets into the UK market. Also, these skills and teamwork were instrumental in the development of new super concentrated laundry liquid products into the UK market this year.

The sharing of best practice across the Group facilitated extension of soluble film technology from laundry sachets to machine dishwashing tablets production.

Effective teamwork is the key to the exceptional performance from our people.

Soluble laundry sachets
McBride is Europe's leading Private Label manufacturer of laundry liquids using soluble sachet format.

McBride
Passionate about Private Label

Focusing on growth categories

We have a clear strategy of focusing our resources on product categories which offer the highest growth and profit potential; automatic dishwashing tablets, Personal Care, air care, laundry liquids and specialist cleaners.

1

2

3

4

5

1. Automatic dishwashing tablets
Automatic dishwashing tablets are a key long-term growth Household product category, reflecting the continuing rise in ownership of automatic dishwashing machines across Europe. **This year we have launched the first Private Label automatic dishwashing tablets wrapped in a soluble sachet in the UK.** The convenience of the self-dissolving wrapper helps consumers in handling the tablets and benefits the environment through less packaging waste.

2. Personal Care
Personal Care remains an attractive growth opportunity for McBride as it currently accounts for less than 20% of Group revenue, whilst the overall Personal Care market is far larger than the Household products market. **Recent contract gains and investment in broadening our range of Personal Care products into new sectors including baby and skin care ranges have helped push organic sales up 8% over the year.**

3. Specialist cleaners
McBride is one of Europe's leading producers of specialist cleaners, particularly in trigger format. Last year we produced over 85 million trigger cleaners throughout Europe or almost 5% of the world's production. The range of applications for specialist cleaners continues to expand and Private Label products are continuing to gain a greater share of the specialist cleaners market.

4. Air care
The air care sector has attractive growth dynamics with consumers continuing to search for new fragrances and delivery formats. Recent developments include timed-release air fresheners, reed diffusers and attractive discreet fresheners sourced from our factory in China. **To meet the demand for more eco-friendly products we have recently launched a range of air fresheners using nitrogen as the propellant.**

5. Laundry liquids
The convenience of laundry liquids has resulted in the category gaining market share from traditional laundry powders. **McBride is at the forefront of developments in new super-concentrated liquids and gels that reduce environmental impact through reduced transportation and packaging costs as well as delivering associated cost improvements.** McBride has further increased its capacity for laundry liquids in soluble sachets to become one of Europe's leading producers of these products.

Contents

Directors' report

Overview of the year
This section provides a summary of who we are and what we do. It includes highlights of our financial and operating performance in the 2009 financial year.

Business review
This section gives details of our business performance in the 2009 financial year. We also provide other important financial information about the Group.

Our governance
Find out who McBride's directors are and how we apply our values to the way we run our business in terms of corporate governance, accountability and corporate social responsibility. The remuneration section explains our pay policies and contains details of the salaries and benefits received by the directors during the year.

The figures
This section contains all the detailed financial statements and other information shareholders find useful. As well as the statutory accounts, this section contains a financial calendar for the forthcoming year and a summary of financial performance over five years.

Performance highlights

Highlights of the year

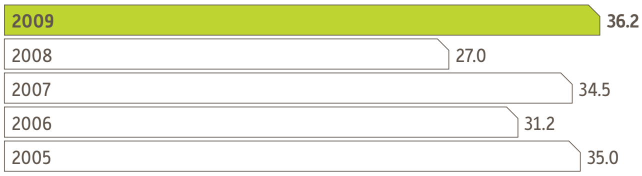
- Total revenue up 13% to £792.4 million
- Adjusted operating profit was £36.2 million(1)
- Adjusted diluted earnings per share of 12.8 pence(1)
- Full year dividend increased to 6.0 pence per share
- Strong net cash generated from operations of £61.8 million(1)
- Year-end net debt of £82.4 million (2008: £103.3m)

(1) Adjusted operating profit, adjusted diluted earnings per share and net cash generated from operations are calculated before amortisation of intangible assets and exceptional items.

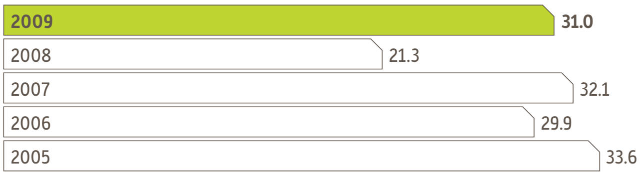
Key financial trends(1)

Revenue £m

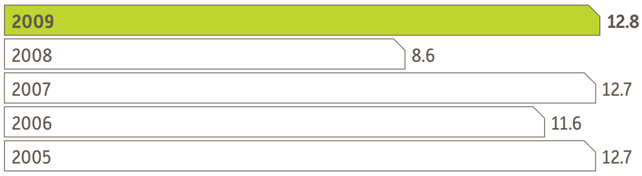
Operating profit(1) £m



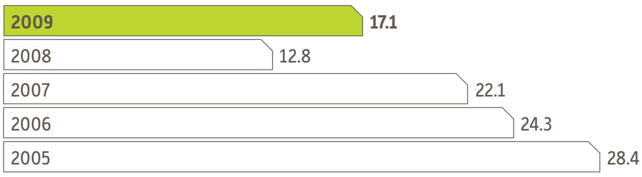
Profit before tax(1) £m



Adjusted diluted earnings per share(1) pence

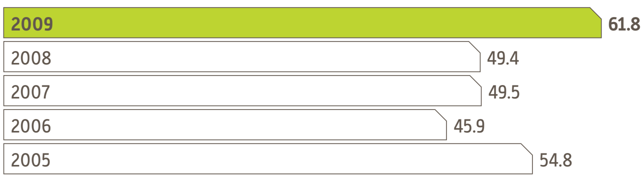


Return on capital employed(1) %



Dividend per share pence

Cash flow from operations(1) £m



(1) Figures are calculated before amortisation of intangible assets and exceptional items.

Group key performance indicators[1]

Organic revenue growth

4% ▲

(2008: -2%)

Return on capital employed

17.1% ▲

(2008: 12.8%)

Waste efficiency[2]

1.3% ▼

(2008: 1.2%)

Customer service level[3]

97% ▲

(2008: 96%)

Adjusted diluted earnings per share

12.8p ▲

(2008: 8.6p)

(1) For a more detailed description of the Group key performance indicators (KPIs) and how they are calculated, see below. Year-on-year trends in the KPIs are discussed in the Chief Executive's review, the Divisional reviews and the Group financial review on pages 8 to 20 and the Corporate social responsibility report on pages 26 to 28.
(2) Waste efficiency includes all the Group's sites including St Helens.
(3) Customer service level data includes Foetz from 2009 but excludes Dasty Italia in both years.

Key performance indicators

McBride uses a number of key performance indicators (KPIs) to measure its performance and progress against its strategic objectives. The most important of these KPIs focus on the five key areas of organic revenue growth, earnings per share, return on capital employed, customer service level and waste efficiency.

KPI	Organic revenue growth	Adjusted diluted earnings per share	Return on capital employed	Customer service level	Waste efficiency
Measure	Reported revenues adjusted to take account of acquisitions and disposals and currency exchange rate movements.	Profit attributable to shareholders before amortisation of intangible assets and exceptional items divided by the average diluted number of shares.	Operating profit before amortisation of intangible assets and exceptional items as a percentage of net assets excluding net debt.	Volume of products delivered in the correct volumes and within agreed timescales relative to the total volumes ordered by customers.	Tonnes of waste relative to total production tonnage.

Cautionary statement

This Annual Report has been prepared for the shareholders of McBride plc, as a body, and no other persons. Its purpose is to assist shareholders of the Company to assess the strategies adopted by the Group and the potential for those strategies to succeed and for no other purpose. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

This Annual Report contains certain forward-looking statements that are subject to risk factors associated with, amongst 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 Annual Report will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Directors' report

Pages 6 to 48, inclusive, of this Annual Report comprise a Report of the Directors that has been drawn up and presented in accordance with English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law. In particular, Directors would be liable to the Company (but not to any third party) if the Directors' report contains errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

Our business

We are Europe's leading provider of Private Label Household and Personal Care products, developing, producing and selling our products to leading retailers throughout Europe. With our market knowledge, product development skills, manufacturing scale and technical know-how, we are dedicated to supporting the changing needs of our retail customers and consumers. It is this proactive relationship with our customers that keeps us top of the Private Label sector.

Household products

Textile washing
- Laundry powders, boxes and pouches
- Laundry tablets
- Laundry liquids: standard, concentrate, super gels
- Soluble sachets
- Fabric conditioner
- Anti-calc products: powders, tablets, liquids
- Laundry aids
- Stain removers
- Fabric fresheners

Dishwashing
- Machine dishwashing: tablets, powders, liquids
- Cleaners
- Rinse aids
- Washing up liquids

Household cleaners
- Trigger cleaners: anti bacterial, bathroom, kitchen, oven, floor, hob, glass cleaners
- All purpose cleaners
- Multi surface cleaners
- Specialist cleaners
- Eco-ranges
- Toilet cleaners
- Bleach
- Car cleaners: aerosols, shampoos, triggers

Air care
- Timed release
- Discrete
- Plug-ins
- Diffusers
- Aerosols
- Car fresheners
- Gels

Personal Care products

Bathing and handwashing
- Bath creams, foams and lotions
- Shower cremes and gels
- Bodywashes
- Hand wash liquids
- Hand cleansing gels
- Hand sanitisers

Body freshness
- Antiperspirants
- Body sprays
- Deodorants
- Roll ons
- Aerosols

Men's grooming
- Shaving gel
- Shave foams
- Skincare
- Body freshness
- Deodorants
- Shower

Hair care
- Shampoos
- Conditioners
- Styling gels
- Styling waxes
- Styling sprays
- Hair mousses
- Hair sprays
- All aerosols

Skin care
- Body lotions and creams
- Facial moisturisers, cleaners, washes and creams
- Hand care products
- Nail polish removers

Baby and kids toiletries
- Shampoos
- Bath foams
- Lotions
- Creams
- Talc
- Oils

Oral care
- Mouth rinses
- Mouth washes
- Striped toothpastes
- Pump toothpastes
- Toothgels
- Denture toothpastes

Our business units

UK

The UK business is the clear leader in the Private Label sector, developing and producing Household and Personal Care products to be sold under retailers' own brands. It produces niche brands such as Surcare, Green Force, I-Clean and Gentelle and also provides contract manufacturing for other brand owners. Retail customers include Aldi, Asda, the Co-op, Marks & Spencer, Morrisons, Sainsbury's, Superdrug, Tesco and Waitrose.

Share of gross segmental revenue by origin

2009	**38%**	**£311.4m**
2008	41%	£297.3m
2007	46%	£277.1m

Western Continental Europe

The Western Continental Europe business creates, develops and produces Private Label Household and Personal Care products, for major retailers with activities focused in France, Italy, Spain, Germany, Belgium and the Netherlands. It also produces niche brands such as Actiff, Cobra, Bonaria and Isabel and provides contract manufacturing for other brand owners, most notably Henkel and Oriflame. Retail customers include Aldi, Auchan, Carrefour, Casino, DM, Eroski, Eurospin, Intermarché, Lidl, Metro, Plus, REWE and Système U.

Share of gross segmental revenue by origin

2009	**58%**	**£469.8m**
2008	55%	£395.4m
2007	50%	£304.2m

Eastern Continental Europe

The Eastern Continental Europe business creates, develops and produces Household and Personal Care products for major retailers with activities focused in Poland, Hungary, the Czech Republic and Slovakia. It also produces brands such as Yplon and Avea and provides contract manufacturing for other brand owners in the region. Retail customers in the region include Biedronka (Jeronimo Martins), Schwarz Group (Kaufland and Lidl), Metro (Makro and Real) and Tesco.

Share of gross segmental revenue by origin

2009	**4%**	**£33.2m**
2008	4%	£32.1m
2007	4%	£25.0m

Our production capabilities

UK

Household products	Barrow	Bradford	Burnley	Hull	Middleton	St Helens
Textile washing	✓		✓		✓	✓
Dishwashing	✓		✓		✓	✓
Household cleaners	✓		✓	✓	✓	✓
Air care				✓		
Personal Care products						
Hair care		✓		✓		✓
Baby care		✓				✓
Body care		✓		✓		✓
Mens grooming		✓		✓		✓
Skin care		✓				✓
Oral care		✓				

Western Continental Europe

Household products	Ieper Household	Estaimpuis	Moyaux	Rosporden	Etain	Bergamo (2 factories)	Solaro	Sallent	Foetz	Ieper Personal Care
Textile washing		✓	✓	✓		✓	✓	✓	✓	
Dishwashing	✓		✓				✓	✓	✓	
Household cleaners	✓	✓		✓	✓	✓	✓	✓	✓	
Air care				✓						
Personal Care products										
Hair care				✓						✓
Baby care										
Body care				✓						✓
Mens grooming				✓						✓
Skin care										
Oral care										

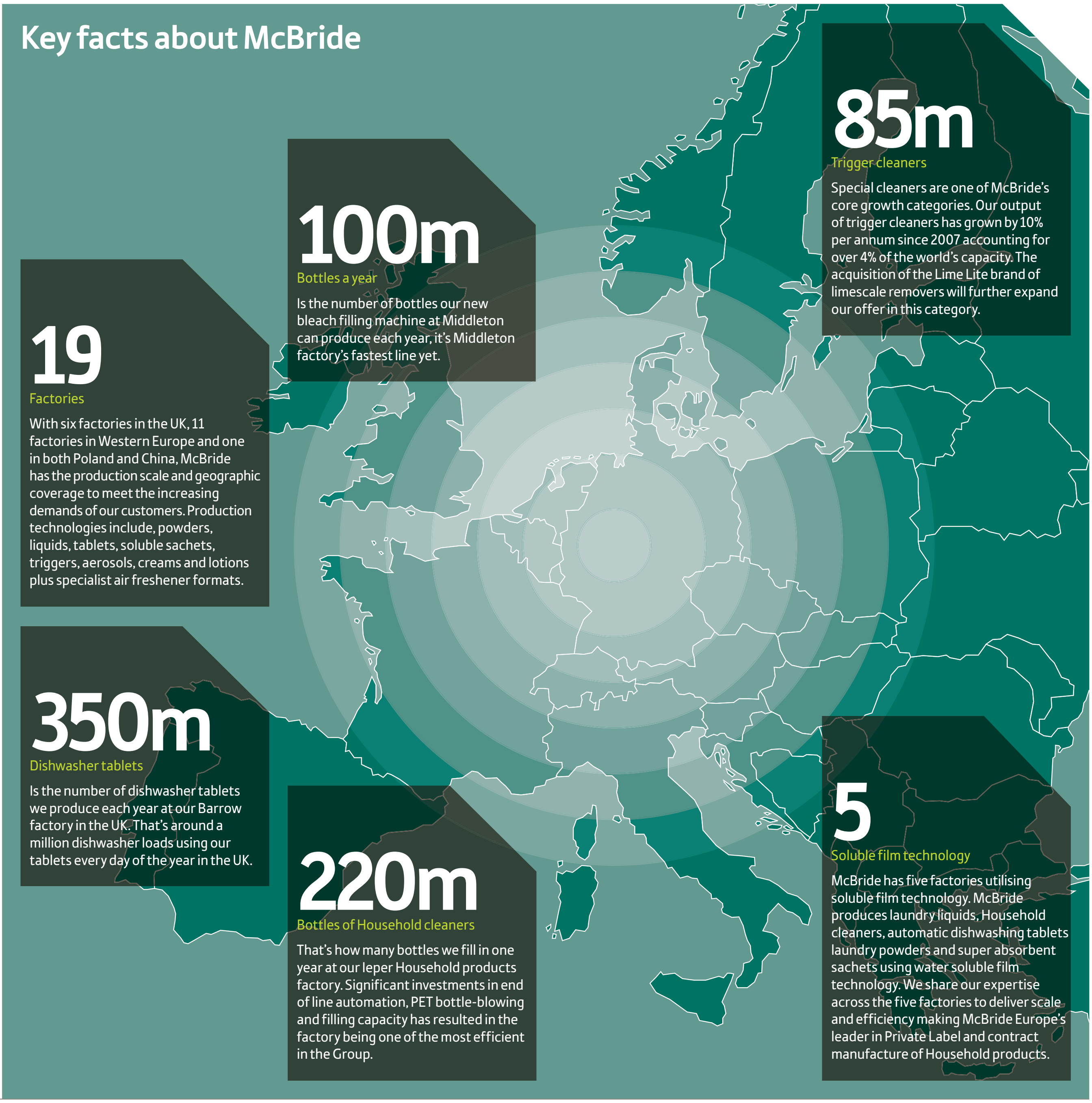
Eastern Continental Europe

Household products	Strzelce
Textile washing	✓
Dishwashing	✓
Household cleaners	✓
Air care	
Personal Care products	
Hair care	✓
Baby care	
Body care	✓
Mens grooming	✓
Skin care	
Oral care	

China

Household products	Zhongshan
Textile washing	
Dishwashing	
Household cleaners	
Air care	✓
Personal Care products	
Hair care	
Baby care	
Body care	
Mens grooming	
Skin care	
Oral care	

Key facts about McBride



100m
Bottles a year

Is the number of bottles our new bleach filling machine at Middleton can produce each year, it's Middleton factory's fastest line yet.

85m
Trigger cleaners

Special cleaners are one of McBride's core growth categories. Our output of trigger cleaners has grown by 10% per annum since 2007 accounting for over 4% of the world's capacity. The acquisition of the Lime Lite brand of limescale removers will further expand our offer in this category.

19
Factories

With six factories in the UK, 11 factories in Western Europe and one in both Poland and China, McBride has the production scale and geographic coverage to meet the increasing demands of our customers. Production technologies include, powders, liquids, tablets, soluble sachets, triggers, aerosols, creams and lotions plus specialist air freshener formats.

350m
Dishwasher tablets

Is the number of dishwasher tablets we produce each year at our Barrow factory in the UK. That's around a million dishwasher loads using our tablets every day of the year in the UK.

220m
Bottles of Household cleaners

That's how many bottles we fill in one year at our Ieper Household products factory. Significant investments in end of line automation, PET bottle-blowing and filling capacity has resulted in the factory being one of the most efficient in the Group.

5
Soluble film technology

McBride has five factories utilising soluble film technology. McBride produces laundry liquids, Household cleaners, automatic dishwashing tablets laundry powders and super absorbent sachets using water soluble film technology. We share our expertise across the five factories to deliver scale and efficiency making McBride Europe's leader in Private Label and contract manufacture of Household products.

Chairman's statement

"Our products deliver exceptional value for money, which is appreciated by today's value conscious consumers."

Iain J G Napier
Chairman

Introduction

McBride's strategy has been consistently applied for several years and the actions taken to drive performance and growth have also led to stronger financial results. Return on capital employed is up to 17.1% and net debt has fallen sharply to £82.4 million.

The Private Label sectors grew share in all our markets across Europe. McBride has led this growth through a focus on identified growth product categories, through category development in partnership with our customers and through innovation. Our products deliver exceptional value for money, which is appreciated by today's value conscious consumers. Importantly for the future, the experience after the previous recession showed that consumers stay loyal to Private Label products once they realise the performance is equivalent or superior to the branded offerings.

Innovation activity increased year-on-year, with a particular focus on Personal Care products and laundry liquids. The identified growth categories of automatic dishwashing tablets, specialist cleaners, laundry liquids, air care and Personal Care continued to deliver higher revenue growth than the overall markets and the Group is well placed to target further acquisitions in these categories.

The actions we took to cut costs and increase efficiencies led to a restoration of profit margins to previous levels in the second half of the year. At the same time we increased investment in New Product Development, purchasing and customer management activities as the Group continued to strengthen its business model and the proposition to our retail customers.

Our commitment to minimise the environmental impact of our operations is reflected in improvements in energy efficiency, waste and water consumption this year. We were also pleased to be recognised for our progress by achieving a position in the FTSE4Good Index of the FTSE. We are working with all our customers to agree formulation and packaging changes in order to meet our responsibilities in this area. Further information is published in our annual Sustainability Report.

Frish toilet gel sticks
The new Frish toilet gel cleaners offer an easy to use perfumed cleaner in the increasingly popular gel format for toilet cleaners.

Being 'Passionate about Private Label' is reflected not only in the improved performance of our results but also in our products themselves, where we always strive to offer the best quality/price trade-off available in the market.

Board
A number of changes to the composition of the Board were announced during the year. Ian Johnson resigned with effect from 30 April 2009 and Henri Talerman stepped down as a non-executive director at the October AGM. Since the year-end we have decided to appoint Richard Armitage to the Board as our new Finance Director commencing in November 2009.

People
I would like to personally thank all of our people for their exceptional contributions during another year when significant demands have been made on them. Our culture, people and teamworking practices continue to provide a key part of our competitive advantage.

Results and dividend
Revenues increased by 13% to £792.4 million (2008: £700.9m). Profit after tax attributable to shareholders, before amortisation of intangible assets and exceptional items, was £23.2 million (2008: £15.6m) whilst, on the same basis, diluted earnings per share were 12.8 pence (2008: 8.6p).

At the year-end, net debt was £82.4 million (2008: £103.3m) with continued delivery of positive operating cash flows and tight control over capital expenditures.

The Board is recommending a final dividend of 4.3 pence per share (2008: 3.9p), giving a total dividend for the year of 6.0 pence (2008: 5.6p), up 7% year-on-year, and is covered 2.1 times by post-tax profit, before amortisation of intangible assets and exceptional items, for the year (2008: 1.5 times).

Dividend per share pence

Looking to the future
Our strategy remains unchanged. We are Europe's leading provider of Private Label Household and Personal Care products, with a focus on core growth categories, a rigorous pursuit of improved efficiencies and a commitment to provide the best possible performance and value. In the past year we have continued to increase our scale and further strengthened our business model to support our retail customers. Our financial strength is valued by our customers, for whom we are a partner in driving their Private Label businesses.

We have made a good start to the new financial year, continuing the trend in the second half of last year. Our markets remain highly competitive but McBride's Private Label products continue to be relevant not only in the current environment but also in the longer term. We have strengthened the business further in the last 12 months and expect to consolidate these improvements in the coming year.

Mens grooming
Mens grooming products are one of the growth categories in Private Label Personal Care.

Chief Executive's review

"As a result of the actions taken to further raise efficiency, improve the mix of business and strengthen commercial operations, margins across the whole Group have improved."

Miles W Roberts
Chief Executive

Overview

McBride has delivered good growth in sales and profits in the past year and Private Label has grown share in all our markets. Organic growth for the year was 4% and return on capital employed improved from 12.8% to 17.1%. As a result of the actions taken to further raise efficiency, improve the mix of business and strengthen commercial operations, margins across the whole Group have improved. Operating cash flow was very strong resulting in a reduction in net debt from £103.3 million to £82.4 million.

Steps have been taken to further strengthen the business in terms of increased product development resources, better ways of working, focusing capital expenditure on efficiency projects and the integration and reconfiguration of the new factory in St Helens. Improvements have been made in the ways in which the Group deals with both customers and suppliers, which will increase business resilience in the future.

The industry, market and competitive environment

The European economies have been in sharp recession during the past 12 months; latest forecasts for 2009 show the UK economy down 4.3% and the Euro-zone down 4.8%. Despite this bleak macro-economic environment the Household cleaning market is up 3% in the UK, 2% in Italy but fell by 1% and 2% respectively in Germany and France. By contrast, the Private Label sector outperformed the overall market in all countries, growing by over 5% in the UK and Italy, 1% in France and stable in Germany. In the UK and Italian markets, Private Label growth has been four times higher than branded sales growth. In the current economic period consumers are more value conscious than ever and are increasingly choosing Private Label products for their superior quality/price performance.

Watermint hand and bodywash
These attractively fragranced hand and body gels are recent additions to the Marks & Spencer range of toiletries.

The industry is highly competitive and McBride is the leading provider of Private Label products. Competition represents a small number of major multinational branded companies and a large number of small and generally local Private Label companies. McBride differentiates itself mainly through its dedication to the Private Label sector; New Product Development, customer service, operational efficiency and procurement capabilities enable the Group to deliver outstanding value products to its customers and ultimate consumers and investments in these important areas have been increased.

In the last year Private Label has gained market share in all McBride's core markets. This is partly due to the overall economic environment in which consumers are increasingly careful to choose products which represent the best value for money. However, it is also due to consolidation in the retail sector and the increasing focus of major retailers on differentiating their own market position through their Private Label propositions. The share gain for Private Label has been achieved despite intense competition from the leading brand manufacturers.

In Western Europe, the Household and Personal Care markets had a combined value of £59 billion (at retail selling prices) in 2008 and they grew at 1.0% and 3.0% per annum respectively in the five years to the end of 2008. In Italy the Household market grew by 2% but Private Label grew by 6%. This pattern was reflected in other markets too: in France the market was down 2% but Private Label was up 1%, and in Germany Private Label was flat in a market which was down 2% in value.

Eastern Europe has continued to show higher growth levels in both the Household and Personal Care markets, which had a combined market value in 2008 of £16 billion (at retail selling prices). Over the five years to the end of 2008, these markets grew at 13% per annum, reflecting increasing disposable incomes and consumer affluence and greater product availability driven by retail consolidation.

(Source of market data: Euromonitor, GfK, TNS and IRI.)

Our growth strategy

What we said	What we did
Growth ■ We expect major retailers to grow by 10% per annum ■ Superior growth is forecast in ECE compared to WCE ■ We will drive growth in priority categories and geographies	■ Organic growth 4%, total growth +13% ■ Core product categories growth +18% ■ ECC organic growth +9% excluding contract manufacturing ■ Reduced dependency on top 10 customers – 57% down from 59%
Efficiency ■ We will step up our focus on restructuring and efficiency initiatives	■ Restructuring and efficiency initiatives: ■ Closure of Coventry and Warrington factories
Scale ■ We continue to focus on building scale positions in our priority product and geographic markets ■ We will continue to mitigate the volatility in input costs through purchasing strategy, value engineering and selling price increases	■ Customer service level up from 96% to 97% ■ Successful mitigation of raw material costs ■ Improvements in energy and water efficiencies
Innovation ■ We will continue to focus on product development	■ Continued investment in NPD ■ R&D spend up 12% to £6.6 million ■ Focus on high value and eco-friendly products
People ■ High performance leadership and culture	■ Introduced new talent management process ■ Strengthened Group Management Team ■ Employee morale up by 4% (measured in survey)
Financial results ■ Further progress	■ Adjusted diluted EPS up from 8.6 pence to 12.8 pence ■ ROCE up from 12.8% to 17.1% ■ Net debt down from £103.3 million to £82.4 million

Chief Executive's review
continued

Business performance

Geographic and product performance

McBride's organic growth was 4% in the year. Sales of the Group's established strategic priority categories, Personal Care, specialist cleaners, laundry liquids, air care and automatic dishwashing tablets, continued to see stronger than average organic growth of 7%.

Personal Care sales were up 14%, which represents 8% organic revenue growth in the year, continuing the trends of recent years. In the UK, sales were up 10% although margins were lower mainly due to the cost of commissioning the new St Helens factory. Performance benefited from some key new customer wins and an expansion into more premium product segments.

Household product sales were up 13%, which represents 3% organic growth, reflecting the lower emphasis given to non-core product categories. During the second half of the year, a number of new contracts have been gained based on our improved competitive position.

New product development

McBride prides itself on the speed and quality of its New Product Development activities, focused on our core product categories. In the last year ranges of super concentrated liquids and sachets were launched in both laundry and dishwashing categories and two major range enhancements were developed for Personal Care customers.

Overall, expenditure on R&D increased by 12% in the year, reflecting a commitment to differentiate McBride to its customers in this vital area. A range of environmentally friendly products has also been launched in the year, including liquids which wash at low temperatures and more concentrated formats which use proportionately less packaging. McBride's goal throughout is to develop new products which match or exceed the performance of the major brands.

Customer service

Customer service is the Group's main operational priority and a highly visible benchmark that influences directly its ability to maintain commercial leadership and support the Group's overall growth strategy. Success is measured in this area by reference to success in delivering products ordered by customers in the correct volumes and within agreed timescales, which can be as short as 24 hours. The customer service level across the Group in the year was 97% (2008: 96%), although the goal is to strive for customer service levels in excess of 98%.

Efficiency gains

During the year, the Group continued to make incremental gains from improved efficiencies, for example automation of its production facilities. Over £20 million was invested in capital expenditure of which the majority was focused on efficiency projects. The new facility in St Helens was fully integrated, incorporating the production from facilities in Coventry and Warrington. This resulted in the closure of these two factories, delivering overhead savings of approximately £1 million per annum from the latter part of the year.

Overhead costs were rationalised by re-engineering of central administrative functions and this is expected to continue as the Group invests to harmonise computer systems and IT infrastructure in the current financial year.

Group key performance indicator

Customer service level

97%

(2008: 96%)

Yplon anti-calc tablets

The Yplon range of anti-calc tablets is becoming increasingly popular throughout Eastern Europe.

Value engineering
Value engineering is a permanent feature of our product development activities and is consistent with our commitment to minimise our impact on the environment. During the year, we increased our investment in this area, which, for example, enabled us to continue to reduce costs through product reformulation and 'lightweighting' of product containers.

Procurement
Our procurement activities have been strengthened and significantly contributed to the Group's performance during the year. Alternative suppliers have been sought for all critical materials to ensure that there is more than one source for each.

Sustainability and Safety
Progress has been made on key environmental measures in the year. Energy usage is down 6% and energy used per tonne of product is down 1%. Water consumption is down 8%. Factory waste increased slightly to 1.3% including the adverse impact of closing two factories and commissioning a new one. Accident levels reduced by 22% and the frequency per 100,000 hours worked reduced to 1.4, the lowest level since records were kept.

Performance against objectives
Two years ago, a number of key objectives were established and the report below summarises the progress made against these objectives to date.

Improve customer partnership and service, category development and product innovation
Notwithstanding the cost pressures, resources in this area have been increased by 12 people during the year. The environmental impact of the Group's products has been reduced through eliminating the use of certain ingredients, such as phosphates, and reducing packaging by, for example, the use of refill sachets and 'lightweighting' of product containers. New comprehensive Personal Care ranges have been developed for two major customers and new discount products developed for many customers to support the growth of Private Label in the current economic environment. The development of new products and the improvement of existing products are core planks of the Group's commercial strategy to drive the Private Label segments of its markets.

Deliver improvements in efficiency and reduction in costs
A number of programmes to improve efficiency and reduce costs were implemented, including the UK manufacturing reconfiguration referred to above. Two sites have been closed and the introduction of new operating processes based on 'Lean' principles has been commenced. The installation of over 5,000 solar panels on the roof of the Ieper factory has contributed to a reduction in energy consumption of 6%.

Target our identified growth product categories
The Group's growth product categories are automatic dishwashing tablets, specialist cleaners, laundry liquids, air care and Personal Care that delivered a combined 7% organic revenue growth compared to 4% in organic revenue for the whole Group.

Further improve performance in Western Continental Europe
The Western Continental Europe business has improved its profitability in the year by a combination of efficiency gains and price increases to partially mitigate cost pressures. Operating margin was 4.4%, close to the Group average.

Accelerate growth in Eastern Continental Europe
Although McBride's Eastern Continental Europe sales were only up 3% and declined by 4% on a constant currency basis, it was heavily affected by the termination of a major sub-contracting contract during the year. Excluding this impact organic growth was 9%. A new Managing Director has been recruited recently for the region and the Group remains confident of significant further growth in the forthcoming year.

Surcare
McBride has recently relaunched its Surcare range including a new concentrated laundry liquid format.

Chief Executive's review
continued

"In the last year Private Label has gained market share in all McBride's core markets. This is partly due to the overall economic environment in which consumers are increasingly careful to choose products which represent the best value for money. However, it is also due to consolidation in the retail sector and the increasing focus of major retailers on differentiating their own market position through their Private Label propositions."

Take advantage of further suitable acquisition opportunities
During the year the Group continued to consider acquisitions that are consistent with its product and geographic priorities. The St Helens facility, acquired in 2008, has been fully integrated into the Group. Other targets have not yet been realised other than the capital expenditure in 2009 to acquire the soluble sachet manufacturing equipment from Budelpack in Holland. Resources on this important area have been increased during the year.

People

At the start of the year Colin McIntyre was appointed as Managing Director for the UK Division, following a valuable period in the Western Continental European management team. The senior management team in Europe was strengthened later in the year by the recruitment of two new Managing Directors for the Western European and Eastern European divisions, Andrea Barbier and Greg Krol both of whom have blue chip backgrounds.

Once again significant demands were placed on most of the Group's employees during the year and they have risen to the challenges set. People development practices have been further improved by establishing common systems for appraisals and talent development, by defining core competencies and by working hard on communication. This is based on a strong culture of openness, ambition, communication and teamwork which ensures that all the Group's employees are aligned and engaged with the Group's objectives.

Objectives for the current year

The main objective for the current year is to continue to strengthen the McBride business model and the returns to shareholders. This will be done inter alia by:

- Improving and investing more in New Product Development processes for our key growth categories.
- Targeting improved customer service levels to ensure the needs of customers are met and to emphasise the difference between McBride and its Private Label competitors.
- Improving efficiencies by introducing standard operating procedures across the whole Group and further asset rationalisation.
- Seeking suitable acquisition opportunities to enhance further the Group's earnings growth and geographical scope.
- Investing further in the growth regions and categories to leverage further our capability and to support the major international retailers.

Lime Lite descalers
The Lime Lite range of lime descalers further reinforces the Group's position in the speciality cleaners sector.

Stain absorber
The combination stain absorber with anti-calc recently launched in Italy is a new product format for the Group.

Divisional performance

UK business review

Key developments

	2009	2008	Change
Total reported revenue[1]	**£311.4m**	£297.3m	+5%
Operating profit[2]	**£16.2m**	£15.2m	+7%
Average employee numbers	**2,289**	2,331	-2%
Proportion of revenue in Household products	**72%**	73%	-1pp
Proportion of revenue in Personal Care products	**28%**	27%	+1pp

(1) Revenue by origin.
(2) Before amortisation of intangible assets and exceptional items.

- 5% sales growth and strong Private Label market share growth.
- Personal Care sales up 11%.
- Two factories closed and overheads restructured.
- Operating profit was £16.2 million (2008: £15.2m), with a return on sales of 5.2%.
- Increased investment in New Product Development capability.

Business description

The UK business creates, develops and produces Household and Personal Care products for our Private Label customers. It also produces niche brands such as Surcare and Green Force and provides contract manufacturing for other Household and Personal Care sector participants. Retail customers include Aldi, Asda, Co-op, Marks & Spencer, Morrisons, Sainsbury's, Tesco and Waitrose.

Overview

The UK business had a good year in terms of sales but nonetheless faced the ongoing challenge of increasing input costs, particularly due to the weakness of Sterling against the Euro. The impact was mitigated by product re-engineering and cost restructuring but it was nevertheless necessary to raise selling prices across the business. Volumes were affected as retailers focused on price negotiations.

Good progress was made to strengthen the business going forward. The St Helens factory, bought last year, was reconfigured in line with our plans and has allowed us to proceed with the closure of two factories in Coventry and Warrington which were not strategic to our needs. This, combined with a restructuring of overheads, has realised good annual savings. Factory efficiencies in terms of waste and labour efficiency were also improved.

Key performance indicator

UK organic revenue growth

+5%

(2008: -4%)

Investment was made in new production capacity and in increased automation of our factories. New Product Development resources were increased and resulted in the development of some innovative new products during the year, notably soluble sachets of laundry liquid, concentrated low temperature laundry gel, encapsulated fabric conditioner and a range of branded products with strong environmental credentials under the brand 'Green force'. New Personal Care ranges were developed for Marks & Spencer and Superdrug.

McBride's determination and commitment to provide its customers with the very best combination of quality and price is reflected in the growth of the Private Label share of market. We expect that this momentum will be maintained in the coming years.

Markets

The UK Household products market is relatively mature and increased by 3% in value but declined 2% in volume. Private Label products benefited from a high level of innovation in products, packaging and category development and also from increased trade focus; Private Label products sales grew by 5% in value on flat volumes. The highest growth is in laundry liquids, sachets and gels, household cleaners and automatic dishwashing tablets.

The overall UK Personal Care market grew by 4% in both value and volume terms in the year to June 2009, with particularly strong growth in deodorants and oral care.

The excellent balance between quality and cost is expected to continue to favour Private Label's share of the market in coming years.

(Source of market data: McBride estimates based on TNS retail selling price data.)

Key business developments

Coming into the year, the division's priorities were to continue driving Private Label growth in core product categories, to continue delivering premium growth in Personal Care and to expand the range of niche brands and distribution channels.

Actions taken included further increases in selling prices, in line with much of the industry, and changes to the way of managing customer relations, as well as value engineering and efficiency improvements. Our capital investment focused on new product capacity and cost reduction activities.

The focus of priorities on Personal Care was reflected in organic revenue growth of 11%, well ahead of the overall Private Label market.

Automatic dishwashing tablets
McBride produce 350 million dishwashing tablets a year in the UK. That's around a million dishwasher loads every day.

Divisional performance
continued

Nova hair spray
McBride's Nova range of hair styling products continues to offer excellent performance and value to consumers.

Financial review

Revenue grew by 5% to £311.4 million (2008: £297.3m) and organic revenue increased by the same amount.

Operating profit, before amortisation of intangible assets and exceptional items, increased slightly to £16.2 million (2008: £15.2m) reflecting the positive impacts of growth, efficiencies and price increases offset by input cost inflation.

Development in revenues of UK business £m

Capital investment in the year was focused on building incremental capacity in areas with good growth opportunities, such as laundry gels and sachets, and Personal Care and improving efficiencies with internal bottle-blowing capabilities and line automation. Investment was £9.4 million in the year (2008: £12.4m).

Future developments

Our ongoing success depends critically upon the need to provide customers with excellent service levels and competitive and innovative new products. We have recently increased our New Product Development headcount by four people as we continue to strengthen our business to satisfy the needs of our increasingly ambitious customers.

McBride continues to press ahead with initiatives to improve efficiency. A three year programme has commenced to drive 'Lean' business processes throughout the division. In addition a major project has started to improve 'people engagement', further strengthening our communication and motivation skills.

The division's Personal Care business is expected to continue its recent record of good organic growth, reflecting a widening product range and the potential offered by the new St Helens facility.

Dentimint toothpaste
The growing dental hygiene category is a key focus for McBride Personal Care.

Western Continental Europe business review

Key developments

	2009	2008	Change
Total reported revenue(1)	**£469.8m**	£395.4m	+19%
Operating profit(2)	**£20.9m**	£11.4m	+83%
Average employee numbers	**2,246**	2,286	-2%
Proportion of revenue in Household products	**90%**	91%	-1pp
Proportion of revenue in Personal Care products	**10%**	9%	+1pp

(1) Revenue by origin.
(2) Before amortisation of intangible assets and exceptional items.

- Strong performance despite volatile input cost environment, due to aggressive cost control, product re-engineering and purchasing strategy.
- 2% organic growth, 3% Household and 7% Personal Care.
- Operating profit up sharply to £20.9 million (2008: £11.4m) giving a return on sales of 4.4%.

Business description

The Western Continental Europe business creates, develops and produces Household and Personal Care products for our Private Label customers in France, Italy, Spain, Germany, Belgium and the Netherlands. Andrea Barbier was appointed as Managing Director of the region from May 2009, joining us from Yves St Laurent.

Overview

The Western Continental Europe business delivered a strong recovery in performance despite a difficult input cost environment with good organic growth of 2% in markets which were broadly flat. The division's Personal Care business continued to expand rapidly and Household products' profitability returned to an acceptable level, supported by strong sales growth in France, Belgium and Italy offset by a decline in Spain. Return on sales was 4.4%, up from 2.9% last year.

Margins were improved through a mixture of aggressive overhead control, product re-engineering and by exiting certain less profitable parts of the business, especially in Spain and the Netherlands. New contracts have been won at acceptable margins. Promotional activity has been focused on more profitable categories and a much more proactive management of product mix.

Markets

In the last year, the Household and Personal Care markets in Western Continental Europe have been impacted by the adverse environment but in all cases Private Label has grown share significantly, as consumers reach for products which deliver the best balance of quality and price.

Key performance indicator

Western Continental Europe organic revenue growth

+2%

(2008: 0%)

France is McBride's largest market in Western Continental Europe and the Group is active in both its Household and Personal Care markets. TNS market data shows that for Household products, the French market in total declined by 2% but within this Private Label sales grew by 1%, with particularly strong share gain for Private Label in automatic dishwashing products, washing up liquid and specialist cleaners.

In Italy, McBride's second largest market in Western Continental Europe, where the Group operates predominantly in the Household market, the market grew by 2% and Private Label again increased share with annual growth in value terms of 5.5% in the year to June 2009 (source: IRI).

Finally, in Germany the most recent GfK data shows a decline of 2% in the market value but Private Label sales were flat, giving an increased market share of 0.6% to Private Label.

Key business developments

The business has improved its margin through cost savings and the year-on-year impact of last year's selling price increases. It also achieved further operational efficiencies, for example reducing headcount through investment in automation and by producing 84% of bottles in house, reducing bought-in quantities by 12%.

In the Household products business, there was good sales growth in specialist cleaners, automatic dishwashing tablets and laundry liquids offset by ongoing declines in laundry powder. France, Belgium, and Italy delivered good growth with success in increasing penetration of key retail accounts and retailers placing greater emphasis on Private Label sales.

The increasing focus on Personal Care delivered strong organic growth once more with a particularly good performance in bath care and deodorants.

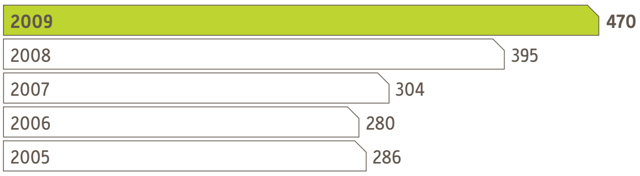
Financial review

Total Western Continental Europe revenue was up 19% to £469.8 million (2008: £395.4m) of which 17% was due to positive currency exchange rate movements. The underlying business delivered a resilient performance with an excellent performance in Personal Care, which delivered 7% organic revenue growth.

Household cleaners France
2009 saw strong growth of Private Label washing up liquids and cleaners in France.

Divisional performance
continued

Development in revenues of Western Continental Europe business £m



Operating profit, before amortisation of intangible assets and exceptional items, was up by 83% to £20.9 million (2008: £11.4m).

Capital expenditure was £10.3 million (2008: £13.0m) reflecting investments in blow moulding and end of line automation and the soluble sachet equipment bought from Budelpack.

Future developments

The near term priority for the business is to continue investing in New Product Development, service and efficiency in order to offer the retailers the very best value for money in our priority categories. By continuing to monitor cash tightly our customers continue to benefit from our stable financial position, particularly important since a number of competitors have failed in the last year.

Further investment is planned in New Product Development, focused on our core priority categories. Category management skills will be further improved in order to persuade our customers of the extra profitability they can enjoy by driving their Private Label product ranges.

A major Private Label contact has been won to supply a large German based retailer and the Group will benefit from continued new store opening programmes of existing customers.

Washing up liquids
New fragrances help keep Private Label washing up liquids sector fresh and attractive to consumers.

Automatic dishwashing products
Private Label sales of automatic dishwashing tablets grew strongly in all markets in Western Europe.

Eastern Continental Europe business review

Key developments

	2009	2008	Change
Total reported revenue(1)	**£33.2m**	£32.1m	+3%
Operating profit(2)	**£2.0m**	£2.1m	-5%
Average employee numbers	**409**	413	-1%
Proportion of revenue in Household products	**62%**	64%	-2pp
Proportion of revenue in Personal Care products	**38%**	36%	+2pp

(1) Revenue by origin.
(2) Before amortisation of intangible assets and exceptional items.

- Reported revenue up 3%.
- Organic sales up 9% excluding the impact of a decline in contract manufacturing.
- Continued growth in Hungary and the Czech Republic.
- Operating profit £2.0 million (2008: £2.1m) and return on sales 6.0%.
- Further development of eastern and southern areas of region.
- End of significant contract manufacturing arrangement.

Business description

The Eastern Continental Europe business creates, develops and produces Household and Personal Care products for major retailers in Poland, Hungary, the Czech Republic and Slovakia. Retail customers in the region include Biedronka (Jeronimo Martins), Schwarz Group (Kaufland and Lidl), Metro (Makro and Real), Carrefour and Tesco. Greg Krol was appointed as Managing Director of the region in February 2009, joining us from Nestlé.

Overview

The Eastern Continental Europe business had a robust performance in what has been a challenging year because of the cancellation of a significant manufacturing contract with a branded company. This has been offset by a continued strong growth in Private Label sales. The business is operating in the Household and Personal Care sectors both of which have demonstrated consistent growth driven by increasing consumer demand with Private Label ranges becoming an increasingly important segment for our customers as they adapt their offers to match changing consumer needs.

Markets

Both Household and Personal Care markets continue to grow dynamically in the region, in line with the broader economic environment. According to Euromonitor, McBride's current core Household and Personal Care markets increased in value terms by 4% and 5% respectively in 2009.

Private Label continued to increase its share of these markets as retailers adapt to consumer demands for value products but they remain at lower levels compared to Western Europe, providing ample scope for future growth. This positive outlook should be supported by retail growth and consolidation led by the major retailers.

Latest information from AC Nielsen reported total sales of Household and Personal Care products in Hungary to June 2009 grew 3% year-on-year. Private Label share of Household increased from 13% to 18% in the year to June 2009.

Key business developments

In 2009 the Eastern Continental European business went through a very dynamic period of change. Although McBride's Eastern Continental Europe sales were only up 3% and declined by 4% on a constant currency basis, it was heavily affected by the cancellation of a major sub-contracting contract during the year. Excluding this impact organic growth was 9%. The Private Label business in Poland continued to grow strongly with sales up 16%, while sales of branded products grew by only 2%. The increased core Private Label volume with a number of key accounts has offset the cessation of a major piece of contract manufacturing business.

The growth in Private Label sales has been achieved by building a fresh commercial approach based on New Product Development, innovation, customer service, further expansion of the product range in Poland and strengthened customer relationships. Until recently sales have been capacity constrained and actions have been taken to release additional capacity. The Group remains confident in the potential for this region, particularly in the rapidly developing discount channel.

Household cleaners Poland
McBride's sales of Private Label Household cleaners in Poland grew 16% in 2008-09.

Avea
The relaunch of the Avea range of shampoos and toiletries has resulted in increased exports throughout the ECE region.

Divisional performance
continued

Export sales of McBride brands have grown substantially, up 48%, mainly to Kazakhstan and Belarus where increased marketing and trading activities have underpinned this growth.

A significant improvement in customer service was achieved during the year, achieving the Group target level of 98% for the first time, thanks to improvements in forecasting, stock control and systems.

Financial review

Reported Eastern Continental Europe revenue increased 3% to £33.2 million (2008: £32.1m) although on a constant currency basis sales were down 4%. Strong organic growth of 16% was achieved in the Polish Private Label business. Personal Care products performed well with sales now accounting for 38% of divisional revenue (2008:36%).

Operating profit, before amortisation of intangible assets and exceptional items, was £2.0 million (2008: £2.1m). Capital expenditure was £0.8 million with significant investment in increased capacity and health and safety projects.

Future developments

A combination of the overall market environment and both ongoing and planned initiatives, give confidence that there are significant opportunities for further rapid development of the Group's activities in Eastern Europe.

The New Product Development programme will focus on categories with the greatest growth and margin potential, and investment behind our brands will be increased again.

Key performance indicator
Eastern Continental Europe organic revenue growth
(excluding contract manufacturing)

+9%

(2008: 16%)

Cler
The Cler range of concentrated Household cleaners have been designed for Biedronka, one of Poland's fastest growing retail chains.

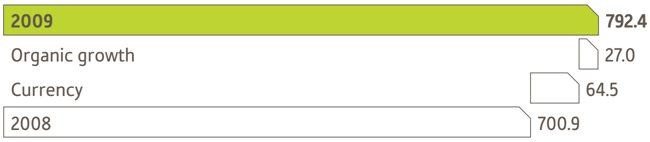
Group financial review

Group summary
Group revenue increased 13% to £792.4 million (2008: £700.9m) reflecting a 4% organic growth and 9% from currency translation movements, primarily the strengthening of Euro against Sterling to 1.17 (2008: 1.37). Group profit before tax, before amortisation of intangible assets and exceptional items, grew 46% to £31.0 million (2008: £21.3m). Diluted earnings per share, before amortisation of intangible assets and exceptional items, increased 49% to 12.8 pence (2008: 8.6p). The proposed final dividend is being increased to 4.3 pence per share (2008: 3.9p) which, if approved, will increase the full year dividend 7% to 6.0 pence per share (2008: 5.6p).

Cash generated from operations, before exceptional items, was particularly strong at £61.8 million (2008: £49.4m). Net debt was reduced by £20.9 million to £82.4 million (2008: £103.3m). Pre-tax return on average capital employed, before amortisation of intangible assets and exceptional items, for the year increased to 17.1% (2008: 12.8%).

Revenue
Group revenue increased 13% to £792.4 million (2008: £700.9m). The 4% organic growth, referred to above, reflects an 8% increase in Personal Care sales and 3% in Household. The 9% currency translation impact reflects a strengthening in both the Euro and Polish Zloty against Sterling.

Group revenue bridge £m



By geographic origin, UK revenues grew 5% to £311.4 million (2008: £297.3m). Revenues in Western Continental Europe increased 19% to £469.8 million (2008: £395.4m) reflecting a 2% organic growth, with sales particularly strong in France and Italy, and 17% currency translation impact. Eastern Continental Europe's revenues increased 3% to £33.2 million (2008: £32.1m) comprising a 7% currency translation benefit partially offset by a 4% reduction in organic sales.

Operating profit
Group operating profit, before amortisation of intangible assets and exceptional items, improved 34% to £36.2 million (2008: £27.0m). The operating margin improved from 3.9% to 4.6% driven mainly by selling price increases generally, lower input costs in Western Continental Europe and purchasing savings. Group reported operating profit improved 28% to £27.4 million (2008: £21.4m).

Net finance costs
Reported net finance costs reduced to £5.2 million (2008: £5.7m), primarily reflecting lower interest rates.

Exceptional items
There was a £7.1 million pre-tax operating exceptional charge to the income statement in the year (2008: £4.0m). £4.5 million of this related to redundancy programmes in the UK and Western Continental Europe divisions and £2.6 million to other costs, mainly onerous lease provisions, asset write offs and dilapidation costs all in the UK.

Profit before tax and tax charge
Profit before tax increased 41% to £22.2 million (2008: £15.7m) and, excluding amortisation of intangible assets and exceptional items, increased 46% to £31.0 million (2008: £21.3m). The £5.6 million taxation charge (2008: £4.2m) represents a 25% effective rate (2008: 27%).

Earnings per share and dividend
Basic earnings per share (EPS) improved 44% to 9.2 pence (2008: 6.4p). Adjusted basic EPS, before amortisation of intangible assets and exceptional items, increased 48% to 12.9 pence (2008: 8.7p). On an adjusted basis, diluted EPS increased 49% to 12.8 pence (2008: 8.6p). The weighted average issued and diluted number of shares in the year used in calculating these EPS figures were 180.3 million and 181.5 million respectively (2008: 180.1m and 181.6m).

A final dividend of 4.3 pence per share is recommended, giving a full year dividend of 6.0 pence per share, a 7% increase on the prior year (2008: 5.6p). The final dividend, if approved by shareholders at the AGM on 26 October 2009, will be paid on 27 November 2009 to shareholders on the register on 23 October 2009. The ex-dividend date will be 21 October 2009. The £10.8 million total dividend relating to the year is covered 2.1 times (2008: 1.5 times) by post-tax profit before amortisation of intangible assets and exceptional items.

Cash flow
Cash generation was strong with net cash generated from operations, before exceptional items, of £61.8 million (2008: £49.4m). This included a £1.0 million net working capital inflow (2008: £0.5m inflow).

Capital expenditure in the year was £20.0 million (2008: £26.5m) with the higher 2008 spend impacted by acquisitions made in 2007. As in the previous year the main areas of investment were cost saving, New Product Development and essential replacement. There was £1.0 million of acquisition spend and a £6.3 million return of consideration relating to a prior year acquisition (2008: nil).

Net interest payments reduced to £4.7 million (2008: £7.3m) reflecting primarily lower interest rates.

There was a cash outflow of £4.7 million (2008: £4.6m) relating to exceptional items, primarily related to redundancy programmes in the UK and Western Continental Europe divisions.

Ordinary dividend payments were £10.1 million (2008: £10.1m).

Net debt reduced by £20.9 million to £82.4 million (2008: £103.3m). This reduction was net of a £5.2 million debt increase caused by currency movements, primarily the strengthening of the Euro against Sterling on translation of Euro-denominated debt.

Group key performance indicator

Adjusted diluted earnings per share

12.8p

(2008: 8.6p)

Group financial review
continued

The net debt movement for the year resulting from these activities is illustrated in the table below:

	2009 £m	2008 £m
Opening net debt	**(103.3)**	(80.9)
Cash generated from operations before exceptional items	**61.8**	49.4
Exceptional items	**(4.7)**	(4.6)
Net interest	**(4.7)**	(7.3)
Forward contracts used in net investment hedging	**(0.6)**	(11.4)
Tax	**(3.7)**	(3.8)
Capital expenditure	**(20.0)**	(26.5)
Acquisitions	**5.3**	–
Ordinary dividends	**(10.1)**	(10.1)
Foreign currency translation	**(4.6)**	(8.1)
Other movements	**2.2**	–
Movement in net debt	**20.9**	(22.4)
Closing net debt	**(82.4)**	(103.3)

Balance sheet
Group net assets at the year-end reduced slightly to £118.5 million (2008: £118.9m). The reduction in net debt was more than offset by an increase in the pension liability and a reduction in amortised intangible assets. The Euro strengthened against Sterling from 1.26 at 30 June 2008 to 1.17 at 30 June 2009.

Liabilities for pensions and other post-employment benefits increased by £6.4 million from last year to £14.2 million, net of associated deferred tax asset (2008: £7.8m). This increase was due to a higher deficit in the UK defined benefit pension scheme, from £5.7 million to £12.0 million, driven primarily by a reduction in value of the scheme's assets.

The pre-tax, before amortisation of intangible assets and exceptional items, return on average capital employed improved from 12.8% to 17.1%. This improvement was driven by a higher profit margin, from 3.9% to 4.6%, and asset turnover, from 3.3 times to 3.7.

Treasury management
The Group's treasury activities focus on ensuring access to secure and cost-effective credit lines and managing liquidity. The Treasury Department is also engaged in mitigating the Group's exposures to foreign currency, interest rate and credit risks. All of these activities are overseen by a Group Treasury Committee, which meets regularly and operates within a framework of treasury policies approved by the Board.

Access to credit lines
The Group aims to maintain a strong balance sheet, with a relatively conservative level of debt to equity gearing. This has enabled us to secure a £150 million revolving credit facility and £25 million invoice discounting facility, both of which remain committed until February 2011. The Group also has access to working capital facilities amounting to over £40 million, which are generally uncommitted and subject to annual review. We maintain close working relationships with the small number of major banks which provide these credit lines.

We are confident that we will be able to extend or refinance these facilities, as and when required, and consequently that the Group is able to meet all of its foreseeable funding requirements. Together with the Group's strong cash flow generation, our credit lines also provide headroom for bolt-on acquisitions and contingencies.

Foreign currency risk
A significant proportion of the Group's net assets are located in Europe and denominated in Euros. The Group is therefore exposed to a translation risk, when these net assets are converted into Sterling at each balance sheet date. The Group hedges a substantial part of its foreign net assets with borrowings and swaps denominated in the same currency, in order to mitigate the risk of volatility in reported net assets and key financial ratios as a result of exchange rate fluctuations. The interest on these foreign currency borrowings and swaps provides a natural hedge of the translation exposure on our earnings denominated in the same currencies.

The Group's trading activities are generally invoiced in the domestic currency of the relevant operating entity. However, there are some material cross-border activities which create a transaction risk on conversion into domestic currency. The main such transaction exposure arises in the UK division, which incurs costs denominated in Euros on some of its imported goods. Our policy is to mitigate this risk, by hedging a proportion of the forecast exposures on a rolling 12-month basis, using forward currency deals.

Interest rate risk
Most of the Group's debt bears interest at floating rates, and is therefore exposed to a risk of rising interest rates. The Group has a policy of hedging part of this exposure with interest rate swaps, to mitigate against interest rate volatility.

Credit risk
The Group is exposed to potential credit-related losses in the event of non-performance by the counterparties to our treasury deals. This risk is mitigated by dealing only with the major banks which provide our credit facilities. We also aim to avoid concentration of those deals with any single counterparty.

Commodity price risk
The Group is exposed to changes in raw material prices, some of which may be indirectly linked to that of oil. There is generally no liquid or cost-effective market for direct hedging of such exposures. Where liquid markets do exist, there may not be an acceptable level of correlation with the price of our particular commodities. However, the Group mitigates this risk by entering into certain long-term purchasing contracts, and continues to investigate the practicalities and merits of hedging its remaining exposure to rising commodity prices.

Group key performance indicator

Return on capital employed

17.1%

(2008: 12.8%)

Principal risks and uncertainties

As with most businesses, a range of risks and uncertainties face the Group and the matters described below are not intended to be an exhaustive list of all possible risks and uncertainties.

The Group is subject to risk factors both internal and external to its business. External risks include political and economic conditions, market and competitive developments, supply interruption, regulatory changes, foreign exchange, raw material, packaging and energy prices, pensions funding, environmental risks and litigation. Internal risks include risks related to systems reliance, acquisitions, legislative and regulatory compliance, capital expenditure, production capability, human resources, strikes and failure of internal controls.

The Group has a well established set of risk management procedures at three different levels i.e. operating company, division and Group. These are discussed further in the Corporate governance report on pages 29 to 34.

The focus below is on those specific risks and uncertainties that the directors believe could have the most significant impact on the Group's business. These are based on the most recent Group risk review by the Board in 2009.

Sustainability of revenue and profits

McBride is exposed to price and supply fluctuations for its raw materials, packaging and other consumables used in its production processes. The past year has seen high volatility in raw material prices, driven particularly by the increase and subsequent decline in the oil price.

To mitigate this impact, the Group has a strong focus on improving operating efficiencies through increased asset utilisation and automation, reduced waste and minimising the use of packaging. It also maintains a programme of initiatives, supported by a combination of the purchasing, technical and operational teams, such as the use of alternative materials and sources and product reformulations. The Group has a sourcing office in Hong Kong and has commenced sourcing certain products from the Far East. In addition, the Group continues its strong focus on delivering superior customer service levels, deepening relationships with its existing customers and seeking out new channels of supply, developing its understanding of the retail market and its customers' expectations across all territories of its operation, developing and offering New Product Development, innovation and range and category diversification and focusing on driving continuous efficiency improvements across the business. Where necessary the Group is committed to securing price increases to cover residual cost inflation.

Systems dependency and reliability

A failure of the Group's SAP information systems (IS) platform would rapidly impact all sites after a few hours, which in turn would damage business and customer relationships. Damage could be caused by accident, by software or hardware failure, or by sabotage.

To mitigate this risk the Group has a resilient network design and maintains duplicated facilities, as well as off-site back-up and disaster recovery plans which provide full back-up services within four hours. In addition, it invests continuously in its IS infrastructure to support its effectiveness and resilience and has enhanced its disaster recovery facilities in the last year. Appropriate measures are in place to ensure separation of duties and restricted access to critical production systems to minimise against the risk of sabotage by human intervention. During the past financial year the IS function has been further consolidated into a single European team and investment has commenced in a new, more resilient network with a real time disaster recovery capability.

Acquisition integration

The scale of the recent and possible future acquisition activities gives rise to risk for the Group in a number of ways including the potential for lost focus on the core business and the potential for adverse impact on customer service levels during factory integration together with the potential risk of skills shortages as existing people become increasingly stretched.

To mitigate this risk integration teams are established under the leadership of experienced managers to review the issues in depth and develop detailed project plans. Additional resources are hired to backfill gaps in the existing business; generally, these are interim resources to allow cost to be incurred for the minimum period of time.

As acquisition activity increases the risk arises of items materialising which could not be identified or quantified during due diligence activities. To mitigate this risk, where due diligence cannot provide the necessary degree of assurance, specific representations and warranties are sought from the vendor. Where uncertainty exists, earn-outs can provide a final degree of protection.

People risks

The main people risks are the loss of key managers, insufficient planning for management and Board succession, as well as the risk of industrial relations breakdown or strike; all of these could adversely impact on the Group's reputation as well as leading to employee morale problems.

Well established procedures are in place covering consultation, employee involvement, works councils, documented grievance and dispute resolution procedures and focus on engendering a culture of consultation. Employee morale is measured annually through the Employee Opinion Survey and mitigating actions taken when required. The latest survey results show an improvement in Employee morale. In addition, the Group has a well-established process for talent management and succession planning for senior employees. Succession planning for executive management is actively considered by the Nomination Committee and the Board. Where employees have access to sensitive data, appropriate measures are in place to prevent its disclosure should an employee leave the Group.

Operational disruption

Given the short lead times and demanding service levels required by customers, disruption to McBride's manufacturing or distribution facilities (for example, by fire, health and safety failure, problems of supply, information systems failure, workforce action or environmental incident) could adversely affect the Group's performance. Whilst the Group maintains insurance based on levels that it believes are appropriate for its industry, some of these operational risks could result in losses and liabilities in excess of its insurance coverage or in uninsured losses and liabilities.

This risk is managed through well-established processes including standard operating procedures, asset maintenance, regulatory compliance, dedicated steering groups, monitoring, auditing, consultation, multiple sourcing and disaster recovery plans for manufacturing and distribution facilities.

Principal risks and uncertainties continued

Each year we work with our insurers to visit all sites and prepare risk recommendations for each site. These are followed through during the following 12 months and this programme has resulted in lower levels of property insurance premium once again. All our UK factories have sprinkler protection and we are extending this investment across Europe.

Supplier failure

The Group depends on close trading relationships with a number of key suppliers across Europe. We have established a procedure for identifying the possible risks for each key material, ensured we have pre-qualified alternative suppliers wherever possible and where this is not possible we retain higher levels of safety stocks. We also review suppliers' own contingency plans and strive for reformulations of products where appropriate.

Environmental risks

The amount of environmental legislation has grown tremendously in recent times. In addition, environmental issues are increasingly driving consumer and retailer behaviour. These emerging trends may give rise to the Group having to evolve its operations more quickly than might otherwise have been the case, presenting risks as well as potential opportunities.

The Group is also exposed to risks of liabilities inherent in the context of the long established nature of its operations, including the cost of required remedial action. These also include the potential cost of complying with additional future regulation including changes in production practices and the risk of being subject to claims for personal injury as a result of alleged exposure to hazardous materials or other environmental conditions.

The Group is committed to minimising the environmental impact of its operations. To support its performance in these areas, the Group maintains appropriate robust performance management systems and key performance indicators. It also has strong focus on achieving exacting external accreditation for its operations. Environmental audits have been undertaken of all key locations. Any issues have been identified and appropriate actions are taken in accordance with local legislative and regulatory guidelines. These include consideration of any potential impact on both employees as well as neighbouring properties and any potential public health issues.

The Corporate Social Responsibility report on pages 26 to 28 and the separate Sustainability Report published on the Group's website at **www.mcbride.co.uk** provide more information on the Group's approach to Environmental, Social and Governance (ESG) matters.

Product safety and quality

The Household and Personal Care products sectors have various product and ingredient issues relating to concerns voiced over the long-term effects of household chemicals on human health and the environment. Failures in product quality controls, the risk of despatch of unsafe product or contravention of labelling regulations and other legislative requirements could lead to damage to the reputation of, and trust in, McBride and adversely affect the Group's business.

The Group has comprehensive management processes in place to ensure that its products are both suitable and safe for their intended use. Additionally, regulatory compliance and product safety issues are actively addressed through membership of relevant industry associations. The Group has established product development and quality management processes to minimise the risk of such failures arising, including a dedicated quality assurance function. Product quality controls include the use of in-house toxicologists supported by independent third party specialists. In addition, detailed product recall and crisis management procedures are in place and are regularly reviewed. As part of McBride's commitment to continuously improve the safety and environmental sustainability of its products and processes, it has a number of programmes, above and beyond regulatory requirements, to systematically remove specific ingredients from product formulae and packaging specifications.

Liquidity and capital resources

In the current global financial crisis and uncertain economic environment, certain external risks may increase. If there is an extended period of constraint in the liquidity of the debt markets this may impact our ability to maintain our long-term investment programme and may therefore impact shareholder returns. Our current banking facilities expire in 2011 and will need to be re-negotiated in 2010. It is unlikely we will continue to enjoy the current agreed rates.

Decreases in the funded levels of our UK defined benefit pension plan may also increase our pension funding requirements, although the proportion of employees on defined benefit schemes is only 6%.

The Group has established a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity and to constrain the level of assessed capital at risk for the purposes of positions taken in financial instruments. Failure to operate within our financial framework could lead to the Group becoming financially distressed leading to a loss of shareholder value. Commercial credit risk is measured and controlled to determine the Group's total credit risk. Inability to determine adequately our credit exposure could lead to financial loss. A credit crisis affecting banks and other sectors of the economy could impact the ability of counterparties to meet their financial obligations to the Group. It could also affect our ability to raise capital to fund growth.

Foreign currency risk

The Group operates in many European countries but reports its results in Sterling and it is therefore exposed to the impact of fluctuations in prevailing exchange rates on items denominated in other currencies, primarily the Euro. The recent strengthening of the Euro has impacted the Group's results in a number of ways. In particular, reported consolidated net debt has increased due not just to the effect of the strengthening of the Euro on Euro-denominated debt but also to payments resulting from this strength under hedges to protect the sterling value of the net assets of non-UK subsidiaries. Conversely, we have benefited from the impact of a stronger Euro on the Group's revenues and operating profits which arise in the Euro area. Significant foreign currency exposures are regularly reviewed by our Group Treasury Committee, and subject to hedging in accordance with approved treasury policies. Nevertheless, the Group could be impacted in future by significant exchange rate fluctuations.

Resources and relationships

Resources

McBride has a range of resources that underpin its business and support its strategy. These assist in giving the Group a competitive advantage in the markets in which it operates. We continue to invest in the areas listed below to maintain our leading position in our chosen markets.

Employees

During the year ended 30 June 2009, the Group had an average of 5,005 employees. We recognise that the success of our business is dependent on the quality and commitment of our employees. The quality and effectiveness of the management of the Group's people is therefore critical to the attainment of its business objectives.

The Group is committed to the recruitment, retention and development of its employees and to helping them achieve their full career potential with McBride. All parts of the UK business have Investors in People accreditation. Employee satisfaction is monitored across all parts of the Group through a rolling, annual programme of employee opinion surveys that have been in place for 19 years. Last year the average rating for satisfaction increased once again as it has done each time it has been measured during this period.

Annual performance appraisals are conducted for all employees which provide the opportunity to review performance, clarify responsibilities and objectives, address employees' training and development needs and help match individuals' career aspirations with the business needs of the Group.

The Group is committed to open communication with employees both directly and, where appropriate, via their representatives. This is supported by the regular use of various communication channels such as site visits and open discussions involving senior managers, briefings, listening groups, Question & Answer sessions, information bulletins and newsletters. In addition, senior management conferences are held twice per annum to set out the Group's strategy and performance and to provide clear direction on our goals and expectations. This communication process is cascaded through the Group with local management teams holding similar conferences to communicate local strategy, performance, goals and expectations in the context of the Group position.

Other components of the Group's personnel strategy include commitments to high standards of health and safety, equal opportunities for all in recruitment, promotion, development, training and reward policies and procedures.

Reputation and market position

McBride is one of the largest suppliers of Private Label Household and Personal Care products in its major markets in the UK, France, Italy and, increasingly, Poland. The quality of its products and customer service are consistently rated highly in independent surveys. We value our reputation, both as a supplier of Household and Personal Care products and as a key part of the communities in which we operate.

Relationships

McBride has a strong code of business ethics and expects all employees to behave with honesty, discretion, integrity and respect for all parties with whom business is transacted, including customers, suppliers, contractors and agents.

Our customers

The Group's main customers are the leading grocery retailers across Europe. Like all businesses, the Group's future success is dependent on maintaining and developing its relations with current and potential customers. Excellence in customer service is the Group's main operational priority and is a key driver supporting our growth strategy. The Group also works closely with customers to develop new products to meet their requirements. Senior management maintain key customer relations at both corporate and business unit level.

Our consumers

Millions of people use the Group's products on a regular basis. However, as a Private Label supplier, the Group has limited direct contact with the ultimate users of its products. Nevertheless, the Group has developed considerable consumer expertise through extensive experience in Private Label category development, the use of consumer panels as part of New Product Development processes and active monitoring of market developments by our marketing teams. This expertise enables us to add value to both our own business and that of our customers.

Our suppliers

We rely on a range of suppliers to provide goods and services used in our operations. These include manufacturers of raw materials, packaging and production and information technology equipment and energy suppliers. These relationships are generally managed through our central procurement team supported by the relevant operational teams. We maintain active dialogue with our suppliers with the aim of developing mutually beneficial long-term relationships. This dialogue typically extends from optimising our purchasing arrangements, improving supply chain efficiency and availability of alternative materials through to reducing the use of packaging and other environmental, social and ethical aspects of our dealings with suppliers.

Board of Directors

1. Iain J G Napier (60)
Non-Executive Chairman
Chairman of the Nomination and member of the Remuneration sub-committees
Iain Napier was appointed non-executive Chairman of McBride in July 2007. He is also non-executive Chairman of Imperial Tobacco Group plc and a non-executive director of John Menzies plc, William Grant & Sons Holdings Limited and Molson Coors Brewing Company (a US quoted company). He was previously Group Chief Executive of Taylor Woodrow plc. As a former main board director of Bass plc, he was Chief Executive of Bass Leisure and then Chief Executive of Bass Brewers and Bass International Brewers. Following the sale of the Bass beer business in 2000, he became Vice President UK and Ireland for Interbrew SA until August 2001.

2. Miles W Roberts (45)
Chief Executive
Member of the Nomination sub-committee
Miles Roberts is Chief Executive of McBride, a role he assumed in July 2005 having originally joined the Company as Group Finance Director in January 2002. His experience prior to McBride includes being Group Finance Director of Costain Group plc and Three Valleys Water plc. Miles is also a non-executive director of Care UK plc, Chairman of its Audit Committee and a member of its Remuneration Committee and Nomination Committee.

3. Colin D Smith (62)
Senior Independent Non-Executive Director
Chairman of the Audit and member of the Nomination and Remuneration sub-committees
Colin Smith has been a non-executive director of McBride since April 2002. His previous experience includes 20 years at Safeway plc, the last six years as Chief Executive and, before that, as Finance Director. Colin is also Chairman of Assured Food Standards Limited and Poundland Holdings Limited. Colin is McBride's Senior Independent Director.

4. Robert A Lee (62)
Independent Non-Executive Director
Chairman of the Remuneration and member of the Nomination and Audit sub-committees
Bob Lee has been a non-executive director of McBride since September 2003. Bob has over 35 years' experience in the petrochemical and allied industries. He was employed by Dow Chemicals for 28 years in various international senior management roles. In 1997, Bob joined the management team that led the demerger of Octel Corp (now Innospec Inc) to become an independent NYSE-listed petroleum additive company. Since 2000, he has been running a private packaging technology company, Advanced Plastics Technologies Luxembourg S.A.

5. Christine A Bogdanowicz-Bindert (58)
Independent Non-Executive Director
Member of the Audit, Remuneration and Nomination sub-committees
Christine Bogdanowicz-Bindert has been a non-executive director of McBride since September 2003. Christine is an experienced financier, having worked throughout Europe and the US for the last 30 years. This has included experience at the International Monetary Fund in Washington DC, Lehman Brothers Inc in New York and Frankfurt and as a non-executive director of various companies in Poland and the US. Christine became a non-executive director of Ford Financial Europe in September 2005 and is also a member of its Audit Committee.

01


02


03


04


05


Group Management Team

The Group Management Team comprises three divisional Managing Directors and the functional heads of finance, purchasing, human resources, business and strategic development and the Company Secretary. The meetings are chaired by Miles Roberts, Chief Executive.

The role of the Group Management Team is to:

- Develop and implement the Group strategy
- Develop and implement a Groupwide culture
- Monitor results and allocate resources

1. Malcolm Allan
Group HR Director
Malcolm joined McBride in 1987, and has been Group HR Director since 1993.

2. Andrea Barbier
West Continental Europe Divisional Managing Director
Andrea joined McBride in May 2009. Most recently, he was President and CEO of Yves St Laurent, Paris, and prior to this was General Manager, Latin America, for L'Oréal Paris.

3. Thibaut Eissautier
Group Purchasing Director
Thibaut was appointed Group Purchasing Director of McBride in July 2007. Prior to joining McBride, Thibaut was Vice President International Purchasing at Scotts Miracle-Gro for four years, and before that he worked for 15 years at Procter & Gamble.

4. Grzegorz Krol
Central and Eastern Europe Divisional Managing Director
Grzegorz joined McBride in February 2009. Most recently Greg was Managing Director for Nestlé UK chilled foods.

5. Colin McIntyre
UK Divisional Managing Director
Colin joined McBride in 1990 and has progressed though the Company to his current position over the past 18 years. He was appointed to his current role in July 2008.

6. Gary Saunders
Business Development Director
Gary has recently moved to take up a new role in the Company as Business Development Director. Gary previously managed the Western Continental Europe division since joining the Company in January 2006.

7. Tim Seaman
Strategic Development Director
Following seven years as UK divisional Managing Director, Tim now has responsibility for developing growth market opportunities outside our core markets. He is also responsible for our growing Far East operations and has been with the Company for 25 years.

8. Bob Beveridge
Company Secretary and Head of Strategy and Acquisitions
Bob Beveridge joined McBride in May 2006 as Group Finance Director and was previously Finance Director of Marlborough Stirling plc and Cable & Wireless Communications plc.

9. Paul Bergin
Interim Group Finance Director
Paul joined McBride in 2004 as Group Financial Controller and has been Interim Group Finance Director since April 2009.

01


02


03


04


05


06


07


08


09


Corporate social responsibility (CSR) report

Introduction

McBride is committed to achieving a long-term successful and sustainable business as Europe's leading provider of Private Label Household and Personal Care products. We believe in the importance of social responsibility in our business and the vital contribution it makes to our success. Our approach to the environment, product safety and health and safety in our operations, to how we treat our people, our customers, our suppliers, our local communities and other key stakeholders is embedded in our company culture and values and outlined in the Policy on Social Responsibility and Business Ethics, published on the Group's website at **www.mcbride.co.uk**

In short, McBride recognises its obligations to all those with whom it has dealings. The reputation of the Group and the trust and confidence of those with whom it deals are among its most vital resources, and the protection of these is of fundamental importance.

McBride's approach to CSR supports its ultimate aim of long-term sustainable development of the business. Further details are set out in our sixth Sustainability Report, published on the Group's website at **www.mcbride.co.uk**, which includes detailed information on the activities, data, objectives, compliance status and achievements during the past year.

CSR principles

There are a number of core principles in McBride's CSR policy framework:

- The Environment and Sustainability – we aim to continuously reduce the environmental impact of our operations and products
- Health and Safety – we aim to provide safe working environments underpinned by comprehensive internal safety management procedures and external accreditation
- Employment Practices – we strive to develop, motivate and engage our employees to help them give of their best and fulfil their potential. We provide equal opportunity for all and do not tolerate discrimination and unacceptable behaviours
- The Community – we work closely with the communities where we have our operations to make a positive contribution where possible, recognising there is economic interdependence between ourselves, local businesses and local government.
- Business Ethics – we have a strong code of ethics and expect all employees to behave with honesty, discretion, integrity and respect for all related parties

As a minimum, the Group seeks to comply with existing laws, regulations and best practice guidelines governing its activities in each of the markets in which it operates and in many areas standards exceed minimum compliance requirements. We have senior management representation on various trade association bodies and we adhere to industry association guidelines.

Our policies and principles apply to every director, manager and employee in all our businesses across our global operations. They also extend to our supply chain. For example, suppliers are selected not only on the basis of specification, quality, service and economic factors but also on their own commitments to minimise the impact of their operations on the environment and to CSR more generally.

Management and governance of the Group's CSR activities

The Board has overall responsibility for maintaining and enhancing the Group's CSR policies which are published on the Group's website at **www.mcbride.co.uk**. The Group's Chief Executive is accountable for ensuring that the Group operates in accordance with these policies. The Group monitors the performance of its three divisions through rigorous performance management systems and key performance indicators that enhance its ability to monitor and improve performance. Health, safety and environment managers are present at all sites. Detailed reports are prepared by the three divisions and submitted to the Group's executive directors who report any issues of major significance to the Board.

Environment and sustainability

The Group is committed to making continuing progress in minimising the environmental impact of its operations and achieving a long-term and sustainable business. We endeavour to comply with and surpass all relevant legislative requirements and industry standards and use the best practicable means to continually improve our environmental performance. This is supported by comprehensive internal environmental management systems, the use of key performance indicators and achieving external environmental accreditation for our operations. Twelve sites now hold the ISO 14001 accreditation and our intention is for all our manufacturing sites to achieve this accreditation.

This year's environmental performance has been encouraging and reflects the emphasis put behind this area. Although energy costs have risen sharply our energy consumption and CO_2 emissions both fell by 6%. For the first time we benefitted from the installation of over 5,000 solar panels on the roof of our factory in Ieper. Water consumption reduced by 8% year-on-year. Water efficiency is monitored based on tonnes of production per cubic metre of water used by the business. This measure improved by 3% in the year ended 30 June 2009 relative to the prior year, partially reversing the previous year's decline of 4%.

Another key measure of eco-efficiency is production per cubic metre of effluent produced; this worsened by 2% but has improved by over 60% in the last five years.

The total amount of waste increased by 6% but fell 1% on a like for like basis. The proportion of waste recycled and recovered increased 67% and total waste relative to production volume increased slightly to 1.3% including the impact of closing two factories and commissioning a new one (2008: 1.2%).

As a member of the Courtauld Commitment supported by WRAP (Waste and Resources Action Programme), we have continued to take an industry lead in lightweighting packaging of our products. The development of more concentrated formulations for sale in all our markets leads to lower packaging levels and demonstrates the Group's commitment to setting the standards in delivering more environmentally friendly products.

Health and safety

McBride strives to maintain a safe workplace at all locations in which it operates. We continue to ensure that our business activities are undertaken in a responsible manner and in accordance with relevant statutory legislation and that all employees participate in the development, promotion and maintenance of a safe and healthy working environment for employees, visitors and the public.

We have comprehensive internal safety management procedures that include maintenance of health and safety policy manuals, verification of regulatory compliance, risk assessment, individual site action plans, safety audits, training, formal incident investigation and provision of occupational health services. There is also a strong focus on the use of key performance indicators, external auditing and achieving exacting external health and safety accreditation for its operations. Internal training is provided to ensure compliance with McBride's standards, and this training includes our Computer Based Training programme utilising modern technology to the full.

All sites work closely with local enforcing inspectors who make regular visits, not simply to investigate accidents, but also to plan compliance audits and agree priorities. Major exercises are undertaken at our sites, together with local authorities, to test action plans for dealing with site emergencies. Such tests are useful learning exercises for all parties and help to underpin the disaster recovery plans developed for each site. Five factories hold the OHSAS 18001 occupational health and safety accreditation.

All accidents and major incidents are reported internally and are investigated fully to determine appropriate corrective and preventative measures. Incidents that result in more than three days lost time are monitored. In the year ended 30 June 2009, the number of lost time accidents improved by 22% to 125 and the frequency per 100,000 hours worked fell to 1.4 (2008: 1.7).

Product safety

McBride is committed to understanding safety issues related to its products and for ensuring that they are suitable and safe for their intended use. Our product safety policy statement is published on the Group's website at **www.mcbride.co.uk**. This is supported by comprehensive management systems that reflect legal and regulatory compliance as a minimum standard and cover raw material use and product assessments, labelling and packaging requirements. McBride contributes to voluntary initiatives on product safety by industry associations such as AISE (International Association for Soaps, Detergents and Maintenance Products).

Product safety evaluations are made in our operations without tests on animals. Our animal testing policy statement is published on the Group's website at **www.mcbride.co.uk**. We support the development and acceptance of alternative product safety evaluation methods that reduce or replace the use of animals. We do not request animal testing of products or ingredients by suppliers and we maintain contact with our suppliers to ensure that our values on this subject are shared and specific requirements of individual retailers are met.

Human safety and environmental assessments for Household and Personal Care products are carried out under the Dangerous Preparations and Cosmetic Products Directives respectively. It is our policy not to sell products involving risks to human safety and/or the environment under normal and foreseeable conditions of use. All products are assessed before launch for human health and environmental impact.

The REACh (Registration, Evaluation, Authorisation and Restriction of Chemicals) legislation, regarding the safe use of chemicals, came into force across Europe in 2007 with the first formal actions required in mid-2008. In the interim, efforts have been targeted on data gathering and we now have a database that will support our REACh requirements and evidence our REACh compliance.

Corporate social responsibility (CSR) report
continued

Employment practices

The success of our business is dependent upon the quality, commitment and behaviour of our employees. Therefore we provide clear policies and direction to our managers and strive for the highest standards in management practices. We aim to retain and develop our employees and to help them to fulfil their career potential.

We provide equal opportunities for all in recruitment, selection, promotion, employee development, training and reward policies and procedures. We are committed to adherence with international human rights standards. We have no involvement in the use of child labour or forced labour in our business and check the status of our overseas suppliers in this respect. We do not tolerate unfair discrimination of any kind. We also comply with applicable national laws and industry standards on working hours and insist on high standards of personal behaviour from our employees.

We have a well-developed appraisal system, which feeds into a thorough company wide talent review process, used to put in place effective personal development plans. Our own Management Development Programme is highly successful and innovative. In 2009 we are undertaking a major initiative on employee engagement to further improve our practices in this area.

Regular opinion surveys are undertaken of all staff to measure and monitor employee satisfaction within the Group. The results of these surveys are used to develop action plans to improve communication, motivation and engagement across the business. On the basis of this year's survey morale has increased by 4% versus last year.

Business ethics and relationships

We expect employees to operate to high ethical standards in compliance with our Policy on Social Responsibility and Business Ethics which outlines the principles behind our approach to business. All business dealings are expected to be conducted with utmost discretion, integrity and respect for all parties as well as in compliance with local and national legislation. We are committed to providing high quality products and service in line with our customers' expectations; customer service is measured daily and considered to be the primary operational performance indicator across the Group.

We employ purchasing procedures that select suppliers on the basis of specification, quality, service and economic factors and favour those who operate in an ethical and socially responsible manner and who are committed to minimising their impact on the environment. All contracts are based on fairness and equality of treatment for potential suppliers. Under no circumstances are financial inducements or bribes permitted, made or accepted regardless of amount, whether direct or indirect, or to or from third parties.

Procedures are in place to prevent unauthorised disclosure of confidential information about the Group to competitors and to prevent any attempt to improperly acquire trade secrets or any other confidential information from competitors.

A whistleblowing policy statement provides a procedure for employees to air concerns about any suspected serious malpractice including fraud, corruption, bribery, criminal offence or other failure to comply with legal obligations.

However, we operate and encourage openness and honesty in all our internal relationships and have systems for colleagues to highlight shortfalls and to suggest improvements to anything in the business. We also have robust procedures for handling all types of issues and grievances. Our managers are training to form effective relationships with their teams which is based on respect and honesty with an openness to new ideas and challenge.

Insider dealing is illegal and not tolerated within the Group; clearance to deal in the Company's shares must be sought by all senior management from the Chief Executive or the Company Secretary prior to dealing. Detailed guidelines on insider dealing are available from the Group's website at **www.mcbride.co.uk**

Community activities

McBride seeks to play an active role in the local communities in which it operates. As well as providing significant employment opportunities, we aim to make positive contributions to these communities, building goodwill and a reputation as a good neighbour and employer.

The Group is involved in a wide range of local community activities including undergraduate sponsorships and support of the UK SIFE programme, which works to mobilize university students to make a difference in their communities while developing the skills to become socially responsible business leaders. The Group also provides support for the local statutory authorities via voluntary work and advice, sponsors specific educational awards, provides careers advice for students and school children; provides mentoring support to assist ethnic minority students into employment; provides work experience placements; supports local charities, promotes the UK government's 'Skills for Life' strategy that aims to provide literacy, language and numeracy skills to enable employees to function effectively at work and in society and hosts a wide range of factory visits for educational purposes or to exchange best practice.

Corporate governance report

Combined Code compliance

The McBride Board recognises that it is accountable to shareholders for the Group's activities and is responsible for the effectiveness of its corporate governance practices. We remain committed to maintaining high standards of corporate governance. For the financial year under review, we are governed by and endorse the provisions set out in The Combined Code on Corporate Governance (The Code), as published by the Financial Reporting Council and revised in June 2008. We have continued to assess our level of compliance with The Code and disclosures in this year's report describe how the principles are applied. The Board considers that, throughout the year under review, the Company has complied with the governance rules and best practice provisions applying to UK listed companies as contained in Section 1 of The Code.

Composition and independence of the Board

For the year to 30 June 2009, the Board nominally comprised six members, being two executive directors, the Chairman and three non-executive directors. As announced in last year's annual report, Henri Talerman stepped down from the Board with effect from the last Annual General Meeting (AGM). The Group Finance Director, Ian Johnson, who had been appointed from 18 August 2008, subsequently resigned from the Board with effect from 30 April 2009. A process was immediately embarked upon to appoint a new Group Finance Director. It has subsequently been announced that Richard Armitage will be appointed to the Board with effect from 1 November 2009. The executive directors are strongly supported by the senior executives within the Group and, in particular, by the work of the members of the Group Management Team (the GMT) whose composition and role are outlined on page 25.

The directors' biographies appear on page 24 and illustrate the range of experience which ensures an effective Board to lead and control the Group. The size of the Board allows individuals to communicate openly and freely and to make a personal contribution through the exercise of their individual skills and experience. The executive and non-executive directors have a complementary range of financial, operational and entrepreneurial experience which ensures that no single director is dominant in the decision making process.

We consider that all the Board's non-executive directors continue to be independent of management in both character and judgement; none of the non-executive directors have any relationships or circumstances which could affect their judgement. The Board has satisfied itself that there is no compromise to the independence of those directors who have other appointments in outside entities. We believe that the balance between non-executive and executive representation encourages healthy independent challenge to the executive directors and senior management. The non-executive directors have been appointed for their specific areas of expertise and knowledge and their wide ranging experience and backgrounds ensure that they can debate matters constructively in relation to both the development of strategy and performance against the objectives set out by the Board. Specific skills include expertise in the sourcing of key raw materials, experience of the retail markets and knowledge of financial and investment markets.

The role of senior independent non-executive director continues to be held by Colin Smith, and has been held by him since July 2004.

From 1 October 2008, there has been a requirement that directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. Directors of public companies may authorise conflict and potential conflicts, where appropriate, if a company's articles of association permit and shareholders have approved appropriate amendments.

Procedures have been put in place for the disclosure by directors of any such conflicts and also for the consideration and authorisation of any conflicts by the Board. These procedures allow for the imposition of limits or conditions by the Board when authorising any conflict, if they think this is appropriate. These procedures have been applied during the year and are now included as a regular item for consideration by the Board at its meetings.

Director elections

In line with The Code, the Company's Articles of Association (the Articles) require all directors to submit themselves for re-election at every third AGM. However, all the non-executive directors and the Chairman have agreed for this year to submit themselves for annual re-election. Iain Napier, Christine Bogdanowicz-Bindert, Bob Lee and Colin Smith shall therefore retire at the AGM and, being eligible, offer themselves for re-election. The Board is satisfied that all the non-executive directors standing for re-election continue to perform effectively and to demonstrate commitment to their role, including commitment of time for Board and committee meetings as well as any other duties which may be undertaken by them from time to time. In particular, the changes to the non-executive portfolio of Iain Napier are not considered to have an adverse impact on his commitment or ability to fulfil his duties as Chairman of McBride plc.

The executive directors have agreed to stand for re election on a bi-annual basis. The Chief Executive, Miles Roberts, was last re-elected to the Board at the 2007 AGM and, accordingly, will be subject to re-election this year.

All directors proposed to shareholders for election are accompanied by a biography and a description of the skills and experience that the Company considers are relevant. Voting levels at the 2008 AGM demonstrated continued support for all directors.

Operation of the Board

In carrying out its work, the Board focuses on key tasks, which include active reviews of the Group's corporate plan and its long-term strategy, monitoring the decisions and actions of the Chief Executive and the GMT, the Group's trading performance and reviews of Group health and safety and business risks.

The Chief Executive is obliged to review and discuss with the Board all strategic projects or developments and all material matters currently or prospectively affecting the Company and its performance. The Board delegates its authority for executive management of the Company to the Chief Executive, subject to monitoring by the Board and to reservation of various matters which must be referred to the Board.

Such reserved matters include determination of the overall strategy of the Group, approval of the annual report and accounts and other financial statements and confirmation that these statements provide a true and fair view of the financial status of the Group, authorisation of major capital expenditure, disposals and acquisitions, ensuring the existence of proper internal controls, the approval of banking and other financial arrangements, and the monitoring of operational and trading performance as well as health, safety and environmental matters and risk management procedures. It also governs matters relating to appointments and the remuneration of Board members, reviews senior management performance and development potential, is responsible for corporate social responsibility policy setting and corporate governance and reviews and authorises significant corporate restructuring programmes. A copy of the schedule of matters specifically reserved for decision by the Board is displayed on the Group's website at **www.mcbride.co.uk**

The Board holds at least six meetings a year at approximately two-monthly intervals. Additional meetings are held as necessary to consider specific matters where a decision is required before the next meeting. During the year, eight formal Board meetings were held and the principal matters considered included regular reviews of the operational and trading performance of and prospects for the Group, approval and monitoring of major projects including consideration of potential acquisitions, as well as evaluation and approval of potential new corporate development and growth opportunities for the Group. The Board also reviewed and approved Group policies, its annual and medium-term plans, received feedback from presentations to institutional shareholders, approved major capital expenditure investments, approved the full year and interim results statements, reviewed relevant governance matters and legislative developments, approved changes to the Group's banking facilities and the capital structure of the Group's subsidiaries and considered relevant health, safety and environmental matters.

Attendance at meetings of the Board and at meetings of sub-committees is set out in the table on page 32. Several non-executive director meetings (both formal and informal) have been held during the year without the executive directors present. The senior independent director and the non-executive directors have also met without the presence of the Chairman as part of the Board performance evaluation exercise.

There is a clear division of responsibilities between the non-executive Chairman and the Chief Executive. The Chairman, supported by the Company Secretary, leads the Board through governance matters, ensures that the meetings of the Board and with shareholders are properly conducted and is responsible for setting the Board agenda. The Chief Executive, supported by the GMT, has day-to-day responsibility for all business of the Group and for implementing the agreed strategy and policies of the Board. All directors have access to the Company Secretary who is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing the Company's operations.

A strong feature of the Board's effectiveness is an open style of management and a free flow of information between the executives and non-executives. This is encouraged by the non-executive Chairman and supported by the Chief Executive. All directors communicate with each other on a regular basis and contact with senior executives within the Company is encouraged. In this regard, various members of the senior management teams are frequently invited to attend Board meetings to make presentations on specific matters and this serves to facilitate a clearer understanding of business issues. Board papers are prepared and issued prior to each Board meeting to enable directors to give due consideration to all matters in advance of the meeting. Directors are able to take independent professional advice, if necessary, at the Company's expense.

All directors are entitled to undertake training relevant to their duties. During the year, Colin Smith and Bob Lee as Chairmen of the Audit and Remuneration sub-committees respectively continued to attend updates and discussion meetings held by leading advisory bodies. New directors receive a formal induction programme which includes site visits and operational presentations by senior executives. Ongoing training is provided to all directors in the form of regular briefing papers which are submitted to Board members on regulatory/legislative developments and on other topics of specific relevance to them, including their duties and obligations as directors of a listed company.

Board performance evaluation

The Board has continued to run a formal Board evaluation process during the year to assess the overall performance of the Board and the contribution made by individual directors. The exercise again covered a review of the effectiveness of the work of the sub-committees of the Board. The process is undertaken in an open manner with responses from Board members to detailed questionnaires being submitted to the Company Secretary and discussed on a one to one basis between the Chairman and the individual director. Feedback on the effectiveness and performance of the sub-committees is considered by the respective committee chairmen with the Chairman of the Board. The directors (led by the senior independent director and in the absence of the Chairman) convene a separate meeting to discuss the performance of the Chairman. We are of the view that the Board is best placed to carry out such evaluation without the need to employ the services of an outside agency. The exercise was devised internally and the process is co-ordinated and overseen by the Company Secretary who meets with the Chairman and the senior independent director to summarise the output from the discussions. The conclusions are reported by the Chairman to the whole Board.

The results of this evaluation process showed that directors were generally positive about the performance and processes of the Board and its sub-committees. The Audit Committee is seen to be particularly effective. Mutual respect exists between individual members of the Board and the interaction between the Board and its sub-committees is seen as good. The non-executive directors are comfortable about their knowledge and skills and their ability to challenge the executive directors. Members of the Board feel very satisfied that they are kept up to date with legislative changes as they affect the Group and with the information they receive about business and trading performance and developments.

Suggestions for areas of improvement have been made. These include opportunities for the Board to meet more members of the senior management teams, to improve further their knowledge of the Group's markets, and to make a greater proactive contribution to the Group strategy process. At least one meeting per annum will be held away from the Head Office – usually at one of the operating sites. Further strengthening of the succession planning process has occurred in the year and was welcomed by the Board.

Operational management of the Group

The relationship between the Board and the Chief Executive is governed by the non-executive directors, particularly through the work of the Board sub-committees under which the non-executive directors take active roles to influence and challenge the work, performance and recommendations of the Chief Executive and his executive management. The Board takes overall responsibility for approving Group policies, including those relating to social responsibility and business ethics, health and safety, and sustainability and environmental matters, copies of which are available on the Group's website at **www.mcbride.co.uk**. The implementation of these policies is delegated to the Chief Executive and then cascaded throughout the organisation via the Company Secretary and the divisional management teams. The management of the Group's business activities is also delegated to the Chief Executive who is ultimately responsible for establishing objectives and monitoring executive actions and performance.

The Chief Executive chairs a monthly meeting of the GMT whose role is to assist with the development and implementation of the Group's strategy, culture and commercial plan, to consider commercial, financial and operational matters, allocate resources across the Group and ensure transfer and sharing of knowledge and best practice. In addition to the Chief Executive, the members of the team are the Group Finance Director, the Managing Directors of the principal operating divisions, the Group Purchasing Director, the Group Human Resources Director, the Strategic Development Director, the Business Development Director and the Company Secretary. Members of the senior management teams are invited to attend as may be deemed appropriate.

Local operational, commercial, supply chain, finance, development and technical issues are delegated via the GMT to senior executive management on a structured basis. Employee and social and community responsibilities are delegated to the Group Human Resources Director who reports directly to the Chief Executive. The Chief Executive is also ultimately responsible for health and safety and environmental as well as for customer service and quality matters, although day-to-day management is delegated to the Managing Directors of the divisions.

There are three principal operating divisions: UK, Western Continental Europe and Eastern Continental Europe. Each division is headed by a Managing Director who is responsible for its operational management. The Chief Executive and the Group Finance Director each attend regular trading meetings with the management of each division in which they review all significant issues, including customer service, trading and operational performance, forecasts, working capital, people development, capital investment proposals, health and safety and environmental issues. Reports on progress are tabled at each Board meeting.

Board committees

Sub-committees of the Board have been established with Charters which detail their composition, activities and duties. They also define the extent of the authority delegated to each sub-committee. The Charters, including the composition of the sub-committees, are frequently reviewed and updated as necessary to ensure ongoing compliance with the provisions of The Code and other guidelines. Copies of the terms of reference, activities, roles and responsibilities of the Board's sub-committees are available from the Group's website at **www.mcbride.co.uk**

These sub-committees are properly authorised under the constitution of the Company to take decisions and act on behalf of the Board within the guidelines and delegations laid down by the Board. The Board is kept fully informed of the work of these sub-committees with reports being tabled from time to time by the relevant sub-committee chairmen. Reports for each of the main Board sub-committees follow. Each committee may access independent advice as required and each is supported by the Secretariat.

Audit Committee

The Audit Committee comprises the three independent non-executive directors and is chaired by Colin Smith who has relevant financial experience and up to date knowledge of financial matters. In addition, the Committee invites the lead partner of the external auditor, the Group Finance Director and the Chief Executive to attend each meeting. Other senior management attend on request to enable the Committee to discharge its duties. The Committee and the Committee chairman also hold private sessions with the external auditor during the year without the presence of executive management. Committee members normally serve for a period of not less than three years and a quorum of the Committee is two members. There are a minimum of three meetings per annum. The Committee monitors the integrity of the financial and regulatory reporting process of the Group and reviews the Group's accounting policies and disclosure practices. It reviews and recommends the Board to approve all financial statements and announcements. The Committee also reviews the effectiveness of the Group's internal controls and risk management systems. It oversees the Company's relations with the external auditor, actively considering the cost effectiveness, objectivity and effectiveness of the external audit process and making recommendations to the Board in relation to the appointment and remuneration of the external auditor. The Committee has in place a clear policy on the use of external auditors for non-audit services, a copy of which is available from the Group's website at **www.mcbride.co.uk**. Non-audit work is awarded in line with this policy. To the extent that such services are carried out by the incumbent auditor, the Committee takes active account of the relevant ethical guidelines published both by the industry and the audit firm itself and regular reviews of the auditor's independence are undertaken by the Committee.

The report of the Audit Committee is set out on pages 35 and 36.

Remuneration Committee

The Remuneration Committee comprises the three independent non-executive directors and the Chairman of the Board. The Committee is chaired by Bob Lee. It reviews the overall remuneration policy and makes recommendations to the Board on remuneration for the executive directors and monitors the level and structure of remuneration for key senior executives. It also reviews the Company's talent and management development plans. The Chief Executive is invited to attend the Committee meetings on all matters except those relating to his own remuneration. The composition of the Committee reflects the provisions of The Code. The Committee does not formally retain remuneration consultants but takes professional advice from external advisers as and when required.

The Committee meets at the request of any member but is required to meet at least once in each financial year and a quorum is two members. The members of the Committee have no personal financial interest, other than as shareholders, in the Committee's decisions. They have no conflicts of interest arising from cross directorships with the executive directors nor from being involved in the day-to-day business of the Group.

The principal activities of the Committee during the period were to deal with reviews of the executive directors' performances over the year against objectives; to establish objectives for the new financial year; to consider related pay award proposals; to consider senior executive salary reviews and bonus and incentive scheme payments; to consider and agree a remuneration package for the new Group Finance Director; and to deal with the allocation of LTIP awards. The Committee also reviewed the company's new talent management process as part of its consideration of succession planning.

The report of the Remuneration Committee is set out on pages 43 to 48.

Nomination Committee

The Nomination Committee is chaired by the Chairman of the Board. The other members are the three non-executive directors and the Chief Executive. It is responsible for reviewing the structure, size and composition of the Board as well as considering and recommending the nomination of candidates for appointment as executive or non-executive directors to the Board. Members of the Committee are not involved in matters affecting their own positions.

The Committee meets as appropriate and a quorum is three members, at least two of whom shall be independent non-executive directors.

The report of the Nomination Committee is set out on page 37.

Attendance at meetings

Attendance of individual directors at full Board meetings, meetings of the Audit, Remuneration and Nomination Committees and the AGM during the year ended 30 June 2009 is given in the table below:

	Board	Audit	Remuneration	Nomination	AGM
Number of meetings held:	8	3	5	2	1
Number attended:					
Mr I J G Napier	8	n/a	5	2	1
Mr M W Roberts	8	n/a	n/a	2	1
Mr I R Johnson(1)	6	n/a	n/a	n/a	1
Mrs C A Bogdanowicz-Bindert	8	3	5	2	1
Mr R A Lee	8	3	5	2	1
Mr C D Smith	8	3	5	2	1
Mr H Talerman(1)(2)	3	n/a	n/a	1	1

'n/a' indicates the director is not a member of the committee.

(1) Meetings attended by Mr Johnson and Mr Talerman during their respective periods of appointment.
(2) Mr Talerman was unable to attend one Board meeting Board due to other commitments. He had received relevant papers and had the opportunity to communicate his views and comments on the matters to be discussed in advance of the meetings.

Directors do not participate in meetings when matters relating to them are being discussed.

Relations with shareholders

The Board places considerable importance on the maintenance of effective, balanced communications with all shareholders. Meetings with analysts and institutional shareholders are held at the time of the interim and final results. These provide the opportunity for shareholders to assess the Group's performance and prospects and to explore the Group's approach to corporate governance matters. The executive directors also regularly meet face to face with analysts, brokers and fund managers to further promote a better understanding of the business and its strategic development. The Board is kept informed of investors' views through distribution and regular discussion of analysts' and brokers' briefings and a summary of investor opinion feedback. The Board also receives reports on the output from surveys carried out by various investor research bodies. The Chairman and the senior independent non-executive director are available to discuss governance and strategy with major shareholders should such a request be made and both are prepared to contact individual shareholders should any specific areas of concern or enquiry be raised. Where applicable, the views of major shareholders are sought on certain issues. We respond throughout the year to correspondence received from individual shareholders on a wide range of issues and we also participate in a number of surveys and questionnaires submitted by a variety of investor research bodies.

All members of the Board are present at the AGM to respond to queries posed by individual shareholders or their representatives. The Chairman also provides an update on current trading conditions. At each AGM the Chairman reports, after each show of hands, details of all proxy votes lodged for and against each resolution, and the number of abstentions. Subsequently, the results are also published on the Group's website at **www.mcbride.co.uk**

Internal control and risk management

The internal control system, which accords with the Turnbull Guidance, embraces all material controls and business risks, including financial, operational and strategic risks, and incorporates a full review of compliance controls and risk management across the Group. This system is operated as an integral part of the organisation of executive responsibilities and accountabilities and has been reviewed by the Board.

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance that assets are safeguarded against unauthorised use or material loss and that transactions are properly authorised and recorded. The processes in place also assist the Board in identifying whether the Group has any significant failings or weaknesses in its internal control system.

The executive directors are responsible for implementing the risk management strategy and for ensuring its effective operation. Accountability for managing operational risks is delegated to the divisional management teams who review and assess risk management matters as part of their business processes and risk controls and actions are regularly adjusted in response to the changing market environment. Emergency response plans, crisis management plans and operational disaster recovery plans are in place with the objective of minimising the adverse consequences of a serious incident and to ensure that any control failures are suitably escalated to senior management and the Board as necessary. Such procedures are updated regularly and are made available to all senior managers. Progress is overseen by the Audit Committee with an annualised consolidated review of the risk profile of the Group being undertaken to identify any major risk exposure and to consider any appropriate mitigating actions.

Whistleblowing procedures are in place for individuals to report suspected breaches of law or regulations or other serious malpractices.

The Group's internal control and risk management activities are managed through business risk reviews and a supporting detailed set of internal control procedures. An internal resource has been established to work on internal audit projects and to provide assurances to the Audit Committee that relevant controls and actions are in place.

Business risk review

The divisions have continued to undertake their internal self-audit programmes during the year to review their business risks and to rate their impact and review actions and internal controls to mitigate them. The review ensures that business risk assessment is integral to general business processes and ensures that risks are reviewed on a regular basis taking account of the dynamic nature of both the business and the external environment in which the Group operates. Risks are assessed both at divisional and at Group level in terms of their potential impact on the business, mitigating controls and actions and the risk reports are reviewed by the Audit Committee. The reviews consider all aspects of the Group's activities, including financial, commercial, supply chain, employee and operational impacts, including environmental, social and governance risk. Particular attention has been paid during the year to any risks associated with the current economic climate. The principal risks and uncertainties by the Group are reported on pages 21 and 22.

Internal control procedures

Management responsibility and accountability. The Group has clearly defined management responsibility and reporting lines. The Chief Executive and Group Finance Director meet regularly with divisional management to review progress on financial, commercial, operational, supply chain, human resources, health, safety and environment issues as well as regulatory and legal compliance matters.

Corporate planning. The Group produces a Corporate Plan each year which is approved by the Board. It focuses on the market environment, Group strategy and objectives, actions to achieve them and implementation through the divisions. Strengths, weaknesses, risks and opportunities are highlighted at a divisional and Group level. The implementation of the Plan is monitored via the progress of key project plans in the monthly GMT meeting.

Budgeting and reporting. There is a comprehensive annual budgeting process that is ultimately approved by the Board. Financial performance against budget is monitored and challenged centrally and full year forecasts are updated each quarter. The Board is regularly updated on the Group's financial performance and position against targets.

Financial reporting. Detailed management accounts are prepared each month, consolidated in a single system and reviewed in detail with the divisional teams and the GMT. Analyses include a comprehensive set of commercial, operational, environmental, financial and people key performance indicators (KPIs) which are reported across the Group. Performance against targets and sharing of best practice are discussed regularly at meetings at site, division and Group levels. The adequacy and suitability of existing KPIs are reviewed regularly. Divisional Managing Directors and Finance Directors are asked to sign a detailed Internal Control Questionnaire to confirm their compliance with the Group Accounting Manual and specifically to confirm the adequacy and accuracy of accounting provisions.

Corporate governance report
continued

Expenditure approval. Authorisation and control procedures are in place for expenditure on capital projects and a process also exists to review capital expenditure post investment to highlight issues, motivate management to achieve forecast benefits and improve future projects. Authorisation procedures for operating costs and contractual commitments are reviewed regularly. Approval responsibilities and limits were reviewed and reissued during the year.

Documented policies. There are documented policies for a range of subjects including human resources matters, expenditure, treasury and financial reporting. The Group Finance Manual defines accounting policies and controls to be followed by all Group companies, including reporting responsibilities, approval procedures and the detailed Internal Control Questionnaire.

Internal audit. A combination of internal and external resources has been established to assess and improve the effectiveness of the risk management, control and governance processes of the Group. A dedicated risk and internal audit manager has been appointed to start in 2009.

Site inspections. Property inspections are carried out by the Group's insurers on a rolling basis at all sites and a report is produced for each site outlining risk improvement recommendations. In addition, detailed independent audits of site health and safety risks have been undertaken and actions put in place to improve the risk base. Regular face to face meetings are held to ensure regular progress reports are provided to insurers against the risk recommendations identified.

Cash. The cash position is monitored daily across the Group and variances from expected levels are investigated thoroughly. Working capital balances are analysed in detail and in all cases significant variances against expectations are analysed thoroughly.

Audit Committee. The Audit Committee regularly reviews internal reports and reports from the external auditors. The Committee feeds back the results of its deliberations to the Board taking account of any changes in the nature and extent of any significant risks together with the Group's ability to respond to such changes and after having considered the scope and quality of the ongoing monitoring of risks and the systems of internal control.

External auditors. The Group's external auditors add a further independent perspective on certain aspects of the internal financial control system as a result of their work.

Board. The Board considers any high level risks at Group level and delegates specific responsibility to members of the GMT to consider and reassess the effectiveness of the existing controls and to identify whether any new actions are necessary to strengthen existing control systems. This exercise also considers whether any new risks have arisen as a result of any control failings or weaknesses and the extent to which any unforeseen outcome may lead to a material impact on the Group's financial performance or condition. The Board also considers the effectiveness of the Company's public reporting processes.

The Board has reviewed the effectiveness of the systems of internal controls and risk management procedures during the year and is satisfied that there is an ongoing process for identifying, evaluating and managing risks faced by the Group. This process has been in place for the year under review and has remained in place up to the date of approval of the Directors' Report. All risks are regularly reviewed and the key corporate risks are referred to in the Business Review section of this report. The Board has concluded that the key business risks of McBride are well controlled and that the controls and procedures are adequate and appropriate.

Audit Committee report

Contents
Overview of the year
Business review
Our governance
The figures

Introduction

The role of the Audit Committee is to assist the Board in fulfilling its responsibilities regarding the integrity of the Company's financial statements, reviewing risk management, and internal control and the effectiveness of the Company's internal audit function, monitoring compliance with legal and regulatory requirements, the performance, independence, appointment, re-appointment and remuneration of external auditors, and reviewing the Company's financial reporting standards.

Composition of the Audit Committee

The composition of the Committee fully reflects the provisions of The Code. The Chairman is Colin Smith and the other members are the other independent non-executive directors, Bob Lee and Christine Bogdanowicz-Bindert. The Board is satisfied that the Committee members are sufficiently competent in financial matters. Mr Smith is a Fellow of the Institute of Chartered Accountants and has relevant financial experience and up to date knowledge of financial matters.

The Committee's terms of reference were reviewed during the year and amendments have been made to reflect the latest recommendations made by the Financial Reporting Council and other relevant guidelines with particular focus on reviews of the external auditors and risk factors linked to the changing economic conditions. The Committee's Charter is available from the Group's website at **www.mcbride.co.uk**

The Committee met three times during the financial year ended 30 June 2009 in September 2008, February 2009 and May 2009. Subsequent to the year-end, a further meeting took place to consider the outcome of the annual audit for the year ended 30 June 2009. Attendance at meetings by individual members of the Committee is shown in the table on page 32.

Principal activities

During the year, the principal activities of the Committee were as follows:

Financial statements

The Committee received regular reports on the Group's trading performance and considered reports from the external auditors and the Group Finance function on both the interim and full year financial statements. Any critical reporting issues were discussed and the going concern assumptions and the Group's compliance with accounting standards and with stock exchange and legal requirements were considered. The Committee received regular reports on audit-related and major taxation projects. The Committee also reviewed the financial disclosures made by the Group.

Accounting policies

The Committee received regular updates on technical reporting issues and on critical accounting policies. It reviewed the Group's finance policies and procedures for consistency and particularly in areas where different approaches would have been possible. The Committee satisfied itself that the financial statements give a true and fair view of the profits, assets, liabilities and financial position of the Group.

External auditors

The Committee received reports from the external auditors including proposals on the audit strategy for the year and reviews on the scope and outcome of the interim and year-end audits and on control and accounting developments.

The Committee evaluated the performance of the external auditors during the year concluding that this was satisfactory. The Committee will continue to periodically review the performance of KPMG Audit Plc.

The Committee monitored the external audit firm's compliance with applicable ethical guidance and, in addition, considered the independence and the objectivity of the external auditors taking due account of all appropriate guidelines. The risk of KPMG Audit Plc leaving the market is considered remote since they are one of the top four accounting firms in the UK.

As part of the decision to recommend to the Board the re-appointment of KPMG Audit Plc, the Audit Committee has taken into account the tenure of the auditors and considered whether there should be a full tender process. There are no contractual obligations restricting the Committee's choice of external auditors. In any event, the audit partner, being subject to rotation in accordance with institute best practice guidelines, will be stepping down and his responsibilities will be transferred to another partner.

The Committee considered and approved the external auditor's fees for the year ended 30 June 2009.

Independent meetings were held between the Committee members and the external auditors in the absence of the executive directors and between the Chairman of the Committee and the external auditors.

The Committee has recommended to the Board the re-appointment of KPMG Audit Plc for the year ending 30 June 2010.

Internal audit

The tasks undertaken by the internal audit function were subject to regular review by the Committee. A longer term strategy is to be developed and, in support of this, a dedicated risk and internal audit manager has been appointed to strengthen the function. In the meantime, the Committee is satisfied that the internal processes and controls currently in place are adequate.

Audit Committee report
continued

Risk management and internal control

The Committee received reports relating to the Company's approach to internal control and risk management activities. A self-assessment programme continued to operate during the year. This exercise is based on regular reviews of detailed Business Risk Registers, assesses the adequacy of the control mechanisms in place to mitigate the risks and identifies any relevant action points necessary to further protect the Company's position. Within this process, risks are proactively as well as reactively assessed on a regular basis within the divisions. The Committee has reviewed progress during the year and has concluded that the self-assessment programme has been effective with regular reviews of any risk areas taking place and with reports being tabled on any changes, controls and mitigating actions. More information is reported on pages 33 to 34.

Policies

The Committee reviewed the Company's updated corporate policies on social and ethical and whistleblowing matters and the provision of non-audit services. It concluded that appropriate key policies appear to be in place to ensure that reasonable steps have been taken to prevent fraud and to allow any improprieties to be reported. The whistleblowing process has been refreshed and re-communicated across the Group. Reports on the Group's treasury policy and banking facilities were reviewed by the Board as a whole.

Non-audit fees

During the year £0.5 million was payable to the Group's auditors, KPMG Audit Plc in respect of audit services for the Group. In addition, £0.1 million was payable to the Group's auditors for non-audit services where they were best placed to undertake the work due to their knowledge of the business or as a by-product of the audit function; this was tax related work. More details of the total non-audit fees paid to the Group's auditors during the year are set out in note 7 to the consolidated financial statements on page 62.

We have in place a policy in relation to the provision of non-audit services which has been designed to preserve the independence of the auditors in performing the statutory audit and it aims to avoid any conflict of interest by specifying the type of non-audit work for which the auditors can be engaged without referral to the Audit Committee, for which a case-by-case decision is necessary, and from which they are excluded. In accordance with this policy, other providers are considered for non-audit work that is awarded on the basis of service and cost. A copy of the policy is published on the Group's website at **www.mcbride.co.uk**

Work was awarded during the year to other professional services firms for work on financial due diligence work relating to acquisitions and tax. A total of £0.2 million was incurred in relation to these services.

Overview

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of its external auditors.

Nomination Committee report

The role of the Nomination Committee is to assist the Board in reviewing the structure, size and composition of the Board and its sub-committees, to identify and nominate candidates to fill Board vacancies, to formulate succession plans for executive and non-executive directors, and to recommend the election or re-election of directors to the Board.

The Committee's terms of reference were reviewed during the year and minor changes were made to reflect the revisions to The Code made in 2008. It was concluded that the Charter complies with all relevant guidelines and operates satisfactorily. The Committee's Charter is available from the Group's website at **www.mcbride.co.uk**

The Committee's Chairman is the Chairman of the Board and the other members comprise the three non-executive directors, Christine Bogdanowicz-Bindert, Bob Lee and Colin Smith, and the Chief Executive, Miles Roberts.

Two meetings of the Committee were held during the year in July 2008 and May 2009. These meetings were convened for the purposes of assessing the contributions of the individual directors; to consider their re-election to the Board as appropriate; to review the composition of the sub-committees of the Board; and to confirm the appointment of a new Group Finance Director to the Board. Mr Ian Johnson subsequently resigned with effect from April 2009 and a process was immediately started with a leading search consultant to secure his replacement.

At a meeting in July 2009, subsequent to the year-end, the Committee reviewed the recommendations of the search consultant and recommended to the Board the appointment of Richard Armitage as the new Group Finance Director with effect from November 2009. Responsibility for the drawing up of an appropriate service contract setting out the terms and conditions, expectations and responsibilities of the role was assumed by the Remuneration Committee.

In the same meeting the Committee carried out the following activities:

- Assessment of the contributions made by the individual directors prior to recommending their re-election to the Board;
- Consideration of the re-election of the independent non-executive directors and of the Chairman to the Board;
- Consideration of the continuation of Colin Smith in the role of Senior Independent Non-Executive Director;
- Reviews of the composition of the Remuneration, Audit and Nomination Sub-Committees of the Board.

No Committee member participated in any discussion relating to their personal position.

Statutory information

Principal activity

The Group's principal activity is the production, distribution and sale of Private Label Household and Personal Care products to leading retailers in the UK and Continental Europe. The Board expects the Group to continue focusing on the current core business and main product categories in which it currently operates.

Business review

The Group is required to produce a business review complying with the requirements of section 417 of the Companies Act 2006. The Group has complied with this requirement in the Business Review, which is presented on pages 6 to 23. This incorporates a detailed review of the Group's activities, its business performance and developments during the year and an indication of likely future developments.

Group results and dividends

The results for the year are set out in the consolidated income statement on page 50 and a discussion of the Group's financial performance and progress are set out in the Business Review on pages 6 to 23. A summary of the results for the year, together with financial key performance indicators is set out below.

Figures in £m unless otherwise stated	**2009**	2008
Revenue	**792.4**	700.9
Organic revenue growth(1)(2)	**+4%**	-2%
Operating profit	**27.4**	21.4
Adjusted operating profit(3)	**36.2**	27.0
Diluted earnings per share	**9.1p**	6.3p
Adjusted diluted earnings per share(1)(3)	**12.8p**	8.6p
Dividend per share	**6.0p**	5.6p
Return on capital employed(1)(2)(3)	**17.1%**	12.8%

(1) Indicates Group key performance indicator.
(2) The calculation of organic revenue growth and return on capital employed is explained on page 3.
(3) Before amortisation of intangible assets and exceptional items. Details of exceptional items are set out in note 3 to the consolidated financial statements on page 61.

The directors recommend that a final dividend of 4.3 pence (2008: 3.9p) per ordinary share be paid on 27 November 2009 to shareholders on the register at the close of business on 23 October 2009. Combined with the interim dividend already paid, total dividends for the year are 6.0 pence (2008: 5.6p) per ordinary share. Further details of dividends are shown in note 10 to the consolidated financial statements on page 64.

Directors

The directors who held office during the year were:

Mr I J G Napier	Non-Executive Chairman
Mr M W Roberts	Chief Executive
Mr I R Johnson	Group Finance Director (appointed 18 August 2008; resigned 30 April 2009)
Mrs C A Bogdanowicz-Bindert	Independent Non-Executive Director
Mr R A Lee	Independent Non-Executive Director
Mr C D Smith	Senior Independent Non-Executive Director
Mr H Talerman	Non-Executive Director (resigned 27 October 2008)

Biographical details of the directors holding office at the date of this report appear on page 24.

Information on directors' remuneration and service contracts is given in the Remuneration Report on pages 43 to 48.

Directors and their interests

The beneficial interests of the directors (none of the directors had any non-beneficial interests during the year) in the share capital of the Company (in terms of shares, options and conditional share awards) at 1 July 2008 and 30 June 2009 were:

	At 1 July 2008		
Director	Shares	Options(1)	Conditional share awards(2)
Mr I J G Napier	34,807	–	–
Mr M W Roberts	9,500	509,615	472,062
Mr I R Johnson	–	–	–
Mrs C A Bogdanowicz-Bindert	20,000	–	–
Mr R A Lee	5,000	–	–
Mr C D Smith	100,000	–	–
Mr H Talerman	36,068	–	–

	At 30 June 2009		
Director	**Shares**	**Options(1)**	**Conditional share awards(2)**
Mr I J G Napier	**34,807**	**–**	**–**
Mr M W Roberts	**9,500**	**509,615**	**755,017**
Mr I R Johnson(4)	**10,000**	**–**	**–**
Mrs C A Bogdanowicz-Bindert	**20,000**	**–**	**–**
Mr R A Lee	**5,000**	**–**	**–**
Mr C D Smith	**100,000**	**–**	**–**
Mr H Talerman(3)	**36,068**	**–**	**–**

(1) The options include those held under the 1995 International Executive Share Option Scheme (Unapproved) and the 2002 Unapproved Discretionary Share Option Scheme.
(2) The conditional share awards are awards made under the McBride Long-Term Incentive Plan.
(3) At the date of resignation for Ian Johnson and Henri Talerman.
(4) During the year Ian Johnson acquired 10,000 ordinary shares in the Company.

There have been no changes in the directors' interests in the shares of the Company from those detailed above between 30 June 2009 and 2 September 2009. None of the directors had any interest in the shares of any subsidiary company. Further details of options and conditional share awards held by the directors are set out in the Remuneration Report on pages 43 to 48.

Re-election of directors

Details of all directors offering themselves for election or re-election can be found in the Corporate Governance Report on page 29.

Related party transactions

Except for directors' service contracts, the Company did not have any material transactions or transactions of an unusual nature with, and did not make loans to, related parties in the periods in which any director is or was materially interested.

Indemnification of directors

In accordance with its Articles of Association (Articles), the Company has the power (at its discretion) to grant an indemnity to the directors in respect of liabilities incurred as a result of their office. In respect of those liabilities for which directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the period. Although their defence costs may be met, neither the Company's indemnity nor the insurance policy provides cover in the event that the director is proved to have acted fraudulently or dishonestly. Following changes to company law, the Company is also permitted to advance costs to directors for their defence in investigations or legal actions.

No claims or qualifying indemnity provisions and no qualifying pension scheme indemnity provisions have been made either during the year or by the time of approval of this Directors' Report.

Employment policies/employees

Involvement of employees

Our continued success depends on having a skilled and motivated workforce. We endeavour to create a culture whereby employees are recognised as a valuable asset. A number of initiatives have been introduced to engage employees with the business and to ensure they feel valued in an environment where they can make a positive contribution. There is a focus on helping employees to give of their best at work and to achieve their full career potential through the provision of training and development opportunities and to enhance individual performance we have introduced a system of coaching as an element of our training resource. Our appraisal system is extended to all employees and helps to ensure that individuals' performance is assessed objectively and their training and development is defined systematically and in relation to business needs. There is a structured talent review process across the Group which seeks to identify those of potential on a fully inclusive basis. The outcomes are re-assessed every year and the process is used to obtain peer group feedback and draw up tailored personal development plans. We continue to run our own innovative Management Development Programme supported by specific modular training which is available to all relevant employees.

We have also established a company-wide First Line Management Programme which extends over seven modules. All sites have their own training professionals. We acknowledge that team working is invaluable in helping to deliver our goals and this is actively encouraged through cross-fertilisation of ideas both across functions and across territories so that best practice is shared at every opportunity. We have wide ranging employee policies in place to help provide guidance and to set the standards expected of our employees in all their business dealings. These policies are made available to employees on a regular basis.

We are committed to employee consultation by way of regular briefings, partnership councils, listening groups, information bulletins and newsletters. Many departments also hold annual 'away days' which provide the opportunity for a cross section of colleagues to contribute to the development and realisation of business plans for their departments, and we have bi-annual conferences for managers. Members of the senior management teams regularly visit the sites. They also attend our management development programmes for Q&A sessions. These exercises provide the opportunity for open questioning from employees and encourage two-way dialogue. Most sites are actively engaged in involvement initiatives to allow all employees to understand and relate to our business goals and many sites hold open days to allow employees' families to see the environment in which their family members work.

Reward and recognition

Eligible employees participate in performance related bonus schemes and some senior management participate in share-based option schemes and the LTIP scheme. Local incentive schemes relating to site performance are available to most site based employees and during the year the Company offered a three-year Save As You Earn Scheme to eligible employees based in the UK.

We respect the right of employees to join trade unions and appropriate representative bodies where they choose to do so. We have in place formal arrangements with recognised national unions where this is deemed appropriate and Partnerships or Works Councils (joint management/employee consultation groups) operate at all UK and Western Continental Europe facilities. Where these arrangements include nomination of employee representatives, they are not discriminated against and they are allowed reasonable time and facilities to carry out their representative duties.

Employment of disabled persons

We aim to provide a working environment and to offer terms and conditions of service which allow disabled people with the necessary skills and qualifications to obtain employment with the Group. If employees become disabled during the course of their employment, they will continue to be employed, wherever practicable in the same job, or, if this is not practicable, every effort is made to find and provide appropriate retraining and redeployment. Disabled people are afforded equal opportunities in recruitment and promotion and full and fair consideration is given to providing opportunities for training and development of people with disabilities according to their skills and capabilities.

Statutory information
continued

Equal opportunities
It is our policy to ensure equal opportunity in recruitment, selection, promotion, employee development, training and reward policies and we have an Equal Opportunities and Diversity policy in place which is monitored through the human resources function. It is a key objective to ensure that successful candidates for appointment and promotion are selected taking account of individual ability, skills and competencies without regard to age, gender, race, religion, disability or sexual orientation. We place great emphasis on establishing and maintaining a safe working environment for our employees. If an employee is injured during the course of his employment, the incident is thoroughly investigated and, where appropriate, rehabilitation support is provided to help the employee to return to work as soon as possible. Wherever a restructuring programme is undertaken, great care is taken to ensure that all relevant communications, consultations and support and guidance is provided and every effort is taken to ensure that compulsory redundancies are minimised.

Charitable and political donations
The Group made donations to charities of £21,000 (2008: £17,000) during the year. It is the Group's policy not to make political donations and, accordingly, there were no payments to political organisations during the year (2008: £nil).

Environment
The Group recognises the importance of responsible environmental management and its obligations to protect the environment. The Group therefore gives high priority to all environmental matters relevant to its business. Further information appears in the Corporate Social Responsibility Report on pages 26 to 28 and in the separate 2009 Sustainability Report available from the Group's website at **www.mcbride.co.uk**

Research and development
The Group recognises the importance of investing in research and development which brings New Product Development support for its customers, research into new products and materials and further development of existing products. Research and development expenditure in the year was £6.6 million (2008: £5.9m).

Supplier payment policy and practice
Group companies do not comply with any payment code but agree terms and conditions under which business transactions with their suppliers are conducted. Payments are then made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions. At 30 June 2009, the amount the Group owed its suppliers represented 74 days' purchases (2008: 79 days). The Company is a holding company and therefore does not have any trade creditors.

Financial instruments
Information on the Group's financial risk management objectives, policies and activities and on the exposure of the Group to relevant risks in respect of financial instruments is set out on page 20 and in note 21 to the consolidated financial statements on pages 72 to 75.

Share capital
Details of the Company's share capital are shown in note 22 to the consolidated financial statements on page 75. The authorised share capital of the Company is £50,000,000 divided into 500,000,000 ordinary shares of 10 pence each. Pursuant to the Companies Act 2006 (the Act) from 1 October 2009 a company will no longer be required to have an authorised share capital and consequently the Company will propose to remove this from the Articles at the 2009 AGM. The ordinary shares of the Company carry equal rights to dividends, voting and return of capital on the winding up of the Company. There are no restrictions on the transfer of securities in the Company other than following service of a notice under section 792 of the Act and there are no restrictions on any voting rights or deadlines, other than those prescribed by law, nor is the Company aware of any arrangements between holders of its shares which may result in restrictions on the transfer of securities or on voting rights. Participants in employee share schemes have no voting or other rights in respect of the shares subject to those awards until the allocations are exercised, at which time the shares rank pari passu in all respects with shares already in issue. No such schemes have any rights with regard to control of the Company.

Share repurchases
At the 2008 AGM, shareholder approval was granted to allow the Company to repurchase up to 18,028,000 ordinary shares. The existing authority will expire on the date of the 2009 AGM when the directors will be seeking authority from shareholders to buy back shares which will be cancelled or may be held as Treasury shares for the purpose of meeting obligations under employee share schemes.

At the beginning of the financial year the Company held 752,019 ordinary shares as Treasury shares. No shares were repurchased during the financial year. At the end of the year, 752,019 shares remained held in Treasury.

Substantial shareholdings
On 2 September 2009 (being the latest practical date prior to the date of this report), the Company had been notified of the following interests amounting to 3% or more of its issued share capital.

Shareholder	Number of Shares	%
Invesco Perpetual	30,525,589	16.9
Aberdeen Asset Management	21,636,216	12.0
Allianz Global Investors	10,819,464	6.0
Aviva Investors	9,056,131	5.0
Legal & General Investment Management	8,102,326	4.5
SEB Asset Management	5,914,929	3.3

All the above are institutional holders.

Significant agreements/takeovers directive
There are a number of agreements that take effect, alter or terminate upon a change of control of the Group such as commercial contracts, bank loan agreements and employee share schemes. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole.

Articles of Association
The Company's Articles give power to the Board to appoint directors, but also require directors to retire and submit themselves for election at the first AGM following their appointment. Specific information regarding the re-election of directors is contained in the Corporate Governance Report on page 29.

The Articles place a general prohibition on a director voting in respect of any contract or arrangement in which he has a material interest other than by virtue of his interest in shares in the company.

In addition, the Act requires a director of a company who is in any way interested in a contract or proposed contract with the company to declare the nature of his interest at a meeting of the directors of the company. The definition of 'interest' includes the interests of spouses, children, companies and trusts. The Act also requires that a director must avoid a situation where a director has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The Act allows directors of public companies to authorise such conflicts where appropriate, if a company's Articles so permit. The Company's shareholders approved changes to the Articles to permit such authorisation at the 2008 AGM.

The Board of directors may exercise all the powers of the Company subject to the provisions of relevant statutes and the Company's Articles. The Articles, for instance, contain specific provisions and restrictions regarding the Company's power to borrow money. Powers relating to the issuing and buying back of shares are also currently included in the Articles and such authorities are renewed by shareholders each year at the AGM. The power in the Articles relating to the buying back of shares will no longer be needed from 1 October 2009 as sufficient authority is contained in the Act. Therefore the Company will propose to remove this Article at the 2009 AGM. A copy of the Articles is available from the Group's website at **www.mcbride.co.uk**

The Company is committed to ensuring that it keeps pace with changing legislation and regulation. Accordingly, the directors propose to recommend to shareholders at the AGM that the current Articles be updated to reflect the latest provisions of the Act.

Statement of directors' responsibilities in respect of the annual report and the financial statements
The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

Statutory information
continued

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website **www.mcbride.co.uk**. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that to the best of their knowledge and belief:

- the financial statements in this document, prepared in accordance with applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and of the Group as a whole; and
- the Directors' Report, including the Business Review, includes a fair view of the development and performance of the business and the position of the Company and of the Group as a whole, including a description of the principal risks and uncertainties that they face.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 6 to 23. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 19 to 20. In addition note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit and liquidity risks.

The Group meets its funding requirements through strong cash generation and bank facilities, most of which are committed until February 2011 as described in note 21 to the financial statements. 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. Following preliminary discussions with its bankers, the directors are confident that the Group will be able to extend or refinance these facilities as and when required.

The Group has a robust business model and conservative balance sheet. As a result, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors' statement regarding disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps he or she ought to have taken as a director to make himself or herself aware of any relevant audit information (that is, information needed by the auditors in connection with preparing their report) and to establish that the Company's auditors are aware of that information.

Annual General Meeting

The notice convening the Company's 2009 AGM at Centre Point, 103 New Oxford Street, London, WC1A 1DD on 26 October 2009 at 2.30 pm is set out in a separate document issued to shareholders.

The annual report and accounts for the year ended 30 June 2009 are available from the Group's website at **www.mcbride.co.uk** or can be obtained free of charge from the Company's registered office.

Auditors

On the recommendation of the Audit Committee, in accordance with Section 489 of the Act, resolutions are to be proposed at the AGM for the reappointment of KPMG Audit Plc as auditors of the Company and to authorise the Board to fix their remuneration. The remuneration of the auditors for the year ended 30 June 2009 is fully disclosed in note 7 to the consolidated financial statements on page 62.

Signed on behalf of the Board

R J Beveridge
Company Secretary
2 September 2009

Remuneration report

This report, prepared on behalf of the Board, sets out the policy and disclosures on remuneration for the executive and non-executive directors of the Board. It takes full account of The Code and the latest ABI/NAPF guidelines and has been prepared in accordance with the provisions of section 421 of the Act. A resolution will be put to shareholders at the Company's AGM inviting them to approve this report.

Terms of reference and activities in the year

Both the constitution and operation of the Remuneration Committee comply with the principles incorporated in The Code.

The Committee is responsible for determining the remuneration policy for the executive directors and for key senior executives. The main duties of the Committee are:

- To review the ongoing appropriateness and relevance of the remuneration policy.
- To make recommendations to the Board on remuneration packages for the executive directors and the composition/split of the total compensation packages.
- To review and consider the remuneration packages and terms of employment for other senior executive management.
- To review the implementation and operation of the Company's share option schemes and long-term incentive plan (LTIP).
- To review the Company's management development plans.

The Committee is authorised by the Board to investigate any matters within its terms of reference. It meets as frequently as needed, but at least twice a year, to consider remuneration packages for directors and senior executives including reviews of basic salary, pension rights, bonus and share related awards. In the financial year ended 30 June 2009, the Committee met five times in July 2008, September 2008, October 2008, February 2009 and May 2009. Subsequent to the year-end, two further meetings of the Committee have taken place in July 2009 and September 2009. Attendance by individual members of the Committee is disclosed in the table on page 32.

The Committee's terms of reference are reviewed regularly to ensure continuing compliance with evolving best practice guidelines. This year's review has given rise to the incorporation of amendments to reflect the latest guidelines from the ABI and NAPF and other relevant bodies recognising the interest from investors in the factors taken into account by remuneration committees when determining awards and incentive structures for directors and senior executives.

The Charter setting out the constitution and terms of reference of the Remuneration Committee is available from the Group's website at **www.mcbride.co.uk**

The principal activities of the Committee during the period were to deal with reviews of the executive directors' performances over the year against objectives; to establish objectives for the new financial year; to consider related pay award proposals; to consider senior executive salary reviews and bonus scheme payments; to consider and agree a remuneration package for the new Group Finance Director; to deal with the allocation of LTIP awards; and to review the plans for management development and talent management.

Composition of the Remuneration Committee

The composition of the Committee comprises the independent non-executive directors and the Chairman of the Company. Bob Lee is Chairman of the Committee with the other members being Christine Bogdanowicz-Bindert, Colin Smith and Iain Napier. A quorum of the Committee is two members. Meetings may be attended by the Chief Executive on all matters except those relating to his own remuneration. Support is provided by the Group's Human Resources director and independent advice is sought from external advisers as and when required.

Remuneration policy

Total remuneration potential is designed to be competitive in the relevant market, thereby enabling the Group to attract, retain and motivate high calibre executives whilst ensuring alignment of remuneration policy with strategy and shareholder interests. The policy for executives, including the executive directors, is based on the following core principles:

Basic salary for all employees is targeted generally at around the median of the Group's comparator benchmark; this can rise to between median and upper quartile for consistently strong or outstanding individual performance, or start at below median for new appointees developing into a role. For all executives this is combined with performance related variable elements which are also measured against a comparator group median to give total remuneration conditional upon delivery of superior business results and returns to shareholders. A balance of short and long-term incentives are applied to motivate the achievement of both short and long-term business objectives. The performance conditions for our LTIP are based equally on the measurable delivery of strong growth in total shareholder return (TSR) and earnings per share (EPS), both of which are widely understood by shareholders. The three year vesting term serves to incentivise loyalty and reward superior long-term performance. Annual bonuses may be earned up to a maximum of 80% of basic salary for the Chief Executive, 75% for the Group Finance Director, dependent upon a combination of achieving the annual budgeted profit and also specific, measurable, personal objectives related to business goals. Some of these personal objectives involve environmental and social matters.

The Committee believes that this policy provides an appropriate balance between basic salary, short-term bonus and long-term incentives, thus giving an appropriate balance between reward and retention. It is committed to keeping its policy under regular review, taking into account changes in the competitive environment, in remuneration practices and in guidelines set by the key institutional shareholder bodies. There are no excessive severance arrangements or pension benefits in place for the executive directors. During the year we continued to benefit from the services of the independent consultants, Towers Perrin, for support and advice on executive remuneration. Towers Perrin has no other connection with the Company.

Remuneration report
continued

The Committee carefully considers on a regular basis the market positioning of the remuneration of all executives for whose remuneration it is responsible against the most recent and relevant market data available. For the Chief Executive and other executives, market data for the same position in companies of comparable size, complexity and international spread in the UK FTSE 250 index is used.

Total remuneration
The performance of the executive directors and key members of senior management is reviewed on a regular basis and this is used as a precursor to evaluating their annual remuneration and establishing appropriate incentive schemes. The aim is to provide packages which take account of individual performance whilst remaining sensitive to pay and employment conditions elsewhere in the Group and externally. Current packages typically comprise a mix of performance and non performance-related elements. Basic salary and benefits-in-kind are the elements of non-performance-related remuneration. This element is reviewed annually with levels set by reference to appropriate external market data. Variable remuneration consists of two fundamental elements: annual cash bonus and discretionary share-based awards. These incentives are performance-related and represent a significant part of the executive directors' total potential remuneration. Cash bonuses represent a short-term performance-related element of remuneration with payments partially based on achievement of annual budget profit targets and partially based on achievement of specific, measurable personal objectives. Share-based awards represent longer term performance-related elements of remuneration. No new share options have been granted during the year. Awards under the LTIP have been made as disclosed on page 48. The remuneration of the Chairman and the non-executive directors is determined by the Board as a whole taking account of market rates based on independent advice as deemed necessary. Individual directors do not participate in the decisions concerning their own remuneration.

Basic salaries
The basic salaries of executive directors and senior executives are reviewed annually taking into account individual experience, performance and responsibilities as well as pay awards made to other employees, and benchmarking against competitor company remuneration for similar positions. The Remuneration Committee consults with the Chief Executive and pays due regard to his recommendations for other senior executives. The Committee also has access to professional advice as may be deemed necessary from inside and outside the Company. Salaries are paid monthly in arrears by bank transfer. This year the Committee considered a full benchmarking report from independent consultants, Towers Perrin and decided to increase the basic salary for the Chief Executive to £435,000. This level remains below the FTSE 250 median as researched and reported by Towers Perrin.

Annual bonus
The Remuneration Committee aims to ensure that executive directors and senior executives are fairly rewarded for their contribution to the success of the Group. The bonus structure was reviewed in detail in July 2007, and re-assessed in July 2009 with the benefit of external independent advice from Towers Perrin. For the executive directors there is a significant bonus element of up to a maximum of 80% of basic salary for the Chief Executive and up to 75% for the Group Finance Director. These bonus plans comprise up to 35% of basic salary linked to achievement of budgeted profit after tax targets and a further element of up to 15% based on achievement of specific, measurable, personal objectives. In addition, up to 30% of basic salary, subject to achievement of financial targets, is payable in shares to be retained by the Company for three years and only payable if the executive director remains employed by the Company at the end of the financial year following that period. Bonuses for other senior executives are linked to achievement of a combination of budgeted financial targets. No payments are made if these targets are not reached. All bonus awards are non-pensionable and expressed as a percentage of basic salary only, excluding any allowances in lieu of pension contributions. A payment of 45% of basic salary is payable to the Chief Executive in respect of the year ended 30 June 2009; in addition he will be entitled to shares to the value of 25% of basic salary, to be retained by the Company and payable at the end of a three year period.

Share options
Whilst the directors are not required to hold any qualification shares, the Remuneration Committee believes that share ownership by management serves to strengthen the link between their personal interests and those of shareholders. A scheme for executive directors, non-executive directors and executives to achieve a minimum shareholding is being introduced in 2009-10. Acquisition of shares in the Company is therefore encouraged and details of directors' shareholdings are disclosed on page 47. No new grants of share options have been made since the introduction of the LTIP in 2005 and there is currently no intention to issue further share options except under the LTIP.

Details of existing share options granted to Miles Roberts in 2002 are shown on page 47. Share option grants were issued at market value and are non-pensionable. No consideration was payable for the grant of an option and vesting of options was subject to the achievement of performance targets over a set performance period. All schemes have a ten-year life span and options are exercisable between three and ten years from the date of grant, subject to satisfaction of performance conditions. Options for Miles Roberts are exercisable but have not been exercised to date.

The share scheme rules incorporate provisions to allow the Company, at its discretion, to transfer its National Insurance Contributions liability to individual grantees. In the past, the directors chose to exercise this discretion in relation to the exercise of options granted to senior executives across the Group.

Long-Term Incentive Plan (LTIP)
Shareholders approved the 2005 LTIP at the 2005 AGM. The LTIP's objectives are to align the long-term interests of shareholders and management; to reward achievement of long-term stretching targets; and to recruit, retain and motivate management of the required calibre. Awards are made to executive directors and to senior executives who are not Board members but who have a significant influence over the Group's ability to meet its strategic objectives. Whilst it is not a requirement of the LTIP, executives are encouraged to use the scheme to increase their share ownership in the Company.

The LTIP operates over a rolling three year period with vesting of shares dependent on achievement of total shareholder return (TSR) and earnings per share (EPS) measures. The FTSE 250 Ex. Investment Companies Index is used as the comparator group for TSR. For awards made during the year ended 30 June 2009, vesting under the LTIP will only start if TSR is above the median of the comparator group (50% of each award) and if EPS (adjusted to exclude the effects of amortisation of intangible assets and exceptional items) growth is in excess of the Retail Prices Index (RPI) plus 5 percentage points per annum (remaining 50% of each award). For maximum vesting, TSR needs to be in the top quartile of the comparator group and EPS growth needs to be at least RPI plus 10 percentage points per annum, both at levels designed to be geared towards very high performance.

In the year under review, executive directors and senior executives were eligible to receive awards in a range of up to 75% of basic salary. Details of LTIP awards to the executive directors are disclosed on page 48. The fair value of the year's LTIP awards to executive directors and senior executives at the date of grant was £1.2 million or 25% of their aggregate basic salaries. Detailed assumptions used in calculating the fair value of the awards are outlined in note 23 to the consolidated financial statements on page 76. In the year ended 30 June 2009, £368,000 (2008: £38,000) was charged to the income statement in respect of the LTIP. The relevant three year period relating to the 2006-07 LTIP grant concluded on 30 June 2009. The EPS condition was not met but the TSR element was partially achieved, resulting in an 17.6% payout (91,490 shares) to vest in October 2009, the third anniversary of the grant.

Awards will continue to be subject to achievement of performance criteria based on TSR and EPS with 50% of each award being based on each target. The EPS measure will be adjusted as necessary to recognise any share buy backs undertaken by the Company. The TSR measure is based upon the average of three months share prices immediately preceding the relevant performance date. The Committee considers TSR and EPS to be key long-term measures of the Group's performance and believes that the current LTIP scheme remains appropriate to the Group's current circumstances and prospects.

It is the Committee's intention that long-term incentives will continue to be provided under the LTIP and that phased awards will be made on an annual basis but always subject to individual performance and at the discretion of the Committee. A decision on awards for the year ending 30 June 2010 will be considered in due course and may be in either shares or a cash LTIP calculated in the same way.

Directors' service contracts

Executive directors

Service contracts provide for the executive directors to provide services to the Company on a full-time basis. The contracts contain, in addition to remuneration terms, details of holiday and sick pay entitlement, restrictions and disciplinary matters.

The contracts contain restrictive covenants for periods of up to 6 months post employment relating to non-competition, non-solicitation of the Group's customers, suppliers and employees and indefinitely with respect to confidential information. In addition, they provide for the Group to own any intellectual property rights created by the directors in the course of their employment. The Company allows the executive directors to hold non-executive positions outside the Group subject to Board approval. The Company's policy on retention and disclosure of earnings relating to such positions is set out on page 46.

In line with the recommendations of The Code, it is the Committee's policy for directors' service contracts to stipulate a maximum notice period of 12 months. The contract for the Chief Executive stipulates 12 months' notice by both the Company and the director and the contract for the new Finance Director will stipulate 6 months' notice. The current service contract of the Chief Executive was entered into on 13 July 2005. All directors' contracts are available for inspection at the AGM. The Committee recognises the provisions of The Code for compensation commitments to be stipulated in directors' service contracts with regard to early termination. It is not our policy to include liquidated damages clauses. Instead, the Committee places emphasis on mitigation. Directors' contracts confirm that the Company has the option to pay notice month by month; and it would therefore cease if the dismissed executive obtained other employment.

There are no agreements between the Company and its directors or employees providing for additional compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that may occur in the event of a takeover bid.

Other benefits

The Company pays into a defined contribution pension scheme on behalf of Miles Roberts at 35% of basic salary and will do so on behalf of the new Finance Director at 20% of basic salary. In addition, the executive directors enjoy similar benefits to many other employees of the Group including private medical insurance, a fully expensed car or equivalent and life assurance cover.

Non-executive directors and Chairman

The non-executive directors and Chairman serve on the basis of renewable letters of appointment. These were last issued in May 2007 for the Chairman and in July 2007 for the other non-executive directors. The intention is that the non-executive directors will normally be appointed for an initial period of three years. They may subsequently be invited to serve for two further three year periods. Any appointment for more than nine years in total will, in any event, be subject to annual shareholder approval but, in addition, will be considered taking into account the importance of refreshing the membership of the Board and avoiding any undue reliance on any particular individual whilst assessing the contribution made by that individual together with the ongoing commitment to the role.

Remuneration report
continued

The Chairman and all the non-executive directors are currently subject to re-election by shareholders on an annual basis. Their appointments may be terminated without compensation in the event of them not being re-elected by shareholders or otherwise in accordance with the Company's Articles of Association. The fees for the Chairman and the non-executive directors are set by the full Board and are determined by reference to fees paid by other companies of similar size and complexity and reflect the amount of time they are expected to devote to the Group's activities during the year. These fees were last reviewed in July 2009, with the assistance of Towers Perrin. The Chairman receives a fee of £150,000 and non-executive directors receive a basic fee of £40,000 per annum. A supplementary fee of £4,000 is paid to Committee Chairmen and to the senior independent director to reflect their additional responsibilities. No element of their fees is performance-related and they are not eligible to participate in bonus or share incentive schemes. Their services do not qualify for pension purposes or other benefits.

Set out below is information regarding the dates of the letters of appointment and notice periods for the Chairman and the non-executive directors.

Director	Date first appointed to the Board	Date of last election at AGM in	Re-election no later than AGM in	Notice period	Compensation upon early termination	Latest letter of appointment
Mr I J G Napier	1 July 2007	2008	2009	3 months	None	25 May 2007
Mrs C A Bogdanowicz-Bindert	1 Sept 2003	2008	2009	3 months	None	26 July 2007
Mr R A Lee	1 Sept 2003	2008	2009	3 months	None	26 July 2007
Mr C D Smith	4 Apr 2002	2008	2009	3 months	None	26 July 2007

Performance graph

The graph below charts the total shareholder return (share value movement plus reinvested dividends) (TSR) over the five years to 30 June 2009 of shares in McBride plc compared with that of a hypothetical holding in the FTSE 250 Ex. Investment Companies Index. The directors consider this index to be an appropriate comparator group for assessing the Company's TSR because it provides a well defined, understood and accessible benchmark and the TSR of the Company's shares relative to that of this index is one of the key performance measurements used to determine the extent of vesting of awards under the Company's LTIP.

Total shareholder return of McBride plc shares relative to the FTSE 250 Ex. Investment Companies Index between 30 June 2004 and 30 June 2009.

External appointments

Executive directors are permitted, where appropriate and with Board approval, to assume non-executive directorships of other organisations. It is generally accepted that the holding of a non-executive directorship with another company should not adversely affect the ability of an executive director to perform his/her role and responsibilities properly. In fact, the holding of such an external position may enhance the individual director's experience which could serve to strengthen his/her performance and contribution to the Company. Where the Company releases executive directors to carry out non-executive duties, they will be required to disclose the fact that they retain any earnings and, if so, the amount of such remuneration. Miles Roberts is a non-executive director of Care UK plc, Chairman of its Audit Committee and a member of its Remuneration Committee and Nomination Committee. During the year, he retained earnings of £38,000 (2008: £34,000) relating to this role.

Directors' emoluments and compensation (audited)

The fixed and performance-related elements of directors' remuneration for the year ended 30 June 2009 are set out below:

						Sub-total		Pension contributions[1]		Total remuneration	
Director	Fees[1] £000	Basic salary[1] £000	Cash bonus[2] £000	Deferred shares bonus[2] £000	Benefits[1][3] £000	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Executive											
Mr M W Roberts	–	414	188	103	27	732	443	145	139	877	582
Mr I R Johnson	–	152	–	–	8	160	–	30	–	190	–
Mr R J Beveridge	–	–	–	–	–	–	143	–	36	–	179
Non-executive											
Mr I J G Napier	125	–	–	–	–	125	125	–	–	125	125
Mrs C A Bogdanowicz-Bindert	32	–	–	–	–	32	32	–	–	32	32
Mr R A Lee	36	–	–	–	–	36	36	–	–	36	36
Mr C D Smith	40	–	–	–	–	40	40	–	–	40	40
Mr H Talerman	11	–	–	–	–	11	32	–	–	11	32
Total	244	566	188	103	35	1,136	851	175	175	1,311	1,026

(1) The figures for Ian Johnson and Henri Talerman for the year ended 30 June 2009 are for the periods up to their respective dates of resignation from the Board on 30 April 2009 and 27 October 2008.
(2) The bonus figure for Miles Roberts comprises £188,000 cash bonus and £103,000 in deferred shares (71,034 shares to be issued).
(3) The benefits consist of the provision of a company car and fuel, private healthcare insurance and life cover.

Directors' interests (audited)

The beneficial interests of the directors (none of the directors held any non-beneficial interests during the year) in the ordinary shares of the Company at 1 July 2008 and 30 June 2009 are set out below:

Director	At 30 June 2009[1]	At 1 July 2008
Mr I J G Napier	34,807	34,807
Mr I R Johnson	10,000	–
Mrs C A Bogdanowicz-Bindert	20,000	20,000
Mr R A Lee	5,000	5,000
Mr C D Smith	100,000	100,000
Mr H Talerman	36,068	36,068
Mr M W Roberts	9,500	9,500

(1) At the date of resignation for Ian Johnson and Henri Talerman.

Share options (audited)

Interests of directors in share options at 1 July 2008 and 30 June 2009 are set out below:

Director	Option type	Number of options at 1 July 2008	Granted in year	Exercised in year	Lapsed in year	Number of options at 30 June 2009[1]	Option exercise price (£)[2]	Earliest date of exercise[1]	Expiry date
Mr M W Roberts	ESOS(A)	273,504	–	–	–	273,504	0.585	24 Sept 2005	24 Sept 2012
	ESOS(B)	236,111	–	–	–	236,111	0.72	16 Dec 2005	16 Dec 2012

ESOS(A) = 1995 International Executive Share Option Scheme (Unapproved).
ESOS(B) = 2002 Unapproved Discretionary Share Option Scheme.

(1) All the share options outstanding at 30 June 2009 were exercisable at that date as the earliest date of exercise had been reached and the relevant performance criteria (requiring growth in the Group's earnings per share to exceed the increase in RPI by up to 5 percentage points per annum over three financial years) had been achieved in full.
(2) Option exercise price is market value at the date of grant.

No consideration was paid for the grant of any option or award.

The market price of the Company's ordinary shares at 30 June 2009 was 145 pence and the range during the year was 83 pence to 150 pence.

Long-Term Incentive Plan (audited)

Interests of directors under the McBride plc 2005 Long-Term Incentive Plan at 1 July 2008 and 30 June 2009 are set out below:

Director	Date of award	Number of awards at 1 July 2008	Allocated in year	Awards vested in year	Allocations lapsed in year	Number of awards at 30 June 2009	Market price at date of award (£)	Vesting date
Mr M W Roberts	9 Dec 2005	152,769	–	–	152,769	–	1.5513	8 Dec 2008
	19 Oct 2006	156,250	–	–	128,750	27,500	1.6650	18 Oct 2009
	9 Oct 2007	163,043	–	–	–	163,043	1.8850	10 Oct 2010
	16 Oct 2008	–	282,955	–	–	282,955	1.1300	17 Oct 2011
I R Johnson	16 Oct 2008	–	146,591	–	146,591	–	1.1300	–

The performance conditions attaching to awards under the plan are:

50% of the award is subject to a total shareholder return (TSR) performance condition measured against the FTSE 250 Ex. Investment Companies Index as the comparator group. If the Company's TSR performance is lower than the median of the comparator group, awards subject to the TSR condition will lapse. The awards start to vest on a sliding scale if TSR performance is equal to or above the median of the comparator group, with full vesting only if the Company's TSR performance is in the upper decile of the comparator group. TSR performance conditions changed from 2007 onwards such that for those later awards full vesting is dependent upon an upper quartile TSR performance.

Under the TSR performance conditions of the October 2006 scheme an award of 17.6% (27,500 shares) has been earned for vesting in October 2009 by Miles Roberts. The LTIP award allocated to Ian Johnson in the year lapsed upon his resignation.

This performance measure has been selected as it is consistent with the majority of LTIPs in the same sector and the Remuneration Committee wishes to encourage senior executives to give attention to medium term as well as short term returns to shareholders.

50% of the award is subject to an earnings per share (EPS) performance condition. Awards subject to the EPS condition will lapse unless the Company's growth in EPS (adjusted to exclude the effects of amortisation of intangible assets and exceptional items) is at least 3 percentage points per annum above the increase in the UK Retail Prices Index (RPI), at which level half the awards subject to the EPS condition will vest. For performance above this level, awards will vest on a rising scale, with full vesting only if growth in EPS exceeds the increase in RPI by at least 5 percentage points per annum for the 2006 and 2008 awards and by at least 8 percentage points for the 2007 and any 2009 awards. This performance measure has been reviewed again in 2009 and full vesting for the latest awards will be at RPI plus 10 percentage points, with the threshold for awards adjusted upwards to RPI plus 5 percentage points.

This performance measure has been selected because EPS is one of the key performance indicators used in the business and is a measure well understood by the senior executive team. It is something which they can directly influence. Under the EPS performance condition no awards have been earned for vesting in 2009.

TSR and EPS performance are measured over the period of three consecutive financial years of the Company beginning with the year of grant of the award. There will be no re-setting of the performance conditions.

Pensions (audited)

The following table shows details of pension payments into money purchase schemes for the executive directors:

Director	Current year payments £000
Mr M W Roberts	145
Mr I R Johnson	30

Payments to third parties

There have been no payments made to third parties for making available the services of the directors.

Approved by the Board on 2 September 2009

Signed on behalf of the Board by

R A Lee
Chairman of the Remuneration Committee

Independent Auditors' report to the members of McBride plc

We have audited the financial statements of McBride plc for the year ended 30 June 2009 set out on pages 50 to 81. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on pages 41 and 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at **www.frc.org.uk/apb/scope/UKP**

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2009 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 42, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Matt Lewis
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB
2 September 2009

Consolidated income statement

for the year ended 30 June 2009

	Note	Pre exceptional items 2009 £m	Exceptional items (note 3) 2009 £m	Post exceptional items 2009 £m	Pre exceptional items 2008 £m	Exceptional items (note 3) 2008 £m	Post exceptional items 2008 £m
Revenue	2	**792.4**	**–**	**792.4**	700.9	–	700.9
Cost of sales		**(524.2)**	**–**	**(524.2)**	(470.9)	–	(470.9)
Gross profit		**268.2**	**–**	**268.2**	230.0	–	230.0
Distribution costs		**(52.7)**	**–**	**(52.7)**	(47.2)	–	(47.2)
Administrative costs							
Before amortisation of intangible assets		**(179.3)**	**(7.1)**	**(186.4)**	(155.8)	(4.0)	(159.8)
Amortisation of intangible assets		**(1.7)**	**–**	**(1.7)**	(1.6)	–	(1.6)
Administrative costs including amortisation of intangible assets		**(181.0)**	**(7.1)**	**(188.1)**	(157.4)	(4.0)	(161.4)
Operating profit	2	**34.5**	**(7.1)**	**27.4**	25.4	(4.0)	21.4
Financial income		**6.2**	**–**	**6.2**	6.0	–	6.0
Financial expenses		**(11.4)**	**–**	**(11.4)**	(11.7)	–	(11.7)
Net financing costs	6	**(5.2)**	**–**	**(5.2)**	(5.7)	–	(5.7)
Profit before tax	7	**29.3**	**(7.1)**	**22.2**	19.7	(4.0)	15.7
Taxation	8	**(7.4)**	**1.8**	**(5.6)**	(5.3)	1.1	(4.2)
Profit for the year attributable to equity holders of the parent		**21.9**	**(5.3)**	**16.6**	14.4	(2.9)	11.5

All activities relate to continuing operations

	Note	2009	2008
Earnings per ordinary share (pence)	9		
Basic		**9.2**	6.4
Diluted		**9.1**	6.3
Dividends	10		
Paid in year (£m)		**10.1**	10.1
Paid in year (pence per share)		**5.6**	5.6
Proposed (£m)		**7.7**	7.0
Proposed (pence per share)		**4.3**	3.9

Consolidated balance sheet
at 30 June 2009

	Note	2009 £m	2008 £m
Non-current assets			
Intangible assets	11, 12	**35.4**	42.1
Property, plant and equipment	13	**189.2**	187.3
Other non-current assets	14	**0.7**	0.5
Deferred tax	8	**2.4**	–
		227.7	229.9
Current assets			
Inventories	15	**68.0**	66.0
Trade and other receivables	16	**132.8**	135.3
Cash and cash equivalents	26	**2.8**	4.4
Assets classified as held for sale		**–**	0.9
		203.6	206.6
Total assets		**431.3**	436.5
Current liabilities			
Interest bearing loans and borrowings	20	**26.5**	24.5
Trade and other payables	17	**190.3**	183.3
Current tax payable		**1.3**	–
Provisions	18	**2.3**	2.0
		220.4	209.8
Non-current liabilities			
Interest bearing loans and borrowings	20	**58.7**	83.2
Pensions and other post-employment benefits	19	**18.9**	10.0
Provisions	18	**0.5**	–
Deferred tax	8	**14.3**	14.6
		92.4	107.8
Total liabilities		**312.8**	317.6
Net assets		**118.5**	118.9
Equity			
Issued share capital	22	**18.0**	18.0
Share premium account	24	**143.5**	143.0
Other reserves	24	**(2.1)**	0.3
Retained earnings	24	**(40.9)**	(42.4)
Total equity and reserves	24	**118.5**	118.9

These financial statements were approved by the Board of Directors on 2 September 2009 and were signed on its behalf by:

M W Roberts
Director

Consolidated cash flow statement

for the year ended 30 June 2009

	Note	2009 £m	2008 £m
Profit before tax		**22.2**	15.7
Net financing costs		**5.2**	5.7
Pre-tax exceptional charge in the year		**7.1**	4.0
Share-based payments		**0.5**	–
Loss on sale of property, plant and equipment		**0.3**	0.1
Depreciation		**23.8**	21.8
Amortisation of intangible assets		**1.7**	1.6
Operating cash flow before changes in working capital		**60.8**	48.9
Decrease in receivables		**7.6**	8.7
Decrease in inventories		**0.2**	–
Decrease in payables		**(6.8)**	(8.2)
Cash flow in respect of exceptional items		**(4.7)**	(4.6)
Cash generated from operations		**57.1**	44.8
Interest paid		**(6.0)**	(7.5)
Taxation paid		**(3.7)**	(3.8)
Net cash from operating activities		**47.4**	33.5
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**1.8**	0.1
Acquisition of property, plant and equipment		**(20.0)**	(26.4)
Acquisition of intangible assets		**–**	(0.1)
Acquisition of businesses, net of cash acquired		**5.3**	–
Interest received		**1.3**	0.2
Forward contracts used in net investment hedging		**(0.6)**	(11.4)
Net cash used in investing activities		**(12.2)**	(37.6)
Cash flows from financing activities			
Proceeds from issue of share capital		**0.4**	1.5
Repurchase of own shares		**–**	(1.4)
Increase in borrowings		**7.1**	32.5
Repayment of borrowings		**(40.8)**	(20.2)
Payment of finance lease liabilities		**(0.9)**	(0.9)
Dividends paid		**(10.1)**	(10.1)
Net cash (used in)/generated from financing activities		**(44.3)**	1.4
Net decrease in cash and cash equivalents		**(9.1)**	(2.7)
Cash and cash equivalents at start of year		**(3.4)**	(1.0)
Effect of exchange rate fluctuations on cash held		**2.2**	0.3
Cash and cash equivalents at end of year		**(10.3)**	(3.4)
Reconciliation of cash and cash equivalents per the balance sheet and cash flow statement			
Cash and cash equivalents per the balance sheet		**2.8**	4.4
Overdrafts		**(13.1)**	(7.8)
Cash and cash equivalents per the cash flow statement	26	**(10.3)**	(3.4)

Reconciliation of net cash flow to movement in net debt

for the year ended 30 June 2009

	Note	2009 £m	2008 £m
Decrease in cash and cash equivalents in the year		**(9.1)**	(2.7)
Cash outflow/(inflow) from movement in debt		**33.7**	(12.3)
Movement on finance leases		**0.9**	0.9
Change in net debt resulting from cash flows		**25.5**	(14.1)
Finance lease additions		**–**	(0.2)
Translation differences		**(4.6)**	(8.1)
Movement in net debt in the year		**20.9**	(22.4)
Net debt at the beginning of the year		**(103.3)**	(80.9)
Net debt at the end of the year	26	**(82.4)**	(103.3)

Consolidated statement of recognised income and expense
for the year ended 30 June 2009

	2009 £m	2008 £m
Foreign exchange translation differences	**6.9**	19.8
Net loss on hedge of net investment in foreign subsidiaries	**(6.4)**	(18.9)
Effective portion of changes in fair value cash flow hedges	**(3.5)**	(0.6)
Net changes in fair value of cash flow hedges transferred to profit or loss	**0.6**	0.2
Tax on items taken directly to equity	**4.3**	0.6
Actuarial loss	**(9.7)**	(2.0)
Income and expense recognised directly in equity	**(7.8)**	(0.9)
Profit for the year	**16.6**	11.5
Total recognised income and expense for the year attributable to equity holders of the parent	**8.8**	10.6

Notes to the Group financial statements

1. Significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU) ('adopted IFRS') in accordance with EU law (IAS Regulation EC 1606/2002) and those parts of the Companies Act 1985 and 2006 applicable to companies reporting under IFRS. The Company has elected to prepare the parent company's financial statements in accordance with UK GAAP. These are presented on pages 79 to 81.

The consolidated financial statements are prepared on the going concern basis (see Directors' report on page 42) and on the historical cost basis except where adopted IFRSs require an alternative treatment. The principal variations to historical cost relate to pensions (IAS 19) and certain financial instruments (IAS 39). These consolidated financial statements are presented in pounds sterling. Sterling is the functional currency of the parent company, McBride plc. All financial information presented has been rounded to the nearest £0.1 million.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year; or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of adopted IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed on page 58.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. In addition the Group has adopted IFRIC 14, IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction and the Amendment to IFRS 2 Share-based payment – Vesting Conditions and Cancellations. Adoption of these standards did not have a material effect on the amounts recognised in the financial statements of the Group.

Basis of consolidation

The Group financial statements consist of the financial statements of McBride plc ('the Company') and all its subsidiary undertakings (collectively referred to as 'the Group').

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Accounting policies of subsidiaries acquired have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised gains and losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Foreign currencies

In line with the exemption permitted under IFRS 1, the Group elected to reset the foreign currency translation reserve to zero at 1 July 2004, the date of transition.

Transactions in foreign currencies are translated to the respective functional currency of Group entities at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. The income and expenses of subsidiaries whose functional currency is not sterling are translated at the average rates of exchange for the year.

The assets and liabilities of overseas subsidiaries are translated at the closing rates of exchange ruling at the balance sheet date. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the acquired company and recorded initially at the transaction date exchange rate and thereafter at the closing rate of exchange ruling at the balance sheet date.

Differences arising on retranslation are taken directly to a separate component of equity. Exchange differences arising from the retranslation of a net investment in a foreign operation less exchange differences on foreign currency borrowings which effectively hedge that operation are taken to equity. On disposal of a foreign operation, accumulated exchange differences are recognised in the income statement as a component of the gain or loss on disposal.

Revenue

Revenue in the income statement represents the amounts, net of trade discounts and rebates and excluding value added tax, derived from the provision of goods to third party customers during the year. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably and receipt of payment is probable, typically on delivery and acceptance of the goods by the customer.

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

Income tax
Current income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax
Deferred tax is recognised using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill and the initial recognition of assets or liabilities not in business combinations that affect neither accounting nor taxable profit.

Deferred tax is not recognised for temporary differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. Hence, deferred tax in relation to investment in subsidiaries is only provided for known remittances at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are enacted or substantively enacted in respect of the period when the asset is realised or the liability is settled.

Net financing costs
Net financing costs comprise interest payable on bank loans, overdrafts and finance leases, fair value gains and interest on differentials on derivatives, interest receivable on funds invested, expected return on pension assets and the interest cost on pension scheme liabilities.

Segments
A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments.

Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which they are declared and approved. Interim dividends are recognised in the period in which they are paid.

Intangible assets
Trade marks and patents
Trade marks and patents obtained on acquisition of businesses are shown at fair value. They have a finite useful life and are carried at fair value at the date of acquisition less accumulated amortisation. Amortisation is calculated on a straight line basis up to three years.

Brand names and customer relationships and lists
Brand names and customer relationships and lists obtained on acquisition of businesses are shown at fair value. They have a finite useful life and are carried at fair value at the date of acquisition less accumulated amortisation. Amortisation is calculated on a straight line basis over their economic life, typically of up to five years.

Computer software
Computer software is carried at cost less any accumulated amortisation or any impairment loss. Externally acquired computer software and software licences are capitalised and amortised on a straight line basis over their useful economic lives of three to five years. Costs relating to development of computer software for internal use are capitalised once the recognition criteria are met. When the software is available for its intended use, these costs are amortised over the estimated useful life of the software.

Goodwill
In line with the exemption permitted under IFRS 1 the Group elected to apply IFRS 3 Business Combinations prospectively from 1 July 2004 ('the transition date') rather than restate previous business combinations. As a result the carrying amount of goodwill in the Group balance sheet at 1 July 2004 has been brought forward without adjustment. In respect of acquisitions prior to 1 July 2004, goodwill represents the amount recognised under the Group's previous accounting framework.

Goodwill represents the excess of cost of an acquisition over the Group's interest in the net fair value of identifiable net assets and contingent liabilities of a business at the date of acquisition. Goodwill on acquisitions is included in intangible assets. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

The Group assesses the carrying value of goodwill for impairment annually or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Goodwill is allocated to cash generating units, these being the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and for impairment testing.

Notes to the Group financial statements
continued

1. Significant accounting policies continued

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis and charged to the income statement over the estimated useful life of the asset as follows:

Freehold buildings	– over 50 years
Leasehold buildings	– life of the lease
Plant and machinery	– 8 to 10 years
Computer equipment	– 3 to 5 years
Motor vehicles	– 4 years
Moulding equipment	– 3 to 5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and revised if necessary.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Assets that are being constructed for future use are classified as assets in the course of construction until they are completed. Upon completion they are transferred to the appropriate category within property, plant and equipment. No depreciation is charged on these items until after they have been transferred.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Impairment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). At each balance sheet date, the Group reviews the carrying amounts of its assets (e.g. goodwill, intangible assets and property, plant and equipment) to determine whether there are any indications of impairment. If any such indication exists, the asset's recoverable amount is estimated and if this is found to be less than the carrying amount, then the carrying amount is reduced to its recoverable amount. An impairment charge is recognised in the income statement in the year in which it occurs and is applied first against the goodwill attributable to the relevant cash generating unit. The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount rate reflecting the risks inherent in the asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Leased assets

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases.

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis.

Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if these are repayable on demand and part of the Group's cash management policy.

Employee benefits

In respect of defined benefit pension schemes, the pension surplus/deficit recognised in the balance sheet represents the difference between the fair value of plan assets and the present value of the defined benefit obligation at the balance sheet date. The net defined benefit obligation is determined using assumptions determined by the Group by qualified actuaries using the projected unit credit actuarial valuation method. The income statement charge is split between an operating service cost and financing income and charge. Actuarial gains and losses are recognised immediately in the Group statement of recognised income and expense.

Payments to defined contribution schemes are recognised as an expense as they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Costs capitalised on initial recognition are amortised on the finance expense line in the income statement, and are written-off on derecognition of the liability.

Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Unless the possibility of outflow in settlement is remote, a contingent liability is not recognised but is disclosed in the notes to the financial statements. When an outflow becomes probable, it is recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the Group's control. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When an inflow is virtually certain, an asset is recognised.

Derivative financial instruments

The Group does not enter into speculative derivative contracts. The Group uses derivative financial instruments such as foreign currency forward contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. Such derivative financial instruments are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments and is the amount that the Group would receive or pay to terminate the swap at the balance sheet date. Changes in fair value are immediately recognised in the income statement except where hedge accounting is applicable (see below).

Hedge accounting

Cash flow hedge

For the purposes of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction.

In relation to cash flow hedges where forward foreign currency contracts are used to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When the hedged firm commitment results in the recognition of a non-monetary asset or liability, then, at the time the asset or liability is recognised, the associated gain or loss that had previously been recognised in equity is included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged firm commitment affects the income statement, for example when the future cash flow actually occurs.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period.

1. Significant accounting policies continued

Hedging of net investment

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity to the extent that the hedge is effective. To the extent the hedge is ineffective, such differences are recognised in the income statement. On the disposal of a foreign operation the cumulative amount in equity is transferred to the income statement as an adjustment to the gain or loss on disposal.

Share capital

Ordinary shares are classified as equity. Where the Company purchases its own shares, the consideration paid including any directly attributable incremental costs, is deducted from the equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

Treasury shares

Own equity instruments which are reacquired (Treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Share-based payments

The Group has adopted the exemption permitted in IFRS 1 to apply IFRS 2, Share-based payments, only to share-based payment awards granted after 7 November 2002 and not vested at 1 January 2005.

The Group operates both equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value at the date of grant. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest unless the options do not vest as a result of a failure to satisfy market conditions. Fair value is measured by use of a relevant pricing model by an external valuer. Further details are given in note 23.

For cash-settled share-based payments a liability is recognised based on the fair value of the payment earned by the balance sheet date.

Accounting judgements and estimates

Management discussed with the audit committee the development, selection and disclosure of the Group's critical accounting policies and judgements and the application of them.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2009 was £29.7 million (2008: £36.0m). Further details including sensitivities are given in note 11.

Intangible assets

Intangible assets are fair valued on the acquisition of businesses. The method uses the weighted average cost of capital adjusted to reflect the risk that a particular acquisition would have for a market participant. Typically, cash flows are prepared for at least five years using the after tax cash flow. These cash flows are then adjusted to reflect management's judgement for risk. Where a brand is identified as having future value then the value is ascertained by use of a post-tax royalty cash flow over the five years.

Impairment reviews in respect of intangible assets are performed when an event indicates that an impairment review is necessary. Examples of such triggering events include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses or a significant reduction in cash flows.

Pension and other post employment benefits

The Group's defined benefit pension schemes and similar arrangements are assessed at least annually in accordance with IAS 19. The accounting valuation, which is based on assumptions taking into account independent actuarial advice, resulted in a pre-tax deficit of £16.7 million (2008: £7.9m) being recognised on the balance sheet at 30 June 2009. The size of the deficit is sensitive to the market value of the assets held by the schemes, the discount rate used, actuarial liabilities, mortality and other demographic assumptions and the level of contributions. Further details including sensitivities are disclosed in note 19.

Provisions

As described in the policy above, the Group measures provisions at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Estimates are made taking account of information available and different possible outcomes. Further details are disclosed in note 18.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in note 8.

Accounting Standards issued but not adopted

The following standards have been issued by the IASB and endorsed by the EU but have not been early adopted this year:

- IFRS 8 Operating Segments – introduces a management reporting approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. It replaces disclosure requirements in IAS 14 Segment Reporting. IFRS 8 becomes mandatory for the Group's 2010 financial statements. The Group has not yet completed its evaluation of the impact on its disclosures of adopting IFRS 8. There will be no impact on the Group's reported profit or net assets.
- Revised IAS 1 Presentation of Financial Statements – requires changes in the format of financial statements and permits some changes in terminology. The impact of Revised IAS 1, which becomes mandatory for the Group's 2010 financial statements will necessitate changes to the existing presentation of the consolidated financial statements.
- Revised IAS 23 Borrowing Costs – requires borrowings directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, to be capitalised as part of the cost of the asset. Revised IAS 23 which becomes mandatory for the Group's 2010 financial statements is not expected to materially affect the consolidated financial statements.
- Revised IFRS 3 Business Combinations and Revised IAS 27 Consolidated and Separate Financial Statements – changes the accounting for business combinations and transactions with minorities. These standards which are mandatory for the Group's 2010 financial statements are only to be applied prospectively and therefore there is no restatement of transactions prior to the effective date. The impact of the revised standard is expected to lead to changes in the Group's accounting treatment of acquisition costs, which are currently included within goodwill, but will need to be expensed.
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements provides exemptions from the requirement to classify as a liability for certain financial instruments under which an entity has an unavoidable obligation to deliver cash, and sets out detailed definitions and circumstances that must be met before these exemptions are available. These amendments which become mandatory for the Group's 2010 financial statements are being considered.
- IFRIC 16 Hedges of a Net investment in a Foreign Operation clarifies when net investment hedging can be applied. IFRIC 16 which becomes mandatory for the Group's 2010 financial statements is currently being considered.

The following standard has been issued by the IASB, is yet to be endorsed by the EU and has not been early adopted this year:

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged items provide additional clarification on what items can qualify for hedge accounting, assessing hedge effectiveness and designating financial items as hedged items. These amendments which become mandatory for the Group's 2010 financial statements are currently being considered.

Exchange rates

The exchange rates against sterling used for the periods were as follows:

	Average rate		Closing rate	
	2009	2008	**2009**	2008
Euro	**1.17**	1.37	**1.17**	1.26
Polish Zloty	**4.67**	4.95	**5.24**	4.23
Czech Koruna	**30.4**	36.1	**30.5**	30.2
Hungarian Forint	**315.1**	346.8	**319.9**	297.0

2. Segment information

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

Geographic segments

	United Kingdom		Western Continental Europe		Eastern Continental Europe		Elimination/China**		Total	
	2009 £m	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m
External revenue	**308.4**	292.5	**452.4**	377.2	**31.6**	31.2	**–**	–	**792.4**	700.9
Inter-segment revenue	**3.0**	4.8	**17.4**	18.2	**1.6**	0.9	**(22.0)**	(23.9)	**–**	–
Total segment revenue	**311.4**	297.3	**469.8**	395.4	**33.2**	32.1	**(22.0)**	(23.9)	**792.4**	700.9
Segment profit before amortisation of intangible assets	**16.2**	15.2	**20.9**	11.4	**2.0**	2.1	**(0.4)**	(0.1)	**38.7**	28.6
Amortisation of intangible assets	**(0.4)**	(0.5)	**(1.2)**	(1.0)	**(0.1)**	(0.1)	**–**	–	**(1.7)**	(1.6)
Segment profit	**15.8**	14.7	**19.7**	10.4	**1.9**	2.0	**(0.4)**	(0.1)	**37.0**	27.0
Corporate costs*									**(2.5)**	(1.6)
Exceptional items (see note 3)									**(7.1)**	(4.0)
Operating profit									**27.4**	21.4
Net finance costs									**(5.2)**	(5.7)
Taxation									**(5.6)**	(4.2)
Profit for the year									**16.6**	11.5

* Corporate costs relate primarily to head office costs that are not reallocated to one of the geographic segments.
** Includes China £0.4 million Household sales which are all intergroup, and China operating loss of £0.4 million for the year.

	United Kingdom		Western Continental Europe		Eastern Continental Europe		Corporate*		Total	
	2009 £m	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m
Segment assets	**167.9**	165.4	**240.0**	247.0	**18.7**	22.3	**4.7**	1.8	**431.3**	436.5
Segment liabilities	**(99.5)**	(92.1)	**(143.7)**	(120.8)	**(5.1)**	(6.7)	**(64.5)**	(98.0)	**(312.8)**	(317.6)
Capital expenditure*	**9.4**	12.4	**10.3**	13.0	**0.8**	0.8	**–**	0.3	**20.5**	26.5
Amortisation and depreciation	**8.6**	8.7	**16.1**	14.1	**0.7**	0.6	**0.1**	–	**25.5**	23.4

* Corporate liabilities include external debt and tax liabilities. Capital expenditure includes property, plant and equipment and intangible assets.

Business segments

	Household		Personal Care		Total	
	2009 £m	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m
Segment revenue	**648.5**	575.0	**143.9**	125.9	**792.4**	700.9
Segment profit before amortisation of intangible assets	**33.0**	21.9	**5.7**	6.7	**38.7**	28.6
Amortisation of intangible assets	**(1.7)**	(1.5)	**–**	(0.1)	**(1.7)**	(1.6)
Segment profit	**31.3**	20.4	**5.7**	6.6	**37.0**	27.0
Corporate costs*					**(2.5)**	(1.6)
Exceptional items (see note 3)					**(7.1)**	(4.0)
Operating profit					**27.4**	21.4

* Corporate costs relate primarily to head office costs that are not reallocated to one of the business segments.

	Household		Personal Care		Corporate		Total	
	2009 £m	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m
Segment assets	**331.0**	346.2	**95.6**	88.5	**4.7**	1.8	**431.3**	436.5
Capital expenditure*	**17.0**	16.4	**3.5**	9.8	**–**	0.3	**20.5**	26.5

* Capital expenditure includes property, plant and equipment and intangible assets.

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

	United Kingdom		Western Continental Europe		Eastern Continental Europe and Rest of World		Total	
	2009 £m	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m
External revenue by destination	**290.1**	279.3	**442.1**	362.1	**60.2**	59.5	**792.4**	700.9

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

There was a £7.1 million pre-tax operating exceptional charge to the income statement in the year relating to restructuring programmes in the UK and Western Continental Europe divisions. Included in this charge was £4.5 million for redundancy, and there were also asset write offs and onerous lease provisions in the UK.

The £3.1 million 2008 pre-tax operating exceptional charge related mainly to redundancy programmes in the UK and Western Continental Europe divisions. Additionally £0.9 million was included for the costs of an aborted acquisition.

In terms of segment analysis in note 2, the exceptional charge relates to the UK £5.1 million (2008: £2.0m), Western Continental Europe £2.0 million (2008: £1.3m) and Corporate £nil (2008: £0.7m), on a geographic basis, and Household £6.0 million (2008: £2.9m), Personal Care £1.1 million (2008: £0.4m) and Corporate £nil (2008: £0.7m) on a business basis.

4. Acquisitions
On 5 June 2009, the Group purchased from the Administrator of 360 Brands Limited certain assets for a total consideration of £1.0 million. These predominantly comprised brands, for which the fair values were assessed to be equal to the consideration paid (see note 12).

The Group has recovered part of the consideration paid relating to a prior period acquisition amounting to £6.3 million, which has reduced the goodwill arising on this acquisition (see note 11).

5. Related party transactions
In the course of normal operations, related party transactions entered into by the Group have been contracted on an arms length basis.

(i) Transactions with key management personnel

Key management personnel include individuals that are not executive directors of the Group but do have authority and responsibility for planning, directing and controlling activities of the key operating divisions as disclosed in the segmental analysis. They are members of the Group Management Team as described on page 25.

Remuneration of key management personnel, excluding executive directors, which is disclosed on page 47, is as follows:

	2009 £m	2008 £m
Short-term employee benefits	**0.1**	0.1
Post-employment benefits	**0.2**	0.1
Other remuneration	**1.3**	0.9
Total	**1.6**	1.1

During the year ended 30 June 2009, there were no other material transactions or balances between the Group and its key management personnel or members of their close families.

(ii) Transactions with pension and post-employment schemes

Transactions between the Group and its pension and post-employment schemes are disclosed in note 19.

Notes to the Group financial statements
continued

6. Net financing costs

	2009 £m	2008 £m
Interest on deposits	**0.3**	0.2
Fair value gains and interest differentials on derivatives	**–**	0.7
Expected return on pension scheme assets (see note 19)	**4.9**	5.1
Other interest	**1.0**	–
Financial income	**6.2**	6.0
Interest expense on bank loans and overdrafts	**(4.5)**	(6.7)
Fair value losses and interest differentials on derivatives	**(0.6)**	–
Finance charges payable under finance leases	**(0.1)**	(0.2)
Interest cost on pension scheme liabilities (see note 19)	**(4.6)**	(4.3)
Other net finance costs	**(1.6)**	(0.5)
Financial expense	**(11.4)**	(11.7)
Net financing cost	**(5.2)**	(5.7)

7. Profit before tax

Profit before tax is stated after charging/(crediting):

	2009 £m	2008 £m
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.1**	0.1
Fees payable to the Company's auditor and network firms for other services:		
The audit of accounts of the Company's subsidiaries pursuant to legislation	**0.4**	0.4
Services relating to taxation	**0.1**	0.2
Depreciation and other amounts written off owned property, plant and equipment	**23.0**	21.0
Depreciation and other amounts written off leased property, plant and equipment	**0.8**	0.8
Hire of plant and machinery – rentals payable under operating leases	**3.5**	2.9
Hire of other assets – rentals payable under operating leases	**1.4**	0.7
Loss on sale of property, plant and equipment	**0.3**	0.1
Research and development costs written off during the year*	**6.6**	5.9
Government grants towards training	**(0.1)**	(0.1)
Amortisation of intangible assets	**1.7**	1.6
Net foreign exchange gains on trading items	**(0.5)**	(0.5)

* During the years ended 30 June 2008 and 2009, all research and development expenditure was expensed as incurred as the criteria for capitalising development expenditure were not met.

8. Taxation

Analysis of tax charge in income statement

	2009 £m	2008 £m
Current tax:		
UK corporation tax	**0.1**	0.4
Overseas tax	**4.9**	1.6
Current tax charge	**5.0**	2.0
Deferred tax:		
UK	**1.9**	1.2
Overseas	**(1.3)**	1.0
Deferred tax charge	**0.6**	2.2
Total tax charge for the year	**5.6**	4.2

UK corporation tax is calculated at the United Kingdom standard rate of 28.0% (2008: 29.5%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In addition to the tax charged above, a deferred tax credit of £4.3 million (2008: charge of £1.4m) was recognised directly in equity.

Tax reconciliation

The total tax charge on the Group's profit before tax for the year differs from the standard rate of corporation tax for the following reasons:

	2009 £m	2008 £m
Profit before tax	**22.2**	15.7
Expected tax charge at 28.0%/29.5%	**6.2**	4.6
Effect of overseas tax rates	**0.8**	0.3
Utilisation of tax losses	**(0.7)**	(0.2)
Expenses not deductible for tax purposes	**1.5**	1.5
Tax credits and other reliefs	**(1.8)**	(2.7)
Other items	**(0.4)**	0.7
Total tax charge for the year	**5.6**	4.2
Effective tax rate	**25%**	27%

Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements during the current and prior reporting period.

Deferred tax asset/(liability)	Accelerated tax depreciation £m	Intangible assets £m	Tax losses £m	Retirement benefit obligations £m	Share based payments £m	Surplus ACT £m	Other £m	Total £m
At 1 July 2007	(17.8)	(1.7)	0.5	2.1	2.0	5.3	0.7	(8.9)
(Charge)/credit to income statement	(1.1)	(1.2)	1.4	(0.4)	–	(0.7)	(0.2)	(2.2)
(Charge)/credit to equity	–	–	–	0.5	(2.0)	–	0.1	(1.4)
Exchange differences	(2.0)	(0.2)	0.1	–	–	–	–	(2.1)
At 30 June 2008	(20.9)	(3.1)	2.0	2.2	–	4.6	0.6	(14.6)
(Charge)/credit to income statement	1.6	–	(1.4)	(0.3)	0.1	(0.5)	(0.1)	**(0.6)**
Credit to equity	–	–	–	2.8	0.7	–	0.8	**4.3**
Exchange differences	(1.0)	(0.2)	–	–	0.2	–	–	**(1.0)**
At 30 June 2009	**(20.3)**	**(3.3)**	**0.6**	**4.7**	**1.0**	**4.1**	**1.3**	**(11.9)**
Deferred tax asset at 30 June 2009	**–**	**–**	**0.6**	**4.7**	**1.0**	**4.1**	**(8.0)**	**2.4**
Deferred tax liability at 30 June 2009	**(20.3)**	**(3.3)**	**–**	**–**	**–**	**–**	**9.3**	**(14.3)**
	(20.3)	**(3.3)**	**0.6**	**4.7**	**1.0**	**4.1**	**1.3**	**(11.9)**
Deferred tax asset at 30 June 2008	–	–	2.0	2.2	–	4.6	(8.8)	–
Deferred tax liability at 30 June 2008	(20.9)	(3.1)	–	–	–	–	9.4	(14.6)
	(20.9)	(3.1)	2.0	2.2	–	4.6	0.6	(14.6)

Other includes £8.0 million (2008: £8.8m) to reflect offset of taxes levied by the same taxation authority where McBride has a legally enforceable right of offset.

No deferred tax has been recognised in respect of timing differences associated with the unremitted earnings of overseas subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and either it is probable that such differences will not reverse in the foreseeable future or if a distribution of profits is foreseen, based on the current repatriation policy of the Group no incremental tax is expected to be paid.

Unremitted earnings of overseas subsidiaries at the balance sheet date totalled £102.8 million (2008: £91.3m).

At the balance sheet date, the Group had unused tax losses of £15.0 million (2008: £15.4m) available for offset against future profits. A deferred tax asset has been recognised of £0.6 million (2008: £2.0m) of such losses. No deferred tax asset has been recognised in respect of the remaining losses due to the unpredictability of future profit streams. £3.5 million (2008: £3.9m) of unrecognised tax losses may be carried forward indefinitely.

At the balance sheet date, the Group had surplus ACT of £6.5 million (2008: £6.5m) available to offset against future tax liabilities. A deferred tax asset has been recognised in respect of surplus ACT of £4.1 million (2008: £4.6m). No deferred tax asset has been recognised in relation to the remaining surplus ACT of £2.4 million (2008: £1.9m) due to uncertainty as to future ACT capacity.

9. Earnings per share

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

		2009	2008
Total earnings (£m)	a	**16.6**	11.5
Weighted average number of ordinary shares	b	**180,288,282**	180,121,808
Basic earnings per share (pence)	a/b	**9.2**	6.4

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

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

		2009	2008
Weighted average number of ordinary shares (million)	b	**180.3**	180.1
Effect of dilutive share options (million)		**0.2**	0.3
Effect of dilutive share awards (million)		**1.0**	1.1
Effect of dilutive SAYE scheme shares (million)		**–**	0.1
	c	**181.5**	181.6
Diluted earnings per share (pence)	a/c	**9.1**	6.3

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

		2009 £m	2008 £m
Earnings used to calculate basic and diluted EPS	a	**16.6**	11.5
Exceptional items after tax		**5.3**	2.9
Amortisation of intangible assets after tax		**1.3**	1.2
Earnings before exceptional items and amortisation of intangible assets	d	**23.2**	15.6
Adjusted basic earnings per share (pence)	d/b	**12.9**	8.7
Adjusted diluted earnings per share (pence)	d/c	**12.8**	8.6

10. Dividends

Amounts recognised as distributions to equity holders in the year:

	2009 £m	2008 £m
Final dividend for the year ended 30 June 2008 of 3.9p (2007: 3.9p)	**7.0**	7.0
Interim dividend for the year ended 30 June 2009 of 1.7p (2008: 1.7p)	**3.1**	3.1
	10.1	10.1
Proposed final dividend for the year ended 30 June 2009 of 4.3p (2008: 3.9p)	**7.7**	7.0

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included in these financial statements.

11. Goodwill

	2009 £m	2008 £m
Cost		
1 July	**36.0**	34.9
Exchange adjustment	**–**	1.1
Repayment of consideration paid	**(6.3)**	–
30 June	**29.7**	36.0

Goodwill has reduced following a return of consideration relating to a prior period acquisition.

Goodwill is not amortised but is tested for impairment on a value in use basis at least annually. To test for impairment cash flows are prepared based on the actual results for the current year, the budget and estimates by management of the pre-tax cash flows which are discounted for each cash generating unit. The pre-tax discount rate used, 10%, is based on the pre-tax group weighted average cost of capital of 10% (2008: 10%), which has been adjusted, where appropriate, for inflation, expected growth and appropriate risk factors. Assumptions used to calculate future cash flows are based on historic trends adjusted for external market information for specific product categories. Revenue growth and input cost inflation are, by their very nature in a consumer product industry, difficult to forecast. Estimates for growth, which are lower than those indicated by Euromonitor, are taken. Euromonitor is an independent external source producing market research data.

Euromonitor data indicates that Household products will, across the Group's principal markets, grow by an average of 1.5% per annum in the 5 years to 2013, with some markets increasing by as much as 2.5% per annum.

Value in Use calculations:
Aggregate carrying amounts of goodwill allocated to each cash generating unit (CGU) by segment are as follows:

	2009 £m	2008 £m
UK	**21.2**	27.5
Western Continental Europe	**7.0**	6.6
Eastern Continental Europe	**1.5**	1.9
30 June	**29.7**	36.0

Principal CGUs in UK are Darcy £3.8 million (2008: £3.8m), Sanmex Household liquids £6.4 million (2008: £6.4m) and Air care business £6.4 million (2008: £6.4m) and in Western Continental Europe, Dasty £6.7 million (2008: £6.2m).

Using the Dasty business as an example as it has the greatest impact from changes in sensitivities; the cash flows for this CGU were based on the latest budget for the financial year to June 2010 and for a further four years revenues were assumed to remain constant. Direct and indirect costs were inflated by 2.0% per annum and the cash flows were then discounted back at 10%. For the goodwill to suffer impairment either the discount rate would have to increase to 21% or volumes would have to reduce by 2% per annum for each of the four years.

Similarly for the combined Air care business the cash flows for this CGU were based on the latest budget for the financial year to June 2010 and a further four years were extrapolated using revenue growth rates based upon UK market data from Euromonitor (2.4% growth). Raw material costs were inflated by 2.3% per annum and direct and indirect costs were inflated by 1.5% per annum to reflect management's best estimate of short to long-term changes in input costs. The cash flows were then discounted back at 12% on management's estimate of the risk on specific product and geographic market of the CGU. For the goodwill to suffer impairment either the discount rate would have to increase to 45% or volumes would have to fall by 9% from the base assumptions.

The same approach has been applied to the other CGUs but the actual assumptions used were tailored to their specific circumstances. In the opinion of the directors, the assumptions or judgements used in determining the recoverable amount used in testing goodwill for impairment are unlikely to change in the foreseeable future so as to reduce the recoverable amount of any of the group of units indicated above below their carrying value.

12. Other intangible assets

	Patents, brands and trade marks £m	Computer software £m	Customer relationships £m	Total £m
Cost				
At 1 July 2007	0.6	0.3	6.6	7.5
Additions	–	0.1	–	0.1
Exchange movements	–	–	0.9	0.9
At 30 June 2008	0.6	0.4	7.5	8.5
Additions	–	–	–	**–**
Additions from acquisitions	1.0	–	–	**1.0**
Exchange movements	–	–	0.4	**0.4**
At 30 June 2009	**1.6**	**0.4**	**7.9**	**9.9**
Amortisation				
At 1 July 2007	0.3	–	0.4	0.7
Provided for in the year	0.1	0.1	1.4	1.6
Exchange movements	–	–	0.1	0.1
At 30 June 2008	0.4	0.1	1.9	2.4
Provided for in the year	0.1	0.1	1.5	**1.7**
Exchange movements	–	–	0.1	**0.1**
At 30 June 2009	**0.5**	**0.2**	**3.5**	**4.2**
Net book value				
At 30 June 2009	**1.1**	**0.2**	**4.4**	**5.7**
At 30 June 2008	0.2	0.3	5.6	6.1

13. Property, plant and equipment

	Land and buildings: Freehold £m	Land and buildings: Leasehold £m	Plant, machinery, computer equipment and motor vehicles £m	Payments on account and assets in the course of construction £m	Total £m
Cost					
At 1 July 2007	82.4	7.4	295.3	8.2	393.3
Exchange adjustments	8.9	0.9	26.5	0.2	36.5
Additions	0.9	0.1	11.5	13.7	26.2
Disposals	(0.1)	–	(1.3)	–	(1.4)
Transfers	0.2	–	14.1	(14.3)	–
At 30 June 2008	92.3	8.4	346.1	7.8	454.6
Exchange adjustments	3.1	0.5	10.8	(0.1)	**14.3**
Additions	0.5	–	15.5	4.5	**20.5**
Disposals	(1.2)	–	(4.1)	–	**(5.3)**
Transfers	–	–	0.1	(0.1)	**–**
At 30 June 2009	**94.7**	**8.9**	**368.4**	**12.1**	**484.1**
Depreciation					
At 1 July 2007	(20.6)	(0.8)	(207.6)	–	(229.0)
Exchange adjustments	(2.2)	0.1	(15.6)	–	(17.7)
Charge for the year	(1.8)	(0.1)	(19.9)	–	(21.8)
Disposals	–	–	1.2	–	1.2
At 30 June 2008	(24.6)	(0.8)	(241.9)	–	(267.3)
Exchange adjustments	(0.8)	–	(6.8)	–	**(7.6)**
Charge for the year	(2.0)	(0.1)	(21.7)	–	**(23.8)**
Disposals	0.4	–	3.4	–	**3.8**
At 30 June 2009	**(27.0)**	**(0.9)**	**(267.0)**	**–**	**(294.9)**
Net book value					
At 30 June 2009	**67.7**	**8.0**	**101.4**	**12.1**	**189.2**
At 30 June 2008	67.7	7.6	104.2	7.8	187.3

The net book value of finance leases included within land and buildings and plant, machinery, computer equipment and motor vehicles above was £6.9 million (2008: £7.4m) and the depreciation charge for the year was £0.8 million (2008: £0.8m).

14. Other non-current assets

Other non-current assets of £0.7 million (2008: £0.5m) consist of prepayments on leases of land and interest-free loans to the local government both in Western Continental Europe.

15. Inventories

	2009 £m	2008 £m
Raw materials, packaging and consumables	**32.7**	31.7
Finished goods and goods for resale	**35.3**	34.3
Total inventories	**68.0**	66.0

The cost of inventories recognised as an expense and included as cost of goods sold amounted to £459.8 million (2008: £411.8m).

The Group inventory provision recognised in cost of sales at 30 June 2009 was £2.1 million (2008: £0.4m).

During the year £0.9 million of provisions were utilised (2008: £0.3m).

The Group does not have any inventories pledged as security for liabilities.

16. Trade and other receivables

	2009 £m	2008 £m
Trade receivables	**124.2**	127.4
Other receivables	**4.4**	4.1
Forward contract assets	**0.2**	–
Prepayments and accrued income	**4.0**	3.8
Total receivables	**132.8**	135.3

Trade receivables have been reported in the balance sheet net of provisions as follows:

	2009 £m	2008 £m
Total trade receivables	**126.8**	129.5
Less: impairment provision for trade receivables	**(2.6)**	(2.1)
Net trade receivables per the balance sheet	**124.2**	127.4

The movements in the provision account are as follows:

	2009 £m	2008 £m
At 1 July	**2.1**	1.8
Charged to current year income statement	**5.7**	4.0
Reductions/releases	**(5.2)**	(3.7)
At 30 June	**2.6**	2.1

Impairment of trade receivables charged during the year is included as part of other operating expenses.

As at 30 June 2009, trade receivables of £8.1 million (2008: £9.4m) were past due but not impaired. These relate to a number of external parties where there is no expectation of default. The ageing analysis of these trade receivables is shown in the table below. Based on past experience the Group believes no impairment allowance is necessary in respect of trade receivables not past due.

	2009 £m	2008 £m
Not overdue	**116.1**	118.0
Past due less than one month	**7.8**	7.6
Between one and three months	**1.5**	1.5
Between three and six months	**0.4**	0.5
Over six months	**1.0**	1.9
	126.8	129.5

There is no material difference between the above amounts for trade and other receivables and their fair value, due to the short term duration of the majority of trade and other receivables.

The maximum amount of credit risk with respect to customers is represented by the carrying amount on the balance sheet. Credit terms for customers are determined in individual operating divisions, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors.

Trade receivables are predominantly denominated in the functional currency of the relevant Group company. Where significant balances arise in other currencies, the Group uses forward contracts to manage the exchange rate risk (see note 21).

17. Trade and other payables

	2009 £m	2008 £m
Trade payables	**133.3**	139.4
Other taxation and social security	**16.9**	13.8
Forward contract liabilities	**–**	0.4
Interest rate swaps	**2.6**	–
Other payables	**15.6**	11.2
Accruals and deferred income	**21.9**	18.5
Total payables	**190.3**	183.3

Trade payables are predominantly denominated in the functional currency of the relevant Group company. Where significant balances arise in other currencies, the Group uses forward contracts to manage the exchange rate risk (see note 21).

Notes to the Group financial statements
continued

18. Provisions

	Onerous contracts £m	Leasehold dilapidations £m	Redundancy/ termination £m	Other £m	Total £m
At 1 July 2007	1.6	1.5	0.2	0.3	3.6
Exchange adjustments	0.1	–	–	–	0.1
Provisions made during the year	–	–	3.1	(0.1)	3.0
Provisions utilised during the year	(1.7)	(0.2)	(2.9)	0.1	(4.7)
At 30 June 2008	–	1.3	0.4	0.3	2.0
Exchange adjustments	–	–	–	–	–
Provisions made during the year	1.0	0.2	4.5	0.4	**6.1**
Provisions utilised during the year	(0.3)	(0.9)	(3.5)	(0.6)	**(5.3)**
At 30 June 2009	**0.7**	**0.6**	**1.4**	**0.1**	**2.8**
Analysed as:					
Current	0.4	0.4	1.4	0.1	**2.3**
Non-current	0.3	0.2	–	–	**0.5**
Total	**0.7**	**0.6**	**1.4**	**0.1**	**2.8**

Onerous contracts
As part of a programme to configure its manufacturing capabilities in the UK, the Group announced the closure of its production facility in Coventry and the site at Warrington. £0.7 million relates to the remaining property lease obligations in respect of the facilities vacated and this amount will be incurred over the remainder of the lease terms.

Leasehold dilapidations
£0.2 million relates to dilapidation costs relating to the closed production facility at Coventry and £0.4 million relates to dilapidations and site clearance of a freehold and a leasehold taken on with the Darcy acquisition in 2007.

Redundancy/termination
The outstanding balance relates to the redundancy programmes in the UK and Western Continental Europe divisions made in the year to 30 June 2009.

Other
The other provisions relate primarily to training cost obligations in France.

For those provisions that have been discounted, the effect of unwinding the provision is not material.

19. Pensions and other post-employment benefits
The Group operates a number of pension schemes. Within the UK, it operates the Robert McBride Pension Fund (the Scheme), which is a final salary pension scheme, and also defined contribution schemes. Together these schemes cover most of the Group's UK employees. In addition, the Group operates a number of smaller pension and other post-employment schemes in Western Continental Europe that are devised in accordance with local conditions and practices in the countries concerned. The fair value of the Group's non-UK liabilities has been estimated to be £2.2 million (2008: £2.1m).

Financial summary

	2009 £m	2008 £m
Balance sheet		
Deficit on the Scheme (see tables below)	**16.7**	7.9
Deficit/provision on Western Continental Europe post-employment schemes	**2.2**	2.1
	18.9	10.0
Related deferred tax asset on the Scheme	**4.7**	2.2
Income statement expense		
Defined contribution schemes	**1.0**	1.0
Defined benefit schemes and post-employment schemes	**1.1**	1.0
Total amount charged to the income statement	**2.1**	2.0
Statement of recognised income and expense		
Amounts charged directly to equity	**(9.7)**	(2.0)

UK defined benefit scheme

In 2002 the Scheme was closed to new entrants and a new defined contribution scheme for UK employees was established.

The Scheme's assets are held in external funds administered by trustees and managed professionally. Regular assessments are carried out by independent actuaries and the long-term contribution rates decided on the basis of their recommendations.

The most recently completed triennial actuarial valuation of the Scheme was performed by an independent actuary for the trustee of the Scheme and was carried out as at 31 March 2006. The results of that valuation have been projected to 30 June 2009 and then updated based on the assumptions disclosed below. Following the valuation, the Group's ordinary contributions' rates increased with effect from the beginning of 2007 by between 0% and 10% of pensionable salaries across the various payrolls within the UK. In addition, the Group is currently making additional monthly contributions over and above the ordinary contributions. The Group agreed with the trustees that it will aim to eliminate the deficit by 2018 and that the Group will monitor funding levels on an annual basis. The next triennial valuation as at 31 March 2009 is currently in progress and is expected to be finalised in early 2010, which will include determining the contribution rates.

The expected rate of return on assets is the weighted average of the expected returns on each major category of asset at the balance sheet date. Bond returns are taken to be equal to the relevant gross redemption yields available. For equities and property, more judgement is required and it has been assumed that those assets will achieve a return of 3.5% above the gross redemption yield on long-term fixed interest government bonds. A deduction is made for the expected level of the Scheme's expenses.

Weighted average assumptions at the end of the period

	2009	2008
Discount rate	**6.5%**	6.5%
Expected return on plan assets	**6.6%**	8.1%
Future salary increases	**3.0%**	3.9%
Inflation rate	**3.3%**	3.9%
Future pension increases	**3.3%**	3.7%

Expected rate of return on plan assets

	2009	2008
Equities	**7.6%**	8.7%
Bonds	**5.2%**	5.9%
Property	**7.1%**	8.2%
Cash	**4.1%**	5.0%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice. Mortality rates used are based upon:

		Life expectancy at age 65 (years)	
	Mortality table	Male	Female
Future pensioners	PMA92 and PFA92 (projected to 2030)	20.5	23.4
Current pensioners	PMA92 and PFA92 (projected to 2017)	19.6	22.5

Sensitivity analysis for the principal assumptions used to measure the Scheme's liabilities shows how the measurement of the Scheme's liabilities would have been affected by changes in the relevant assumption at the balance sheet date. For the purposes of this disclosure all other assumptions are taken to be held constant.

The sensitivities regarding the principal assumptions used to measure the Scheme's liabilities are set out below:

Assumption	Change in assumption	Impact on liabilities	%
Discount rate	Increase by 0.5%	Decrease	9.4
Rate of inflation, salary growth and LPI (limited price indexation)	Increase by 0.5%	Increase	9.4
Rate of salary growth	Increase by 0.5%	Increase	2.8
Rate of mortality	Change in mortality table*	Increase	1.4

* If the death rates used are 112% for males and 118% for females of the '2000 series' standard tables, by year of birth, rather than the PA92 tables projected to 2030 for non-pensioners and 2017 for pensioners. These alternative projections allow for life expectancy to improve over time due to improvements in medical treatments and other lifestyle factors such that younger members who have not yet reached pensionable age are expected to live longer than current pensioner members.

19. Pensions and other post-employment benefits continued

Summary of plan assets at the end of the period

	2009 £m	2008 £m	2009 %	2008 %
Equities	**41.7**	48.7	**76**	77
Bonds	**10.1**	11.5	**18**	18
Property	**1.9**	2.7	**4**	4
Cash	**1.2**	0.9	**2**	1
Total	**54.9**	63.8	**100**	100

The Scheme has no investment in the Group's equity securities or in property used by the Group.

Charges on the basis of the assumptions above were:

	2009 £m	2008 £m
Charge to the Group income statement		
Current service cost	**1.4**	1.8
Amount charged to operating profit	**1.4**	1.8
Interest on pension liabilities (recognised in financial expense)	**4.6**	4.3
Expected return on scheme assets (recognised in financial income)	**(4.9)**	(5.1)
Amount credited to net financial costs	**(0.3)**	(0.8)
Total included within staff/finance costs	**1.1**	1.0
(Charge)/credit to the Group statement of recognised income and expense before taxation		
Actual return less expected return on pension scheme assets	**(13.8)**	(8.4)
Experience gains and losses arising on scheme liabilities	**4.1**	6.4
	(9.7)	(2.0)

The cumulative recognised actuarial gains and losses for the Scheme is £9.6 million loss (2008: £0.1m gain).

Fair value of assets and liabilities of the Scheme

The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Scheme's liabilities were:

	2009 £m	2008 £m
Movement in plan assets		
At 1 July	**63.8**	66.0
Expected return on plan assets	**4.8**	5.1
Actuarial losses	**(13.8)**	(8.4)
Employer contributions	**2.0**	2.3
Plan participants' contributions	**0.7**	0.7
Benefits paid	**(2.6)**	(1.9)
At 30 June	**54.9**	63.8
Movement in benefit obligation		
At 1 July	**71.7**	73.2
Service cost	**1.3**	1.8
Interest cost	**4.6**	4.3
Plan participants' contributions	**0.7**	0.7
Actuarial (gains)/losses	**(4.1)**	(6.4)
Benefits paid	**(2.6)**	(1.9)
At 30 June	**71.6**	71.7
Market value of the Scheme's assets	**54.9**	63.8
Present value of the Scheme's obligations	**(71.6)**	(71.7)
Deficit in the Scheme	**(16.7)**	(7.9)
Related deferred tax asset	**4.7**	2.2
	(12.0)	(5.7)
Analysed as:		
Non-current asset	**4.7**	2.2
Non-current liability	**(16.7)**	(7.9)
	(12.0)	(5.7)
Actual return on Scheme assets	**(9.0)**	(3.2)

History of experience gains and losses

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Present value of the Scheme obligations	**(71.6)**	(71.7)	(73.2)	(69.2)	(59.0)
Fair value of the Scheme assets	**54.9**	63.8	66.0	56.9	47.8
Deficit in the Scheme	**(16.7)**	(7.9)	(7.2)	(12.3)	(11.2)
Difference between expected and actual return on the Scheme's assets:					
Amount	**(13.8)**	(8.4)	4.1	5.8	3.8
Percentage of the Scheme's assets	**(25.1%)**	(13.2%)	6.2%	10.2%	7.9%
Experience gains and losses on the Scheme's liabilities:					
Amount	**4.1**	6.4	0.5	(6.7)	(5.4)
Percentage of the present value of the Scheme's liabilities	**(5.7%)**	(8.9%)	(0.7%)	9.7%	9.2%
Total amount recognised in the statement of recognised income and expense:					
Amount	**(9.7)**	(2.0)	4.6	(0.9)	(1.6)
Percentage of the present value of the Scheme's liabilities	**13.5%**	2.8%	(6.3%)	1.3%	2.7%

Expected employer contributions for 2010 are estimated to be £2.1 million.

20. Interest bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

Non-current liabilities

	2009 £m	2008 £m
Unsecured bank loans	**58.3**	82.1
Finance lease liabilities	**0.4**	1.1
	58.7	83.2

Current liabilities

	2009 £m	2008 £m
Overdrafts	**13.1**	7.8
Unsecured bank loans	**0.1**	0.1
Invoice selling facility	**12.6**	15.7
Current portion of finance lease liabilities	**0.7**	0.9
	26.5	24.5
Total borrowings	**85.2**	107.7

Bank loans and overdrafts are repayable as follows:

	2009 £m	2008 £m
Less than one year	**13.2**	7.9
Between one and two years	**57.9**	0.1
Between two and five years	**0.4**	81.7
More than five years	**–**	0.3
Total repayable	**71.5**	90.0

Finance lease liabilities

	2009			2008		
	Minimum payments £m	Finance charge £m	Present value £m	Minimum payments £m	Finance charge £m	Present value £m
Less than one year	**0.8**	**0.1**	**0.7**	1.0	0.1	0.9
Between one and five years	**0.4**	**–**	**0.4**	1.2	0.1	1.1
	1.2	**0.1**	**1.1**	2.2	0.2	2.0

Material leases relate to land and buildings at Rosporden, France, with the option to buy them for a consideration of €1 at the end of the lease on 1 January 2011 and for plant and equipment at Bergamo where the option to buy is 1% (£31,000) of initial cost.

Contents
Overview of the year
Business review
Our governance
The figures

Notes to the Group financial statements
continued

21. Financial instruments and treasury risk management

Exposures to credit, interest rate and currency risk arise in the normal course of the Group's business. Risk management policies and hedging activities are outlined below. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates in accordance with Group policy.

Credit risk

Trading exposures are monitored and managed by operational companies against agreed policy levels. Credit insurance is employed where it is considered to be cost effective. Financial exposures are incurred only with financial institutions appointed as Group company bankers and approved at Group level.

At the balance sheet date there were no significant concentrations of credit risk. The majority of the trade receivables exposure is in the UK and Euro zone with retail customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Impairment losses on trade receivables have been disclosed in note 16.

Interest rate risk

Hedging

The Group is exposed to changes in prevailing interest rates on its primarily floating-rate debt. At 30 June 2009, the Group had partially covered this risk with interest rate swaps, which had the effect of fixing the rate on a notional principal debt amount of €60 million (2008: €30m). The Group classifies such swaps as cash flow hedges and states them at fair value, which amounted to £2.6 million loss (2008: £nil).

Foreign currency risk

The Group is exposed to foreign currency transaction and translation risks.

Transaction risk arises on sales and purchases denominated in currencies other than the respective functional currency of each Group company. The magnitude of this exposure is relatively low, because the substantial majority of our sales and purchases are denominated in functional currency.

The Group's policy is to fully hedge such exposures as soon as they become committed. In addition, Group companies are required to hedge a proportion of their highly probable forecast exposures, on a rolling 12-month basis. The Group hedges these exposures using outright forward currency contracts.

For accounting purposes the Group classifies its forward exchange contracts hedging firm commitments and forecasted transactions as cash flow hedges where they meet the hedge accounting criteria and they are recorded at fair value. The fair value of forward exchange contracts used as hedges of firm commitments and forecasted transactions at 30 June 2009 was a loss of £0.6 million (2008: £0.6m loss) and was recognised on balance sheet within other payables and non-trade receivables. During the year £0.5 million (2008: £nil) of fair value net gain was recorded in the income statement. The cash flows for the forward contracts are expected to occur within the next financial year, at the same time as the underlying forecasted transactions.

Translation risk arises at the consolidated Group level, on earnings and net assets denominated in currencies other than Pounds Sterling. The Group's policy is to hedge a substantial proportion of overseas net assets, using foreign currency borrowings and swaps, in order to mitigate the risk of volatility in reported net assets and key financial ratios as a result of exchange rate fluctuations. The interest on these foreign currency borrowings and swaps provides a natural hedge of the translation exposure on our earnings denominated in the same currencies, and this cover is supplemented by the purchase of exchange rate options when cost-effective.

Euro and Zloty forward contracts were designated as hedges of the Group's investments in its subsidiaries in the Euro zone and Poland. The notional value of these contracts at 30 June 2009 were €17.0 million (2008: €36.6m) and Zloty 54.0 million (2008: Zloty 42.0m). A foreign exchange gain of £0.2 million (2008: £11.9m loss) was recognised in equity on the contracts.

Foreign currency risk exposure may also arise on financial assets and liabilities. Group policy allows for such currency exposure to be economically hedged with forward contracts.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of 'net financing costs' (see note 6).

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings.

Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on future consolidated earnings.

For the financial period to 30 June 2009 it is estimated that a general increase by 100 basis points in interest rates would have decreased the Group's profit before tax by approximately £0.8 million (2008: £0.9m), excluding the impact of the interest rate swaps. Including the swaps reduces the impact on profit before tax to £0.3 million (2008: £0.7m).

It is estimated that a general increase of 10 percentage points in the value of the Pound Sterling against other foreign currencies would have decreased the Group's profit before tax by £1.8 million for the year ended 30 June 2009 (2008: £0.7m) assuming all other variables remained constant.

Interest rate risk management quantification

This table analyses the currency and interest rate composition of the Group's financial assets and liabilities excluding short-term trade receivables and payables as they are not normally subject to any interest rate risk as they are non-interest bearing, except in certain instances where the terms of payment are not adhered to.

2009	Period in which interest rate reprices	Euro £m	Sterling £m	Other Currencies £m	Impact of Euro interest rate swap £m	**Total carrying value 2009 £m**
Financial liabilities						
Fixed rate	Less than one year	(0.7)	–	–	–	**(0.7)**
	Between one and two years	(0.3)	–	(0.1)	(12.8)	**(13.2)**
	Between two and five years	–	–	–	(38.3)	**(38.3)**
Floating rate	Less than one year	(11.8)	(14.0)	–	–	**(25.8)**
	Between one and two years	(57.9)	–	–	51.1	**(6.8)**
	Between two and five years	(0.4)	–	–	–	**(0.4)**
	Due after five years	–	–	–	–	**–**
Non-interest bearing		–	–	–	–	**–**
		(71.1)	(14.0)	(0.1)	0.0	**(85.2)**
Currency swaps	Less than six months	(14.5)	25.4	(10.9)	–	**–**
Total financial liabilities		(85.6)	11.4	(11.0)	0.0	**(85.2)**
Financial assets:						
Floating rate		0.6	–	2.2	–	**2.8**
Total financial assets		0.6	–	2.2	–	**2.8**
Net financial (liabilities)/assets		**(85.0)**	**11.4**	**(8.8)**	**0.0**	**(82.4)**

2008	Period in which interest rate reprices	Euro £m	Sterling £m	Other Currencies £m	Impact of Euro interest rate swaps £m	Total carrying value 2008 £m
Financial liabilities:						
Fixed rate	Less than one year	(0.8)	–	(0.1)	–	(0.9)
	Between one and two years	(0.6)	–	(0.1)	–	(0.7)
	Between two and five years	(0.3)	–	(0.1)	–	(0.4)
	Due after five years	–	–	–	(23.7)	(23.7)
Floating rate	Less than six months	(2.5)	(20.2)	(0.9)	–	(23.6)
	Between one and two years	(0.1)	–	–	–	(0.1)
	Between two and five years	(70.7)	(11.0)	–	23.7	(58.0)
	Due after five years	(0.3)	–	–	–	(0.3)
Non-interest bearing		–	–	–	–	–
		(75.3)	(31.2)	(1.2)	–	(107.7)
Currency swaps	Less than six months	(32.2)	36.1	(3.9)	–	–
Total financial liabilities		(107.5)	4.9	(5.1)	–	(107.7)
Financial assets:						
Floating rate		2.7	0.7	1.0	–	4.4
Total financial assets		2.7	0.7	1.0	–	4.4
Net financial (liabilities)/assets		(104.8)	5.6	4.1	–	(103.3)

Floating rate financial liabilities bear interest based on base rates and short-term interbank rates (predominantly LIBOR, EURIBOR and some EONIA).

Fixed rate borrowings relate to finance leases, which have weighted average interest rates between 3% and 7% (2008: 3% and 7%), and the impact of the €60 million (2008: €30m) interest rate swaps from LIBOR to 3.88% (2008: 4.96%). The Euro interest rate swaps will mature as follows; €15 million in 2010, €30 million in 2013 and €15 million in 2014.

The currency swaps reflect the currency in which the interest is borne.

Notes to the Group financial statements
continued

21. Financial instruments and treasury risk management continued

Liquidity risk management

The Group has a £150 million revolving credit facility, which is provided by four major banks and remains committed until February 2011. The Group is required to comply with certain undertakings which are typical for unsecured borrowing facilities. These include financial covenants regarding interest cover and debt cover, as these ratios are defined in the facility agreement. The Group was fully compliant with all such undertakings and covenants at 30 June 2009. Further liquidity is provided by a UK sales invoice selling facility, which amounted to £25 million at 30 June 2009 (2008: £18m) and is also committed until February 2011.

The amount unutilised in the revolving credit facility at the year end was £90.8 million (2008: £68.6m).

The maturity profile of the Group's financial liabilities, excluding short-term creditors such as trade payables and accruals, which form part of the Group's day to day operating cycle, is disclosed in note 20. Maturity of all short term trade payables and forward contracts are less than one year.

Fair value disclosure

Fair value of financial assets and liabilities	2009 Book value £m	2009 Fair value £m	2008 Book value £m	2008 Fair value £m
Bank loans, overdrafts and other loans	**(84.1)**	**(84.1)**	(105.7)	(105.7)
Finance lease liabilities	**(1.1)**	**(1.1)**	(2.0)	(2.0)
Total gross borrowings	**(85.2)**	**(85.2)**	(107.7)	(107.7)
Cash and cash equivalents	**2.8**	**2.8**	4.4	4.4
Total net borrowings	**(82.4)**	**(82.4)**	(103.3)	(103.3)
Forward exchange contracts	**0.2**	**0.2**	(0.4)	(0.4)
Interest rate swaps	**(2.6)**	**(2.6)**	–	–
Trade and other payables	**(170.8)**	**(170.8)**	(169.1)	(169.1)
Trade receivables	**124.2**	**124.2**	127.4	127.4
Total	**(131.4)**	**(131.4)**	(145.4)	(145.4)

The fair values of the forward contracts are estimated from market forward exchange rates on 30 June 2009. All contracts mature within one year. The fair values of borrowings are reported at book value as they are all at short term to reset.

Notional value of forward contracts	2009 £m	2008 £m
Euros purchased	**33.5**	27.1
US$s purchased	**2.3**	0.8
Euros sold	**(24.7)**	(28.9)
Polish Zlotys sold	**(10.3)**	(9.9)
Hungarian Forints Sold	**(0.6)**	–
Sterling purchased	**0.1**	0.5
	0.3	(10.4)

Currency risk management – monetary assets and liabilities

The Group's buying and selling activities occur mainly within the same currency zones, so there is relatively little trading exposure. The Group's policy is to cover any such currency exposure. The table below is required to show net exposure by business area. The Group's policy is to endeavour to cover exposures in the business area in which they arise. However, exceptions are permitted where it is commercially advantageous to differ.

The net monetary liabilities that are not denominated in their functional currency and not covered by hedging instruments are shown below. Gains and losses arising from these exposures will be recognised in the income statement.

2009	Sterling £m	Euro £m	Zloty £m	**Total £m**
Euro-zone countries	–	–	–	**–**
Other	–	–	–	**–**
Total	**–**	**–**	**–**	**–**

2008	Sterling £m	Euro £m	Zloty £m	Total £m
Euro-zone countries	(1.5)	–	–	(1.5)
Other	(1.2)	(1.1)	–	(2.3)
Total	(2.7)	(1.1)	–	(3.8)

Currency risk management – net asset exposure

As indicated on page 20, it is the objective of the Group to minimise currency risk by hedging its currency exposure.

The Group operates significant businesses in Continental Europe, denominated in Euros and other European currencies. The Group has exposure to movements in exchange rates on net assets. In order to hedge these exposures the Group arranges foreign currency funding, both internal and external, and uses forward contracts to hedge part of the remaining net exposure to foreign currency assets in line with Group policy. The net asset exposure and the effect of the rolling forward contracts is shown below.

Impact of forward contracts on net assets currency exposure

2009	Net assets before hedging £m	Forward contracts £m	**Net assets after hedging £m**
Sterling	61.7	25.4	**87.1**
Euro-zone currencies	44.8	(14.5)	**30.3**
Poland and other	12.9	(10.9)	**2.0**
Total net assets	**119.4**	**–**	**119.4**

2008	Net assets before hedging £m	Forward contracts £m	Net assets after hedging £m
Sterling	59.2	39.0	98.2
Euro-zone currencies	44.7	(29.0)	15.7
Poland and other	15.0	(10.0)	5.0
Total net assets	118.9	–	118.9

Capital risk management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to manage the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders and issue new shares or buy back existing shares.

The Group is committed to maintaining a debt/equity capital structure that is sufficiently robust so as to ensure continued access to a broad range of financing sources and thus be able to maintain sufficient flexibility to pursue commercial opportunities. To enable this the Group monitors a range of financial measures including net debt, net interest cover, debt cover and gearing.

22. Share capital

	Authorised		Allotted, called up and fully paid	
	Number	£m	Number	£m
Ordinary shares of 10 pence each				
At 1 July 2008	500,000,000	50.0	180,288,282	18.0
At 30 June 2009	**500,000,000**	**50.0**	**180,288,282**	**18.0**

At 30 June 2009 and 30 June 2008 a total of 752,019 Treasury Shares (£75,202 nominal value) were held to satisfy future exercises of employee share options.

Ordinary shares carry full voting rights and are entitled to attend Company meetings and to receive dividends (see page 40).

23. Employee share schemes

Share options

The table below lists out share option schemes existing between 30 June 2008 and 30 June 2009:

Option type	2008 Option number	Options granted in the year number	Options exercised during year	Weighted average share price (£)	Options cancelled/ lapsed during year	**2009 Option number**	**2009 Exercisable number**	Option exercise price (£)	Earliest exercise date	Expiry date
1995 International Executive Share Option Scheme	273,504	–	–	–	–	**273,504**	**273,504**	0.585	24 Sept 2005	24 Sept 2012
2002 Unapproved Discretionary Share Option Scheme	236,111	–	–	–	–	**236,111**	**236,111**	0.72	16 Dec 2005	16 Dec 2012
2009 Savings Related Share Option Scheme	–	3,956,122	–	0.47	(28,490)	**3,927,632**	**–**	0.935	30 Mar 2012	29 Sept 2012
	509,615	3,956,122			(28,490)	**4,437,247**	**509,615**			

Please refer to page 47 for further details on the options above.

McBride Long-Term Incentive Plan (LTIP)

The Group operates a performance based LTIP, comprising both equity-settled and cash-settled awards with a three year vesting period, for senior executives. The percentage of the award vesting is dependent on the performance of the Group against the following criteria:

Total shareholder return (TSR): 50% of the award relates to comparing the TSR of McBride shares with the TSR of the companies in the FTSE 250 Ex. Investment Companies Index (see page 48).

Earnings per share (EPS): 50% of the award relates to comparing the EPS growth of the Group with movements in the retail price index (see page 48).

Fair values of awards granted in 2008 and 2009

The following assumptions were used to determine the fair value of the LTIPs using a variant of the Monte Carlo pricing model:

	2009	2008
Risk-free interest rate	**4.3%**	4.9%
Discounted share price on grant date (pence)	**102.81p**	171.50p
Dividend yield on stock	**3.2%**	3.2%
Dividend yield on index	**5.5%**	2.1%
Volatility for stock	**39.0%**	23.0%
Volatility for index	**21.0%**	15.0%
Expected life of LTIPs	**3 years**	3 years

Expected volatility was determined based on weekly information and over a weighted 3-year period where the annualised standard deviation of the weekly log-normal returns is calculated.

	Number of awards granted	Weighted fair value (pence)
Issued in the year ended 30 June 2009 – outstanding and not exercisable	**1,652,602**	**79.7**
Issued in the year ended 30 June 2008 – outstanding and not exercisable	746,398	122.3

The Company recognised total expenses of £0.5 million relating to share-based transactions in 2009 (2008: £nil), of which £0.4 million (2008: £nil) related to equity-settled share-based transactions, and £0.1 million to cash-settled share-based transactions (2008: £nil). For the LTIP award granted during the year ended 30 June 2007, 91,490 shares relating to the TSR element of the award will vest having met the performance criteria. At 30 June 2009, 207,382 shares relating to subsequent grants have lapsed.

24. Reconciliation of movement in equity and reserves

	Issued share capital £m	Share premium account £m	Cash flow hedge reserve £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Total equity and reserves £m
At 1 July 2007	17.8	141.8	(0.2)	(0.5)	0.5	(39.1)	120.3
Profit for the year	–	–	–	–	–	11.5	11.5
Movement in cash flow hedge	–	–	(0.4)	–	–	–	(0.4)
Foreign exchange translation differences	–	–	–	19.8	–	–	19.8
Net loss on hedge of net investment in foreign subsidiaries	–	–	–	(18.9)	–	–	(18.9)
Own shares acquired and held as Treasury shares	(0.1)	–	–	–	–	(1.3)	(1.4)
Shares issued to satisfy employee share option exercises	0.3	1.2	–	–	–	–	1.5
Actuarial loss	–	–	–	–	–	(2.0)	(2.0)
Equity dividends	–	–	–	–	–	(10.1)	(10.1)
Tax on share options taken directly to equity	–	–	–	–	–	(2.0)	(2.0)
Tax on items taken directly to equity	–	–	–	–	–	0.6	0.6
At 30 June 2008	18.0	143.0	(0.6)	0.4	0.5	(42.4)	118.9
Profit for the year	–	–	–	–	–	16.6	**16.6**
Employee share scheme	–	–	–	–	–	0.4	**0.4**
Additional amounts received relating to issue of shares	–	0.5	–	–	–	–	**0.5**
Movement in cash flow hedge	–	–	(2.9)	–	–	–	**(2.9)**
Foreign exchange translation differences	–	–	–	6.9	–	–	**6.9**
Net loss on hedge of net investment in foreign subsidiaries	–	–	–	(6.4)	–	–	**(6.4)**
Actuarial loss	–	–	–	–	–	(9.7)	**(9.7)**
Equity dividends	–	–	–	–	–	(10.1)	**(10.1)**
Tax on items taken directly to equity	–	–	–	–	–	4.3	**4.3**
At 30 June 2009	**18.0**	**143.5**	**(3.5)**	**0.9**	**0.5**	**(40.9)**	**118.5**

The number of Treasury shares held at 30 June 2009 was 752,019 (2008: 752,019).

During the year the Company received a VAT refund of £0.5 million in relation to the listing of the Company's shares on the London Stock Exchange in July 1995. This receipt represents additional proceeds from the issuance of share capital and accordingly the share premium account has been increased by £0.5 million.

Cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to transactions that have not occurred.

Translation reserve includes cumulative exchange differences arising from the translation of foreign subsidiaries into Sterling.

Other reserves includes the capital redemption reserve.

25. Employee numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2009	2008
Operations	**4,257**	4,345
Sales and marketing	**306**	282
Finance and administration	**442**	497
Total full-time equivalent employees	**5,005**	5,124

	2009 £m	2008 £m
The aggregate payroll costs were:		
Wages and salaries	**123.6**	111.4
Share scheme costs	**0.5**	–
Social security costs	**24.7**	20.8
Pension costs	**2.4**	2.8
Total payroll costs	**151.2**	135.0

Pension costs include the current service costs for defined benefit schemes and payments to defined contribution schemes but exclude defined benefit scheme costs included within net financing costs.

26. Net debt

	2008 £m	Cash flow £m	New finance leases £m	Exchange movement £m	2009 £m
Cash and cash equivalents per the balance sheet	4.4	(1.6)	–	–	**2.8**
Overdrafts	(7.8)	(7.5)	–	2.2	**(13.1)**
Cash and cash equivalents per the cash flow statement	(3.4)	(9.1)	–	2.2	**(10.3)**
Debt: Due after one year	(82.1)	30.6	–	(6.8)	**(58.3)**
Debt: Due within one year	(15.8)	3.1	–	–	**(12.7)**
Finance leases	(2.0)	0.9	–	–	**(1.1)**
Net debt	(103.3)	25.5	–	(4.6)	**(82.4)**

	2007 £m	Cash flow £m	New finance leases £m	Exchange movement £m	2008 £m
Cash and cash equivalents per the balance sheet	6.6	(3.1)	–	0.9	4.4
Overdrafts	(7.6)	0.4	–	(0.6)	(7.8)
Cash and cash equivalents per the cash flow statement	(1.0)	(2.7)	–	0.3	(3.4)
Debt: Due after one year	(76.2)	2.2	–	(8.1)	(82.1)
Debt: Due within one year	(1.5)	(14.5)	–	0.2	(15.8)
Finance leases	(2.2)	0.9	(0.2)	(0.5)	(2.0)
Net debt	(80.9)	(14.1)	(0.2)	(8.1)	(103.3)

27. Commitments

	2009 £m	2008 £m
Capital expenditure		
Contracted but not provided	**2.7**	4.1

Operating leases

Total payments under operating leases analysed over periods when the leases expire are as follows:

Total operating leases	2009 £m	2008 £m
Within one year	**4.4**	2.0
In the second to fifth years inclusive	**10.0**	7.9
After five years	**7.2**	7.5
	21.6	17.4

Leases of land and buildings which expire	2009 £m	2008 £m
Within one year	**1.3**	1.0
In the second to fifth years inclusive	**3.5**	3.3
After five years	**7.0**	7.5
	11.8	11.8

Other leases which expire	2009 £m	2008 £m
Within one year	**3.1**	1.0
In the second to fifth years inclusive	**6.5**	4.6
After five years	**0.2**	–
	9.8	5.6

Other operating leases related mainly to plant and equipment.

Company balance sheet
at 30 June 2009

	Note	2009 £m	2008 £m
Fixed assets			
Tangible assets	3	**0.3**	0.4
Investments	4	**155.3**	155.0
		155.6	155.4
Debtors: Amounts falling due within one year	5	**155.3**	145.2
Creditors: Amounts falling due within one year	6	**(60.8)**	(28.3)
Net current assets		**94.5**	116.9
Total assets less current liabilities		**250.1**	272.3
Creditors: Amounts falling due after more than one year	7	**(57.7)**	(81.5)
Net assets		**192.4**	190.8
Capital and reserves			
Called up share capital	8	**18.0**	18.0
Share premium account	9	**143.5**	143.0
Capital redemption reserve	9	**0.5**	0.5
Profit and loss account	9	**30.4**	29.3
Total equity and reserves		**192.4**	190.8

These financial statements were approved by the Board of Directors on 2 September 2009 and were signed on its behalf by:

M W Roberts
Director

Notes to the Company financial statements

1. Significant accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP) and law.

Under Financial Reporting Standard 1, the Company is exempt from the preparation of a cash flow statement on the grounds that it is included within the consolidated accounts.

Under Financial Reporting Standard 8, Related Party Disclosures, the Company is exempt from disclosing related party transactions with entities that are part of the Group.

Under Financial Reporting Standard 29, Financial Instruments: Disclosures, the Company is exempt from publishing financial instruments disclosures on the grounds that they are included within the consolidated accounts.

Changes in accounting policies

The Company has adopted the following amended Financial Reporting Standards during the year. Adoption of these revised standards did not have any effect on the financial statements of the Company:

FRS 17 Retirement Benefits
FRS 26 Financial Instruments: Recognition and Measurement

The principal accounting policies are summarised below.

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less any provision for impairment. For investments in subsidiaries acquired for consideration, including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

Tangible fixed assets

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment (including software)	– 3 to 5 years
Furniture and fittings	– 8 to 10 years

Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating leases are charged to the profit and loss account on a straight line basis over the life of the operating lease.

Share-based payments

Where a parent company grants rights to equity instruments to employees of a subsidiary and such share-based compensation is accounted for as equity-settled in the consolidated financial statements of the parent, the subsidiary is required to record an expense for such compensation in accordance with FRS 20, Share-based payments, with a corresponding increase recognised in equity as a contribution from the parent. Consequently, the Company has recognised an addition to fixed asset investments of the aggregate amount of these contributions of £0.3 million (2008: £nil) with a credit to equity for the same amount.

Contingent liabilities

When the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2. Profit for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year ended 30 June 2009 of £10.9 million (2008: £14.1m). Fees payable to the Company's auditors for the audit of the Company's annual accounts were £0.1 million (2008: £0.1m). Fees payable to the Company's auditors for services relating to tax were £nil (2008: £0.1m). The Company had no employees for the year ended 30 June 2009 (2008: £nil).

The financial statements of the Group are required to give non-audit fee disclosures required by regulation.

3. Tangible fixed assets

During the year ended 30 June 2009, there were no additions to the Company's tangible fixed assets relating to furniture and fittings (2008: £0.3m). At 30 June 2009, the Company had tangible fixed assets relating to furniture and fittings of £0.3 million (2008: £0.3m) and computer equipment of £nil (2008: £0.1m).

4. Investments

	£m
Shares in subsidiary undertakings at cost	
At 30 June 2008	155.0
Equity granted to employees of subsidiaries	0.3
At 30 June 2009	**155.3**

Set out below are the principal subsidiary undertakings of the Company whose results are included in the consolidated financial statements as at 30 June 2009. The country of incorporation is also the principal country of operation.

The main business activity of the major operating subsidiaries involves the manufacture and distribution of Household and Personal Care products. A full list of subsidiaries is filed with the Registrar of Companies.

Notes to the Company financial statements
continued

Company	Ownership	Country of incorporation
Trading subsidiaries	(ordinary shares)	
Robert McBride Limited*	100%	England
Darcy Limited	100%	England
Darcy Bolton Property Limited	100%	England
McBride S.A.	100%	Belgium
McBride Zhongshan Limited	100%	China
McBride S.r.o.	100%	Czech Republic
McBride S.A.S.	100%	France
Problanc S.A.S.	100%	France
Vitherm S.A.S.	100%	France
Chemolux GmbH	100%	Germany
McBride Hungary Kft	100%	Hungary
McBride S.p.A.	100%	Italy
Dasty Italia S.p.A.	100%	Italy
Chemolux S.a.r.l.	100%	Luxembourg
McBride B.V.	100%	Netherlands
Intersilesia McBride Polska Sp. Z.o.o.	100%	Poland
OOO McBride Russia	100%	Russia
McBride S.A.U.	100%	Spain
Investment companies		
McBride Holdings Limited*	100%	England
McBride CE Holdings Limited	100%	England
McBride Hong Kong Holdings Limited	100%	Hong Kong

* These companies are directly owned subsidiary undertakings of McBride plc ('the Company') with McBride Holdings Limited 100.0% owned and Robert McBride Limited 57.7% owned by the Company.

5. Debtors: amounts falling due within one year

	2009 £m	2008 £m
Amounts owed by Group undertakings	**151.9**	143.0
Forward contract assets	**0.2**	–
Other debtors	**3.0**	1.7
Prepayments and accrued income	**0.2**	0.5
Total debtors	**155.3**	145.2

6. Creditors: amounts falling due within one year

	2009 £m	2008 £m
Bank overdrafts (unsecured)	**0.1**	0.4
Interest rate swaps	**2.6**	–
Other creditors	**0.3**	0.4
Amounts owed to Group undertakings	**56.1**	26.6
Accruals and deferred income	**1.7**	0.9
Total creditors	**60.8**	28.3

7. Creditors: amounts falling after more than one year

	2009 £m	2008 £m
Bank loans	**57.7**	81.5

8. Called up share capital

	Authorised Number	£m	Allotted, called up and fully paid Number	£m
Ordinary shares of 10 pence each				
At 1 July 2008 and at 30 June 2009	**500,000,000**	**50.0**	**180,288,282**	**18.0**

9. Movement on reserves

	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m
At 1 July 2008	143.0	0.5	29.2
Retained profit for the year	–	–	0.8
Equity granted to employees of subsidiaries	–	–	0.3
Additional amounts received relating to issue of shares	0.5	–	–
At 30 June 2009	**143.5**	**0.5**	**30.3**

During the year the Company received a VAT refund of £0.5 million in relation to the listing of the Company's shares on the London Stock Exchange in July 1995. This receipt represents additional proceeds from the issuance of share capital and accordingly the share premium account has been increased by £0.5 million.

Own shares (held as Treasury shares)

	Number	£m
Ordinary shares of 10 pence each		
At 30 June 2008 and 30 June 2009	**752,019**	**0.1**

Own shares are included within the profit and loss account reserve.

10. Guarantees

The Company has guaranteed the loans and debt of certain subsidiaries up to £10.3 million (2008: £13.0m).

11. Share-based payments

The Company has no employees. Shares in the Company have been granted to employees of the Group as part of the share-based payment plans and recharged to the employing company on the basis of the actual cost as calculated by the number of employees benefiting from any share issue.

12. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

Leases of land and buildings which expire	2009 £m	2008 £m
Within one year	**–**	–
In two to five years	**0.3**	0.3
In over five years	**–**	–
	0.3	0.3

Useful information for shareholders

Company's registered office
28th Floor
Centre Point
103 New Oxford Street
London
WC1A 1DD
Telephone: 020 7539 7850
Facsimile: 020 7539 7855

Auditors
KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB

Financial adviser and broker
Investec
2 Gresham Street
London EC2V 7QP

Principal bankers
Barclays Bank PLC
Eastern Region Corporate Business Centre
Eagle Point
1 Capability Green
Luton LU1 3US

Fortis Bank S.A./N.V.
5 Aldermanbury Square
London EC2V 7HR

KBC Bank N.V.
5th Floor
111 Old Broad Street
London EC2N 1BR

HSBC Bank plc
Level 6
Metropolitan House, CBX3
321 Avebury Boulevard
Milton Keynes MK9 2GA

Registrars
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 6ZY
Telephone: 0870 707 1136
Email: web.queries@computershare.co.uk
Website: **www.computershare.com**

Financial public relations advisers
Financial Dynamics
Holborn Gate
26 Southampton Buildings
London WC2A 1PB

Financial calendar
Next key dates for shareholders
2008-09 final dividend

Ex-dividend date	21 October 2009
Record date	23 October 2009
Final dividend payable	27 November 2009
Annual General Meeting (Centre Point, London)	26 October 2009
2009-10 Q1 interim management statement	26 October 2009

Other dates

2009-10 half year-end	31 December 2009
2009-10 H1 trading statement	January 2010*
2009-10 interim results announcement	February 2010*
2009-10 interim report circulated	February 2010*
2009-10 Q3 interim management statement	April 2010*
2009-10 interim dividend payable	May 2010*
2009-10 year-end	30 June 2010
2009-10 full year trading statement	July 2010*
2009-10 annual results announcement	September 2010*
2009-10 final dividend payable	November 2010*

* These dates are provisional and may be subject to change.

Dividend payments
Shareholders may choose to have dividends paid directly into their bank or building society account. This benefits shareholders as the dividend is paid into their account, as cleared funds, on the date the payment is due. Confirmation of payment is contained in a dividend tax voucher which is posted to shareholders' registered addresses at the time of payment. This voucher should be kept safely for future reference.

Shareholders who wish to benefit from this service should complete a dividend mandate form, which can be found attached to the last dividend warrant. Alternatively, the required documentation can be obtained by contacting McBride's registrar using one of the methods outlined below in the section entitled 'Shareholder queries'.

Shareholder queries
Shareholders who change address, lose their share certificates, wish to amalgamate multiple shareholdings to avoid receiving duplicate documentation, want to have dividends paid directly into their bank account or otherwise have a query or require information relating to their shareholding should contact the company's registrar.

This can be done by writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. Alternatively, shareholders can contact Computershare on the dedicated McBride shareholder information telephone line: 0870 707 1136 or email their enquiry to web.queries@computershare.co.uk, indicating they are a McBride shareholder.

Shareholders are also able to access and amend details of their shareholding (such as address and dividend payment instructions) over the internet, subject to passing an identity check, via the registrar's website at **www.computershare.com**

Electronic communications

Shareholders are now able to register to receive communications from McBride electronically. This service enables shareholders to tailor their communication requirements to their needs.

McBride is encouraging shareholders to use this service to elect to receive all communications electronically which enables more secure and prompt communication and allows shareholders to

- Receive electronic notification via email and the internet of the publication and availability of statutory documents such as financial results, including annual and interim reports
- Access details of their individual shareholding quickly and securely online
- Amend their details (such as address or bank details)
- Choose the way dividends are received
- Submit AGM/EGM proxy voting instructions

It also enables shareholders to contribute directly to reducing McBride's costs and environmental impact through saving paper, mailing and transportation and reducing unnecessary waste.

Registration for this service is via the eTree™ campaign run by Computershare, McBride's registrars, in conjunction with The Woodland Trust. You can register directly by visiting **www.etreeuk.com/mcbrideplc** and following the online instructions. Alternatively, you can access the service via the investor relations section of McBride's website at **www.mcbride.co.uk** or via our registrar's website at **www.computershare.com**

When you register for electronic communications, a tree will be planted on your behalf with the Woodland Trust's 'Tree For All' scheme in a UK area selected for reforestation.

Online shareholder services

McBride provides a number of services online in the investor relations section of its website at **www.mcbride.co.uk**, where shareholders and other interested parties may:

- View and/or download annual and interim reports.
- Check current or historic share prices (there is a historic share price download facility).
- Check the amounts and dates of historic dividend payments.
- Use interactive tools to calculate the value of shareholdings and chart McBride ordinary share price changes against indices.
- Register to receive email alerts regarding press releases, including regulatory news announcements, annual reports and company presentations.

ShareGift

McBride supports ShareGift, the share donation charity (registered charity number 1052686). ShareGift was set up so that shareholders who have only a very small number of shares which might be considered uneconomic to sell are able to dispose of them by donating them for the benefit of UK charities. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities. Donating shares to charity gives rise neither to a gain nor a loss for UK Capital Gains purposes and UK taxpayers may also be able to claim income tax relief on the value of the donation.

Further information about donating shares to ShareGift is available either from its website at **www.ShareGift.org**, by writing to ShareGift at 17 Carlton House Terrace, London SW1Y 5AH or by contacting them on 020 7930 3737.

Even if the share certificate has been lost or destroyed, the gift can be completed. The service is generally free. However, there may be an indemnity charge for a lost or destroyed share certificate where the value of the shares exceeds £100.

Share price history

The following table sets out, for the five financial years to 30 June 2009, the reported high, low, average and financial year-end (30 June or immediately preceding business day) closing middle market quotations of McBride's ordinary shares on the London Stock Exchange.

	Share price (pence)			
Year ended 30 June	High	Low	Average	Financial year-end
2005	172	122	148	150
2006	178	138	159	178
2007	262	154	199	219
2008	236	73	138	78
2009	**150**	**83**	**116**	**145**

Unsolicited mail

The Company is obliged by law to make its share register publicly available should a request be received. As a consequence, shareholders may receive unsolicited mail from organisations that use it as a mailing list. Shareholders wishing to limit the amount of such mail should either write to Mailing Preference Service, DMA House, 70 Margaret Street, London W1W 8SS, register online at **www.mpsonline.org.uk** or call the Mailing Preference Service (MPS) on 0845 703 4599.

MPS is an independent organisation which offers a free service to the public within the UK such that registering with them will help stop most unsolicited consumer advertising material.

Useful information for shareholders
continued

Five year financial summary (unaudited)

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Results					
Revenue	**792.4**	700.9	592.0	540.1	537.1
Profit before tax(1)	**31.0**	21.3	32.1	29.9	33.6
Profit after tax(1)	**23.2**	15.6	23.2	21.2	23.5
Profit before tax	**22.2**	15.7	29.5	25.9	30.6
Profit after tax	**16.6**	11.5	21.3	18.4	21.4
Earnings					
Adjusted diluted earnings per share(1)	**12.8p**	8.6p	12.7p	11.6p	12.7p
Ordinary dividends per share(2)	**6.0p**	5.6p	5.6p	5.1p	4.8p

(1) Profit and adjusted earnings per share are stated before exceptional items and amortisation of intangible assets.
(2) Interim and proposed final dividend for the year.

WARNING TO SHAREHOLDERS – BOILER ROOM SCAMS

McBride shareholders are advised to be aware of the following advice which has been developed by the Financial Services Authority (FSA) and the Institute of Chartered Secretaries and Administrators (ICSA)

Over the last year, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turns out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FSA before getting involved by visiting **www.fsa.gov.uk/register**
- Report the matter to the FSA either by calling **0845 606 1234** or by visiting **www.moneymadeclear.fsa.gov.uk**
- If the calls persist, hang up

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at **www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml**

More detailed information on this or similar activity can be found on the FSA website **www.moneymadeclear.fsa.gov.uk**

Get more online at: www.mcbride.co.uk

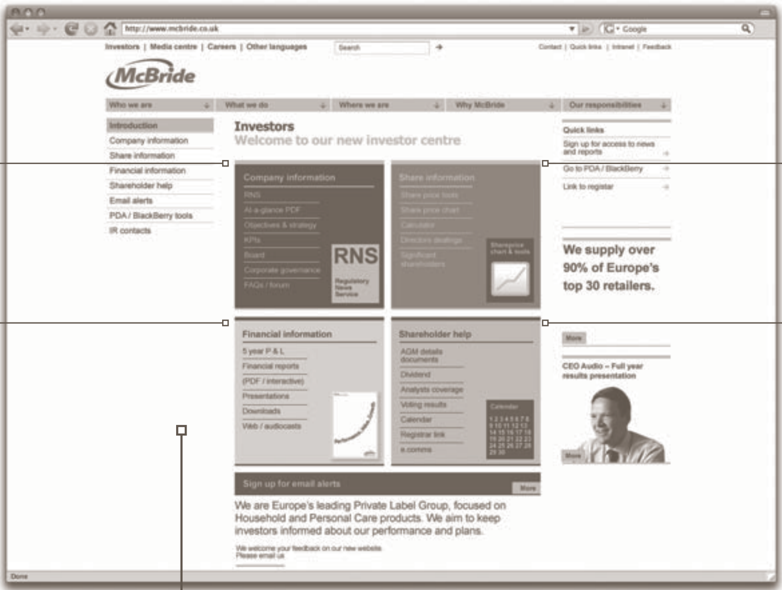
Investor home

Company information

Share information

Financial information

Shareholder help



Link from home page to investor home

Home page

Our new website is due to go live in the fourth quarter of 2009.

Acknowledgements

McBride would like to thank employees Samantha Bartley-Pratt, Site Microbiologist/Hygienist and Steven Moss, Production Technical Operative from our manufacturing facility at St Helens for taking part in this report together with:

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

Principal photography: Mike Ellis, John Ross and Andy Stewart.

Printing: The Colourhouse.

Printing and paper: This annual report has been printed on Era Silk and is fully recyclable. It comprises 50% genuine de-inked post consumer waste, the balance being chlorine free pulp from well-managed FSC-certified forests under the Chain of Custody reference SGS-COC-2524.

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

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

This annual report is available at: **www.mcbride.co.uk**

recycle
When you have finished with this Report please recycle it

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
www.fsc.org Cert no. SGS-COC-2524
© 1996 Forest Stewardship Council
FSC

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

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

www.mcbride.co.uk

FTSE4Good

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

www.sustainable-cleaning.com

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