McBRIDE PLC
ANNUAL REPORT AND ACCOUNTS 2002

"Amongst our many strengths, one aspect of our competitive edge that stands out is innovation."

Lord Sheppard of Didgemere

IF THERE IS A SINGLE QUALITY THAT MAKES McBRIDE EUROPEAN LEADER IN PRIVATE LABEL HOUSEHOLD AND PERSONAL CARE PRODUCTS, THAT QUALITY IS INNOVATION.

By encouraging every employee in all our 16 sites across seven countries to think and act creatively and entrepreneurially, we ensure that innovation permeates every aspect of what we do. New product development, manufacturing, logistics, company infrastructure, customer relationships, systems and management – all are driven by our determination to work better, faster and more efficiently on a scale that means we can meet all demands. Only constant innovation, combined with the knowledge and wisdom that many years leadership of our chosen business has given us, makes this possible. So ultimately it's the capacity for fresh thinking that gives McBride its commercial advantage and our shareholders such a great opportunity.

CONTENTS

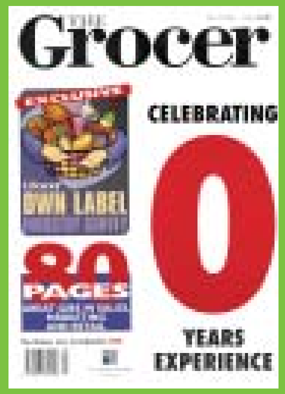
CATEGORY CHAMPIONS
McBRIDE UK

Household & personal care

Account management skills	7.0
Reliability of deliveries	6.6
Consistency of product quality	8.0
Value for money	7.4
Ability to work with retailer to develop own label brand	9.0
New product development skills	8.8
Crisis management skills	6.8
Total	***53.6***

Also nominated: Chilwood, Standard Soap, CEDO, DCS, LPC

OWN LABEL
SUPPLIER SURVEY



"...McBride got the most buyers' votes in the survey – a staggering five – which indicates how well thought of the company is in the household goods sector, and the achievement follows a strong performance in the category last year."

The Grocer, 11 May 2002
Own Label Supplier Survey

Simply the best

When the prestigious Grocer magazine identified McBride as the best company in the Private Label sector for the second year in a row, the most pleasing aspect was that it reflected what our customers think and say about us. Being the best is what drives us – we strive to use the creativity and expertise of our people with the scale and efficiency of our operations to meet our customers' requirements and underpin long-term relationships.

In the UK and throughout Europe, McBride operates on a scale unmatched by any of our competitors.

It is the sheer scale of our operations that gives us the resources to meet and exceed customer expectations in innovation, new product development, market information, manufacturing efficiency, speed to market, excellence in logistics and the most advanced, leading-edge information systems.

It is the way we apply these resources to the needs of our customers that has led the Trade's leading buyers who read The Grocer magazine to vote us 'Category Champions household and personal care' in the annual own label supplier survey for both 2001 and 2002. "...McBride got the most buyers' votes in the survey – a staggering five – which indicates how well thought of the company is in the household goods sector, and the achievement follows a strong performance in the category last year." the magazine reported.

The article went on to say: "McBride can also be relied on for NPD, scoring a first last year by beating Unilever and P&G to market with its Brio Actipod soluble laundry sachet, sold through the Co-op."

Reporting on the launch of Brio Actipods, the Financial Times wrote: "By beating the branded version to the market, Brio Actipods show that own-label products can be innovative as well as cheap."

Active in over 200 household goods and personal care categories, McBride invests more in research and market intelligence than any Private Label competitor. This gives us the knowledge and understanding we need to provide our customers with a dynamic, proactive service, analysing categories to identify opportunities for new products and brand extensions that we can create and deliver for additional customer profit.

This is invaluable in creating mutually beneficial long-term relationships with our customers and gives us a competitive edge. One buyer in The Grocer commented: "McBride is unique in providing us with data on the marketplace, consumers and competitor activity, essential to staying ahead."

This competitive edge in strategic developments enhances our day-to-day operations to benefit our customers by ensuring that we are able to meet their increasingly stringent supply chain standards.

In particular circumstances such as promotions, our highly sophisticated planning systems, combined with our manufacturing expertise and scale, enables us to meet the toughest challenges quickly.

Quite simply, we help more retailers across Europe become more profitable than anyone else. This is why McBride is the benchmark against which other Private Label manufacturers are measured.

FINANCIAL HIGHLIGHTS

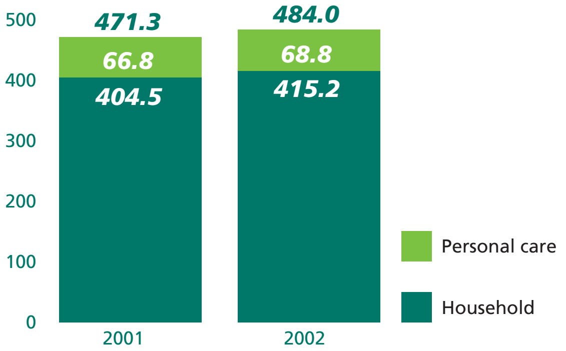
Turnover on continuing business	+2.7%
Pre-tax profit before exceptional items	+114.3%
Operating profit on continuing business	+25.9%
Earnings per share before exceptional items	+3.5%
Dividend	+5.0%

> Group operating profit improved £5.1m to £24.8m (+25.9%) for the continuing business compared to last year as a result of lower operating costs from improving efficiency and higher sales.

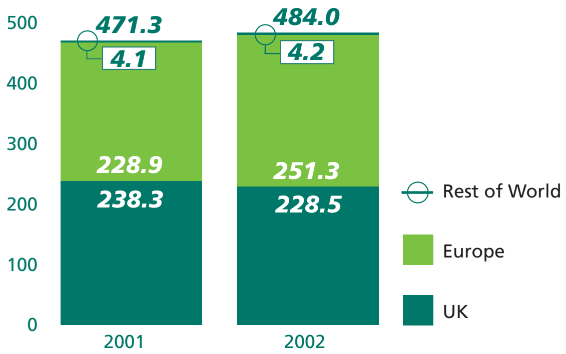
> Underlying cashflow generation was £18.0m after a £3.6m dividend paid in January 2002. The payment of £16.3m on the refinancing of the Aerosol Products Limited joint venture combined with £4.4m of adverse exchange effect increased debt from the June 2001 level by £1.7m to £94.9m.

> Following the year end, the Group successfully completed two separate borrowing agreements providing a total capacity of £110m, to replace the existing £125m facility that is due to expire in April 2003.

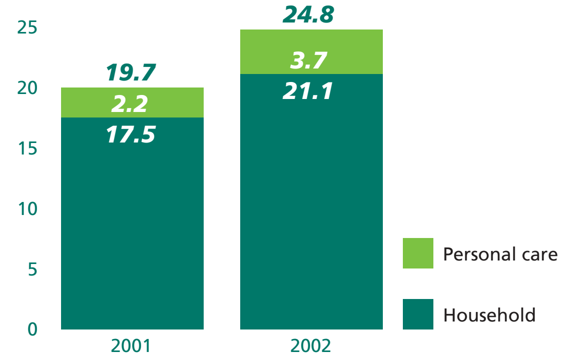
Turnover by Product Group (£m)*



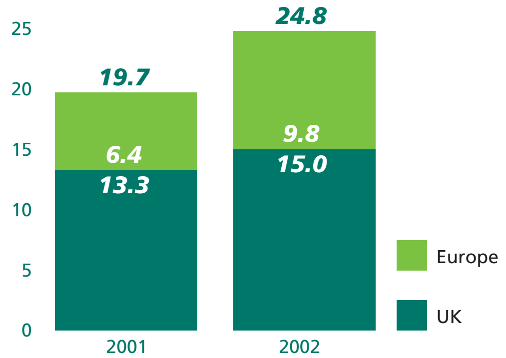
Turnover by Destination (£m)*



Operating Profit by Product Group (£m)*



Operating Profit by Origin (£m)*



**Excludes Wrafton sold in 2001*

UK – COMMERCIAL HIGHLIGHTS

> The market continues to be very competitive, as a result of the weak Euro and the impact of internet auctions, sales within the UK declined by 4% to £228.5m. Sales growth of laundry liquid sachets have been encouraging following our pre-emptive launch last year. Another first for the Group this year was the successful launch of peroxide bleach.

> Whilst 'all commodity' Private Label is well developed, the household and personal care sectors are still relatively underdeveloped. This remains a significant opportunity for our customers and ourselves to grow Private Label to our mutual benefit.

UK Turnover and Profit by Origin (continuing business)	1998	1999	2000	2001	2002
Turnover (£m)	272.9	265.1	255.9	243.4	**243.1**
Operating profit (£m)	27.5	18.6	16.6	13.3	**15.0**
Margin	10.1%	7.0%	6.5%	5.5%	**6.2%**

CE – COMMERCIAL HIGHLIGHTS

> Retailer consolidation led by the French multiples and some German and Dutch retailers is creating the right environment for Private Label to grow. The Group has always based its strategy on this expectation but the scale of mergers, acquisitions and store openings has meant that our customers have had other priorities which have now been largely resolved. Thus we are seeing Private Label growth returning in these markets.

> In France, our second largest market after the UK, we achieved an impressive 8% growth reflecting the focus of our major customers on the development of higher quality Private Label ranges.

CE – Turnover and Profit by Origin	1998	1999	2000	2001	2002
Turnover (£m)	195.5	231.7	222.4	227.9	**240.0**
Operating profit (£m)	10.9	4.2	13.3	6.4	**9.8**
Margin	5.6%	1.8%	6.0%	2.8%	**4.1%**

Growth in Sales to Europe	1998	1999	2000	2001	2002
Turnover (£m)	197.0	232.9	223.0	228.9	**251.3**
Growth	(5.2)%	18.2%	(4.3)%	2.6%	**9.8%**

CHAIRMAN'S STATEMENT

These results explain why your Board closed the 'Offer Period' on 9 November 2001. The quality and resilience of the business and its management has demonstrated the potential for creating further shareholder value.

Lord Sheppard of Didgemere
Chairman
18 September 2002

The long-term strategy of focusing on Private Label household and personal care products in Europe has again served us well. The management undertook a full review of the strategy post-9 November and confirmed its continued relevance to our business. Recent developments in the sector have led to new increased opportunities to expand our contract manufacturing business alongside the core Private Label ranges.

Key strengths

Amongst our many strengths, one aspect of our competitive edge that stands out is innovation. We demonstrate this in all facets of our business: product, packaging, manufacturing, logistics, sales, marketing and information systems. This sets us apart from our competitors and is well recognised by our customers.

The most dramatic and recent example is the success of our laundry liquid soluble sachets, developed in Belgium, launched in the UK and subsequently rolled-out to Europe in 2001. No Private Label competitor has caught up.

Substantial improvement in performance

Last year's examination by the Executive of all options to reduce costs and improve profit, sales and cashflow have clearly had a significant impact as demonstrated in the financial statements that form part of the report and accounts. On an ongoing basis we have grown sales and profits, improved our return on capital and reduced our debt significantly, enabling us to absorb the APL settlement without a significant increase in the Group's indebtedness in comparison to last year.

Aerosol Products Limited

On 7 June this year, the Group announced the full details of the settlement reached with our joint venture shareholders and the lending banks to Aerosol Products Limited (APL). We explained that the business had not met our expectations for a number of reasons, which presented significant ongoing risk to the performance of the Group. The settlement and subsequent restructuring has already started to show benefits. Whilst it is early days, sales have stabilised and some contracts have been regained. Since the year end, the joint venture has achieved a modest profit.

Strengthening of the Board of Directors

Two new Directors were appointed during the year. As previously reported, Miles Roberts joined on 2 January 2002 as Group Finance Director from Costain Group Plc, replacing Terry Monks who left in September 2001. Colin Smith joined as a Non-Executive Director on 4 April 2002 following the retirement of Alan Washkowitz at the December 2001 Annual General Meeting. The Board intends to appoint a further Non-Executive Director.

Change in substantial shareholding

Lehman Brothers Holdings Inc, one of the original Venture Capital investors in the Management Buy-In on 28 May 1993, sold their 28.3 million shareholding in the Group on 26 July 2002 following the financial year end. Lehman's have been a long-term holder of their original investment, but following recent changes to their strategic investment policy, they notified us of their intention to sell. On behalf of the Board I would like to thank Lehman Bros. for their support and contribution to McBride through their Board appointments and for the orderly manner in which they realised their investment in the Group. It is pleasing to report that the 28.3 million shares were placed with a number of institutional investors, some of whom are new to the share register of McBride.

Group refinancing

Since the year end, the Group has successfully completed two separate borrowing agreements providing a total of £110 million. These will replace the existing 5-year facility of £125 million which is due to expire in April 2003.

The first of the agreements is a 5-Year facility for £90 million which is fully underwritten. The second agreement for £20 million for 30 months is a facility based upon the Group's high quality receivables. This latter facility is on a fully non-recourse basis, the shorter term nature of which will be accommodated by the Group's cash generation and reducing debt requirement.

These facilities provide a solid base for the Group to consolidate its financial position.

Prospects

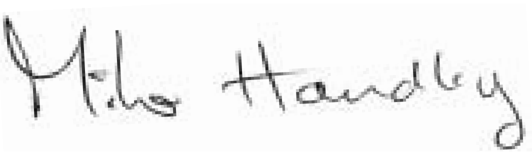
The Group's trading performance in terms of sales, profits and cash for the first eleven weeks of the new financial year have been in line with expectations and ahead of the same period last year.

In the past few years our capital expenditure has included three major projects. These are now complete and the current expenditure level of £10.5m is indicative of our ongoing level of capital expenditure requirement.

The results presented demonstrate a strong improvement by our household and personal care businesses. This has continued into the start of the current year with sales, profits and cash generation ahead of the comparable period last year.

CHIEF EXECUTIVE'S REVIEW

It is pleasing to report that the Group's results have responded to the series of management actions that were planned in early 2001 and executed in a phased programme that is still in progress.



Mike Handley
Chief Executive
18 September 2002

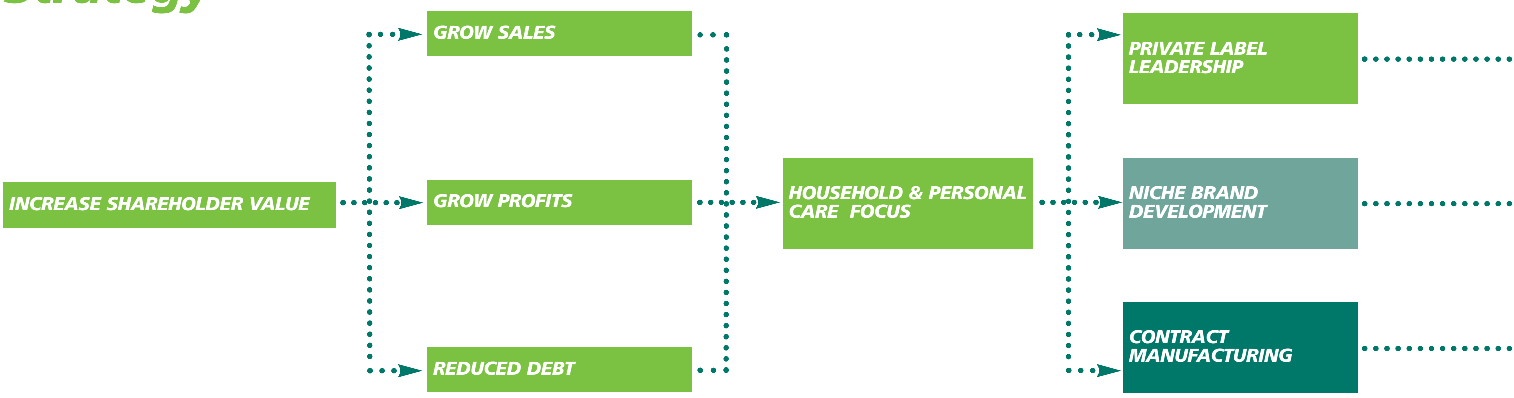
The ability and experience of our management team and the inherent strengths of the business have enabled the Group to maintain our Private Label market leadership. This has been achieved by the combination of sales volume growth, price increases, cost controls, profit growth and cash generation has been restored to its normal high level.

Whilst total reported sales of £484.0m were marginally lower than the previous year, the ongoing household and personal care sales grew by 2.7%, excluding Wrafton Laboratories which was sold 29 June 2001. Our long-term strategic objective to grow in Continental Europe has been successful and for the first time our overseas businesses represented more than half the Group's turnover. Since 1993 the reported proportion of sales in Continental Europe has grown from 44% to 53% and this is after the significant devaluation of the Euro and its heritage currencies. At 1993 rates of exchange, the proportion of sales outside the UK would have been 58% which is a better measure of our strategic development.

Group operating profit of £24.8m for the ongoing business before the impact of the joint venture, increased by 25.9%. These results reflect a very strong improvement in our Continental European profits together with strong growth in Poland and a good UK result. Last year I mentioned that we had refocused our management structure into geographical businesses and strengthened the links between the commercial and supply chain functions and this improved our customer service. Another benefit of this change has been the demonstrable improvement in the control of working capital, in particular stocks, resulting in very strong cash generation. The broad recovery of our core business has enabled the Group to deal effectively with the APL situation in both operational and financial terms with only a small increase in the Group's debt.

It is with some pride and gratitude that I give recognition to the outstanding commitment and success of all our staff during 2001 in what was a difficult and unsettling period. The Group's systems of defining jobs and key tasks combined with thorough follow-up appraisals have again stood us in good stead. The objective setting and training needs that are diagnosed in this process form the basis of our considerable investment in developing our people.

Strategy



All our sites play an active role in their local communities and many initiatives and projects were commenced or continued during the year. Our performance in the fields of Health, Safety and Environment management were maintained and recognised by many outside bodies. Many of our key people play an active part in the various National and European Trade Associations and McBride is recognised as one of the leading companies in our Industry.

In the UK, for the second year running, McBride was awarded "Best in Class" status in The Grocer magazine survey of retailers' opinion of their Private Label suppliers.

United Kingdom
The Private Label grocery market in the UK is mature with some of the most sophisticated retailers in the world managing successful Private Label ranges. The market continues to be very competitive as the large retailers compete on all aspects of their customer offer. Last year Private Label stemmed the small share decline of the previous two years during which brand manufacturers were investing heavily in pricing and promotional activity. Whilst 'all commodity' Private Label is well developed, the household and personal care Private Label sectors are still relatively underdeveloped. This remains a significant opportunity for our customers and ourselves to grow Private Label share to our mutual benefit.

It is therefore encouraging that all Private Label household products held an increasing share of 23.5% helped by some significant category advances for example, in Laundry Liquid sachets +12%, Auto Dish washing +5%, Washing Up Liquid and Laundry tablets +3%. Our business in the UK has leading shares in all these categories.

In personal care our activities are focused on hair care, bath and shower products and oral care. During 2000 and 2001 the UK Grocery retailers focused their attention on increasing their share of the toiletry market at the expense of all Chemists through aggressive promotional and price support for branded products shifting their focus away from Private Labels. During last year this has corrected itself and Private Label sales are now stable.

It is against this market background that our sales in the UK of £228.5m declined by 4%. The weak Euro and the impact of internet auctions were the main cause of this decline.

We reported last year our successful launch of the first liquid laundry sachets and the sales growth of these has been encouraging. Another first for the Group was the successful launch of peroxide bleach in Private Label.

The UK personal care business continued the improvements in its operational performance from last year gaining a number of new retailer brand contracts, resulting in the Bradford factory having its best performance for a number of years.

APL
The UK aerosol joint venture has been well documented. The new management team have significantly restructured the cost base of APL and improved its operating performance.

It is early days but the new confidence within the business and in many of our customers has enabled APL to record a modest profit in the first eleven weeks of the new financial year. The joint venture Board, chaired by an independent Chairman, has Directors from its two Banks and McBride and supervises the performance of a management contract carried out by McBride UK.

Continental Europe
Our business in Continental Europe (McBride CE) sells in all member states of the Community in mainland Europe, with its head office located in Belgium and production sites in 5 member states. Retailer consolidation led by the French multiples and some German and Dutch retailers is creating the right environment for Private Label to grow. The Group has always based its strategy on this expectation but the recent scale of mergers, acquisitions and store openings has meant that our customers have had other priorities which have now been largely resolved. Thus we are seeing Private Label growth returning in these markets.

The Continental European household market saw demand for quality Private Label household and laundry products grow by 10% and 7% respectively. The share held by Private Label increased in Spain by 2%, in France and The Netherlands by 0.5% and in Germany by 1%.

In this growing market our reported sales of £251.3m were up nearly 10%. In France, our second largest market, after the UK, we achieved an impressive 8% growth reflecting the focus of our major customers on the development of higher quality Private Label ranges. Our businesses in Spain, Italy and The Netherlands also benefited from these developments.

UK AND CONTINENTAL EUROPE LEADERSHIP → CENTRAL EUROPE GROWTH POTENTIAL WITH RETAILER DEVELOPMENT

MANUFACTURING SCALE, EFFICIENCY & EXPERTISE → CUSTOMER SERVICE, INNOVATION AND SPEED TO MARKET

MARKET AND CONSUMER UNDERSTANDING → ROLL-OUT OF WINNING FORMULAS

LEVERAGE OF McBRIDE MANUFACTURING CAPABILITIES → LONG-TERM RELATIONSHIPS

CHIEF EXECUTIVE'S REVIEW CONTINUED

International

McBride International has responsibility for all markets outside the EU with the majority of its sales in Central & Eastern Europe, the core of which is Intersilesia in Poland which was acquired in 1998. The business represents about 7% of the Group's turnover and comprises exports from both the UK and CE combined with Intersilesia's own sales. The International business grew its turnover last year by an impressive 21%.

In Poland, Intersilesia achieved 11% growth in local currency and has now trebled its turnover since acquisition. In Hungary, and the Czech and Slovak Republics, the market is also being led by the rapid development of Western European retailers through a combination of store building programmes and acquisitions. Our strategy is to selectively support our leading customers as they expand outside their domestic markets.

Operations

The Group is the most comprehensively positioned EU supplier not only of household and personal care products but of any Private Label product category sold through grocers. This strength is becoming increasingly recognised by our customers especially given our reputation for Private Label development and expertise in manufacture and supply. Underpinning our commercial strategies is a network of 17 factories on 16 sites in 7 countries including the APL joint venture in the UK.

Factories focus on product technologies and we therefore have 2 laundry powder units, 2 aerosol units, 2 personal care units and 11 household liquids units. The number of household liquids sites is a direct reflection of the need to avoid the transport cost of shipping products over long distances.

Since the Management Buy-In (MBI) in 1993 and including the acquisitions that have been made, the factories have been well invested resulting in McBride having many world-class facilities.

Since the year end, we have announced the cessation of production at our Douai site in France. It has been converted to a logistics warehouse to service our International business thereby saving outside warehousing costs. We have completed the major projects at Middleton, Barrow and SAP Information System. Our levels of capital expenditure have been reducing over the last three years to the ongoing requirement level that is now running well below depreciation levels.

Last year's initiatives to control costs included programmes for each site to improve productivity, line efficiencies and product yields. These programmes are ongoing and are regularly reviewed and re-targeted with the local managements.

Where it makes economic sense we source according to lowest cost. With increasing pressure to reduce delivery lead times to our retail customers and for them to reduce their stocks, our infrastructure in terms of scale and local availability is one of our major competitive strengths.

Surcare
A range of non-biological laundry and washing up products specially formulated to prevent the aggravation of sensitive skin. Dermatologist-approved Surcare has the support of a leading Eczema support group, Talkeczema, and the National Eczema Society, both of whom endorse its ability to help sufferers lead more normal lives.

Individual highlights at various factories include; Barrow productivity improvements through expansion of our tablet facility and some workforce reductions. Burnley who pioneered the liquid sachet production, and Middleton whose application of SAP to its large and complex business has made it the largest and most successful factory in the Group, underpinning its record year. Also in the UK, Bradford had a good year whilst Bampton had a difficult transition year as its aircare business profile responded to the increased volumes of Private Label.

In CE, Ieper household continued to lead in terms of scale and service whilst Ieper personal care had another record year exploiting to the full the new factory built in 1997. Additional personal care warehousing facilities are currently under construction reflecting growing volumes. The Douai site was rationalised, its production capacity being absorbed by Estaimpuis and Sallent both of which benefited from relocated production lines and consequent increased throughputs. The Sallent factory, north west of Barcelona, also completed a new warehouse and is now more than four times the size of the original acquisition made in 1995.

As in the UK, the European business has extensive blow moulding facilities and a project to re-deploy these machines to increase asset utilisation involved Breda in the Netherlands, Solaro in Italy and Sallent in Spain resulting in significant increases in in-house blown bottles.

The Breda site ran into difficulties during 2001 but a new management team and close attention from the Group has resulted in a much improved performance in May and June 2002 which has continued since the year end.

Our Polish factory in Strzelce Opolskie saw the completion of the third expansion of its facilities at Strzelce since we acquired Intersilesia in 1998. A new factory was built during the financial year 1998/99, and rapid sales growth led to an expansion of the warehousing and filling in 2000. January 2002 saw the opening of a 7,500 pallet warehouse, expansion of the mixing capacity and the transfer on-site of blow moulding which had been maintained at the original acquired site.

Intersilesia is an excellent example of an expansion into a new territory by acquisition, retaining the owner Managing Director as a 15% minority shareholder. Achieving the right balance of direction, investment and control whilst allowing sufficient freedom to retain a vigorous local business culture has been key to its success. The Company has won many awards for Health, Safety and Environment and Fair Play and it takes an active part in many aspects of the local community. The original owner and founder still manages this successful business with a strenghened local team and support from McBride International.

Business Development
Two further areas of potential sales growth have been identified to combine with our core Private Label business. The first of these is the opportunity presented by several of our niche brands. The best example is Surcare in the UK which is also being examined by customers of our CE and International businesses. The second area is contract manufacturing where new opportunities are being presented by the strategic decisions of some of the global manufacturers to out-source a greater proportion of their production.

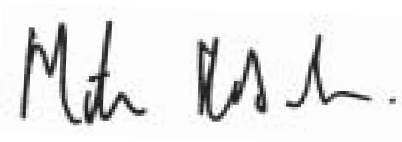
Purchasing
The internal appointment last year of a Group Purchasing Director and the full integration of our buying teams has been a major factor in ensuring our ability to compete on a cost effective basis.

Health, Safety and Environment
Throughout the Group the management of all aspects of the health and safety of our products processes and people and their impact on the immediate and wider environment has remained a major priority. We regularly gain awards and accreditation from publicly recognised bodies such as IiP, RoSPA and ISO. McBride always sets its minimum standards of performance at the legally required level and strives where commercially feasible to exceed these standards.

Under the Surcare brand, we sponsored the talkeczema.com online community chat room, a forum where sufferers from this debilitating skin condition can share experiences and advice in a secure, controlled environment. We promoted the website, recognised as a valuable and effective resource for parents and children in particular, on the new Surcare packs.

GROUP FINANCE DIRECTOR'S REVIEW

Significant focus has been placed not only on improving profitability, but also cash generation. This is to reduce the level of debt to achieve a more optimum capital structure as well as improve return on capital.



Miles Roberts
Group Finance Director
18 September 2002

Overall, the Group made a small pre-tax profit of £2.2m (2001: £11.3m). However, this was after an exceptional £15.8m goodwill write-off related to our joint venture. During the year the underlying trading performance and cashflows on the continuing business improved strongly from those in the previous year. Lower operating costs from improving efficiency combined to lift margins, before goodwill amortisation, from 4.4% last year to 5.4% this year. Turnover in Europe, grew 9.8% partly due to increased prices but also stronger volumes as Private Label penetration continues to grow.

Group operating profit of £24.8m on the continuing business was up 25.9% on last year. Operating profit before goodwill amortisation and depreciation (EBITDA) similarly improved to £44.7m. This represents a Net Debt: EBITDA multiple of just 2.1x against our debt of £94.9m. The operating improvements were accompanied by a reduction in capital employed thereby improving the return on capital.

During the second half of the year the Group renewed its insurance cover for the coming year. Given the volatile state of the insurance market, the Group was pleased to achieve only a minimal increase in the cost of the policy with no material increase in risk.

Net interest expense for the Group was £4.4m, down substantially from last year following the reduction in debt flowing from last year's disposal of Wrafton Laboratories and strong cash generation during the year. Interest cover for the full year improved to 5.7x.

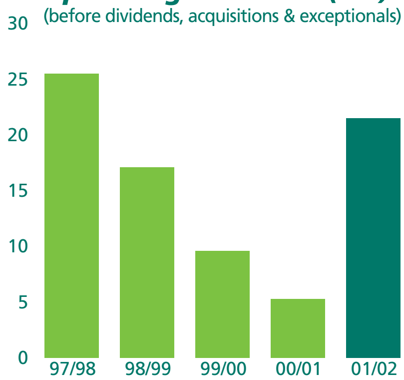
The taxation charge for the year of £5.6m is based on FRS 19 – Deferred tax that requires a full provision to be made for any deferred tax liability. This is a mandatory change in accounting policy and, as such, has required a Prior Year Adjustment to both the Balance Sheet and comparative Profit and Loss account.

The charge for the year equates to an effective rate of 26% on Group profit before tax and goodwill. This charge benefits from the utilisation of Advance Corporation Tax (ACT) of which £6.7m remains available to relieve against future profits. A thorough review of the Group's tax position has recently been undertaken. Changes are being made to the internal ownership and funding structure of the Group and we anticipate that these will result in ongoing savings in taxation.

Capital expenditure during the year amounted to £10.5m (£14.2m last year). Expenditure has been incurred on the roll-out of new operational and financial systems, warehousing and production capacity. It is expected that capital expenditure will continue at the £10m to £12m level for the next few years.

Net debt increased from the June 2001 level by £1.7m to £94.9m. However, this adverse movement included a £16.3m payment in June 2002 in relation to APL and £4.4m of adverse exchange movements due to the relative strength of the Euro at the end of June. The underlying cashflow generation was £18.0m after payment of the £3.6m dividend in January 2002. This improvement followed tight control of capital expenditure and working capital combined with improved profitability. Further improvements in working capital have been targeted.

Operating Cashflow (£m)
(before dividends, acquisitions & exceptionals)



Aerosol Products Limited (APL)

In early June, a financial settlement was reached with our joint venture partner, Nichol Beauty Products Limited (NBP), and the banking group over the funding of our joint venture APL. The Group potentially faced a £27m exposure comprising: firstly a £12m Put option exercisable by Nichol on the Group any time after 4 October 2001 and secondly consolidation of APL's £15m bank debt. The bank debt was jointly provided by The Royal Bank of Scotland (RBS) and Credit Agricole Indosuez (CAI).

The settlement resulted in the Group paying £12m for the Put option and subscribing for £4m of Preference Shares in APL, a total cash outflow of £16m. The banking group of APL then converted £11m of their debt into Preference Shares (equity). This equity is non-redeemable and has a coupon of 0.8% (£88k per annum) which is only payable if and when APL is able to make a distribution. APL is now free of any bank debt and remains jointly owned between McBride and the two banks.

The Group has an obligation to purchase £2m of Preference Shares from APL's other shareholders in July 2005.

The Goodwill write-off in the year of £15.8m results from the above settlement. All goodwill has been written off and APL is debt-free. This has dramatically reduced the Net Liability carrying value of APL in the Group accounts, from £7.3m to £1.8m at June 2002.

Treasury

Banking arrangements

The Group's debt requirement is financed through a combination of uncommitted short-term facilities and a £125m committed revolving credit facility. The current revolving facility is due to expire in April 2003 and has been replaced by two new committed facilities.

Firstly, a £90m committed revolving credit facility has been secured. This facility has been underwritten by three lead banks, with a 5-year term and a margin that will fluctuate, between a maximum of 130bps and a minimum of 95bps, according to financial performance.

The second facility is a structured finance product for £20m based on purchasing receivables. This has a 30-month committed term and is on a fully non-recourse basis. The cash generation of the Group means that this facility is unlikely to be required beyond its term. The margin is very competitive and has not affected the cost of the revolving credit facility.

These two facilities secure the Group's medium term funding requirements.

Treasury Policy

All borrowings and foreign exchange activities are undertaken as a result of underlying trade transactions with approved financial instruments. Currency exposures arising from trade transactions are covered as they arise, typically on placement of an order. Since the introduction of the Euro, this process has been substantially simplified. No transactions of a purely speculative nature are undertaken.

Interest rate risk

The Group is financed by a combination of retained earnings, receivables financing and bank debt. The bank debt is denominated in various currencies but mainly in Sterling and Euros. Due to the healthy current and forecast financial ratios of the Group combined with a relatively flat yield curve on the swap market, bank debt is held on a floating rate basis. This is actively and regularly reviewed.

Foreign exchange risk on overseas borrowings is substantially hedged against the assets held in the same currencies. The profits of these subsidiaries are not hedged.

Systems

The Group's main financial and operating systems, based on SAP applications, continue to be rolled out throughout the Group. All the main operating units are now running on these applications and there has been little business interference during migrations. The SAP systems cover most aspects of manufacturing, stock, delivery and financial control and are an integral part of the business. They are an essential part of ensuring that increasing demands, both financially and operationally can be met.

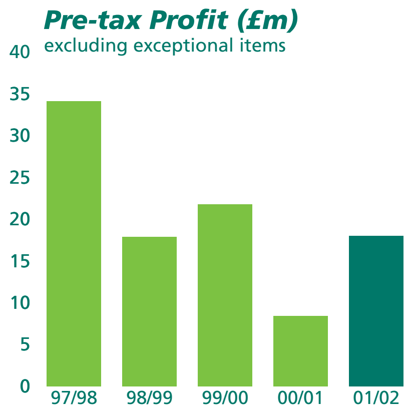
Earnings and Dividends

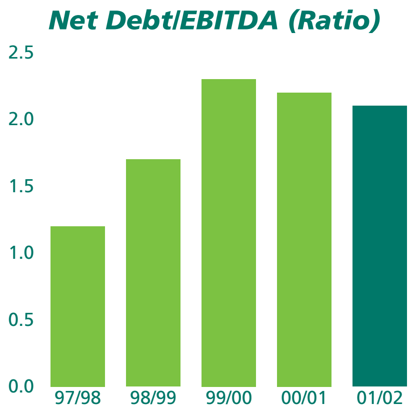
The weighted average number of shares in issue during the year was 177,639,197. Earnings per share, before goodwill amortisation and our share of the joint venture, is 8.9p, an increase of 3.5% over last year's restated 8.6p.

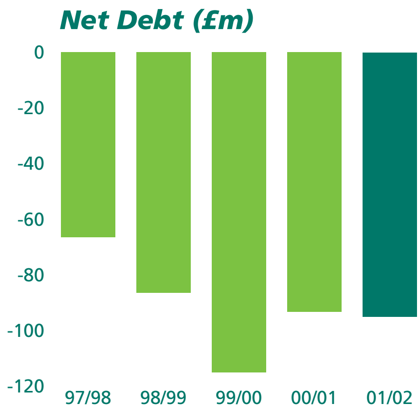
The recommended final dividend, payable on 3 January 2003, has been declared at 1.4p. This together with the interim dividend brings the full year to 2.1p, an increase of 5% over last year's 2.0p.

Pension Accounting – FRS 17

During the year, due to rising costs and uncertainty surrounding investment returns, the UK closed its defined benefit pension scheme to new employees; it has been replaced by a defined contribution scheme. The defined benefit scheme has 650 active members, 58 pensioners and 378 deferred members. Pension provision for our overseas colleagues is generally provided by their respective governments out of general taxation. As such, the Group has no residual forward exposure. Note 24 to the accounts shows, under FRS 17 rules, the valuation of the scheme at the year end. The scheme's gross assets amounted to £35.6m and the liabilities to £42.3m leaving a shortfall of £4.7m after taxation. This shortfall will be made up over the remaining service lives of its members and does not represent a material risk to the Group.







DIRECTORS

Lord Sheppard of Didgemere, KCVO, Kt
Chairman
(aged 69)

Lord Sheppard has been Non-Executive Chairman of the Company since the Buy-In and from 1987 to 1996 he was Chairman of Grand Metropolitan plc. He is also Non-Executive Chairman of the Unipart Group, GB Railways plc and President of London First.

Mike Handley
Chief Executive and Deputy Chairman
(aged 55)

Mike Handley led the Management Buy-In of McBride in 1993 and was previously Managing Director of several divisions at RHM plc and a divisional Director of Cadbury Schweppes plc prior to which he had held senior management positions with Ciba Geigy (UK) Ltd and Reckitt & Colman. In 1998 he was appointed Non-Executive Chairman of Macphie of Glenbervie Ltd in Scotland and during 2001 was appointed to the board of the A.I.S.E., (The European Detergents Industry Association).

Miles William Roberts
Group Finance Director
(aged 38)

Miles Roberts joined McBride in January 2002 as Group Finance Director from Costain Group plc where he was the Group Finance Director. Previously he was the Finance Director of Three Valleys Water plc.

Henri Talerman
Non-Executive Director
(aged 46)

Henri Talerman has been a Non-Executive Director of the company since May 1993. He was a founding partner of WR Capital Partners, Inc. Until October 2000, he was a Managing Director of Lehman Brothers Inc, managing Lehman's principal investments. He is a member of several Boards of Directors of private companies in the US.

Colin Smith
Non-Executive Director
(aged 55)

Colin Smith joined the Board as a Non-Executive Director in April 2002. He was a Main Board Director of Safeway plc for 15 years, the last 6 years as Chief Executive and before that, Finance Director. He is Chairman of the Audit Committee and a member of the Remuneration Committee. Colin is also Chairman of a number of private companies.

DELIVERING ON CUSTOMER DEMANDS

The right product in the right quantity in the right place at the right time at the right price is the timeless definition of customer service. The definition of 'right' depends on the differing needs of each customer, and the foundation of our success is the speed with which we apply our flexible scale to meet these specific requirements.

Every week, McBride manufactures over 20 million products in its 17 factories across the UK and Europe. Each day, our customers place orders for some 4 million products, with lead times ranging between 48 hours and 7 days.

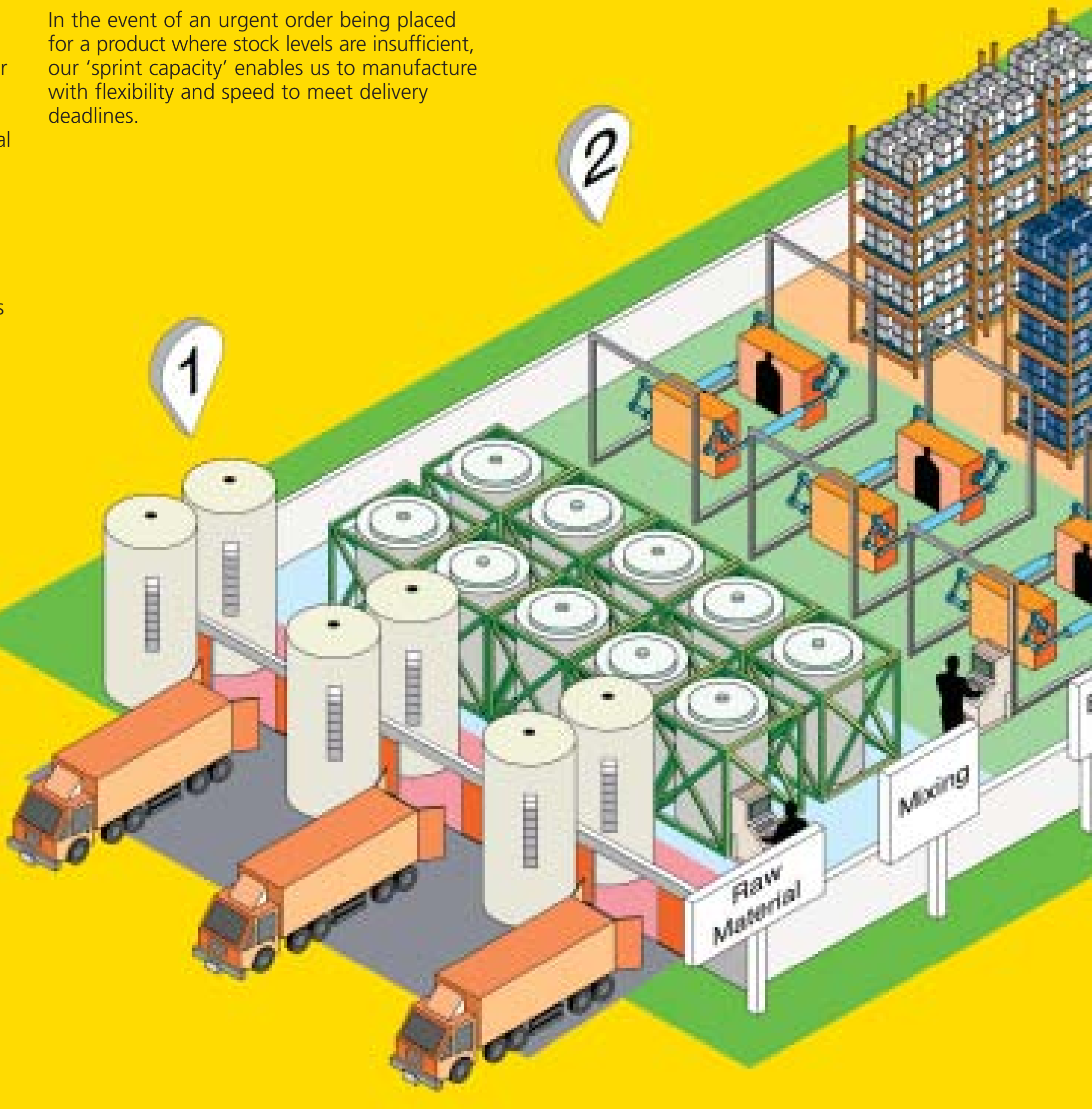
This is production and distribution on a massive scale, co-ordinating over 9,000 products for a geographically spread customer base with widely differing service level agreements. Meeting service and product quality expectations is our greatest commercial responsibility, and major systems, plant and human resources are dedicated to ensuring consistent excellence.

At the core of our operations is our implementation of the sophisticated SAP information system, the tool that co-ordinates resources and integrates our processes, including manufacture and delivery, pricing, shipping routes and credit control to provide transparency of order and stock status, invaluable for production planning and effective daily scheduling.

Technology is also at the heart of the ordering system in many markets, adding new efficiencies to the supply chains of our customers. (See top right for explanation of the typical customer order 'journey'.)

In the event of an urgent order being placed for a product where stock levels are insufficient, our 'sprint capacity' enables us to manufacture with flexibility and speed to meet delivery deadlines.

With one of Europe's largest and most effective manufacturing and distribution operations at their service, our retail customers in every market know that McBride has the power to deliver.



The McBride order journey

Order placed, by EDI or personal contact

Stock status checked at distribution centre

Status checked at production site

When necessary, production order placed and implemented

When necessary, product shipped to distribution centre

Goods issued and loaded to customer transport or third party

Order fulfilled by customer delivery – on time, every time

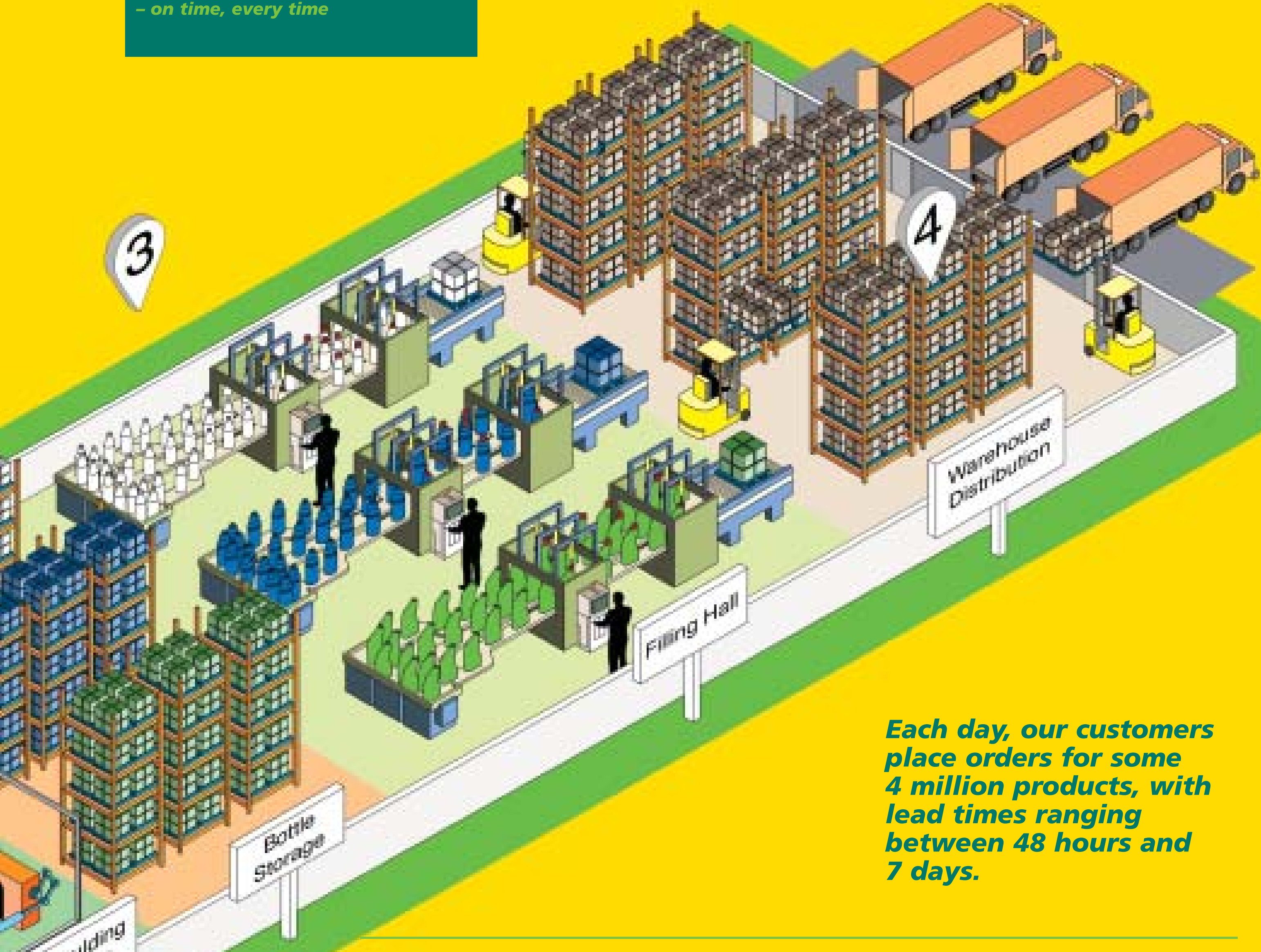
Key:

1 **Systems:** *McBride's MRP systems match our raw material deliveries to the production plan, reducing unplanned downtime.*

2 **Blow moulding flexibility:** *"We may get an order for despatch tomorrow and we haven't made the bottle yet!"*

3 **Sprint Capacity:** *Scale, line flexibility and speed of reaction helps us meet delivery deadlines.*

4 **Warehousing & Distribution:** *Transparency of orders and stock is the key to service efficiency and the avoidance of safety stocks.*

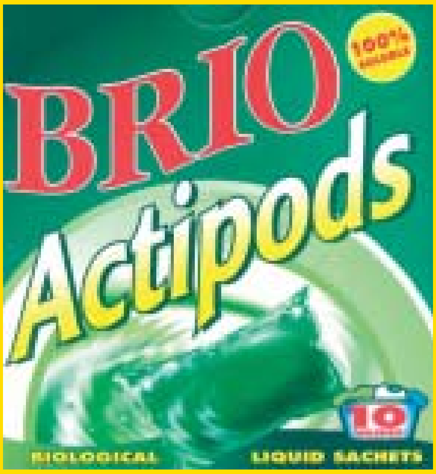


Each day, our customers place orders for some 4 million products, with lead times ranging between 48 hours and 7 days.

Our Polish factory in Strzelce Opolskie saw the completion of the third expansion of its facilities at Strzelce since we acquired Intersilesia in 1998. January 2002 saw the opening of a 7,500 pallet warehouse, the expansion of our mixing capacity and the transfer on-site of the blow moulding which had been maintained at the original acquired site.

MAXIMISING PRODUCT PERFORMANCE

At McBride, our philosophy is simple. We devise, manufacture and deliver Private Label products that perform at least as well as the global category leader or lower cost alternatives. We enable our retail customers to improve their profit mix. We bring our products to market faster and more efficiently than anyone else. This is achieved through our investment in people and resources. But our recognised market leadership is simply the reward for being the best.



McBride beat all other manufacturers to market with the launch of soluble sachets containing set doses of clothes-washing liquid that leave no residue. The technical challenge saw McBride not only adapt industrial plastics' technology to the household goods sector for the first time, but also create and patent an innovative 'no moisture' liquid. Widely applauded as a case of anticipating consumer needs, this project received the Co-op's prestigious Award for the Most Innovative New Product Launch in 2001.

By taking O_2 Oxygen bleach – which delivers the full power of bleach without its unpleasant smell – from initial concept to supermarket shelf in a mere four months, McBride once again proved its outstanding capability in formulation technology and manufacturing by being the first to market with a Private Label alternative.

Consumers in every European market are becoming more demanding and less loyal. Product life-cycles are shortening. Retailers are seeing increasing competition in their home markets.

To compete and win, retailers need to respond rapidly to emerging trends with high-quality new products and brand extensions – which is why so many of Europe's leading retailers rely on McBride. With our record of providing best-in-class quality across over 9,000 products, we are the only Private Label company with the marketing, technical, manufacturing and logistical expertise capable of meeting all their needs.

Our understanding of consumers and operational resources has led time and again to McBride outperforming not only its Private Label rivals but also the multinational companies in bringing radical new products to market. (See the box below left for a list of some McBride 'firsts'.)

Our new product development methodology is proven as the starting point for ranges of household and personal care goods that today are established features of the retail landscape. (See the process diagram, far left.)

Our manufacturing capabilities are equally important in ensuring innovative new products are converted into retail sales for our customers. Our extensive network of factories is geared to meet the highly complex demands of producing for multiple products across many different retailers, each with their own permutation of content and packaging design, colour, size and branding. Our teams set the standard for the rest of the Private Label industry.

Just like our products, McBride's structure, resources and expertise are truly best in class.

Our teams set the standard for the rest of the Private Label industry.

McBride was the first:

- ***UK company to use fluid bed technology for washing powders, reducing energy consumption***
- ***To develop concentrated washing powders***
- ***To introduce a Colourcare laundry product***
- ***To launch a Fine China dishwasher powder***
- ***To market combined powder and conditioner tablets***
- ***European company to develop detergent liquid pouches***

NPD the McBride way:

THE IDEA – brainstorm, research, analyse

REFINE – select the ideas to concentrate on

DEVELOP – design, develop and test samples

PLAN – marketing package for best product at best price

TEST – gauge consumer response

LAUNCH – and test success with research and analysis

BIG IN GROWTH MARKETS

Four years after extending our international presence through a strategic expansion programme into Central European growth markets, more than half of McBride's turnover now comes from outside the UK. By introducing new standards of quality and service to countries where consumer spending is growing, successfully adapting to their widely differing needs and demands, we are now the major player on a European scale.

The UK market for household and personal care products is a mature one. The high level of sophistication in Supply chain, in-store design and Private Label offer of the UK retailers has played an important role in the acceptance of Private Label throughout Europe. For many years, it has been the relationship between the UK retailers and McBride that has underpinned the development of the UK Private Label offer in the household and personal care categories. As our retail partners expand into emerging markets, we have moved with them to our mutual benefit.

Mainland European markets, including some of the Western advanced economies, continue to offer exciting growth prospects for McBride. Spending is rising dramatically in all Central and Eastern European countries, while elsewhere Private Label share is rising fast as consumers increasingly understand and trust its quality.

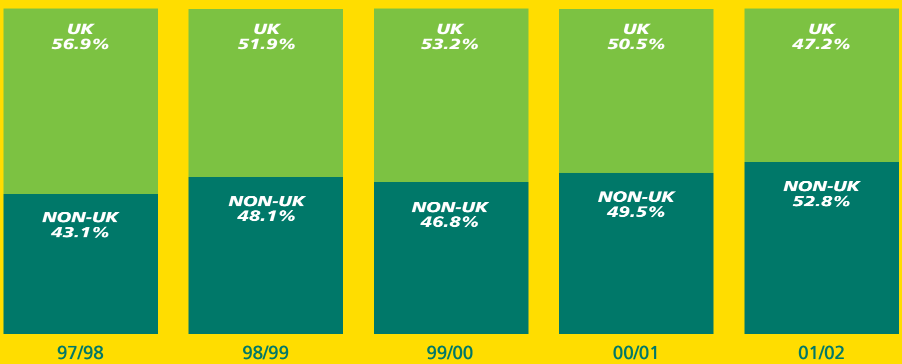
Our pursuit of best practice that has made us the undisputed leader in the UK is proving equally successful overseas. The last 12 months have seen strong growth in countries with markets as contrasting as France and Poland.

Our unique ability to provide the advice and innovation that delivers better category performance for our customers is a compelling factor in creating long-term strategic partnerships. Equally important is the sheer speed with which we operate, meeting increasingly tight and demanding delivery and product development deadlines, often ahead of expectations.

The Group achieves this by focusing all our resources on the specific and widely differing needs of each market, using local knowledge allied with professional management, committed employees and a truly European presence to focus the benefits of our scale on individual demands.

Mainland European markets, including some of the Western advanced economies, continue to offer exciting growth prospects for McBride.

Growth in Non-UK Sales



Our pursuit of best practice that has made us the undisputed leader in the UK is proving equally successful overseas.

Our unique ability to provide the advice and innovation that delivers better category performance for our customers is a compelling factor in creating long-term strategic partnerships.

In Poland, Intersilesia achieved 11% growth in local currency and has trebled its turnover since acquisition.

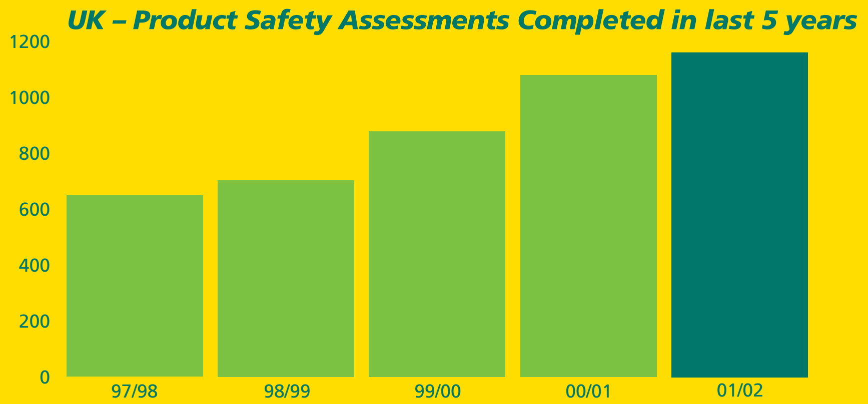
TAKING RESPONSIBILITY

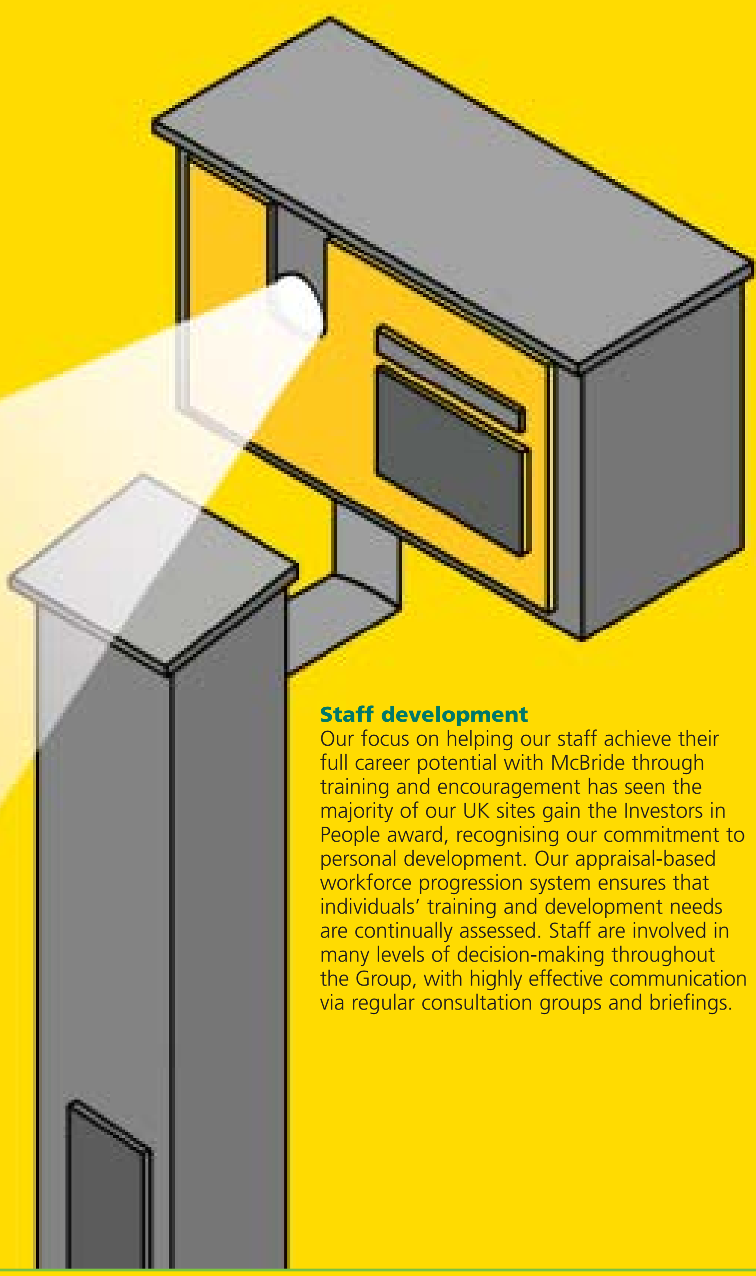
At McBride, we take a broad view of our responsibilities to our stakeholders. These are not just shareholders, customers, employees and suppliers, but also the communities in which we operate. Our impact is more than economic, and we take pride in our achievements that provide environmental and social support to our local communities, protect and develop our staff and use our expertise to help people with special needs.

The environment
Throughout McBride, our manufacturing processes, facilities, distribution practices and products are designed to have the least possible impact on the environment, both locally and more widely. Our premises are audited independently by accredited environmental review bodies to ensure strict compliance with prescribed controls, and plans are in place to minimise the effects of any potential serious incident. Our Environmental Management System, which on many sites also addresses energy consumption, waste control and effluent management, is delivering positive results with identified cost savings approaching £400,000 in the UK and a year-on-year seven per cent reduction in CO_2 emissions.

The community
McBride works closely with the communities in which we operate to reduce any adverse impact of our activities on the lives of local people and forges strong relationships with local authorities and regulatory bodies. We run consultation schemes with residents to allow the airing of concerns, including noise and traffic management, to enable positive action to be taken. We work closely with schools and other educational establishments to share the benefits of our experience and expertise, particularly encouraging sporting and other social activities among young people. Local charities are supported through fund-raising events and monetary donations, and the McBride Charitable Trust provides educational grants and donations to other charities.

Health & Safety
We take every possible action to ensure the safety of our staff and visitors to our sites. This is the single most important priority in the day-to-day management of our operations, based on a detailed, documented best practice system that has been audited by RoSPA and validated by the Health & Safety Executive. Its directives include risk and safety training for all staff, constant performance monitoring and thorough investigations into any incident from which lessons learned may be identified and shared between operations. Improvement is continuous, with a 13 per cent year-on-year decrease in lost-time incidents and a significant reduction in the number of accidents reported. Product safety assessments are a key element of our customer support strategy, and over the last five years the number of assessments undertaken by our UK team for safety and correct labelling has nearly doubled.





Traffic calming

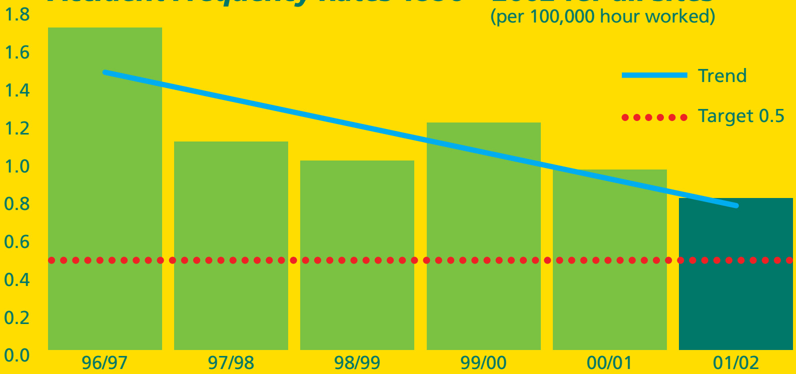
When McBride's Burnley factory learned that the County Council was intending to install speed ramps on surrounding roads, it realised its own haulage vehicles would cause noise problems for residents. McBride called a meeting involving the Council, Police and local people, where it was agreed that speed cameras purchased by the company should be used instead to control both traffic and noise.

Staff development

Our focus on helping our staff achieve their full career potential with McBride through training and encouragement has seen the majority of our UK sites gain the Investors in People award, recognising our commitment to personal development. Our appraisal-based workforce progression system ensures that individuals' training and development needs are continually assessed. Staff are involved in many levels of decision-making throughout the Group, with highly effective communication via regular consultation groups and briefings.

Accident Frequency Rates 1996 – 2002 for all sites

(per 100,000 hour worked)



DIRECTORS' REPORT

The Directors of McBride plc have pleasure in presenting to shareholders their Annual Report together with the audited, consolidated financial statements for the year ended 30 June 2002.

Principal Activities & Future Development

The Group has manufacturing operations in 7 European countries with 17 factories. The principal activities of the Group are the manufacture of Private Label and Minor Brand household and personal care products. Details of the business and its activities during the year are set out in the Chief Executive's review on pages 6 to 9.

Results & Dividends

	£m
Group trading profit	24.8
Loss in joint venture	(1.5)
APL settlement	(15.8)
Interest	(5.3)
Taxation	(5.4)
Minority interest	(0.2)
Loss for the financial year after providing for taxation and minority interest	(3.4)
Dividend per ordinary share	2.1p
Proposed final dividend of 1.4 pence per share to be paid on 3 January 2003	£2.4m

The final dividend is subject to shareholder approval and will be paid on 3 January 2003 to shareholders on the register on 6 December 2002.

Corporate Governance

The Company recognises the importance of strong Corporate Governance and fully endorses the Principles of Good Governance and Code of Best Practice encompassed in the Combined Code ("The Code") of the Financial Services Authority. During the period under review, the Company has actively reviewed its level of compliance with the Code and the ways in which the Company continually applies and complies with the Principles of The Code are set out below.

The Board of Directors

The Directors who held office during the year and continue to hold office, together with their biographical details are shown on pages 12 and 13. Terry Monks resigned from the Board on 30 September 2001 and Alan Washkowitz resigned from the Board on 13 December 2001.

Miles Roberts was appointed Finance Director on 2 January 2002. Colin Smith was appointed Non-Executive Director on 4 April 2002. The Board has five members of whom two are Executive Directors and three Non-Executive Directors. All Directors must stand for election at the first Annual General Meeting after appointment. Accordingly, both Miles Roberts and Colin Smith offer themselves for election.

In accordance with the Articles of Association of the Company, the Director retiring by rotation at the Annual General Meeting is Henri Talerman who, being eligible, offers himself for re-election.

The Company's Articles of Association require one third of the Directors to stand for re-election every year. This ensures that shareholders have a regular opportunity to reassess the composition of the Board. The Company has always complied with best practice by ensuring that every Director is subject to re-election every three years. If the Board consider it necessary, approval will be sought from shareholders to amend the Company's Articles of Association to ensure ongoing compliance with The Code.

The Board recognises its role in representing and promoting the interests of shareholders and its accountability to shareholders for the performance and activities of the Group. At the same time, the Board recognises the responsibility of the Executive Directors in managing the Group's activities. A schedule of matters specifically reserved for decision by the main Board has been established, recognising that in certain situations their decision wil be subject to shareholder approval. The tasks of monitoring executive actions and reviewing operational issues are delegated either to Board Committees (see page 23) or to the Chief Executive who oversees the management of the Group's business activities.

The Board has a strong non-executive element with each Non-Executive Director being independent of management. Between them, the Non-Executive Directors bring experience and independent judgement at a senior level within the Group. On appointment, Directors participate in an induction programme which is supplemented by visits to key locations and meetings with senior executives of the operating companies. In accordance with The Code, the designated senior independent Non-Executive Director is Henri Talerman.

In accordance with the provisions of The Code, there is a clear division of responsibilities between the independent Non-Executive Chairman and the Chief Executive. The Non-Executive Directors do not attend meetings of the Management Committees but receive relevant reports from those Committees to enable them to carry out their responsibilities in the setting and monitoring of the Group's business and strategic plans, reviewing its trading performance, determining its acquisition and divestment policy, approving major capital expenditure projects and considering significant financing matters. The Board also monitors exposure to key business risks and reviews the codes of conduct of the operating companies including environmental and employee issues. The Board meets at least six times per annum at two-monthly intervals with normally full attendance by all the Directors. There is frequent contact between meetings to progress the Company's business. Board papers are prepared and issued a week prior to each Board meeting and other relevant papers and information are circulated, as necessary, to Board members between meetings. In addition, briefings are provided through visits to the Group's operations and other business presentations.

Sub-Committees

In addition, the following standing committees have been long established with charters approved by the Board detailing the composition, activities and duties prescribing the extent of the authority delegated to each committee:

Group Executive Committee (GEC) – this Committee is chaired by the Chief Executive, and comprises the Group Finance Director, the three Managing Directors of the geographically based operating companies, the Group Purchasing Director, the Personnel Director and the Planning Director. Brief biographical details of the members are set out below:

Tim Seaman is Managing Director of Robert McBride Ltd, managing the UK operations. He has worked for McBride for 18 years including the roles of Commercial Director, Managing Director at Burnley and Managing Director Household. He has a degree in Business Studies, is CIMA qualified and has previously held senior positions with Denbyware in Canada, and within The Smurfit Group.

Fernand Fuger is Managing Director of the Continental Europe (EU) operations. He has worked for the business for a total of 28 years, having initially joined Tensia. After his early roles in Exports and Sales, he has held the positions of Managing Director of General Detergents in Italy and Commercial Director of McBride CE. He has a qualification in Engineering.

Bernard Edmunds is Managing Director of our International Division, which includes global Private Label developments with international retailers, Central Eastern European activity including Intersilesia: McBride Polska and export activity to the rest of the World. Bernard will also head up our newly formed International Contract Packing Division. He has been with the Group 15 years and held a variety of senior positions. Bernard has previously held senior positions with other FMCG companies and has 25 years' experience working in international markets.

Marc Raes is Group Purchasing Director. He has worked for the Company for 12 years, having undertaken roles in Commercial, Finance, Planning and Personnel. Marc has held previous senior posts in Sperry, New Holland and Joris Veneer Mill and has an Economics qualification.

Malcolm Allan is Personnel Director for Robert McBride Ltd and co-ordinates all personnel and safety matters for the Group. He is also a Trustee of both the McBride Charitable Trust and of the UK Pension Fund. He has worked for the Company for 15 years and held posts in Purchasing and Distribution as well as Personnel. He has worked previously for The Ministry of Defence, RHM and Foseco Minsep. He has a degree in Mathematics.

Chris Coxon is Director of Planning. He has worked for the Group for 16 years in a variety of roles including Business Development Director, Business Systems Programme Director, Purchasing Director and Managing Director Personal Care. Before joining McBride, he held senior positions with Beresford plc, Nokia Group and Dalgety plc.

The Group Executive Committee meets twelve times per annum to consider trading, financial and operational matters across the Group.

Audit Committee – the Committee operates in accordance with a charter established to determine its terms of reference. The Committee is composed of Mr C D Smith as Chairman and two other Non-Executive Directors who are, in the opinion of the Board, independent – the current members being the Chairman together with Mr H Talerman and Lord Sheppard. The 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 two meetings per annum and the Committee is authorised by the Board to investigate any activity within its terms of reference. The business of the Committee takes full account of The Code and is responsible for reviewing, on behalf of the Board, the Group's accounting and financial policies and disclosure practices, its internal controls and the nature, results, recommendations and services of the external auditors.

Remuneration Committee – this Committee is also established under defined terms of reference and is responsible for the establishment of remuneration policies for senior executives, including the Executive Directors, and for reviewing management development matters within the Group. The Committee comprises a Chairman and two other Non-Executive Directors of the Board. The current membership is Mr H Talerman as Chairman together with Mr C D Smith and Lord Sheppard. The Committee has authority to and seeks, wherever it is deemed necessary, advice from external professional advisors. The Committee also consults with the Chief Executive on matters relating to other Executive Directors who report to him although he is not present when matters affecting his own remuneration are considered. The Committee meets at the request of any member or the Secretary of the Committee but 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 Company. A full report from the Remuneration Committee is set out on pages 26 to 28.

Nominations Committee – this Committee is also governed by defined terms of reference with a Committee comprised of a Chairman and all the Non-Executive Directors of the Board together with the Chief Executive as may be deemed appropriate. The current membership is Lord Sheppard as Chairman together with Mr C D Smith and Mr H Talerman. The Committee meets as appropriate and a quorum is two members. The Committee 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. The Committee is also responsible for making recommendations to the Board on the continuation in service of any Director who has reached the age of 70. It is intended that, in such cases, and in accordance with the provisions of The Code, any such recommendations would be subject to annual re-election.

The Chairmen of the Committees, or in their absence (an alternate) attend the Annual General Meetings of the Company to respond to any shareholder questions on the activities of the Committees.

DIRECTORS' REPORT CONTINUED

Board of Directors

1. ***Lord Sheppard of Didgemere,*** KCVO, Kt, Chairman (aged 69)
   Lord Sheppard has been Non-Executive Chairman of the Company since the Buy-In and from 1987 to 1996 he was Chairman of Grand Metropolitan plc. He is also Non-Executive Chairman of the Unipart Group, GB Railways plc and President of London First.

2. ***Mike Handley,*** Chief Executive and Deputy Chairman (aged 55)
   Mike Handley led the Management Buy-In of McBride in 1993 and was previously Managing Director of several divisions at RHM plc and a divisional Director of Cadbury Schweppes plc prior to which he had held senior management positions with Ciba Geigy (UK) Ltd and Reckitt & Colman. In 1998 he was appointed Non-Executive Chairman of Macphie of Glenbervie Ltd in Scotland and during 2001 was appointed to the board of the A.I.S.E. (The European Detergents Industry Association).

3. ***Miles William Roberts,*** Group Finance Director (aged 38)
   Miles Roberts joined McBride in January 2002 as Group Finance Director from Costain Group plc where he was the Group Finance Director. Previously he was the Finance Director of Three Valleys Water plc.

4. ***Henri Talerman,*** Non-Executive Director (aged 46)
   Henri Talerman has been a Non-Executive Director of the company since May 1993. He was a founding partner of WR Capital Partners, LLC. Until October 2000, he was a Managing Director of Lehman Brothers Inc, managing Lehman's principal investments. He is a member of several Boards of Directors of private companies in the US.

5. ***Colin Smith,*** Non-Executive Director (aged 55)
   Colin Smith joined the Board as a Non-Executive Director in April 2002. He was a Main Board Director of Safeway plc for 15 years, the last 6 years as Chief Executive and before that, Finance Director. He is Chairman of the Audit Committee and a member of the Remuneration Committee. Colin is also Chairman of a number of private companies.

Relationship with Shareholders

The Board places considerable importance on ensuring that good communications are maintained with institutional shareholders. Meetings with analysts and institutional shareholders are held on a regular basis at the time of the interim and final results. This provides the opportunity for shareholders to explore the Company's approach to Corporate Governance matters and to assess the Company's performance and prospects. The Board also keeps shareholders regularly appraised of the performance of the Company using a number of channels of communication. These include the issue of the Annual Report and Accounts, regular announcements made to the London Stock Exchange, and at the half year, an interim report is published. In addition, the Annual General Meeting provides an opportunity for all shareholders to ask questions and at that meeting the Chairman provides a statement on the current trading conditions. Directors are available to meet informally with shareholders after the meeting. The Company responds throughout the year to correspondence received from individual shareholders on a wide range of issues.

All proxy votes are declared after the show of hands on each Resolution tabled to the Annual General Meeting.

Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. It is designed to provide reasonable, but not absolute, assurance that the assets are safeguarded against unauthorised use or material loss and that transactions are properly authorised and recorded. The Board confirms that there is an established ongoing process for identifying, evaluating and managing the significant risks faced by the Company which has been in place for the year under review and up to the date of approval of the Annual Report and Accounts.

Internal control is designed to address all risks, including financial, operational and strategic and incorporates a full review of compliance controls and risk management across the Company.

Key features of the system of internal control are as follows:

- The annual 3-year planning cycle has been exhaustively undertaken following the cessation of 'offer' talks and is currently being rolled out to operating companies and divisions. The resulting plan has focused on improving the existing business through sales growth, operational efficiency, asset utilisation and staff participation. This plan has been discussed by the Board and will be subject to regular monitoring and follow-up.
- The Group is organised with well-defined management responsibilities and reporting lines. Monthly meetings are held of the GEC and at all operating divisions between the senior management of that division and the Executive Directors of the Company.
- A formal process for ensuring that key risks affecting all the Group's operations are identified and assessed on a regular basis, together with the controls in place to mitigate these risks.
- There is a comprehensive budgeting system with an annual budget approved by the Board. Financial performance of the subsidiaries is monitored centrally. Updated forecasts are prepared and challenged on a regular basis.
- There are well-defined policies relating to personnel issues and subsidiaries report monthly on health, safety and environmental matters. The Board reviews overall performance annually.
- The Audit Committee meets regularly and, together with internal reports, also receives reports from the external auditors.
- New operational authorisation procedures and controls have been developed and are being implemented throughout the Company. These build on existing procedures and include areas such as capital projects, operating costs and new contracts.

Directors' Interests

The interests of the Directors in the share capital of the Company are shown in the Remuneration Report on pages 26 to 28.

Directors' responsibility for the preparation of financial statements
Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the year, and of the profit and loss for that period. In preparing financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Going concern basis
After appropriate consideration the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Group has, therefore, continued to adopt the going concern basis in preparing these financial statements.

Substantial shareholdings on 5th September 2002
The Company's register of substantial interests in shares showed the Company had been notified of the following interests of 3% or more of its issued share capital.

	Numbers of Shares	Percentage Holdings
AMVESCAP/Perpetual	35,461,903	19.96%
Jupiter Asset Management	12,842,506	7.23%
Legal & General Assurance Society Ltd	11,180,967	6.29%
First Eagle Soc Gen	6,422,800	3.62%
Unicorn Asset Management	5,737,041	3.23%
		40.33%

Charitable donations
Donations made during the year amounted to £34,000 (2001: £24,000). There were no political donations made in the year (2001: £Nil).

Payments to creditors
Group companies agree terms and conditions for business transactions with their suppliers. Payments are then made in accordance with these terms, subject to agreed terms and conditions being met by the suppliers. The number of supplier days represented by trade creditors for the Group was calculated at 79 as at 30 June 2002, split 64 UK and 94 Europe.

Non-audit fees
During the year, the Group incurred non-audit fees totalling £0.4 million. The work primarily involved the review of the Group's taxation position and advisory work connected to the Aerosol Products Limited settlement. This work was awarded after completion of a competitive tendering process.

Compliance with the Provisions of The Code
The Company complied throughout the period under review with the Code provisions of Section 1 of the Combined Code on Corporate Governance of the London Exchange except in the following aspects:

1. Service contract – The Chief Executive continues to hold a two-year service contract. Given his seniority and length of service, the Remuneration Committee still consider this appropriate for Mr Handley. However, future service contracts have and will only be awarded on a one-year basis.

2. Training for Directors – Induction programmes are undertaken by newly appointed members of the Board which include site visits and present opportunities to interface with the local site operational teams. All members of the Board are experienced Directors most of whom have previously held Executive Board positions in other listed companies. In particular, the Non-Executive Directors have been appointed for their specific areas of expertise and knowledge which can bring complementary skills to the Board.

Annual General Meeting
The Annual General Meeting will be held at Butchers' Hall, Bartholomew Close, London EC1A 7EB on 2 December 2002 at 12 noon.

The notice convening the meeting is sent to shareholders separately from this report, together with an explanation of the items of special business to be transacted at the meeting.

Auditors
A resolution is to be proposed at the Annual General Meeting for the reappointment of KPMG Audit Plc as auditors of the Company.

By Order of the Board
M W Roberts, Secretary
18 September 2002

DIRECTORS' REPORT CONTINUED

Remuneration Report

Constitution

Remuneration policy for the Executive Directors and the senior executives of the operating companies is decided by the Remuneration Committee, the composition of which is referred to on page 23. The Committee met twice in the period under review.

Remuneration policy

The Committee gives full consideration to the provisions of The Code and aims to ensure that remuneration packages offered are competitive and designed to attract, retain and motivate Executive Directors and senior executives of the right calibre. Under the Chairmanship of Mr Talerman, the performance of the Executive Directors and key members of senior management is evaluated as a precursor to setting their annual remuneration, bonus awards and awards of share options. The Chief Executive plays no part in any discussion about his own remuneration. 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. During the period, the Non-Executive Directors did not participate in any of the Group's bonus or share option schemes.

The Company's policy has always been to allow shareholders to vote at the AGM on the Annual Report and it is continuing that policy this year.

Base salaries

The base salaries of Executive Directors and senior executives are reviewed annually taking into account individual performance, pay awards made to other employees, and benchmarking against remuneration for similar positions. The Committee consults with the Chief Executive and pays due regard to his recommendations for other Executive Directors and senior managers. The Committee also has access to professional advice as may be deemed necessary from inside and outside the Company.

Annual bonus

Executive Directors and senior executives have participated in a bonus scheme which is linked directly to the achievement of the annual business plan targets. Amounts payable under the bonus scheme, which are non-pensionable, can rise to a maximum of 40% of base salary as operating profits exceed the business targets set by the Board. Bonuses ranging between 20% and 40% were paid in respect of the year ended 30 June 2002.

Share options

While the Directors are not required to hold any specific number of shares in the Company, the Committee believes that share ownership serves to strengthen the link between Executives' personal interests and those of shareholders. The Group currently operates the McBride 1995 Executive Share Option Scheme, the McBride 1995 International Executive Share Option Scheme, and the McBride 1995 Savings Related Share Option Scheme. Options under the executive schemes are granted at an exercise price which is not less than market value at the date of grant. All schemes have a ten year life span and executive options vest after three years and, once vested, are exercisable, subject to satisfaction of performance conditions, until ten years after the date of grant. The basic performance criteria applied to executive options granted prior to this year require that the growth in earnings per share of the Company must have out-performed the change in the Retail Price Index over a period of three years prior to exericse. During the year, the Remuneration Committee granted new executive share options to a number of senior executives within the Group based on a multiple of one year's salary. In the light of market practice, the Committee recognised the need for more challenging performance criteria to be established and, for the latest issue, a sliding scale has been introduced with the criteria being tested over fixed three year period. Under these criteria, options will not vest at all unless growth in earnings per share exceeds the increase in RPI by 3% per annum, at which level only one half of the options will vest. For performance above this level, options will vest on a rising scale, with full vesting only if growth in earnings per share exceeds the increase in RPI by at least 5% per annum. During the year, a further invitation for employees to participate in the Savings Related Share Option Scheme was issued – the previous invitation from 1995 having expired.

Directors' contracts

Previously, Executive Directors contract periods had been set at two years. The Committee still considers that it is appropriate for Mr Handley to retain a two-year contract given his seniority and his length of service with the Company notwithstanding his lead role in the Buy-In in 1993. However, following the departure of Mr Monks as Group Finance Director from the Company, and recognising the prevailing practice amongst comparable companies as well as the requirements of The Code, Mr Roberts has been granted a contract terminable by the Company on 12 months' notice. It is intended that any future executive contracts will also be awarded on a one-year basis. All Directors' contracts are available for inspection at the Annual General Meeting.

Executive Directors

Mr Handley's contract therefore stipulates 24 months' notice by the Company and 12 months' notice by the Director. The Board does not consider it in shareholders' interests to renegotiate Mr Handley's contract.

Mr Roberts' contract stipulates 12 months' notice by the Company and 12 months' notice by the Director.

Mr Monks, who left the Company during the year, had a contract which required 24 months' notice by the Company and 12 months' notice by the Director.

Other than as disclosed above, the contracts do not make any other explicit provision for pre-determined compensation commitment. In the event of an early termination, the Remuneration Committee would consider each individual case on its merit, if applicable.

The Executive Directors receive a basic salary plus a bonus of up to 40%. In addition, Mr Handley has some existing share options which represent only a small proportion of his remuneration. Mr Roberts has not, to date, been granted any share options although it is anticipated that further options will be issued to the Executive Directors in the future.

Remuneration Report *continued*

Other benefits

The Company pays into defined contribution pension schemes on behalf of Mr Handley and Mr Roberts based upon basic salary at 45% and 30% respectively. In addition, both Directors are provided with a fully expensed car, membership of a private medical scheme and the company pays for life assurance cover.

Non-Executive Directors

Lord Sheppard of Didgemere has been engaged by the Company as Non-Executive Chairman under a renewable letter of appointment for 12 months. The other Non-Executive Directors do not have service contracts but renewable letters of appointment for 12 month periods which are terminable at will.

Directors' emoluments

	Fees £000	Basic Salary £000	Bonus £000	Benefits* £000	Sub-total Year ended 30 June 2002 £000	Sub-total Year ended 30 June 2001 £000	Pension contributions Year ended 30 June 2002 £000	Pension contributions Year ended 30 June 2001 £000	Total Year ended 30 June 2002 £000	Total Year ended 30 June 2001 £000
Executive										
M. Handley	–	324	16	32	372	342	146	139	518	481
M. W. Roberts (from 2/01/2002)	–	82	–	7	89	–	25	–	114	–
T. J. Monks (to 30/09/2001)	–	41	–	5	46	182	14	57	60	239
J. P. Budsworth (to 20/11/2000)	–	–	–	–	–	70	–	–	–	70
Non-Executive										
Lord Sheppard	100	–	–	–	100	100	–	–	100	100
A. Butler (to 28/02/2001)	–	–	–	–	–	12	–	–	–	12
H. I. Talerman (USA)	15	–	–	–	15	13	–	–	15	13
C. Smith (from 4/04/2002)	6	–	–	–	6	–	–	–	6	–
A. H. Washkowitz (USA) (to 13/12/2001)	6	–	–	–	6	13	–	–	6	13
	127	447	16	44	634	732	185	196	819	928

* The benefits consist of the provision of a company car and fuel, private healthcare insurance and life cover.

Directors' interests

The interests of the Directors in the shares of the Company at the beginning and the end of the financial year were:

	Lord Sheppard Non-beneficial	Lord Sheppard Beneficial	M. Handley Non-beneficial	M. Handley Beneficial	M. Roberts Non-beneficial	M. Roberts Beneficial	C. Smith Non-beneficial	C. Smith Beneficial	T. J. Monks Non-beneficial	T. J. Monks Beneficial
Ordinary shares at 30 June 2001	–	2,000,000	181,152	1,968,848	–	–	–	–	67,932	512,068
Purchased during the year	–	10,000	–	–	–	–	–	75,000	–	–
Ordinary shares at 30 June 2002	–	2,010,000	181,152	1,968,848	–	–	–	75,000	67,932*	512,068*
Executive options over ordinary shares:										
At 30 June 2001 and 2002										
Exercise price at £1.88 pence (2)	–	–	–	292,553	–	–	–	–	–	154,255
At 30 June 2001 and 2002	–	–	–	292,553	–	–	–	–	–	154,255
SAYE options over ordinary shares:										
At 30 June 2001	–	–	–	–	–	–	–	–	–	11,423

*As at 30 September 2001 on the resignation of T. J. Monks.

DIRECTORS' REPORT CONTINUED

Remuneration Report continued

Directors' interests

The market price of the shares at 30 June 2002 was 57.0p and the range during the financial year was 30.0p to 64.0p.

There were no changes in the Directors' interests shown between 30 June 2002 and 18 September 2002.

Under the terms of a letter dated 12 June 1995, addressed to Lehman Brothers Holdings Inc., the Company agreed that, with effect from July 1995 and for so long as Lehman Brothers Holdings Inc. and its subsidiaries and affiliates (together "Lehman") or any fund managed by it or of which it is a general partner own or control in aggregate not less than 15% of the issued ordinary share capital of the Company, Lehman will have the right to appoint two Non-Executive Directors. If Lehman owns or controls less than 15% of the issued ordinary share capital of the Company but more than 7.5% then Lehman will have the right to appoint one Non-Executive Director. If Lehman owns or controls less than 7.5% it shall procure that any Director appointed under the letter offers their resignation. For the purposes of the rights referred to above, Lehman will be treated as owning or controlling any shares if it is solely entitled to control the exercise of voting rights attaching to such shares. For so long as Lehman controls the general partner of any limited partnership Lehman will be treated as controlling the shares in the Company which are owned by the partnership. Notwithstanding these rights, under a letter from Lehman dated 16 October 2000, it was confirmed that Mr Talerman should no longer be deemed to be serving as an appointee of Lehman. Lehman further confirmed that it would not be taking advantage of its right to appoint a second Non-Executive Director. Mr Washkowitz has retired from the Board and Lehman have no nominated appointees. Subsequent to the year end, on 26 July 2002, Lehman disposed of their entire shareholding.

During his period of office as a Director of the Company, Mr Washkowitz (USA) was also a Director and President of Lehman Brothers II Investment Inc., the general partner of Lehman Brothers Capital Partners II, L.P. and of Lehman Brothers Merchant Banking Partners Inc., the general partner of a limited partnership Lehman Brothers Merchant Banking Portfolio Partnership L.P. which was interested in 10,127,745 ordinary shares at 30 June 2001 and 30 June 2002.

Mr Washkowitz (USA) was also a partner of a limited partnership, Lehman Brothers Capital Partners II, L.P. The limited partnership (and indirectly the partners including Mr Washkowitz through his respective interest in the limited partnership) was interested in 6,903,712 ordinary shares at 30 June 2001. Apart from this interest and Mr Washkowitz's interest above, Mr Washkowitz had no other interests at 30 June 2001 and 30 June 2002.

Following the year end, Lehman's sold all their 28,307,421 shares to a number of institutional shareholders.

Mr Talerman was, during the fiscal year, a limited partner of Lehman Brothers Capital Partners II, L.P. and had no other interests in the Company apart from this. Mr Talerman continues to be a limited partner in Lehman Brothers Capital Partners II, L.P. Mr Talerman, who is resident in the USA, is, in the opinion of the Board, an independent Non-Executive Director.

Mr Smith, who was appointed to the Board during the year, subsequently acquired 75,000 ordinary shares in the Company.

Lord Sheppard of Didgemere purchased 10,000 shares on 13 June 2002.

Save for service agreements there were no contracts of significance with the Company, or any subsidiary undertaking, subsisting during or at the end of the periods in which any Director is or was materially interested. None of the Directors holds shares beneficially in any subsidiary undertaking.

Environmental, social and ethical performance review

The Group places considerable importance on compliance with, not only environmental standards, but also on improving ethical standards and social performance. Detailed health, safety and environmental reports are prepared by the operating companies each year and submitted to the Board for review and regular monitoring of controls takes place on at least a quarterly basis by the local operating company management teams with a full business risk review undertaken on an annual basis.

Health, safety and environmental matters continue to be high on the agenda with robust reporting systems in place. Experiences, best practice and the impact and consequences of new legislation are shared across the Group.

It is Group policy to set its minimum standards of performance at the legally required level and strive where commercially feasible to exceed these standards. The Group is aware of the existence of the HSE consultative documentation and takes due account thereof. In addition, the Group has senior management representation on various Trade Associations and complies with Industry Association guidelines.

Full crisis management procedures have been documented and are regularly reviewed to ensure that effective communication and reporting channels exist in the event of any adverse event. In addition, disaster recovery plans have been prepared to ensure that, in the event of a serious incident, the sites are able to respond in a timely manner to minimise any adverse impact to either the Company or its stakeholders.

The environment

Throughout McBride, our manufacturing processes, facilities, distribution practices and products are designed to have the least possible impact on the environment, both locally and more widely. Our premises are audited independently by accredited environmental review bodies to ensure strict compliance with prescribed controls, and plans are in place to minimise the effects of any potential serious incident. Our Environmental Management System, which on many sites also addresses energy consumption, waste control and effluent management, is delivering positive results with identified cost savings approaching £400,000 in the UK and a year-on-year seven per cent reduction in CO_2 emissions.

In Continental Europe, a systematic approach has been put in place to ensure general risk assessments for health, safety and the environment at all sites, including follow-up reviews and action plans. This initiative is at varying stages of implementation - some sites are already achieving certification, while others are establishing the system's foundations.

In particular, progress on reducing water consumption and waste water has been effective. Water consumption has been reduced by 13 per cent, while waste water generated was significantly below the sector standard of $1.0m^3$ at $0.45m^3$ per tonnes of finished product produced. The Group fully complies with the European Directive on packaging waste.

Health & Safety

We take every possible action to ensure the safety of our staff and visitors to our sites.

This is the single most important priority in the day-to-day management of our operations, based on a detailed, documented best practice system that has been audited by RoSPA. Its directives include risk and safety training for all staff, constant performance monitoring and thorough investigations into any incident from which lessons learned may be identified and shared between operations. Improvement is continuous, with a 13 per cent year-on-year decrease in lost-time incidents and a significant reduction in the number of accidents reported. Product safety assessments are a key element of our customer support strategy, and over the last five years the number of assessments undertaken by our UK team for safety and correct labelling has nearly doubled.

In Continental Europe our accident rates increased slightly last year, although the combined Safety Index that we introduced in 2000 to cover housekeeping, inspection, personal protective equipment, accidents, incidents and safety promotion improved. Each site reports its own Index, with objectives to improve in at least three areas.

Ethical Conduct

The Group expects its employees to operate high ethical standards in areas such as adherence to all legislative and regulatory guidelines, in its business relationships and as regards human rights. Unethical behaviour is not acceptable and written policies on harassment, equality and well-being are in place to ensure that employees behave in an appropriate manner. Established standards of operating with suppliers and customers are in place covering, for example, the prohibition of giving and receiving bribes and gifts. Supplier audits also address issues of environmental as well as social and ethical conduct.

Social Report

The Group recognises that the impact of its operations on the environment and on the wider society are of considerable importance.

Customers

As a major supplier of product to the Retailers, the Group recognises the importance of ensuring that there is no adverse impact on the reputation of its customers. It is fundamental to the ethos of the Group that the social impacts of its products, their safety, quality and availability must satisfy the requirements of our customers and their consumers. Measurement of customer service levels on a daily basis is a primary area of focus.
In addition, customer consultation and maintenance of good relationships with customers is of paramount importance across all activities of the business, not only in the Commercial field, but also as regards Logistics and Product and Technical development.

DIRECTORS' REPORT CONTINUED

Environmental, social and ethical performance review *continued*

Employees

The Group recognises that its employees are a valuable asset and particular emphasis is placed on involving employees wherever possible. It is acknowledged that team working is invaluable in helping to deliver the Company's goals. The Group's strategy and business plans are shared with senior managers who are responsible for cascading down information as appropriate within the organisation.

During the year, further Opinion Surveys have been undertaken as part of the two-year rolling programme by site to monitor employee satisfaction levels on a regular basis. The Group has made further progress on developing its training and development policies, and introducing appraisals for all employees, as well as ensuring that all employees receive regular briefings. Extensive training programmes are under way in support of systems developments. The Group has also embarked on developing Well Being and Capability policies. In the UK, the majority of sites have now achieved IiP (Investors in People) accreditation and Partnership Councils (joint management/employee consultation groups) have been established at most facilities.

Employees are encouraged to become shareholders through participation in the McBride Savings-Related Share Option Scheme and eligible employees are also able to participate in the Group's achievements through performance-related bonus schemes and Executive Share Option Schemes.

During the course of the year, the Group employed an average of 4,234 people of whom 2,198 were employed in the UK. It is the Group's policy to ensure equal opportunity in recruitment, selection, promotion, employee development, training and reward policies and procedures in compliance with legal requirements. The Group also places great emphasis on establishing and maintaining a safe working environment for its employees. 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 gender, race, religion or disability. Full and fair consideration is given to the employment and opportunities for training and development of people with disabilities according to their skills and capacity. Where employees become disabled in 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 to provide appropriate retraining. Where the Group finds it necessary to undertake a restructuring programme, every effort is taken to ensure that involuntary redundancies are minimised, and relevant support and guidance is provided as appropriate. Decisions are communicated, employees are consulted and implications for individuals are duly considered.

The Group is committed to employee consultation by way of briefings, listening groups, information bulletins and Company newspapers. In addition, the operating company management teams regularly visit each of the sites and are available for open questioning from employees.

Community

The Group also recognises the importance of maintaining good relationships with the local community. Site General Managers are actively encouraged to maintain positive relationships, wherever appropriate, with local authorities and regulatory bodies. Where facilities are located in or near to residential areas, the site management have established neighbourhood schemes to provide a vehicle for local concerns to be heard and to ensure that due recognition is paid to ensuring that there is no unnecessary nuisance caused to residents. Charities in the locality of the Group's facilities benefit from charitable donations and employees regularly offer their services either through volunteer offices or through mentoring activities with local schools and other bodies. In the UK, a close relationship is built with local universities and colleges via bursary students which often results in active recruitment and partnership/development opportunities. An award winning childcare scheme has also been established in partnership with a local Council. The Group has membership of Business in The Community (BiTC) and runs a Charitable Trust which focuses on educational grants and donations to other charities. For the year ended 30 June 2002, the Charitable Trust made financial contributions of £26,688 in addition to contributions from the Company. In Poland, two bursaries have been established at a local university and donations made to local charitable causes as well as donating redundant stocks to international relief projects.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF McBRIDE PLC

We have audited the financial statements on pages 32 to 53.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 25, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on page 22 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2002 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB
18 September 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**Total Year ended 30 June 2002 £m**	Continuing Year ended 30 June 2001 £m	Discontinued Year ended 30 June 2001 £m	Restated Total Year ended 30 June 2001 £m
Turnover					
Continuing operations and share of joint venture		***500.6***	490.3	26.3	516.6
Less: share of joint venture's turnover		***(16.6)***	(19.0)	–	(19.0)
Total Group turnover	2	***484.0***	471.3	26.3	497.6
Cost of sales		***(297.6)***	(302.2)	(14.9)	(317.1)
Gross profit		***186.4***	169.1	11.4	180.5
Distribution costs		***(26.2)***	(24.6)	(0.3)	(24.9)
Administrative costs					
Before goodwill amortisation		***(134.1)***	(123.7)	(8.0)	(131.7)
Goodwill amortisation		***(1.3)***	(1.1)	(0.9)	(2.0)
Administrative costs including goodwill amortisation		***(135.4)***	(124.8)	(8.9)	(133.7)
Group operating profit	2	***24.8***	19.7	2.2	21.9
Share of joint venture's operating loss before goodwill amortisation	3	***(1.2)***			(2.5)
Goodwill amortisation in joint venture		***(0.3)***			(0.4)
Goodwill impairment in joint venture		***–***			(2.1)
Share of joint venture's operating loss		***(1.5)***			(5.0)
Profit on disposal of discontinued operations		***–***			2.9
Write-off of goodwill in joint venture	3	***(15.8)***			–
Profit on ordinary activities before interest		***7.5***			19.8
Group interest receivable and similar income		***0.6***			0.8
Group interest payable and similar charges	6	***(5.0)***			(8.3)
Share of joint venture's interest payable and similar charges		***(0.9)***			(1.0)
Profit on ordinary activities before taxation		***2.2***			11.3
Group tax on profit on ordinary activities	7	***(5.6)***			(0.6)
Share of joint venture's tax credit on ordinary activities		***0.2***			1.3
Profit/(loss) on ordinary activities after taxation		***(3.2)***			12.0
Equity minority interest		***(0.2)***			(0.5)
Profit/(loss) for the period		***(3.4)***			11.5
Dividends proposed	8	***(3.7)***			(3.6)
Retained profit/(loss) for the period		***(7.1)***			7.9
Earnings per ordinary share (pence), including prior year adjustment for FRS 19 – Deferred tax	9				
• Basic and diluted		***(1.9)***			6.5
• Basic before exceptional items, share of joint venture and goodwill amortisation		***8.9***			8.6
Dividend per share (pence)		***2.1***			2.0

BALANCE SHEET

	Note	Group As at 30 June 2002 £m	Restated Group As at 30 June 2001 £m	Company As at 30 June 2002 £m	Company As at 30 June 2001 £m
Fixed assets					
Intangible assets	10	**10.4**	11.7	**–**	–
Tangible assets	11	**135.4**	139.3	**0.2**	0.2
Investments	12	**–**	5.0	**155.0**	155.0
Total fixed assets		**145.8**	156.0	**155.2**	155.2
Current assets					
Stocks	13	**46.9**	48.6	**–**	–
Debtors	14	**110.8**	98.1	**50.6**	71.3
Cash at bank and in hand		**1.2**	2.7	**–**	–
		158.9	149.4	**50.6**	71.3
Creditors: amounts falling due within one year	15	**(232.0)**	(134.4)	**(41.4)**	(9.5)
Net current assets		**(73.1)**	15.0	**9.2**	61.8
Total assets less current liabilities		**72.7**	171.0	**164.4**	217.0
Creditors: amounts falling due after more than one year	16	**(2.4)**	(90.4)	**–**	(48.9)
Provisions for liabilities and charges	17	**(3.9)**	(1.9)	**–**	–
Investment in joint venture					
Share of gross assets		**4.3**	7.7	**–**	–
Share of gross liabilities		**(6.1)**	(15.0)	**–**	–
Net investment in joint venture		**(1.8)**	(7.3)	**–**	–
Net assets		**64.6**	71.4	**164.4**	168.1
Capital and reserves					
Called up share capital	19	**17.8**	17.8	**17.8**	17.8
Share premium account	21	**139.3**	139.3	**139.3**	139.3
Profit and loss account	21	**(92.7)**	(86.1)	**7.3**	11.0
Equity shareholders' funds		**64.4**	71.0	**164.4**	168.1
Equity minority interest		**0.2**	0.4	**–**	–
Net assets		**64.6**	71.4	**164.4**	168.1

These financial statements were approved by the Board of Directors on 18 September 2002 and were signed on its behalf by:

M Handley
M W Roberts
Directors

CONSOLIDATED CASHFLOW STATEMENT

	Note	***Year ended 30 June 2002 £m***	***Year ended 30 June 2002 £m***	Year ended 30 June 2001 £m	Year ended 30 June 2001 £m
Net cashflow from operating activities	26		***42.3***		33.5
Return on investments and servicing of finance	27		***(4.8)***		(7.9)
Taxation			***(5.4)***		(6.1)
Operating cashflow after taxation and finance costs			***32.1***		19.5
Capital expenditure					
Cash expenditure on fixed assets		***(10.6)***		(14.9)	
Disposal of fixed assets		***0.1***		0.7	
			(10.5)		(14.2)
Acquisitions and disposals					
Cost of refinancing the joint venture	3	***(16.3)***		–	
Purchase of subsidiary undertakings		***–***		(4.8)	
Proceeds from sale of subsidiary undertakings		***–***		25.7	
Deferred consideration payments		***1.0***		(4.4)	
			(15.3)		16.5
Equity dividends paid			***(3.6)***		(3.6)
Cashflow before financing			***2.7***		18.2
Financing	28		***(9.9)***		(22.8)
Decrease in cash in the year	29		***(7.2)***		(4.6)

RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	Note	***Year ended 30 June 2002 £m***	Year ended 30 June 2001 £m
Decrease in cash in the year	29	***(7.2)***	(4.6)
Cash inflow from movement in debt	29	***9.4***	21.9
Movement on finance leases	29	***0.5***	0.9
Change in net debt resulting from cashflows		***2.7***	18.2
Net debt disposed with subsidiaries		***–***	0.6
Translation differences	29	***(4.4)***	3.0
Movement in net debt in the year		***(1.7)***	21.8
Net debt at the beginning of the year		***(93.2)***	(115.0)
Net debt at the end of the year		***(94.9)***	(93.2)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year ended 30 June 2002 £m	Year ended 30 June 2001 £m
Profit/(loss) for the financial year	**(3.4)**	8.0
Unrealised foreign currency differences	**0.5**	(0.2)
Total recognised gains and losses relating to the financial year	**(2.9)**	7.8
Prior year adjustment in respect of the adoption of FRS 19 – Deferred tax	**(5.0)**	–
Total recognised gains and losses since last financial statements	**(7.9)**	7.8

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 30 June 2002 £m	Restated Year ended 30 June 2001 £m
Opening Shareholders' funds as previously reported	**72.5**	68.3
Prior year adjustment – FRS 19 Deferred tax	**(1.5)**	(1.5)
Restated opening balances	**71.0**	66.8
Profit/(loss) for the financial year	**(3.4)**	8.0
Equity dividends	**(3.7)**	(3.6)
Unrealised foreign currency differences	**0.5**	(0.2)
Closing shareholders' funds	**64.4**	71.0

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies
The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted by the directors are described below. The Group has implemented the new Financial Reporting Standards (FRS's) effective for the first time this year, being FRS 19 – Deferred tax.

As the provision that would have been required in prior periods, had FRS 19 applied, is materially different from the provision recorded under SSAP 15, a prior period adjustment is required.

The phased adoption of FRS 17 – Retirement Benefits will involve significant disclosure changes to both the Profit & Loss account and Balance Sheet in future years, however the Accounting Standards Board are currently considering the date from which full implementation will be adopted.

Basis of preparation
The financial statements are prepared under the historical cost convention.

Basis of consolidation
The Group financial statements consolidate the financial statements of McBride plc and all its subsidiary undertakings. These financial statements are made up to 30 June 2002.

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the Group's share of the separable assets. Where the cost of acquisition exceeds the fair values attributable to these assets the difference is treated as goodwill and capitalised in the balance sheet in the year of acquisition.

The results and cashflows relating to a business are included in the consolidated profit and loss account and the consolidated cashflow statement from the date of acquisition and up to the date of disposal.

Turnover
Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services to third party customers during the period.

Goodwill
For acquisitions of a business, including an interest in a joint venture or associate, purchased goodwill is capitalised in the year in which it arises and is amortised in equal installments over its useful economic life up to a maximum of 20 years.

The profit or loss on the disposal of a business includes the attributable amount of any goodwill relating to that business not previously charged through the profit and loss account.

Capitalised goodwill in respect of subsidiaries or an interest in a joint venture is included within intangible fixed assets. In accordance with FRS 10, the value of goodwill will be subject to review at the end of the first financial year following acquisition and may be subject to review at the end of the accounting period in which events or changes of circumstances indicate that the carrying value may not be recoverable.

Goodwill that arose on businesses acquired prior to the introduction of FRS 10, in the year commencing 1 July 1998 will remain written off to reserves. In the event of subsequent disposal of any of these businesses, the attributable goodwill, will be charged or credited in the profit and loss account in determining the profit or loss on sale. A credit of an equal amount to reserves ensures that there is no impact on shareholders' funds.

Fixed assets and depreciation
Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives as follows:

Freehold buildings – 50 years
Leasehold land and buildings – life of lease
Plant and machinery – 8 to 10 years
Computer equipment (including software) – 3 to 5 years
Motor vehicles – 4 years

No depreciation is provided on freehold land or assets in the course of construction. Where an estimate of the useful lives of assets is revised, the remaining net book value at the date of revision is written off over the revised estimated useful life.

Investments
In the consolidated accounts, the Group equity accounts for its subsidiaries. The Group's share of its investment in Aerosol Products Limited is shown as 50% of the net liabilities.

Stocks
Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, standard cost is used. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate portion of attributable overhead. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Taxation
The charge for taxation is based on the profit for the period and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. As indicated in the annual accounts to 30 June 2001, the basis upon which the Group provide for deferred tax has changed as a result of FRS 19 – Deferred tax. The Group have adopted the full provisioning basis for deferred tax as required by the Standard, replacing the partial provisioning basis specified under SSAP 15 now withdrawn.

The effect of adopting FRS 19 is to require a provision for deferred tax of £3.5 million as at 30 June 2002. As the provision that would have been required in prior periods, had FRS 19 applied, is materially different from the provision recorded under SSAP 15, a prior period adjustment is required.

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.

For consolidation purposes, the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. The profit and loss accounts and cashflows of such undertakings are consolidated at the average rates of exchange during the period. Exchange differences arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Leases
Assets acquired under finance lease are capitalised in the balance sheet and depreciated over their useful lives. The interest element is charged to the profit and loss account over the term of the contract. Operating leases are charged to the profit and loss account on a straight line basis over the life of the operating lease.

Pensions
The Group operates two material defined benefit pension schemes for UK employees. The Robert McBride Pension Fund, which was closed to new employees in July 2001 and the Robert McBride Barrow Site Retirement Benefit Scheme which remains closed to new employees.

The assets of all the schemes are held separately from those of the Group in independently administered funds. The regular cost of providing defined benefits are charged to profit in accordance with SSAP 24, Accounting for Pension Costs, over the period benefiting from employee service. The notes to the accounts contain additional information as required by FRS 17 – Retirement Benefits, under the transitional rules. Variations from regular cost are spread over the remaining service lives of employees in the schemes. The pension cost is assessed by independent qualified actuaries.

Financial instruments
The Group does not enter into speculative derivative contracts. All instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

Transactions denominated in foreign currencies are recorded at the rate ruling on the date of the transaction, unless matching forward foreign exchange contracts have been entered into, in which case the rate specified in the relevant contract is used. At the balance sheet date unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date.

Research and development expenditure
Expenditure on research and development is charged to the profit and loss account in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Exchange rates

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

	Year ended 30 June 2002	Year ended 30 June 2001
Average rate:		
Euro	***1.61***	1.63
Belgian Franc *	***65.00***	65.63
French Franc *	***10.57***	10.67
Italian Lira *	***3,120***	3,150
Spanish Peseta *	***268.1***	270.7
Dutch Guilder *	***3.55***	3.59
Polish Zloty	***5.94***	6.16
Czech Koruna	***52.05***	56.69
Hungarian Forint	***398.7***	426.2

	As at 30 June 2002	As at 30 June 2001
Closing rate:		
Euro	***1.54***	1.66
Belgian Franc *	***62.26***	67.02
French Franc *	***10.12***	10.90
Italian Lira *	***2,988***	3,217
Spanish Peseta *	***256.8***	276.4
Dutch Guilder *	***3.40***	3.66
Polish Zloty	***6.18***	5.64
Czech Koruna	***45.08***	56.22
Hungarian Forint	***377.8***	404.8

* following the introduction of the Euro, these rates are provided for comparative purposes only.

2 Segmental information

	Year ended 30 June 2002 £m	Year ended 30 June 2001 £m
Turnover by destination is analysed by geographical area as follows:		
Continuing operations		
UK	***228.5***	238.3
Continental Europe	***251.3***	228.9
Rest of world	***4.2***	4.1
Continuing Group turnover	***484.0***	471.3
Share of joint venture's turnover	***16.6***	19.0
Turnover: Group and share of joint venture	***500.6***	490.3
Discontinued operations		
UK	***–***	26.3
Turnover by destination	***500.6***	516.6
Turnover by geographical origin is analysed as follows:		
Continuing operations		
UK	***243.1***	243.4
Continental Europe	***240.9***	227.9
Continuing Group turnover	***484.0***	471.3
Share of joint venture's turnover	***16.6***	19.0
Turnover: Group and share of joint venture	***500.6***	490.3
Discontinued operations		
UK	***–***	26.3
Turnover by origin	***500.6***	516.6

2 Segmental information *continued*

	Year ended 30 June 2002 £m	Year ended 30 June 2001 £m
Turnover by class of business is analysed as follows:		
Continuing operations		
Household products	**415.2**	404.5
Personal care products	**68.8**	66.8
Continuing Group turnover	**484.0**	471.3
Share of joint venture's turnover	**16.6**	19.0
Turnover: Group and share of joint venture	**500.6**	490.3
Discontinued operations		
Pharmaceuticals	**–**	26.3
Total turnover by class of business	**500.6**	516.6
Operating profit by geographical origin is analysed as follows:		
Continuing operations		
UK	**15.0**	13.3
Continental Europe	**9.8**	6.4
Operating profit	**24.8**	19.7
Discontinued operations		
UK	**–**	2.2
Group Operating Profit	**24.8**	21.9
Non operating items	**(18.2)**	(3.1)
Net interest payable	**(4.4)**	(7.5)
Profit on ordinary activities before tax	**2.2**	11.3

The UK business includes total goodwill amortisation of £1.1 million.
The Continental Europe business includes goodwill amortisation of £0.2 million.

	Year ended 30 June 2002 £m	Year ended 30 June 2001 £m
Operating profit by class of business is analysed as follows:		
Continuing operations		
Household products	**21.1**	17.5
Personal care products	**3.7**	2.2
Operating profit	**24.8**	19.7
Discontinued operations		
Pharmaceuticals	**–**	2.2
Group Operating Profit	**24.8**	21.9
Non operating items	**(18.2)**	(3.1)
Net interest payable	**(4.4)**	(7.5)
Profit on ordinary activities before tax	**2.2**	11.3

The continuing household business includes goodwill amortisation of £1.3 million.

	As at 30 June 2002 £m	As at 30 June 2001 £m
Non operating items consist of the following:		
Profit on disposal of discontinued operations	**–**	2.9
Share of joint venture's operating loss	**(1.2)**	(2.5)
Share of joint venture's goodwill amortisation	**(0.3)**	(0.4)
Goodwill impairment in joint venture	**–**	(2.1)
Write-off of goodwill in Joint Venture (note 4)	**(15.8)**	–
Share of joint venture's interest payable and similar charges	**(0.9)**	(1.0)
Total non operating items before tax	**(18.2)**	(3.1)
Share of joint venture's tax credit on ordinary activities	**0.2**	1.3
Total non operating items after tax	**(18.0)**	(1.8)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Segmental information *continued*

	As at 30 June 2002 £m	Restated As at 30 June 2001 £m
Net assets by geographical origin are analysed as follows:		
Continuing operations		
UK	***82.2***	82.1
Continental Europe	***84.9***	88.1
	167.1	170.2
Non operating liabilities	***(102.5)***	(98.8)
Net assets	***64.6***	71.4

Non operating liabilities include cash less short and long-term borrowings, provisions for liabilities and charges and dividends.

It is not possible to provide an analysis of the net assets by class of business as a number of the Group's operating sites manufacture both Private Label household and personal care products.

3 Aerosol Products Limited joint venture

On 5 November 1999 a joint venture, Aerosol Products Limited was set up from the Hull site of Robert McBride Limited and the Thetford site of Nichol Beauty Products Limited. Its results are included in compliance with FRS 9 – Associates and joint ventures.

An announcement was made on 7 June 2002 following the agreement between Nichol Beauty Products Limited ("Nichol"), The Royal Bank of Scotland plc (RBS), Credit Agricol Indosuez SA (CAI) and the Group, resulting in the settlement of the 'Put' option and a financial restructuring of Aerosol Products Limited (APL). The settlement involves a £12 million payment by Robert McBride Limited (RMB) to Nichol in compliance with its obligations under the 'Put' and the acquisition of Nichol's 50 per cent. equity shareholding in APL. RMB's existing 50 per cent. equity shareholding in APL was transferred equally between RBS and CAI (the two lending banks to APL) for a nominal value of £50 in cash. RMB subscribed £4 million in cash for preference shares in APL. The lending banks agreed to convert APL's remaining £11 million of bank debt into preference shares to leave APL in a debt free position.

Due to the nature of the deal between the Group, RBS and CAI, both a profit on disposal and a goodwill on acquisition have been generated. However, the Directors of McBride believe that as these transactions are the result of a single legal agreement the transactions are so interlinked that to disclose the profit on disposal and goodwill on re-aquisition separately would be misleading and therefore, the net effect of the deal being £15.8 million has been reflected in these financial statements as a write-off of goodwill.

	£m	£m
Effect of the joint venture refinancing		
Group's share of APL net liabilities before refinancing	***9.2***	
Less: Group's share of APL net liabilities after refinancing	***(1.8)***	
		7.4
Gross consideration		
Cash consideration	***(16.0)***	
Expenses – paid	***(0.3)***	
	(16.3)	
Expenses incurred but not yet paid as at 30 June 2002	***(0.2)***	
Deferred consideration	***(2.0)***	
		(18.5)
Joint venture goodwill as at 6 June 2002 (see note 12)		***(4.7)***
Write-off of goodwill in joint venture		***(15.8)***

4 Transactions with related party

The Group's related party is its joint venture, Aerosol Products Limited.

During the year, Robert McBride Limited purchased from APL finished goods for resale on behalf of APL. The total balance of stock held by Robert McBride Limited as at 30 June 2002 was £2.9 million (2001: £Nil).

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 30 June 2002 Group £m	Year ended 30 June 2001 Group £m	***Year ended 30 June 2002 Company £m***	Year ended 30 June 2001 Company £m
Auditors' remuneration:				
– Audit	***0.3***	0.4	***0.1***	0.1
– Other fees paid to auditors and their associates	***0.4***	0.2	***0.3***	0.1
Depreciation and other amounts written off owned tangible fixed assets	***18.4***	17.4	***0.1***	0.1
Depreciation and other amounts written off leased tangible fixed assets	***0.2***	0.6	***–***	–
Hire of plant and machinery – rentals payable under operating leases	***1.1***	1.6	***–***	–
Hire of other assets – rentals payable under operating leases	***0.3***	0.5	***–***	–
Loss on sale of tangible fixed assets	***0.1***	0.4	***–***	–

6 Group interest analysis

	Year ended 30 June 2002 Group £m	Year ended 30 June 2001 Group £m	***Year ended 30 June 2002 Company £m***	Year ended 30 June 2001 Company £m
Interest receiveble	***0.6***	0.8	***0.1***	0.1
Interest payable on bank loans and overdrafts	***(4.9)***	(8.0)	***(2.4)***	(4.8)
Intra-group interest	***–***	–	***3.4***	4.6
Finance leases	***(0.1)***	(0.3)	***–***	–
Group interest charge	***(4.4)***	(7.5)	***1.1***	(0.1)

7 Taxation

Taxation on the profit of the Group

	Year ended 30 June 2002 £m	Restated Year ended 30 June 2001 £m
UK corporation tax at 30%	***4.2***	3.4
Overseas taxation – current	***1.7***	2.6
Payment for consortium company's losses (APL)	***–***	0.5
Utilisation of prior period provisions	***–***	(2.4)
Current tax charge for the year	***5.9***	4.1
UK deferred tax	***(2.5)***	–
Overseas taxation – deferred	***2.2***	–
Movement in deferred tax for the year	***(0.3)***	–
Prior year adjustment – FRS 19 Deferred tax (see note 18)	***–***	(3.5)
Group tax on profit on ordinary activities	***5.6***	0.6
Current tax is reconciled to a notional 30% of profit before taxation as follows:		
Expected tax charge	***6.5***	4.6
Overseas tax rates	***0.8***	–
Losses (Utilised)/Created	***(1.6)***	0.9
Timing differences – other	***0.7***	0.4
Permanent Differences	***0.5***	0.8
Adjustments to tax charge in respect of prior periods	***(0.9)***	(2.4)
Other	***(0.1)***	(0.2)
Current tax charge for the year	***5.9***	4.1

The effective tax rate of 26% reflects a combination of inherited tax losses, movements on deferred tax, and the recovery of Advance Corporation Tax.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

8 Dividends

	Year ended 30 June 2002 £m	Year ended 30 June 2001 £m
Dividends on ordinary shares:		
– Proposed Interim dividend (0.7 pence per share) (2001 – nil pence)	***1.3***	–
– Proposed Final (1.4 pence per share) (2001 – 2.0 pence)	***2.4***	3.6
	3.7	3.6

The interim dividend was paid on 4th July 2002.

9 Earnings per ordinary share

Basic earnings per share

Earnings per ordinary share is calculated on profit after tax and minority interest in accordance with FRS 14.

The calculation of earnings per ordinary share for the year ended 30 June 2002 is based on 177,639,197 ordinary shares of 10 pence each which is the weighted average number of ordinary shares in issue during the year (2001 – 177,639,197).

Fully diluted earnings per share

Fully diluted earnings per share is calculated on the same basis as the basic earnings per share.

Adjusted basic earnings per share before goodwill amortisation, exceptional items and non-operating items

Adjusted earnings per share is shown by reference to earnings before goodwill amortisation, exceptional items together with related tax and non operating items since the Directors consider that this gives a more meaningful measure of the underlying performance of the Group. Earnings before goodwill amortisation, exceptional items and non operating items are calculated as follows:

	Profit for the year ended 30 June 2002 £m	Restated Profit for the year ended 30 June 2001 £m	***Earnings per share 30 June 2002 p***	Restated Earnings per share 30 June 2001 p
Profit/(loss) for the financial year	***(3.4)***	11.5	***(1.9)***	6.5
Goodwill amortisation	***1.3***	2.0	***0.7***	1.1
Non operating items after tax (see note 2)	***18.0***	1.8	***10.1***	1.0
Adjusted earnings	***15.9***	15.3	***8.9***	8.6

10 Intangible assets: Goodwill

	Total £m
Cost	
At 1 July 2001	14.2
Additions	–
Disposals	–
At 30 June 2002	***14.2***
Amortisation	
At 1 July 2001	(2.5)
Charge for the year	(1.3)
Disposals	–
At 30 June 2002	***(3.8)***
Net book value	
At 1 July 2001	11.7
At 30 June 2002	***10.4***

In accordance with the accounting policy for goodwill, described in note 1, goodwill arising on acquisitions since 1 July 1998 has been capitalised and is being amortised over 20 years. Goodwill on the acquisition of the liquids business in October 1999 from Nichol Beauty Products limited is being amortised over 5 years.

11 Tangible fixed assets

	Land and buildings Freehold £m	Land and buildings Long leasehold £m	Plant and machinery, computer equipment and motor vehicles £m	Payments on account and assets in course of construction £m	Total £m
Cost					
At 1 July 2001	66.2	2.6	179.2	8.1	256.1
Exchange adjustments	0.1	–	7.6	0.3	8.0
Additions	3.9	–	11.3	(4.6)	10.6
Disposals	–	–	(0.9)	–	(0.9)
Transfers	–	–	2.0	(2.0)	–
At 30 June 2002	***70.2***	***2.6***	***199.2***	***1.8***	***273.8***
Depreciation					
At 1 July 2001	(12.7)	(0.4)	(103.7)	–	(116.8)
Exchange adjustments	(1.0)	–	(2.7)	–	(3.7)
Charge for the year	(1.6)	(0.1)	(16.9)	–	(18.6)
Disposals	–	–	0.7	–	0.7
At 30 June 2002	***(15.3)***	***(0.5)***	***(122.6)***	***–***	***(138.4)***
Net book value					
At 1 July 2001	53.5	2.2	75.5	8.1	139.3
At 30 June 2002	***54.9***	***2.1***	***76.6***	***1.8***	***135.4***

Company assets

There was no significant movement in the Company's tangible fixed assets which were £0.2 million at both 30 June 2002 and at 30 June 2001.

12 Investments

Group	£m
Investment in joint venture	
At 1 July 2001	5.0
Goodwill amortisation in joint venture to 6 June 2002	(0.3)
Cost of refinancing the joint venture (see note 4)	18.5
Group's share of increase in net assets on acquisition (see note 4)	(7.4)
Goodwill impairment in joint venture	(15.8)
At 30 June 2002	***–***

Company	£m
Shares in subsidiary undertakings at cost	
At 1 July 2001	155.0
Additions	–
Disposals	–
At 30 June 2002	***155.0***

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

12 Investments *continued*

Set out below are the principal subsidiary undertakings of the Group whose results are included in the Group financial statements as at 30 June 2002. The share capital of these undertakings, comprising ordinary shares, is wholly owned by the Group with the exception of Intersilesia Sp Z.o.o. which is 85% owned by the Group. All subsidiaries incorporated in Great Britain are registered in England and Wales.

The main business activity of the 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.

Company	Ownership	Country of incorporation
Subsidiaries		
Robert McBride Ltd*	100%	Great Britain
Yplon S.A.	100%	France
Yplon N.V./S.A.	100%	Belgium
General Detergents S.p.A.	100%	Italy
Productos Quimicos Arco Iris S.A.	100%	Spain
Grada B.V.	100%	Netherlands
Trimoteur Operations Europe B.V.	100%	Netherlands
Problanc S.A.	100%	France
Intersilesia Sp. Z o.o.	85%	Poland
Vitherm S.A.	100%	France
McBride Aircare Ltd**	100%	Great Britain
McBride Hungary Kft	100%	Hungary
McBride S.r.o.	100%	Czech Republic
Joint Ventures		
Aerosol Products Ltd	50%	Great Britain
Investment Companies		
McBride Holdings Ltd*	100%	Great Britain

* These companies are wholly owned subsidiary undertakings of McBride plc the Company.
All other companies are wholly owned by the Group, except for Intersilesia Sp. Z.o.o. which is 85% owned and Aerosol Products Ltd which is a 50% joint venture.

** During the year to 30 June 2002, Globol Chemicals (UK) Limited changed its name to McBride Aircare Limited.

The country of incorporation is also the principal country of operation.

13 Stocks

	Group As at 30 June 2002 £m	Group As at 30 June 2001 £m
Raw materials and consumables	***17.4***	20.3
Work in progress	***1.0***	1.6
Finished goods and goods for resale	***28.5***	26.7
	46.9	48.6

14 Debtors

	Group As at 30 June 2002 £m	Group As at 30 June 2001 £m	Company As at 30 June 2002 £m	Company As at 30 June 2001 £m
Amounts receivable within one year				
Trade debtors	**103.4**	91.2	**–**	–
Amounts owed by Group undertakings	**–**	–	**50.4**	69.6
Other debtors	**5.6**	4.7	**–**	1.2
Prepayments and accrued income	**1.8**	2.2	**0.2**	0.5
	110.8	98.1	**50.6**	71.3

15 Creditors: Amounts falling due within one year

	Group As at 30 June 2002 £m	Group As at 30 June 2001 £m	Company As at 30 June 2002 £m	Company As at 30 June 2001 £m
Bank overdrafts	**8.2**	2.3	**0.8**	–
Bank loans	**85.1**	2.9	**31.3**	–
Finance leases	**0.4**	0.3	**–**	–
Trade creditors	**74.2**	73.3	**0.6**	1.4
Amounts owed to Group undertaking	**–**	–	**4.0**	3.9
Corporation tax payable	**1.4**	7.5	**–**	–
Other taxation and social security	**12.4**	4.8	**–**	–
Other creditors	**14.9**	11.5	**–**	–
Accruals and deferred income	**31.7**	28.2	**1.0**	0.6
Dividends proposed on equity shares	**3.7**	3.6	**3.7**	3.6
	232.0	134.4	**41.4**	9.5

In 1998 a five year, revolving credit, multicurrency facility of £125 million was negotiated with The Royal Bank of Scotland plc and Danske Bank A/S. This facility carries a margin of 40 basis points over the relevant interbank rate. As the date for renewal of the £125m is April 2003, within 12 months from the date of these accounts, all borrowings under the existing facility have to be disclosed under creditors due in less than one year. However, as explained in note 32, the Group have negotiated two new borrowing facilites, the primary arrangement being for £90m with a renewal date of 2007.

The rates of interest payable on loans are LIBOR plus 0.40%.

16 Creditors: Amounts falling due after more than one year

	Group As at 30 June 2002 £m	Group As at 30 June 2001 £m	Company As at 30 June 2002 £m	Company As at 30 June 2001 £m
Bank loans	**–**	87.7	**–**	48.9
Finance leases	**2.4**	2.7	**–**	–
	2.4	90.4	**–**	48.9
These are repayable by installments				
Between one and two years	**0.4**	88.1	**–**	48.9
Between two and five years	**0.9**	0.9	**–**	–
After five years	**1.1**	1.4	**–**	–
	2.4	90.4	**–**	48.9

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 Provisions for liabilities and charges

	Group			Company		
	Deferred Tax £m	Other £m	Total £m	Deferred Tax £m	Other £m	Total £m
At 1 July 2001	1.5	0.4	1.9	–	–	–
Created during the year	2.0	–	2.0	–	–	–
At 30 June 2002	***3.5***	***0.4***	***3.9***	***–***	***–***	***–***

'Other' provisions relate to pension contributions paid by Grada BV which were provided for on acquisition.

The amount of the full potential deferred taxation provision can be analysed as follows:

Group	***As at 30 June 2002 £m***	Restated As at 30 June 2001 £m
Difference between accumulated depreciation and capital allowances	***12.2***	13.5
Other timing differences	***(8.7)***	(12.0)
Potential deferred tax liability	***3.5***	1.5

Included within other timing differences are amounts in relation to unutilised losses and available ACT assets.

18 Prior year adjustment – adoption of FRS 19 – Deferred taxation

The Group has adopted FRS 19 – Deferred tax in the current year. This standard requires companies to change from a policy of partial provision for deferred tax to full provision.

A prior year adjustment has been made to reflect this change in accounting policy and is consistent with the original estimate included within the Interim statement for the six months to 31 December 2001.

The effect of the change in accounting policy has been to amend the taxation charge in the current and prior periods as set out below:

Movement in the deferred tax provision

Group	***As at 30 June 2002 £m***	Restated As at 30 June 2001 £m
Difference between accumulated depreciation and capital allowances	***0.7***	(2.6)
Other timing differences	***(2.7)***	(0.9)
	(2.0)	(3.5)

19 Called up share capital

	Group As at 30 June 2002 Number	Group As at 30 June 2001 Number	***Company As at 30 June 2002 £m***	Company As at 30 June 2001 £m
Authorised				
Ordinary shares of 10 pence each	***500,000,000***	500,000,000	***50.0***	50.0

	As at 30 June 2002 Number	As at 30 June 2001 Number	***As at 30 June 2002 £m***	As at 30 June 2001 £m
Allotted, called up and fully paid				
Ordinary shares of 10 pence each	***177,639,197***	177,639,197	***17.8***	17.8

No shares were issued during the year.

20 Share options

During the year senior employees, but excluding the Executive Directors, received options to subscribe for up to a further 5,467,850 shares at 58.5 pence under the 1995 Executive Share Option Scheme. Combined with the existing options for up to 2,402,699 ordinary shares at £1.88, total options under the scheme totalled 7,870,549 as at 30 June 2002 (30 June 2002: 2,723,274), and 7,870,549 on 18 September 2002.

21 Movement on reserves

Group	Share premium account £m	Profit and loss account £m
At 1 July 2001	139.3	(84.6)
Retained loss for the financial year	–	(7.1)
Prior year adjustment – FRS 19 Deferred tax	–	(1.5)
Unrealised foreign currency differences	–	0.5
At 30 June 2002	***139.3***	***(92.7)***

Company	Share premium account £m	Profit and loss account £m
At 1 July 2001	139.3	11.0
Retained loss for the financial year	–	(3.7)
At 30 June 2002	***139.3***	***7.3***

In accordance with the exemption allowed by Section 230 of the Companies Act 1985 the Company has not presented its own profit and loss account. The company made neither a profit nor a loss before dividends payable of £3.7 million in the year to 30 June 2002.

Group	***As at 30 June 2002 £m***	Restated As at 30 June 2001 £m
Goodwill eliminated directly against reserves	***(146.4)***	(146.4)
Profit and loss account excluding goodwill eliminated directly against reserves as previously reported		61.8
Prior year adjustment – FRS 19 Deferred tax		(1.5)
Profit and Loss account brought forward as restated		60.3
Current year profit and loss account	***53.7***	–
Profit and loss account	***(92.7)***	(86.1)

Under FRS 10 the Group is required to show the profit and loss account and goodwill written off as a single merged figure on the consolidated balance sheet. The above note analyses the Group profit and loss account. In addition to the goodwill written off directly against profit and loss reserves of £146.4 million, £2.5 million has been written off against the merger reserve giving a total of £148.9 million written off against reserves.

22 Commitments

	Group Year ended 30 June 2002 £m	Group Year ended 30 June 2001 £m	***Company Year ended 30 June 2002 £m***	Company Year ended 30 June 2001 £m
Capital expenditure				
Contracted but not provided	***–***	0.3	***–***	–
Operating leases				
Payments under operating leases due to be made in the next year, analysed over periods when the leases expire are as follows:				
Land and buildings				
Within one year	***0.5***	0.4	***–***	–
In the second to fifth years inclusive	***–***	0.3	***–***	0.1
Over five years	***–***	–	***–***	–
	0.5	0.7	***–***	0.1
Others				
Within one year	***0.3***	0.4	***–***	–
In the second to fifth years inclusive	***0.7***	0.9	***–***	–
Over five years	***–***	–	***–***	–
	1.0	1.3	***–***	–

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

23 Remuneration of Directors

	Year ended 30 June 2002 £'000	Year ended 30 June 2001 £'000
Emoluments	**634**	732
Pension contributions	**185**	196
	819	928

Further analysis of the above amounts and information concerning Directors' shareholdings and options are shown on pages 26 to 28 in the Remuneration Report.

The total emoluments of the highest paid Director (including pension contributions) was £518,000, (2001: £481,000).

	Number of Directors June 2002	Number of Directors June 2001
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	**2**	2
Defined benefit scheme	**–**	–
	2	2

24 Pension schemes

The total Pensions cost for the Group disclosed under SSAP 24 – Accounting for pension costs, in note 25 to the accounts were:

	30 June 2002 £m	30 June 2001 £m
United Kingdom – defined benefit schemes	**1.8**	1.8
United Kingdom – defined contribution schemes	**0.2**	0.3
Continental Europe – defined contribution schemes	**0.3**	0.4
	2.3	2.5

The actuarial value of the assets of the scheme represented approximately 90% of the liabilities for the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assets of the plans are held in separately administered trusts. Pension plan assets are managed by independent professional investment managers. The actuarial valuation noted above takes into account the impact of changes to Advanced Corporation Tax in the UK that took effect from 2 July 1997.

Other than the pension schemes described above, the Group does not operate any form of post retirement benefits.

FRS 17 – Retirement Benefits

As required under FRS 17 – Retirement Benefits, the Group has adopted the new disclosure guidelines that were issued in November 2000.

The objective of the new FRS is to reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations, to better reflect the operating costs of providing those benefits and to ensure adequate disclosure of these items.

The Group operates a number of pension schemes. Within the UK, the Robert McBride Pension Fund, which is a defined benefits scheme, covers most of the Group's UK employees. In addition, the Group operates a number of smaller pension schemes in Continental Europe that are devised in accordance with local conditions and practices in the countries concerned.

In line with many other companies, the Directors' of McBride have considered the potential uncertainty and long-term cost to the Group of continuing to offer a defined benefits pension scheme. The Board closed, to new entrants, the Robert McBride Pension Fund and established a new defined contributions scheme for UK employees.

24 Pension schemes *continued*

***FRS 17 – Retirement Benefits** continued*

The Company operates a defined benefit pension scheme in the UK. A full actuarial valuation was carried out as at 31 March 2000. The results of that valuation have been projected to 30 June 2002 and then recalculated based on the following assumptions:

	At 30 June 2002	At 30 June 2001
Rate of increase in salaries	4.25%	5.00%
LPI increases for pensions in payment	2.50%	2.50%
Liability discount rate	5.75%	6.00%
Inflation assumption	2.75%	2.75%
Revaluation of deferred pensions	2.75%	2.75%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 30 June 2002	Value at 30 June 2002 £m	Long-term rate of return expected at 30 June 2001	Value at 30 June 2001 £m
Equities	7.00%	28.7	7.25%	28.0
Bonds	5.00%	4.8	5.25%	5.6
Property	7.00%	1.1	7.25%	1.2
Cash	5.00%	1.0	5.25%	1.0
Total market value of assets		35.6		35.8
Present value of scheme liabilities		(42.3)		(37.9)
Deficit in the scheme		(6.7)		(2.1)
Related deferred tax asset		2.0		0.6
Net pension liability		(4.7)		(1.5)

Analysis of the amount that would be charged to operating profit:

	30 June 2002 £m
Current service cost	2.9
Past service cost	–
Loss/(Gain) on curtailment	–
Total operating charge	2.9

Analysis of the amount that would be credited to other finance income:

	30 June 2002 £m
Expected return on pension scheme assets	2.5
Interest on pension scheme liabilities	(2.3)
Net return	0.2

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24 Pension schemes *continued*

FRS 17 – Retirement Benefits *continued*

Analysis of amount that would be recognised in the statement of total recognised gains and losses (STRGL):

	30 June 2002 £m
Actual return less expected return on pension scheme assets	(4.2)
Experience gains and losses arising on the scheme liabilities	–
Changes in assumptions underlying the present value of the scheme liabilities	0.7
Actuarial loss recognised in STRGL	(3.5)

Movement in surplus during the year:

	30 June 2002 £m
Deficit in scheme at start of year	(2.1)
Movement in year:	
Current service cost	(2.9)
Contributions	1.7
Past service costs	–
Other finance income	0.2
Actuarial loss	(3.5)
Curtailment	–
Deficit in scheme at year end	(6.7)

Following the full actuarial valuation at 31 March 2000 employer contributions were changed with effect from 1 July 2001. Different rates are payable in respect of the different sections of the scheme, averaging 11.0 per cent of total pensionable pay. Active members of the Contributory Section pay at the rate of 6.0 per cent of pensionable pay.

History of experience of gains and losses	30 June 2002
Difference between the expected and actual return on scheme assets:	
amount	£(4.2)m
percentage of the scheme assets	-11.9%
Experience gains and losses on scheme liabilities:	
amount	–
percentage of the present value of the scheme liabilities	0.00%
Total amount recognised in statement of total recognised gains and losses:	
amount	£(3.5)m
percentage of the present value of the scheme liabilities	-8.3%

25 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Year ended 30 June 2002	Year ended 30 June 2001
Number of full time equivalent employees:		
Operations	***3,532***	3,814
Sales and marketing	***213***	225
Finance and administration	***489***	519
	4,234	4,558

	Year ended 30 June 2002 £m	Year ended 30 June 2001 £m
The aggregate payroll costs were:		
Wages and salaries	***71.4***	76.1
Social security costs	***14.7***	14.1
Pension costs (see note 24)	***2.3***	2.5
	88.4	92.7

26 Reconciliation of operating profit to operating cashflow

	Year ended 30 June 2002 £m	Year ended 30 June 2001 £m
Operating profit	***24.8***	21.9
Depreciation	***18.6***	18.0
Goodwill amortisation	***1.3***	2.0
Loss on disposal of fixed assets	***0.1***	0.4
Movement in stock	***3.3***	5.9
Movement in debtors	***(9.6)***	0.6
Movement in creditors	***3.8***	(15.3)
	42.3	33.5

27 Returns on investments and servicing of finance

	Year ended 30 June 2002 £m	Year ended 30 June 2001 £m
Interest received	***0.7***	0.8
Interest paid	***(5.1)***	(8.4)
Interest element of finance lease rentals paid	***(0.1)***	(0.3)
Dividend paid to Minority Interest	***(0.3)***	–
	(4.8)	(7.9)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 Financing

	Year ended 30 June 2002 £m	Year ended 30 June 2001 £m
Decrease in debt	(9.4)	(21.9)
Capital element of finance lease rental payments	(0.5)	(0.9)
	(9.9)	(22.8)

29 Analysis of net debt

	At 1 July 2001 £m	Cashflow £m	Disposals £m	Other non-cash movements £m	Exchange movement £m	At 30 June 2002 £m
Cash in hand	2.7	(1.5)	–	–	–	1.2
Overdrafts	(2.3)	(5.7)	–	–	(0.2)	(8.2)
	0.4	(7.2)	–	–	(0.2)	(7.0)
Debt: Due after one year	(87.7)	6.5	–	85.2	(4.0)	–
Debt: Due within one year	(2.9)	2.9	–	(85.1)	–	(85.1)
Finance leases	(3.0)	0.5	–	(0.1)	(0.2)	(2.8)
	(93.2)	2.7	–	–	(4.4)	(94.9)

	At 1 July 2000 £m	Cashflow £m	Disposals £m	Other non-cash movements £m	Exchange movement £m	At 30 June 2001 £m
Cash in hand	8.2	(5.4)	–	–	(0.1)	2.7
Overdrafts	(3.1)	0.8	–	–	–	(2.3)
	5.1	(4.6)	–	–	(0.1)	0.4
Debt: Due after one year	(112.7)	21.9	0.6	–	2.5	(87.7)
Debt: Due within one year	(3.2)	–	–	–	0.3	(2.9)
Finance leases	(4.2)	0.9	–	–	0.3	(3.0)
	(115.0)	18.2	0.6	–	3.0	(93.2)

30 Contingent liabilities

The Group had no material contingent liabilities at 30 June 2002.

31 Financial instruments

Funding

There are no differences between current and book values of financial instruments held by the Group at the year end.

Foreign Exchange

Gains and losses arising from these exposures will be recognised in the profit and loss account. The amounts in the table take into account the effect of forward contracts used to manage these exposures.

Net borrowings analysis

	As at 30 June 2002		As at 30 June 2001	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Bank loans, overdrafts and other loans	**(93.3)**	**(93.3)**	(92.8)	(92.8)
Finance lease liabilities	**(2.8)**	**(2.8)**	(3.1)	(3.1)
Cash at bank and in hand	**1.2**	**1.2**	2.7	2.7
	(94.9)	**(94.9)**	(93.2)	(93.2)

Currency analysis of net assets

	As at 30 June 2002			As at 30 June 2001		
	Net assets excluding gross borrowings £m	Gross borrowings £m	Net assets £m	Restated Net assets excluding gross borrowings £m	Gross borrowings £m	Restated Net assets £m
Sterling	**81.7**	**(40.5)**	**41.2**	78.8	(27.8)	51.0
Eurozone currencies	**72.4**	**(55.6)**	**16.8**	82.1	(64.5)	17.6
Other	**6.6**	**–**	**6.6**	6.4	(3.6)	2.8
	160.7	**(96.1)**	**64.6**	167.3	(95.9)	71.4

The net monetary assets/(liabilities) that are not denominated in their functional currency are shown below. Gains or losses arising from these exposures will be recognised in the Profit & Loss account. The amounts in the tables take into account the effect of forward contracts used to manage these exposures.

30 June 2002	Sterling £m	Euro £m	Zloty £m	Total £m
United Kingdom	–	0.9	–	0.9
Euro-zone countries	4.0	–	–	4.0
Poland	–	(5.7)	–	(5.7)
Total	4.0	(4.8)	–	(0.8)

30 June 2001	Sterling £m	Euro £m	Zloty £m	Total £m
United Kingdom	–	3.9	(3.1)	0.8
Euro-zone countries	2.8	–	–	2.8
Poland	–	(3.4)	–	(3.4)
Total	2.8	0.5	(3.1)	0.2

32 Post balance sheet event

In early September 2002 the Group agreed two separate borrowing agreements providing a total capacity of £110 million. The first, agreed on 6th September, is a £90m committed revolving credit facility underwritten by three lead banks, with a five-year term and a margin that will fluctuate between a maximum of 130bps and a minimum of 95bps, according to financial performance.

The second, agreed on 3rd September, is a structured finance product for £20m based on purchasing receivables. This has a 30-month committed term and is on a fully non-recourse basis. The margin is very competitive and has not affected the cost of the revolving credit facility.

FINANCIAL SUMMARY

	2002 £m	Restated 2001 £m	2000 £m	1999 £m	1998 £m
Profit and loss account					
Turnover	***484.0***	497.6	496.8	496.8	468.4
Profit before tax (before goodwill, non-operating items and operating exceptional items)	***21.7***	16.4	26.1	30.0	34.1
Profit after tax (before goodwill, non-operating items and operating exceptional items)	***16.1***	15.8	19.6	22.5	25.6
Earnings					
Earnings per share (before goodwill, operating exceptional items and share of joint venture)	***8.9p***	8.6p	10.8p	12.7p	14.6p
Ordinary dividends	***2.1p***	2.0p	4.6p	7.5p	7.5p
Employees					
Average number of employees	***4,234***	4,558	4,762	4,352	3,896

FINANCIAL CALENDAR

Record date for 2001/2002 final dividend	***6 December 2002***
Annual General Meeting	***12 noon on 2 December 2002***
2001/2002 final dividend payment date	***3 January 2003***
Announcement of interim results	***March 2003***
2002/2003 interim dividend payment	***July 2003***

GROUP DIRECTORY/ADVISORS

Group Directory

McBride plc
Registered Office
McBride House
Penn Road
Beaconsfield
Buckinghamshire HP9 2FY
England
Telephone 01494 607050
Facsimile 01494 607055

McBride Holdings Limited
McBride House
Penn Road
Beaconsfield
Buckinghamshire HP9 2FY
England
Telephone 01494 607050
Facsimile 01494 607055

General Detergents S.p.A.
Via Bernini 17
20020 Solaro
Milan
Italy
Telephone 00 39 02 967 121
Facsimile 00 39 02 969 2217

McBride Aircare Limited
Middleton Way
Middleton
Manchester M24 4DP
England
Telephone 0161 653 9037
Facsimile 0161 655 2278

Grada B.V.
Modemweg 26
3800 AZ Amersfoort
The Netherlands
Telephone 00 31 33 45 43 100
Facsimile 00 31 33 45 43 103

Trimoteur Operations Europe B.V.
Modemweg 26
3800 AZ Amersfoort
The Netherlands
Telephone 00 31 33 45 43 100
Facsimile 00 31 33 45 43 103

McBride s.r.o.
U1 Frantiska Divise 1012
10400 Praha 10
Czech Republic
Telephone 00 42 02 6771 1850
Facsimile 00 42 02 6771 1832

Problanc S.A.
Fontenoy
89520 Saint-Sanmour en Puysaye
France
Telephone 00 33 3 86 44 28 91
Facsimile 00 33 3 86 74 34 15

Productos Quimicos Arco Iris S.A.
Poligon Industrial l'Illa
Calle Ramon Esteve s/n
08650 Sallent
Barcelona
Spain
Telephone 00 34 9383 72320
Facsimile 00 34 9383 72218

P.H.P.U. Intersilesia Sp. Z o.o.
47100 Strzelce Opolskie
ul. Matejki 2a
Poland
Telephone 00 48 774 61 20 21
Facsimile 00 48 774 61 47 20

Robert McBride Limited
Middleton Way
Middleton
Manchester M24 4DP
England
Telephone 0161 653 9037
Facsimile 0161 655 2278

Vitherm S.A.
Rue des Casernes
ZI
55400 Etain
France
Telephone 00 33 329 87 88 22
Facsimile 00 33 329 87 89 26

Yplon S.A.S.
55 Rue Deguingard
F-92300 Levallois Perret
France
Telephone 00 33 1 47372844
Facsimile 00 33 1 47374376

Yplon N.V./S.A.
6 Rue Moulin Masure
7730 Estaimpuis
Belgium
Telephone 00 32 56 482111
Facsimile 00 32 56 482110

Joint Venture

Aerosol Products Limited
Middleton Way
Middleton
Manchester M24 4DP
England
Telephone 0161 653 9037
Facsimile 0161 655 2278

Auditors

KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB

Solicitors

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA

Financial Advisors/Brokers

Dresdner Kleinwort Wasserstein
PO Box 560
20 Fenchurch Street
London EC3M 3LB

Principal Bankers

The Royal Bank of Scotland plc
Waterhouse Square
138-142 Holborn
London EC1N 2TH

Danske Bank A/S
75 King William Street
London EC4N 7DT

Registrars

Computershare Investor Services plc
Registrars Department
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

INNOVATION AND DELIVERY

Retailers need Innovative and Technically Competent Partners

- First UK company to use fluid bed technology for washing powders
- First in the market to develop concentrated washing powders
- First to introduce a Colourcare Laundry product
- First to introduce a Fine China Dishwasher powder
- First to launch combined Powder and Conditioner tablets
- First in Europe to launch Detergent Liquid sachets

Multinational Retailers need manufacturers like McBride to deliver their Private Label needs

- Manufacturing scale and expertise
- Manufacturing flexibility
- Pan European manufacturing and supply chains
- Quality and consistency of product as good as the brand
- Research and development capability
- Packaging options
- Market and category understanding
- Retailer specific innovation

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McBRIDE PLC
McBRIDE HOUSE
PENN ROAD
BEACONSFIELD
BUCKINGHAMSHIRE
HP9 2FY
UNITED KINGDOM

Tel: +44 (0) 1494 60 70 50
Fax: +44 (0) 1494 60 70 55

www.mcbride.co.uk