

working together...

to deliver growth

McBride is the leading supplier of Private Label household and personal care products for Europe's largest and most successful retailers.

Our strategy for profitable growth and cash generation is based on a commitment to improving customer service and being the most cost effective supplier for leading retailers in all major European markets.

### Highlights

- Group turnover was £270.4 million, up 1% (2004: £268.0 million)
- Operating profit was £15.4 million, down 18% (2004: £18.8 million)
- Basic earnings per share reduced 18% to 5.8p (2004: 7.1p)
- Interim dividend per share of 1.6 pence, up 7% (2004: 1.5 pence)
- Strong underlying cash flow\* of £11.7 million (2004: £16.2 million)
- Net debt reduced to £22.5 million (June 2005: £24.4 million)

\*Cash flow before financing activities excluding rationalisation costs and acquisition of subsidiaries



These results are in line with our expectations and have been achieved during very competitive market conditions and at a time when the performance of our Continental European business was disappointing. The initial findings from a comprehensive business review show good opportunities to improve trading performance with substantial effort currently focused on improving customer service and operational efficiency.

Trading since the end of the half year has remained challenging but in line with our expectations.

**Miles Roberts** Chief Executive

## Overview

- Sales to UK increased 2% to £115.2 million. Operating profit was £10.5 million, a decline of 6% versus 2004/5 first half but 3% improvement versus the second half as ongoing operating efficiencies and overhead savings offset the combined impact of continued selling price deflation and high material costs.
- Sales to Continental Europe were flat at £151.8 million (£151.1 million in 2004/5) as growth in Eastern Europe offset weak Western European markets, particularly France. Operating profit was also impacted by continuing selling price deflation and high material costs, declining 30% to £5.7 million.
- Personal Care sector sales, at £53.9 million, continued to grow from £45.7 million in 2004/5 first half and £50.4 million in the second half.
- A continuing focus on cost, asset utilisation and working capital management produced a strong £11.7 million underlying cash flow in spite of continuing challenging market conditions. Capital expenditure remained below depreciation and working capital only increased by £1.4 million.
- Following the initial findings of a business review, further substantial efficiency improvements have been identified and implementation is well underway. Additionally, assessments of under performing assets are nearing completion.
- Levels of customer service recovered strongly during the first half of the year and have subsequently been held at consistently high levels.

## Strategy

As outlined last September, the Group is undertaking a comprehensive review of its businesses and strategy. The initial findings identified significant opportunities to improve trading performance and grow market share.

As one of the leading European Private Label businesses in the household and personal care sectors, the Group has good market positions in both the UK and France and more modest positions in Spain, Italy and the Low Countries. Its wide geographic footprint allows it to benefit from the increasing share of the overall European Grocery market being gained by the Private Label segment.

Private Label share in Europe has grown consistently over many years as a result of retailer consolidation, store fascia rationalisation and the cross border expansion of major retailers. This increasing share particularly reflects the growth of the hard and soft discount format, which has seen its share in 2004 reach 17.8% of the European Grocery market with even more significant shares in countries such as Germany. Private Label is seen as an important component of retailer profitability whilst at the same time offering value to the consumer.

Although the fundamentals of the Private Label market are good, the environment in Europe continues to be highly competitive with the overall retail grocery market showing flat sales. Competition between Retailers for market share is resulting in continuing price deflation which is putting their margins and profitability under pressure. This is resulting in both Retailer consolidation and development of Private label at the same time as a move to develop into new markets and channels to provide growth. McBride is well positioned to benefit from these trends.

The initial findings of the business and strategic review confirmed that whilst the Group has a good reputation and technology with strong product offers, its level of competitiveness, geographic strength and retailer coverage, particularly on the Continent, needs to improve. The findings are focused on improving the performance of current operation as well as looking for disciplined opportunities to grow our share of the overall Private Label market.

The review has highlighted:

- the need to improve customer service
- to become the most cost effective supplier
- the need to reorganise internal structures to improve responsiveness and accountability for performance

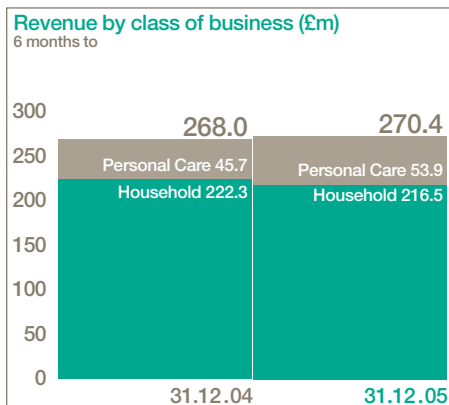
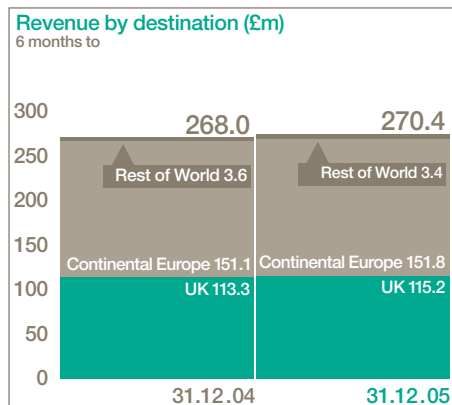
In addition we believe we can improve our market coverage in Europe. In particular we are under represented in the Hard Discount sector of the market that has shown significant growth over many years. Today this type of retailer represents a very significant part of the overall market. Turning first to the organic growth opportunities, we can continue to leverage the Group's considerable geographic

footprint and capitalise on its operational scale and breadth of technology. Organic growth will, where appropriate, be supported by disciplined acquisition in order to increase product range, enter new markets or to increase capability across all Private Label channels. The Group's strong underlying cash generation and financial position will underpin our growth strategy.

Good progress has been made on a number of new appointments, most recently a new Managing Director for the Continental European division has started and the search for a new Group Finance Director is well underway.

## Commercial review Continental Europe

The retail market throughout Europe remains highly competitive with the French market showing a significant slow down particularly during the last three months of 2005 following changes under the new "Loi Dutreuil" which encompasses supply and promotional agreements between manufacturers and retail chains. The impact of this new legislation produced a negative impact on volumes but, going forward, it is expected that this change in legislation will ultimately be to the benefit of Private Label in France. During the half year Household retail (excludes contract business) sales were 2% lower than 2004/5, but Personal Care retail sales, 13% up on 2004/5, continued to grow. Sales growth in Belgium, Spain and Italy was offset by a reduction in France, where our Continental European business is focused, and The Netherlands.



The Group has continued to develop its manufacturing capability in Poland and a further expansion of mixing and filling has been implemented. Retail sales to Poland, The Czech Republic and Hungary were up 10%, while total sales driven by a major uplift in contract sales in Poland, increased 36%. The net impact was a slight improvement in sales to Continental Europe of 0.5%.

### United Kingdom

The UK market remains competitive with the major chains gaining further market share. Private label household products reached 33.7% volume share up from 33.0% last year with value share also improving from 23% to 23.2%. In McBride's core personal care sectors private label share of the market showed a 5.7% volume increase against the market increase of 2.9% whilst by value the private label showed a decline of 0.7% while the market overall grew 3.9% as consumers are being encouraged to purchase higher priced items.

Total retail sales to the UK grew 3% underpinned by a 23% growth in Personal Care, whilst, as in Continental Europe, Household declined, by 3%.

### Rest of World

Rest of world covers all markets outside of Europe. First half sales at £3.4 million were slightly below the £3.6 million in the previous year.

### Financial review

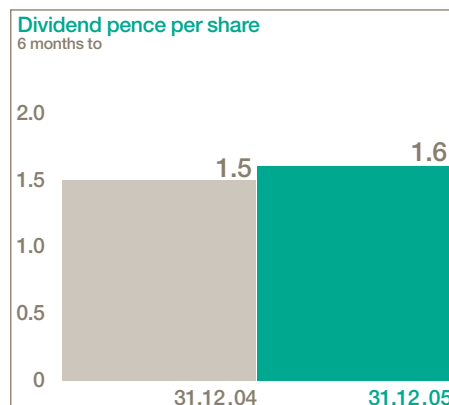
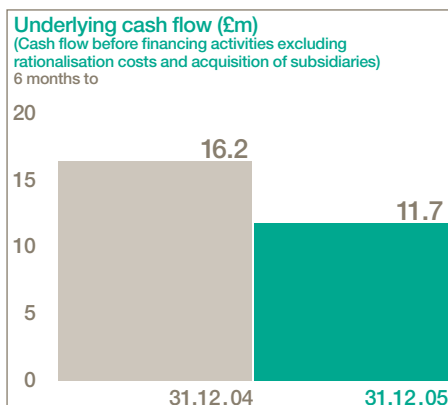
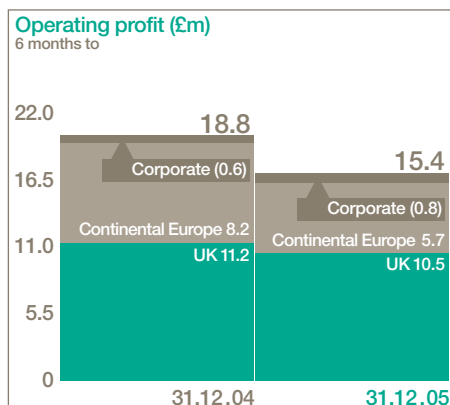
All the results here are reported under International Financial Reporting Standards (IFRS). The 2004/5 results as permitted by IFRS are not restated in respect of IAS 32 / 39 Financial

Instruments. A full analysis of the impact of adopting IFRS including reconciliations to UK GAAP for the six months ended 31 December 2004 and 30 June 2005 are included in a document published on 6 December 2005, Adoption of International Financial Reporting Standards. This document is available at [www.mcbride.co.uk](http://www.mcbride.co.uk) within the investor relation's section.

### Profit and loss

First half turnover improved £2.4 million (1%) to £270.4 million versus 2004/5 with the growth driven by a strong Personal Care sector, up £8.2 million (18%). Household sector sales however experienced a difficult first half and were down £5.8 million (3%). In terms of geographic split, sales to UK improved 2%, whilst sales to Continental Europe and to the Rest of the World were broadly flat. Strong growth in Eastern Europe, primarily Poland, offset weak Western European markets, particularly France, our largest Continental European market.

Group operating profit, at £15.4 million, was 18% down on 2004/5 first half as overhead cost reductions and operating efficiencies, primarily in the UK, only partially offset significantly higher material input costs and continuing sales price deflation. The UK operating profit, at £10.5 million, was down 6% on 2004/5 first half but up 3% on the second half reflecting operating efficiencies, overhead reductions and an improving product mix. Continental Europe's profit, at £5.7 million, was 30% behind 2004/5 first half and 15% behind the second half.



First half net interest costs were £0.5 million versus £0.6 million in 2004/5. A £4.5 million taxation charge (2004: £5.5 million) represents a 30% effective rate.

### Cash flow

The first half underlying cash flow performance – excluding rationalisation costs, share repurchases, dividends and translation – was strong at £11.7 million. This compares well against £16.2 million in 2004/5 first half and £11.3 million in the second half. Despite higher material costs working capital only increased by £1.4 million and capital expenditure, at £7.5 million (2004: £8.7 million), remained below depreciation. It should be noted that Personal Care sector capital expenditure at £1.4 million was £0.9 million higher than in 2004/5 reflecting new product development and general growth in that sector.

There was a £2.2 million spend relating to the 2004/5 income statement rationalisation programme charge and a £1.4 million outflow on share repurchases net of issue proceeds from the exercise of SAYE options. Net debt reduced £1.9 million in the first half to £22.5 million at 31 December 2005.

### Balance sheet

Property, plant and equipment reduced £2.0 million in the first half to £127.6 million as £1.5 million was reclassified into assets held for resale. £1.0 million of the reclassification relates to property at Breda following the closure of its plant in 2004 and £0.5 million relates to Bampton (see 2004/5 rationalisation costs below).

The balance sheet also includes a £10.8 million liability net of deferred tax for the UK defined benefit pension scheme deficit. The pre tax deficit has increased £4.3 million since June 2005 primarily due to lower liability discount rates in spite of an improved asset market environment.

Return on average capital employed for the half year reduced to 25% from 30% for the half year to December 2004. A continuing focus on asset utilisation and working capital management was unable to offset the adverse dual impact of sales price deflation and higher material input costs.

### 2004/5 rationalisation costs

In 2004/5 there were £3.0 million of rationalisation costs charged to the income statement. £1.3 million related to the closure of the Bampton plant and transfer of its activities to another UK site, and the remaining £1.7 million related to a Group wide rationalisation exercise. The Bampton site was closed in the first half, with the production transfer expected to be completed early in the second half. As at 31 December 2005, £0.4 million of its provision had not been spent. The Group wide rationalisation exercise was completed by 31 December 2005 and all its provision was spent.

### Senior Management Long Term Incentive Plan

As indicated in the 2005 Annual Report a Long Term Incentive Plan was introduced during the first half for senior executives in the Group. In total 425,019 shares were granted on 9 December 2005 which will vest three years later, on 8 December 2008, providing the Group has achieved certain earnings per share and Total Shareholder Return targets. The charge in the income statement for the half year ended 31 December 2005 is less than £0.1 million.

### Earnings per share and dividends

The weighted average number of shares in issue in the period was 177,575,301 (2004: 177,332,040). Earnings per share reduced to 5.8p, down 18% on 2004.

An interim dividend of 1.6p, a 7% increase on 2004, will be paid on 26 May 2006 to shareholders on the register on 28 April 2006.

### Current trading and outlook

These results are in line with our expectations and have been achieved during very competitive market conditions and at a time when the performance of our Continental European business was disappointing. The initial findings from a comprehensive business review show good opportunities to improve trading performance with substantial effort currently focused on improving customer service and operational efficiency.

Trading since the end of the half year has remained challenging but in line with our expectations.

# Independent review report to McBride plc

## Introduction

We have been engaged by the company to review the financial information set out on pages 6 to 16 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

As disclosed in note 2 to the financial information, the next annual financial statements of the group will be prepared in accordance with IFRSs adopted for use in the European Union.

The accounting policies that have been adopted in preparing the financial information are consistent with those that the directors currently intend to use in the next annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs adopted for use by the European Union.

## Review work performed

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

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2005.

## KPMG Audit Plc

Chartered Accountants  
8 Salisbury Square  
London EC4Y 8BB

8 February 2006

# Consolidated income statement

	Note	Unaudited 6 months to 31 Dec 2005 £m	Unaudited 6 months to 31 Dec 2004 £m	Unaudited Year ended 30 June 2005 £m
<b>Revenue</b>	1	<b>270.4</b>	268.0	537.1
Cost of sales		<b>(178.3)</b>	(171.6)	(348.4)
<b>Gross profit</b>		<b>92.1</b>	96.4	188.7
Distribution costs		<b>(17.7)</b>	(17.4)	(34.0)
Administrative costs:				
Before rationalisation costs		<b>(59.0)</b>	(60.2)	(119.7)
Rationalisation costs		<b>–</b>	–	(3.0)
Administrative costs including rationalisation costs		<b>(59.0)</b>	(60.2)	(122.7)
<b>Operating profit</b>	1	<b>15.4</b>	18.8	32.0
Financial Income		<b>2.2</b>	1.8	4.4
Financial expenses		<b>(2.7)</b>	(2.4)	(5.8)
Net Financing costs	3	<b>(0.5)</b>	(0.6)	(1.4)
<b>Profit before tax</b>		<b>14.9</b>	18.2	30.6
Taxation	4	<b>(4.5)</b>	(5.5)	(9.2)
<b>Profit for the period</b>	1	<b>10.4</b>	12.7	21.4
Attributable to:				
Equity holders of the parent		<b>10.3</b>	12.6	21.3
Minority interest		<b>0.1</b>	0.1	0.1
<b>Profit for the period</b>		<b>10.4</b>	12.7	21.4
<b>Earnings per ordinary share (pence)</b>	5			
Basic		<b>5.8</b>	7.1	12.0
Diluted		<b>5.7</b>	6.8	11.6
Basic before rationalisation costs		<b>5.8</b>	7.1	13.2
<b>Dividends</b>	6			
Paid in period (£m)		<b>5.9</b>	5.0	7.6
Paid in period (pence per share)		<b>3.3</b>	2.8	4.3
Proposed (£m)		<b>2.8</b>	2.8	5.9
Proposed (pence per share)		<b>1.6</b>	1.5	3.3

Note: all results are reported under International Financial Reporting Standards (IFRS). The 2004/5 results as permitted by IFRS 1 are not restated in respect of IAS 32 / 39 Financial Instruments. A full analysis of the impact of adopting IFRS is available at [www.mcbride.co.uk](http://www.mcbride.co.uk) within the investor relations section.



# Consolidated balance sheet

	Note	Unaudited As at 31 Dec 2005 £m	Unaudited As at 31 Dec 2004 £m	Unaudited As at 30 June 2005 £m
<b>Non-current assets</b>				
Intangible assets		9.0	8.7	8.7
Property, plant and equipment		127.6	134.6	129.6
Other non-current assets		0.5	0.5	0.5
Deferred tax		6.5	7.0	6.0
		<b>143.6</b>	150.8	144.8
<b>Current assets</b>				
Assets classified as held for sale		1.5	–	–
Inventories		46.1	43.7	41.3
Trade and other receivables		99.1	109.0	106.3
Cash and cash equivalents		0.2	0.6	0.3
		<b>146.9</b>	153.3	147.9
<b>Total assets</b>	1	<b>290.5</b>	304.1	292.7
<b>Equity</b>				
Issued share capital		17.7	17.7	17.7
Share premium account		141.8	139.4	141.8
Other reserves		0.2	0.9	0.4
Retained earnings		(61.7)	(62.3)	(62.0)
Total equity attributable to equity holders of the parent		98.0	95.7	97.9
Minority interest		0.4	0.2	0.2
Total equity and reserves		<b>98.4</b>	95.9	98.1
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		15.4	23.3	20.7
Employee benefits	7	15.5	14.5	11.2
Provisions		2.1	2.1	2.2
Deferred tax		7.1	6.1	6.6
		<b>40.1</b>	46.0	40.7
<b>Current liabilities</b>				
Interest bearing loans and borrowings		7.3	6.8	4.0
Trade and other payables		140.4	150.1	143.8
Other financial liabilities		0.5	–	–
Current tax payable		2.8	2.6	2.0
Provisions		1.0	2.7	4.1
		<b>152.0</b>	162.2	153.9
<b>Total equity and liabilities</b>		<b>290.5</b>	304.1	292.7

# Consolidated cash flow statement

	Note	Unaudited 6 months to 31 Dec 2005 £m	Unaudited 6 months to 31 Dec 2004 £m	Unaudited Year ended 30 June 2005 £m
Profit before tax		14.9	18.2	30.6
Net finance costs		0.5	0.6	1.4
Pre-tax rationalisation charge in the period		–	–	3.0
Loss on sale of property, plant and equipment		–	–	0.1
Depreciation		9.1	9.2	18.6
Operating profit before changes in working capital		24.5	28.0	53.7
Decrease in debtors		8.5	9.8	9.6
Increase in inventories		(4.4)	(2.4)	(1.1)
Decrease in creditors		(5.5)	(4.2)	(7.4)
Rationalisation costs		(2.2)	(2.9)	(3.7)
Cash generated from operations		20.9	28.3	51.1
Interest paid		(0.9)	(3.4)	(2.8)
Taxation paid		(3.1)	(3.0)	(7.2)
<b>Net cash from operating activities</b>		<b>16.9</b>	21.9	41.1
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment		(7.2)	(8.7)	(17.5)
Acquisition of intangible assets		(0.3)	–	–
APL acquisition / deferred consideration payment		–	(2.8)	(2.8)
Interest received		0.1	0.1	0.2
		(7.4)	(11.4)	(20.1)
<b>Cash flows from financing activities</b>				
Proceeds from issue of share capital		0.6	–	2.9
Repurchase of own shares		(2.0)	(1.9)	(8.5)
Repayment of borrowings		(5.3)	(5.8)	(8.2)
Payment of finance lease liabilities		(0.2)	(0.2)	(0.4)
Dividends paid		(5.9)	(5.0)	(7.6)
		(12.8)	(12.9)	(21.8)
<b>Net decrease in cash and cash equivalents</b>		<b>(3.3)</b>	(2.4)	(0.8)
Cash and cash equivalents at start of period		(2.7)	(1.8)	(1.8)
Effect of exchange rate fluctuations on cash held		(0.1)	–	(0.1)
Cash and cash equivalents at end of period		(6.1)	(4.2)	(2.7)

The pre tax rationalisation charge for the year ended 30 June 2005 has been added back to the operating profit before changes in working capital above so that the cash flow impact can be separately highlighted, as rationalisation costs, within cash generated from operations. Out of the £3.0 million total rationalisation charge, £0.4 million was spent by 30 June 2005 and a further £2.2 million in the half year to 31 December 2005.

## Reconciliation of net cash flow to movement in net debt

	Unaudited 6 months to 31 Dec 2005 £m	Unaudited 6 months to 31 Dec 2004 £m	Audited Year ended 30 June 2005 £m
Decrease in cash and cash equivalents in the period	(3.3)	(2.4)	(0.8)
Cash outflow from movement in debt	5.3	5.8	8.2
Movement on finance leases	0.2	0.2	0.4
Change in net debt resulting from cash flows	2.2	3.6	7.8
Lease financing acquired with subsidiary	-	(0.3)	(0.3)
Other new lease financing	-	-	(0.1)
Translation differences	(0.3)	(1.4)	(0.4)
Movement in net debt in the period	1.9	1.9	7.0
Net debt at the beginning of the period	(24.4)	(31.4)	(31.4)
Net debt at the end of the period	(22.5)	(29.5)	(24.4)

## Consolidated statement of recognised income and expense

	Unaudited 6 months to 31 Dec 2005 £m	Unaudited 6 months to 31 Dec 2004 £m	Unaudited Year ended 30 June 2005 £m
Profit for the period	10.4	12.7	21.4
Foreign exchange translation differences	0.2	(0.1)	(0.1)
Gain/(loss) on net investment hedge	-	0.9	(0.1)
Actuarial loss net of deferred tax	(3.0)	(3.4)	(1.1)
<b>Total recognised income and expense for the period</b>	<b>7.6</b>	<b>10.1</b>	<b>20.1</b>
<b>Attributable to:</b>			
Equity shareholders of the parent	7.4	10.0	20.0
Minority interest	0.2	0.1	0.1
	<b>7.6</b>	<b>10.1</b>	<b>20.1</b>

# Reconciliation of equity attributable to equity holders of the parent

	<b>Unaudited 6 months to 31 Dec 2005 £m</b>	Unaudited 6 months to 31 Dec 2004 £m	Unaudited Year ended 30 June 2005 £m
At start of period	<b>97.9</b>	92.7	92.7
Opening adjustment re adoption of IAS 32 / 39	<b>(0.3)</b>	–	–
	<b>97.6</b>	92.7	92.7
Profit for the year attributable to equity holders of the parent	<b>10.3</b>	12.6	21.3
Other recognised income and expenses	<b>(2.9)</b>	(2.6)	(1.3)
Tax on share options taken directly to equity	<b>(0.4)</b>	(0.1)	(0.8)
Own shares acquired and held	<b>(0.3)</b>	–	(2.4)
Own shares acquired and cancelled	<b>(1.0)</b>	(1.9)	(6.9)
Shares issued	<b>0.6</b>	–	2.9
Equity dividends	<b>(5.9)</b>	(5.0)	(7.6)
At end of period	<b>98.0</b>	95.7	97.9

# Notes to the interim financial statements

## 1 Segment Reporting unaudited

Segment information is presented below in respect of the Group's geographical, UK and Continental Europe, and business, Household and Personal Care, segments. The primary format, geographic segments, is based on the Group's management and internal reporting structure.

### Geographic segments

	Segment revenue			Segment profit		
	6 months to 31 Dec 2005 £m	6 months to 31 Dec 2004 £m	Year ended 30 Jun 2005 £m	6 months to 31 Dec 2005 £m	6 months to 31 Dec 2004 £m	Year ended 30 Jun 2005 £m
UK	123.5	120.2	243.3	10.5	11.2	21.4
Continental Europe	152.1	151.3	301.1	5.7	8.2	14.9
Total reporting segments	275.6	271.5	544.4	16.2	19.4	36.3
Inter segment revenue	(5.2)	(3.5)	(7.3)	–	–	–
Rationalisation costs				–	–	(3.0)
Corporate				(0.8)	(0.6)	(1.3)
Revenue/Operating Profit	270.4	268.0	537.1	15.4	18.8	32.0
Net finance costs				(0.5)	(0.6)	(1.4)
Income tax expense				(4.5)	(5.5)	(9.2)
Profit after tax				10.4	12.7	21.4

The £3.0 million rationalisation costs in the year ended 30 June 2005 splits out into £2.3 million in the UK and £0.7 million in Continental Europe.

	Segment assets			Segment liabilities		
	As at 31 Dec 2005 £m	As at 31 Dec 2004 £m	As at 30 Jun 2005 £m	As at 31 Dec 2005 £m	As at 31 Dec 2004 £m	As at 30 Jun 2005 £m
UK	110.4	119.9	115.8	(72.8)	(78.2)	(71.7)
Continental Europe	173.4	176.9	170.3	(91.8)	(93.5)	(90.3)
Total reporting segments	283.8	296.8	286.1	(164.6)	(171.7)	(162.0)
Corporate	6.7	7.3	6.6	(27.5)	(36.5)	(32.6)
Total	290.5	304.1	292.7	(192.1)	(208.2)	(194.6)

	Segment capital expenditure			Segment depreciation		
	6 months to 31 Dec 2005 £m	6 months to 31 Dec 2004 £m	Year ended 30 Jun 2005 £m	6 months to 31 Dec 2005 £m	6 months to 31 Dec 2004 £m	Year ended 30 Jun 2005 £m
UK	3.4	3.5	8.0	4.5	4.6	9.5
Continental Europe	4.1	5.1	9.4	4.6	4.6	9.1
Total reporting segments	7.5	8.6	17.4	9.1	9.2	18.6
Corporate	–	0.1	0.1	–	–	–
Total	7.5	8.7	17.5	9.1	9.2	18.6

# Notes to the interim financial statements continued

## Business segments

	Segment revenue			Segment assets		
	6 months to 31 Dec 2005 £m	6 months to 31 Dec 2004 £m	Year ended 30 Jun 2005 £m	As at 31 Dec 2005 £m	As at 31 Dec 2004 £m	As at 30 Jun 2005 £m
Household	216.5	222.3	441.0	223.2	239.8	230.5
Personal Care	53.9	45.7	96.1	60.6	57.0	55.6
Total reporting segments	270.4	268.0	537.1	283.8	296.8	286.1
Corporate				6.7	7.3	6.6
Total				290.5	304.1	292.7

	Segment capital expenditure		
	6 months to 31 Dec 2005 £m	6 months to 31 Dec 2004 £m	Year ended 30 Jun 2005 £m
Household	6.1	8.1	14.8
Personal Care	1.4	0.5	2.6
Total reporting segments	7.5	8.6	17.4
Corporate	–	0.1	0.1
Total	7.5	8.7	17.5

## External revenue by destination

	6 months to 31 Dec 2005 £m	6 months to 31 Dec 2004 £m	Year ended 30 Jun 2005 £m
UK	115.2	113.3	227.4
Continental Europe	151.8	151.1	302.8
Rest of the World	3.4	3.6	6.9
	270.4	268.0	537.1

## 2 Basis of preparation

EU law (IAS Regulation EC 1606/2002) requires that the next annual consolidated financial statements of the Group, for the year ending 30 June 2006, be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the EU (“adopted IFRSs”).

These interim financial statements for the half year ended 31 December 2005 and 31 December 2004, and the comparative figures for the year ended 30 June 2005 have been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are endorsed by the EU and effective (or available for early adoption) at 30 June 2006 or are expected to be endorsed and effective (or available for early adoption) at 30 June 2006, the Group’s first annual reporting date at which it is required to use adopted IFRSs. Based on these adopted and unadopted IFRSs, the directors have made assumptions about the accounting policies expected to be applied when the first annual IFRS financial statements are prepared for the year ending 30 June 2006.

The Group published a document on 6 December 2005, Adoption of International Financial Reporting Standards, which explained the accounting policy changes and the key financial impacts of the change from UK GAAP to IFRS for the half year ended 31 December 2004 and the year ended 30 June 2005. This document can be located at [www.mcbride.co.uk](http://www.mcbride.co.uk) within the investor relations section. There has been a reclassification of the deferred tax balances as at 31 December 2004 and 30 June 2005 from that document to this to more accurately present the balance sheet positions.

The Group has taken the option as permitted by IFRS 1 to adopt IAS 32 and IAS 39 from 1 July 2005 onwards. The comparative periods have not been restated.

The adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 30 June 2006 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 30 June 2006.

The interim financial statements for the six months ended 31 December 2005 were approved by the Board on 8 February 2006.

**Section 240 statement** – The figures for the financial year ended 30 June 2005 are not the company’s statutory accounts for that financial year. Those accounts, which were prepared under UK Generally Accepted Accounting Practices, have been reported on by the company’s auditors and delivered to the registrar of companies. The report of the auditors was unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

## 3 Net financing costs

On the income statement, financial income includes £1.5 million (2004: £1.4 million) in respect of the expected return on pension scheme assets and financial expenses includes £1.6 million (2004: £1.4 million) in respect of interest on pension scheme liabilities, pertaining to the UK defined benefit pension scheme. This nets out to a £0.1 million charge (2004: nil).

## 4 Taxation

The £4.5 million tax charge for the half year ended 31 December 2005 (2004: £5.5 million) consists of £2.4 million (2004: £3.1 million) of UK tax and £2.1 million (2004: £2.4 million) of overseas tax.

# Notes to the interim financial statements continued

## 5 Earnings per ordinary share

Basic earnings per share is calculated on profit after tax and minority interests in accordance with IAS 33 Earnings per share. For the half year ended December 2005 it is based on 177,575,301 ordinary shares of 10 pence each which is the weighted average number of ordinary shares in issue during the period (2004: 177,332,040).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to take account of the Group's share based payment schemes where their conversion is dilutive. For the six months ended December 2005 it is based on 180,988,170 (2004: 184,763,839).

Adjusted basic earnings per share is shown by reference earnings before rationalisation costs since the directors consider this gives a more meaningful measure of the underlying performance of the Group.

	6 months to 31 Dec 2005 £m	6 months to 31 Dec 2004 £m	Year ended 30 June 2005 £m
Earnings used to calculate Basic and Diluted EPS	10.3	12.6	21.3
Rationalisation costs after tax	–	–	2.1
Adjusted earnings	10.3	12.6	23.4

## 6 Dividends

The proposed interim dividend of 1.6 pence per share (2004: 1.5 pence) was approved by the Board on 8 February 2006. However, the £2.8 million cost (2004: £2.6 million) was not included as a liability as at 31 December 2005 in accordance with IAS 10 Events after the balance sheet date. Dividends paid in the period totalled £5.9 million (2004: £5.0 million).

## 7 Employee benefits

Under IFRS, the Group's opening balance sheet as at 1 July 2004 reflects the assets and liabilities of its defined benefit scheme. From this transition date, the Group has chosen to apply the amendment to IAS 19 Employee benefits which allows actuarial gains and losses to be recognised immediately in the Consolidated Statement of Recognised Income and Expense. As at 31 December 2005 there is a £15.5 million employee benefit liability less a £4.7 million deferred tax asset.



# Financial calendar for the year ending 30 June 2006

## Dividends

Interim	Announcement	9 February 2006
	Payment	26 May 2006
Final	Announcement	September 2006
	Payment	November 2006

## Results

Interim	Announcement	9 February 2006
Preliminary statement for full year	Announcement	September 2006
Report and Accounts	Circulated	September 2006
Annual General Meeting	To be held	31 October 2006

# Exchange rates

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

	<b>Unaudited 6 months to 31 Dec 2005</b>	Unaudited 6 months to 31 Dec 2004	Audited Year ended 30 June 2005
Average rate:			
Euro	<b>1.47</b>	1.46	1.46
Polish Zloty	<b>5.82</b>	6.34	6.14
Czech Koruna	<b>43.27</b>	45.89	44.86
Hungarian Forint	<b>364.8</b>	361.9	361.3
Closing rate:			
Euro	<b>1.46</b>	1.41	1.48
Polish Zloty	<b>5.59</b>	5.75	5.99
Czech Koruna	<b>42.27</b>	42.87	44.51
Hungarian Forint	<b>367.4</b>	347.0	365.7



**This interim report is available  
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