PERFORMING

Interim Report 2004

RECKITT BENCKISER

Dettol
EASY MOP
Dettol
EASY MOP
Lysol
Lysol
Vanish
Calgon
finish
Calgonit
Calgonit
Calgonit
Calgonit

Results at a glance	**2004 H1 £m**	2003 H1 £m	change %
Net revenues	**1,873**	1,791	+5
Operating profit	**319**	280	+14
Net income	**234**	199	+18

- Net revenues grew by 5% (10% constant) to £1,873m.
- Operating profit increased by 14% to £319m. Operating margins improved by 140 basis points (bps) to 17.0% due to a 190 bps gross margin improvement, offset by a significant increase in marketing investment.
- Net income grew by 18% to £234m. EPS diluted grew by 17% to 31.6p.
- Strong cash generation resulted in a £111m increase in the Company's net funds to £403m after share buyback of £137m.
- Full year targets raised to net revenue growth of 7% plus and net income growth of 18% plus, both at constant exchange.
- Interim dividend of 16.0 pence per share, an increase of 14%.
- The Company's share buyback programme will be increased to £300m (from £250m currently) for the year starting from Q4 2004.

2 Operating and Financial Review
5 Group profit and loss account
6 Group balance sheet
7 Group cash flow statement
9 Statement of total recognised gains and losses
Reconciliation of movements in total shareholders' funds
10 Segmental analysis
11 Earnings per ordinary share
12 Independent review report to Reckitt Benckiser plc
13 Shareholder information

Net revenue and net income growth running significantly ahead of target

Summary

Reckitt Benckiser had a strong first half of 2004 with net revenue and net income growth running significantly ahead of the target rate for the full year of net revenue growth of 5% plus and net income growth of low double digits both at constant exchange. Growth has come from all categories and regions behind new product initiatives supported by significant increases in marketing, particularly media investment.

Net revenues grew by 5% (10% constant) to £1,873m.

Operating profit increased 14% (19% constant) to £319m. Gross margins rose 190bps to 54.6% as a result of higher margin new products, favourable purchase contracts on some raw and packaging materials and savings from ongoing cost optimisation programmes. Media investment increased by 15% to 13.8% of net revenues (H1 2003 12.5%). Operating margins increased by 140bps to 17.0%.

Net income for the half year increased by 18% (23% constant) to £234m. Net interest expense of £4m (£11m) was lower due to the strong cash inflow over the past year reducing the level of net borrowings after higher dividend payments and share buyback. The tax rate for the period was 26%. EPS diluted increased 17% to 31.6 pence (H1 2003 27.1 pence).

Category review at constant exchange rates

Fabric Care H1 net revenues grew 10% to £517m. In fabric treatment, Vanish Oxi Action grew strongly across Western Europe and Developing Markets, including the benefits of the launch of Vanish Oxi Action Gel. In North America Spray 'n Wash in-wash continued to grow. Carpet Cleaners grew behind the launch of Vanish Oxi Carpet.

Surface Care H1 net revenues grew 9% to £365m. Lavatory cleaners grew strongly behind the roll-out of the Lysol Ready Brush in North America and the launch of the Harpic Ready Brush in Europe plus strong growth for the base business in Developing Markets. Multipurpose and specialty cleaners grew due to strong performance in Europe and Developing Markets.

Dishwashing H1 net revenues grew 5% to £268m. Growth came across all regions, with particularly strong growth in North America due to Electrasol with Jet Dry Action gel, gelpacs and tablets launched earlier this year. In Europe growth was steady in the absence of major initiatives.

Home Care H1 net revenues grew 12% to £264m with strong growth for both air care and pest control. Air care grew behind Airwick Aroma Oils and Decosphere. Pest control grew behind the success of Mortein Professional, Mortein Power Booster coils and a very strong pest season.

Health & Personal Care H1 net revenues grew 16% to £304m. Excellent growth was achieved in all categories. Depilatories grew behind the success of Veet Rasera. Dettol antiseptics grew behind the personal care range in Developing Markets. Healthcare products benefitted from the continuing roll-out of Gaviscon in Europe and the strength of the UK flu season for Lemsip. Suboxone continues to grow strongly as distribution builds in North America.

Core Household grew net revenues 10% to £1,718m in the half year.

Food H1 net revenues grew 9% to £85m with good performance across the portfolio, but particularly for French's yellow mustard which had a strong half year, increasing market share, and the launch of Frank's Red Hot Chile & Lime.

Geographic Analysis at constant exchange

Europe: 53% of net revenues

Net revenues grew by 8% in H1 to £997m. Growth came behind key recent product introductions. In fabric treatment, growth was due to the success of Vanish Oxi Action, the introduction of Vanish Oxi Action Gel and the launch of Vanish Oxi Carpet. In surface care, growth came from the launch of Harpic Ready Brush in lavatory care and strong growth from specialty cleaners. In automatic dishwashing, growth was steady in the absence of major initiatives. Health & personal care grew behind the success of Veet Rasera, and strong growth for the healthcare portfolio behind the roll-out of Gaviscon in Europe and a strong flu season for Lemsip in the UK. Operating margins improved by 90bps to 21.3% resulting in a 13% increase in operating profits to £212m.

North America & Australia: 30% of net revenues

Net revenues increased by 11% in H1 to £564m. Growth came across all five categories. In fabric care, it came behind the continued growth of Spray 'n Wash in-wash. In surface care, increases were due to the roll-out of the Lysol Ready Brush. In automatic dishwashing, increases came due to the success of Electrasol with Jet Dry Action gel, gelpacs and tablets. In home care, air care grew behind the success of Airwick Aroma Oils and Decosphere, and in health & personal care, depilatories grew strongly behind the launch of Veet Rasera. Food grew strongly behind growth for French's Yellow Mustard and the launch of Frank's Red Hot Chile & Lime sauce. Operating margins grew by 140bps to 15.2%, resulting in profits increasing 19% to £86m.

Developing Markets: 17% of net revenues

Net revenues grew 16% in H1 to £312m. There was strong growth in all categories. In fabric care, growth came behind the launch and roll-out of Vanish Oxi Action fabric treatment products. In surface care, increases came with the success of Harpic behind higher investment in key markets, and strong recovery in certain markets for multipurpose cleaners. Pest control grew strongly with the launch of Mortein Power Booster coils. Dettol antiseptics grew behind the success of the personal care range supported by higher investment. Operating margins expanded by 270bps to 5.4%, resulting in operating profits increasing by 143% to £17m.

New Initiatives H2 2004

A number of new products are being launched for the second half of 2004. In fabric treatment, Vanish Oxi Action Max to provide even better stain removal and Vanish Oxi Pre-Treater trigger spray are being launched in Europe. In surface care, Lysol Neutra Air electrical is being launched in North America, and Lysol All Purpose Cleaners are being relaunched with natural ingredients. Cillit Bang universal tough cleaner on lime and grime is being launched in parts of Europe. In automatic dishwashing, Finish/Calgonit 3-in-1 Brilliant Extra Power is being upgraded to its best ever cleaning formula. In air care, Airwick Mobil Air portable electrical is launching in Europe and North America.

Targets raised for net revenue to 7% plus and net income to 18% plus, both at constant exchange

Financial Review

Basis of comparatives For clarity in evaluating the underlying performance of the business, the following terminology is used.

Constant exchange Movements of exchange rates relative to sterling affect actual results as reported. The constant exchange rate basis adjusts comparatives to exclude such movements and show underlying growth.

Restatement of 2003 comparatives As previously announced, following the adoption of FRS 5 Application Note G "Revenue Recognition", H1 2003 comparatives have been restated, primarily due to the reclassification of coupons from a marketing expense to a deduction from net revenues. The effect of this restatement is to reduce by £43m both net revenue (restated £1,791m, previously reported £1,834m) and net operating expenses (restated £663m, previously reported £706m).

Net Interest Interest payable on borrowings less receivable on funds on the Company's cash and debt portfolio was £4m (£11m) in H1. This reduction reflects strong cash inflow in 2003 and 2004 to date.

Tax on the profit for the half year was £81m, a rate of 26% (H1 2003 26%) on profit before tax of £315m.

Net working capital (defined as stock, short term debtors and short term creditors excluding borrowings) improved by £55m to minus £633m.

Cash flow from operating activities rose by 4% to £444m due to increased operating profits and a further release of cash from working capital. After an increase in interest receivable, offset by higher tax payments in the first half of the year, net cash flow from ordinary operations increased by 2% to £337m.

Cash conversion continued to be strong. The ratio of cash flow from operating activities to net revenues was broadly maintained at 18%.

Net funds at the half year were £403m (2003 year-end £292m), an improvement of £111m due to strong operating inflow, working capital release and improved cash management offset by share buyback and higher dividend payments. The Group's net funds position consisted of cash of £52m (£59m) and short term investments of £820m (£724m) offset by the convertible capital bonds of £192m (£192m) and other borrowings of £277m (£299m).

Balance sheet and financing
At the half year the Group had shareholders' funds of £1,431m (2003 year-end £1,470m), a decrease of 3%. Net funds were £403m (2003 year-end £292m). Total capital employed in the business was £1,031m (2003 year-end £1,182m).

The Company's financial ratios have improved over the period. Interest cover (operating profit over net interest) for the half year was 80 times (H1 2003 25.5 times).

Dividends The Board of Directors announces an interim dividend of 16.0 pence per share (2003 14.0 pence per share), an increase of 14% in line with the Company's policy to increase the dividend in line with earnings once coverage ratios reach the level of the industry peer group. The interim dividend is covered 2.1 times by profit for the half year (H1 2003 2.0 times). The ex dividend date will be 11 August and the dividend will be paid on 23 September to shareholders on the register at the record date of 13 August. The last date for election for the share alternative to the dividend is 2 September.

Share buyback
Between 16 February and 25 June 2004, the Group purchased 9,565,000 shares for cancellation at a cost of £137m as part of its ongoing share buyback programme. This brings the total for the programme to date to 11.5m shares at a cost of £162m.

The Company has announced that it intends to complete its projected programme of £250m by end Q3 2004. Thereafter the Company intends to increase the size of its annual share buyback programme to £300m for the year starting in Q4 2004.

Outlook
After two strong quarters, Reckitt Benckiser is firmly on track to deliver ahead of the Company's initial full year targets. Consequently we are raising our target for net revenue growth to 7% plus and for net income growth to 18% plus, both at constant exchange.

GROUP PROFIT AND LOSS ACCOUNT

for the half year ended 30 June 2004: unaudited

	1st half 2004 £m	1st half 2003* £m	Full-year 2003 £m
Net revenues	**1,873**	1,791	3,713
Cost of sales	**(850)**	(848)	(1,735)
Gross profit	**1,023**	943	1,978
Net operating expenses	**(704)**	(663)	(1,299)
Operating profit	**319**	280	679
Net interest expense	**(4)**	(11)	(19)
Profit on ordinary activities before taxation	**315**	269	660
Tax on profit on ordinary activities	**(81)**	(70)	(171)
Profit on ordinary activities after taxation	**234**	199	489
Attributable to equity minority interests	**–**	–	–
Profit for the period	**234**	199	489
Ordinary dividends	**(112)**	(99)	(198)
Retained profit for the period	**122**	100	291
Earnings per ordinary share:			
On profit for the period	**33.1p**	28.1p	69.2p
On profit for the period, diluted	**31.6p**	27.1p	66.2p

* Restated following the adoption of FRS 5 Application Note G "Revenue Recognition"

GROUP BALANCE SHEET

as at 30 June 2004: unaudited

	1st half 2004 £m	1st half 2003 £m	Full-year 2003 £m
Fixed assets:			
Intangible assets	**1,686**	1,795	1,746
Tangible assets	**469**	522	502
	2,155	2,317	2,248
Current assets:			
Stocks	**232**	231	224
Debtors due within one year	**514**	510	480
Debtors due after more than one year	**84**	84	85
Investments	**820**	571	724
Cash at bank and in hand	**52**	48	59
	1,702	1,444	1,572
Current liabilities:			
Creditors due within one year:			
Borrowings	**(153)**	(112)	(172)
Other	**(1,379)**	(1,334)	(1,282)
Convertible capital bonds	**(192)**	–	–
	(1,724)	(1,446)	(1,454)
Net current (liabilities)/assets	**(22)**	(2)	118
Total assets less current liabilities	**2,133**	2,315	2,366
Non-current liabilities:			
Creditors due after more than one year:			
Borrowings	**(124)**	(219)	(127)
Other	**(164)**	(162)	(165)
Convertible capital bonds	**–**	(193)	(192)
	(288)	(574)	(484)
Provisions for liabilities and charges	**(411)**	(415)	(408)
Equity minority interests	**(3)**	(6)	(4)
Net assets	**1,431**	1,320	1,470
Capital and reserves			
Called up share capital (including non-equity capital of £5m)	**78**	78	79
Share premium account	**238**	205	227
Merger reserve	**142**	142	142
Capital redemption reserve	**1**	–	–
Profit and loss account	**972**	895	1,022
Total shareholders' funds (including non-equity shareholders' funds of £5m)	**1,431**	1,320	1,470

Approved by the Board on 26 July 2004.

Adrian Bellamy
Director

Bart Becht
Director

GROUP CASH FLOW STATEMENT

for the half year ended 30 June 2004: unaudited

RECONCILIATION OF OPERATING PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES

	1st half 2004 £m	1st half 2003 £m	Full-year 2003 £m
Operating activities:			
Operating profit	**319**	280	679
Depreciation and amortisation	**44**	42	89
Loss on sale of fixed assets	**–**	2	3
(Increase)/decrease in stocks	**(17)**	4	6
(Increase)/decrease in debtors	**(50)**	(8)	16
Increase in creditors and provisions	**148**	107	93
Cash flow from operating activities	**444**	427	886

CASH FLOW STATEMENT

Cash flow from operating activities	**444**	427	886
Return on investments and servicing of finance	**(6)**	(12)	(25)
Taxation	**(78)**	(54)	(146)
Capital expenditure and financial investment			
Purchase of intangible fixed assets	**–**	(54)	(85)
Purchase of tangible fixed assets	**(26)**	(30)	(71)
Disposal of tangible fixed assets	**3**	1	12
	(23)	(83)	(144)
Acquisitions and disposals	**(1)**	(1)	(8)
Equity dividends paid	**(98)**	(90)	(189)
Cash inflow before use of liquid resources and financing	**238**	187	374
Management of liquid resources	**(98)**	(193)	(348)
Financing	**(135)**	6	(10)
Increase in cash for the period	**5**	–	16

GROUP CASH FLOW STATEMENT (continued)

for the half year ended 30 June 2004: unaudited

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	1st half 2004 £m	1st half 2003 £m	Full-year 2003 £m
Increase in cash in period	**5**	–	16
Cash outflow from decrease in debt	**9**	2	15
Cash outflow from increase in liquid resources	**98**	193	348
Changes in net funds resulting from cash flows	**112**	195	379
Conversion of convertible capital bonds	**–**	–	1
Translation differences	**(1)**	5	17
Movement in net funds in period	**111**	200	397
Net funds/(debt) at beginning of period (including convertible capital bonds)	**292**	(105)	(105)
Net funds at end of period (including convertible capital bonds)	**403**	95	292

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO NET CASH FLOW FROM ORDINARY OPERATIONS

Cash flow from operating activities	**444**	427	886
Returns on investments and servicing of finance	**(6)**	(12)	(25)
Taxation	**(78)**	(54)	(146)
Capital expenditure (excluding intangible assets)	**(23)**	(29)	(59)
Net cash flow from ordinary operations	**337**	332	656

Management uses net cash flow from ordinary operations as a performance measure.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the half year ended 30 June 2004: unaudited

	1st half 2004 £m	1st half 2003 £m	Full-year 2003 £m
Profit for the period	**234**	199	489
Net exchange movements on foreign currency translation	**(48)**	11	(47)
Total recognised gains and losses relating to the period	**186**	210	442

Net exchange losses on net foreign currency borrowings of £1m (H1 2003: gains of £5m) have been offset in reserves against exchange gains and losses on net investments in overseas subsidiaries. Tax on foreign exchange differences booked to reserves is not material.

RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

for the half year ended 30 June 2004: unaudited

	1st half 2004 £m	1st half 2003 £m	Full-year 2003 £m
Profit for the period	**234**	199	489
Dividends (including non-equity preference dividends)	**(112)**	(99)	(198)
Ordinary shares allotted on exercise of options and conversion of convertible capital bonds	**10**	8	31
Shares repurchased	**(137)**	–	(25)
Capital redemption reserve	**1**	–	–
Net exchange movements on foreign currency translation and other movements	**(35)**	11	(28)
Net (decrease)/increase in shareholders' funds	**(39)**	119	269
Total shareholders' funds at beginning of period	**1,470**	1,201	1,201
Total shareholders' funds at end of period	**1,431**	1,320	1,470

There is £5m (H1 2003: £5m) of non-equity shareholders' funds included within total shareholders' funds.

SEGMENTAL ANALYSIS

for the half year ended 30 June 2004: unaudited

Analyses by geographical area and product segment of net revenues and operating profit are set out below. The figures for each geographical area show the net revenues and profit made by companies located in that area.

Net revenues and operating profit – by geographical area	Net revenues		Operating profit		Operating margin	
	1st half 2004 £m	1st half 2003* £m	**1st half 2004 £m**	1st half 2003 £m	**1st half 2004 %**	1st half 2003* %
Total Operations						
Europe	**997**	942	**212**	192	**21.3**	20.4
North America & Australia	**564**	557	**86**	77	**15.2**	13.8
Developing Markets	**312**	292	**17**	8	**5.4**	2.7
Corporate	**–**	–	**4**	3	**–**	–
	1,873	1,791	**319**	280	**17.0**	15.6

The net revenue figures represent the sales made to third-party customers by geographical origin. Sales to other members of the Group in other geographical areas are not material.

Net revenues and operating profit – by product segment	Net revenues		Operating profit		Operating margin	
	1st half 2004 £m	1st half 2003* £m	**1st half 2004 £m**	1st half 2003 £m	**1st half 2004 %**	1st half 2003* %
Continuing Operations						
Household and Health & Personal Care	**1,788**	1,703	**304**	267	**17.0**	15.7
Food	**85**	88	**11**	10	**12.9**	11.4
Corporate	**–**	–	**4**	3	**–**	–
	1,873	1,791	**319**	280	**17.0**	15.6

Corporate relates to headquarters and global income, which cannot be specifically allocated to the above geographical areas and product segments.

Segmental analyses have been prepared for operating profit as the Directors consider these to be more meaningful than analyses based on profit before tax. The difference between operating profit and profit before tax is net interest payable of £4m (H1 2003 £11m).

Additional information – net revenues by product group	**1st half 2004 £m**	1st half 2003* £m
Continuing Operations		
Fabric Care	**517**	489
Surface Care	**365**	358
Dishwashing	**268**	265
Home Care	**264**	249
Health & Personal Care	**304**	272
Core Business	**1,718**	1,633
Other Household	**70**	70
	1,788	1,703

* Restated following the adoption of FRS 5 Application Note G "Revenue Recognition"

EARNINGS PER ORDINARY SHARE

for the half year ended 30 June 2004: unaudited

The reconciliation between profit for the half year and the weighted average number of shares used in the calculations of the diluted earnings per share are set out below:

	2004			2003		
	Profit for the half year £m	**Average number of shares**	**Earnings per share pence**	Profit for the half year £m	Average number of shares	Earnings per share pence
Profit attributable to shareholders	**234**	**706,081,102**	**33.1**	199	706,240,741	28.1
Dilution for Executive options outstanding and Executive Restricted Share Plan		**13,538,252**			10,499,650	
Dilution for Employee Sharesave Scheme options outstanding		**1,072,623**			1,168,219	
Dilution for convertible capital bonds outstanding*	**6**	**38,655,773**		6	38,900,697	
On a diluted basis	**240**	**759,347,750**	**31.6**	205	756,809,307	27.1

*After the appropriate tax adjustment, the profit adjustment represents the coupon on convertible capital bonds. The earnings per share impact reflects the effect of that profit and the assumption of the issue of shares on the conversion of bonds.

The Directors believe that a diluted earnings per ordinary share, adjusted for the distorting effects of non-operating items after the appropriate tax amount, provides the most meaningful measure of earnings per ordinary share in comparing the performance of the business over time.

INDEPENDENT REVIEW REPORT TO RECKITT BENCKISER PLC

Introduction
We have been instructed by the Company to review the financial information which comprises the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in total shareholders' funds and the related notes. 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.

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 of the Financial Services Authority, which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 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 excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom 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. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 30 June 2004.

PricewaterhouseCoopers LLP
Chartered Accountants
London
26 July 2004

Notes
a) The maintenance and integrity of the Reckitt Benckiser website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.
b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

SHAREHOLDER INFORMATION

Interim dividend for the year ending 31 December 2004

Dividend per ordinary share	16.0p

Notice to shareholders
The financial information for the year ended 31 December 2003 included in this Interim Report is based upon the Company's consolidated financial statements for that year. Those financial statements have been reported on by the Company's auditors and have been delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under the following sections of the Companies Act 1985: Section 237(2) (inadequate accounting records or returns, or accounts not agreeing with records and returns) or 237(3) (failure to obtain necessary information and explanations).

Registrar and transfer office
If you have any queries about your shareholding, please write or telephone the Registrar at the following address:

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

Dedicated Reckitt Benckiser shareholder helpline
Telephone
0870 703 0118

Website:
www.computershare.com

Key dates

Announcement of interim results	26 July 2004
Shares quoted ex-dividend	11 August 2004
Record date for interim dividend	13 August 2004
Interim dividend payment date	23 September 2004

Designed and produced by The Workroom **Tel** +44 (0)20 7608 0840 **Email** design@workroom.co.uk

Reckitt Benckiser plc
103-105 Bath Road,
Slough, Berkshire SL1 3UH
United Kingdom

www.reckittbenckiser.com