Better solutions

Interim Report 2005

RECKITT BENCKISER

Neutra-Air
Lysol
Dettol
ARPIC
Vanish
Calgon
SPRAY WASH
Electrasol
3in1
finish
PowerBall
Calgonit
Classic
Mortein
AIR WICK
Veet

Results at a glance	2005 H1 £m	2004 H1# £m	change %
Net revenues	**2,014**	1,873	+8
Operating profit	**345**	315	+10
Net income	**268**	230	+17

Restated following the adoption of International Financial Reporting Standards

- Net revenues grew by 8% (6% constant) to £2,014m.
- Operating profit increased 10% (8% constant) to £345m. Operating margins increased by 30bps to 17.1% benefiting from tight fixed cost control.
- Net income for the half year rose by 17% (15% constant) to £268m. EPS diluted increased 15% to 35.8p.
- Cash generated from operations increased 7% to £474m due to higher profits.
- Interim dividend of 18.0 pence per share, an increase of 13%.
- The Company's current share buy back programme of £300m will be completed by end Q3 2005. It will execute a further programme in Q4 2005 to result in a total buy back for financial year 2005 of £300m.

2 Operating and Financial Review
5 Accounting policies
9 Group income statement
10 Group balance sheet
11 Group cash flow statement
12 Statement of recognised income and expense
13 Statement of changes in shareholders' equity
14 Segmental analysis
15 Earnings per ordinary share
16 Adoption of international financial reporting standards
19 Independent review report to Reckitt Benckiser plc
20 Shareholder information

Net revenue is well ahead of the industry's growth rate

SUMMARY

Reckitt Benckiser turned in robust results in challenging conditions. First half 2005 net revenue grew 6% at constant exchange which is at the top of our full year target range and well ahead of the industry's growth rate driven by the success of new products such as Cillit Bang, Finish 4-in-1 and Air Wick Freshmatic. Profitability improved despite the adverse input cost environment. As a result, net income grew 17%, well ahead of the full year target.

DETAILED OPERATING REVIEW

Net revenues grew by 8% (6% constant) to £2,014m. Operating profit increased 10% (8% constant) to £345m. Gross margins were 20bps behind last year at 54.4% with cost optimisation savings and volume leverage not fully offsetting substantial increases in input costs through the period. Marketing investment was higher, with media investment increased by 8% at 13.8% of net revenues (H1 2004 13.8%). Operating margins increased by 30bps to 17.1% benefiting from tight fixed cost control.

Net income for the half year rose by 17% (15% constant) to £268m. Net interest income of £15m (2004 £4m expense) was due to the full conversion of the Convertible Capital Bond since H1 2004 plus strong cash inflow over the past year. The tax rate for the period is 26%. EPS diluted increased 15% to 35.8 pence.

GEOGRAPHIC ANALYSIS AT CONSTANT EXCHANGE FOR CONTINUING OPERATIONS

Europe 53% of Net Revenues Net revenues grew by 6% to £1,077m. Growth came behind key recent product introductions. In Fabric Care, the increase came from Vanish Dual Power and Vanish Oxi Action Max. In Surface Care, the key drivers were Cillit Bang and Dettol Surface Care. Finish/Calgonit 4-in-1 spurred significantly higher sales in Automatic Dishwashing. Air Care growth was due to the launch of Air Wick Freshmatic.

Operating margins were 40bps behind last year at 20.6% due to higher media and marketing investment in new products, not altogether offset by tight cost control. This resulted in a 4% increase in operating profits to £222m.

North America & Australia 29% of Net Revenues Net revenues increased 3% to £576m. Key growth drivers were Spray 'n Wash Dual Power in Fabric Care, Lysol disinfectant spray and Neutra Air in Surface Care, Electrasol 2-in-1 tabs and gelpacs in Automatic Dishwashing, Air Wick electrical oils and Decosphere in Air Care, and Veet Depilatories in Health & Personal Care. Suboxone prescription drug continued its substantial expansion. Food growth came mainly from French's yellow mustard and the launch of Cattleman's BBQ Sauce.

Operating margins were 60bps lower at 14.1% due to substantially higher input costs reducing gross margins, resulting in profits decreasing 1% to £81m.

Developing Markets 18% of Net Revenues Net revenues grew 14% to £361m. The key drivers of growth were the geographical roll-out of key Power brands to new markets. Amongst these were Vanish Oxi Action which was launched in further markets in Fabric Care, the launch of Easy-Off Bang in many new markets in Surface Care and the launch of Finish Automatic Dishwashing products and Veet Depilatories into new markets. In addition, there was continuing growth for Mortein Pest Control in Home Care and the Dettol Personal Care range in Health & Personal Care benefiting from higher investment.

Operating margins expanded 270bps to 7.2%, resulting in operating profits increasing by 63% to £26m.

CATEGORY REVIEW AT CONSTANT EXCHANGE RATES

Fabric Care net revenues grew 2% to £541m due to strong growth on Fabric Treatment and Calgon Water Softeners, partially offset by softness on Fabric Softeners and Laundry Detergent. In Fabric Treatment, Vanish Oxi Action grew strongly due to Vanish Oxi Action Max in Europe

and the launch of Vanish Dual Power in Europe and North America. Growth was further boosted by the roll out of Vanish Oxi Action in Developing Markets and by a strong performance by Vanish carpet cleaners.

Surface Care net revenues grew 14% to £419m. The major category growth driver was the roll-out of Cillit/Easy-Off Bang in Europe and Developing Markets. Disinfectant cleaners also grew strongly due to Lysol/Dettol disinfectant spray and Neutra Air.

Dishwashing net revenues grew 7% to £290m. Growth came across all regions, with particularly strong growth in Europe following the launch of Finish/Calgonit 4-in-1. Electrasol 2-in-1 tabs and gelpacs increased sales in North America.

Home Care net revenues grew 7% to £283m with strong growth for both Air Care and Pest Control. Air Care benefited from the launch of Air Wick Freshmatic in Europe and further growth for Air Wick electrical oils and Decosphere in North America. Mortein Pest Control increased across Developing Markets.

Health & Personal Care net revenues grew 8% to £329m. Good growth was achieved in all categories. Dettol antiseptics benefited from higher investment and new additions to the personal care range. Veet Depilatories benefited in particular from higher sales in North America. Healthcare brands grew in Europe and Developing Markets. Prescription drug Suboxone continued its substantial expansion in North America.

Core Household net revenues grew by 7% to £1,862m. Other household net revenues were lower, reflecting the long-term decline or termination of these minor products.

Total Household net revenues increased 7% to £1,928m.

Food net revenues grew 4% to £86m with good performance particularly from French's yellow mustard and the recently launched Cattleman's BBQ Sauce.

New Initiatives H2 2005
The Company announces a number of new product launches for the second half of 2005.

- In Fabric Treatment, the Company is introducing Vanish Oxi Action Wow providing stain removal even on dried in stains. Woolite ProCare is being launched in Europe and North America offering the care of hand washing in the washing machine.
- In Surface Care, Cillit Bang is being rolled out as Easy-Off Bam in North America. In lavatory care, Harpic In Cistern 2-in-1 Cleaner & Freshener, and Harpic In Bowl 2-in-1 Max Cleaner & Freshener are being launched in Europe.
- In Automatic Dishwashing, Electrasol 3-in-1 Tabs including presoakers, detergent and rinse agent is launched in North America.
- In Air Care, Air Wick Freshmatic automatic air freshener is being launched in North America.
- In Health & Personal Care, Dettol Active Deodorant Soap and Shower Gel are being launched in Asia and Africa Middle East. This is in addition to the ongoing innovation programme in Healthcare, the latest examples of which are Gaviscon Cool in gastro-intestinal and Lemsip all night spray and 12 hour sinus relief in cold/flu which were launched last winter.

FINANCIAL REVIEW

Adoption of International Financial Reporting Standards (IFRS) The Company has adopted IFRS for this interim report. Accordingly IFRS compliant accounting policies are included. In addition, the notes to the financial information include detailed reconciliations from previously published UK GAAP information to IFRS numbers published in this interim report and explanations of the key adjustments made on adoption of IFRS.

Net Interest Net interest received was £15m (2004 charge of £4m). This resulted from the conver-sion of the Convertible Capital Bond in July 2004 and March 2005, and from cash inflow increasing cash deposits and short term investments.

We are now raising our target of net income growth to at least the mid teens

Tax The tax rate for the period was 26% (2004 same).

Shares in issue The number of shares in issue has increased during the period following the final tranche of conversions of the Convertible Capital Bond and other share issues, offset by shares cancelled under the Company's rolling share buy back programme (see below).

Cash flow Cash generated from operations increased 7% to £474m due to higher profits. Net cash flow rose 12% to £377m, with higher interest received and similar working capital release compared to last year but after higher capex and tax paid.

Net working capital decreased further to minus £606m at the end of the half year, an improvement of £85m compared to December 2004 primarily due to an increase in accounts payable.

Net funds at the end of the half year were £763m (December 2004 £632m), an increase in the period of £131m. This reflects strong cash inflow and the cancellation of £31m of Convertible Capital Bond, less the £131m cost of the final dividend for 2004 and the £161m cost of the share buy back programme in the period. The Company's net funds position consisted of cash of £700m (£308m) and short term investments of £257m (£570m) offset by borrowings of £194m (£215m).

Financing At the half year, the Group had shareholders' funds of £1,607m (2004 year end £1,541m), an increase of 4%. Net funds were £763m (£632m). Total capital employed in the business was £844m (£909m). The Company's key return ratios have therefore improved further in the period.

Dividends The Board of Directors announces an interim dividend of 18.0 pence per share (2004 16.0 pence per share), an increase of 13% 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 2.0 times by profit for the half year (2004: 2.0 times). The ex dividend date will be 10 August and the dividend will be paid on 29 September to shareholders on the register at the record date of 12 August. The last date for election for the share alternative to the dividend is 8 September.

Share buy back Between 9 February and 24 June 2005, the Group purchased 9,585,000 shares for cancellation at a cost of £161m as part of its ongoing share buyback programme. This brings the totals for the 2004/5 programme to date to 13.3m shares at a cost of £218m.

The Company has announced that it intends to complete its current programme of £300m by end Q3 2005 (implying £82m in Q3).

It will execute a further programme in Q4 2005 to result in a total buy back for financial year 2005 of £300m (implying around £57m in Q4).

Thereafter the Company intends to move the programme on to a financial year basis to coincide with its other key performance indicators and expects to increase the size of its annual share buy back programme to £350m for the 2006 financial year.

Full Year Outlook: For the full year we continue to expect net revenue growth of 5% to 6% at constant exchange. However we are now raising our target for net income growth to at least the mid teens at actual exchange.

ACCOUNTING POLICIES

for the half year ended 30 June 2005: unaudited

Basis of preparation

The unaudited financial information in these interim financial statements is prepared on the basis of the IFRS accounting policies that the Directors intend to use in the next annual report. This basis is subject to amendment by the International Accounting Standards Board (IASB) and is dependent on further endorsement by the European Commission (EC). Accordingly, the information presented and the format of presentation may be subject to change as new guidance is issued or as practice develops. The group will publish its first audited IFRS Financial Statements within its Annual Report and Accounts for 2005, in early 2006.

The Group has adopted IFRS 1: First-time adoption of international financial reporting standards for these interim financial statements, because they are part of the period covered by the Group's first IFRS financial statements for the year ending 31 December 2005. The Group has applied all relevant optional exemptions contained in IFRS 1 from full retrospective application with two exceptions. First, the Group has applied the requirements of IFRS 2: Share-based payment to all awards that had not vested as at 1 January 2005. Second, the Group has applied IAS 32: Financial Instruments: Disclosure and Presentation and IAS 39: Financial Instruments: Recognition and Measurement with effect from the transition date (1 January 2004).

The 2004 comparatives included within these interim financial statements are based on those published in the 2004 Annual Report, as restated for IFRS. Reconciliations from UK GAAP are provided in note 1 and explanations of the IFRS adjustments in note 2 to these interim financial statements.

These consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through the Group income statement subject to the Group's hedge accounting policies.

Basis of consolidation

The accounts of the Group represent the consolidation of Reckitt Benckiser plc and its subsidiary undertakings. In the case of acquisitions and disposals of businesses, the results of trading are consolidated from or to the date upon which control passes.

Inter-company transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation. Unrealised losses have also been eliminated to the extent that they do not represent an impairment of a transferred asset. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The results and net assets of the Group's subsidiary in Zimbabwe have been excluded from the consolidated Group results. This is on the basis that the Group does not consider the Zimbabwean business to be a subsidiary due to the loss of power to govern the financial and operating policies of the Zimbabwean business due to the restrictions on remitting funds out of the country. Results for 2004 (half and full year) and 2005 half year, and the balance sheets as at 30 June 2004, 31 December 2004 and 30 June 2005, were insignificant.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Sterling, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where hedge accounting is applied.

The accounts of overseas subsidiary undertakings are translated into Sterling on the following basis:

- Assets and liabilities at the rate of exchange ruling at the balance sheet date.
- Income statement items at the average rate of exchange for the period.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity on consolidation.

The currencies that most influence these translations and the relevant exchange rates are:

ACCOUNTING POLICIES

for the half year ended 30 June 2005: unaudited

2005 Half Year	2004 Half Year	2004 Full Year	
Average rates:			
£/Euro	**1.4569**	1.4841	1.4730
£/US Dollar	**1.8743**	1.8226	1.8330
Closing rates:			
£/Euro	**1.4806**	1.4997	1.4152
£/US Dollar	**1.7925**	1.8208	1.9181

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Except for freehold land, the cost of properties, plant and equipment is written off on a straight line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

Freehold buildings: not more than 50 years;

Leasehold buildings: the lesser of 50 years or the life of the lease; and

Owned plant and equipment: not more than 15 years. In general, production plant and equipment and office equipment are written off over ten years or less; motor vehicles and computer equipment over five years or less.

Assets' residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date. Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any net sale proceeds, and are included in the income statement.

Goodwill and intangible fixed assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries since 4 January 1998 is included in intangible assets. Goodwill written off to reserves prior to this date has not been reinstated. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

An acquired brand is only recognised on the balance sheet as an intangible asset where it is supported by a registered trade mark, is established in the marketplace, brand earnings are separately identifiable, the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products. The value of an acquired brand is determined by allocating the purchase consideration of an acquired business between the underlying fair values of the identifiable assets acquired, the residual being recognised as goodwill.

Brands are not amortised, as it is considered that their useful economic lives are not limited. This policy is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. A core element of the Group's strategy is to invest in building its brands through an ongoing programme of product innovation and sustained and rising marketing, particularly media, investment. Within the Group, a brand typically comprises an assortment of base products and more innovative products. Both contribute to the enduring nature of the brand. The base products establish the long-term positioning of the brand while a succession of innovations attract ongoing consumer interest and attention.

The brand carrying values are reviewed annually by the Directors to determine whether there has been any impairment in value and any such reductions in their values are taken to the income statement.

Payments made in respect of product registration and distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands.

Acquired computer software licences are capitalised at cost. These costs are amortised over their estimated useful lives of three years.

Research and development

Research expenditure is written off to the income statement in the period in which it is incurred. Development expenditure is reviewed in order to identify any items meeting the requirements of IAS 38 to be capitalised as an intangible asset. There was no such expenditure in the period, consequently all development expenditure is written off in the period in which it is incurred.

Impairment of assets
Assets that have indefinite lives are tested annually for impairment. All assets are tested for impairment if there is an event or circumstance that indicates that their carrying value may not be recoverable. If an asset's carrying value exceeds its recoverable amount an impairment loss is recognised. The recoverable amount is the higher of the asset's fair value less selling costs and its value in use. Value in use is calculated with reference to the cash flows generated by an asset (or group of assets where cash flows are not identifiable to specific assets).

The discount rate used in brand impairment reviews is based on the Group's weighted average cost of capital including, where appropriate, an adjustment for the risks associated with the relevant market.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses (based on normal operating capacity). Net realisable value is the estimated selling price less applicable selling expenses.

Trade receivables
Trade receivables are initially recognised at fair value. If there is objective evidence that the Group will not be able to collect the full amount of the receivable a provision is recognised through the income statement. The provision is calculated as the difference between the carrying value of the receivable and the present value of the related estimated future cash flows, discounted at the effective interest rate. The amount of any provision is recognised in the income statement.

Deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax asset or liability is settled.

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

Pension commitments
Group companies operate defined contribution and (funded and unfunded) defined benefit pension schemes.

The cost of providing pensions to employees who are members of defined contribution schemes is charged to the income statement as contributions are made. The Group has no further payment obligations once the contributions have been paid.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the project unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by the yield on high quality corporate bonds denominated in the currency in which the benefits will be paid, and that have a maturity approximating to the terms of the pension obligations. The costs of providing these defined benefit schemes are accrued over the period of employment. Actuarial gains and losses are recognised immediately in shareholders' equity.

Post-retirement benefits other than pensions
Some Group companies provide post-retirement medical care to their retirees. The costs of providing these benefits are accrued over the period of employment and the liability recognised in the balance sheet is calculated using accounting methodology and actuarial calculations similar to those used for defined benefit pension schemes.

Share awards
Incentives in the form of share awards are provided to employees under share option and restricted share schemes. An expense representing the fair value of a share award based on a Black-Scholes calculation at date of grant is charged to the income statement over the vesting period, with the credit taken directly to shareholders' equity. Additional employer costs in respect of options and awards are charged to the income statement over the same period with the credit included in creditors. Where awards are contingent upon future events (other than continued employment) an assessment of the likelihood of these conditions being achieved is made at the

end of each reporting period and reflected in the accounting entries made.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Net revenues
Net revenues are defined as the amount invoiced to external customers during the year, that is gross sales net of trade discounts, customer allowances and consumer coupons, and exclusive of VAT and other sales-related taxes. Net revenues are recognised at the time that the risks and rewards of ownership of the products are substantially transferred to the customer.

Leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at lease inception at the lower of the asset's fair value and the present value of the minimum lease payments. Obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate within borrowings. The interest element of the finance cost is charged to the income statement over the life of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant, property or equipment is depreciated on the same basis as owned plant and equipment or over the life of the lease, if shorter.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals (net of any related lease incentives) are charged against profit on a straight line basis over the period of the lease.

Derivative financial instruments and hedging activity
The Group primarily uses forward rate agreements and forward foreign currency contracts to manage its exposures to fluctuating interest and foreign exchange rates. These instruments are initially recognised at fair value and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates derivatives as either a hedge of a highly probable forecast transaction (cash flow hedge) or a hedge of net investment in foreign operations.

At inception the relationship between the hedging instrument and the hedged item is documented, as is an assessment of the effectiveness of the derivative instrument used in the hedging transaction in offsetting changes in the cash flow of the hedged item. This effectiveness assessment is repeated on an ongoing basis during the life of the hedging instrument to ensure that the instrument remains an effective hedge of the transaction.

1. Derivatives classified as cash flow hedges
The effective portion of changes in the fair value is recognised in equity. Any gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts recognised in equity are recycled to the income statement in the period when the hedged item will affect profit or loss. If the hedging instrument expires or is sold, or no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity, and is recognised when the forecast transaction is ultimately recognised in the income statement. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in equity is immediately transferred to the income statement.

2. Derivatives classified as net investment hedges
The effective portion of changes in fair value is recognised in equity. Any gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains or losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

3. Derivatives that do not qualify for hedge accounting
These are classified as at fair value through profit or loss. All changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

GROUP INCOME STATEMENT

for the half year ended 30 June 2005: unaudited

	1st half 2005 £m	1st half 2004# £m	Full-year 2004# £m
Net revenues	**2,014**	1,873	3,871
Cost of sales	**(918)**	(850)	(1,750)
Gross profit	**1,096**	1,023	2,121
Net operating expenses	**(751)**	(708)	(1,372)
Total operating profit	**345**	315	749
Finance income	**23**	18	38
Finance expense	**(8)**	(22)	(29)
Net finance income/(expense)	**15**	(4)	9
Profit on ordinary activities before taxation	**360**	311	758
Tax on profit on ordinary activities	**(92)**	(81)	(181)
Profit for the period	**268**	230	577
Attributable to equity minority interests	**–**	–	–
Attributable to equity shareholders	**268**	230	577
Profit for the period	**268**	230	577
Earnings per ordinary share:			
On profit for the period	**36.8p**	32.6p	80.7p
On profit for the period, diluted	**35.8p**	31.1p	77.1p
Dividend per ordinary share	**18.0p**	16.0p	34.0p

Restated following the adoption of International Financial Reporting Standards

GROUP BALANCE SHEET

as at 30 June 2005: unaudited

	1st half 2005 £m	1st half 2004# £m	Full-year 2004# £m
Assets			
Non-current assets:			
Plant, property and equipment	**475**	477	481
Goodwill and intangible assets	**1,705**	1,690	1,663
Deferred tax assets	**54**	16	58
Other receivables	**10**	21	10
	2,244	2,204	2,212
Current assets:			
Inventories	**257**	232	258
Trade and other receivables	**537**	525	504
Short term investments	**257**	492	570
Cash and cash equivalents	**700**	379	308
	1,751	1,628	1,640
Total assets	**3,995**	3,832	3,852
Liabilities			
Current liabilities:			
Borrowings	**(61)**	(157)	(86)
Provisions	**(4)**	(3)	(4)
Other liabilities	**(1,400)**	(1,283)	(1,283)
Convertible capital bonds	**–**	(147)	(31)
	(1,465)	(1,590)	(1,404)
Non-current liabilities:			
Borrowings	**(133)**	(135)	(129)
Deferred tax liabilities	**(406)**	(392)	(388)
Retirement benefit obligations	**(256)**	(195)	(253)
Provisions	**(9)**	(13)	(11)
Other liabilities	**(119)**	(154)	(126)
	(923)	(889)	(907)
Total Liabilities	**(2,388)**	(2,479)	(2,311)
Net assets	**1,607**	1,353	1,541
Equity			
Capital and reserves			
Share capital	**77**	73	76
Share premium account	**470**	238	405
Capital redemption reserve	**3**	1	2
Equity component of convertible capital bonds	**–**	45	9
Merger reserve	**142**	142	142
Hedging reserve	**(1)**	–	–
Retained earnings	**915**	851	904
	1,606	1,350	1,538
Equity minority interest	**1**	3	3
	1,607	1,353	1,541

Approved by the Board on 4 August 2005.

Adrian Bellamy Director **Bart Becht** Director

Restated following the adoption of International Financial Reporting Standards

GROUP CASH FLOW STATEMENT

for the half year ended 30 June 2005: unaudited

CASH FLOWS FROM OPERATING ACTIVITIES	**1st half 2005 £m**	1st half 2004# £m	Full-year 2004# £m
Cash generated from operations:			
Operating profit	**345**	315	749
Depreciation	**40**	40	85
Amortisation and impairment	**5**	4	12
Loss on sale of plant property and equipment	**–**	–	8
Fair value (gains)/losses	**(2)**	–	–
Decrease/(increase) in inventories	**2**	(17)	(36)
Increase in trade and other receivables	**(31)**	(50)	(3)
Increase in payables and provisions	**97**	136	63
Share award expense	**18**	16	32
Other non-cash movements	**–**	–	4
Cash generated from operations	**474**	444	914
Interest paid	**(8)**	(20)	(30)
Interest received	**23**	14	38
Tax paid	**(82)**	(78)	(189)
Net cash generated from operating activities	**407**	360	733
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	**(1)**	-	(5)
Purchase of plant, property and equipment	**(32)**	(26)	(78)
Disposal of plant, property and equipment	**2**	3	9
Acquisition of business	**(8)**	(1)	(1)
Maturity of short term investments	**313**	117	38
Net cash generated by investing activities	**274**	93	(37)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares	**27**	11	30
Share purchases	**(161)**	(137)	(283)
Repayments of borrowings	**(27)**	(9)	(87)
Dividends paid to the Company's shareholders	**(131)**	(99)	(216)
Net cash used in financing activities	**(292)**	(234)	(556)
Net increase in cash and cash equivalents	**389**	219	140
Cash and cash equivalents at beginning of period	**301**	163	163
Exchange gains/(losses)	**3**	(3)	(2)
Cash and cash equivalents at end of period	**693**	379	301
Cash and cash equivalents comprises			
Cash and cash equivalents	**700**	379	308
Overdraft	**(7)**	-	(7)
	693	379	301

Restated following the adoption of International Financial Reporting Standards

GROUP CASH FLOW STATEMENT (continued)

for the half year ended 30 June 2005: unaudited

RECONCILIATION OF NET CASH FLOW FROM OPERATIONS	**1st half 2005 £m**	1st half 2004# £m	Full-year 2004# £m
Net cash generated from operating activities	**407**	360	733
Net purchases of plant, property and equipment	**(30)**	(23)	(69)
Net cash flow from operations	**377**	337	664

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

Restated following the adoption of International Financial Reporting Standards

STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the half year ended 30 June 2005: unaudited

	1st half 2005 £m	1st half 2004# £m	Full-year 2004# £m
Profit for the period	**268**	230	577
Net exchange adjustments on foreign currency translation	**24**	(44)	(40)
Net actuarial gains and losses	**–**	–	(54)
Net hedged gains and losses taken to reserves	**(1)**	–	–
Net gains/(losses) not recognised in income statement	**23**	(44)	(94)
Total recognised income for the period	**291**	186	483

Restated following the adoption of International Financial Reporting Standards

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the half year ended 30 June 2005: unaudited

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY									
	Share capital	Share Premium	Merger reserve	Equity element of convertible bonds	Hedging reserve	Capital redemption reserve	Cumulative translation adjustments	Retained Earnings	Minority Interest	**Total**
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 Jan 2004	**74**	**227**	**142**	**45**	**0**	**0**	**0**	**879**	**4**	**1,371**
Shares allotted under share schemes	0	11								11
Unvested share awards								21		21
Profit for the year								230		230
Dividends								(98)		(98)
Own shares repurchased	(1)							(136)		(137)
Transfer to capital redemption reserve						1		(1)		–
Net exchange adjustments on foreign currency translation							(44)			(44)
Reduction in minority interest									(1)	(1)
Balance at 30 June 2004	**73**	**238**	**142**	**45**	**0**	**1**	**(44)**	**895**	**3**	**1,353**
Shares allotted under share schemes	0	19								19
Shares allotted under conversion of CCB	4	148								152
Reduction in equity component of CCB upon conversion				(36)						(36)
Unvested share awards								20		20
Profit for the year								347		347
Dividends								(118)		(118)
Own shares repurchased	(1)							(145)		(146)
Actuarial gains and losses								(54)		(54)
Transfer to capital redemption reserve						1		(1)		–
Net exchange adjustments on foreign currency translation							4			4
Balance at 31 Dec 2004	**76**	**405**	**142**	**9**	**0**	**2**	**(40)**	**944**	**3**	**1,541**
Shares allotted under share schemes	0	26								26
Shares allotted under conversion of CCB	1	39								40
Reduction in equity component of CCB upon conversion				(9)						(9)
Unvested share awards								18		18
Profit for the year								268		268
Dividends								(131)		(131)
Own shares repurchased	0							(161)		(161)
Transfer to capital redemption reserve						1		(1)		–
Net exchange adjustments on foreign currency translation							24			24
Reduction in minority interest								(6)	(2)	(8)
Net hedged gains and losses taken to reserves					(1)					(1)
Balance at 30 June 2005	**77**	**470**	**142**	**0**	**(1)**	**3**	**(16)**	**931**	**1**	**1,607**

SEGMENTAL ANALYSIS

for the half year ended 30 June 2005: 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. Each geographical segment is a group of assets and operations engaged in providing goods within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments.

PRIMARY SEGMENT

Net revenues and operating profit – by geographical area	Net revenues		Operating profit		Operating margin	
	1st half 2005 £m	1st half 2004 £m	**1st half 2005 £m**	1st half 2004# £m	**1st half 2005 %**	1st half 2004# %
Total Operations						
Europe	**1,077**	997	**222**	209	**20.6**	21.0
North America & Australia	**576**	564	**81**	83	**14.1**	14.7
Developing Markets	**361**	312	**26**	14	**7.2**	4.5
Corporate	**–**	–	**16**	9	**–**	–
	2,014	1,873	**345**	315	**17.1**	16.8

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.

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

Each product segment is engaged in providing goods that are subject to risks and returns that are different from those of other product segments.

SECONDARY SEGMENT

Net revenues by product group	**1st half 2005 £m**	1st half 2004 £m
Continuing Operations		
Fabric Care	**541**	517
Surface Care	**419**	365
Dishwashing	**290**	268
Home Care	**283**	264
Health & Personal Care	**329**	304
Core Business	**1,862**	1,718
Other Household	**66**	70
Household and Health & Personal Care	**1,928**	1,788
Food	**86**	85
	2,014	1,873

ADDITIONAL INFORMATION

Net revenues and operating profit – by product segment	Net revenues		Operating profit		Operating margin	
	1st half 2005 £m	1st half 2004 £m	**1st half 2005 £m**	1st half 2004# £m	**1st half 2005 %**	1st half 2004# %
Continuing Operations						
Household and Health & Personal Care	**1,928**	1,788	**317**	295	**16.4**	16.5
Food	**86**	85	**12**	11	**14.0**	12.9
Corporate	**–**	–	**16**	9	**–**	–
	2,014	1,873	**345**	315	**17.1**	16.8

Restated following the adoption of International Financial Reporting Standards

EARNINGS PER ORDINARY SHARE

for the half year ended 30 June 2005: unaudited

	2005			2004		
	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	**268**	**728,470,049**	**36.8**	230	706,081,102	32.6
Dilution for Executive options outstanding and Executive Restricted Share Plan		**14,691,712**			13,538,252	
Dilution for Employee Sharesave Scheme options outstanding		**694,851**			1,072,623	
Dilution for convertible capital bonds outstanding*		**3,974,038**		6	38,655,773	
On a diluted basis	**268**	**747,830,650**	**35.8**	236	759,347,750	31.1

*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.

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of potentially dilutive ordinary shares: Executive options, Employee sharesave schemes and Convertible bonds. The options only dilute earnings when they result in the issue of shares at a value below the average market price of the share and when all performance criteria (if applicable) have been met. As at 30 June 2005 there were 6.9m (H1 2004 6.8m) of executive share options not included within the dilution, because the contingent performance targets had not been met.

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.

Restated following the adoption of International Financial Reporting Standards

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

for the half year ended 30 June 2005: unaudited

NOTE 1: IFRS CONVERSION RECONCILIATIONS

NET ASSETS

	Note 2	1 January 2004 £m	30 June 2004 £m	31 December 2004 £m
Net Assets under UK GAAP		**1,470**	**1,431**	**1,676**
Adjustments (inclusive of taxation):				
IFRS 2: Deferred taxation on share award reserve	1	8	12	16
IAS 19: Employee benefits	2	(84)	(83)	(130)
IAS 32: Convertible bond	3	45	45	9
IAS 32: Preference shares	3	(5)	(5)	(5)
IFRS 3: Goodwill amortisation	4	-	2	2
IAS 39: Fair value of derivative instruments	5	(2)	(3)	(4)
IAS 10: Final/interim dividend	8	99	112	131
IAS 1: Reclassification of minority interest	12	4	3	3
IAS 12: Deferred tax on acquired intangibles	11	(164)	(161)	(157)
Net Assets under IFRS		**1,371**	**1,353**	**1,541**

NET INCOME (PROFIT FOR THE PERIOD)

	Note 2	Half year ended 30 June 2004 £m	Full year ended 31 December 2004 £m
Net Income under UK GAAP		**234**	**586**
Adjustments (inclusive of taxation):			
IFRS 2: Share awards	1	(4)	(9)
IFRS 3: Goodwill amortisation	4	1	2
IAS 19: Employee benefits	2	(1)	(1)
IAS 39: Fair value of derivative instruments	5	-	(1)
Net Income under IFRS		**230**	**577**

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

for the half year ended 30 June 2005: unaudited

NOTE 2: IFRS conversion explanations

The following notes explain the adjustments to the Group's reported financial information converting it from UK GAAP to IFRS.

1. IFRS 2: Share-based Payment

In accordance with IFRS 2, the Group has recognised an expense representing the fair value of outstanding share awards based on a Black-Scholes calculation at date of grant, spread over the vesting period. The Group has also adopted the transitional arrangement which allows companies that have previously disclosed the fair value charge to apply IFRS 2 retrospectively to all grants not vested at 1 January 2005. This approach is encouraged by the standard and gives consistency across reporting periods.

As a result of the above, an incremental charge to net income of £9m has been included in 2004. The Group has recognised a share award reserve within the profit and loss reserve in the balance sheet to reflect the cumulative charge under IFRS 2 in respect of outstanding share awards. The deferred tax impact is a debit to deferred tax of £8m at 1 January 2004, a debit of £16m at 31 December 2004, and a £2m credit to the income statement for 2004.

2. IAS 19: Employee Benefits

The Group has adopted IAS 19 by recognising in full the surplus/deficit on defined benefit schemes and other employee related liabilities in the group balance sheet at the date of transition. The group has included movements in the surplus/deficit within the income statement and the statement of recognised income and expense as required by IFRS. This is similar to the requirements of FRS 17, whose disclosures have been provided in the Group's Annual Report & Accounts since 2001. The Group has also early-adopted the amendment to IAS 19 issued on 16 December 2004 allowing all actuarial gains and losses to be taken to equity in the year in which they arise.

In reversing the SSAP 24 accounting treatment and adopting IAS 19, the group balance sheet is credited with £84m (being £109m less deferred tax of £25m) at 1 January 2004 and £130m (being £184m less deferred tax of £54m) at 31 December 2004. The impact on the income statement from reversing the SSAP 24 charge and including the IAS 19 charges is £2m in 2004, which is included within operating costs. Actuarial losses of £76m less tax of £22m are shown in the statement of recognised income and expense.

3. IAS 32: Financial Instruments: Disclosure and Presentation

IAS 32 requires that where financial instruments contain both liability and equity components, the components are classified separately on the balance sheet. The Group's Convertible Capital Bond is such an instrument and accordingly £45m and £9m representing the split between debt and equity components has been reclassified from debt to equity in the balance sheets of 1 January 2004 and 31 December 2004 respectively. These amounts are based on the fair value of the components on issue.

Additionally under IAS 32, the group's 5% cumulative preference shares fall to be classified as debt in the balance sheet and the dividends classified as financial expense in the income statement. Accordingly, a balance sheet adjustment of £5m is reflected at 1 January 2004 and 31 December 2004, while £0.2m is reclassified in the income statement from dividends to net financial income.

4. IFRS 3: Business Combinations

IFRS prohibits the amortisation of goodwill, requiring at least annual impairment reviews to be undertaken. Accordingly, goodwill balances at 1 January 2004 are no longer subject to amortisation, resulting in a credit to net operating expenses in 2004 of £4m and an equivalent debit to goodwill at 31 December 2004.

5. IAS 39: Financial Instruments: Recognition and Measurement

Under IAS 39 and IFRS 1, the Group's policy is to recognise the fair value of financial derivative instruments on the balance sheet with effect from 1 January 2004. Accordingly, financial assets of £1m and financial liabilities of £3m have been recognised on the balance sheet as at 1 January 2004. As at 31 December 2004, financial liabilities of £4m were recognised, resulting in a £2m charge to financial income in 2004.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

for the half year ended 30 June 2005: unaudited

6. IAS 17: Leases

The Group has applied the requirements of IAS 17 to its leases and accordingly has reclassified certain leases from operating to finance leases to reflect the substance of the transaction according to IFRS. The total amount of assets and liabilities added to the balance sheet in respect of finance leases is £10m each, at both 1 January 2004 and 31 December 2004.

7. IAS 38: Intangible Assets

Computer software that is not an integral part of related hardware is classified as an intangible asset under IFRS, whereas such assets were classified as tangible assets under UK GAAP. Reclassifications of £4m and £2m have been made between tangible and intangible assets at 1 January 2004 and 31 December 2004 respectively.

8. IAS 10: Events After the Balance Sheet Date

In accordance with IAS 10, dividends declared after the balance sheet date are not recognised as a liability in the financial statements, as there is no present obligation at the balance sheet date, as defined by IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Accordingly the final dividends for 2003 of £99m and for 2004 of £131m are de-recognised in the 1 January and 31 December 2004 balance sheets respectively.

9. IAS 14: Segment reporting

In accordance with IAS 14, the group has defined its primary segment as geographical and its secondary segment as product category. Analysis of net revenues and operating profit by geographical area (primary segment) and of net revenues by product category (secondary segment) are set out above. While not required by IAS 14, the group additionally discloses operating profit by product class.

10. IAS 7: Cash Flow Statements

The Cash Flow Statement is presented in accordance with IAS 7. The Group's cash and investments balances are not impacted by the change of accounting basis. However, the Group has presented short term investments separately from cash and cash equivalents as required by IAS 7. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Other deposits are classified as short-term investments.

A reconciliation is provided to 'Net cash flow from ordinary operations', which management uses as a performance measure. This is not impacted by the change of accounting basis.

11. Deferred Tax

Under IAS 12, deferred tax is recognised in respect of nearly all taxable temporary timing differences arising between the tax base and the book value of most balance sheet items. The application of this principle may result in the recognition of additional temporary differences when compared to UK GAAP. The additional temporary difference identified by the Group relates to the difference between the fair value of an intangible asset acquired as part of a business combination and its equivalent tax base. Accordingly the Group recognises a deferred tax liability of £164m at 1 January 2004, and £157m at 31 December 2004. This adjustment does not impact the income statement.

12. Other Adjustments

Under IFRS, provisions are required to be analysed between those expected to be utilised within one year and after more than one year. Accordingly, £5m and £4m is reclassified from non-current liabilities to current liabilities as at 1 January 2004 and 31 December 2004 respectively.

For presentational purposes, minority interest has been reclassified to equity on the face of the balance sheet.

Taxation is provided on the conversion adjustments at the appropriate rate and is separately described above where material.

INDEPENDENT REVIEW REPORT TO RECKITT BENCKISER PLC

Introduction
We have been instructed by the Company to review the financial information for the six months ended 30 June 2005 which comprises the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense, 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.

As disclosed in the accounting policies, the next annual report of the Group will be prepared in accordance with accounting standards adopted for use in the European Union (EU). This interim report has been prepared in accordance with the basis set out in the accounting policies.

The accounting policies are consistent with those that the Directors intend to use in the next annual report. As explained in the basis of preparation, there is, however, a possibility that the directors may determine that some changes are necessary when preparing the full financial statements for the first time in accordance with IFRS adopted for use in the EU.

The IFRS standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations that will be applicable and adopted for use in the EU at 31 December 2005 are not known with certainty at the time of preparing this interim financial information.

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 disclosed accounting policies have been applied. 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 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 2005.

PricewaterhouseCoopers LLP
Chartered Accountants
London
4 August 2005

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 2005

Dividend per ordinary share	18.0p

Notice to shareholders

The financial information for the year ended 31 December 2004 included in this Interim Report is based upon the Company's consolidated financial statements for that year, restated for the adoption of IFRS. 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).

The income statement, the cash flow statement and the statement of recognised income and expense for the comparative period to 30 June 2004 and year ended 31 December 2004, as well as the balance sheets at 30 June 2004 and 31 December 2004, and the related notes contained within this interim report have neither been reviewed nor audited.

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	25 July 2005
Shares quoted ex-dividend	10 August 2005
Record date for interim dividend	12 August 2005
Interim dividend payment date	29 September 2005

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