

Interim results for the six months ended 30 September 2008

Durex and Scholl drive further growth and profits at SSL

	For the six months ended 30 September:		
	2008	2007 As reported (before one- off charges)	2007 As reported
	£'m	£'m	£'m
Sales	322.5	262.7	262.7
Gross profit	196.1	157.2	131.2
Operating profit/(loss)	39.1	28.1	(1.3)
Net financing costs	(6.6)	(5.8)	(10.6)
Profit/(loss) before tax	32.5	22.3	(11.9)
Profit/(loss) after tax	23.4	16.1	(15.2)
Earnings per share (pence) – Basic	11.8	8.0	(8.5)
Interim dividend per share (pence)	2.6		2.3

- Sales increased by 22.8%. Adjusted sales⁽¹⁾ increased by 10.0% - Durex up 10.0%, Scholl footcare up 15.1% and Scholl footwear up 9.5%.
- Gross profit increased 24.7% to £196.1 million (2007: £157.2 million before one-off charges); gross margin up to 60.8% (2007: 59.8% before one-off charges).
- Operating profit grew 39.1% to £39.1 million (2007: £28.1 million before one-off charges); operating margin up to 12.1% (2007: 10.7% before one-off charges).
- Profit before tax grew 45.7% to £32.5 million (2007: £22.3 million before one-off charges).
- Earnings per share increased 47.5% to 11.8 pence (2007: 8.0 pence before one-off charges). The interim dividend is increased by 13% to 2.6 pence (2007: 2.3 pence).

⁽¹⁾ Prior period sales translated at current period average rates.

Commenting, Garry Watts, Chief Executive said:

"We continue to generate strong sales and profits from our global brands, Durex and Scholl, thanks to our strong product portfolio, increased investment in innovation and marketing and the passion of our people.

"While we are cognisant of the difficult trading environment we're optimistic about our future and remain confident of achieving our target of double digit operating profit growth again this year.

"Looking further ahead, we have the prospect of significant further growth from the acquisition in Eastern Europe, continuing organic growth and, as opportunities arise, from further synergistic acquisitions."

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Management Review

These results cover the six months trading to 30th September 2008 (all comparatives have been adjusted to constant foreign currency exchange rates and exclude one-off charges incurred in the first half of last year).

The comparative average exchange rates for key currencies are detailed in the table below:

	September 2008	March 2008	September 2007
€:£	1.2605	1.4187	1.4715
\$.£	1.9324	2.0073	2.0035

Sales

Sales for the first half of the year were £322.5 million up 10.0 per cent compared with £293.3 million last year. Sales are analysed in Table 1.

Table 1

	30 September 2008 £'m	Adjusted ⁽²⁾ 30 September 2007 £'m	Adjusted Growth %	As reported 30 September 2007 £'m
Durex	126.4	114.9	10.0%	102.5
Scholl footcare	84.4	73.3	15.1%	64.7
Scholl footwear	42.8	39.1	9.5%	34.0
Locally owned brands	36.6	36.9	(0.8%)	34.6
Total Branded Consumer	290.2	264.2	9.8%	235.8
Other	32.3	29.1	11.0%	26.9
Total Sales	322.5	293.3	10.0%	262.7

Durex

Durex sales rose 10 per cent to £126.4 million, with continued strong growth particularly in the UK, France, Eastern Europe, Russia and China.

Sales of Durex condoms increased by 7.1 per cent to £105.4 million with healthy performance across the product range. We continue to experience robust sales growth as we extend our distribution network, with excellent contributions from our businesses in China and Russia in the period.

Sales of the Durex Play range, which includes personal lubricants and vibrators, grew 27.3 per cent, to £21.0 million in the first half with particularly good growth in Italy, France and Poland. Our lubricant products are now an important component of the Durex product portfolio with growing consumer acceptance and enhanced product offerings. We further expanded the range in the period with Play O, a clitoral stimulating gel, and Massage Melts, a freezeable intimate lube and massage gel.

⁽²⁾ Prior period figures translated at current period average rates.

Our brand development continues to focus on enhancing people's sexual wellbeing. The consumer appetite for Play O demonstrates their desire for product innovations, which enhance sexual pleasure.

Scholl Footcare

Sales of Scholl footcare were £84.4 million, an increase of 15.1 per cent, with strong sales in the UK, Italy, Holland and Eastern Europe. This excellent performance has been driven principally by the success of new products such as Scholl Perfect Nail and Scholl Cracked Heel Repair Cream, now in its second season.

The re-generation of the Scholl footcare brand over the past few seasons has been driven by new product innovations supported with additional marketing investment targeted at the key Spring/Summer period.

Scholl Footwear

Scholl footwear sales increased by £3.7 million, or 9.5 per cent, with sales for the first six months reaching £42.8 million.

Whilst Europe continues to generate the majority of footwear sales, we enjoyed particularly good growth in Asia Pacific during the period, with our South-East Asian business (Thailand, Malaysia, Singapore & Indonesia) showing very strong growth. Our footwear business in Australasia also performed well as we completed the integration of the Orthaheel orthotic footwear and insoles business acquired in November 2007.

Locally Owned Brands

Sales of locally owned brands were broadly flat, down 0.8 per cent (£0.3 million) to £36.6 million, reflecting the resilience of this part of the portfolio despite the relatively low level of marketing and promotional support.

Other Sales

Other sales, which include sales from retail stores, distribution of third party products, unbranded condoms and contract manufacture sales, have increased by 11.0 per cent to £32.3 million.

Gross Margin, Brand Contribution, Fixed Costs and Operating Profit

Table 2 analyses the major components of the income statement.

Table 2

	30 September 2008 £'m	Adjusted ⁽²⁾ 30 September 2007 £'m	Adjusted Growth %	As reported 30 September 2007 (before one-off charges) £'m
Sales	322.5	293.3	10.0%	262.7
Gross Profit	196.1	176.9	10.9%	157.2
<i>Gross Margin %</i>	60.8%	60.3%		59.8%
Advertising & Promotion	(59.0)	(50.8)	16.1%	(45.3)
Variable Selling Expenses	(19.7)	(17.3)	13.9%	(15.2)
Brand Contribution	117.4	108.8	7.9%	96.7
Operating costs	(78.3)	(74.3)	5.4%	(68.6)
Operating Profit	39.1	34.5	13.3%	28.1

Gross profit increased to £196.1 million (2007: £176.9 million), representing a gross margin of 60.8 per cent compared with 60.3 per cent in the prior year after adjusting for currency movements. This improvement has been achieved despite substantially higher input costs and demonstrates the benefits being derived from the restructuring of our Group Supply Chain.

Brand contribution increased by £8.6 million to £117.4 million, representing 36.4 per cent of sales compared with 37.1 per cent in September 2007. The increase in gross margin has been offset by planned increase in advertising expenditure of £8.2 million.

Overhead costs increased in absolute terms by 5.4 per cent or £4.0 million to £78.3 million, well below the rate of sales growth, resulting in the proportion of sales accounted for by these costs falling by one full percentage point to 24.3 per cent. The absolute growth is principally due to further incremental investment in our sales and marketing infrastructure and our research and development teams of £4.1 million in the period.

Operating profit increased by 13.3 per cent to £39.1 million, £4.6 million, representing a 12.1 per cent operating margin (2007: 11.8 per cent).

Cashflow & Net Borrowings

Cash generated from operations in the period was £30.0 million. The increase in working capital of £5.2 million has been as a result of the strong trading performance in the period and additional inventory held in markets to ensure customer supply during the supply chain restructuring.

Closing net borrowings were £124.1 million compared to £99.0 million at the start of the year. Cash outflow on acquisitions in the period was £27.1 million while capital expenditure during the period was £10.6 million.

⁽²⁾ Prior period figures translated at current period average rates and before one-off charges.

Our current banking facility of £220 million was arranged in January 2007 and is committed until January 2012.

Interest & Taxation

Net interest costs for the period were £5.0 million (2007: £4.9 million before one-off charges) reflecting the higher average borrowings during the period, offset by lower interest rates following the repayment of the private placement bond in October last year. The IAS 19 charge for the period was £1.6 million (2007: £0.9 million).

The tax charge for the period was £9.1 million (2007: £6.2 million before one-off credits). The effective tax rate is 28 per cent.

Earnings & Dividends

Earnings per share increased by 47.5 per cent to 11.8 pence (2007: 8.0 pence before one-off charges).

The Board has declared an interim dividend of 2.6 pence per ordinary share. This will be paid on 4 March 2009 to shareholders on the register at close of business on 30 January 2009. Shareholders are able to take the dividend as cash or in shares, through the Dividend Reinvestment Plan (DRIP). Shareholders who wish to elect for the DRIP for the forthcoming interim dividend, but have not already done so should contact the Registrar, Capita Registrars. New DRIP elections must be received by Capita Registrars by 6 February 2009.

Principal Risks

The principal risks and uncertainties affecting the business activities of the Group are detailed on pages 36 and 37 of the Annual Report and Accounts for the year ended 31 March 2008. These have been reviewed in the first half of the year and remain relevant to the Group.

We consider the completion of the strategic restructuring projects and preparation for the completion of the second tranche of the investment in Russia and CIS as key areas of focus over the second half of the year.

Outlook

While we are cognisant of the difficult trading environment we are optimistic about our future and remain confident of achieving our target of double digit operating profit growth again this year.

Looking further ahead, we have the prospect of continuing organic growth, significant further growth from the acquisition in Eastern Europe and, as opportunities arise, from further synergistic acquisitions.

Further information

Further copies of this announcement can be downloaded from www.ssl-international.com or can be obtained on request to The Company Secretary, SSL International plc, 35 New Bridge Street, London EC4V 6BW.

**Condensed consolidated half-yearly income statement
For the 6 months ended 30 September 2008**

		6 months to 30 September 2008 (Unaudited) £'m	6 months to 30 September 2007 (Unaudited) £'m	12 months to 31 March 2008 £'m
	Note			
Revenue	2	322.5	262.7	533.9
Cost of sales (including £nil one-off charges: 30 September 2007 £26.0 million, 31 March 2008 £37.2 million)		(126.4)	(131.5)	(250.9)
Gross profit		196.1	131.2	283.0
Distribution expenses (including £nil one-off charges: 30 September 2007 £0.7 million, 31 March 2008 £1.4 million)		(108.3)	(85.4)	(164.7)
Administrative expenses (including £nil one-off charges: 30 September 2007 £2.7 million, 31 March 2008 £2.7 million)		(48.7)	(47.1)	(91.5)
Operating profit/(loss)	2	39.1	(1.3)	26.8
Financial income		5.3	0.4	11.4
Financial expenses (including £nil one-off charges: 30 September 2007 £4.8 million, 31 March 2008 £5.2 million)		(11.9)	(11.0)	(27.3)
Net financing costs		(6.6)	(10.6)	(15.9)
Profit/(loss) before taxation		32.5	(11.9)	10.9
Income tax expense (including £nil one-off charges: 30 September 2007 £2.9 million credit, 31 March 2008 £4.3 million credit)	3	(9.1)	(3.3)	(11.8)
Profit/(loss) for the financial period/year	2	23.4	(15.2)	(0.9)
Attributable to:				
Equity holders of the parent		22.6	(16.1)	(2.9)
Minority interest		0.8	0.9	2.0
Profit/(loss) for the financial period/year		23.4	(15.2)	(0.9)
Basic earnings/(loss) per share (pence)	5	11.8	(8.5)	(1.5)
Diluted earnings/(loss) per share (pence)	5	11.6	(8.5)	(1.5)

**Condensed consolidated half-yearly balance sheet
As at 30 September 2008**

	30 September 2008 (Unaudited) £'m	30 September 2007 (Unaudited) £'m	31 March 2008 £'m
Note			
ASSETS			
Property, plant and equipment	72.0	62.0	66.4
Goodwill and intangible assets	120.5	99.4	117.9
Deferred tax assets	33.3	28.1	30.3
Other investments	30.0	0.5	1.0
Trade and other receivables	2.6	2.6	2.6
Total non-current assets	258.4	192.6	218.2
Inventories	92.7	75.0	91.5
Trade and other receivables	173.1	137.8	175.9
Current tax asset	0.5	0.6	1.1
Cash and cash equivalents	54.5	49.3	44.6
Total current assets	320.8	262.7	313.1
Total assets	579.2	455.3	531.3
LIABILITIES			
Trade and other payables	(129.1)	(102.1)	(138.0)
Financial liabilities	(178.1)	(126.5)	(142.8)
Provisions	(18.9)	(36.2)	(26.0)
Current tax payable	(10.3)	(4.2)	(5.0)
Total current liabilities	(336.4)	(269.0)	(311.8)
Financial liabilities	(0.5)	(0.3)	(0.8)
Deferred tax liabilities	(9.9)	(8.6)	(9.9)
Employee benefits	(59.9)	(54.6)	(53.7)
Provisions	(11.2)	(8.4)	(10.2)
Tax payable	(18.8)	(18.8)	(18.8)
Other payables	(2.6)	(0.9)	(0.8)
Total non-current liabilities	(102.9)	(91.6)	(94.2)
Total liabilities	(439.3)	(360.6)	(406.0)
NET ASSETS	139.9	94.7	125.3
EQUITY			
Issued capital	19.2	19.0	19.1
Other reserves	182.3	180.4	180.8
Cumulative foreign exchange reserve	27.7	1.7	20.8
Cash flow hedge reserve	(0.5)	-	(0.7)
Retained earnings	(100.5)	(116.6)	(106.2)
Total equity attributable to equity holders of the parent	128.2	84.5	113.8
Minority interest	11.7	10.2	11.5
TOTAL EQUITY	139.9	94.7	125.3

**Condensed consolidated half-yearly statement of recognised income and expense
For the 6 months ended 30 September 2008**

	6 months to 30 September 2008 (Unaudited) £'m	6 months to 30 September 2007 (Unaudited) £'m	12 months to 31 March 2008 £'m
Actuarial (losses)/gains on defined benefit plans	(10.8)	11.2	11.2
Restriction of defined benefit plans surplus	1.5	-	(2.7)
Effective portion of cash flow hedges transferred to cash flow hedge reserve	0.2	-	(0.7)
Currency translation differences on foreign currency net investments	6.9	2.7	21.8
Taxation on gains and losses recognised directly in equity	2.6	(3.4)	(1.8)
Income and expense recognised directly in equity	0.4	10.5	27.8
Profit/(loss) for the financial period/year	23.4	(15.2)	(0.9)
Total recognised income and expense for the period/year	23.8	(4.7)	26.9
Attributable to:			
- Equity holders of the parent	23.0	(5.6)	24.9
- Minority interest	0.8	0.9	2.0
Total recognised income and expense for the period/year	23.8	(4.7)	26.9

Condensed consolidated half-yearly statement of cash flows
For the 6 months ended 30 September 2008

	6 months to 30 September 2008 (Unaudited) £'m	6 months to 30 September 2007 (Unaudited) £'m	12 months to 31 March 2008 £'m
Cash flows from operating activities:			
Profit/(loss) for the financial period/year	23.4	(15.2)	(0.9)
<i>Adjustments for:</i>			
Depreciation	3.0	3.2	6.5
Amortisation of intangibles	1.5	1.1	2.3
Share-based payment charge	1.7	1.7	3.4
Investment income	(5.3)	(0.4)	(11.4)
Interest expense	11.9	6.2	22.1
One - off charges	-	34.2	46.5
Loss on sale of property, plant and equipment	0.4	0.2	0.2
Income tax expense	9.1	3.3	11.8
Operating profit before changes in working capital and provisions	45.7	34.3	80.5
Decrease/(increase) in trade and other receivables	1.7	11.9	(8.8)
(Increase)/decrease in inventories	(0.6)	10.8	1.0
(Decrease)/increase in trade and other payables	(6.3)	(16.1)	12.2
Decrease in provisions and employee benefits	(10.5)	(7.1)	(32.0)
Cash generated from operations	30.0	33.8	52.9
Interest paid	(4.9)	(5.2)	(11.8)
Income taxes paid	(3.6)	(4.7)	(10.9)
Net cash from operating activities	21.5	23.9	30.2
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	-	-	0.2
Net expenditure on disposal of discontinued activities	-	(0.4)	-
Interest received	0.5	0.4	0.9
Acquisition of property, plant and equipment	(9.2)	(2.5)	(7.6)
Acquisition of investment	(27.1)	-	(1.0)
Acquisition of intangible assets	(1.4)	(1.6)	(1.6)
Acquisition of subsidiary, net of cash acquired	-	-	(15.3)
Net cash from investing activities	(37.2)	(4.1)	(24.4)
Cash flows from financing activities:			
Proceeds from issue of share capital	1.6	0.4	0.9
Repurchase of own shares	(1.6)	-	-
Increase in borrowings	37.5	1.8	80.4
Repayment of loan notes	-	-	(67.4)
Payment of finance lease liabilities	-	(0.2)	(0.3)
Dividends	(10.1)	(8.9)	(13.3)
Net cash from financing activities	27.4	(6.9)	0.3
Net increase in cash and cash equivalents	11.7	12.9	6.1
Cash and cash equivalents, and bank overdraft at start of period/year	33.7	27.1	27.1
Effect of exchange rate fluctuations on cash held	2.0	0.3	0.5
Cash and cash equivalents, and bank overdraft at end of period/year	47.4	40.3	33.7

Notes to the condensed unaudited half-yearly financial statements For the 6 months ended 30 September 2008

These condensed half-yearly financial statements for the six months ended 30 September 2008 were approved by the Directors on 24 November 2008.

1. Accounting policies

Basis of preparation

In the condensed consolidated half-yearly financial statements, the term 'Company' refers to SSL International plc, a company incorporated in the United Kingdom. These condensed consolidated half-yearly financial statements comprise the Company and its subsidiaries (together referred to as 'the Group' or 'SSL'). The consolidated financial statements of the Group as at and for the year ended 31 March 2008 are available from the Company's registered office at 35 New Bridge Street, London, EC4 6BW or at www.ssl-international.com. The condensed half-yearly financial statements are presented in sterling and all values are rounded to the nearest £0.1 million.

Statement of Compliance

These condensed consolidated half-yearly financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2008.

As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed consolidated half-yearly financial statements have been prepared applying the accounting policies and presentation that was applied in the preparation of the Company's published consolidated financial statements for the year ended 31 March 2008.

The comparative figures for the financial year ended 31 March 2008 are not the Company's statutory accounts for that financial year. These accounts, which were prepared under International Financial Reporting Standards (IFRS) as adopted by the EU (adopted IFRS), have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Significant accounting policies

The accounting policies and presentation used in the preparation of these condensed consolidated half-yearly financial statements are consistent with those used in the preparation of the Company's published consolidated financial statements for the year ended 31 March 2008.

Estimates

The preparation of half-yearly financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated half-yearly financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2008.

Seasonality of operations

Although some of the Group's operations may sometimes be affected by seasonal factors, the Directors do not feel that this has a material effect on the performance of the Group when comparing the half-yearly results to those achieved in the second half of the year.

**Notes to the condensed unaudited half-yearly financial statements
For the 6 months ended 30 September 2008**

2. Segmental analysis

Segment information is presented in the condensed unaudited consolidated half-yearly financial statements in respect of the Group's geographical segments, which are the primary basis for reporting. The geographical segment reporting format reflects the Group's management and internal reporting structure.

Intra-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segments

The Group is comprised of the following main geographical segments:

- United Kingdom and Continental Europe
- Americas
- Asia Pacific and Rest of the World

	6 months to 30 September 2008 (Unaudited) £'m	6 months to 30 September 2008 (Unaudited) £'m	6 months to 30 September 2007 (Unaudited) £'m	6 months to 30 September 2007 (Unaudited) £'m	12 months to 31 March 2008 £'m	12 months to 31 March 2008 £'m
Segment revenue	By location of assets	By location of customers	By location of assets	By location of customers	By location of assets	By location of customers
External						
- United Kingdom and Continental Europe	250.9	245.4	202.7	197.2	407.2	398.2
- Americas	17.5	15.7	14.6	14.9	32.6	29.9
- Asia Pacific and Rest of the World	54.1	61.4	45.4	50.6	94.1	105.8
	322.5	322.5	262.7	262.7	533.9	533.9
Intra-segment						
- United Kingdom and Continental Europe	115.5	-	76.0	-	168.0	-
- Americas	-	-	-	-	-	-
- Asia Pacific and Rest of the World	28.8	-	20.2	-	30.2	-
- Eliminations	(144.3)	-	(96.2)	-	(198.2)	-
Total revenue	322.5	322.5	262.7	262.7	533.9	533.9

**Notes to the condensed unaudited half-yearly financial statements
For the 6 months ended 30 September 2008**

2. Segmental analysis (continued)

Segment result- by location of assets	6 months to 30 September 2008 (Unaudited) £'m	6 months to 30 September 2007 (Unaudited) £'m	12 months to 31 March 2008 £'m
- United Kingdom and Continental Europe	26.4	18.9	46.5
- Americas	0.7	(0.1)	1.1
- Asia Pacific and Rest of the World	12.0	9.3	20.5
Consolidated segment result	39.1	28.1	68.1
One - off charges	-	(29.4)	(41.3)
Consolidated operating profit/(loss)	39.1	(1.3)	26.8
Net financing costs - before one off charges	(6.6)	(5.8)	(10.7)
Net financing costs - one off charges	-	(4.8)	(5.2)
Income tax - before one off charges	(9.1)	(6.2)	(16.1)
Income tax - one off charges	-	2.9	4.3
Profit/(loss) for the financial period	23.4	(15.2)	(0.9)

One-off charges at 30 September 2007 and 31 March 2008 relate to the closure of the Spanish manufacturing plant (production transferred to India and Thailand), the closure of the Technical Services Centre in Cambridge (activities transferred to Peterlee) and the closure of the Guernsey manufacturing facility (production transferred to Peterlee).

3. Income Taxes

Taxation for the period has been provided for at 28 per cent on the profit before one-off charges, tax, and income from associates (2007: 28 per cent), based on the estimated effective tax rate for the 12 months to 31 March 2009, which includes a charge of £1 million relating to the abolition of Industrial Buildings Allowances in the UK (2007: £nil). The total tax charge of £9.1 million (2007 £3.3 million) includes a credit of £nil in relation to one-off charges (2007: credit of £2.9 million) and a charge of £3.6 million is attributed to overseas business (2007: charge £1.4 million).

4. Dividends

The Board has declared an interim dividend of 2.6 pence per ordinary share. This will be paid on 4 March 2009 to shareholders on the register at close of business on 30 January 2009, but is not included as a liability as at 30 September 2008, in accordance with IAS 10 'Events after the balance sheet date'. Shareholders are able to take the dividend as cash or in shares, through the Dividend Reinvestment Plan (DRIP). Shareholders who wish to elect for the DRIP for the forthcoming interim dividend, but have not already done so should contact the Registrar, Capita Registrars. New DRIP elections must be received by Capita Registrars by 6 February 2009.

Final dividends of £10.1 million (5.3 pence per share) were recognised as distributions to equity holders of the parent in the period (2007: £8.9 million, 4.7 pence per share).

**Notes to the condensed unaudited half-yearly financial statements
For the 6 months ended 30 September 2008**

5. Earnings per share and diluted earnings per share

Earnings per share has been calculated by dividing the profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period/year.

The profit/(loss) attributable to ordinary shareholders is as follows:

	6 months to 30 September 2008 (Unaudited) £'m	6 months to 30 September 2007 (Unaudited) £'m	12 months to 31 March 2008 £'m
Profit/(loss) for the period/year:	22.6	(16.1)	(2.9)
For basic earnings per share	22.6	(16.1)	(2.9)

The calculation of diluted earnings per share uses basic earnings as defined above, and the basic weighted average number of ordinary shares in issue during the period/year, adjusted as follows:

	6 months to 30 September 2008 (Unaudited)	6 months to 30 September 2007 (Unaudited)	12 months to 31 March 2008
Weighted average number of shares (millions) :			
Number of ordinary shares at start of period/year	190.8	190.2	190.2
Effect of shares issued in the period/year	0.5	0.3	0.4
For basic earnings per share	191.3	190.5	190.6
Dilutive effect of share options	3.9	1.6	1.8
For diluted earnings per share	195.2	192.1	192.4

The dilutive effect of share options is only considered when a loss is made to the extent that the dilutive effect increases the loss per share. The diluted loss per share for the period ended 30 September 2007 and year ended 31 March 2008 is therefore equal to the basic loss per share.

	6 months to 30 September 2008 (Unaudited)	6 months to 30 September 2007 (Unaudited)	12 months to 31 March 2008
Basic earnings/(loss) per share (pence)	11.8	(8.5)	(1.5)
Diluted earnings/(loss) per share (pence)	11.6	(8.5)	(1.5)

**Notes to the condensed unaudited half-yearly financial statements
For the 6 months ended 30 September 2008**

6. Reconciliation of movements in equity

	6 months to 30 September 2008 (Unaudited) £'m	6 months to 30 September 2007 (Unaudited) £'m	12 months to 31 March 2008 £'m
Equity attributable to equity holders of the parent:			
At beginning of the period/year	113.8	97.6	97.6
Total recognised income and expense for the period/year	23.0	(5.6)	24.9
Equity dividends	(10.1)	(8.9)	(13.3)
Shares issued in the period/year	1.6	0.4	0.9
Repurchase of shares	(1.6)	-	-
Equity-settled share-based payments	1.7	1.7	3.4
Taxation taken to reserves in respect of pension deficit	-	(0.9)	-
Taxation taken to reserves in respect of share-based payments	(0.2)	0.2	0.3
At end of the period/year	128.2	84.5	113.8
Minority interests	11.7	10.2	11.5
Total equity	139.9	94.7	125.3

7. Other investments

On 19 May 2008 the Group completed the first stage of its investment in Beleggingsmaatschappij Lomore BV, acquiring a 15.5% stake for £24.8 million, plus acquisition costs of £4.2 million with further options to purchase the remainder exercisable over the next two years. The investment is classed as a financial asset available for sale and is held at fair value.

8. Contingent Liabilities

Environmental

Provision has been made for the environmental clean up costs for certain US properties currently and formerly owned by the Group, based on the Directors' best estimates of such costs on the basis of information currently available. It is not possible to estimate with certainty the extent of any further liability that may arise. No significant amendments to the provision have been made since 31 March 2008.

Litigation

The Group is a defendant in a small number of lawsuits incidental to its operations which, in aggregate, are not expected to have a material adverse effect on the Group.

**Notes to the condensed unaudited half-yearly financial statements
For the 6 months ended 30 September 2008**

9. Related Party Transactions

Minority interest: SSL-TTK and SSL-LIG Limited

During the period, the Group has continued to transact with the minority interest holding group of SSL - TTK and TTK-LIG Limited; there have been no significant changes to the nature or size of these transactions since 31 March 2008.

Key management personnel compensation

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments. There have been no significant changes to the nature of these benefits from those described in the Directors' Remuneration Report for the year ended 31 March 2008.

10. Reconciliation of net cash flow to movement in net debt

	6 months to 30 September 2008 (Unaudited) £'m	6 months to 30 September 2007 (Unaudited) £'m	12 months to 31 March 2008 £'m
Net increase/(decrease) in cash and cash equivalents	11.7	12.9	(6.6)
Cash flow from change in debt and lease financing	(37.5)	(1.6)	(0.9)
Fair value changes arising from interest rate movements	0.2	-	-
Foreign exchange differences and other non-cash changes	0.5	(0.1)	(2.8)
(Increase)/decrease in net debt in the period/year	(25.1)	11.2	(10.3)
Opening net debt at beginning of the period/year	(99.0)	(88.7)	(88.7)
Closing net debt at the end of the period/year	(124.1)	(77.5)	(99.0)

Net debt is defined as financial liabilities less cash and cash equivalents.

11. Pensions

The Group pension liability has increased during the period from £53.7 million to £59.9 million. The main reasons for the increase are actuarial losses of £10.8 million reflected in the statement of recognised income and expense, and cash contributions during the period of £4.7 million. The actuarial assumptions have been updated since 31 March 2008 to take into account recent market developments and the latest actuarial advice.

12. Events after the balance sheet date

As announced on 24 November 2008, SSL International plc has exchanged contracts with the owners of the Crest condom brands (comprising Crest and Hot Rubber condom, lubricant and devices brands) for the purchase of the brands and certain related assets, for consideration of 7 million Swiss Francs payable in cash (£3.8 million). Completion will take place on 31 December 2008 as regulatory approvals have now been obtained. Crest's sales for the year to 31 December 2007 were 2.3 million Swiss Francs (£1.3 million) and arose principally in Switzerland.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;
- the interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

G. Watts
Director

M. Moran
Director

on behalf of the Board of Directors

Independent review report to SSL International plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 which comprises the condensed consolidated half-yearly income statement, balance sheet, statement of cash flows, statement of recognised income and expense and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc
Chartered Accountants
24 November 2008