

Preliminary Announcement of Results for the year ended 31 March 2001



Stuart Wallis

Chairman

Introduction

- » Results overview
- » Board changes
- » Trade loading review
- » Results of investigation into past results

Board Changes

» Executive Directors

» Non-executive Directors

Trade Loading and Investigation

- » Trade loading impact of £63 million and £50 million on sales and operating profit respectively for 2001/2
- » Overstatement of £21.9 million and £19.2 million of sales and operating profit for the 25 months to 31 March 2000
- » Prior year adjustments made in the 2000/1 accounts

Brian Buchan

Chief Executive

Business Overview

- » Results for the year
- » Driving our brands
- » Exploiting key markets
- » Harnessing our resources
- » Reviewing our strategic priorities

Building Momentum

- » **Manufacturing initiatives**
 - Far East, UK
- » **Brand acquisitions**
- » **New products**
- » **Non-core disposals**

Garry Watts

Group Finance Director

Financial Review

- » Overview
- » Underlying results
- » Sales analysis
- » Trade loading
- » Key market data
- » Operating profit
- » Exceptional items
- » Earnings and dividends
- » Balance sheet & cashflow

Key Financial Data

	Year to 31/3/01 (£m)	Year to 31/3/00 (£m) restated	% Change
Turnover	£649.3 m	£614.0 m	5.7%
Gross Margin	£384.1m [*]	£360.9 m [*]	6.4%
Operating Profit	£114.2m [*]	£99.9 m [*]	14.3%
Profit Before Tax	£91.3 m [*]	£81.4 m	12.2%
EPS (Basic)	36.3 p [*]	32.3 p [*]	12.4%
EPS (Adjusted)	38.9 p ^{**}	33.7 p ^{**}	15.4%
Total Ordinary Dividend Per Share	12.3 p	12.0 p	2.5%

* Pre-exceptional

** Pre-exceptional and amortisation
of intangibles and goodwill

Prior Year Adjustment

	Period Ended		
	31/3/01	31/3/00	28/2/99
Effect on sales	10.1	(4.8)	(17.1)
Effect on pre-exceptional operating profit	0.4	(5.3)	(13.9)

Underlying Growth

	Reported 31\3\01 (£M)	Acquisitions & Disposals (£M)	Underlying 31\3\01	Underlying Growth	Underlying 31\3\00	Acquisitions & Disposals (£M)	FX Calculation	Restated 31\3\00 (£M)
Consumer Healthcare	359.7	(10.7)	349.0	9.5%	318.8	(22.0)	(2.5)	343.3
Medical	211.1	(22.0)	189.1	6.5%	177.6	(8.8)	5.0	181.4
House & Industrial Gloves	49.3	-	49.3	(1.4)%	50.0	-	0.2	49.8
Other Products	29.2	(5.4)	23.8	(8.0)%	25.8	(13.3)	(0.4)	39.5
Total Sales	649.3	(38.1)	611.2	6.8%	572.2	(44.1)	2.3	614.0
Operating Profit	114.2	(9.5)	104.7	12.9%	92.7	(6.6)	(0.6)	99.9

1999/2000 results have been restated to reflect the prior year adjustment
No adjustment has been made for trade loading

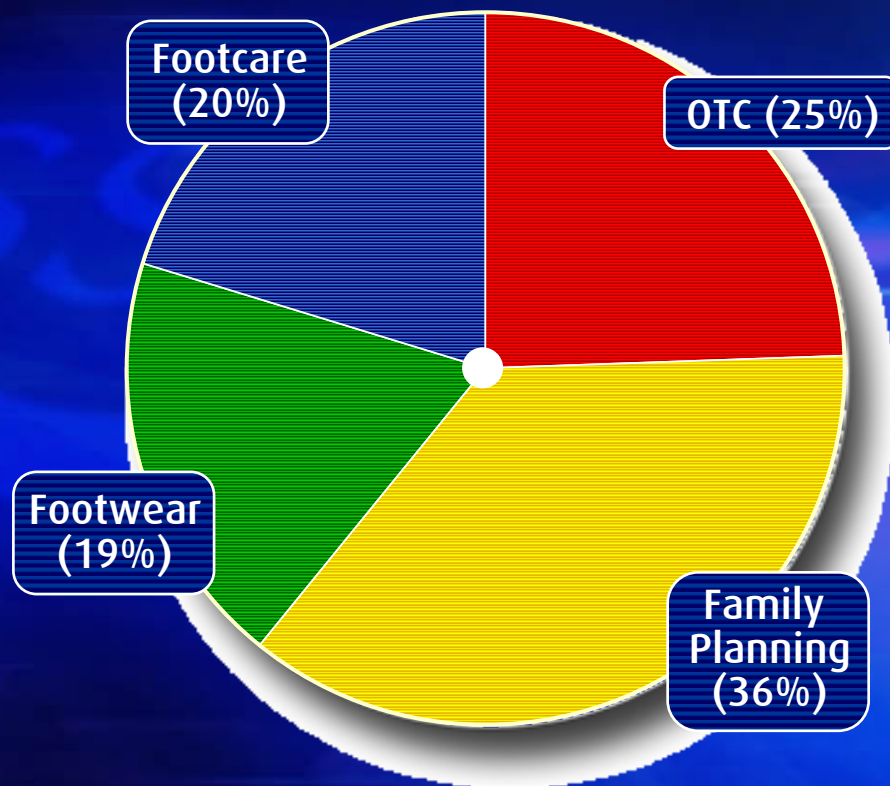
Underlying Sales by Region – Total Group

Sales for the year ended 31 March 2001

	UK and Eire (£M)	Continental Europe (£M)	Americas (£M)	Asia Pacific and ROW (£M)	Total (£M)
Consumer Healthcare	111.5	167.6	27.5	42.4	349.0
Medical	106.4	8.4	60.3	14.0	189.1
House & Ind Gloves	19.5	16.7	11.4	1.7	49.3
Other	6.5	14.4	0.6	2.3	23.8
Total Group	243.9	207.1	99.8	60.4	611.2
1999/2000 Sales	241.6	190.4	89.2	51.0	572.2

1999/2000 results have been restated to reflect the prior year adjustment
No adjustment has been made for trade loading

Consumer Healthcare Sales - £349m

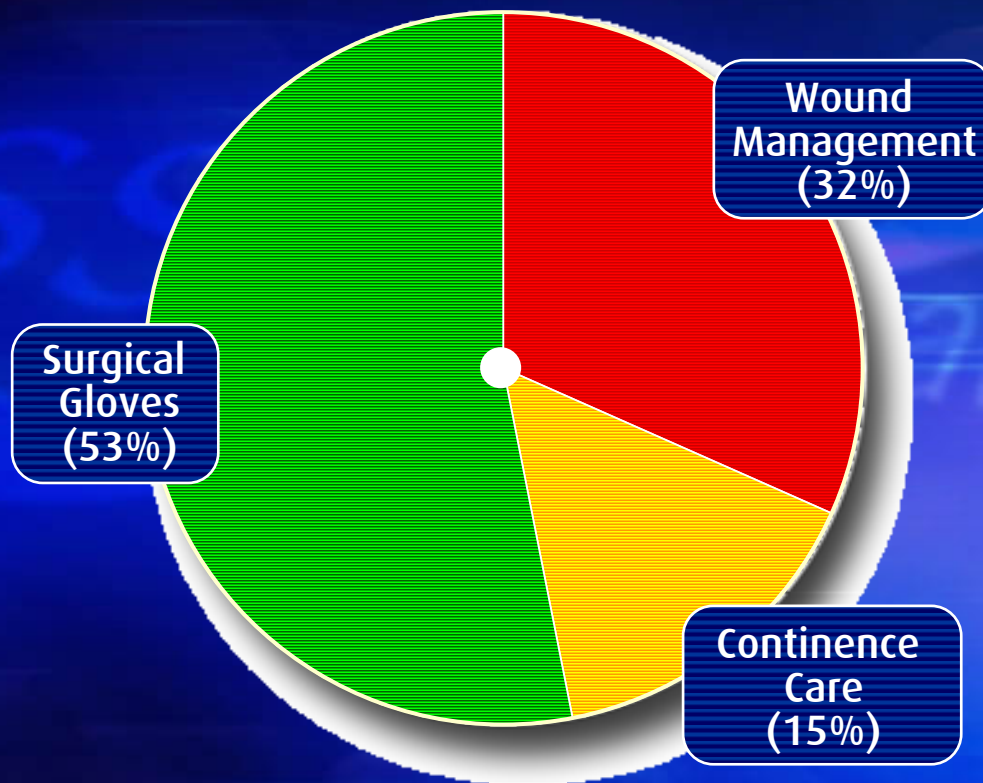


» Strong growth in footwear and family planning

» OTC growth in UK offset by decline in Italy

» Strong footcare sales outside UK

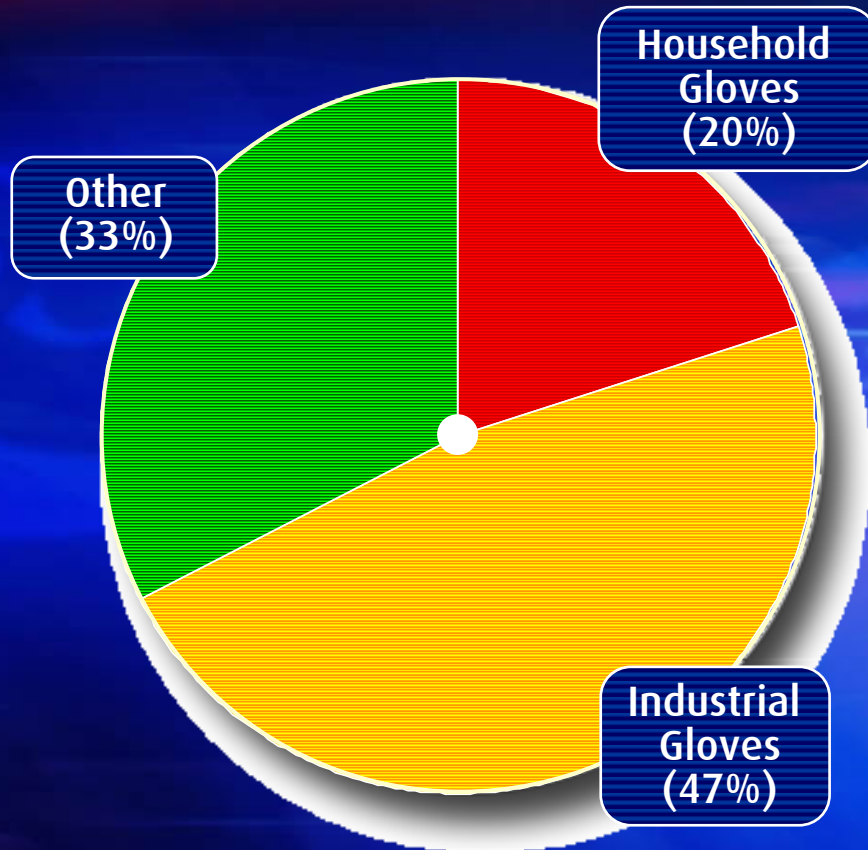
Medical Sales - £189m



» Surgical gloves volume outpaced price erosion

» Promising growth in wound management and continence care

Marigold Gloves and Other Sales - £73m



- » Growth in Marigold Industrial offset by decline in household
- » Other sales £24m

Trade Loading Investigation

- » Use of external consultants
- » Link to in-market data and customer records
- » £63 million sales value
- » £50 million estimated impact on operating profit for 2001/2
- » No change in overall group level of trade loading from 31 March 2000 to 31 March 2001, although there have been movements between categories

Trade Loading – Sales Impact

	UK and Eire (£M)	Americas (£M)	Continental Europe (£M)	Asia Pacific (£M)	Total (£M)
OTC	12.3	-	2.2	-	14.5
Condoms	3.6	1.6	1.8	-	7.0
Footcare	2.8	-	1.0	-	3.8
Footwear	-	-	1.2	-	1.2
Surgical gloves	3.5	16.4	0.4	1.0	21.3
Wound management	7.5	-	-	-	7.5
Contenance care	4.4	-	-	-	4.4
Industrial gloves	1.7	1.3	0.3	-	3.3
Total	35.8	19.3	6.9	1.0	63.0

Major Sales Territories – Summary

	Underlying Sales (£M)	%
Total UK	243.9	40%
Total USA	99.8	16%
Total Italy	74.4	12%
Other Territories	193.1	32%
Total Group	611.2	100%

No adjustment has been made for trade loading

Major Sales Territories – UK

	Underlying Sales (£M)	Market Growth (%)	SSL Market Share (%)
OTC	54.0	1.3	14
Family Planning	34.1	5.4	87
Footcare	17.0	7.2	53
Wound Management	47.9	8.5	22
Continence Care	27.9	3.9	31
Surgical Gloves	30.6	*	70
Other	32.4	*	*
Total UK	243.9		

No adjustment has been made for trade loading

* Market data not available

Major Sales Territories – USA

	Underlying Sales (£M)	Market Growth (%)	SSL Market Share (%)
Family Planning	24.8	6.1	16
Surgical Gloves ¹	60.3	8.5	30
Other	14.7	*	*
Total USA	99.8		

No adjustment has been made for trade loading

¹ Market data relates to total market (powdered and powder-free)

* Market data not available

Major Sales Territories – Italy

	Underlying Sales (£M)	Market Growth (%)	SSL Market Share (%)
OTC (HABA)	18.6	(4.4)	39
Family Planning	21.1	(0.6)	59
Footwear	18.7	*	*
Other	16.0	*	*
Total Italy	74.4		

No adjustment has been made for trade loading

* Market data not available

Underlying Divisional Results 2000/01

	Sales (£m)	Gross Margin (£m)	Market Contribution (£m)	Divisional Operating Profit (£m)
UK and Eire	243.9	135.1	113.7	51.6
Continental Europe	207.1	126.6	109.5	50.6
Americas	99.8	66.4	59.6	18.9
Asia Pacific and ROW	60.4	39.2	31.8	17.7
Divisional results	611.2	367.3	314.6	138.8

Excludes central costs

Central Costs and Group Operating Profit

	2000/1 (£m)	1999/2000 (£m)
Operating profit from divisions	138.8	122.8
Group marketing costs	(7.9)	(7.0)
Group R&D	(9.3)	(8.3)
Group administrative expenses	(16.9)	(14.8)
Underlying group operating profit	104.7	92.7

Exceptional Cost Update

- » Total exceptional cost previously estimated at £225 million, now adjusted to £209 million
- » £54 million charged in the period; total of £193 million charged to date
- » Total cash incurred to date of £109 million, with £18 million to be incurred in 2001/2

Analysis of Exceptional Costs

	Cash Cost (£m)	Non-cash Cost (£m)	Total (£m)
Post merger commercial integration	58.1	14.8	72.9
Integration of group functions	13.0	-	13.0
Manufacturing and distribution rationalisation	34.6	24.1	58.7
Cost of disposal of commercial operations	6.7	4.2	10.9
Goodwill written off on disposals	-	39.7	39.7
Merger costs	14.1	-	14.1
Total	126.5	82.8	209.3

Interest and Taxation

	Year ended 31/3/01 (£m)	12 months ended 31/3/00 (£m)
Interest		
Closing net debt	380.9	279.2
Net interest charge for the period	24.7	18.5
Interest cover (times)	4.7	5.4
Net debt / EBITDA (times)	2.8	2.3
Taxation (Pre-exceptional)		
Tax charge for the period	22.8	20.3
As a % of pre-tax profit	25.0%	25.0%

Earnings and Dividends per Share

	Year ended 31/3/01 (pence)	Year ended 31/3/00 (pence)
Earnings per share		
Basic and fully diluted	13.5	(39.4)
Basic, adjusted for amortisation	16.1	(38.1)
Earnings per share: pre-exceptional		
Basic and fully diluted	36.3	32.3
Basic, adjusted for amortisation	38.9	33.7
Dividends per share		
Interim	3.9	3.6*
Final	8.4	8.4*
Total	12.3	12.0*
Overall increase on previous period	2.5%	9.1%*
Pro-rata 12 month increase	11.0%	-

* Unadjusted for 13 month period

Balance Sheet Highlights

	As at 31/3/01 (£m)	As at 31/3/00 (£m)
Tangible Fixed Assets	154.5	125.7
Intangible Fixed Assets	170.5	122.7
Net Working Capital	187.9	167.6
Net Borrowings	380.9	279.2
Net Assets	55.2	54.8
Net Assets adjusted for goodwill	281.6	281.2
Working Capital / Sales Ratio	28.9%	27.3% [*]

^{*} Based on sales for the year to 31/3/2000

Cash Flow Highlights

	Year to 31/3/01 (£m)	13 months to 31/3/00 (£m)
Operating income pre-exceptional	106.3	110.5
Exceptional cash costs	(45.4)	(63.7)
Capital Investment (net)	(51.7)	(31.6)
Operating cashflow	9.2	15.2
Interest/dividends/taxation	(63.3)	(53.7)
Free cashflow	(54.1)	(38.5)
Acquisitions and disposals (net)	(44.8)	(31.1)
Foreign exchange and other	(5.9)	(2.2)
Issues of shares	3.1	6.9
Movement in net debt position	(101.7)	(64.9)

Current Trading and Prospects

Current Trading and Prospects

- » Focusing on the future
- » Solid start to the year
- » Getting the fundamentals right
- » Rigorous cost controls
- » Reviewing our strategic priorities

