



28 July 2014

CONTINUING TO PERFORM IN CHALLENGING MARKETS

| Results at a glance (unaudited) | Q2* £m | % change actual exchange | % change constant exchange | HY £m | % change actual exchange | % change constant exchange |
|---|------------------|---|---|-----------------|---|---|
| Net revenue | 2,299 | -7 | +3 | 4,667 | -7 | +3 |
| - <i>growth (ex RBP)</i> | | | +4 | | | +4 |
| - <i>Like-for-like growth (ex RBP)**</i> | | | +4 | | | +4 |
| Operating profit – reported | | | | 1,059 | +16 | +30 |
| Operating profit – adjusted*** | | | | 1,081 | -7 | +3 |
| Net income – reported | | | | 812 | +23 | +38 |
| Net income – adjusted*** | | | | 829 | -4 | +7 |
| EPS (diluted) – reported | | | | 111.1p | +23 | |
| EPS (diluted) – adjusted*** | | | | 113.4p | -4 | |

* Q2 results were not subject to an independent review.

** Like-for-like (“LFL”) growth excludes the impact of acquisitions, disposals and discontinued operations. It is measured on a constant exchange basis.

*** Adjusted results exclude exceptional items of £22m (HY 2013: £249m) (refer note 5).

Highlights: Half Year (HY) unless otherwise stated

- LFL net revenue growth +3% (+4% ex RBP) driven by excellent consumer health performance.
- Q2 LFL net revenue growth +3% (+4% ex RBP).
- Gross margin improvement +60bps to 59.3%.
- Continued strong investment in brand equity (BEI) with improved efficiency.
- Adjusted operating margin (ex RBP) +40bps to 20.8%.
- Continuing operating margin expansion targeted for second half (ex RBP).
- Adjusted net income -4% (+7% constant); adjusted diluted EPS of 113.4p (-4%).
- Strong free cash flow generation of £729m, a conversion rate of 90% of net income.
- The Board declares an interim dividend of 60p per share (2013: 60p).
- RB Pharmaceuticals strategic review – pursuing a UK listed de-merger.

Commenting on these results, Rakesh Kapoor, Chief Executive Officer, said:

"Our focus and investment behind consumer health continues to deliver profitable growth, and our Hygiene category is improved after a slow start. Home performance was weak in challenging market conditions. It is early days but we have made good progress on integrating our recent K-Y acquisition.

We are renewing our focus on efficiency throughout the group and have seen efficiencies in media planning and buying benefitting the first half. We will make further structural efficiencies within our business in the second half and into next year. These and other programmes will continue to ensure an efficient platform to invest for future growth.

We believe market conditions will remain challenging in the second half of the year, particularly in the USA and certain emerging markets. Nonetheless we remain on track to achieve our full year total revenue growth target¹ of 4-5% (ex RBP). Furthermore, we are gaining good traction from our planned efficiency programmes and we expect to have continuing margin expansion in the second half² (ex RBP).

We believe that RB Pharmaceuticals has the potential to deliver significant long term value creation as a stand-alone business. We have therefore decided to pursue a demerger of RB Pharmaceuticals with a separate UK listing. We expect this to take place over the next 12 months. This will also allow RB to focus on its core strategy to be a global leader in consumer health and hygiene.”

¹ at constant rates including acquisitions and disposals, excluding RBP.

² adjusted to exclude the impact of exceptional items.

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| Basis of Presentation and Exceptional Items |
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LFL definition

Where appropriate, the term “like-for-like” (LFL) describes the performance of the business on a comparable basis, excluding the impact of acquisitions, disposals and discontinued operations. It is measured on a constant exchange basis.

Core definition

Where appropriate, the term “core business” represents the ENA, RUMEA and LAPAC geographic areas, and excludes RBP and RB Food.

Adjusted results and exceptional items

Adjusted results exclude exceptional items. A breakdown of exceptional items is detailed in note 5 and relates to Group-led restructuring, acquisition and integration costs. For 2013 this also included a provision for liabilities arising from a number of historic regulatory issues, principally competition law. The adjusted results are not IFRS measures.

Detailed Operating Review: Total Group

Half year 2014

Total HY net revenue (ex RBP) was £4,323m, a LFL increase of +4% (+4% total at constant rates, ex RBP). ENA grew at 2% despite strong comparatives and weak consumer sentiment in the USA. LAPAC growth of 7% was held back by lower market growth in a number of countries. RUMEA grew at 5% benefitting, as expected, from operational improvements. From a category perspective growth has been driven by a +10% LFL performance in consumer health with Scholl, Mucinex and MegaRed benefitting from innovation and roll-outs and Durex and Gaviscon demonstrating strong underlying growth. Hygiene grew at +3% LFL whilst Home had a disappointing flat LFL performance.

We have continued to benefit from our collaboration with BMS in Latin America and have made good progress integrating K-Y into our operations in the USA and other countries.

Gross margin expansion was +60bps to 59.3%. This was due to a combination of modest price increases, our focus on improved mix and savings from cost optimisation programmes ("Project Fuel").

We are committed to investing in the long term growth of our brands and in HY 2014 this was largely funded though the significant benefits we achieved from improved efficiency in media planning and buying.

We also increased investment behind capabilities important to our future growth, which has been weighted towards the first half of 2014. We recently announced our plans to expand our presence in Hull to create a Global Centre of Excellence for Healthcare R&D.

Operating profit as reported was £1,059m, +16% versus HY 2013 (+30% constant), reflecting the reduction of exceptional pre-tax charges from £249m at HY 2013 to £22m at HY 2014. Exceptional charges for 2014 relate to previously announced restructuring and acquisitions. On an adjusted basis, operating profit was down -7% (+3% constant) to £1,081m. The adjusted operating margin decreased by -10bps to 23.2%. Excluding RBP, the adjusted operating margin increased by +40bps to 20.8%.

Net finance expense was £18m (HY 2013: £16m). The tax rate was 22% both before and after deducting the exceptional charges.

Net income as reported was £812m, an increase of 23% versus HY 2013 (+38% constant). On an adjusted basis, net income declined -4% at actual exchange rates, and rose +7% on a constant basis. Diluted earnings per share of 111.1 pence was +23% higher on a reported basis; on an adjusted basis, diluted EPS declined by -4% to 113.4 pence.

Second quarter 2014

Total Q2 net revenue (ex RBP) was £2,125m, a LFL increase of +4% (+4% total at constant rates, ex RBP). Trends within ENA were similar to the first quarter with a strong performance versus tough comparatives and weak consumer sentiment in the USA. Emerging market trends also remain similar. We continue, however, to make progress in RUMEA as operational changes have positively impacted the RUMEA growth rate. Health continued its excellent performance from innovations and Powerbrand roll-outs. Hygiene saw an improvement in the quarter with particularly encouraging growth in Dettol, Veet and Veja. Within Home we saw strong growth in Vanish but a weak performance from Air Wick.

HY 2014 Business Review

Summary: % net revenue growth by Operating Segment

| | Q2 | | | | H1 | | | |
|---------------------|------------|------------|-------------|------------|------------|------------|-------------|------------|
| | LFL | Net M&A* | FX | Reported | LFL | Net M&A* | FX | Reported |
| ENA | +2% | +1% | -6% | -4% | +2% | - | -5% | -3% |
| LAPAC | +6% | +1% | -17% | -10% | +7% | +3% | -18% | -8% |
| RUMEA | +7% | - | -17% | -11% | +5% | - | -17% | -12% |
| Food | +2% | - | -7% | -5% | +3% | - | -8% | -5% |
| Group ex RBP | +4% | +1% | -11% | -7% | +4% | +1% | -10% | -6% |

* Reflects the impact of acquisitions and the disposal / discontinuance of minor businesses.

Note: due to rounding, this table will not always cast

Analyses of net revenue and adjusted operating profit by operating segment, and of net revenue by category are set out below. The Executive Committee of the Group assesses the performance of the operating segments based on net revenue and adjusted operating profit. This measurement basis excludes the effect of exceptional items.

Review by Operating Segment

| 2014 £m | Quarter ended 30 June | | | | 2014 £m | Half Year ended 30 June | | |
|--------------------------|--------------------------|-----------------------------------|-----------------------------------|-----------------------|--------------|----------------------------|-----------------------------------|-----------------------------------|
| | 2013 £m | % change exch. rates actual | % change exch. rates const. | | | 2013 £m | % change exch. rates actual | % change exch. rates const. |
| Total Net revenue | | | | | | | | |
| 1,148 | 1,191 | -4 | +2 | ENA | 2,375 | 2,451 | -3 | +2 |
| 586 | 654 | -10 | +7 | LAPAC | 1,175 | 1,280 | -8 | +9 |
| 311 | 349 | -11 | +6 | RUMEA | 621 | 703 | -12 | +5 |
| 80 | 84 | -5 | +2 | Food | 152 | 160 | -5 | +3 |
| 2,125 | 2,278 | -7 | +4 | Total – ex RBP | 4,323 | 4,594 | -6 | +4 |
| 174 | 199 | -13 | -5 | RBP | 344 | 400 | -14 | -8 |
| 2,299 | 2,477 | -7 | +3 | Total | 4,667 | 4,994 | -7 | +3 |

| Operating profit | | | | | | | | |
|-------------------------|--|--|--|-------------------------------------|--------------|-------|-----|-----|
| | | | | ENA | 540 | 525 | +3 | +10 |
| | | | | LAPAC | 208 | 233 | -11 | +9 |
| | | | | RUMEA | 116 | 141 | -18 | -1 |
| | | | | Food | 34 | 36 | -6 | - |
| | | | | Total – ex RBP | 898 | 935 | -4 | +8 |
| | | | | RBP | 183 | 228 | -20 | -13 |
| | | | | Operating profit - adjusted* | 1,081 | 1,163 | -7 | +3 |
| | | | | Exceptional items | (22) | (249) | | |
| | | | | Total Operating profit | 1,059 | 914 | +16 | +30 |

| Operating margin – adjusted* | | | | % | % | |
|-------------------------------------|--|--|--|--------------|-------------|------|
| | | | | 22.7 | 21.4 | |
| | | | | 17.7 | 18.2 | |
| | | | | 18.7 | 20.1 | |
| | | | | 22.4 | 22.5 | |
| | | | | 20.8 | 20.4 | |
| | | | | 53.2 | 57.0 | |
| | | | | Total | 23.2 | 23.3 |

* Adjusted to exclude the impact of exceptional items.

The Business Review below is given at constant exchange rates.

ENA 57% of core net revenue

HY 2014 total net revenue was £2,375m, with LFL growth of +2% with good growth in Europe and an encouraging result in North America given the weak economic backdrop and tough comparatives.

Growth was led by good performances across much of Europe - Scholl and MegaRed in particular benefitting from product roll-outs. We have completed the purchase and integration of K-Y in our key North American markets and early sales are encouraging.

For the half year, adjusted operating profit increased +10% (constant) to £540m; the adjusted operating margin increased +130bps to 22.7%, due primarily to good gross margin expansion.

Q2 total net revenue was £1,148m, with LFL growth of +2% underpinned by broad based growth across all regions.

LAPAC 28% of core net revenue

HY 2014 total net revenue was £1,175m, with LFL growth of +7% (total, constant +9%). A modest reduction in the growth rate in India and marked slowing of growth in Thailand and Indonesia impacted the Area.

For the half year, adjusted operating profit of £208m was an increase of +9% at constant rates; the adjusted operating margin was -50bps lower at 17.7%. This margin reduction was due to increased costs from transactional foreign exchange impacts and the amortisation of the BMS collaboration agreement, which commenced in May 2013.

Q2 total net revenue was £586m, with LFL growth of +6% (total, constant +7%). Growth was broad based across Health, Hygiene and Home with Dettol/Lysol and Vanish showing particularly good growth.

RUMEA 15% of core net revenue

HY 2014 total net revenue was £621m, with LFL growth of +5%. We are seeing the expected benefits of improved operational performance in Turkey and South Africa despite volatile markets.

For the half year, adjusted operating profit reduced to £116m and the adjusted operating margin was -140bps lower at 18.7%. This reduction was largely driven by currency movements. As a net importer of product from other Areas, RUMEA has been impacted by the relative weakness of many of the currencies in the Area.

Q2 total net revenue was £311m, with LFL growth of +7%. This is our second quarter of improving growth as we see the benefit of operational improvements.

Food

HY 2014 total net revenue was £152m, a 3% increase versus prior year at constant exchange rates. In North America growth was led by Frank's RedHot and increased distribution drove growth outside of the USA. Operating margins were broadly stable at 22.4%.

Reckitt Benckiser Pharmaceuticals (RBP)

HY 2014 net revenue was £344m, a decrease of -8% (constant). In Q2 net revenue was £174m, a decrease of -5% (constant). The underlying volume growth in prescriptions in the USA throughout the first six months continued to be strong with low double digit growth in this undertreated area of addiction. There was some erosion of volume market share which exited the period at 63%. There has also been some pressure on pricing, particularly in the second quarter, due to the competitive environment.

In non USA markets, progress made in helping more patients continues to be partially offset by government imposed price reductions in a number of markets.

Operating margin declined by -380bps to 53.2% due to a combination of negative volume leverage, pricing, and continued investment in the clinical pipeline.

A third generic buprenorphine / naloxone tablet was approved in July in the USA and we will also experience pressure from the formulary removal from part of the United Healthcare business from 1 July.

Strategic Review

The strategic review we announced in October of last year was presented to the Board on 25 July 2014. The Board concluded that a demerger of the business with a separate listing on the London Stock Exchange is the preferred option for creating value for shareholders. We are working to deliver this in the next 12 months.

A stand-alone business will be best placed to create value for shareholders as it manages the challenges and seizes the opportunities within the field of addiction. We also believe that RBP will be a more attractive partner for business development opportunities as a stand-alone and separately managed entity.

Similarly, we believe RB shareholders will benefit from the single minded focus of top management on its core business.

A presentation on the RBP business will be given at the RB Group Interim Results Presentation. The presentation document will subsequently be made available on the RB Group website.

HY 2014 Category Review

Summary: % net revenue growth by Category

| | Q2 | | | | H1 | | | |
|---------------------|------------|------------|-------------|------------|------------|------------|-------------|------------|
| | LFL | Net M&A* | FX | Reported | LFL | Net M&A* | FX | Reported |
| Health | +10% | +2% | -11% | +1% | +10% | +3% | -9% | +4% |
| Hygiene | +4% | - | -12% | -8% | +3% | - | -11% | -8% |
| Home | -1% | - | -12% | -13% | - | - | -11% | -11% |
| Portfolio | -8% | -1% | -5% | -13% | -6% | -1% | -7% | -14% |
| Group ex RBP | +4% | +1% | -11% | -7% | +4% | +1% | -10% | -6% |

* Reflects the impact of acquisitions and the disposal / discontinuance of minor businesses.

Note: due to rounding, this table will not always cast.

| <u>Quarter ended</u> <u>30 June</u> | | | | | <u>Half Year ended</u> <u>30 June</u> | | | |
|--|------------|-----------------------------------|--------------------|-----------------------|--|------------|-----------------------------------|--------------------|
| 2014 £m | 2013 £m | % change exch. rates actual | % change const. | | 2014 £m | 2013 £m | % change exch. rates actual | % change const. |
| Net revenue by category | | | | | | | | |
| 608 | 600 | +1 | +12 | Health | 1,247 | 1,197 | +4 | +14 |
| 893 | 968 | -8 | +4 | Hygiene | 1,825 | 1,993 | -8 | +3 |
| 427 | 491 | -13 | -1 | Home | 871 | 979 | -11 | - |
| 117 | 135 | -13 | -9 | Portfolio Brands | 228 | 265 | -14 | -7 |
| 80 | 84 | -5 | +2 | Food | 152 | 160 | -5 | +3 |
| 2,125 | 2,278 | -7 | +4 | Total – ex RBP | 4,323 | 4,594 | -6 | +4 |
| 174 | 199 | -13 | -5 | RBP | 344 | 400 | -14 | -8 |
| 2,299 | 2,477 | -7 | +3 | Total | 4,667 | 4,994 | -7 | +3 |

| Operating profit | | | | |
|---|--------------|-------|-----|-----|
| Health, Hygiene, Home & Portfolio | 864 | 899 | -4 | +8 |
| Food | 34 | 36 | -6 | - |
| Total – ex RBP | 898 | 935 | -4 | +8 |
| RBP | 183 | 228 | -20 | -13 |
| Total Operating profit – adjusted* | 1,081 | 1,163 | -7 | +3 |
| Exceptional items | (22) | (249) | | |
| Total Operating profit | 1,059 | 914 | +16 | +30 |

| Operating margin – adjusted* | | | % | % |
|-------------------------------------|-------------|------|---|---|
| Health, Hygiene, Home & Portfolio | 20.7 | 20.3 | | |
| Food | 22.4 | 22.5 | | |
| Total – ex RBP | 20.8 | 20.4 | | |
| RBP | 53.2 | 57.0 | | |
| Total | 23.2 | 23.3 | | |

* Adjusted to exclude the impact of exceptional items.

The Category Review below is given at constant exchange rates.

Health 30% of core net revenue

HY 2014 total net revenue was £1,247m, with LFL growth of +10% (total, constant +14%). We have had a strong first half, with good growth in all Powerbrands.

Recent consumer health acquisitions are also performing well with our collaboration agreement with BMS in Latin America now into its second year and with the K-Y acquisition and integration completed in the key markets of USA and Canada.

Q2 total net revenue was £608m, with LFL growth of +10%. Growth was broad based but saw particular success in Scholl where our Express Pedi innovation has been particularly well received. We also saw success in Durex, Nurofen, Gaviscon and MegaRed.

Hygiene 44% of core net revenue

HY 2014 total net revenue was £1,825m, with LFL growth of +3%.

Q2 total net revenue was £893m. LFL growth was +4%. Growth was driven by the Dettol / Lysol franchise but has been impacted by tough comparatives in the USA and slower growth in emerging economies. Finish benefitted from improved performance in Turkey and the launch of Power and Pure across a number of markets, offset by a strong competitive landscape in the USA and a number of Western European markets. Veet was strong in our emerging markets as we continue to build penetration and successfully develop our recently launched Veet Naturals range.

Home 21% of core net revenue

HY 2014 total net revenue was £871m, with a flat LFL performance.

Q2 total net revenue was £427m. LFL growth was -1% which reflects tougher market conditions. Vanish showed strong growth behind our Vanish super bar in Brazil and penetration gains from programmes such as our Vanish Tip Exchange campaign.

On the other hand, Air Wick was weak although we have seen a good response to the launch of new fragrances and associated marketing campaigns and we continue to innovate strongly in key segments such as candles and aerosols.

Portfolio 5% of core net revenue

HY 2014 total net revenue was £228m, with LFL growth of -6%. Laundry detergents in Southern Europe were weak, as was the performance in our Russian medical gloves business. We have entered into an agreement to sell the Footwear business as we continue to focus on our Health, Hygiene and Home categories.

Q2 total net revenue was £117m, with LFL growth of -8%.

New Product Initiatives

The Group has disclosed a selection of new product initiatives for the second half of 2014:

In Health:

- Launch of Airborne Everyday Gummies. Real immune support plus multi-vitamins.
- Launch of Airborne Dual Action. Clinically proven to boost immune system.
- Launch of Mucinex Fast-Max Hot Drinks. Combines maximum strength ingredients with mucus-busting power of Mucinex. Works fast and the pleasant honey-lemon flavour has a soothing and comforting effect.
- Further rollout of our Scholl Velvet Smooth Express Pedi. Perfectly smooth skin in one application and now being rolled out in Emerging Markets.
- Introducing Amopé, a new footcare brand, and the launch of the Amopé Pedi Perfect range in USA and Brazil. Professional foot grooming experience at home.
- Launch of Durex Devices. A complete range of pleasure toys designed specially for the female body.

In Hygiene:

- Launch of Veet Infini'Silk. Permanent Hair Reduction. Harnessing the same technology found in clinics and salons in the comfort of your own home.
- Launch of Finish All-in-1 Concentrated Gels Range. Gives amazing results even on short cycles.
- Launch of Harpic Power Plus Rapid Action. The first toilet bowl cleaner with a '1 minute action'.
- Launch of Sagrotan Power and Pure Tipp Topp cleaner. A unique pump designed to be at your fingertips when you need it.
- Launch of Dettol Lasting Fresh. A new variant offering consumers a feeling of freshness and health that lasts longer.
- Launch of Mortein Outdoor. Reclaiming the outdoors from insects with natural protection of citronella essential oil.

In Home:

- Launch of Vanish Gold. New premium gold standard in stain removal – removes stains in 30 seconds.
- Launch of Air Wick Eternal Scents combining a candle with essential oil infused gel for a continuous fragrance (even when not lit).

Launch of Air Wicks first premium aerosol range. Superior fragrance experience and a water free formula.

Financial Review

Basis of preparation. The unaudited financial information is prepared in accordance with IFRSs as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board, and with the accounting policies to be applied in the financial statements for the year ending 31 December 2014. These are not materially different from those set out in the Group's 2013 Annual Report and Accounts, unless separately disclosed.

Constant exchange. Movements in exchange rates relative to sterling affect actual results as reported. The constant exchange rate basis adjusts the comparative to exclude such movements, to show the underlying results of the Group.

Net finance expense. Net finance expense is £18m (2013: £16m).

Tax. The overall effective tax rate is 22% (2013: 26%). The adjusted tax rate is 22% (2013: 25%).

Net working capital (inventories, trade and other receivables and trade and other payables) of minus £873m was a £10m improvement versus the 31 December 2013 level.

Cash flow. Cash generated from operations was £1,048m (2013: £1,321m), and free cash flow (net cash generated from operating activities less net capital expenditure) was £729m. Net interest paid was £1m higher at £14m and tax payments decreased by £105m to £225m. Net capital expenditure (including intangibles) was £5m lower than the prior period at £80m. During the period the Group undertook share repurchases of £23m.

Net debt at the end of the half year was £2,237m (31 December 2013: £2,096m), an increase of £141m. This reflected the various M&A expenditures, principally in relation to K-Y, the payment of the final 2013 dividend of £554m, and share repurchases of £23m, offset by net cash generated from operating activities of £809m. The Group regularly reviews its banking arrangements and has adequate facilities available.

Exceptional items. In HY 2014 the exceptional pre-tax charge incurred was £22m (HY 2013: £249m), relating to acquisition and associated integration and restructuring costs. The prior year charge included a £225m provision for historic regulatory issues, principally competition law.

Balance sheet. At 30 June 2014, the Group had shareholders' funds of £6,290m (31 December 2013: £6,336m), a decrease of -1%. Net debt was £2,237m (31 December 2013: £2,096m) and total capital employed in the business was £8,527m (31 December 2013: £8,432m).

This finances non-current assets of £12,333m (31 December 2013: £12,248m), of which £735m (31 December 2013: £761m) is property, plant and equipment, the remainder being goodwill, other intangible assets, deferred tax and other receivables. The Group has net working capital of minus £873m (31 December 2013: minus £863m), current provisions of £313m (31 December 2013: £215m) and long-term liabilities other than borrowings of £2,490m (31 December 2013: £2,554m).

Dividends. The Board of Directors declares an interim dividend of 60.0p (2013: 60.0p), the same as 2013. Normal policy is to pay out 50% of adjusted net income. However, the Board considered it inappropriate to reduce the sterling dividend in line with the reduction in reported sterling net income given the strong underlying performance of the business and the negative impact of currency headwinds. This has increased the pay-out ratio from 50% to 52%. We would expect to return to a 50% pay-out over time.

The ex-dividend date will be 6 August 2014 and the dividend will be paid on 25 September 2014 to shareholders on the register at the record date of 8 August 2014. The last date for election for the share alternative to the dividend is 4 September 2014.

Legal provisions. As previously reported, the Group is involved in a number of historic regulatory investigations by various government authorities in a number of markets. These

investigations include competition law inquiries, most of which include several other companies. In 2013, a provision of £225m was made in respect of these matters, a number of which were concluded in the period.

As a matter of policy and practice, the Group co-operates with all government investigations, including regulatory investigations involving competition law. The Group maintains and continues to improve a robust compliance training programme and ensures that all executive managers sign an annual disclosure and reporting document certifying compliance with the Group's Code of Conduct.

Contingent liabilities. The Group is involved in a number of investigations by government authorities and has made provisions for such investigations, where appropriate. Where it is too early to determine the likely outcome of these matters, or to make a reliable estimate, the Directors have made no provision for such potential liabilities.

The Group from time to time is involved in discussions in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case.

2014 Targets

We remain on track to achieve our full year total revenue growth target* of 4-5% (ex RBP).

We are gaining good traction from our planned efficiency programmes and we expect to have continuing operating margin expansion in the second half** (ex RBP).

* At constant rates including acquisitions and disposals, excluding RBP.

**Adjusted to exclude the impact of exceptional items.

Principal Risks and Uncertainties

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining six months of 2014 are the same as described on pages 17 to 19 of the Annual Report and Financial Statements for the year ended 31 December 2013. These include:

- We could be adversely affected by economic conditions in, and political developments affecting, the markets in which we operate.
- Our Powerbrands collectively contribute a significant portion of our revenue, and any material adverse change to demand for existing Powerbrands, or any future products we may develop, could have a material adverse effect on our business.
- Our business, financial condition, and results of operations, substantially depend on our ability to improve our existing products, and successfully develop and launch new products and technologies.
- Substantial harm to our reputation, or the reputation of one or more of our brands, may materially adversely affect our business.
- We could be materially adversely affected by the loss of revenue from the sales of Suboxone and Subutex.
- We could be impacted by the fact we compete in intensely competitive industries.
- We are exposed to foreign currency exchange rate risk.
- We are subject to the risk that countries in which we operate may impose or increase exchange controls or devalue their currency.
- We face risks of interruptions to our supply chain and disruptions in our production facilities, which could materially adversely affect our results of operations.

- Volatility in the price of commodities, energy and transportation may impact our profitability.
- We have grown, and may continue to grow, in part, through acquisitions, joint ventures and business alliances, which involve various risks.
- We may be unable to attract and retain qualified personnel, including key senior management.
- A disruption to, or failure of, our information technology systems and infrastructure, may adversely affect our business.
- Our business is subject to significant governmental regulation.
- The laws and regulations to which we are subject may not be transparent, may be difficult to interpret, and/or may be enforced inconsistently.
- We could be subject to investigations and potential enforcement action, which could have a material adverse effect on our business.
- Historical or future violations of antitrust and competition laws may have a material adverse impact on our business, financial condition and results of operations.
- We operate in a number of countries in which bribery and corruption pose significant risks, and we may be exposed to liabilities under anti-bribery laws for any violations. Any violation of applicable money laundering laws could also have a negative impact on us.
- Our business is subject to product liability claims.
- Legal proceedings in respect of claims outside the product liability area could also adversely impact our business, results of operations and financial condition.
- Labour disruptions may affect the results of our operations.
- Changes in tax legislation and other circumstances that affect tax calculations could adversely affect our financial condition and results of operations.
- We may be unable to secure and protect our intellectual property rights.
- The loss of patent protection, ineffective protection, or expiry of our patents may impact our financial condition and results of operations.
- We may face challenges to our intellectual property rights, including allegations of infringement of others' rights.
- Our business may be adversely affected by our funding requirements.
- We are subject to risks relating to estimates and assumptions that we are required to make, and that may affect the reported amounts in our financial statements.
- We are subject to a range of compliance and routine risks as part of everyday business.
- We may face risks based on changes to market prices.
- We are subject to risks related to interest rate changes.

There is potential for credit risks with financial institutions around the globe. The Group's Annual Report and Financial Statements for the year ended 31 December 2013 is available on the Group's website at www.rb.com.

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| Name Change |
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The company confirms it is now using the trading name "RB" and "RB plc". The RB name has been introduced gradually over the past few years and there is no material associated cost with this change. Legal entity names will not be changing.

The Group at a Glance (Unaudited)

| <u>Quarter ended</u> <u>30 June</u> | | | <u>Half year ended</u> <u>30 June</u> | |
|--|-------|------------------------------------|--|--------|
| 2014 | 2013 | | 2014 | 2013 |
| £m | £m | | £m | £m |
| 2,299 | 2,477 | Net revenue – total | 4,667 | 4,994 |
| +3% | +4% | Net revenue growth – like-for-like | +3% | +5% |
| +3% | +5% | Net revenue growth – constant | +3% | +6% |
| -7% | +7% | Net revenue growth – total | -7% | +7% |
| | | Gross margin | 59.3% | 58.7% |
| | | EBITDA – adjusted* | 1,168 | 1,243 |
| | | EBITDA margin – adjusted* | 25.0% | 24.9% |
| | | EBIT | 1,059 | 914 |
| | | EBIT margin | 22.7% | 18.3% |
| | | EBIT – adjusted* | 1,081 | 1,163 |
| | | EBIT margin – adjusted* | 23.2% | 23.3% |
| | | Profit before tax | 1,041 | 898 |
| | | Net income | 812 | 660 |
| | | Net income – adjusted* | 829 | 864 |
| | | EPS, basic, as reported | 112.7p | 91.9p |
| | | EPS, adjusted and diluted* | 113.4p | 118.3p |

* Adjusted to exclude the impact of exceptional items.

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Disclaimers

No offer

This document does not constitute an offer of securities for sale or a solicitation of an offer to purchase securities in any jurisdiction

Cautionary note concerning forward-looking statements

This document contains statements with respect to the financial condition, results of operations and business of Reckitt Benckiser and certain of the plans and objectives of the Group with respect to these items. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing to the Company, anticipated cost savings or synergies and the completion of strategic transactions are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors discussed in this report, that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside Reckitt Benckiser's control. Past performance cannot be relied upon as a guide to future performance.

Half Year Condensed Financial Statements

Group Income Statement

For the six months ended 30 June 2014

| | Notes | 30 June 2014 £m | Six months ended 30 June 2013 £m |
|--|-------|-----------------------|---|
| Net revenue | 4 | 4,667 | 4,994 |
| Cost of sales | | (1,900) | (2,065) |
| Gross profit | | 2,767 | 2,929 |
| Net operating expenses | | (1,708) | (2,015) |
| Operating profit | 4 | 1,059 | 914 |
| Adjusted operating profit | | 1,081 | 1,163 |
| Exceptional items | 5 | (22) | (249) |
| Operating profit | | 1,059 | 914 |
| Finance income | | 14 | 12 |
| Finance expense | | (32) | (28) |
| Net finance expense | | (18) | (16) |
| Profit before taxation | | 1,041 | 898 |
| Taxation | 6 | (229) | (237) |
| Net Income for the period | | 812 | 661 |
| Profit attributable to non-controlling interests | | - | 1 |
| Profit attributable to owners of the parent | | 812 | 660 |
| Net Income for the period | | 812 | 661 |
| Earnings per ordinary share: | | | |
| Basic earnings per ordinary share (pence) | 7 | 112.7 | 91.9 |
| Diluted earnings per ordinary share (pence) | 7 | 111.1 | 90.4 |

Group Statement of Comprehensive Income

For the six months ended 30 June 2014

| | Six months ended | |
|--|------------------|---------|
| | 30 June | 30 June |
| | 2014 | 2013 |
| | £m | £m |
| Net Income for the period | 812 | 661 |
| Other comprehensive (expense)/income | | |
| <i>Items that may be reclassified to profit or loss in subsequent periods</i> | | |
| Net exchange adjustments on foreign currency translation, net of tax | (290) | 167 |
| (Losses)/gains on cash flow hedges, net of tax | (10) | 10 |
| Gains on net investment hedges, net of tax | 22 | - |
| | (278) | 177 |
| <i>Items that will not be reclassified to profit or loss in subsequent periods</i> | | |
| Remeasurements of defined benefit pension plans, net of tax | (6) | 1 |
| | (6) | 1 |
| Other comprehensive (expense)/income for the period, net of tax | (284) | 178 |
| Total comprehensive income for the period | 528 | 839 |
| Attributable to non-controlling interests | (1) | 1 |
| Attributable to owners of the parent | 529 | 838 |
| Total comprehensive income for the period | 528 | 839 |

Group Balance Sheet

As at 30 June 2014

| | Note | 30 June 2014 £m | 31 December 2013 £m |
|---|------|-----------------------|---------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill and other intangible assets | | 11,237 | 11,141 |
| Property, plant and equipment | | 735 | 761 |
| Deferred tax assets | | 54 | 47 |
| Retirement benefit surplus | | 47 | 50 |
| Other non-current receivables | | 260 | 249 |
| | | 12,333 | 12,248 |
| Current assets | | | |
| Inventories | | 748 | 746 |
| Trade and other receivables | | 1,371 | 1,306 |
| Derivative financial instruments | | 20 | 22 |
| Current tax recoverable | | 29 | 17 |
| Available for sale financial assets | | 3 | 2 |
| Cash and cash equivalents | | 723 | 808 |
| | | 2,894 | 2,901 |
| Total assets | | 15,227 | 15,149 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Short-term borrowings | | (2,321) | (2,169) |
| Short-term provisions for liabilities and charges | | (313) | (215) |
| Trade and other payables | | (2,992) | (2,915) |
| Derivative financial instruments | | (79) | (159) |
| Current tax payable | | (159) | (203) |
| | | (5,864) | (5,661) |
| Non-current liabilities | | | |
| Long-term borrowings | | (583) | (598) |
| Deferred tax liabilities | | (1,692) | (1,702) |
| Retirement benefit obligations | | (273) | (301) |
| Other provisions | | (94) | (156) |
| Non-current tax liabilities | | (373) | (329) |
| Other non-current liabilities | | (58) | (66) |
| | | (3,073) | (3,152) |
| Total liabilities | | (8,937) | (8,813) |
| Net assets | | 6,290 | 6,336 |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | 10 | 74 | 74 |
| Share premium | | 243 | 243 |
| Merger reserve | | (14,229) | (14,229) |
| Hedging reserve | | 5 | 15 |
| Foreign currency translation reserve | | (761) | (494) |
| Retained earnings | | 20,957 | 20,725 |
| | | 6,289 | 6,334 |
| Non-controlling interests | | 1 | 2 |
| Total equity | | 6,290 | 6,336 |

Group Statement of Changes in Equity

For the six months ended 30 June 2014

| | Share capital £m | Share premium £m | Merger reserve £m | Hedging reserve £m | Foreign currency translation reserve £m | Retained earnings £m | Total attributable to owners of the parent £m | Non-controlling interests £m | Total equity £m |
|---|---------------------|---------------------|----------------------|-----------------------|--|-------------------------|--|---------------------------------|--------------------|
| Balance at 1 January 2014 | 74 | 243 | (14,229) | 15 | (494) | 20,725 | 6,334 | 2 | 6,336 |
| Net Income for the period | | | | | | 812 | 812 | | 812 |
| Other comprehensive income | | | | (10) | (267) | (6) | (283) | (1) | (284) |
| Total comprehensive income | - | - | - | (10) | (267) | 806 | 529 | (1) | 528 |
| Transactions with owners | | | | | | | | | |
| Share-based payments | | | | | | 27 | 27 | | 27 |
| Deferred tax on share awards | | | | | | (39) | (39) | | (39) |
| Current tax on share awards | | | | | | 13 | 13 | | 13 |
| Shares repurchased and held in Treasury | | | | | | (100) | (100) | | (100) |
| Re-issue of Treasury shares | | | | | | 79 | 79 | | 79 |
| Dividends | | | | | | (554) | (554) | | (554) |
| Total transactions with owners | - | - | - | - | - | (574) | (574) | - | (574) |
| Balance at 30 June 2014 | 74 | 243 | (14,229) | 5 | (761) | 20,957 | 6,289 | 1 | 6,290 |
| Balance at 1 January 2013 | 73 | 184 | (14,229) | 2 | (131) | 20,022 | 5,921 | 1 | 5,922 |
| Net Income for the period | | | | | | 660 | 660 | 1 | 661 |
| Other comprehensive income | | | | 10 | 167 | 1 | 178 | | 178 |
| Total comprehensive income | - | - | - | 10 | 167 | 661 | 838 | 1 | 839 |
| Transactions with owners | | | | | | | | | |
| Proceeds from share issue | 1 | 59 | | | | | 60 | | 60 |
| Share-based payments | | | | | | 29 | 29 | | 29 |
| Deferred tax on share awards | | | | | | 7 | 7 | | 7 |
| Current tax on share awards | | | | | | 20 | 20 | | 20 |
| Shares repurchased and held in Treasury | | | | | | (279) | (279) | | (279) |
| Dividends | | | | | | (561) | (561) | | (561) |
| Total transactions with owners | 1 | 59 | - | - | - | (784) | (724) | - | (724) |
| Balance at 30 June 2013 | 74 | 243 | (14,229) | 12 | 36 | 19,899 | 6,035 | 2 | 6,037 |

Group Cash Flow Statement

For the six months ended 30 June 2014

| | | 30 June 2014 | Six months ended 30 June 2013 (restated)* |
|---|-------|-----------------|--|
| | Notes | £m | £m |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating profit | | 1,059 | 914 |
| Depreciation, amortisation and impairment | | 87 | 80 |
| Fair value (gains) / losses | | (8) | 1 |
| Increase in inventories | | (17) | (39) |
| Increase in trade and other receivables | | (105) | (34) |
| (Decrease) / increase in payables and provisions | | (5) | 145 |
| Non-cash exceptional items | | 10 | 225 |
| Share-based payments | | 27 | 29 |
| Cash generated from operations | | 1,048 | 1,321 |
| Interest paid | | (28) | (26) |
| Interest received | | 14 | 13 |
| Tax paid | | (225) | (330) |
| Net cash generated from operating activities | | 809 | 978 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant & equipment | | (59) | (77) |
| Purchase of intangible assets | | (28) | (14) |
| Proceeds from the sale of property, plant & equipment | | 7 | 6 |
| Purchase of businesses, net of cash acquired | 14 | (314) | (413) |
| Purchase of short-term investments | | (1) | (18) |
| Net cash used in investing activities | | (395) | (516) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of ordinary shares | | - | 60 |
| Shares purchased and held in Treasury | 10 | (23) | (279) |
| Treasury shares re-issued | | 79 | - |
| Proceeds from borrowings | | 70 | 256 |
| Repayments of borrowings | | (5) | (7) |
| Dividends paid to owners of the parent | 11 | (554) | (561) |
| Acquisition of non-controlling interest | | - | (28) |
| Net cash used in financing activities | | (433) | (559) |
| Net decrease in cash and cash equivalents | | (19) | (97) |
| Cash and cash equivalents at beginning of period | | 805 | 882 |
| Exchange losses | | (69) | (4) |
| Cash and cash equivalents at end of the period | | 717 | 781 |
| Cash and cash equivalents comprise: | | | |
| Cash and cash equivalents | | 723 | 790 |
| Overdrafts | | (6) | (9) |
| | | 717 | 781 |

* Restated to disclose the impact of non-cash exceptional items separately from changes in payables and provisions.

Notes to the Half Year Condensed Financial Statements

For the six months ended 30 June 2014

1. General Information

Reckitt Benckiser Group plc is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is 103-105 Bath Road, Slough, Berkshire, SL1 3UH.

The Half Year Condensed Financial Statements were approved by the Board of Directors on 25 July 2014. The Half Year Condensed Financial Statements have been reviewed, not audited.

2. Basis of Preparation

The Half Year Condensed Financial Statements for the six months ended 30 June 2014 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 *Interim financial reporting* as endorsed by the European Union. The Half Year Condensed Financial Statements should be read in conjunction with the Annual Report and Financial Statements for the year ended 31 December 2013, which have been prepared in accordance with European Union endorsed International Financial Reporting Standards (IFRS) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These Half Year Condensed Financial Statements and the financial statements for the year ended 31 December 2013 are also in compliance with IFRS as issued by the International Accounting Standards Board.

These Half Year Condensed Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 were approved by the Board of Directors on 8 March 2014 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The Group has considerable financial resources together with a diverse customer and supplier base across different geographical areas and categories. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis of accounting in preparing its Half Year Condensed Financial Statements.

3. Accounting Policies and Estimates

Except as described below, the accounting policies adopted in the preparation of the Half Year Condensed Financial Statements are consistent with those described on pages 54-57 of the Annual Report and Financial Statements for the year ended 31 December 2013.

The following apply for the first time:

- amendments to IAS 32 *Financial Instruments: Presentation* - Offsetting financial assets and financial liabilities; and
- amendments to IAS 39 *Financial Instruments: Recognition and Measurement* - Novation of derivatives and continuation of hedge accounting.

Management is in the process of assessing the impact of IFRS 15 *Revenue from contracts with customers* which will be effective for annual periods beginning on or after 1 January 2016.

These do not impact the accounting policies applied in preparing the annual consolidated financial statements of the Group, or the Half Year Condensed Financial Statements. Furthermore, there are no standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes to the Half Year Condensed Financial Statements For the six months ended 30 June 2014 (continued)

In preparing these Half Year Condensed Financial Statements the significant estimates and 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 Group financial statements for the year ended 31 December 2013.

Income tax expense for the six months is accrued using the tax rate that would be applicable to the expected total annual profit. Refer to note 6 for further details.

4. Operating Segments

The Executive Committee is the Group's chief operating decision-maker (CODM). Management has determined the operating segments based on the reports reviewed by the Executive Committee for the purposes of making strategic decisions and assessing performance. The Executive Committee considers the business principally from a geographical perspective, but with the RB Pharmaceuticals (in table referred to as RBP) and Food businesses being managed separately given the significantly different nature of these businesses and the risks and rewards associated with them.

The Group's geographical segments comprise Europe and North America (ENA); Latin America, North Asia, South East Asia and Australia and New Zealand (LAPAC); and Russia and CIS, Middle East, North Africa, Turkey and Sub-Saharan Africa (RUMEA). The geographical segments derive their revenue primarily from the manufacture and sale of branded products in the health, hygiene and home categories. RB Pharmaceuticals derives its revenue exclusively from the sales of buprenorphine-based prescription drugs, used to treat opiate dependence and Food derives its revenue from food products primarily sold in ENA.

The Executive Committee assesses the performance of the operating segments based on net revenue from external customers and adjusted operating profit. Finance income and expense are not allocated to segments, as they are managed on a central Group basis.

The segment information provided to the Executive Committee for the operating segment for the periods ended 30 June 2014 and 30 June 2013 is as follows:

| <i>Six months ended 30 June 2014</i> | ENA | LAPAC | RUMEA | Food | Total ex RBP | RBP | Total |
|---|------------|--------------|--------------|-------------|---------------------|------------|--------------|
| | £m | £m | £m | £m | £m | £m | £m |
| Net revenue | 2,375 | 1,175 | 621 | 152 | 4,323 | 344 | 4,667 |
| Depreciation, amortisation and impairment | 46 | 27 | 4 | 2 | 79 | 8 | 87 |
| Adjusted operating profit | 540 | 208 | 116 | 34 | 898 | 183 | 1,081 |
| Exceptional items | | | | | | | (22) |
| Operating profit | | | | | | | 1,059 |
| Net finance expense | | | | | | | (18) |
| Profit before taxation | | | | | | | 1,041 |

| <i>Six months ended 30 June 2013</i> | ENA | LAPAC | RUMEA | Food | Total ex RBP | RBP | Total |
|---|------------|--------------|--------------|-------------|---------------------|------------|--------------|
| | £m | £m | £m | £m | £m | £m | £m |
| Net revenue | 2,451 | 1,280 | 703 | 160 | 4,594 | 400 | 4,994 |
| Depreciation, amortisation and impairment | 46 | 20 | 4 | 2 | 72 | 8 | 80 |
| Adjusted operating profit | 525 | 233 | 141 | 36 | 935 | 228 | 1,163 |
| Exceptional items | | | | | | | (249) |
| Operating profit | | | | | | | 914 |
| Net finance expense | | | | | | | (16) |
| Profit before taxation | | | | | | | 898 |

Notes to the Half Year Condensed Financial Statements

For the six months ended 30 June 2014 (continued)

Analysis of Categories

The Group also analyses its revenue by the following categories:

| | Six months ended 30 June 2014 £m | 30 June 2013 £m |
|--------------------|--|-----------------------|
| Health | 1,247 | 1,197 |
| Hygiene | 1,825 | 1,993 |
| Home | 871 | 979 |
| Portfolio Brands | 228 | 265 |
| Food | 152 | 160 |
| | 4,323 | 4,594 |
| RB Pharmaceuticals | 344 | 400 |
| | 4,667 | 4,994 |

5. Exceptional Items

Exceptional items totalling £22m have been recognised in the six months to 30 June 2014 (six months to 30 June 2013: £249m).

This relates to Group-led restructuring, acquisition and integration costs. Costs incurred in the six months to 30 June 2013 consist primarily of legal and other professional fees, redundancy and business integration costs which have been included within net operating expenses.

6. Income Taxes

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2014 is 22% (the estimated tax rate for the six months ended 30 June 2013 was 26%) and the adjusted tax rate is 22% (2013: 25%).

The Finance Act 2013 contained legislation reducing the UK corporation tax rate from 21% to 20% from 1 April 2015, the effects of which are included in these financial statements.

7. Earnings per Share

| | Six months ended 30 June 2014 pence | 30 June 2013 pence |
|-------------------------------------|---|--------------------------|
| Basic earnings per share | 112.7 | 91.9 |
| Diluted earnings per share | 111.1 | 90.4 |
| Adjusted basic earnings per share | 115.0 | 120.3 |
| Adjusted diluted earnings per share | 113.4 | 118.3 |

Basic

Basic earnings per share is calculated by dividing profit attributable to owners of the parent (six months to 30 June 2014: £812m; six months to 30 June 2013: £660m) by the weighted average number of ordinary shares in issue during the period (six months to 30 June 2014: 720,783,254; six months to 30 June 2013: 718,069,986).

Notes to the Half Year Condensed Financial Statements

For the six months ended 30 June 2014 (continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has the following categories of potentially dilutive ordinary shares: Executive Share Options, Executive Restricted Share Plan and Employee Sharesave Schemes Options. The options only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met. As at 30 June 2014 there were nil (30 June 2013: nil) Executive Share Options, Executive Restricted Share Plan or Employee Sharesave Options excluded from the dilution.

Adjusted Earnings

The Directors believe that earnings per share, adjusted for the impact of exceptional items after the appropriate tax amount, provides additional useful information on underlying trends to Shareholders in respect of earnings per share.

Details of the adjusted profit attributable to owners of the parent are as follows:

| | Six months ended | |
|--|------------------|-----------------|
| | 30 June 2014 | 30 June 2013 |
| | £m | £m |
| Profit attributable to owners of the parent | 812 | 660 |
| Exceptional items | 22 | 249 |
| Tax effect of exceptional items | (5) | (45) |
| Adjusted profit attributable to owners of the parent | 829 | 864 |

Average number of shares

| | 30 June 2014 | 30 June 2013 |
|--|-----------------------------|-----------------------------|
| | Average number of shares | Average number of shares |
| On a basic basis | 720,783,254 | 718,069,986 |
| Dilution of Executive Share Options outstanding and Executive Restricted Share Plan | 9,538,281 | 11,142,889 |
| Dilution for Employee Sharesave Scheme Options outstanding | 806,910 | 858,718 |
| On a diluted basis | 731,128,445 | 730,071,593 |

8. Net Debt

| | 30 June 2014 | 31 December 2013 |
|-------------------------------------|-----------------|---------------------|
| | £m | £m |
| Analysis of net debt | | |
| Cash and cash equivalents | 723 | 808 |
| Overdrafts | (6) | (3) |
| Borrowings (excluding overdrafts) | (2,898) | (2,764) |
| Available for sale financial assets | 3 | 2 |
| Derivative financial instruments | (59) | (139) |
| | (2,237) | (2,096) |

| | 30 June 2014 | 31 December 2013 |
|---|-----------------|---------------------|
| | £m | £m |
| Reconciliation of net debt | | |
| Net debt at beginning of period | (2,096) | (2,426) |
| Net decrease in cash and cash equivalents | (19) | (34) |
| Repayments of borrowings | 5 | 1,002 |
| Proceeds from borrowings | (70) | (637) |
| Exchange and other movements | (57) | (1) |
| Net debt at the end of the period | (2,237) | (2,096) |

Notes to the Half Year Condensed Financial Statements

For the six months ended 30 June 2014 (continued)

9. Provisions for Liabilities and Charges

Provisions are recognised when the Group has a present 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 for liabilities and charges include legal, restructuring and other provisions.

Legal provisions of £253m (31 December 2013: £286m) includes £189m (31 December 2013: £222m) of exceptional legal provisions in relation to a number of historic regulatory investigations by various government authorities in a number of markets. These investigations include competition law inquiries, most of which include several other companies.

The restructuring provision of £13m (31 December 2013: £24m) relates principally to business integration costs, the majority of which is expected to be utilised within one year.

Other provisions include onerous lease provisions expiring between 2014 and 2016, obligations of the Group to acquire its own equity ordinary shares, and environmental and other obligations throughout the Group, the majority of which are expected to be used within five years. Total other provisions as at 30 June 2014 are £141m (31 December 2013: £61m).

10. Share Capital

| | Equity ordinary shares | Nominal value £m | Subscriber ordinary shares | Nominal value £m |
|------------------------------|------------------------------|------------------------|----------------------------------|------------------------|
| Issued and fully paid | | | | |
| At 1 January 2014 | 736,535,179 | 74 | 2 | - |
| Allotments | - | - | - | - |
| At 30 June 2014 | 736,535,179 | 74 | 2 | - |

In the six months to 30 June 2014 the Group acquired 521,195 of its own equity ordinary shares through purchases on the London Stock Exchange. The total amount paid to acquire the shares was £23m (including stamp duty) which has been deducted from shareholders' equity with a further commitment to purchase £77m. The shares are now held as 'Treasury shares' and the Company has the right to re-issue these shares at a later date. At 30 June 2014, of the issued share capital, 13,456,477 shares were held as Treasury shares (31 December 2013: 16,732,850). All shares were fully paid.

11. Dividends

A final dividend of 77.0 pence per share for the year ended 31 December 2013 was paid on 29 May 2014 to shareholders who were on the register on 21 February 2014. This amounted to £554m.

The Directors are proposing an interim dividend in respect of the year ending 31 December 2014 of 60p per share which will absorb an estimated £434m of shareholders' funds. It will be paid on 25 September 2014 to shareholders who are on the register on 8 August 2014.

12. Contingent Liabilities

Contingent liabilities comprising guarantees to subsidiary undertakings, at 30 June 2014 amounted to £1m (31 December 2013: £1m).

The Group is involved in a number of investigations by government authorities and has made provisions for such investigations, where appropriate. Where it is too early to determine the likely outcome of these matters, or to make a reliable estimate, the Directors have made no provision for such potential liabilities.

Notes to the Half Year Condensed Financial Statements For the six months ended 30 June 2014 (continued)

The Group from time to time is involved in disputes in relation to on-going tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case.

13. Financial Instruments

The carrying value less impairment provision of investments, current borrowings, cash at bank, trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The fair value measurement hierarchy levels have been defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
3. Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

There were no changes in valuation techniques or transfers between hierarchy categories during the period.

The fair value of bonds at 30 June 2014 is a liability of £596m (31 December 2013: £597m) classified as non-current. This value is derived using a quoted market rate in an active market (level 1 classification). The book value of bonds at 30 June 2014 is a liability of £581m (31 December 2013: £595m).

The fair value of derivatives used for hedging at 30 June 2014 is a liability of £9m (31 December 2013: nil) and an asset of £14m (31 December 2013: £16m). The fair value of derivatives classified as fair value through profit or loss at 30 June 2014 is a liability of £70m (31 December 2013: £159m) and an asset of £6m (31 December 2013: £6m). This value is determined using forward exchange rates derived from market sourced data at the balance sheet date, with the resulting value discounted back to present value (level 2 classification). The book value of the derivatives is the same as the fair value.

As the value of level 3 instruments at 30 June 2014 is not material (2013: not material), no further level 3 disclosures have been made.

The Group's financial risk management objectives and policies are consistent with those disclosed in the Annual Report and Financial Statements for the year ended 31 December 2013.

14. Business Combinations

On 10 March the Group announced its acquisition of the global rights to the K-Y brand, a leader in intimate lubricants, from Johnson & Johnson. The transaction was predominantly completed in May 2014 with regulatory clearance pending in a number of markets, primarily Brazil.

The K-Y brand will sit alongside the RB Powerbrand Durex to create a unique portfolio of brands in the sexual wellbeing category. Its addition will immediately transform RB's sexual wellbeing category in the USA and Brazil. K-Y will benefit from RB's strong innovation, brand equity investment and go-to-market capabilities. This transaction has been accounted for by the acquisition method.

The amount of revenue and profit of the K-Y business since acquisition was not material in the context of the Group Income Statement. Had the business been acquired on 1 January 2014, the revenue and profit of the Group for the period would not have been materially different to that appearing on the Group Income Statement. Consideration paid in relation to this acquisition is included within Purchase of businesses, net of cash acquired in the Group Cash Flow Statement.

15. Related Parties

There were no related party transactions in 2014, beyond compensation to key management personnel in the ordinary course of business.

Notes to the Half Year Condensed Financial Statements

For the six months ended 30 June 2014 (continued)

16. Seasonality

Demand for the majority of the Group's products is not subject to significant seasonal fluctuations. Some health and pest control products do exhibit seasonal fluctuations. Peak demand in the northern hemisphere markets offsets lower demand in the southern hemisphere markets and vice-versa. The intensity of, in particular, the influenza season can vary from year to year with a corresponding influence on the Group's performance.

17. Post Balance Sheet Events

In October 2013 the Group announced the intention to conduct a strategic review of the Reckitt Benckiser Pharmaceutical business (RBP). At a Board Meeting on 25 July 2014 it was concluded that a demerger of the RBP business with a separate listing on the London Stock Exchange is the preferred option for creating value for shareholders.

Notes to the Half Year Condensed Financial Statements

For the six months ended 30 June 2014 (continued)

Statement of Directors' Responsibilities

The Directors confirm that, to the best of their knowledge, these Half Year Condensed Financial Statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union and as issued by the International Accounting Standards Board, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the Half Year Condensed Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last annual report.

The Directors of Reckitt Benckiser Group plc are listed in the Reckitt Benckiser Group plc Annual Report and Financial Statements for 31 December 2013. A list of current Directors is maintained on the Reckitt Benckiser Group plc website: www.rb.com.

By order of the Board

Rakesh Kapoor
Chief Executive Officer

Adrian Bellamy
Director

25 July 2014

Independent Review Report to Reckitt Benckiser Group plc

Report on the Half Year Condensed Financial Statements

Our conclusion

We have reviewed the Half Year Condensed Financial Statements, defined below, in the half-yearly financial report of Reckitt Benckiser Group plc for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the Half Year Condensed Financial Statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The Half Year Condensed Financial Statements, which are prepared by Reckitt Benckiser Group plc, comprise:

- The Group Balance Sheet as at 30 June 2014;
- The Group Income Statement and the Group Statement of Comprehensive Income for the period then ended;
- The Group Cash Flow Statement for the period then ended;
- The Group Statement of Changes in Equity for the period then ended; and
- The explanatory notes to the Half Year Condensed Financial Statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as issued by the International Accounting Standards Board.

The Half Year Condensed Financial Statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and as issued by the International Accounting Standards Board and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of Half Year Condensed Financial Statements involves

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 United Kingdom. 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 conducted 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.

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 Half Year Condensed Financial Statements.

Responsibilities for the Half Year Condensed Financial Statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the Half Year Condensed Financial Statements, 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 Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the Half Year Condensed Financial Statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
25 July 2014
London

Notes:

- a. The maintenance and integrity of the Reckitt Benckiser Group plc 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 financial statements since they were initially presented on the website
- b. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.