



31st July 2007

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31ST MAY 2007

PZ Cussons Plc, the leading international consumer products group in personal and non-personal care categories, announces its preliminary results for the year ended 31st May 2007.

Results (before exceptional items ¹)	YE 31/05/07	YE 31/05/06	% change
Revenue	£577.9m	£539.9m	+ 7%
Operating profit	£66.2m	£60.2m	+ 10%
Profit before tax	£68.3m	£63.6m	+ 7%
Adjusted basic earnings per share	9.78p	8.90p	+ 10%
Statutory results			
Operating profit	£65.8m	£57.8m	+ 14%
Profit before tax	£67.9m	£61.2m	+ 11%
Basic earnings per share	9.99p	8.33p	+ 20%
Dividend per share	4.27p	3.88p	+ 10%
Net funds ²	£60.3m	£51.9m	+16%

¹ Exceptional items are detailed in note 2.

² Net funds, above and hereafter, is defined as cash, short-term deposits and current asset investments less borrowings.

Highlights

- Strong trading performance, particularly in Nigeria and all European units
- Significant growth in our white goods business with Haier in Nigeria with further expansion of the product range
- Significant growth in our nutrition joint venture with Glanbia in Nigeria with successful new product launches
- The opening of the first Nigerian world class standard electrical retail superstore. HT Cool World opened in Lagos showcasing the range of quality 'Haier-Thermocool' brand electrical appliances
- No. 1 position achieved in personal wash category in UK following successful brand renovation programme
- Successful roll-out of the Charles Worthington haircare brand into the UK nationwide trade
- Construction commenced of a new £26m Innovation Centre in Manchester, incorporating a liquids manufacturing facility, a Fragrance Development Centre and a Research and Development Centre
- Completion of ten for one share split

Commenting today, Anthony Green (Chairman) said:

"2007 has been another year of considerable progress for PZ Cussons. Revenue and profits have improved as a result of good trading performance, particularly in Nigeria and the UK. In our main market Nigeria, our electrical goods and nutrition businesses have delivered strong growth in the year and continue to add diversity to our consumer product portfolio. In the UK, our successful brand renovation programme has given us the market leading position in the personal wash category.

During the year, we have launched important new capital projects. We are increasing manufacturing capacity in Nigeria, and have announced plans for a major new Innovation Centre in the UK which will act as a 'Personal Wash Centre of Excellence' for the whole Group.

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Our focus remains on growth and margin improvement in selected markets. Overall performance since the year end has been in line with management expectations.”

Press Enquiries

PZ Cussons Graham Calder (Deputy Chairman)
 Brandon Leigh (Finance Director)

Hogarth Partnership John Olsen, Sarah MacLeod, Sarah Richardson

On 31st July and 1st August 2007 c/o Hogarth on 020 7357 9477.

After 1st August to Graham Calder on 0161 491 8000.

An analysts’ presentation will be held on 31st July 2007 at 9.30am at the offices of JP Morgan Cazenove, 20 Moorgate, London, EC2R 6DA.

Overview

PZ Cussons is pleased to report another year of considerable progress for the twelve months to 31st May 2007. Profit before tax and exceptional items rose 7% to £68.3m (2006: £63.6m) on revenue up 7% to £577.9m (2006: £539.9m). After exceptional items reported profit before tax increased by 11% to £67.9m (2006: £61.2m). Basic earnings per share were 9.99p (2006: 8.33p). Adjusted for exceptional items, earnings per share rose 10% to 9.78p (2006: 8.90p). As at 31st May 2007 the Group had net funds of £60.3m (2006: £51.9m).

The board is recommending a final dividend of 3.27p per share (2006: 2.95p) to give a total dividend for the year of 4.27p per share (2006: 3.88p), a 10% increase for the year. Subject to approval at the annual general meeting, the final dividend will be paid on 26th September 2007 to shareholders on the register at the close of business on 24th August 2007.

Trading performance – overview

Operating profit before exceptional items rose by 10% to £66.2m (2006: £60.2m) on revenue up 7% to £577.9m (2006: £539.9m). Overall, strong trading performance, particularly in Nigeria and in all European units, has countered the impact of the weak US dollar and continued increases in the price of certain commodities.

Mature markets

In the European units, successful brand development has resulted in improved market shares in the core product categories and consequently higher turnover and profitability versus the prior year. In Australia, margins have been impacted by a highly competitive detergent market, although a strong new product pipeline provides a solid base from which to grow.

Emerging markets

The Group’s main market, Nigeria, has continued to experience strong growth, particularly from the newer product categories of electrical goods and nutrition, although a weak US dollar has impacted sterling margins. The Group’s other key emerging market, Indonesia, has grown turnover and profitability versus the prior year through successful development of the babycare range.

Financial position - overview

The Group’s balance sheet remains strong with net funds at 31st May 2007 of £60.3m (2006: £51.9m). Improvements in the Group’s supply chain, particularly in Nigeria, have benefited net working capital levels. This has resulted in higher cash generated from operations and enabled Group net funds to be maintained at a similar level to the prior year.

Major projects

Updates on major projects are as follows:

In the UK, as announced last year, the Group is constructing a new, purpose built liquids factory to provide additional capacity to meet the long-term supply needs of our growing UK business. In March 2007, the Group

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announced that the scope of this project was being extended to cover construction of a new Innovation Centre that will become the 'Personal Wash Centre of Excellence' for the Group. The Centre will incorporate the new manufacturing facility, a new Research and Development Centre and a Fragrance Development Centre. The new Centre will open in mid 2008 and costs of the total project are estimated at £26m which should largely be funded by the proceeds from the planned sale of the UK factory sites in Nottingham, Manchester and Ellesmere Port.

In Nigeria, as previously announced, the current milk factory is being extended and a second factory is planned for the manufacture of further nutritional products. Construction of the current factory extension, which will provide further capacity for the production of powdered and evaporated milk, is on schedule with the increased capacity expected to come on stream at the end of 2007. The scope and design of the second factory has now been finalised and construction will commence later this year with completion scheduled for early 2009. The Group's share of the cost of both projects will be approximately £10m in aggregate.

Regional reviews

Performance by region

	Revenue (£m)		Operating profit before exceptional items ¹ (£m)	
	2007	2006	2007	2006
Africa	252.9	211.8	26.1	25.1
Asia	107.2	113.9	9.8	12.5
Europe	217.8	214.2	30.3	22.6
Total	577.9	539.9	66.2	60.2

¹ Exceptional items are detailed in note 2.

Africa

Overall performance in **Nigeria** has been strong, with limited disruption from the election process which took place in April 2007. Revenue and profit in local currency showed increases over the prior year of 30% and 12% respectively. The Nigerian currency remained stable against the dollar during the year, however the results are affected on translation to sterling as a result of the weak dollar.

The business is separated into the following business units:

- Soaps and detergents
- Health and beauty
- Electrical goods (HPZ, a joint venture with Haier)
- Food and nutrition (Nutricima, a joint venture with Glanbia)
- Supply chain and distribution

Soaps and detergents performed well in the year although the market remains competitive with increased levels of supply and pressure on margins through higher commodity costs. However, brand positioning remains strong and was supported in the year with significant new product launches including Elephant Gold detergent and extensive brand renovation of all of the category leading brands including Zip and Jet (detergents), and Premier, Canoe and Duck (soaps). Savings from in-house power generation as a result of the investment made last year have helped to counter cost increases elsewhere within the business.

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Sales in Health and beauty grew year on year predominantly through new product launches such as Super Robb mentholated rub and relaunches of our existing brands such as Venus hair relaxer. The Venus relaunch was the first product launch under the pan-regional project to leverage the strength of our brands across the African territories. A review of the portfolio of brands in this division has now been concluded in order to prioritise those that will be targeted for growth in the future. These include Robb (medicaments), Venus, Joy and Carex (personal care) and Cussons Baby. During the year manufacturing operations for this division were reviewed, resulting in the transfer of production for certain products to Ghana.

The electrical goods business experienced another year of significant growth with the business strengthening its number one market position in both the refrigerator and freezer categories. Growth is also being achieved in the other product categories including air conditioners, televisions, DVD players, washing machines, dishwashers, microwave ovens and water heaters. Sales of laptop computers and mobile phones commenced early in the new financial year. In June 2007, HPZ was proud to open a showroom in Lagos being the first 'world class standard' electrical retail outlet of its kind to be opened in Nigeria. Named 'HT Cool World', the showroom will allow the full range of electrical products to be sold to both retail and commercial customers to complement sales through existing distribution channels.

The joint venture with Glanbia continues to progress well with turnover considerably ahead of last year following a number of successful new product launches including Coast milk, Nunu flavoured powdered milk and Powerfist energy drinks. While the rising cost of milk across global markets has impacted margins in the short-term, selling prices in the Nigerian market are now moving upwards. There will be further new product launches in the new financial year and further capacity for existing products available at the end of 2007 on completion of the current factory extension.

A number of significant initiatives in Supply chain and distribution have been rolled out in the year including:

- Completion of a second phase of upgrades to the nationwide depot network
- Opening of two regional distribution centres to enable faster supply to the depots and a lower stockholding at each individual depot
- Expansion of the dedicated haulage fleet which now numbers in excess of sixty 'megatrucks'
- Improvements to the clearing and forwarding operation to assist in the reduction of lead times of supply into Nigeria

During the course of the new financial year, a wider review of the traditional Nigerian manufacturing base will be undertaken to ensure facilities are appropriately structured to cater for future growth plans.

Revenue and profitability in the other African territories, **Ghana** and **Kenya**, are ahead of last year mainly as a result of growth from relaunches of existing products and the introduction of new products, such as Nunu milk and HPZ electrical goods, which commenced sales in Ghana during the year.

Asia

In **Australia**, the market for branded detergent products has become significantly more competitive, principally as a result of the introduction of private label ranges by the prominent retailers. Consequently sales and margins have been impacted by the effect of lower selling prices and additional promotional support costs. A number of initiatives are being actioned in order to respond to these market developments. Firstly, the business's extensive new product pipeline has been prioritised and a significant number of innovative new products are being launched across the brand portfolio of Radiant and Duo (clothes care), Morning Fresh (dishwash) and Pure (personal wash) in the early part of the new financial year. Secondly, cost reduction initiatives have been accelerated supported by a cross functional group team in order to restore margins to previous levels. The fundamentals of the Australian business remain sound and the Group's strength of local market knowledge is expected to assist in returning this business to growth in the coming year.

Sales and profitability in **Indonesia** improved in the year as a result of successful development of the baby range, resulting in a strengthening of the brand's number one position in the Indonesian market. During the year, the baby range was extended with the launch of a Baby Needs range of products including bottles, plates and feeding spoons. The core Cussons Baby range was also complemented by the launch of a basics range called Cussons Sahaja to target a further segment of the population. Further range extensions are also planned for the new financial year. Other brands such as Imperial Leather and Cussons Extreme continue to perform well. Improvements to the nationwide depot network have continued in the year with rationalisation of depot operations in Jakarta now complete.

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In the other Asian units, **Thailand, Malaysia** and the **Middle East**, revenue and profitability were maintained at the previous year's level.

Europe

In the **UK**, performance has exceeded expectations as a result of a successful programme of brand renovation across the portfolio, resulting in the achievement of the number one position in the personal wash category. The Imperial Leather range was expanded during the year with new variants and the launch of limited edition shower and bath products. Consumer loyalty to the Carex range remains high and growth was achieved through the introduction of new variants and a 'Hand Careexperts' campaign which was run both on television and in targeted print publications. The Original Source brand, which was completely renovated last year, has grown as a result of the introduction of new products such as body scrubs and an innovative range of skin food shower and bath products.

The Charles Worthington haircare brand was successfully rolled out to the nationwide trade during the year with a very positive response from both the trade and consumers. Towards the end of the financial year, the core Charles Worthington Results range was completely renovated with exciting new graphics and is being supported in the new financial year with the first Charles Worthington TV campaign.

In the UK, the supply chain focus is largely on the new manufacturing facility which will begin operation in mid 2008 as part of the new Innovation Centre. Negotiations for the sale of the Manchester and Ellesmere Port sites are at an advanced stage. Completion of the sale of the Nottingham site, which is subject to a conditional contract, is expected by the end of the 2008 calendar year. During the year, a UK restructuring programme was undertaken both to prepare for the new Innovation Centre and as part of a wider move to build up overseas resource in areas previously supported by head office. An exceptional charge relating to this programme has been made in the year.

Sales in **Poland** have been strong against a competitive background with both the 'E' detergent brand and Luksja personal wash brand performing well. The 'E' range was renovated in the year with new variants of both powders and fabric conditioners and was expanded into household cleaning products in the second half with the launch of 'E Boom'. The Luksja range of soaps and shower gels was also expanded in the year and achieved market leader position based on volume share. During the year, the head office and warehousing site in Warsaw was sold therefore enabling the business to operate from a reduced fixed cost base and to focus on margin improvement initiatives at the Wroclaw factory site.

Sales and profitability in **Greece** have improved in the year following the rebranding and relaunch of the core Minerva brand. Our share of the olive oil market has increased and the portfolio of products has been strengthened with the launch of a premium range of olive oil in tins. Further expansion of the product range continues with successful launches of Minerva So Real butter and Minerva Benecol cheese products.

Exceptional items

A net operating charge of £0.4m (2006: £2.4m) for exceptional items has been made, comprising UK restructuring costs and profit on disposal of fixed assets. Further details are given in note 2.

Taxation

The effective tax rate before exceptional items was in line with the previous year at 29.0% (2006: 29.2%).

Share split

The share split of ten shares per one share previously in issue was approved at the 2006 annual general meeting and therefore all figures affected have been restated accordingly.

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Outlook

The Group's focus on selected markets, leading brands and first class distribution continues to provide a clear strategy for the future. Over the next year, the Group will be pursuing growth in all existing businesses and investigating further exciting new opportunities.

Nigeria remains our key market for future growth and we are encouraged by the continued stable economic and political climate following the recent elections.

The weak dollar and continuing cost increases of a large number of the Group's key raw materials will provide a challenge going forward, which will be mitigated by the Group focus on its margin improvement programme.

The balance sheet remains strong with all projects currently being financed from Group net funds.

Overall performance since the year end has been in line with management expectations.

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Consolidated income statement for the year to 31st May 2007

	Notes	Before exceptional items £m	Exceptional items (note 2) £m	Total 2007 £m	Before exceptional items £m	Exceptional items £m	Total 2006 £m
Revenue	1	577.9	-	577.9	539.9	-	539.9
Cost of sales		(365.9)	-	(365.9)	(330.9)	1.0	(329.9)
Gross profit		212.0	-	212.0	209.0	1.0	210.0
Selling and distribution expenses		(86.1)	-	(86.1)	(86.7)	(0.7)	(87.4)
Administrative expenses		(58.9)	(0.4)	(59.3)	(62.0)	-	(62.0)
Other costs		-	-	-	-	(2.7)	(2.7)
Share of results of joint venture		(0.8)	-	(0.8)	(0.1)	-	(0.1)
Operating profit	1	66.2	(0.4)	65.8	60.2	(2.4)	57.8
Finance income		2.8	-	2.8	4.3	-	4.3
Finance costs		(0.7)	-	(0.7)	(0.9)	-	(0.9)
Net finance income	3	2.1	-	2.1	3.4	-	3.4
Profit before taxation		68.3	(0.4)	67.9	63.6	(2.4)	61.2
Taxation	4	(19.8)	1.3	(18.5)	(18.6)	-	(18.6)
Profit for the year		48.5	0.9	49.4	45.0	(2.4)	42.6
Attributable to:							
Equity holders of the parent		41.5	0.9	42.4	37.8	(2.4)	35.4
Minority interest		7.0	-	7.0	7.2	-	7.2
		48.5	0.9	49.4	45.0	(2.4)	42.6
Basic EPS (p)	6			9.99			8.33
Diluted EPS (p)	6			9.89			8.23
Adjusted basic EPS (p)	6			9.78			8.90
Adjusted diluted EPS (p)	6			9.68			8.79

The results shown above for both 2007 and 2006 relate to continuing operations.

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Consolidated balance sheet as at 31st May 2007

	31st May 2007 £m	31st May 2006 £m
Assets		
Non-current assets		
Goodwill and other intangible assets	54.2	54.0
Property, plant and equipment	143.2	140.1
Investments in joint ventures	(1.7)	-
Other investments	0.8	0.8
Receivables	0.1	0.1
Non-current assets held for sale	2.6	1.3
Retirement benefit surplus	23.1	23.4
	222.3	219.7
Current assets		
Inventories	150.4	142.7
Receivables and prepayments	98.3	87.2
Investments	12.8	2.2
Cash and short-term deposits	53.3	65.8
Current taxation receivable	3.7	2.7
	318.5	300.6
Total assets	540.8	520.3
Liabilities		
Current liabilities		
Borrowings	(5.8)	(14.0)
Trade and other payables	(95.7)	(83.8)
Current taxation payable	(11.2)	(13.3)
Provisions	(7.3)	(1.9)
	(120.0)	(113.0)
Non-current liabilities		
Borrowings	-	(2.1)
Other liabilities	(1.4)	(3.6)
Deferred tax liabilities	(20.1)	(24.6)
UK retirement benefit obligation	(37.2)	(30.5)
Provisions	(2.7)	(8.1)
	(61.4)	(68.9)
Total liabilities	(181.4)	(181.9)
Net assets	359.4	338.4
Equity		
Ordinary share capital	4.3	4.3
Capital redemption reserve	0.7	0.7
Revaluation reserve	29.6	27.3
Other reserve	(3.0)	(2.9)
Currency translation reserve	0.9	3.3
Retained earnings	279.3	259.3
Equity attributable to equity holders of the parent	311.8	292.0
Equity minority interest	47.6	46.4
Total equity	359.4	338.4

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Consolidated cash flow statement for the year to 31st May 2007

	Year to 31st May 2007 £m	Year to 31st May 2006 £m
Operating activities		
Cash generated from operations	58.7	35.8
Taxation	(19.3)	(18.3)
Net cash flow from operating activities	39.4	17.5
Investing activities		
Investment income received	3.1	8.5
Purchase of property, plant and equipment	(27.5)	(25.5)
Sale of property, plant and equipment	12.6	10.2
Purchase of intangible assets	-	(0.2)
Proceeds from disposal of subsidiary	2.5	-
Net cash balances disposed of with subsidiary undertaking	(1.0)	(0.4)
Purchase of non-current asset investments	-	(0.3)
(Purchase) / sale of current asset investments	(10.4)	14.0
Loans to joint ventures	(0.5)	-
Net cash flow from investing activities	(21.2)	6.3
Financing activities		
Interest paid	(0.7)	(0.9)
Preference dividends paid	-	(0.1)
Dividends paid to minority shareholders in subsidiary companies	(2.3)	(2.5)
Purchase of shares for ESOT	(0.5)	(2.6)
Ordinary dividends paid	(16.7)	(15.2)
Net decrease in short-term borrowings	(1.9)	(3.4)
Cash received from minority shareholders in respect of rights issue	-	5.3
Repayment of preference share capital	-	(15.5)
Net cash flow from financing activities	(22.1)	(34.9)
Net decrease in cash and cash equivalents	(3.9)	(11.1)
Cash and cash equivalents at the beginning of the year	53.9	65.4
Effect of foreign exchange rates	0.1	(0.4)
Cash and cash equivalents at the end of the year	50.1	53.9

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Reconciliation of profit before tax to cash generated from operations

	2007 £m	2006 £m
Profit before tax	67.9	61.2
Adjustment for finance income	(2.1)	(3.4)
Operating profit	65.8	57.8
Depreciation and adjustments on disposals	7.3	10.1
Share of results from joint ventures	0.8	-
Loss on sale of operations	0.5	-
Add back charge for shares purchased for ESOT	0.4	0.8
Impairment of tangible fixed assets	-	3.3
Operating cash flows before movements in working capital	74.8	72.0
Movements in working capital:		
Inventories	(12.6)	(14.0)
Receivables	(11.0)	(18.2)
Payables	7.2	(1.9)
Provisions	0.3	(2.1)
Cash generated from operations	58.7	35.8

Consolidated statement of total recognised income and expense for the year to 31st May 2007

	2007 £m	2006 £m
Actuarial losses on defined benefit pension schemes	(8.3)	(3.8)
Exchange differences on translation of foreign operations	(4.0)	(2.4)
Taxation on items taken directly to equity	4.1	1.8
Net expense recognised directly in equity	(8.2)	(4.4)
Profit for the year	49.4	42.6
Adoption of IAS 39	-	2.0
Total net income and expense recognised for the year	41.2	40.2
Attributable to:		
Equity holders of the parent	35.9	33.2
Minority interests	5.3	7.0

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NOTES

1 Segmental analysis

Geographic segments

2007	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Total gross segment revenue	252.9	120.4	372.1	(167.5)	577.9
Inter segment revenue	-	(13.2)	(154.3)	167.5	-
Revenue	252.9	107.2	217.8	-	577.9
Segmental operating profit before exceptional items	26.1	9.8	30.3	-	66.2
Exceptional items (note 2)	(0.5)	-	0.1	-	(0.4)
Segmental operating profit	25.6	9.8	30.4	-	65.8
2006					
Total gross segment revenue	211.9	116.8	355.4	(144.2)	539.9
Inter segment revenue	(0.1)	(2.9)	(141.2)	144.2	-
Revenue	211.8	113.9	214.2	-	539.9
Segmental operating profit before exceptional items	25.1	12.5	22.6	-	60.2
Exceptional items	(0.5)	(0.2)	(1.7)	-	(2.4)
Segmental operating profit	24.6	12.3	20.9	-	57.8

Business segments

	Revenue by business segment	
	2007 £m	2006 £m
Toiletries and household	431.6	435.8
Other	146.3	104.1
Total	577.9	539.9

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2 Exceptional items

The Group has adopted a columnar income statement format which seeks to highlight significant items within the Group's results for the period. Such items are considered by the directors to be exceptional in nature rather than being representative of the underlying trading of the Group, and may include such items as fundamental restructuring costs, material impairments of non-current assets and profit or loss on disposal or termination of operations. The directors believe that the separate disclosure of these items is relevant to an understanding of the Group's financial performance.

Year to 31st May 2007

Exceptional items included within operating profit:	Effect on:	Profit before taxation £m	Taxation £m	Profit after taxation £m
Restructuring of UK operations (i)		(5.1)	1.5	(3.6)
Profit on disposal of fixed assets (ii)		4.7	(0.2)	4.5
Total		(0.4)	1.3	0.9

(i) Restructuring of UK operations

A significant restructuring of the UK business, made up of redundancy and other associated restructuring costs.

(ii) Profit on disposal of fixed assets

During the year the sale of the Polish head office in Warsaw resulted in an exceptional gain on disposal of £5.2 million, while a net loss of £0.5 million was realised in relation to the sale of the Cameroun business, due to rationalisation of the Group's smaller operations.

3 Net finance income

	2007 £m	2006 £m
Current asset investment income:		
Net investment gains	0.1	2.7
Interest and dividends receivable	2.7	1.6
	2.8	4.3
Interest payable on bank loans and overdrafts	(0.7)	(0.9)
Total	2.1	3.4

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4 Taxation

	2007	2006
	£m	£m
Current tax	16.8	18.1
Deferred tax	1.7	0.5
Total tax charge	18.5	18.6

UK corporation tax is calculated at 30% (2006: 30%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2007	2006
	£m	£m
Profit before tax	67.9	61.2
Tax at the UK corporation tax rate of 30% (2006: 30%)	20.4	18.4
Tax effect of revenue / expenses that are not (taxable) / deductible in determining taxable profit	(0.4)	1.3
Tax effect of timing differences on which deferred tax is not provided	-	(0.2)
Tax effect of utilisation of tax losses and other assets not recognised in deferred tax	(1.1)	(0.8)
Effect of different tax rates of subsidiaries in overseas jurisdictions	0.4	(0.7)
Tax effect of share of results of joint ventures	0.2	-
Sale of properties	(0.3)	-
Prior period adjustment	(0.7)	0.6
Tax charge for the year	18.5	18.6

5 AGM and dividend

The board is recommending a dividend increase of 10.0% for the year with a proposed final dividend of 3.27p (2006: 2.95p) per share for a total of 4.27p (2006: 3.88p). The gross amount for the proposed final dividend and interim dividend is £18.1 million (2006: £16.4 million).

The date of the annual general meeting has been fixed for 24th September 2007 and dividend warrants in respect of the proposed final dividend, subject to shareholders' approval, will be posted on 26th September 2007 to members on the register at 5.00 pm on 24th August 2007.

6 Earnings per share

Basic earnings per share and diluted earnings per share are calculated by dividing profit for the period attributable to equity holders by the weighted average number of shares in issue.

	Year ended	Year ended
	31st May 2007	31st May 2006*
Basic weighted average (000)	424,343	423,750
Diluted weighted average (000)	428,720	428,720

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the deferred annual share bonus scheme and the executive share option scheme.

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6 Earnings per share (continued)

The profit attributable to equity holders for the period is as follows:

	2007 £m	2006* £m
Profit attributable to ordinary equity shareholders	42.4	35.3
Exceptional items (note 2)	(0.9)	2.4
Adjusted profit	41.5	37.7

Adjusted earnings per share

	2007	2006*
Basic earnings per share	9.99p	8.33p
Exceptional items	(0.21)p	0.57p
Adjusted basic earnings per share	9.78p	8.90p
Diluted earnings per share	9.89p	8.23p
Exceptional items	(0.21)p	0.56p
Adjusted diluted earnings per share	9.68p	8.79p

*The comparative figures have been restated for the share split, on the basis of ten for one, which was approved at the last annual general meeting on 25th September 2006, such that there are now ten 1p ordinary shares for every 10p ordinary share previously in existence before the share split.

7 Net funds

	2007 £m	2006 £m
Cash at bank and in hand	21.2	25.9
Deposits	32.1	39.9
Current asset investments	12.8	2.2
Overdrafts	(3.2)	(11.9)
Loans due within one year	(2.6)	(2.1)
Loans due after one year	-	(2.1)
Net funds	60.3	51.9

8 Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU), including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on a historical cost basis.

Whilst the financial information in this preliminary announcement has been computed in accordance with IFRS this announcement does not itself contain sufficient information to comply with IFRS. The company expects to publish full financial statements that comply with IFRS on 24th August 2007.

9 Basis of financial statements

The 2007 results are an abridged version of the statutory financial statements for the year ended 31st May 2007 which have been approved by the board of directors and which carry an unqualified audit report. The 2006 results for the year ended 31st May 2006 which were prepared in accordance with IFRS carry an unqualified audit report and have been filed with the Registrar of Companies. Neither financial statements contain a statement in respect of s.237(2) or (3) of the Companies Act 1985.

Approved by the board of directors on 31st July 2007.