PZ CUSSONS PLC

23 JULY 2013

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MAY 2013

PZ Cussons Plc, a leading international consumer products group, announces its preliminary results for the year ended 31 May 2013.

Reported Results (before exceptional items[1])	**Year ended 31 May 2013**	**Year ended 31 May 2012**	% change
Revenue	**£883.2m**	£858.9m	2.8%
Operating profit	**£108.4m**	£93.4m	16.1%
Profit before tax	**£107.5m**	£92.3m	16.5%
Adjusted basic earnings per share	**16.62p**	14.74p	12.8%
Statutory results			
Operating profit	**£95.7m**	£49.6m	92.9%
Profit before tax	**£94.8m**	£48.5m	95.5%
Basic earnings per share	**14.75p**	8.03p	83.7%
Total dividend per share	**7.39p**	6.717p	10.0%
Net funds/(debt)[2]	**£3.4m**	(£17.9m)	

[1] Exceptional items, totalling £12.7m before tax, are detailed in note 2.

[2] Net funds/(debt), above and hereafter, is defined as cash, short-term deposits and current asset investments less borrowings (refer to note 10).

Highlights

Group

- A return to profitable growth with a 16% increase in operating profits to £108.4m
- Revenue and profit growth in all regions of Africa, Asia and Europe
- Post year end announcement of the acquisition of Australian baby food brand Rafferty's Garden for £42.2m in cash
- Commissioning of the palm oil refinery in Nigeria as part of the joint venture with Wilmar with a new consumer brand being launched
- Exchange of contracts for the sale of the Polish Home Care brands for £46.6m with completion expected shortly
- Supply chain optimisation project announced last year on budget and almost complete
- Group structure and systems project under way to optimise the Group’s organisation design and IT systems for the future
- A return to a net funds position following strong cash flow from operations
- Total dividend increased 10% year on year marking the 40th anniversary of consecutive year on year increases

Africa

- Increase in revenue in second half despite ongoing unrest in northern Nigeria
- Improvement in operating profits as a result of margin improvement projects and lower raw material costs
- Launch planned post period end of a new consumer brand, as part of the joint venture with Wilmar

Asia

- Another year of double digit revenue growth in Indonesia with growth in both the babycare and non-babycare portfolios
- Wider distribution achieved in Philippines, Myanmar and Vietnam
- A return to profitability in Australia following the successful restructuring of the business

Europe

- Increase in profitability in the UK Washing and Bathing division driven by new product launches and despite tough trading conditions
- Strong performance in the Beauty division with expansion into new markets of Poland, Germany and Canada
- Polish business performing well in both Personal Care and Home Care

Commenting today, Richard Harvey (Chairman) said:

"The Group has delivered on its expectations and returned to profitable growth. Growth came from all regions of Europe, Asia and Africa and in particular from the key markets of UK, Indonesia and Nigeria. This has been achieved despite challenging external factors such as the difficult trading environment in Europe, high wage inflation in Indonesia and the continuing unrest in the north of Nigeria.

The Group's entrepreneurial ability to bring new products to market quickly gives us a competitive advantage and the ability to maintain or increase our leading market shares in our chosen geographies and markets.

At the same time, we have maintained our focus on cost reduction, both through the supply chain optimisation project which is almost complete, and other margin improvement projects throughout the Group resulting in overall operating margins now exceeding 12%.

Further margin improvement is planned through the continued separation of the Group's supply chain from its commercial operations so that both structures are optimised for future growth. Investment in new IT systems is also planned over the next few years to maintain our ability to react quickly to market opportunities.

The joint venture with Wilmar in Nigeria has considerable potential and a new consumer brand has its launch planned for the first quarter following the successful commissioning of the palm oil refinery earlier in the year.

We ended the year with a net cash position, as a result of the strong cash generation during the period.

This year, the Group is able to mark its 40th anniversary of consecutive year on year increases in dividend, demonstrating the sustainable nature of the Group’s cash generation.

Post year end, the acquisition of Australian baby food brand Rafferty's Garden marks the Group's entry into the Food and Nutrition category in Asia Pacific, and adds another leading brand with exciting growth potential.

Despite the challenging trading conditions in most markets, the Group expects to deliver continued increases in profitability and cashflow driven by brand innovation and renovation, as well as further margin improvement projects. Overall performance since the year-end has been in line with expectations."

Press Enquiries

PZ Cussons	Brandon Leigh (Chief Financial Officer)
College Hill	Toby Bates / Tim Linacre

On 23, 24 and 25 July c/o College Hill on 020 7457 2020.

After 25 July to Brandon Leigh on 0161 435 1236.

An analysts’ presentation will be held on 23 July 2013 at 9.30am at the offices of Panmure Gordon, One New Change, London, EC4M 9AF.

PZ CUSSONS PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MAY 2013

Overview

PZ Cussons is pleased to report a return to profitable growth for the twelve months to 31 May 2013. Profit before tax and exceptional items rose 16.5% to £107.5m (2012: £92.3m) on revenue up 2.8% to £883.2m (2012: £858.9m). After exceptional items, profit before tax increased by 95.5% to £94.8m (2012: £48.5m). Adjusted for exceptional items, earnings per share rose 12.8% to 16.62p (2012: 14.74p). As at 31 May 2013 the Group had net funds of £3.4m (2012: £17.9m net debt).

The group has incurred pre-tax exceptional costs of £12.7m in the year (2012: £43.8m) mainly related to the completion of the supply chain optimisation project.

The Board is recommending a final dividend of 5.04p (2012: 4.487p) per share. This would give a total dividend of 7.39p per share (2012: 6.717p), a 10% increase for the year. Subject to approval at the Annual General Meeting, the final dividend will be paid on 1 October 2013 to shareholders on the register at the close of business on 16 August 2013.

Trading performance – overview

Operating profits increased 16.1% versus the prior year driven by revenue growth of 2.8%, a return to profit of the Australian business, lower raw material costs and margin improvement initiatives. This increase was achieved despite tough trading conditions and fragile consumer sentiment in Europe, high wage inflation in Indonesia and continuing unrest in the north of Nigeria. In addition, launch costs of the new Cussons Mum & Me brand were incurred during the year together with start-up costs relating to the joint venture with Wilmar.

Within Africa, Nigeria continues to represent over 80% of revenue and operating profits with the balance coming from the businesses in Ghana and Kenya. Revenues in the first half of the year in Nigeria were slightly lower year on year due to consumers adjusting to higher fuel prices, severe flooding in large parts of the country and the impact of unrest in the north. During the second half, whilst trade in the north continued to be difficult, the trading environment in the south was more robust resulting in revenue growth year on year, and therefore for the full year an overall flat revenue position. Full year operating profits for Africa increased 11.6% as a result of improved margins from margin improvement projects and lower raw material costs, and against a prior year which included the negative effects of the nationwide general strike that took place in January 2012.

The increase in Asia revenues was predominantly from Indonesia which marked another consecutive year of double digit growth. The significant increase in Asia profits came from Australia which returned to profitability from a loss position last year. This was achieved by restructuring the business including closing the manufacturing facility to move to a variable cost model.

Revenues and operating profits in Europe were higher despite tough trading conditions. Growth was achieved in both the UK and Poland, whilst revenue in Greece was lower due to the macroeconomic situation. The launch costs of Cussons Mum & Me were incurred in the UK during the year.

The overall impact of exchange rate movements in the year resulted in a decrease in Group revenue and profitability of circa £7m and £1m respectively.

Financial position - overview

The Group's balance sheet remains strong and returned to a small net funds position of £3.4m at the year end following £119.2m of cash generated from operations through tight control of working capital.

Underlying capital expenditure continues to run close to depreciation levels. Other key cash outflows during the year included £15.0m for shares purchased for the Employee Share Option Trust (ESOT), £13.0m relating to the supply chain optimisation project, and £9.5m for the purchase of additional shares in the Nigerian listed subsidiary.

Supply chain optimisation project

A major supply chain optimisation project was announced in March 2012 with the objective of significantly reducing the overhead footprint of the Group’s manufacturing activities. The project involved the closure of the Group’s manufacturing facilities in Australia and Ghana as well as other optimisation projects in Africa and Asia.

This project is now almost complete, is on budget and is already benefiting margins in the current financial year. In line with the announcement last year, the total exceptional charge for the project is £38.4m of which £19.9m are cash items. Of the total cost of £38.4m, £27.5m was charged last year, £8.9m in the year to 31 May 2013 and the balance of £2.0m will fall in the year to 31 May 2014. Of the total cash outlay of £19.9m, £3.0m fell into last year, £13.0m in the year to 31 May 2013 and the balance of £3.9m will fall in the year to 31 May 2014.

Group structure and systems project

The supply chain optimisation project which is nearing completion will ensure that the Group's manufacturing footprint is fit for purpose. A Group structure and systems project is now under way to realign the non-manufacturing organisation design, and to invest in the latest systems technology.

The project will be completed by May 2016 and will result in a more effective group operating model structured around three core principles:

- First an end-to-end supply chain structured independently from the commercial organisation;
- Secondly a category focused approach to brand development and innovation; and
- Thirdly commercial teams focussed on geographic markets.

As part of this project the Group will be substantially upgrading its IT systems including a move to a new core system.

The result of the project will be a more efficient structure to enable faster decision making and speed to market.

The total cost of the project will be £40m, of which the capital cost will be £30m and the project cost will be £10m. The capital costs will be front weighted over the life of the project. The project element will be spread over the three years and will be treated as an exceptional cost.

Post year end acquisition

On 4 July 2013, the Group completed the acquisition of Australian baby food brand Rafferty's Garden. The entire issued share capital of Rafferty's Garden Pty Ltd was acquired from Australian private equity firm Anacacia for £42.2m in cash.

Rafferty's Garden is Australia's leading premium nutritious baby food brand with approximately 40% share of the wet baby food market, as well as growing shares in the infant dry and snacks market. An export business is in the early stages of development to countries such as Indonesia and Thailand. All manufacturing is outsourced to third parties.

Revenue and EBITDA for the year ended 30 June 2012 were £22.5m and £3.5m respectively with growth of 10% estimated for the year to 30 June 2013. As at 30 June 2012, Rafferty's Garden had gross assets of £12.5m.

The business was acquired on a cash and debt free basis from cash and existing facilities and is expected to be earnings enhancing in the current financial year.

Regional reviews

Performance by region

	Revenue (£m)		Operating profit before exceptional items[1] (£m)	
	2013	2012	**2013**	2012
Africa	**362.7**	362.2	**37.4**	33.5
Asia	**174.9**	161.6	**18.4**	8.8
Europe	**345.6**	335.1	**52.6**	51.1
Total	**883.2**	858.9	**108.4**	93.4

[1] Exceptional items are detailed in note 2.

Africa

In **Nigeria**, three macro factors affected the trading environment during the year. First, the removal of part of the fuel subsidy in January of the previous fiscal year continued to affect consumer disposable income with wage inflation still yet to compensate for this higher cost. Second, Nigeria suffered its worst flooding in decades, particularly affecting the middle part of the country during September and October. And thirdly, social unrest in the north of the country disrupted trade and transport routes affecting both domestic sales and exports. The combined effect of all these factors resulted in revenue being slightly lower year on year during the first half, and slightly higher year on year during the second half as the trading environment in the south became more robust, therefore resulting in broadly flat revenues for the full year. Operating profits were higher year on year due to margin improvement projects and lower raw material costs, and against a prior year which included the negative effects of the nationwide general strike in January 2012. Economically, interest rates were maintained at high levels which affected liquidity to the trade, whilst positively the naira to dollar exchange rate was stable and the country's foreign exchange reserves were preserved.

In Personal Care and Home Care, the Group maintained or grew its leading market shares through brand innovation and renovation and the development of new distribution points. The Group remains the definitive leader in bar soap with Nigeria's number one brand Premier as well as having strong market shares with Joy and Imperial Leather. Other leading brands include Zip detergent, Robb Medicaments and Morning Fresh dishwash, as well as leading babycare brands such as Nigerian baby and Cussons baby.

In the Electricals joint venture with Haier, as well as maintaining the number one market share position in refrigerators and freezers, the Group has now taken market leadership in the growing washing machine category. The HT Coolworld showrooms in Nigeria and Ghana continue to play an important role both as sales outlets and and as a showcase for Haier Thermocool’s position as the number one brand in the market as it enters its 40th anniversary year.

In Food and Nutrition, revenue in the Nutricima joint venture was lower year on year due to distribution being skewed to the north of the country, however operating profits were maintained at breakeven level. Focus is now being placed on rationalising the product portfolio and improving distribution.

The new palm oil refinery, which was commissioned earlier in the year as part of the joint venture with Wilmar, has been increasing production levels on a monthly basis and is operating well. The Group's primary objective for this joint venture is to launch a consumer food ingredients brand; this is expected to take place in the first quarter.

During the year, the Group's holding in its listed Nigerian subsidiary has been increased further from 68.8% to 70.4% at a cost of £9.5m.

Revenue and operating profits in the smaller markets of **Ghana** and **Kenya** were ahead of the prior year. During the year, the production facility in Ghana was closed as part of the supply chain optimisation project with products now sourced either from the Group's facilities in Nigeria or from third parties.

Asia

In **Australia**, the business moved back into profitability following the difficult trading environment in the prior year. The key measure to improve the performance of the business was the closure of the production facility with all products now sourced either from the Group's facilities in Indonesia and Thailand or from third parties. This move to a lower cost variable model has allowed the business to focus on its two main brands of Morning Fresh (dish care) and Radiant (fabric care) which are performing well despite the tough trading environment. In addition, growth in the Personal Care portfolio has been achieved through successful new product launches under Imperial Leather and Original Source.

In **Indonesia**, another year of double digit revenue growth has been achieved, primarily through Cussons Baby which has a number one position in the babycare category where it holds more than 40% market share. Additional focus is also being placed on the non-babycare brands with Imperial Leather and Cussons Kids both performing well. Wider distribution of the Indonesian brand portfolio into Philippines, Vietnam and Myanmar has also begun. Sterling profits are slightly ahead of the prior year despite an approximate 10% weakening in the rupiah to dollar exchange rate and a significant increase in wage inflation.

Profitability in the smaller Asian businesses of **Thailand** and the **Middle East** were slightly ahead of the prior year.

Europe

In the **UK Washing and Bathing division**, an ongoing programme of new product development has ensured that the core brands of Imperial Leather, Carex and Original Source have continued to perform well despite intense promotional activity in the trade and a challenging consumer environment. The strength of the brands and the new product flow have allowed us to achieve this performance without the depth of promotions seen in competitor brands. During the year Imperial Leather was relaunched with a best ever shower formulation and its unique foamburst range is being relaunched over the next few months with exciting new graphics and fragrances. Original Source continues to attract consumers with its successful limited edition ranges whilst Carex has further extended its position as the UK's number one antibacterial hand wash with the launch of three variants for children; strawberry laces, chocolate and orange, and cola bottles. Cussons Mum & Me, the new range of products for mother and baby, launched at the beginning of the financial year, has seen sales rates building on a monthly basis as new customers are recruited to the brand. An extension of the brand called Cussons Mum & Me Little Explorers is now being launched with a range of products for young children.

In the **Beauty division**, growth has been achieved in existing markets through new product launches and expanded distribution, as well as entry into new overseas markets such as Poland, Germany and Canada. In May 2013, the division announced the appointment of Kate Moss as the new face and body of St Tropez. Sales rates have already responded positively following an extensive PR campaign both in the UK and overseas and the role out of stunning in-store imagery. St Tropez is fast becoming synonymous with the leading choice for self tan in the markets in which it is sold. Sanctuary has also performed well with Darcey Bussell continuing in the role of brand ambassador and in particular for the Active Reverse skin care range. A new range of Active Reverse body products is being launched in the coming months as an extension to this successful concept. The three small boutique spas in Richmond, Cambridge and Bristol, which were opened as a trial a number of years ago, are being closed as part of the division's focus on its product ranges. The entire Charles Worthington haircare range was relaunched towards the end of the year with a more premium look and significantly improved formulations, endorsed by actress Alice Eve as the face of the brand. In its first full year of trading under the ownership of the Beauty division, the Fudge hair styling brand has performed well supported by a new look fudge.com website which is e-commerce enabled. New product launches are planned over the coming months under the Fudge Urban retail proposition.

Profitability for both the Washing and Bathing and Beauty divisions was ahead of the prior year.

Performance in **Poland** remained strong in both Home Care and Personal Care with revenue and profitability ahead of the prior year. As announced in February 2013, contracts have been exchanged for the sale of the Home Care brands for £46.6m in cash with merger control clearance anticipated within the next few months. Focus will then be placed on the Personal Care portfolio of Luksja, Carex and Original Source.

Revenue in **Greece** was lower than the previous year due to the macroeconomic environment, however the business still traded profitably across its range of edible oils, cheeses and spreads. The results are immaterial to the Group as a whole.

Exceptional items

A net exceptional charge of £12.7m before tax was recorded during the year (2012: £43.8m). The exceptional charge relates to the cost of the supply chain optimisation project (£8.9m) and the exit from the boutique spas business (£3.8m).

Taxation

The effective tax rate before exceptional items was 26.5% (2012: 27.0%) and is lower principally due to decreased UK corporation tax rates.

Dividend

The Group aims to pay an attractive, sustainable and growing dividend. The Board is recommending a final dividend of 5.04p (2012: 4.487p) per share making a total of 7.39p (2012: 6.717p) per share for the year, a 10% increase and the 40th successive year of dividend increases.

The overall dividend remains some 2.2 times covered by earnings per share before exceptional items. Subject to approval at the AGM, the final dividend will be paid on 1 October 2013 to shareholders on the register at the close of business on 16 August 2013.

Outlook

While we face difficult trading environments in most of the geographies in which we operate our focus remains on driving revenue and profit growth through brand innovation and renovation, and a continuing process of margin improvement.

With the supply chain optimisation project almost complete we are about to commence a Group structure and systems project which will realign the non-manufacturing organisation design and, through investment in the latest systems technology, ensure the business remains well placed to continue to grow successfully with further improvements in margins, which in turn will facilitate further investment in new product development and brand support.

The Wilmar joint venture and the acquisition of Rafferty's Garden will both make a contribution to growth in the new financial year, and with a strong balance sheet, we remain well placed to pursue further opportunities as they arise.

The overall performance of the Group since the year end has been in line with expectations.

PZ CUSSONS PLC

Consolidated income statement for the year ended 31 May 2013

		Year ended 31 May 2013			Year ended 31 May 2012		
		Before exceptional items	**Exceptional items (note 2)**	**Total**	Before exceptional items	Exceptional items (note 2)	Total
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Continuing operations							
Revenue	1	883.2	**-**	**883.2**	858.9	-	858.9
Cost of sales		(548.9)	**-**	**(548.9)**	(549.7)	-	(549.7)
Gross profit		334.3	**-**	**334.3**	309.2	-	309.2
Selling and distribution costs		(133.6)	**-**	**(133.6)**	(134.0)	-	(134.0)
Administrative expenses		(90.2)	(12.7)	**(102.9)**	(81.6)	(43.8)	(125.4)
Share of results of joint ventures		(2.1)	-	**(2.1)**	(0.2)	-	(0.2)
Operating profit/(loss)		108.4	(12.7)	**95.7**	93.4	(43.8)	49.6
Finance income		2.7	-	**2.7**	2.5	-	2.5
Finance costs		(3.6)	-	**(3.6)**	(3.6)	-	(3.6)
Net finance expense	3	(0.9)	-	**(0.9)**	(1.1)	-	(1.1)
Profit/(loss) before taxation		107.5	(12.7)	**94.8**	92.3	(43.8)	48.5
Taxation	4	(28.5)	4.7	**(23.8)**	(24.9)	14.4	(10.5)
Profit/(loss) for the year		79.0	(8.0)	**71.0**	67.4	(29.4)	38.0
Attributable to:							
Equity holders of the Company		71.1	(8.0)	**63.1**	63.1	(28.7)	34.4
Non-controlling interests		7.9	-	**7.9**	4.3	(0.7)	3.6
		79.0	(8.0)	**71.0**	67.4	(29.4)	38.0
Basic EPS (p)	6			**14.75**			8.03
Diluted EPS (p)	6			**14.70**			7.99
Adjusted basic EPS (p)	6			**16.62**			14.74
Adjusted diluted EPS (p)	6			**16.56**			14.65

PZ CUSSONS PLC
Consolidated statement of comprehensive income for the year ended 31 May 2013

	2013 £m	2012 £m
Profit for the year	**71.0**	38.0
Other comprehensive expense		
Actuarial gains/(losses) on defined benefit pension schemes	**0.4**	(11.5)
Exchange differences on translation of foreign operations	**11.5**	2.1
Cash flow hedges – fair value gain/(loss) in year	**0.5**	(0.7)
Taxation on items taken directly to equity	**(0.2)**	2.8
Other comprehensive income/(expense) for the year net of taxation	**12.2**	(7.3)
Total comprehensive income for the year	**83.2**	30.7
Attributable to:		
Equity holders of the Company	**73.5**	23.3
Non-controlling interests	**9.7**	7.4

PZ CUSSONS PLC
Consolidated balance sheet as at 31 May 2013

	Notes	**31 May 2013 £m**	31 May 2012 £m
Assets			
Non-current assets			
Goodwill and other intangible assets	7	**248.7**	248.4
Property, plant and equipment		**214.9**	209.5
Other investments		**0.5**	0.5
Long-term loans receivable from joint ventures		**46.9**	41.7
Receivables		**3.8**	1.0
Retirement benefit surplus		**38.9**	39.1
		553.7	540.2
Current assets			
Inventories		**168.4**	173.6
Trade receivables and other receivables		**176.3**	141.0
Investments		**10.4**	7.0
Cash and cash equivalents		**93.0**	65.9
Current taxation receivable		**9.5**	5.8
		457.6	393.3
Total assets		**1,011.3**	933.5
Equity			
Share capital		**4.3**	4.3
Capital redemption reserve		**0.7**	0.7
Hedging reserve		**0.3**	(0.1)
Currency translation reserve		**38.1**	28.4
Retained earnings		**437.3**	425.0
Equity attributable to owners of the parent Company		**480.7**	458.3
Non-controlling interests		**65.6**	61.2
Total equity		**546.3**	519.5
Liabilities			
Non-current liabilities			
Borrowings		**85.0**	-
Other liabilities		**0.5**	0.9
Deferred taxation liabilities		**46.6**	50.6
Retirement benefit obligations		**31.3**	37.1
Investment in joint ventures – share of net liabilities		**4.6**	3.0
		168.0	91.6
Current liabilities			
Borrowings		**15.0**	90.8
Trade and other payables		**232.3**	192.0
Current taxation payable		**36.5**	22.7
Provisions		**13.2**	16.9
		297.0	322.4
Total liabilities		**465.0**	414.0
Total equity and liabilities		**1,011.3**	933.5

PZ CUSSONS PLC
Consolidated statement of changes in equity for the year ended 31 May 2013

	Attributable to equity holders of the Company						
	Share capital £m	Currency translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Hedging reserve £m	Non-Controlling interests £m	Total £m
At 1 June 2011	4.3	30.1	0.7	438.6	0.3	61.1	535.1
Profit for the year	-	-	-	34.4	-	3.6	38.0
Actuarial losses on defined benefit pension schemes	-	-	-	(11.5)	-	-	(11.5)
Exchange differences on translation of foreign operations	-	(1.7)	-	-	-	3.8	2.1
Cash flow hedges - fair value losses in year	-	-	-	-	(0.7)	-	(0.7)
Cash flow hedges – tax on fair value losses	-	-	-	-	0.3	-	0.3
Deferred tax on actuarial losses on defined benefit pension schemes	-	-	-	2.5	-	-	2.5
Total comprehensive income/(expense) for the year	-	(1.7)	-	25.4	(0.4)	7.4	30.7
Transactions with owners:							
Ordinary dividends	-	-	-	(28.8)	-	-	(28.8)
Acquisition of shares for ESOT	-	-	-	(2.8)	-	-	(2.8)
Share based payments credit	-	-	-	(0.5)	-	-	(0.5)
Deferred tax on share based payments	-	-	-	(1.4)	-	-	(1.4)
Acquisition of non-controlling interests	-	-	-	(5.5)	-	(3.1)	(8.6)
Non-controlling interests dividend paid	-	-	-	-	-	(4.2)	(4.2)
At 31 May 2012	4.3	28.4	0.7	425.0	(0.1)	61.2	519.5
At 1 June 2012	**4.3**	**28.4**	**0.7**	**425.0**	**(0.1)**	**61.2**	**519.5**
Profit for the year	**-**	**-**	**-**	**63.1**	**-**	**7.9**	**71.0**
Actuarial gains on defined benefit pension schemes	**-**	**-**	**-**	**0.4**	**-**	**-**	**0.4**
Exchange differences on translation of foreign operations	**-**	**9.7**	**-**	**-**	**-**	**1.8**	**11.5**
Cash flow hedges - fair value gains in year	**-**	**-**	**-**	**-**	**0.5**	**-**	**0.5**
Cash flow hedges – tax on fair value gains	**-**	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Deferred tax on actuarial gains on defined benefit pension schemes	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**(0.1)**
Total comprehensive income for the year	**-**	**9.7**	**-**	**63.4**	**0.4**	**9.7**	**83.2**
Transactions with owners:							
Ordinary dividends	**-**	**-**	**-**	**(29.3)**	**-**	**-**	**(29.3)**
Acquisition of shares for ESOT	**-**	**-**	**-**	**(15.0)**	**-**	**-**	**(15.0)**
Share based payments credit	**-**	**-**	**-**	**(0.6)**	**-**	**-**	**(0.6)**
Deferred tax on share based payments	**-**	**-**	**-**	**0.4**	**-**	**-**	**0.4**
Acquisition of non-controlling interest	**-**	**-**	**-**	**(6.6)**	**-**	**(2.9)**	**(9.5)**
Non-controlling interests dividend paid	**-**	**-**	**-**	**-**	**-**	**(2.4)**	**(2.4)**
At 31 May 2013	**4.3**	**38.1**	**0.7**	**437.3**	**0.3**	**65.6**	**546.3**

PZ CUSSONS PLC

Consolidated cash flow statement for the year ended 31 May 2013

	2013 £m	2012 £m
Operating activities		
Cash generated from operations	**119.2**	57.5
Taxation paid	**(16.1)**	(21.6)
Net cash generated from operating activities	**103.1**	35.9
Cash flows from investing activities		
Investment income received	**2.7**	2.5
Purchase of property, plant and equipment	**(23.1)**	(18.9)
Proceeds from sale of property, plant and equipment	**1.0**	2.4
Purchase of intangible assets	**-**	(0.1)
Acquisition of non-controlling interests	**(9.5)**	(8.6)
Acquisition of business	**-**	(26.3)
(Advance)/repayment of short-term deposits to joint ventures	**(3.4)**	3.6
Loans granted to joint ventures	**(5.2)**	(16.8)
Net cash used in investing activities	**(37.5)**	(62.2)
Financing activities		
Interest paid	**(3.6)**	(3.6)
Dividends paid to non-controlling interests	**(2.4)**	(4.2)
Purchase of shares for ESOT	**(15.0)**	(2.8)
Dividends paid to Company shareholders	**(29.3)**	(28.8)
Repayment of term loan	**(3.8)**	(15.0)
Increase in borrowings	**13.0**	59.4
Net cash (used in)/generated from financing activities	**(41.1)**	5.0
Net increase/(decrease) in cash and cash equivalents	**24.5**	(21.3)
Cash and cash equivalents at the beginning of the year	**65.9**	87.6
Effect of foreign exchange rates	**2.6**	(0.4)
Cash and cash equivalents at the end of the year	**93.0**	65.9

Reconciliation of profit before tax to cash generated from operations for the year ended 31 May 2013

	2013 £m	2012 £m
Profit before tax	**94.8**	48.5
Adjustment for net finance expense	**0.9**	1.1
Operating profit	**95.7**	49.6
Depreciation	**20.3**	22.5
Impairment loss on intangible assets	**-**	9.7
Impairment loss of tangible fixed assets	**1.6**	12.4
Profit on sale of tangible fixed assets	**(0.2)**	(0.5)
Pension scheme contributions paid	**(6.4)**	(15.3)
Net pension debit/(credit) for the year	**0.9**	(0.2)
Share of results from joint ventures	**2.1**	0.2
Share based payments credit	**(0.6)**	(0.5)
Operating cash flows before movements in working capital	**113.4**	77.9
Movements in working capital:		
Inventories	**8.6**	(18.3)
Receivables	**(35.0)**	12.2
Payables	**37.3**	(26.1)
Provisions	**(5.1)**	11.8
Cash generated from operations	**119.2**	57.5

1 Segmental analysis

2013	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Total gross segment revenue	**366.7**	**191.5**	**489.2**	**(164.2)**	**883.2**
Inter segment revenue	**(4.0)**	**(16.6)**	**(143.6)**	**164.2**	**-**
Revenue	**362.7**	**174.9**	**345.6**	**-**	**883.2**
Segmental operating profit before exceptional items and share of results of joint ventures	**39.5**	**18.4**	**52.6**	**-**	**110.5**
Share of results of joint ventures	**(2.1)**	**-**	**-**	**-**	**(2.1)**
Segmental operating profit before exceptional items	**37.4**	**18.4**	**52.6**	**-**	**108.4**
Exceptional items	**(0.6)**	**(3.3)**	**(8.8)**	**-**	**(12.7)**
Segmental operating profit	**36.8**	**15.1**	**43.8**	**-**	**95.7**
Finance income					**2.7**
Finance cost					**(3.6)**
Profit before taxation					**94.8**
Depreciation	**8.3**	**3.4**	**8.6**	**-**	**20.3**

2012	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Total gross segment revenue	375.2	174.1	509.7	(200.1)	858.9
Inter segment revenue	(13.0)	(12.5)	(174.6)	200.1	-
Revenue	362.2	161.6	335.1	-	858.9
Segmental operating profit before exceptional items and share of results of joint ventures	33.7	8.8	51.1	-	93.6
Share of results of joint ventures	(0.2)	-	-	-	(0.2)
Segmental operating profit before exceptional items	33.5	8.8	51.1	-	93.4
Exceptional items	(6.1)	(30.1)	(7.6)	-	(43.8)
Segmental operating profit	27.4	(21.3)	43.5	-	49.6
Finance income					2.5
Finance cost					(3.6)
Profit before taxation					48.5
Depreciation	8.4	5.8	8.3	-	22.5

2 Exceptional items

The Group adopts a columnar income statement format to highlight significant items within the Group's results for the year. 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 restructuring costs, acquisition related costs, material impairments of non-current assets, material profits and losses on disposal of property, plant and equipment, material pension settlements and amendments and profit or loss on disposal or termination of operations. The Directors apply judgement in assessing the particular items, which by virtue of their scale and nature should be disclosed in a separate column of the income statement and notes to the financial statements as 'Exceptional items'. The Directors believe that the separate disclosure of these items is relevant to an understanding of the Group's financial performance.

Year to 31 May 2013	**Exceptional items before taxation**	**Taxation**	**Exceptional items after taxation**
Exceptional items included within operating profit:	**£m**	**£m**	**£m**
Supply chain optimisation	8.9	(2.4)	6.5
Boutique spas closure	3.8	(0.9)	2.9
Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands	-	(1.4)	(1.4)
	12.7	**(4.7)**	**8.0**

Year to 31 May 2012	**Exceptional items before taxation**	**Taxation**	**Exceptional items after taxation**
Exceptional items included within operating profit:	**£m**	**£m**	**£m**
Supply chain optimisation	27.5	(9.7)	17.8
Pension scheme de-risking charge	0.3	(0.1)	0.2
Beauty division acquisition & integration costs	6.3	(1.6)	4.7
Australian Home Care brand impairment	9.7	-	9.7
Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands	-	(3.0)	(3.0)
	43.8	**(14.4)**	**29.4**

Explanation of exceptional items

Year to May 2013

Supply chain optimisation
The Group has incurred exceptional costs of £8.9m relating to continuing restructuring costs associated with the supply chain optimisation project that was initiated in the year to 31 May 2012. This includes some initial costs in relation to the Group structure and systems project.

Boutique spas closure
The Group has decided to close the boutique spas to concentrate on product sales within the Beauty division. The exceptional costs include a £1.6m impairment of boutique spa related assets with the remainder consisting of restructuring costs.

Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands
The UK corporation tax rate reduced to 23% from 24% on 1 April 2013. As a result of this change, the deferred tax balances relating to UK assets and liabilities were reduced to take account of the substantively enacted rate change. The largest single effect of the rate change was in relation to the deferred tax liabilities recognised when the Sanctuary, St Tropez and Charles Worthington brands were acquired and this is disclosed as an exceptional item due to its size and the fact that it relates to previous acquisitions.

Year to May 2012

Supply chain optimisation
The Group initiated the implementation of a supply chain optimisation project to significantly reduce the overhead footprint of the Group's manufacturing activities. The main activities involved in this project related to the closure of manufacturing facilities in Australia and Ghana, in addition to other optimisation projects in Africa and Asia. Exceptional costs principally relating to the write down of manufacturing facilities and certain other restructuring costs were therefore incurred.

Pension scheme de-risking charge
The Group finalised the de-risking exercise that was commenced in the year to 31 May 2011 in relation to the enhanced transfer value exercise for deferred members of the main UK defined benefit pension scheme.

Beauty division acquisition & integration costs
The Group incurred £1.1m of acquisition and related costs for the purchase of the Fudge hair care brand and associated inventory. In addition, charges totalling £3.2m were incurred in integrating the Fudge business selling and logistics activities into the Beauty division. Further costs totalling £2.0m were also incurred rationalising the activities of the Beauty division post Fudge integration.

Australian Home Care brand impairment
A decision was made to fully impair the Group's value dish-care brand in Australia, Trix.

Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands
The UK corporation tax rate reduced to 24% from 26% on 1 April 2012. As a result of this change, the deferred tax balances relating to UK assets and liabilities were reduced to take account of the substantively enacted rate change. The largest single effect of the rate change was in relation to the deferred tax liabilities recognised when the Sanctuary, St Tropez and Charles Worthington brands were acquired and this was disclosed as an exceptional item due to its size and the fact that it related to previous acquisitions.

3 Net finance expense

	2013	2012
	£m	£m
Finance income:		
Net investment gains	**0.1**	0.5
Interest receivable	**2.6**	2.0
Net interest income	**2.7**	2.5
Interest expense:		
Interest payable on bank loans and overdrafts	**(3.6)**	(3.6)
Net finance expense	**(0.9)**	(1.1)

4 Taxation

	2013 £m	2012 £m
Current tax		
UK corporation tax charge for the year	**5.1**	8.3
Adjustments in respect of prior periods	**(0.7)**	(2.4)
	4.4	5.9
Overseas corporation tax charge for the year	**21.9**	12.3
Adjustments in respect of prior periods	**(0.2)**	(0.4)
	21.7	11.9
Total current tax charge	**26.1**	17.8
Deferred tax		
Temporary differences, origination and reversal	**(2.5)**	(7.3)
Adjustments in respect of prior periods	**0.2**	-
Total deferred tax credit	**(2.3)**	(7.3)
Total tax charge	**23.8**	10.5

UK corporation tax is calculated at 23.83% (2012: 25.69%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Taxation on items taken directly to equity was a credit of £0.2m (2012: £1.4m credit) and relates to deferred tax on actuarial gains, on share option schemes and on financial derivatives recognised in the hedging reserve.

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

	2013 £m	2012 £m
Profit before tax	**94.8**	48.5
Tax at the UK corporation tax rate of 23.83% (2012: 25.69%)	**22.6**	12.5
Tax effect of revenue / expenses that are not taxable / deductible	**0.1**	3.9
Effect of different tax rates of subsidiaries in overseas jurisdictions	**1.3**	(2.0)
Effect of UK rate change on deferred taxation	**(1.4)**	(3.0)
Tax effect of share of results of joint ventures	**0.4**	0.1
Overseas withholding tax suffered on dividends	**1.5**	1.8
Prior period adjustment	**(0.7)**	(2.8)
Tax charge for the year	**23.8**	10.5

5 AGM and dividend

The Board is recommending a final dividend of 5.04p (2012: 4.487p) per share, making a total dividend for the year of 7.39p (2012: 6.717p) per share. The gross amount for the proposed final dividend is £21.6m (2012: £19.2m).

The date of the Annual General Meeting has been fixed for 25 September 2013. Subject to shareholder approval dividend warrants in respect of the proposed final dividend will be posted on 1 October 2013 to members on the register at 5.00 pm on 16 August 2013.

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.

	2013	2012
Basic weighted average (000)	**427,735**	428,195
Diluted weighted average (000)	**429,291**	430,629

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the Deferred Annual Share Bonus Scheme, Executive Share Option Scheme and the Performance Share Plan.

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

	2013	2012
	£m	£m
Profit attributable to equity holders of the Company	**63.1**	34.4
Exceptional items	**8.0**	28.7
Adjusted profit	**71.1**	63.1

	2013	2012
Basic earnings per share	**14.75p**	8.03p
Exceptional items	**1.87p**	6.71p
Adjusted basic earnings per share	**16.62p**	14.74p
Diluted earnings per share	**14.70p**	7.99p
Exceptional items	**1.86p**	6.66p
Adjusted diluted earnings per share	**16.56p**	14.65p

7 Goodwill and other intangible assets

	Goodwill	Other intangible assets [1]	Total
	£m	£m	£m
At 1 June 2011	45.8	188.1	233.9
Acquired during the year	-	24.6	24.6
Additions	-	0.1	0.1
Disposals	-	(0.1)	(0.1)
Impairment loss	-	(9.7)	(9.7)
Currency retranslation	-	(0.4)	(0.4)
At 31 May 2012	45.8	202.6	248.4
Currency retranslation	-	0.3	0.3
At 31 May 2013 [2]	**45.8**	**202.9**	**248.7**

[1] Other intangible assets include the Group's acquired brands which are deemed to have an indefinite life.

[2] No additions or disposals were made during the financial year.

8 Business combinations

Cost of acquisitions	£m
1.6% of share capital of PZ Cussons Nigeria Plc	**9.5**

Acquisition of 1.6% of share capital of PZ Cussons Nigeria Plc

Throughout the year to 31 May 2013, the Group has acquired additional share capital of its existing subsidiary PZ Cussons Nigeria Plc, increasing the Group's stake from 68.8% to 70.4%. The consideration for these additional shares was £9.5m, resulting in the acquisition of a non-controlling interest of £2.9m and an amount debited to retained earnings through the consolidated statement of changes in equity of £6.6m.

9 Disposal of businesses

Disposal of Polish Home Care brands

On 20 February 2013 the Group announced the exchange of contracts for the sale of its local Polish Home Care brands to Henkel for a consideration of £46.6m in cash. Completion is subject to merger control clearances in Poland and Ukraine, processes that are progressing in line with expectations and which are anticipated to be completed within the next few months.

The results of the Polish Home Care brands business for the 12 months ended 31 May 2013 are included within continuing operations as these brands do not represent a separate operating segment. As the brands are held on the balance sheet at zero cost there is no requirement to disclose any assets as held for sale.

10 Net funds/(debt)

	2013 £m	2012 £m
Cash at bank and in hand	**42.3**	34.2
Short-term deposits	**50.7**	31.7
Cash and cash equivalents	**93.0**	65.9
Current asset investments	**10.4**	7.0
Loans due within one year	**(15.0)**	(90.8)
Loans due between 2 and 5 years	**(85.0)**	-
Net funds/(debt)	**3.4**	(17.9)

In July 2012 the Group refinanced its borrowing facilities to secure an amortising £45m term loan and a £90m revolving credit facility with a syndicate of leading international banks. These facilities are committed until 2016. As at 31 May 2013 £100m was drawn.

11 Subsequent events

Acquisition of Rafferty's Garden Pty Ltd

On 4 July 2013 the Group completed the acquisition of the Australian baby food brand Rafferty's Garden. The entire issued share capital of Rafferty's Garden Pty Ltd was acquired on a cash and debt free basis from the Australian private equity firm Anacacia for £42.2m. Revenue and EBITDA for the year ended 30 June 2012 were £22.5m and £3.5m respectively.

Given the timing of the completion of acquisition and its proximity to the issuance of this report, a provisional fair value exercise over assets and liabilities acquired has yet to be undertaken. This will be completed over the next 12 months with provisional fair values being reported in the interim financial statements as at 30 November 2013.

12 Accounting policies

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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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, modified for fair values under IFRS.

The accounting policies are consistent with those presented in the Annual Report and Accounts for 31 May 2012. The following new standards, new interpretations and amendments to standards have been issued but are not effective for the financial year beginning 1 June 2012 and have not been early adopted by the Group:

- Amendment to IAS 1,'Presentation of financial statements' on OCI (effective 1 July 2012)
- Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1 January 2012 and endorsed 1 January 2013)
- IFRS 13, 'Fair value measurement' (effective 1 January 2013)
- IAS 19 (revised 2011) 'Employee benefits' (effective 1 January 2013)
- Amendment to IFRS 1,'First time adoption' on government grants (effective 1 January 2013)
- Amendments to IFRS 7 on Financial instruments asset and liability offsetting (effective 1 January 2013)
- IFRS 9, 'Financial instruments' (effective 1 January 2015, not EU endorsed)
- IFRS 10, 'Consolidated financial statements' (effective 1 January 2013 and endorsed 1 January 2014)
- IFRS 11, 'Joint arrangements' (effective 1 January 2013 and endorsed 1 January 2014)
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013 and endorsed 1 January 2014)
- IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2013 and endorsed 1 January 2014)
- IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2013 and endorsed 1 January 2014)
- Amendments to IFRS 10,11 and 12 on transition guidance (effective 1 January 2013 and endorsed 1 January 2014)
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities (effective 1 January 2014, not EU endorsed)
- Amendments to IAS 32 on Financial instruments asset and liability offsetting (effective 1 January 2014)
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective 1 January 2014, not EU endorsed)
- IFRIC 21, 'Levies' (effective 1 January 2014, not EU endorsed)

None of the above are expected to have a significant effect on the financial statements of the Group.

13 Basis of financial statements

The 2013 results are an abridged version of the statutory financial statements for the year ended 31 May 2013 which have been approved by the Board of Directors and which carry an unqualified audit report. The results for the year ended 31 May 2012 which were prepared in accordance with IFRS carry an unqualified audit report and have been filed with the Registrar of Companies. The 2013 and 2012 financial statements do not contain a statement in respect of s.498(2) or (3) of the Companies Act 2006.

14 Statement of Directors' Responsibilities

Each of the Directors confirms that, to the best of their knowledge:

- The financial statements within the full Annual Report and Accounts from which the financial information within this Final Results announcement has been extracted, have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The outlook, trading performance overview and regional reviews include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the board of directors on 23 July 2013.