PZ CUSSONS PLC

25 January 2011

INTERIM ANNOUNCEMENT OF RESULTS FOR THE HALF YEAR TO 30 NOVEMBER 2010

PZ Cussons Plc, a leading consumer products group, announces its interim results for the six months ended 30 November 2010.

	Half-year to 30 November 2010	Half-year to 30 November 2009	Change %
Results (before exceptional items[1])			
Revenue	**£374.8m**	£369.9m	1.3%
Operating profit	**£46.0m**	£44.9m	2.5%
Profit before taxation	**£46.2m**	£44.7m	3.4%
Adjusted basic earnings per share	**7.06p**	6.74p	4.7%
Statutory results			
Operating profit	**£44.3m**	£44.9m	(1.3%)
Profit before taxation	**£44.5m**	£44.7m	(0.4%)
Basic earnings per share	**6.70p**	6.74p	(0.6%)
Interim dividend per share	**2.123p**	1.930p	10.0%
Net funds[2]	**£12.5m**	£25.5m	

[1] Exceptional items are detailed in note 4.
[2] Net funds, above and hereafter, are defined as cash, short-term deposits, and current asset investments less borrowings.

HIGHLIGHTS

Group

- Revenue and profitability marginally ahead of the same period last year despite challenging trading conditions in a number of markets
- Acquisition of the St Tropez self tanning brand for £62.5m completed during the period
- Healthy balance sheet with a net funds position maintained at the period end even after the St Tropez acquisition
- Good cash generation from operations during the period and a lower level of capital expenditure following the completion of the Group's major projects last year
- Interim dividend raised to 2.123p per share from 1.930p per share representing a 10% increase

Africa

- Broadly flat performance in Africa despite tight liquidity provision in the Nigerian economy during the first half
- New joint venture with Wilmar International announced post period end to establish a food ingredients business in Nigeria

Asia

- Strong performance across Asia with growth in profitability in Australia, Indonesia and The Middle East
- Major relaunch of the Cussons Baby range in Indonesia progressing well

Europe

- Competitive trading environment in the UK with high levels of promotional activity particularly on shower gel and handwash products
- Significant new product launches across all UK brands with the more premium brands performing particularly well
- Sales and profitability lower in Greece due to the challenging economic environment

PZ CUSSONS PLC

Commenting today, Richard Harvey (Chairman) said:

"The Group has delivered a robust performance in the first half despite challenging trading conditions in a number of markets. Continued renovation of our brand portfolio has played an important role in ensuring we can continue to trade competitively in the markets in which we operate.

Following completion of the Group's major capital projects last year we have pressed ahead with new opportunities, including the £62.5 million acquisition of the St Tropez brand, whilst still remaining in a net funds position.

Other strategic initiatives, such as the new joint venture in Nigeria with Wilmar International, are laying broader foundations for the Group's longer term ambitions.

Our balance sheet remains strong and we have the appetite to pursue further investment opportunities which fit our strategic aims.

Whilst we remain cautious given continued challenging trading conditions and rising raw material prices, our outlook for the full year is broadly in line with expectations."

Press Enquiries

PZ Cussons	Brandon Leigh (Finance Director)
MHP Communications	John Olsen, James White

On 25, 26 and 27 January enquires should be directed to MHP Communications on 020 3128 8100 and thereafter to Brandon Leigh on 0161 435 1016.

An analysts' presentation will be held on 25 January 2011 at 9.30am at the offices of Panmure Gordon, Moorgate Hall, 155 Moorgate, London, EC2M 6XB.

Overview

PZ Cussons Plc is pleased to report that profit before tax and exceptional items rose 3.4% to £46.2 million (30 November 2009: £44.7 million) on revenue up 1.3% to £374.8 million (30 November 2009: £369.9 million). There were exceptional charges in the six month period to 30 November 2010 of £1.7 million (30 November 2009: nil). After exceptional items, reported profit before tax decreased by 0.4% to £44.5 million (30 November 2009: £44.7 million). Basic earnings per share were 6.70p (30 November 2009: 6.74p). Adjusted for exceptional items, basic earnings per share rose 4.7% to 7.06p (30 November 2009: 6.74p).

As at 30 November 2010 the Group had net funds of £12.5 million (30 November 2009: £25.5 million).

The Board is recommending a dividend increase of 10% for the period with an interim dividend of 2.123p per share (30 November 2009: 1.930p) to be paid on 1 April 2011 to shareholders on the register at the close of business on 25 February 2011.

Financial performance - overview

The Group has delivered a robust performance in the first half despite challenging trading conditions in a number of markets with revenue and profitability before exceptional items marginally ahead of the same period last year.

Performance in Africa has been broadly flat versus the same period last year as a result of liquidity provision in the Nigerian economy remaining tight during the first half coupled with uncertainty ahead of the Nigerian presidential elections scheduled for Spring 2011.

Performance in Asia has been strong as a result of good profitability growth particularly in Australia, Indonesia and The Middle East.

Profitability in Europe is marginally lower than the same period last year reflecting a strong comparative period which included both high Carex sales in the UK following the swine flu outbreak and high export sales in Poland, higher levels of promotional activity and the full effect of the Greek economic crisis now impacting performance.

Overall exchange rate impact for the Group in the period resulted in an increase in revenue and profitability of circa £16 million and £1.6 million respectively.

Financial position - overview

The Group's balance sheet remains healthy with good cash generation from operations during the period and with a net funds position maintained at the period end even after the £62.5 million acquisition of the St Tropez brand.

Capital expenditure is lower than previous years following the completion of the major investment projects in the UK and Nigeria. In addition, focus continues to be placed on minimising working capital levels across the Group.

Acquisitions and Joint Ventures

In September 2010, the Group completed the acquisition of St Tropez, the UK's leading sunless tanning brand, for £62.5 million. The range consists of lotions, mousses, sprays and other products serving consumers who wish to achieve a safe, natural looking tan without the dangers of sun bathing or sun beds. The majority of sales are into premium distribution outlets within the UK, with the US and Australia also growing markets for the brand. The acquisition represents an excellent strategic opportunity and strengthens the portfolio of premium brands which includes The Sanctuary and Charles Worthington. Growth opportunities exist, both in the UK and overseas, particularly by linking the strategy to that of The Sanctuary Spa brand.

In December 2010, the Group announced plans to expand its presence in the food and nutrition category in Nigeria through the establishment of a food ingredients joint venture with Singapore based Wilmar International Limited, Asia's leading agribusiness group. The intention is to develop a range of branded products including edible oils and nutritional spreads. The joint venture will secure the availability, quality and cost of the oil ingredients through the construction of a palm oil refinery in Nigeria, expected to be completed within two years. PZ Cussons' share of the investment will be approximately US$27million (£17million) over two years. Nutricima, the joint venture with Glanbia Plc which develops nutritional beverages for the Nigerian market, continues unaffected and independently of the new joint venture. The new joint venture is subject to clearance by the European Commission due to the size of the European businesses of both parties. Clearance is expected shortly.

Regional reviews

Performance by region

	Revenue (£m)		**Operating profit before exceptional items (£m)**	
	2010	2009	**2010**	2009
Africa	**142.3**	141.2	**13.7**	13.8
Asia	**86.1**	80.0	**8.6**	6.1
Europe	**146.4**	148.7	**23.7**	25.0
Total	**374.8**	369.9	**46.0**	44.9

Africa

In **Nigeria**, whilst uncertainty exists around the outcome of the presidential elections scheduled for Spring 2011, the political environment remains calm and stable. Economically, the uncertainty has translated into liquidity in the market remaining tight with the banks operating conservative lending policies to the trade. Nevertheless, the Naira has remained stable against the US dollar and high oil prices support a healthy economic outlook.

As a result of the tight liquidity, performance in Nigeria across all divisions has been broadly flat versus the same period last year. Sales rates towards the end of the period improved following the end of an extended rainy season. During the period, the Group's holding in its listed Nigerian subsidiary has been increased further from 66.1% to 66.3% at a cost of £0.8 million.

Revenue in **Ghana** and **Kenya** is ahead of the same period last year.

Asia

In **Australia**, profitability was ahead of the same period last year as a result of good execution of brand strategy across fabric-care, dish-care and personal wash supported by a number of margin improvement initiatives throughout the business. Original Source was launched into the market during the period and initial sales are encouraging.

Profitability in **Indonesia** was also ahead of the same period last year due to good progress across both the core Cussons Baby range and also the rest of the brand portfolio which includes Imperial Leather, Morning Fresh, Extreme and Carex which was launched into the market last year. During the period the Cussons Baby range was relaunched with exciting new graphics and a positive impact on sales is already being seen.

Performance in the **Middle East** and **Thailand** has also been strong during the period.

Europe

In the **UK**, the trading environment has remained very competitive with high levels of promotional activity, particularly on shower gel and handwash products. Performance has been robust with the more premium brands, The Sanctuary, Charles Worthington and the recently acquired St Tropez performing particularly well.

New product launches have been well received with examples including Imperial Leather's new limited edition shower and bath variants as well as a refreshed handwash range. The Charles Worthington range was completely relaunched and has been very favourably received by the market. The entire Carex handwash range was also relaunched with exciting new packaging and improved formulas. The Sanctuary's skincare range has also continued to perform well following its launch last year as has The Sanctuary's important Christmas gift range with sales post period end up to Christmas ahead of expectations.

Following the opening of the first Sanctuary boutique spa in Richmond in the last financial year, two more were opened during the period, in Cambridge and Bristol and initial trading has been encouraging. The portfolio of the main Covent Garden spa and three boutique spas now provide a good platform to take the Sanctuary brand to a wider audience.

St Tropez has performed well post acquisition and growth opportunities both in the UK and overseas remain exciting. In particular the brand is demonstrating good growth potential in both the US and Australia where it is being sold in selected premium distribution channels. Plans to finalise the future operational structure of the business are well advanced.

Performance in **Poland** has been affected by lower export sales versus the prior period when exchange rates were particularly favourable. Domestically, trading has also been challenging and, whilst focus remains on the core fabric care business, further progress has been made in growing the personal wash brand Luksja and in gaining further distribution for Carex which was launched into the market last year. Original Source is also being launched into the Polish market in the second half of the year.

In **Greece,** the economic environment has resulted in challenging trading conditions with sales and profitability lower than the same period last year. Despite this, sales rates are showing encouraging signs particularly in the value added ranges of margarines and spreads.

Exceptional Items

Exceptional items at the half year of £1.7 million include transaction costs associated with the acquisition of St Tropez. At the full year these will include further costs associated with the restructuring of the business.

An exceptional charge in the full year is expected in relation to the enhanced transfer value exercise planned to commence in the second half in relation to one of the closed UK based final salary pension schemes.

Taxation

The effective tax rate before exceptional items was 28.5% (30 November 2009: 29.0%).

Related parties

Related party disclosures are given in note 14.

Principal risks and uncertainties facing the Group

Our principal risks and uncertainties for the remaining six months of the financial year are explained in more detail in note 16 and remain as stated on pages 20 and 21 of our 2010 Annual Report which is available on our website at www.pzcussons.com.

Outlook

We remain cautious about the trading environment for the remainder of the year, given continued high levels of promotional activity, particularly in the UK; a challenging outlook for the consumer in a number of markets; global increases in a number of commodity costs; and potential disruption to trading from the Nigerian election process.

However, continued renovation of our brand portfolio is ensuring that we can continue to trade competitively in the markets in which we operate, and we are focused on further margin improvements in all territories. Against this backdrop and based on trading since the period end, the outlook for the current year remains broadly in line with expectations.

Recent investments in both acquisitions and capital projects are proving successful and, with our strong balance sheet, our appetite remains to pursue further investment opportunities which fit our strategic aims. Through strategic initiatives such as the new food ingredients business being established in Nigeria, we are laying broader foundations for the Group's longer term ambitions.

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PZ CUSSONS PLC

CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Half-year to 30 November 2010 Before exceptional items £m	Exceptional items (note 4) £m	Total £m	Unaudited Half-year to 30 November 2009 Total £m	Audited Year to 31 May 2010 Total £m
Continuing operations						
Revenue	3	**374.8**	**-**	**374.8**	369.9	771.6
Cost of sales		**(225.1)**	**-**	**(225.1)**	(216.8)	(460.1)
Gross profit		**149.7**	**-**	**149.7**	153.1	311.5
Selling and distribution costs		**(64.2)**	**-**	**(64.2)**	(64.5)	(123.9)
Administrative expenses		**(39.4)**	**(1.7)**	**(41.1)**	(44.5)	(87.8)
Share of results of joint venture		**(0.1)**	**-**	**(0.1)**	0.8	1.6
Operating profit	3	**46.0**	**(1.7)**	**44.3**	44.9	101.4
Finance income		**1.3**	**-**	**1.3**	0.9	2.9
Finance costs		**(1.1)**	**-**	**(1.1)**	(1.1)	(2.5)
Net finance income/(costs)	5	**0.2**	**-**	**0.2**	(0.2)	0.4
Profit before taxation		**46.2**	**(1.7)**	**44.5**	44.7	101.8
Taxation	7	**(13.2)**	**0.2**	**(13.0)**	(13.1)	(29.1)
Profit for the period		**33.0**	**(1.5)**	**31.5**	31.6	72.7
Attributable to:						
Equity holders of the company		**30.2**	**(1.5)**	**28.7**	28.8	63.7
Non controlling interests		**2.8**	**-**	**2.8**	2.8	9.0
		33.0	**(1.5)**	**31.5**	31.6	72.7
Basic EPS (p)	9			**6.70**	6.74	14.89
Diluted EPS (p)	9			**6.61**	6.67	14.72
Adjusted basic EPS (p)	9			**7.06**	6.74	14.89
Adjusted diluted EPS (p)	9			**6.97**	6.67	14.72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half-year to 30 November 2010 £m	Unaudited Half-year to 30 November 2009 £m	Audited Year to 31 May 2010 £m
Profit for the period	**31.5**	31.6	72.7
Other comprehensive (expense)/income			
Actuarial gains/(losses) on defined benefit pension schemes (note 12)	**1.3**	(19.1)	(8.3)
Exchange differences on translation of foreign operations	**(17.6)**	6.5	39.5
Cash flow hedges - Fair value gain/(loss) in period	**1.0**	(0.7)	(2.3)
Taxation on items taken directly to equity	**(0.7)**	5.5	4.4
Other comprehensive (expense)/income for the period net of tax	**(16.0)**	(7.8)	33.3
Total comprehensive income for the period	**15.5**	23.8	106.0
Attributable to:			
Equity holders of the company	**17.5**	23.0	90.8
Non controlling interests	**(2.0)**	0.8	15.2

PZ CUSSONS PLC

CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 November 2010 £m**	Unaudited 30 November 2009 £m	Audited 31 May 2010 £m
Assets				
Non-current assets				
Goodwill and other intangible assets	6	**231.4**	160.4	163.0
Property, plant and equipment	6	**236.2**	211.8	242.0
Other investments		**0.6**	0.6	0.7
Net investment in joint venture		**21.0**	19.2	24.9
Receivables		**0.7**	1.9	0.8
Retirement benefit surplus	12	**39.8**	27.2	32.0
		529.7	421.1	463.4
Current assets				
Inventories		**176.1**	171.9	142.1
Trade and other receivables		**140.3**	129.5	124.6
Other investments		**0.3**	0.3	0.3
Cash and short-term deposits	11	**73.9**	83.8	131.9
Current taxation receivable		**2.6**	1.4	4.8
		393.2	386.9	403.7
Total assets		**922.9**	808.0	867.1
Equity				
Ordinary share capital		**4.3**	4.3	4.3
Capital redemption reserve		**0.7**	0.7	0.7
Currency translation reserve		**40.9**	28.9	53.8
Hedging reserve		**(0.6)**	(0.2)	(1.3)
Retained earnings		**409.7**	360.3	397.3
Equity attributable to equity holders of the company		**455.0**	394.0	454.8
Non controlling interests		**61.1**	55.8	67.3
Total equity		**516.1**	449.8	522.1
Liabilities				
Non-current liabilities				
Borrowings	11	**22.5**	37.4	30.0
Other liabilities		**0.5**	1.1	0.4
Deferred tax liabilities		**59.9**	41.5	48.8
Retirement benefit obligations	12	**50.6**	55.2	46.7
		133.5	135.2	125.9
Current liabilities				
Borrowings	11	**39.2**	21.2	15.7
Trade and other payables		**205.1**	171.0	172.4
Current income tax liabilities		**26.6**	27.2	27.9
Provisions for other liabilities and charges		**2.4**	3.6	3.1
		273.3	223.0	219.1
Total liabilities		**406.8**	358.2	345.0
Total equity and liabilities		**922.9**	808.0	867.1

PZ CUSSONS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners 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 2009	**4.3**	**20.4**	**0.7**	**364.2**	**0.3**	**59.9**	**449.8**
Total comprehensive income/(expense) for the period	-	8.5	-	15.0	(0.5)	0.8	**23.8**
Transactions with owners:							
Ordinary dividends	-	-	-	(17.5)	-	-	**(17.5)**
Acquisition of shares for ESOT	-	-	-	(2.5)	-	-	**(2.5)**
Share based payments charge	-	-	-	1.1	-	-	**1.1**
Acquisition of non controlling interest	-	-	-	-	-	(1.8)	**(1.8)**
Non controlling interest dividend paid	-	-	-	-	-	(3.1)	**(3.1)**
At 30 November 2009	**4.3**	**28.9**	**0.7**	**360.3**	**(0.2)**	**55.8**	**449.8**
At 1 June 2009	**4.3**	**20.4**	**0.7**	**364.2**	**0.3**	**59.9**	**449.8**
Total comprehensive income/(expense) for the period	-	33.4	-	59.0	(1.6)	15.2	**106.0**
Transactions with owners:							
Ordinary dividends	-	-	-	(25.7)	-	-	**(25.7)**
Acquisition of shares for ESOT	-	-	-	(3.0)	-	-	**(3.0)**
Share based payments charge	-	-	-	2.8	-	-	**2.8**
Acquisition of non controlling interest	-	-	-	-	-	(3.3)	**(3.3)**
Non controlling interest dividend paid	-	-	-	-	-	(4.5)	**(4.5)**
At 31 May 2010	**4.3**	**53.8**	**0.7**	**397.3**	**(1.3)**	**67.3**	**522.1**
At 1 June 2010	**4.3**	**53.8**	**0.7**	**397.3**	**(1.3)**	**67.3**	**522.1**
Total comprehensive income/(expense) for the period	-	(12.9)	-	29.7	0.7	(2.0)	**15.5**
Transactions with owners:							
Ordinary dividends	-	-	-	(17.0)	-	-	**(17.0)**
Acquisition of shares for ESOT	-	-	-	(0.9)	-	-	**(0.9)**
Share based payments charge	-	-	-	1.1	-	-	**1.1**
Acquisition of non controlling interest	-	-	-	(0.5)	-	(0.3)	**(0.8)**
Non controlling interest dividend paid	-	-	-	-	-	(3.9)	**(3.9)**
At 30 November 2010	**4.3**	**40.9**	**0.7**	**409.7**	**(0.6)**	**61.1**	**516.1**

PZ CUSSONS PLC

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Half-year to 30 November 2010 £m	Unaudited Half-year to 30 November 2009 £m	Audited Year to 31 May 2010 £m
Operating activities			
Cash generated from operations (note 10)	**33.5**	51.5	160.8
Taxation	**(8.1)**	(6.2)	(22.1)
Net cash inflow from operating activities	**25.4**	45.3	138.7
Cash flows from investing activities			
Investment income received (note 5)	**1.3**	0.9	2.9
Purchase of property, plant and equipment (note 6)	**(12.8)**	(18.1)	(44.3)
Proceeds on sale of property, plant and equipment	**0.3**	0.3	0.6
Purchase of intangible assets	**-**	-	(0.3)
Acquisition of non controlling interest (note 13)	**(0.8)**	(3.4)	(6.8)
Acquisition of subsidiary (note 13)	**(62.5)**	(0.8)	(0.8)
Loans granted to joint ventures	**-**	-	(2.2)
Net cash outflow from investing activities	**(74.5)**	(21.1)	(50.9)
Cash flows from financing activities			
Interest paid (note 5)	**(1.1)**	(1.1)	(2.5)
Dividends paid to non controlling interests	**(2.0)**	(3.0)	(4.1)
Purchase of shares for ESOT	**(0.9)**	(2.5)	(3.0)
Dividends paid to company shareholders (note 8)	**(17.0)**	(17.5)	(25.7)
Net increase/(decrease) in borrowings (note 11)	**15.5**	(7.5)	(15.0)
Net cash outflow from financing activities	**(5.5)**	(31.6)	(50.3)
Net (decrease)/increase in cash and cash equivalents (note 11)	**(54.6)**	(7.4)	37.5
Cash and cash equivalents at the beginning of the period (note 11)	**131.2**	82.8	82.8
Effect of foreign exchange rates (note 11)	**(3.9)**	2.2	10.9
Cash and cash equivalents at the end of the period (note 11)	**72.7**	77.6	131.2

1. Basis of preparation

The Company is a public limited company incorporated and domiciled in England. It has a primary listing on the London Stock Exchange.

These condensed interim financial statements for the six months ended 30 November 2010, which have been reviewed but not audited, have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union (EU). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 May 2010 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the EU, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The interim financial statements for the period ended 30 November 2010 do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The financial information set out in this statement relating to the year ended 31 May 2010 does not constitute statutory accounts for that period. Full audited accounts of the Group in respect of that financial period were approved by the Board of Directors on 27 July 2010 and have been delivered to the Registrar of Companies. The report of the auditors on these accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498 of the Companies Act 2006.

2. Accounting policies

The accounting policies are consistent with those of the annual financial statements for the year ended 31 May 2010, except as described below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 June 2010.

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), 'Consolidated and separate financial statements', at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. There has been no impact of IAS 27 (revised) on the current period, as none of the non-controlling interests have a deficit balance. There have been no transactions whereby an interest in an entity is retained after the loss of control of that entity. During the period the Group has acquired additional share capital in PZ Cussons Nigeria PLC that has resulted in a debit of £0.5 million being recognised in the Consolidated Statement of Changes in Equity. Prior to the introduction of IAS 27 (revised) this would have been recognised as an addition to goodwill. The amendment does not require the restatement of previous transactions.

(b) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

- ‘Classification of rights issues’ (Amendment to IAS 32), issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010.

- ‘Additional exemptions for first-time adopters’ (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 June 2010 and have not been early adopted:

- IFRS 9, ‘Financial instruments’, issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group’s accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess IFRS 9’s full impact and has not yet decided when to adopt IFRS 9.

- Revised IAS 24, ‘Related party disclosures’, issued in November 2009. It supersedes IAS 24, ‘Related party disclosures’, issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.

- ‘Prepayments of a minimum funding requirement’ (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

- IFRIC 19, ‘Extinguishing financial liabilities with equity instruments’. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted.

3. Segmental analysis

The chief operating decision-maker has been identified as the Executive Board which comprises the four Executive Directors.

The Executive Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Board considers the business from a geographic perspective, with Africa, Asia and Europe being the reporting segments. The Executive Board assesses the performance based on operating profit before any exceptional items. Other information provided, except as noted below, to the Executive Board is measured in a manner consistent with that of the financial statements.

Total segment assets exclude tax related assets. These are included in the reconciliation to the total balance sheet assets.

Business segments

30 November 2010	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Total gross segment revenue	144.0	92.4	233.8	(95.4)	374.8
Inter segment revenue	(1.7)	(6.3)	(87.4)	95.4	-
Revenue	142.3	86.1	146.4	-	374.8
Segmental operating profit before exceptional items and share of results of joint venture	13.8	8.6	23.7	-	46.1
Share of results of joint venture	(0.1)	-	-	-	(0.1)
Exceptional Items	-	-	(1.7)	-	(1.7)
Segmental operating profit	13.7	8.6	22.0	-	44.3
Finance income					1.3
Finance cost					(1.1)
Profit before taxation					44.5

30 November 2009	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Total gross segment revenue	141.2	95.3	228.2	(94.8)	369.9
Inter segment revenue	-	(15.3)	(79.5)	94.8	-
Revenue	141.2	80.0	148.7	-	369.9
Segmental operating profit before exceptional items and share of results of joint venture	13.0	6.1	25.0	-	44.1
Share of results of joint venture	0.8	-	-	-	0.8
Segmental operating profit	13.8	6.1	25.0	-	44.9
Finance income					0.9
Finance cost					(1.1)
Profit before taxation					44.7

30 November 2010	Africa £m	Asia £m	Europe £m	Tax £m	Total £m
Segment assets before investment in joint venture	304.4	154.7	440.2	2.6	901.9
Long term loans receivable from joint venture	23.7	-	-	-	23.7
Investment in joint venture – share of net liabilities	(2.7)	-	-	-	(2.7)
Segment assets	325.4	154.7	440.2	2.6	922.9

30 November 2009	Africa £m	Asia £m	Europe £m	Tax £m	Total £m
Segment assets before investment in joint venture	239.5	133.7	414.2	1.4	788.8
Long term loans receivable from joint venture	23.7	-	-	-	23.7
Investment in joint venture – share of net liabilities	(4.5)	-	-	-	(4.5)
Segment assets	258.7	133.7	414.2	1.4	808.0

4. Exceptional items

Acquisition of St Tropez Holdings Limited
The Group incurred £1.7 million in acquisition and related costs for the purchase of St Tropez Holdings Limited. Details of the acquisition are given in note 13.

5. Net finance income/(costs)

	Unaudited Half-year to 30 November 2010	Unaudited Half-year to 30 November 2009	Audited Year to 31 May 2010
	£m	£m	£m
Net investment gains	**0.1**	0.1	0.4
Interest received from associated companies	**-**	-	0.1
Interest and dividends receivable	**1.2**	0.8	2.4
	1.3	0.9	2.9
Interest payable on bank loans and overdrafts	**(1.1)**	(1.1)	(2.5)
	0.2	(0.2)	0.4

6. Property, plant and equipment and intangible assets

	Intangible assets	**Property, plant and equipment**
	£m	**£m**
Opening net book amount as at 1 June 2009	157.6	200.8
Additions	-	18.2
Acquisitions	1.8	0.5
Disposals	-	(0.1)
Depreciation and amortisation	-	(9.0)
Currency retranslation	1.0	1.4
Closing net book amount as at 30 November 2009	**160.4**	**211.8**
Opening net book amount as at 1 June 2010	163.0	242.0
Additions	-	12.8
Acquisitions (Note 13)	68.0	0.1
Disposals	-	(0.2)
Depreciation and amortisation	-	(10.3)
Currency retranslation	0.4	(8.2)
Closing net book amount as at 30 November 2010	**231.4**	**236.2**

At 30 November 2010, the Group had entered into commitments for the acquisition of property, plant and equipment amounting to £4.2 million (30 November 2009: £17.2 million).

7. Taxation charge

	Unaudited Half-year to 30 November 2010 £m	Unaudited Half-year to 30 November 2009 £m	Audited Year to 31 May 2010 £m
United Kingdom	**6.8**	7.1	8.3
Overseas	**6.2**	6.0	20.8
	13.0	13.1	29.1

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 to be used for the year ending 31 May 2011 is 28.5% (the estimated tax rate for the half-year ending 30 November 2009 was 29.0%).

8. Dividends

An interim dividend of 2.123p per share for the half-year to 30 November 2010 (30 November 2009: 1.930p) has been declared totalling £9.1 million (30 November 2009: £8.3 million) and is payable on 1 April 2011 to ordinary shareholders on the register on 25 February 2011. This interim dividend has not been recognised in this half yearly report. The proposed final dividend for the year ended 31 May 2010 of 3.970p per share, totalling £17.0 million, was approved by shareholders at the Annual General Meeting of the Company and paid on 6 October 2010.

9. 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 following weighted average number of shares in issue:

	Unaudited Half-year to 30 November 2010	Unaudited Half-year to 30 November 2009	Audited Year to 31 May 2010
Basic weighted average (000)	**427,071**	427,253	427,232
Diluted weighted average (000)	**433,021**	431,686	432,391

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 Schemes and Performance Share Plan. The basic and diluted earnings per share for the period are as follows:

	Unaudited Half-year to 30 November 2010	Unaudited Half-year to 30 November 2009	Audited Year to 31 May 2010
Basic earnings per share:			
- Adjusted basic earnings per share	**7.06p**	6.74p	14.89p
- Exceptional items	**(0.36)p**	-	-
- Basic earnings per share	**6.70p**	6.74p	14.89p
Diluted earnings per share:			
- Adjusted diluted earnings per share	**6.97p**	6.67p	14.72p
- Exceptional items	**(0.36)p**	-	-
- Diluted earnings per share	**6.61p**	6.67p	14.72p

10. Reconciliation of profit before taxation to cash generated from operations

	Unaudited	Unaudited	Audited
	Half-year to 30 November 2010	Half-year to 30 November 2009	Year to 31 May 2010
	£m	£m	£m
Profit before taxation	**44.5**	44.7	101.8
Adjustment for finance (income)/costs	**(0.2)**	0.2	(0.4)
Operating profit	**44.3**	44.9	101.4
Depreciation (note 6)	**10.3**	9.0	18.8
(Profit)/loss on sale of tangible fixed assets	**(0.1)**	(0.2)	1.2
Difference between pension charge and cash contributions	**(3.6)**	(1.4)	(4.1)
Share of result from joint ventures	**0.1**	(0.8)	(1.6)
Share based payment charge	**1.1**	1.1	2.8
Operating cash flows before movements in working capital	**52.1**	52.6	118.5
Movements in working capital:			
Inventories	**(38.4)**	(16.5)	24.8
Receivables	**(15.9)**	(14.9)	(5.4)
Payables	**37.1**	29.4	24.0
Provisions	**(1.4)**	0.9	(1.1)
Cash generated from operations	**33.5**	51.5	160.8

11. Net funds reconciliation

Group net funds comprises the following:

	Audited	Unaudited	Unaudited	Unaudited	**Unaudited**
	1 June 2010 £m	Cash flow £m	Foreign exchange movements £m	Non cash items £m	**30 November 2010 £m**
Cash at bank and in hand	57.3	(4.6)	(1.8)	-	**50.9**
Overdrafts	(0.7)	(0.5)	-	-	**(1.2)**
Short term deposits	74.6	(49.5)	(2.1)	-	**23.0**
Cash and cash equivalents	**131.2**	**(54.6)**	**(3.9)**	**-**	**72.7**
Current asset investments	0.3	-	-	-	**0.3**
Bank loans less than 1 year	(15.0)	(15.5)	-	(7.5)	**(38.0)**
Bank loans greater than 1 year	(30.0)	-	-	7.5	**(22.5)**
Net funds	**86.5**	**(70.1)**	**(3.9)**	**-**	**12.5**

During the period the Group increased its revolving loan facilities by £30 million. None of the additional facility was drawn down as at 30 November 2010. These new facilities have a two year term.

12. Retirement Benefits

The Group operates retirement benefit schemes for most of its UK and overseas subsidiaries. These obligations have been measured in accordance with IAS 19 and are as follows:

	Unaudited	Unaudited	Audited
	30 November 2010	30 November 2009	31 May 2010
	£m	£m	£m
UK schemes in surplus	**39.8**	27.2	32.0
UK schemes in deficit	**(42.3)**	(49.1)	(39.4)
Overseas schemes	**(8.3)**	(6.1)	(7.3)
	(10.8)	(28.0)	(14.7)

The Group has three main defined benefit schemes which are based and administered in the UK and are now closed to future accrual.

The amounts recognised in the balance sheet in relation to these UK schemes are determined as follows:

	Unaudited	Unaudited	Audited
	30 November 2010	30 November 2009	31 May 2010
	£m	£m	£m
Present value of scheme liabilities	**(255.5)**	(250.8)	(243.8)
Fair value of scheme assets	**253.0**	228.9	236.4
Retirement benefit deficit	**(2.5)**	(21.9)	(7.4)

The key financial assumptions applied in the actuarial review of the pension schemes have been reviewed in the preparation of these interim accounts and amended where appropriate. The principal assumptions made were:

	Unaudited	Unaudited	Audited
	Half-year to 30 November 2010	Half-year to 30 November 2009	Year to 31 May 2010
	% per annum	% per annum	% per annum
Rate of increase in salaries	**4.35**	4.40	4.30
Rate of increase in retirement benefits in payment	**3.35**	3.40	3.30
Discount rate	**5.40**	5.50	5.60
Inflation assumption	**3.35**	3.40	3.30

The last triennial actuarial valuations of the schemes administered in the UK were performed by independent professional actuaries at 1 June 2009.

The movement during the period is as follows:

	Unaudited
	£m
Retirement benefit deficit as at 1 June 2010	(7.4)
Expected return on scheme assets	7.1
Interest cost	(6.7)
Employer contributions	3.2
Actuarial gain	1.3
Retirement benefit deficit as at 30 November 2010	**(2.5)**

The total income statement gain of £0.4 million has been recognised within administrative expenses.

13. Business combinations

Cost of acquisitions	£m
0.2% of share capital of PZ Cussons Nigeria Plc	**0.8**
Entire share capital of St Tropez Holdings Ltd	**62.5**
	63.3

i) Acquisition of 0.2% of share capital of PZ Cussons Nigeria Plc
Throughout the period from 1 June 2010 to 30 November 2010, the Group has acquired additional share capital of its existing subsidiary PZ Cussons Nigeria Plc, increasing the Group's stake from 66.1% to 66.3%. The consideration for these additional shares was £0.8 million and the amount debited to the consolidated statement of changes in equity was £0.5 million.

ii) Acquisition of St Tropez Holdings Ltd
On 27 September 2010, the Group, through its subsidiary PZ Cussons Holdings Ltd, acquired the entire share capital of St Tropez Holdings Ltd, a company registered in the UK whose principal activity is the provision of sunless tanning products. Details of the purchase consideration and the provisional fair value of net assets acquired are as follows:

a) Purchase Consideration

	£m
Total purchase consideration	**62.5**

The provisional assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value £m
Property, plant and equipment	**0.1**
Inventories	**2.0**
Receivables	**3.4**
Payables	**(3.2)**
Corporation taxation	**1.7**
Deferred taxation	**(9.5)**
St Tropez brand	**58.4**
Net identifiable assets acquired	**52.9**
Goodwill	**9.6**
	62.5

b) Goodwill

Under IFRS 3 "Business Combinations", a deferred tax provision is recognised on the difference between the fair value of an acquired asset and its equivalent tax value. The effect of this difference is to increase deferred tax liabilities by £9.6 million as at 30 November 2010. This has resulted in the creation of goodwill of £9.6 million.

c) Acquisition related costs

Acquisition related costs of £1.7 million are included in the income statement and are treated as exceptional.

d) Revenue and profit contribution

The acquired business contributed revenues of £3.1 million and net profit before tax of £0.9 million to the Group for the period from 27 September 2010 to 30 November 2010. If the acquisition had occurred on 1 June 2010, consolidated revenue and consolidated profit for the half-year ended 30 November 2010 would have been £382.2 million and £33.7 million respectively.

14. Related party transactions

The following related party transactions were entered into by subsidiary companies during the period under the terms of a joint venture agreement with Glanbia Plc.

At 30 November 2010 the outstanding balance receivable from Milk Ventures (UK) Ltd was £23.7 million (31 May 2010: £25.9 million). There was an outstanding balance payable to Milk Ventures (UK) Ltd of £0.2 million (31 May 2010: nil).

The Group sourced and then sold fixed assets, power and raw materials to Nutricima Ltd to the value of £20.5 million (30 November 2009: £11.0 million). In addition the Group received distribution fee income of £1.9 million (30 November 2009: £1.7 million). At 30 November 2010 the amount outstanding from Nutricima Ltd was £4.5 million (31 May 2010: £3.5 million).

There were no provisions for doubtful related party receivables at 30 November 2010 (31 May 2010: nil) and no charge to the income statement in respect of doubtful related party receivables (30 November 2009: nil).

15. Seasonality

Certain individual business units have a degree of seasonality with the biggest factors being the weather and Christmas. However, no individual reporting segment is seasonal as a whole and therefore no further analysis is provided.

16. Principal risks and uncertainties

The principal risks affecting the Group and measures taken to reduce these risks are explained in detail on pages 20 and 21 of our 2010 Annual Report which is available on our website at www.pzcussons.com. The risks were categorised as market risk, financial risk and operational risk and are summarised as follows:

Market risks identified are: political and economic stability due to substantial operations in emerging markets; demand risk arising from changes in consumer preferences and the competitive environment in which the Group operates; and raw material risk relating to price and supply fluctuations in raw materials used in production.

The major financial risk identified is foreign currency and treasury risk due to the international nature of the Group.

Operational risks identified are: the ability to retain and recruit the right calibre of people at all levels; and reputational risk as a result of failure to meet safety, social, environmental and ethical standards in all operations and activities.

The Group Risk Committee is responsible for ensuring, where possible, actions are taken to manage and mitigate the risks identified.

17. Post balance sheet event

On 20 December 2010 the Group announced plans to expand its presence in the food and nutrition category in Nigeria.

A food ingredients business is being established as a joint venture with Singapore based Wilmar International Limited, Asia's leading agribusiness group.

The intention is to develop a range of branded products including edible oils and nutritional spreads. The joint venture will secure the availability, quality and cost of the oil ingredients through the construction of a palm oil refinery in Nigeria, expected to be completed within two years.

PZ Cussons' share of the investment in the joint venture will be approximately US$27.0 million (£17.0 million) over two years.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the 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 PZ Cussons Plc are listed in the PZ Cussons Plc Annual Report for 31 May 2010. A list of current directors is maintained on the PZ Cussons Plc website: www.pzcussons.com.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Mr S P Plant
Company Secretary
25 January 2011

INTERIM REVIEW REPORT TO PZ CUSSONS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2010, which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cashflow Statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2010 is 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 Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
25 January 2011
Manchester

PZ CUSSONS PLC

Directors

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R J Harvey *

Chief Executive
G A Kanellis

J A Arnold *
C G Davis
S J N Heale *
B H Leigh
D W Lewis *
J Pantelireis
J T J Steel *

* Non-executive

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S P Plant

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