2014

PZ Cussons Plc

Interim Statement for the half-year to 30 November 2013

PZ Cussons is an international consumer products group. We develop leading brands in selected mature and emerging markets that have potential for future growth. World class supply chain and distribution networks in Africa, Asia and Europe enable us to deliver our brands quickly and efficiently to local consumers.

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Half-year Highlights

Results (before exceptional items[1])	Half-year to 30 November 2013	Half-year to 30 November 2012	% change
Revenue	**£431.8m**	£414.8m	4.1%
Operating profit	**£48.1m**	£45.3m	6.2%
Profit before taxation	**£47.6m**	£44.1m	7.9%
Adjusted basic earnings per share	**7.46p**	7.03p	6.1%
Statutory results			
Operating profit	**£43.6m**	£41.8m	4.3%
Profit before taxation	**£43.1m**	£40.6m	6.2%
Basic earnings per share	**6.66p**	6.42p	3.7%
Interim dividend per share	**2.53p**	2.35p	7.7%
Net debt[2]	**(£88.3m)**	(£55.2m)	

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

Group

- Revenue and operating profit growth of 4% and 6% respectively despite the impact of weakening Asian currencies
- Excluding the impact of exchange rates, revenue and operating profit 6% and 8% higher
- Rafferty's Garden acquisition completed in the period for £42.2m in cash and performing well
- Strong balance sheet with a small net debt position following the Rafferty's acquisition
- Interim dividend raised to 2.53p representing a 7.7% increase

Africa

- Revenue and operating profit growth in Nigeria across all categories
- Trading environment slightly improved in the north of Nigeria despite ongoing disruption
- New brands Mamador and Devon King's launched in the period as part of the palm oil joint venture with Wilmar which is performing well

Asia

- Underlying performance in Australia and Indonesia strong despite significant weakening in exchange rates
- Continued expansion during the period of the Asian brand portfolio into neighbouring geographies

Europe

- Robust performance in UK Washing and Bathing division with new product launches key to attracting consumers
- All four brands in the Beauty division have seen good progress, and in particular St Tropez which has benefited from the appointment of Kate Moss as brand ambassador at the start of summer
- Strong performance in Poland in both Home Care and Personal Care
- Encouraging performance in Greece with growth in both revenue and profitability

Business Review

The Group has delivered a good result for the half year with growth in both revenue and profitability. This has been achieved despite a significant weakening in Asian currencies, and in particular the Australian Dollar and Indonesian Rupiah. Our performance in the UK has been particularly robust and growth is improving in all our categories in Nigeria.

Trading conditions in all geographies remain challenging and the Group's focus on innovation and brand development continues to ensure profitable growth is achieved in the markets and categories in which we operate.

It has been particularly pleasing to see the progress of the palm oil joint venture with Wilmar with the refinery operating well and the new brands Mamador and Devon King's being launched during the period.

The acquisition of Rafferty's Garden marked the Group's entry into the Asian Food and Nutrition category and we are pleased with its performance since acquisition and are excited about its potential.

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

We are delighted to be declaring an interim dividend increase of 7.7%, continuing our track record of dividend growth.

Our overall performance since the period end has been in line with management expectations. Whilst the trading environment in most markets remains challenging, and in particular in Asia as a result of ongoing currency weakness, brand renovation and innovation continues to drive revenue and profit growth across the Group.

Overview

PZ Cussons Plc reports that profit before tax and exceptional items for the six month period to 30 November 2013 increased by 7.9% to £47.6 million (30 November 2012: £44.1 million) and revenues increased by 4.1% to £431.8 million (30 November 2012: £414.8 million). There were exceptional charges in the period of £4.5 million (30 November 2012: £3.5 million) relating to the Rafferty's Garden acquisition and integration, the supply chain optimisation project, and the Group structure and systems project. Basic earnings per share were 6.66p (30 November 2012: 6.42p). Adjusted for exceptional items, basic earnings per share increased by 6.1% to 7.46p (30 November 2012: 7.03p).

As at 30 November 2013 the Group had net debt of £88.3 million (30 November 2012: £55.2 million).

The Board has declared an interim dividend of 2.53p per share (30 November 2012: 2.35p), an increase of 7.7% on the prior year. The interim dividend will be paid on 7 April 2014 to shareholders on the register at the close of business on 21 February 2014.

Financial performance – overview

Revenue and operating profit were 4% and 6% respectively ahead of the comparative period with performance in Africa and Europe offsetting the impact of a weakening in Asian currencies. Excluding the exchange rate impact of £8.0 million and £0.7 million respectively, Group revenue and operating profit were 6% and 8% higher.

The acquisition of Rafferty's Garden, which completed during July, contributed £9.1 million and £0.9 million respectively to revenue and operating profit.

Financial position – overview

The Group's balance sheet remains strong with net debt of £88.3 million at the end of the period. The two major cash outflows during the period were the £42.2 million acquisition of Rafferty's Garden and the seasonal outflow for working capital in Nigeria. Capital expenditure (excluding IT investment) continues to run close to depreciation levels. IT investment of £2.4 million was capitalised in the period.

Group structure and systems project

As announced in July 2013, a Group structure and systems project is under way to realign the Group's non-manufacturing organisation design and to invest in the latest systems technology. Good progress has been made during the period including the selection of SAP as the Group's core system for the future.

Regional reviews

Performance by region

	Revenue (£m)		Operating profit before exceptional items (£m)	
	2013	2012	**2013**	2012
Africa	**166.0**	156.9	**14.7**	13.0
Asia	**90.7**	85.2	**8.1**	8.9
Europe	**175.1**	172.7	**25.3**	23.4
Total	**431.8**	414.8	**48.1**	45.3

Africa

At a macro-level, high interest rates in **Nigeria** have helped maintain the stability of the Naira to US Dollar exchange rate, although this has resulted in liquidity levels in the market remaining tight. In the north of the country the trading environment has slightly improved despite ongoing disruption. Overall, the positive growth momentum seen in the second half of last year has continued into the period with revenue growth of 6% being achieved across the Personal Care, Home Care and Electricals portfolios.

New product launches across the Personal Care and Home Care portfolios have been important to attract consumers in a continuingly competitive trading environment. The Group has extended its market leadership in bar soap with a re-launch of its Premier and Imperial Leather brands including additional new variants. Further new product launches have taken place under the Zip and Elephant detergent brands, as well as the Robb Medicaments brand.

Performance across the Electricals portfolio has been particularly strong with the Haier-Thermocool brand extending its market leadership in the refrigerator, freezer and washing machine categories. The brand continues to be premium priced with consumers recognising the product quality and after-sales service capability which remains ahead of that offered by the competition. The HT Coolworld retail showrooms continue to perform well and help reinforce the premium image of the brand in its 40th anniversary year.

Nutricima, the nutritional beverage joint venture with Glanbia, has seen strong revenue growth although higher milk costs are impacting profitability.

The palm oil refinery, constructed as part of the joint venture with Wilmar, has continued to increase production levels on a monthly basis since commissioning in January 2013. Mamador, the new premium edible oils brand launched last August in multiple sizes and formats, is growing well with positive consumer reaction. A second brand, Devon King's, has also been launched to capture the rapidly growing economy segment of the market. The remaining output is being sold in bulk format to business customers. The total business moved into profitability at the end of the period.

Revenue in **Ghana** and **Kenya** is ahead of the prior period although the Ghana results have been impacted by the significant weakening of the Cedi.

Asia

In **Australia**, the underlying performance in the Home Care and Personal Care portfolios has been good with the key Morning Fresh and Radiant brands performing well. During the period, Cussons Mum & Me was launched in Australia into selected distribution channels. Rafferty's Garden, the Australian baby food business purchased in July 2013, has performed well and is expected to be launched outside of Australia during the 2014 calendar year. Both businesses have been impacted by higher input costs as a result of the significant weakening in the Australian Dollar which has also reduced results on conversion to Sterling.

In **Indonesia**, double digit local currency revenue growth has been achieved albeit at a lower rate as a result of the slowing macro-environment. Results have also been affected on conversion by the significant weakening in the Rupiah. During the period, the market leading Cussons baby range has continued to perform well and the Imperial Leather range was completely relaunched with new bar and liquid soap products. Further progress has also been made in the period with wider distribution of the Indonesian brand portfolio into the Philippines, Vietnam and Myanmar.

Performance of the smaller businesses in **Thailand** and the **Middle East** was at a similar level to the comparative period.

Europe

In the **UK Washing and Bathing** division, performance has been robust with new product launches key to attracting consumers and helping to differentiate our brands in a competitive trading environment. A highlight during the period has been the relaunch of the premium Imperial Leather Foamburst shower range with new imagery and fragrances. During the period, Carex has extended its market leadership in the anti-bacterial handwash segment with the new kids variants performing particularly well. Further new product launches have also taken place across the Original Source and Cussons Mum & Me brands, with the latter being extended with a Little Explorers range for young children.

All four brands in the **Beauty** division have seen good progress. St Tropez, in particular, has benefited from the appointment of Kate Moss as brand ambassador at the start of the summer and has seen distribution expand further in overseas markets such as the US, Canada and Germany. Sanctuary has also performed well with Darcey Bussell continuing in the role of brand ambassador. As part of the division's focus on its product ranges, the Covent Garden spa will close later this year in addition to the three small boutique spas in Richmond, Cambridge and Bristol which are currently being closed. The Fudge brand has seen a number of new product launches and Charles Worthington has performed well following its relaunch last year.

Performance in **Poland** has been strong in both Home Care and in Personal Care under the portfolio of Luksja, Original Source and Carex. Merger control clearance for the sale of the Home Care brands is in its final review stage and a decision as to whether clearance will be granted is expected very shortly.

Greece has performed well in a more stable macro-economic environment with growth being achieved versus the comparative period across all categories of edible oils, cheeses and spreads.

Exceptional items

The Group has incurred exceptional costs of £4.5 million in the period relating to; restructuring costs associated with the supply chain optimisation project initiated and announced in 2012 (£2.0 million), the Rafferty's Garden acquisition and integration (£1.1 million), and the Group structure and systems project (£1.4 million).

Directors

Simon Heale, who had served on the Board as a Non-executive Director since January 2008, retired from the Board on the expiry of his three year term of office on 31 December 2013. The Board extends its sincere thanks to Simon for the significant contribution which he has made to the business over the past six years.

Taxation

The effective tax rate before exceptional items was 26.5% (30 November 2012: 26.5%) and the effective tax rate post-exceptional items was 26.7% (30 November 2012: 26.6%).

Related parties

Related party disclosures are given in note 15.

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 17 and remain as stated on pages 22 and 23 of our 2013 Annual Report which is available on our website at www.pzcussons.com.

Outlook

We are pleased with the performance of the business since the period end. Brand renovation and innovation continues to drive organic revenue and profit growth across the Group. Whilst the trading environment in most markets, and the impact of currency weakness in emerging markets, remains challenging, we can see good prospects for continued growth. Our balance sheet is strong and we are well placed to seize opportunities as they arise.

Consolidated Income Statement

	Notes	Unaudited Half-year to 30 November 2013			Unaudited Half-year to 30 November 2012			Audited Year to 31 May 2013		
		Before exceptional items £m	Exceptional items (note 4) £m	Total £m	Before exceptional items £m	Exceptional items (note 4) £m	Total £m	Before exceptional items £m	Exceptional items (note 4) £m	Total £m
Continuing operations										
Revenue	3	**431.8**	**–**	**431.8**	414.8	–	414.8	883.2	–	883.2
Cost of sales		**(269.6)**	**–**	**(269.6)**	(257.3)	–	(257.3)	(548.9)	–	(548.9)
Gross profit		**162.2**	**–**	**162.2**	157.5	–	157.5	334.3	–	334.3
Selling and distribution costs		**(71.4)**	**–**	**(71.4)**	(66.3)	–	(66.3)	(133.6)	–	(133.6)
Administrative expenses		**(42.0)**	**(4.5)**	**(46.5)**	(45.3)	(3.5)	(48.8)	(90.2)	(12.7)	(102.9)
Share of results of joint ventures		**(0.7)**	**–**	**(0.7)**	(0.6)	–	(0.6)	(2.1)	–	(2.1)
Operating profit	3	**48.1**	**(4.5)**	**43.6**	45.3	(3.5)	41.8	108.4	(12.7)	95.7
Finance income		**1.3**	**–**	**1.3**	0.6	–	0.6	2.7	–	2.7
Finance costs		**(1.8)**	**–**	**(1.8)**	(1.8)	–	(1.8)	(3.6)	–	(3.6)
Net finance expense	5	**(0.5)**	**–**	**(0.5)**	(1.2)	–	(1.2)	(0.9)	–	(0.9)
Profit before taxation		**47.6**	**(4.5)**	**43.1**	44.1	(3.5)	40.6	107.5	(12.7)	94.8
Taxation	7	**(12.6)**	**1.1**	**(11.5)**	(11.7)	0.9	(10.8)	(28.5)	4.7	(23.8)
Profit for the period		**35.0**	**(3.4)**	**31.6**	32.4	(2.6)	29.8	79.0	(8.0)	71.0
Attributable to:										
Owners of the parent		**31.7**	**(3.4)**	**28.3**	30.1	(2.6)	27.5	71.1	(8.0)	63.1
Non-controlling interests		**3.3**	**–**	**3.3**	2.3	–	2.3	7.9	–	7.9
		35.0	**(3.4)**	**31.6**	32.4	(2.6)	29.8	79.0	(8.0)	71.0
Basic EPS (p)	9			**6.66**			6.42			14.75
Diluted EPS (p)	9			**6.64**			6.40			14.70
Adjusted basic EPS (p)	9			**7.46**			7.03			16.62
Adjusted diluted EPS (p)	9			**7.44**			7.00			16.56

The notes on pages 9 to 16 are an integral part of these interim consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Unaudited Half-year to 30 November 2013 £m	Unaudited Half-year to 30 November 2012 £m	Audited Year to 31 May 2013 £m
Profit for the period	**31.6**	29.8	71.0
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment obligations (note 12)	**(1.5)**	3.1	0.4
Total items that will not be reclassified to profit or loss	**(1.5)**	3.1	0.4
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	**(36.8)**	(9.7)	11.5
Cash flow hedges - fair value gain in period	**0.9**	0.8	0.5
Tax on items that may be reclassified	**(0.2)**	–	(0.2)
Total items that may be subsequently reclassified to profit or loss	**(36.1)**	(8.9)	11.8
Other comprehensive (expense)/income for the period net of tax	**(37.6)**	(5.8)	12.2
Total comprehensive (expense)/income for the period	**(6.0)**	24.0	83.2
Attributable to:			
Owners of the parent	**(3.4)**	24.2	73.5
Non-controlling interests	**(2.6)**	(0.2)	9.7

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Consolidated Statement of Changes in Equity

	Attributable to owners of the parent						
	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 2012	4.3	28.4	0.7	425.0	(0.1)	61.2	519.5
Total comprehensive income/(expense) for the period	–	(7.2)	–	30.6	0.8	(0.2)	24.0
Transactions with owners:							
Ordinary dividends	–	–	–	(19.2)	–	–	(19.2)
Acquisition of shares for ESOT	–	–	–	(4.5)	–	–	(4.5)
Share-based payments credit	–	–	–	(1.0)	–	–	(1.0)
Acquisition of non-controlling interests	–	–	–	(1.6)	–	(0.7)	(2.3)
Non-controlling interests dividend paid	–	–	–	–	–	(2.1)	(2.1)
At 30 November 2012	4.3	21.2	0.7	429.3	0.7	58.2	514.4
At 1 June 2012	4.3	28.4	0.7	425.0	(0.1)	61.2	519.5
Total comprehensive income/(expense) for the period	–	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 interests	–	–	–	(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**
At 1 June 2013	**4.3**	**38.1**	**0.7**	**437.3**	**0.3**	**65.6**	**546.3**
Total comprehensive income/(expense) for the period	**–**	**(30.9)**	**–**	**26.8**	**0.7**	**(2.6)**	**(6.0)**
Transactions with owners:							
Ordinary dividends	**–**	**–**	**–**	**(21.4)**	**–**	**–**	**(21.4)**
Acquisition of shares for ESOT	**–**	**–**	**–**	**(2.1)**	**–**	**–**	**(2.1)**
Share-based payments charge	**–**	**–**	**–**	**1.2**	**–**	**–**	**1.2**
Acquisition of non-controlling interests	**–**	**–**	**–**	**(0.6)**	**–**	**(0.3)**	**(0.9)**
Non-controlling interests dividend paid	**–**	**–**	**–**	**–**	**–**	**(2.7)**	**(2.7)**
At 30 November 2013	**4.3**	**7.2**	**0.7**	**441.2**	**1.0**	**60.0**	**514.4**

The notes on pages 9 to 16 are an integral part of these interim consolidated financial statements.

Consolidated Balance Sheet

	Notes	Unaudited 30 November 2013 £m	Unaudited 30 November 2012 £m	Audited 31 May 2013 £m
Assets				
Non-current assets				
Goodwill and other intangible assets	6	**297.4**	248.4	248.7
Property, plant and equipment	6	**202.3**	207.1	214.9
Other investments		**0.4**	0.5	0.5
Long-term loans receivable from joint ventures		**51.2**	45.4	46.9
Other receivables		**3.7**	3.6	3.8
Retirement benefit surplus	12	**39.3**	40.6	38.9
		594.3	545.6	553.7
Current assets				
Inventories		**171.5**	183.4	168.4
Trade and other receivables		**191.6**	171.1	176.3
Other investments	11	**2.7**	4.6	10.4
Cash and cash equivalents	11	**77.0**	72.2	93.0
Current taxation receivable		**11.5**	8.6	9.5
		454.3	439.9	457.6
Total assets		**1,048.6**	985.5	1,011.3
Equity				
Ordinary share capital		**4.3**	4.3	4.3
Capital redemption reserve		**0.7**	0.7	0.7
Currency translation reserve		**7.2**	21.2	38.1
Hedging reserve		**1.0**	0.7	0.3
Retained earnings		**441.2**	429.3	437.3
Equity attributable to owners of the parent		**454.4**	456.2	480.7
Non-controlling interests		**60.0**	58.2	65.6
Total equity		**514.4**	514.4	546.3
Liabilities				
Non-current liabilities				
Borrowings	11	**153.0**	117.0	85.0
Other liabilities		**0.5**	0.5	0.5
Deferred tax liabilities		**56.4**	47.3	46.6
Retirement benefit obligations	12	**27.8**	32.5	31.3
Investment in joint ventures – share of net liabilities		**7.1**	4.4	4.6
		244.8	201.7	168.0
Current liabilities				
Borrowings	11	**15.0**	15.0	15.0
Trade and other payables		**228.3**	211.9	232.3
Current income tax liabilities		**33.0**	27.9	36.5
Provisions for other liabilities and charges		**13.1**	14.6	13.2
		289.4	269.4	297.0
Total liabilities		**534.2**	471.1	465.0
Total equity and liabilities		**1,048.6**	985.5	1,011.3

The notes on pages 9 to 16 are an integral part of these interim consolidated financial statements.

Consolidated Cash Flow Statement

	Unaudited Half-year to 30 November 2013 £m	Unaudited Half-year to 30 November 2012 £m	Audited Year to 31 May 2013 £m
Cash flows from operating activities			
Cash generated from operations (note 10)	**19.1**	14.6	119.2
Taxation	**(17.2)**	(5.7)	(16.1)
Net cash inflow from operating activities	**1.9**	8.9	103.1
Cash flows from investing activities			
Investment income received (note 5)	**1.3**	0.6	2.7
Purchase of property, plant and equipment (note 6)	**(13.2)**	(12.0)	(23.1)
Proceeds from sale of property, plant and equipment	**–**	–	1.0
Acquisition of non-controlling interests (note 13)	**(0.9)**	(2.3)	(9.5)
Acquisition of business (note 13)	**(42.2)**	–	–
Cash and cash equivalents obtained from acquired business	**1.3**	–	–
Repayment/(advance) of short-term deposits from joint ventures	**7.7**	2.4	(3.4)
Loans granted to joint ventures	**(4.3)**	(3.7)	(5.2)
Net cash used in investing activities	**(50.3)**	(15.0)	(37.5)
Cash flows from financing activities			
Interest paid (note 5)	**(1.8)**	(1.8)	(3.6)
Dividends paid to non-controlling interests	**(2.7)**	(2.1)	(2.4)
Purchase of shares for ESOT	**(2.1)**	(4.5)	(15.0)
Dividends paid to Company shareholders (note 8)	**(21.4)**	(19.2)	(29.3)
Repayment of term loan	**(7.5)**	(7.5)	(3.8)
Increase in borrowings	**75.5**	48.7	13.0
Net cash generated from/(used in) financing activities	**40.0**	13.6	(41.1)
Net (decrease)/increase in cash and cash equivalents (note 11)	**(8.4)**	7.5	24.5
Cash and cash equivalents at the beginning of the period (note 11)	**93.0**	65.9	65.9
Effect of foreign exchange rates (note 11)	**(7.6)**	(1.2)	2.6
Cash and cash equivalents at the end of the period (note 11)	**77.0**	72.2	93.0

The notes on pages 9 to 16 are an integral part of these interim consolidated financial statements.

Notes

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 consolidated interim financial statements for the six months ended 30 November 2013, which have been reviewed and 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 2013 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 Standard Interpretations Committee (IFRS – IC).

The interim financial statements for the period ended 30 November 2013 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 2013 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 23 July 2013 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.

Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 May 2013.

Going concern basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review. The financial position of the Group and liquidity position are also described within the Financial Position section of that review.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Interim Statement.

2. Accounting policies

The accounting policies are consistent with those of the annual financial statements for the year ended 31 May 2013, 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.

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 ending 31 May 2014:

- Amendment to IAS 1, 'Financial statement presentation' regarding 'other comprehensive income' (OCI). The main change resulting from these amendments is a requirement for the Group to group items presented in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The change in presentation has been reflected in the consolidated statement of other comprehensive income.
- Amendment to IAS 12, 'Income taxes' regarding deferred tax and the recoverability of underlying assets has been adopted by the Group and the impact of the amendments has had no impact on the Group's results or financial position in the period.
- IAS 19 (revised) 'Employee benefits'. IAS 19 (revised) amends the accounting for employment benefits. The transition provisions of the standard require the changes to be applied retrospectively. However, for the Group, the impact of the changes in the prior periods is immaterial to the consolidated income statement and the overall financial position of the Group and therefore no restatement of the prior period results has been made and the changes to the standard have been applied prospectively from the period ended 30 November 2013. The overall impact of the revisions to IAS 19 have not had a material impact on the Group's interim financial statements. The main areas impacted in the Group interim financial statements are as follows:
  - The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This has decreased the income statement credit as the discount rate applied to assets is lower than the expected return on assets. This has no effect on total comprehensive income as the decreased credit in profit or loss is offset by a credit in OCI.
  - There is a new term 'remeasurements'. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.
  - The effect of the change in accounting policy on the statement of cash flows and on earnings per share was immaterial.
  - The standard requires past service cost to be recognised immediately in profit or loss which is consistent with the approach previously adopted by the Group and therefore there has been no impact of this revision to the standard.
- IFRS 13 'Fair value measurement'. IFRS 13 measurement and disclosure requirements are applicable for the May 2014 year end. The Group has included the disclosures required by IAS 34 para 16A(j) in note 14.

Notes continued

3. Segmental analysis

The chief operating decision maker has been identified as the Executive Board which comprises the three 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 which include an allocation of central revenue and costs as appropriate.

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.

Business segments

Half-year to 30 November 2013	**Africa £m**	**Asia £m**	**Europe £m**	**Eliminations £m**	**Total £m**
Total gross segment revenue	**170.9**	**99.7**	**253.2**	**(92.0)**	**431.8**
Inter segment revenue	**(4.9)**	**(9.0)**	**(78.1)**	**92.0**	**–**
Revenue	**166.0**	**90.7**	**175.1**	**–**	**431.8**
Segmental operating profit before exceptional items and share of results of joint ventures	**15.4**	**8.1**	**25.3**	**–**	**48.8**
Share of results of joint ventures	**(0.7)**	**–**	**–**	**–**	**(0.7)**
Segmental operating profit before exceptional items	**14.7**	**8.1**	**25.3**	**–**	**48.1**
Exceptional items	**(0.2)**	**(0.9)**	**(3.4)**	**–**	**(4.5)**
Segmental operating profit	**14.5**	**7.2**	**21.9**	**–**	**43.6**
Finance income					**1.3**
Finance cost					**(1.8)**
Profit before taxation					**43.1**

Half-year to 30 November 2012	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Total gross segment revenue	163.8	92.0	234.0	(75.0)	414.8
Inter segment revenue	(6.9)	(6.8)	(61.3)	75.0	–
Revenue	156.9	85.2	172.7	–	414.8
Segmental operating profit before exceptional items and share of results of joint ventures	13.6	8.9	23.4	–	45.9
Share of results of joint ventures	(0.6)	–	–	–	(0.6)
Segmental operating profit before exceptional items	13.0	8.9	23.4	–	45.3
Exceptional items	(0.8)	(1.6)	(1.1)	–	(3.5)
Segmental operating profit	12.2	7.3	22.3	–	41.8
Finance income					0.6
Finance cost					(1.8)
Profit before taxation					40.6

Year to 31 May 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

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit.

4. Exceptional items

Half-year to 30 November 2013

The Group incurred exceptional costs of £4.5 million as follows:

- Supply chain optimisation project with associated restructuring costs (charge of £2.0 million).
- Rafferty's Garden acquisition and integration costs (charge of £1.1 million).
- Group structure and systems project costs (charge of £1.4 million).

The exceptional costs and income associated with the closure of the Covent Garden spa are expected to net to nil.

Half-year to 30 November 2012

The Group incurred exceptional costs of £3.5 million relating to continuing restructuring costs associated with the supply chain optimisation project.

Year to 31 May 2013

The Group incurred exceptional costs of £12.7 million as follows:

- Supply chain optimisation project with associated restructuring costs (charge of £8.9 million).
- Boutique spa closure costs (charge of £3.8 million).

5. Net finance expense

	Unaudited Half-year to 30 November 2013 £m	Unaudited Half-year to 30 November 2012 £m	Audited Year to 31 May 2013 £m
Net investment gains	**0.1**	0.1	0.1
Interest receivable	**1.2**	0.5	2.6
Net finance income	**1.3**	0.6	2.7
Interest payable on bank loans and overdrafts	**(1.8)**	(1.8)	(3.6)
Net finance expense	**(0.5)**	(1.2)	(0.9)

6. Property, plant and equipment and intangible assets

	Goodwill and other intangible assets £m	Property, plant and equipment £m
Opening net book amount as at 1 June 2012	248.4	209.5
Additions	–	12.0
Disposals	–	(0.4)
Depreciation and amortisation	–	(10.3)
Currency retranslation	–	(3.7)
Closing net book amount as at 30 November 2012	248.4	207.1
Opening net book amount as at 1 June 2013	248.7	214.9
Additions	–	13.2
Acquisitions (see note 13)	49.2	–
Disposals	–	(0.4)
Depreciation and amortisation	–	(9.8)
Currency retranslation	(0.5)	(15.6)
Closing net book amount as at 30 November 2013	**297.4**	**202.3**

Goodwill and other intangible assets comprise goodwill of £55.9 million (2012: £45.8 million) and other intangible assets of £241.5 million (2012: £202.6 million).

At 30 November 2013, the Group had entered into commitments for the acquisition of property, plant and equipment amounting to £3.0 million (30 November 2012: £2.3 million). At 30 November 2013, the Group's share in the capital commitments of the joint ventures was nil (30 November 2012: nil).

Notes continued

7. Taxation charge

	Unaudited Half-year to 30 November 2013 £m	Unaudited Half-year to 30 November 2012 £m	Audited Year to 31 May 2013 £m
UK	**2.6**	5.8	4.3
Overseas	**8.9**	5.0	19.5
	11.5	10.8	23.8

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 2014 before exceptional items is 26.5% (the tax rate for the half-year ended 30 November 2012 was 26.5%) and the effective tax rate to be used post-exceptional items is 26.7% (30 November 2012: 26.6%).

8. Dividends

An interim dividend of 2.53p per share for the half-year to 30 November 2013 (30 November 2012: 2.35p) has been declared totalling £10.8 million (30 November 2012: £10.1 million) and is payable on 7 April 2014 to shareholders on the register at the close of business on 21 February 2014. This interim dividend has not been recognised in this half-yearly report as it was declared after the end of the reporting period. The proposed final dividend for the year ended 31 May 2013 of 5.04p per share, totalling £21.4 million, was approved by shareholders at the Annual General Meeting of the Company and paid on 1 October 2013.

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 2013	Unaudited Half-year to 30 November 2012	Audited Year to 31 May 2013
Basic weighted average (000)	**425,167**	428,487	427,735
Diluted weighted average (000)	**426,032**	429,883	429,291

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 2013	Unaudited Half-year to 30 November 2012	Audited Year to 31 May 2013
Basic earnings per share:			
– Adjusted basic earnings per share	**7.46p**	7.03p	16.62p
– Exceptional items	**(0.80)p**	(0.61)p	(1.87)p
Basic earnings per share	**6.66p**	6.42p	14.75p
Diluted earnings per share:			
– Adjusted diluted earnings per share	**7.44p**	7.00p	16.56p
– Exceptional items	**(0.80)p**	(0.60)p	(1.86)p
Diluted earnings per share	**6.64p**	6.40p	14.70p

Adjusted basic and diluted earnings per share figures are calculated by dividing adjusted profit for the period by the weighted average number of shares in issue (as above). The adjusted profit for the period is as follows:

	Unaudited Half-year to 30 November 2013 £m	Unaudited Half-year to 30 November 2012 £m	Audited Year to 31 May 2013 £m
Profit attributable to owners of the parent	**28.3**	27.5	63.1
Exceptional items (net of taxation effect)	**3.4**	2.6	8.0
Adjusted profit after tax	**31.7**	30.1	71.1

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

	Unaudited Half-year to 30 November 2013 £m	Unaudited Half-year to 30 November 2012 £m	Audited Year to 31 May 2013 £m
Profit before taxation	**43.1**	40.6	94.8
Net finance expense	**0.5**	1.2	0.9
Operating profit	**43.6**	41.8	95.7
Depreciation (note 6)	**9.8**	10.3	20.3
Impairment loss on tangible fixed assets – exceptional	**–**	–	1.6
Loss/(profit) on sale of tangible fixed assets	**0.4**	0.4	(0.2)
Difference between pension charge and cash contributions	**(3.8)**	(2.8)	(5.5)
Share of results from joint ventures	**0.7**	0.6	2.1
Share-based payment charge/(credit)	**1.2**	(1.0)	(0.6)
Operating cash flows before movements in working capital	**51.9**	49.3	113.4
Movements in working capital:			
Inventories	**(16.9)**	(13.8)	8.6
Receivables	**(28.3)**	(34.2)	(35.0)
Payables	**7.7**	21.1	37.3
Provisions	**4.7**	(7.8)	(5.1)
Cash generated from operations	**19.1**	14.6	119.2

11. Net funds/(debt) reconciliation

Group net funds/(debt) comprises the following:

	Audited 1 June 2013 £m	Unaudited Cash flow £m	Unaudited Foreign exchange movements £m	Unaudited Non-cash items £m	**Unaudited 30 November 2013 £m**
Cash at bank and in hand	42.3	8.3	(4.8)	–	**45.8**
Short-term deposits	50.7	(16.7)	(2.8)	–	**31.2**
Cash and cash equivalents	93.0	(8.4)	(7.6)	–	**77.0**
Current asset investments	10.4	(7.7)	–	–	**2.7**
Bank loans less than one year	(15.0)	7.5	–	(7.5)	**(15.0)**
Bank loans greater than one year	(85.0)	(75.5)	–	7.5	**(153.0)**
Net funds/(debt)	3.4	(84.1)	(7.6)	–	**(88.3)**

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 (revised) and are as follows:

	Unaudited 30 November 2013 £m	Unaudited 30 November 2012 £m	Audited 31 May £m
UK schemes in surplus	**39.3**	40.6	38.9
UK schemes in deficit	**(20.0)**	(25.6)	(22.3)
	19.3	15.0	16.6
Overseas schemes	**(7.8)**	(6.9)	(9.0)
	11.5	8.1	7.6

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

Notes continued

12. Retirement benefits continued

The key financial assumptions (applicable to all UK schemes) 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 Half-year to 30 November 2013 % per annum	Unaudited Half-year to 30 November 2012 % per annum	Audited Year to 31 May 2013 % per annum
Rate of increase in salaries	**n/a**	3.85%	n/a
Rate of increase in retirement benefits in payment	**3.30%**	2.85%	3.25%
Discount rate	**4.55%**	4.40%	4.35%
Inflation assumption	**3.40%**	2.85%	3.35%

The movement during the period in the UK schemes are as follows:

	Unaudited 30 November 2013 £m	Unaudited 30 November 2012 £m
Retirement benefit surplus as at 1 June	**16.6**	8.9
Pension net interest income/(cost)	**0.4**	(0.1)
Administration expenses	**(0.1)**	–
Employer contributions	**3.9**	3.1
Gain from change in financial assumptions	**8.4**	11.0
Return on plan assets, excluding amounts included in interest income/(expense)	**(9.9)**	(7.9)
Retirement benefit surplus as at 30 November	**19.3**	15.0

The total income statement gain of £0.3 million reflects the administration expenses and pension net interest cost as defined within the revision to IAS 19, applied for the first time in the 30 November 2013 interim results. The pension net interest cost has been calculated by applying the Group's discount rate assumption to the net surplus as at 31 May 2013.

The charge for the period ended 30 November 2012 was based on IAS 19 prior to the revisions applied for the period ended 30 November 2013. The impact of the revisions to IAS 19 on the prior period result was not material and therefore the prior year comparative information has not been restated.

13. Business combinations

i) Acquisition of 0.13% of share capital of PZ Cussons Nigeria Plc

Throughout the period from 1 June 2013 to 30 November 2013, the Group has acquired additional share capital of its existing subsidiary PZ Cussons Nigeria Plc, increasing the Group's stake from 70.42% to 70.55%. The consideration for these additional shares was £0.9 million and the amount debited to retained earnings was £0.6 million.

ii) Acquisition of the entire share capital of Rafferty's Garden PTY Limited

On 4 July 2013, the Group acquired the entire share capital of Rafferty's Garden PTY Limited, a company registered in Australia, whose principal activity is the production and sale of baby food. Details of the acquisition are as follows:

a) Purchase consideration and provisional fair value of net assets acquired

	£m
Total purchase consideration	**42.2**

The provisional assets and liabilities recognised at the date of acquisition are as follows:

	Book value £m	Fair value adjustment £m	Provisional fair value £m
Inventories	2.2	(0.5)	1.7
Receivables	4.3	–	4.3
Cash and cash equivalents	1.3	–	1.3
Payables	(4.2)	–	(4.2)
Deferred tax	–	(10.1)	(10.1)
Rafferty's brand	–	39.1	39.1
Net identifiable assets acquired	**3.6**	**28.5**	**32.1**
Goodwill			10.1
Consideration paid			**42.2**

The fair value adjustments relate to: the recognition of a deferred tax liability on the recognition of the Rafferty's brand and the provision for impairment of inventories.

b) Goodwill

The goodwill of £10.1 million arising from the acquisition is attributable to the synergies expected from combining the operations of the acquired business and the Group. None of the recognised goodwill will be deductible for tax purposes.

c) Acquisition related costs

Acquisition and integration related costs of £1.1 million are included in the income statement and are treated as exceptional.

d) Revenue and profit contribution

The acquired business contributed revenues of £9.1 million and operating profit of £0.9 million to the Group for the period from 4 July 2013 to 30 November 2013.

If the acquisition had occurred on 1 June 2013, Group consolidated revenue and consolidated operating profit before exceptional items for the six months ended 30 November 2013 would have been £434.0 million and £48.3 million respectively.

14. Financial risk management and financial instruments

The Group's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, credit risk, liquidity and interest rates. The Group's treasury function reports to the Board at least annually with reference to the application of the Group treasury policy. The policy addresses issues of liquidity, funding and investment as well as interest rate, currency and commodity risks.

The condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements. This information and related disclosures are presented in the Group's annual financial statements as at 31 May 2013. There have been no changes in the risk management department or in any risk management policies since the year end.

i) Fair value estimation

The Group holds a number of financial instruments that are held at fair value within the Annual Report and Accounts. Financial instruments have been classified as Level 1, Level 2 or Level 3 dependant on the valuation method applied in determining their fair value.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The only financial instruments held at fair value by the Group relate to foreign currency forward contracts used as derivatives for hedging and interest rate swaps on a portion of the Group's long-term borrowings.

For both the six months ended 30 November 2013, 30 November 2012 and the year ended 31 May 2013 the assets and liabilities arising from these instruments have been classified as Level 2. The fair value of these instruments at each of the period-ends was:

	Unaudited 30 November 2013 £m	Unaudited 30 November 2012 £m	Audited 31 May 2013 £m
Assets			
Foreign currency forward contracts	**0.3**	–	–
Liabilities			
Foreign currency forward contracts	**0.1**	0.4	0.6

All financial instruments are Level 2 financial instruments for all periods and there have been no transfers between either Level 1 and 2 or Level 2 and 3 in any period.

The fair value of the following financial assets and liabilities approximate to their carrying amount:

- Trade receivables and other receivables.
- Cash and cash equivalents.
- Trade and other payables.

ii) Valuation techniques used to derive Level 2 fair values

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

iii) Group's valuation processes

The Group's finance department includes a treasury team that performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values (as required).

Notes continued

15. Related party transactions

Milk Ventures (UK) Limited and Nutricima Limited

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 2013 the outstanding long-term balance receivable from Milk Ventures (UK) Limited was £23.7 million (30 November 2012: £23.7 million) (31 May 2013: £23.7 million).
- The Group sourced and then sold fixed assets, power and raw materials to Nutricima Limited to the value of £23.3 million (30 November 2012: £14.9 million). In addition, the Group received distribution fee income of £2.3 million (30 November 2012: £2.0 million). At 30 November 2013 the amount outstanding from Nutricima Limited was £8.4 million (30 November 2012: £8.6 million) (31 May 2013: £7.1 million).

All trading balances will be settled in cash. There were no provisions for doubtful related party receivables at 30 November 2013 (30 November 2012: nil) (31 May 2013: nil) and no charge to the income statement in respect of doubtful related party receivables (30 November 2012: nil).

PZ Wilmar Limited and PZ Wilmar Food Limited

The following related party transactions were entered into by subsidiary companies during the year under the terms of a joint venture agreement with Singapore based Wilmar International Limited:

- At 30 November 2013 the outstanding balance receivable from PZ Wilmar Limited was £21.1 million (30 November 2012: £15.3 million) (31 May 2013: £16.8 million) and from PZ Wilmar Food Limited was £6.4 million (30 November 2012: £6.4 million) (31 May 2013: £6.4 million).
- The Group sourced and then sold certain raw materials to PZ Wilmar Limited to the value of £1.6 million (30 November 2012: £0.2 million). At 30 November 2013 the amount outstanding from PZ Wilmar Limited was £4.1 million (30 November 2012: £2.5 million) (31 May 2013: £3.7 million) and from PZ Wilmar Food Limited was £0.1 million (30 November 2012: nil) (31 May 2013: £0.3 million). The amount outstanding from the Group to PZ Wilmar Food Limited at 30 November 2013 was £1.2 million (30 November 2012: nil) (31 May 2013: nil).

All trading balances will be settled in cash. There were no provisions for doubtful related party receivables at 30 November 2013 (30 November 2012: nil) (31 May 2013: nil) and no charge to the income statement in respect of doubtful related party receivables (30 November 2012: nil).

Wilmar PZ International Pte Limited

The following related party transactions were entered into by subsidiary companies during the year under the terms of a joint venture agreement with Singapore based Wilmar International Limited:

- At 30 November 2013 the amount outstanding from Wilmar PZ International Pte Limited was £1.0 million (30 November 2012: nil) (31 May 2013: £0.9 million). The amount outstanding from the Group at 30 November 2013 was nil (30 November 2012: nil) (31 May 2013: nil).

16. 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.

17. Principal risks and uncertainties

The principal risks affecting the Group and measures taken to reduce these risks are explained in detail on pages 22 and 23 of our 2013 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 recruit and retain 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.

Statement of Directors' Responsibilities

The Directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the 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 and any material changes in the related party transactions described in the last Annual Report.

The Directors of PZ Cussons Plc are listed on page 19. A list of current Directors is maintained on the PZ Cussons Plc website.

By order of the Board

Mr S P Plant
Company Secretary
21 January 2014

Independent Review Report to PZ Cussons Plc

Introduction
We have been engaged by the Company to review the consolidated set of financial statements in the half-yearly financial report for the six months ended 30 November 2013, which comprises the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow 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 Conduct 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 Conduct 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 2013 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 Conduct Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
21 January 2014
Manchester

Directors

Chairman
R J Harvey*

Chief Executive
G A Kanellis
J A Arnold*
C G Davis
N Edozien*
S J N Heale* (retired 31 December 2013)
B H Leigh
H Owers*
J T J Steel*

* Non-executive

Secretary
S P Plant

Registered Office
3500 Aviator Way
Manchester
M22 5TG

Registered number
Company registered number 19457

Registrars
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

Website
www.pzcussons.com

Notes

PZ Cussons Plc

Manchester Business Park
3500 Aviator Way
Manchester
M22 5TG
0161 435 1000