PZ CUSSONS PLC

29 July 2014

FINAL RESULTS
FOR THE YEAR ENDED 31 MAY 2014

PZ Cussons Plc, a leading international consumer products group, announces its final results for the year ended 31 May 2014.

Reported Results (before exceptional items[1])	**Year ended 31 May 2014**	**Year ended 31 May 2013**	% change
Revenue	**£861.4m**	£883.2m	(2.5%)
Operating profit	**£116.4m**	£108.4m	7.4%
Profit before tax	**£115.0m**	£107.5m	7.0%
Adjusted basic earnings per share	**17.96p**	16.62p	8.1%
Statutory results			
Operating profit	**£125.1m**	£95.7m	30.7%
Profit before tax	**£123.7m**	£94.8m	30.5%
Basic earnings per share	**21.52p**	14.75p	45.9%
Total dividend per share	**7.76p**	7.39p	5.0%
Net (debt)/funds[2]	**(£29.4m)**	£3.4m	

[1] Exceptional items before tax (2014: income of £8.7m; 2013: costs of £12.7m), are detailed in note 2.
[2] Net (debt)/funds, above and hereafter, is defined as cash, short-term deposits and current asset investments less borrowings (refer to note 10).

Highlights

Group

- Revenue growth in constant currency of 2% on prior year; in addition JV revenue increasing by £172m
- Operating profit growth of 7% despite the impact of weakening currencies
- Excluding the impact of exchange rates, operating profit would have been 18% higher than prior year
- Rafferty's Garden acquisition completed early in the year for £42.2m in cash
- Disposal of Polish Home Care brands completed in February for £46.6m in cash
- Strong balance sheet with only a small net debt position at the end of the year
- Total dividend increased 5% year on year being the 41st year of consecutive year on year increases

Africa

- Operating profit growth in Nigeria despite increased levels of disruption in the north of the country
- Revenue of African Food and Nutrition joint ventures reaches £260m
- PZ Wilmar joint venture performing well with refinery operating close to capacity
- Good revenue and profitability growth achieved in the Nutricima joint venture with Glanbia

Asia

- Revenue and profit growth achieved despite the significant impact of weakening currencies
- Underlying performance in key markets of Australia and Indonesia strong
- Rafferty's Garden acquisition marked the Group's entry into Food and Nutrition in Asia

Europe

- Strong performance in UK Washing and Bathing division with all four brands performing well
- Major relaunch of Imperial Leather range post year end
- St Tropez demand continues to be boosted by Kate Moss as brand ambassador
- Good performance in smaller markets of Poland and Greece

Commenting today, Richard Harvey (Chairman) said:

"The Group has delivered a strong set of results with Sterling operating profits 7% ahead of the prior year. This has been achieved despite a significant weakening in currencies which impacted profits by circa £12m and without which profits would have been 18% higher on prior year.

It has been particularly pleasing to see the progress of the palm oil joint venture with Wilmar with the brands Mamador and Devon King's performing well and the refinery operating close to capacity in its first full year of operation.

During the year we acquired Rafferty's Garden and sold our Polish Home Care brands as we continue to seek to focus the business on areas we perceive have particularly high growth potential and where we can add substantial value. The acquisition of Rafferty's Garden marked our entry into the Asian Food and Nutrition category, a sector we believe is particularly exciting and where we are developing plans for further growth. Having disposed of the Polish Home Care brands we are now focussing on the Personal Care and Beauty business in that region.

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

The 5% increase in the Group's dividend marks the 41st year of consecutive year on year increases.

Whilst trading conditions in most markets remain challenging, the Group remains focussed on a dynamic and fast brand renovation and innovation programme and successful delivery of new areas of growth such as Rafferty's Garden and the Wilmar joint venture. These initiatives will help to offset the continuing macro challenges, including foreign exchange volatility, and the reduction in profits from Poland as a result of the strategic Home Care brands sale.

Our overall performance since the year end has been in line with management expectations."

Press Enquiries

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

On 29, 30 and 31 July c/o Instinctif on 020 7457 2020.

After 31 July to Brandon Leigh on 0161 435 1236.

An analysts' presentation will be held on 29 July 2014 at 9.30am at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ.

There will be a live webcast of the presentation with Q&A facility beginning at 9.30am which will also be available 'on demand' after the presentation has finished. To register and access this webcast, please complete the form in the link and click 'Register': http://webcast.instinctif.tv/795-1194-14572/en

PZ CUSSONS PLC
FINAL RESULTS
FOR THE YEAR ENDED 31 MAY 2014

Overview

Trading performance – overview

Operating profits increased 7.4% versus the prior year driven by underlying revenue growth, improved margins and a profitable outturn from the PZ Wilmar joint venture. This has been achieved despite a significant exchange impact of circa £12m from the translation and transactional effect of weakening currencies, in particular the Australian Dollar, Indonesian Rupiah and the Ghanaian Cedi. Excluding this impact profits would have been 18% higher than the previous year. Whilst trading conditions continue to be tough in most markets, the Group's speed to market with brand innovation and renovation, as well as a continuing focus on improving margins, has enabled another year of profitable growth to be delivered.

Within Africa, Nigeria continues to be the largest market with the majority of revenue and operating profit coming from that geography. Operating profit growth was achieved in the year despite the significant ongoing disruption in the north of the country and generally low levels of liquidity in the market. With the new PZ Wilmar joint venture fully up and running, the Group now benefits from significant category diversification with a spread of businesses across Personal Care, Home Care, Electricals and now two joint ventures in the Food and Nutrition category.

Underlying performance in Asia has been strong although the weakening in the Australian Dollar and Indonesian Rupiah has impacted results in Sterling. Regional results are ahead of the prior year as a result of the Rafferty's Garden acquisition which contributed circa £19.6m and £2.2m to revenue and operating profit respectively.

In Europe, a strong performance, in particular from the Washing and Bathing division, resulted in higher operating profits versus the prior year. The sale of the Polish Home Care brands resulted in revenue from that market being £24m lower than the previous year, whilst profits were at a similar level as a result of a strong performance pre-disposal.

The overall impact of exchange rate movements in the year resulted in a decrease in Group revenue of circa £37m. The translational and transactional impact of the exchange rate movements was to reduce profits by circa £5m and £7m respectively, a total of circa £12m.

Financial position – overview

The Group's balance sheet remains strong with only a small net debt position at the year end following £96.9m of cash generated from operations through tight control of working capital.

Total capital expenditure of £33.0m comprises an underlying amount close to depreciation levels relating to factory expenditure, plus a further amount for the implementation of SAP and other IT infrastructure.

During the year £42.2m was spent in relation to the acquisition of Rafferty's Garden and £46.6m was received in relation to the disposal of the Polish Home Care brands.

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 year, including changes to some of the Group's category and supply chain structures. SAP has been selected as the Group's core system for the future and IBM have been chosen as the external systems integrator. SAP will be implemented across the Group phased by region over the next three years.

Regional reviews

Performance by region

	Revenue (£m)		Operating profit before exceptional items[1] (£m)	
	2014	2013	**2014**	2013
Africa	**361.3**	362.7	**40.2**	37.4
Asia	**184.4**	174.9	**19.3**	18.4
Europe	**315.7**	345.6	**56.9**	52.6
Total	**861.4**	883.2	**116.4**	108.4

[1] Exceptional items are detailed in note 2.

Africa

In **Nigeria**, unrest in the north of the country has continued with high levels of disruption at various times during the year. This has made trade difficult in the affected areas as distributors and consumers trade and shop more cautiously. There is currently no indication that the levels of disruption will ease in the short term and politically the country is now focussed on the next presidential elections that are scheduled to take place in February 2015. Economically, high interest rates have helped to maintain the stability of the Naira to Dollar exchange rate although this has resulted in liquidity levels in the market remaining tight. A new central bank governor took office in June 2014 and policies have continued to support the currency as long as foreign exchange reserves are maintained at a sufficient level.

In Personal Care and Home Care, whilst volumes were higher year on year, revenue and operating profit were slightly lower as a result of commodity products, such as bulk detergents and laundry soaps, having to trade in an extremely competitive environment. Competitors have been operating with high levels of promotions in order to maintain share whilst cheap imports from Asia have also affected market dynamics. Pleasingly, good growth has been achieved in the value add part of the portfolio driven by a significant renovation programme across brands such as Premier, Zip, Morning Fresh, Carex and Cussons Baby. This innovation and renovation across the portfolio has helped to maintain or grow the brands' number one or number two positions by market share.

In the Electricals division, double digit revenue and profit growth has been achieved with the Haier Thermocool brand performing extremely well in its 40th anniversary year. The brand holds clear number one market share positions in refrigerators, freezers and washing machines, and 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 showrooms in Nigeria and Ghana continue to play an important role, both as sales outlets, and as a showcase for the premium positioning of the brand.

Revenue for the African Food and Nutrition joint ventures with Wilmar and Glanbia grew to £260m. The palm oil joint venture with Wilmar has performed very well, recording a small operating profit contribution, with the refinery already operating close to capacity following its commissioning in January 2013. Good growth has been achieved in the consumer brands of Mamador and Devon King’s with the balance of output sold business to business. Nutricima, the nutritional beverage joint venture with Glanbia, has seen double digit revenue growth with strong performance from the key brands of Nunu, Coast, Olympic and Yo. The business posted a profit for the year, ahead of the breakeven position of the prior year, despite higher year on year milk costs.

Whilst local currency revenue growth in **Ghana** is ahead of the prior year, profitability has been impacted by a significant weakening of the Cedi which has devalued over 60% in twelve months. Brand shares remain healthy at number one or two position across all four categories of Personal Care, Home Care, Electricals and Food and Nutrition.

Revenue and profitability in **Kenya** are at similar levels to the previous year.

Asia

In **Australia**, the underlying performance in the Home Care and Personal Care portfolios has been strong, driven by innovative new product launches brought quickly to market. Within Home Care, Morning Fresh has extended its number one market share position in manual dishwash whilst Radiant laundry powder and liquids have also grown versus the previous year. In Personal Care, the Imperial Leather and Original Source ranges have been extended with new variants and during the year Cussons Mum & Me was launched into selected distribution channels. Beauty brands Fudge, St Tropez and Sanctuary have performed particularly strongly in the Australian market during the year. Rafferty's Garden, the Australian baby food business purchased in July 2013, has performed well and is expected to be launched outside of Australia before the end of the 2014 calendar year. All 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 than previous years as a result of the slowing macro environment. Results have also been affected on conversion by the significant weakening in the Rupiah. Cussons Baby, which accounts for approximately 80% of Indonesian revenue, continues to perform extremely well reinforcing its market leading position. The Imperial Leather range was relaunched during the year with new bar and liquid soap products whilst Carex also delivered good growth. The brand portfolio was also extended with the launch of Original Source into modern trade distribution channels. Further progress was also made during the year with distribution in other South East Asian territories.

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

Europe

In the **UK** Washing and Bathing division, all brands have performed well driven by significant renovation and innovation programmes with over 70% of products relaunched or refreshed in the year. This enables category growth plans to be developed with the trade and new product news to be delivered to the consumer. Highlights during the year include the relaunch of the premium Imperial Leather Foamburst shower range with new imagery and fragrances, the extension of the very successful Carex Kids handwash range to four variants and new Original Source products including the launch of a Skin Quench moisturising range. An exciting development for the new financial year is the major relaunch post year end of the entire Imperial Leather portfolio with exciting new products and fragrances tiered as Classic, Signature and Indulgence ranges to cater for all price points and consumer needs. The Cussons Mum & Me range, launched two years ago, was refined in the year to focus on the successful top selling products and has been complemented by products for toddlers and young children under the Little Explorers sub-brand. Product portfolios for all brands have been optimised both for the big four supermarkets as well as further increasing distribution in other channels.

In the **Beauty** division, whilst trading conditions in UK channels have been challenging, overseas markets have been further developed during the year with new distribution secured in the US, Canada and selected European countries. Consumer demand for St Tropez has been boosted in all markets by Kate Moss as brand ambassador, and the portfolios of all brands continue to be refreshed with innovative new products. As part of the division's focus on its product ranges, the Covent Garden spa and the three smaller boutique spas were closed during the year.

In **Poland**, the sale of the Home Care brands completed in February 2014 with £46.6m received in cash. Performance in the period was strong pre-sale for the Home Care business and the focus is now on investing in and growing the Personal Care brands of Luksja, Original Source and Carex.

Performance in **Greece** showed improvement versus the prior year as the economy began to stabilise, and new product launches took place across the portfolio of edible oils, cheeses and spreads.

Exceptional items

A net exceptional profit of £8.7m before tax was recorded during the year (2013: charge of £12.7m). The exceptional profit relates to the profit in the year recognised from the sale of the Polish Home Care brands (£30.6m) partially offset by the cost of the supply chain optimisation project phase 1 and 2 (£13.0m), the current year cost of the Group structure and systems project (£5.6m) and the cost of the Rafferty's Garden acquisition and integration (£3.3m).

Taxation

The effective tax rate before exceptional items was 26.0% (2013: 26.5%) and is lower principally due to decreased UK corporation tax rates.

Dividend

The Group aims to pay an attractive, sustainable and growing dividend. The Board is recommending a final dividend of 5.23p (2013: 5.04p) per share making a total of 7.76p (2013: 7.39p) per share for the year, a 5% increase and the 41st successive year of dividend increases.

The overall dividend remains some 2.3 times covered by adjusted earnings per share. Subject to approval at the AGM, the final dividend will be paid on 1 October 2014 to shareholders on the register at the close of business on 15 August 2014.

Directors

James Steel, Senior Independent Director and Chairman of the Remuneration Committee, will retire from the Board at the end of his term of office immediately after the 2014 Annual General Meeting on 23 September. He will be succeeded as Senior Independent Director by John Arnold and as Chairman of the Remuneration Committee by Helen Owers. James has served as a Non-executive Director since October 2005.

Outlook

Whilst trading conditions in most markets remain challenging, the Group remains focussed on a dynamic and fast brand renovation and innovation programme, an ongoing cost reduction programme and successful delivery of new areas of growth such as Rafferty's Garden and the Wilmar joint venture. These initiatives will help to offset the continuing macro challenges, including foreign exchange volatility, and the reduction in profits from Poland as a result of the Home Care brands sale.

The Group's balance sheet remains strong and well placed to pursue new areas of growth.

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

PZ CUSSONS PLC

Consolidated income statement for the year ended 31 May 2014

	Notes	Year ended 31 May 2014 Before exceptional items £m	Year ended 31 May 2014 Exceptional items (note 2) £m	Year ended 31 May 2014 Total £m	Year ended 31 May 2013 Before exceptional items £m	Year ended 31 May 2013 Exceptional items (note 2) £m	Year ended 31 May 2013 Total £m
Continuing operations							
Revenue	1	861.4	-	**861.4**	883.2	-	883.2
Cost of sales		(524.4)	-	**(524.4)**	(548.9)	-	(548.9)
Gross profit		337.0	-	**337.0**	334.3	-	334.3
Selling and distribution costs		(145.3)	-	**(145.3)**	(133.6)	-	(133.6)
Administrative expenses		(76.8)	8.7	**(68.1)**	(90.2)	(12.7)	(102.9)
Share of results of joint ventures		1.5	-	**1.5**	(2.1)	-	(2.1)
Operating profit/(loss)	1	116.4	8.7	**125.1**	108.4	(12.7)	95.7
Finance income		2.6	-	**2.6**	2.7	-	2.7
Finance costs		(4.0)	-	**(4.0)**	(3.6)	-	(3.6)
Net finance costs	3	(1.4)	-	**(1.4)**	(0.9)	-	(0.9)
Profit/(loss) before taxation		115.0	8.7	**123.7**	107.5	(12.7)	94.8
Taxation	4	(29.9)	4.9	**(25.0)**	(28.5)	4.7	(23.8)
Profit/(loss) for the year		85.1	13.6	**98.7**	79.0	(8.0)	71.0
Attributable to:							
Owners of the Parent		76.3	15.1	**91.4**	71.1	(8.0)	63.1
Non-controlling interests		8.8	(1.5)	**7.3**	7.9	-	7.9
		85.1	13.6	**98.7**	79.0	(8.0)	71.0
Basic EPS (p)	6			**21.52**			14.75
Diluted EPS (p)	6			**21.45**			14.70
Adjusted basic EPS (p)	6			**17.96**			16.62
Adjusted diluted EPS (p)	6			**17.91**			16.56

PZ CUSSONS PLC
Consolidated statement of comprehensive income for the year ended 31 May 2014

	2014 **£m**	2013 £m
Profit for the year	**98.7**	71.0
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment obligations	**(1.5)**	0.4
Deferred tax on remeasurement of post retirement obligations	**1.3**	(0.1)
Total items that will not be reclassified to profit or loss	**(0.2)**	0.3
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(45.9)**	11.5
Cash flow hedges – fair value (loss)/gain in year	**(1.5)**	0.5
Tax on items that may be subsequently reclassified to profit or loss	**0.1**	(0.1)
Total items that may be subsequently reclassified to profit or loss	**(47.3)**	11.9
Other comprehensive (expense)/income for the year net of taxation	**(47.5)**	12.2
Total comprehensive income for the year	**51.2**	83.2
Attributable to:		
Owners of the Parent	**51.3**	73.5
Non-controlling interests	**(0.1)**	9.7

PZ CUSSONS PLC
Consolidated balance sheet as at 31 May 2014

	Notes	**31 May 2014 £m**	31 May 2013 £m
Assets			
Non-current assets			
Goodwill and other intangible assets	7	**287.7**	248.7
Property, plant and equipment		**195.3**	214.9
Other investments		**0.3**	0.5
Long term loans to joint ventures		**45.8**	42.3
Trade and other receivables		**4.4**	3.8
Retirement benefit surplus		**38.3**	38.9
		571.8	549.1
Current assets			
Inventories		**162.2**	168.4
Trade and other receivables		**166.7**	176.3
Current asset investments		**19.1**	10.4
Cash and cash equivalents		**70.0**	93.0
Current taxation receivable		**13.1**	9.5
		431.1	457.6
Total assets		**1,002.9**	1,006.7
Equity			
Share capital		**4.3**	4.3
Capital redemption reserve		**0.7**	0.7
Hedging reserve		**(1.1)**	0.3
Currency translation reserve		**(0.4)**	38.1
Retained earnings		**480.5**	437.3
Attributable to owners of the Parent		**484.0**	480.7
Non-controlling interests		**52.4**	65.6
Total equity		**536.4**	546.3
Liabilities			
Non-current liabilities			
Borrowings		**103.5**	85.0
Trade and other payables		**0.7**	0.5
Deferred taxation liabilities		**41.8**	46.6
Retirement benefit obligations		**23.2**	31.3
		169.2	163.4
Current liabilities			
Borrowings		**15.0**	15.0
Trade and other payables		**222.4**	232.3
Current taxation payable		**46.8**	36.5
Provisions		**13.1**	13.2
		297.3	297.0
Total liabilities		**466.5**	460.4
Total equity and liabilities		**1,002.9**	1,006.7

PZ CUSSONS PLC
Consolidated statement of changes in equity for the year ended 31 May 2014

	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
Profit for the year	-	-	-	63.1	-	7.9	71.0
Other comprehensive income							
Remeasurement of post-employment obligations	-	-	-	0.4	-	-	0.4
Exchange differences on translation of foreign operations	-	9.7	-	-	-	1.8	11.5
Cash flow hedges - fair value gains in year	-	-	-	-	0.5	-	0.5
Cash flow hedges – tax on fair value gains	-	-	-	-	(0.1)	-	(0.1)
Deferred tax on actuarial gains on defined benefit pension schemes	-	-	-	(0.1)	-	-	(0.1)
Total comprehensive income for the year	-	9.7	-	63.4	0.4	9.7	83.2
Other comprehensive income							
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)
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**(51.1)**	**-**	**(5.3)**	**(56.4)**
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**
Profit for the year	**-**	**-**	**-**	**91.4**	**-**	**7.3**	**98.7**
Other comprehensive income							
Remeasurement of post-employment obligations	**-**	**-**	**-**	**(1.5)**	**-**	**-**	**(1.5)**
Exchange differences on translation of foreign operations	**-**	**(38.5)**	**-**	**-**	**-**	**(7.4)**	**(45.9)**
Cash flow hedges - fair value losses in year	**-**	**-**	**-**	**-**	**(1.5)**	**-**	**(1.5)**
Cash flow hedges – tax on fair value losses	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Deferred tax on actuarial loss on defined benefit pension schemes	**-**	**-**	**-**	**1.3**	**-**	**-**	**1.3**
Total comprehensive income for the year	**-**	**(38.5)**	**-**	**91.2**	**(1.4)**	**(0.1)**	**51.2**
Transactions with owners:							
Ordinary dividends	**-**	**-**	**-**	**(32.2)**	**-**	**-**	**(32.2)**
Acquisition of shares for ESOT	**-**	**-**	**-**	**(16.1)**	**-**	**-**	**(16.1)**
Share based payments charge	**-**	**-**	**-**	**0.7**	**-**	**-**	**0.7**
Deferred tax on share based payments	**-**	**-**	**-**	**0.2**	**-**	**-**	**0.2**
Acquisition of non-controlling interests	**-**	**-**	**-**	**(0.6)**	**-**	**(0.2)**	**(0.8)**
Non-controlling interests dividend paid	**-**	**-**	**-**	**-**	**-**	**(12.9)**	**(12.9)**
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**(48.0)**	**-**	**(13.1)**	**(61.1)**
At 31 May 2014	**4.3**	**(0.4)**	**0.7**	**480.5**	**(1.1)**	**52.4**	**536.4**

PZ CUSSONS PLC
Consolidated cash flow statement for the year ended 31 May 2014

	2014 £m	2013 £m
Cash flows from operating activities		
Cash generated from operations	**96.9**	119.2
Taxation paid	**(19.9)**	(16.1)
Interest paid	**(4.0)**	(3.6)
Net cash generated from operating activities	**73.0**	99.5
Cash flows from investing activities		
Interest income	**2.6**	2.7
Purchase of property, plant and equipment	**(33.0)**	(23.1)
Proceeds from sale of Polish Home Care brands	**46.6**	-
Cash costs of sale of Polish Home Care brands	**(6.2)**	-
Proceeds from sale of property, plant and equipment	**1.1**	1.0
Acquisition of non-controlling interests	**(0.8)**	(9.5)
Cash and cash equivalents obtained from acquired business	**1.3**	-
Acquisition of Rafferty's Garden	**(42.2)**	-
Advance of short-term deposits to joint ventures	**(8.7)**	(3.4)
Loans granted to joint ventures	**(4.3)**	(5.2)
Net cash used in investing activities	**(43.6)**	(37.5)
Financing activities		
Dividends paid to non-controlling interests	**(12.9)**	(2.4)
Purchase of shares for ESOT	**(16.1)**	(15.0)
Dividends paid to Company shareholders	**(32.2)**	(29.3)
Repayment of term loan	**(15.0)**	(3.8)
Increase in borrowings	**33.5**	13.0
Net cash used in financing activities	**(42.7)**	(37.5)
Net (decrease)/increase in cash and cash equivalents	**(13.3)**	24.5
Cash and cash equivalents at the beginning of the year	**93.0**	65.9
Effect of foreign exchange rates	**(9.7)**	2.6
Cash and cash equivalents at the end of the year	**70.0**	93.0

Reconciliation of profit before tax to cash generated from operations for the year ended 31 May 2014

	2014 £m	2013 £m
Profit before tax	**123.7**	94.8
Adjustment for net finance expense	**1.4**	0.9
Operating profit	**125.1**	95.7
Depreciation	**19.9**	20.3
Impairment loss of tangible fixed assets	**9.1**	1.6
Profit on sale of Polish Home Care brands	**(30.6)**	-
Profit on sale of tangible fixed assets	**(0.1)**	(0.2)
Pension scheme contributions paid	**(7.7)**	(6.4)
Net pension charge for the year	**0.6**	0.9
Share of results from joint ventures	**(1.5)**	2.1
Share based payments charge/(credit)	**0.7**	(0.6)
Operating cash flows before movements in working capital	**115.5**	113.4
Movements in working capital:		
Inventories	**(14.1)**	8.6
Trade and other receivables	**(5.9)**	(35.0)
Trade and other payables	**0.2**	37.3
Provisions	**1.2**	(5.1)
Cash generated from operations	**96.9**	119.2

1 Segmental analysis

2014	**Africa £m**	**Asia £m**	**Europe £m**	**Eliminations £m**	**Total £m**
Gross segment revenue	**373.6**	**199.3**	**474.3**	**(185.8)**	**861.4**
Inter segment revenue	**(12.3)**	**(14.9)**	**(158.6)**	**185.8**	**-**
Revenue	**361.3**	**184.4**	**315.7**	**-**	**861.4**
Segmental operating profit before exceptional items and share of results of joint ventures	**38.7**	**19.3**	**56.9**	**-**	**114.9**
Share of results of joint ventures	**1.5**	**-**	**-**	**-**	**1.5**
Segmental operating profit before exceptional items	**40.2**	**19.3**	**56.9**	**-**	**116.4**
Exceptional items	**(5.3)**	**(6.6)**	**20.6**	**-**	**8.7**
Segmental operating profit	**34.9**	**12.7**	**77.5**	**-**	**125.1**
Finance income					**2.6**
Finance cost					**(4.0)**
Profit before taxation					**123.7**
Depreciation and amortisation	**8.6**	**3.0**	**8.3**	**-**	**19.9**
Impairment	**4.4**	**-**	**7.9**	**-**	**12.3**

2013	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Gross segment revenue	366.7	191.5	489.2	(164.2)	883.2
Inter segment revenue	(4.0)	(16.6)	(143.6)	164.2	-
Revenue	362.7	174.9	345.6	-	883.2
Segmental operating profit before exceptional items and share of results of joint ventures	39.5	18.4	52.6	-	110.5
Share of results of joint ventures	(2.1)	-	-	-	(2.1)
Segmental operating profit before exceptional items	37.4	18.4	52.6	-	108.4
Exceptional items	(0.6)	(3.3)	(8.8)	-	(12.7)
Segmental operating profit	36.8	15.1	43.8	-	95.7
Finance income					2.7
Finance cost					(3.6)
Profit before taxation					94.8
Depreciation and amortisation	8.3	3.4	8.6	-	20.3
Impairment	-	-	1.6	-	1.6

2 Exceptional items

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

Year to 31 May 2014	**Exceptional items before taxation**	**Taxation**	**Exceptional items after taxation**
Exceptional items included within operating profit:	**£m**	**£m**	**£m**
Group structure and systems project	5.6	(1.4)	4.2
Supply chain optimisation phase 1	2.0	(0.4)	1.6
Supply chain optimisation phase 2	11.0	(1.7)	9.3
Polish Home Care brands profit on divestment	(30.6)	3.3	(27.3)
Rafferty's Garden Acquisition & Integration Costs	3.3	(0.4)	2.9
Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands	-	(4.3)	(4.3)
	(8.7)	**(4.9)**	**(13.6)**

Year to 31 May 2013	**Exceptional items before taxation**	**Taxation**	**Exceptional items after taxation**
Exceptional items included within operating profit:	**£m**	**£m**	**£m**
Supply chain optimisation phase 1	8.9	(2.4)	6.5
Boutique spas closure	3.8	(0.9)	2.9
Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands	-	(1.4)	(1.4)
	12.7	**(4.7)**	**8.0**

Explanation of exceptional items

Year to May 2014

Group structure and systems project
The Group has incurred exceptional costs of £5.6m relating to the project to realign the non-manufacturing organisation design to create a more effective Group operating model. These costs mainly consist of restructuring and advisory costs.

Supply chain optimisation phase 1
The Group has incurred exceptional costs of £2.0m relating to restructuring costs associated with the completion of the supply chain optimisation project that was initiated in the year to 31 May 2012. The program has been completed on budget early in this financial year, and the realisation of the benefits remains in line with previous expectations.

Supply chain optimisation phase 2
During the supply chain optimisation programme further opportunities to reduce the Group's supply chain cost base were identified and a further exceptional charge of £20m is forecast to be taken in the current and next financial year in respect of this extended programme. The costs relate to restructuring costs associated with supply chain optimisation and impairment costs associated with the write-down of supply chain assets.

Polish Home Care brands profit on divestment
The Group has sold its Polish Home Care brands for £46.6m cash consideration. The costs associated with the divestment include restructuring costs and asset impairment as set out in note 9.

Rafferty's Garden Acquisition & Integration Costs

During the year the Group acquired the entire share capital of Rafferty's Garden Pty Limited. The Group incurred acquisition related costs and integration/restructuring costs of £3.3m, as a result of integrating the business into existing operations.

Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands

The UK corporation tax rate reduces to 20% from 1 April 2015. As a result of this change, the deferred tax balances relating to UK assets and liabilities were reduced to take account of the substantively enacted rate change. The largest single effect of the rate change was in relation to the deferred tax liabilities recognised when the Sanctuary, St Tropez and Charles Worthington brands were acquired and this is disclosed as an exceptional item due to its size and the fact that it relates to previous acquisitions.

Year to May 2013

Supply chain optimisation phase 1

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

Boutique spas closure

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

Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands

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

3 Net finance expense

	2014 £m	2013 £m
Finance income:		
Investment gains	**0.1**	0.1
Interest receivable	**2.5**	2.6
Interest income	**2.6**	2.7
Interest expense:		
Interest payable on bank loans and overdrafts	**(4.0)**	(3.6)
Net finance expense	**(1.4)**	(0.9)

4 Taxation

	2014 £m	2013 £m
Current tax		
UK corporation tax charge for the year	**4.8**	5.1
Adjustments in respect of prior years	**-**	(0.7)
	4.8	4.4
Overseas corporation tax charge for the year	**22.0**	21.9
Adjustments in respect of prior years	**-**	(0.2)
	22.0	21.7
Total current tax charge	**26.8**	26.1
Deferred tax		
Origination and reversal of temporary timing differences	**(1.5)**	(2.5)
Adjustments in respect of prior years	**(0.3)**	0.2
Total deferred tax credit	**(1.8)**	(2.3)
Total tax charge	**25.0**	23.8

UK corporation tax is calculated at 22.67% (2013: 23.83%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Taxation on items taken directly to equity was a credit of £1.6m (2013: £0.2m credit) and relates to deferred tax on pensions, share option schemes and financial derivatives recognised in the hedging reserve.

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

	2014 £m	2013 £m
Profit before tax	**123.7**	94.8
Tax at the UK corporation tax rate of 22.67% (2013: 23.83%)	**28.0**	22.6
Tax effect of revenue / expenses that are not taxable / deductible	**(2.1)**	0.1
Effect of different tax rates of subsidiaries in overseas jurisdictions	**1.0**	1.3
Effect of UK rate change on deferred taxation	**(3.9)**	(1.4)
Tax effect of share of results of joint ventures	**(0.2)**	0.4
Overseas withholding tax suffered on dividends	**2.5**	1.5
Adjustments in respect of prior periods	**(0.3)**	(0.7)
Tax charge for the year	**25.0**	23.8

5 AGM and dividend

The Board is recommending a final dividend of 5.23p (2013: 5.04p) per share, making a total dividend for the year of 7.76p (2013: 7.39p) per share. The gross amount for the proposed final dividend is £22.4m (2013: £21.6m).

The date of the Annual General Meeting has been fixed for 23 September 2014. Subject to shareholder approval dividend warrants in respect of the proposed final dividend will be posted on 1 October 2014 to members on the register at 5.00 pm on 15 August 2014.

6 Earnings per share

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

	2014	2013
Basic weighted average (000)	**424,738**	427,735
Diluted weighted average (000)	**426,129**	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 Scheme and the Performance Share Plan.

The profit attributable to owners of the Parent for the year is as follows:

	2014	2013
	£m	£m
Profit attributable to owners of the Parent	**91.4**	63.1
Exceptional items	**(15.1)**	8.0
Adjusted profit	**76.3**	71.1

	2014	2013
Basic earnings per share	**21.52p**	14.75p
Exceptional items	**(3.56p)**	1.87p
Adjusted basic earnings per share	**17.96p**	16.62p
Diluted earnings per share	**21.45p**	14.70p
Exceptional items	**(3.54p)**	1.86p
Adjusted diluted earnings per share	**17.91p**	16.56p

7 Goodwill and other intangible assets

	Goodwill	**Other intangible assets [1]**	**Total**
	£m	**£m**	**£m**
At 1 June 2012	45.8	202.6	248.4
Currency retranslation	-	0.3	0.3
At 31 May 2013	**45.8**	**202.9**	**248.7**
Acquired during the year	**-**	**39.2**	**39.2**
Currency retranslation	**-**	**(0.2)**	**(0.2)**
At 31 May 2014	**45.8**	**241.9**	**287.7**

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

Acquisition of Rafferty's Garden

On 4 July 2013, the Group acquired the entire share capital of Rafferty's Garden Pty Ltd for cash consideration of £42.2m. On acquisition the brand was deemed to have a fair value of £39.2m.

8 Business combinations

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

Cost of acquisitions	**£m**
0.13% of share capital of PZ Cussons Nigeria Plc	**0.8**

Throughout the year to 31 May 2014, 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 £0.8m, resulting in the acquisition of a non-controlling interest of £0.2m and an amount debited to retained earnings through the consolidated statement of changes in equity of £0.6m.

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

	Book value	**Fair value adjustment**	**Provisional fair value**
	£m	**£m**	**£m**
Inventories	2.2	(0.6)	1.6
Receivables	4.3	-	4.3
Cash and cash equivalents	1.3	-	1.3
Payables	(4.2)	-	(4.2)
Rafferty's Garden brand	-	39.2	39.2
Net identifiable assets acquired	**3.6**	**38.6**	**42.2**
Consideration paid			**42.2**

The fair value adjustments relate to the recognition of the Rafferty's Garden brand and the provision for impairment of inventories. The deferred tax liability in relation to the recognition of the Rafferty's Garden brand (£10.1 million) has been reversed in the second half of the year in respect of an associated tax base that has been determined post acquisition.

b) Acquisition related costs

Acquisition and integration related costs of £3.3m are included in the income statement and are treated as exceptional.

c) Revenue and profit contribution

The acquired business contributed revenues of £19.6m and operating profit before exceptional items of £2.2m to the Group for the period from 4 July 2013 to 31 May 2014.

If the acquisition had occurred on 1 June 2013, Group consolidated revenue and consolidated operating profit before exceptional items for the year ended 31 May 2014 would have been £863.6m and £116.6m respectively.

9 Disposal

Disposal of Polish Home Care brands

On 14 February 2014 the Group announced the completion of the sale of its Polish Home Care brands to Henkel for consideration of £46.6m in cash. The profit, net of recognised deal costs, deferred income in respect of delivery of associated supply contract, restructuring costs and asset impairment was £30.6m. There are anticipated to be further restructuring costs recognised in the year to 31 May 2015.

The results of the Polish Home Care brands business for the 12 months ended 31 May 2014 are included within continuing operations as the brands do not represent a separate major line of business.

The consideration and the profit on disposal were as follows:

	£m
Consideration	**46.6**
Deferred income in relation to supply contract	**(6.7)**
Net consideration in relation to Home Care brands sale	**39.9**
Impairment of assets	**(3.2)**
Deal costs	**(2.9)**
Restructuring	**(3.2)**
	30.6

10 Net (debt)/funds

	2014 £m	2013 £m
Cash at bank and in hand	**48.1**	42.3
Short-term deposits	**21.9**	50.7
Cash and cash equivalents	**70.0**	93.0
Current asset investments	**19.1**	10.4
Loans due within one year	**(15.0)**	(15.0)
Loans and overdrafts greater than one year	**(103.5)**	(85.0)
Net (debt)/funds	**(29.4)**	3.4

12 Accounting policies

Whilst the financial information in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS.

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

The financial statements have been prepared on a historical cost basis, modified for fair values under IFRS.

The accounting policies are consistent with those presented in the Annual Report and Accounts for 31 May 2013.

The following new and amended standards are relevant to the Group and have been adopted for the first time in these financial statements, with no material impact:

- IAS 19 'Employee benefits (Revised)' changes a number of disclosure requirements and restricts the accounting options available for defined benefit pension plans. The return on pension plan assets and finance charge have been replaced by a net interest expense, calculated by applying the liability discount rate to the net defined benefit asset or liability. Administration costs by pension funds will now be recognised as an expense when the administrative services are performed. The revised standard requires retrospective application, however the impact on the years ended 31 May 2012 and 31 May 2013 was not material and therefore the prior year comparatives have not been restated.

- Amendments to IFRS 7 'Financial instruments: Disclosures' introduces new disclosures of information about the significance of financial instruments to an entity.
- IFRS 13 'Fair value measurement' explains how to measure fair value and enhances fair value disclosures. The standard does not significantly change the measurement of fair value but codifies it in one place.
- Amendments to IAS 1 'Presentation of Financial Statements' requires items of Other Comprehensive Income that may be reclassified to profit or loss being presented separately from items that will never be reclassified.
- Amendment to IAS 12 'Income Taxes' on deferred tax.

NOT ADOPTED BY THE GROUP

The Group is currently assessing the impact of the following new standards, amendments and interpretations that are not yet effective.

The Group does not currently believe adoption of these would have a material impact on the consolidated results or financial position of the Group. All of the following new standards, amendments and interpretations are effective from 1 January 2014 unless otherwise stated. Standards have not yet been endorsed by the EU unless otherwise stated.

- IFRS 9 'Financial instruments'. Effective date not set.
- IFRS 10, 'Consolidated Financial Statements' (effective 1 January 2013) (endorsed 1 January 2014).
- IFRS 11 'Joint arrangements' (effective 1 January 2013) (endorsed 1 January 2014).
- IFRS 12, 'Disclosures of Interests in Other Entities' (effective 1 January 2013) (endorsed 1 January 2014).
- IAS 27 (revised 2011) 'Separate Financial Statements' (effective 1 January 2013) (endorsed 1 January 2014).
- IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2013) (endorsed 1 January 2014).
- Amendments to IFRS 10,11 and 12 on transition guidance (effective 1 January 2013) (endorsed 1 January 2014).
- Amendments to IAS 32 on financial instruments asset and liability offsetting (effective 1 January 2014)
- Amendment to IAS 36 'Impairment of Assets' on recoverable amount disclosures (effective 1 January 2014).
- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' on novation of derivatives and hedge accounting (effective 1 January 2014).

13 Basis of financial statements

This announcement was approved by the Board of Directors on 29 July 2014. The financial information in this announcement does not constitute the Group's statutory accounts for the year ended 31 May 2014 or 31 May 2013 but it is derived from those accounts. Statutory accounts for 31 May 2013 have been delivered to the Registrar of Companies, and those for 31 May 2014 will be delivered after the Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention in accordance with IFRS (International Financial Reporting Standards), as adopted by the EU, IFRS IC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU and effective at the time of preparing these financial statements (July 2014).

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue to operate for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements.

14 Statement of Directors' Responsibilities

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

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

Approved by the board of directors on 29 July 2014.