PZ CUSSONS PLC

23 July 2019

FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2019 (UNAUDITED)

Solid performance in Asia Pacific and Europe & the Americas
Africa adversely impacted by weak economic conditions

PZ Cussons Plc, a leading international consumer products group, announces its final results for the year ended 31 May 2019.

Adjusted[1] results	**Year ended 31 May 2019**	***(Restated)**** **Year ended 31 May 2018**	Reported % change	Constant currency % change[3]	Like for like % change[4]
Revenue[2]	**£689.4m**	£739.8m	(6.8%)	(2.6%)	(2.6%)
Adjusted operating profit	**£76.5m**	£85.7m	(10.7%)	(9.7%)	(9.7%)
Adjusted profit before tax	**£69.8m**	£80.1m	(12.9%)	(11.8%)	(11.8%)
Adjusted basic earnings per share	**13.01p**	13.39p	(2.8%)		
Net debt[5]	**(£152.2m)**	(£165.4m)			

Reported results (IFRS)	**Year ended 31 May 2019**	***(Restated)**** **Year ended 31 May 2018**	Reported % change
Revenue[2]	**£689.4m**	£739.8m	(6.8%)
Operating profit	**£43.7m**	£64.8m	(32.6%)
Profit before tax	**£37.0m**	£59.2m	(37.5%)
Basic earnings per share	**6.24p**	9.63p	(35.2%)
Total dividend per share	**8.28p**	8.28p	

*The results for the year ended 31 May 2018 have been restated to reflect the application of IFRS 15 and prior year adjustments. Further details are set out in note 9.

Group Highlights

- Moderate decline in revenue of 2.6% at constant currency - driven by weak economic conditions in Africa, partially offset by a solid performance in Asia Pacific and Europe & the Americas.
- Adjusted operating profit of £76.5m, 9.7% lower in constant currency - strong performance in Asia Pacific and a solid result in Europe & the Americas, offset by losses in Africa.
- Adjusted profit before tax of £69.8m, in line with expectations announced at the half year.
- Reported profit before tax declined to £37.0m, largely driven by the non-cash impairment of intangible assets. This impairment is for five:am in Australia and Nutricima in Nigeria.
- Improvement in net debt, following a stronger focus on cash management throughout the business - reduction to £152.2m.
- New strategy to deliver increased focus and scale, accelerating the Group’s return to profitable growth.
- Reflecting good cash generation and confidence in the new strategy, proposed full year dividend maintained in line with prior year at 8.28p per share.

Europe & the Americas Highlights

- Solid adjusted operating profit performance with a constant currency decline of 6.2% to £57.1m. This reflects a strong result in Beauty, offset by lower profit in the UK as a result of planned increased marketing investment.
- Revenue adversely impacted by weaker performance in Food & Nutrition in Greece.
- Solid revenue and market share performance in Personal Care in the UK across all brands.
- Strong revenue and operating profit growth in Beauty largely driven by excellent growth in the US through successful St Tropez roll out.

Asia Pacific Highlights

- Strong growth in adjusted operating profit, up 13.7% at constant currency to £20.4m driven by Indonesia and Australia, partially offset by impact of lower revenue in the Middle East.
- Good growth in revenue and operating profit in Indonesia, with strong performance of Cussons Baby.
- Pleasing operating profit recovery in Australia, largely driven by focus on improving margins across all categories.
- Non-cash impairment of five:am intangible assets.

Africa Highlights

- Disappointing result with adjusted operating loss for the year of £1.0m. Reflects lower revenue, primarily in Personal and Home Care categories, and increased operating costs predominantly relating to previously highlighted charges associated with port access issues in Lagos.
- Good revenue growth in premium brands of Cussons Baby and Morning Fresh in Personal and Home Care categories, offset by decline in value brands due to weak economic conditions.
- Strong revenue and profit growth in Electricals in Nigeria, mainly due to increased sales of energy-saving products and related consumer campaigns.
- Improvement in Food & Nutrition, with Nutricima loss significantly reduced.
- Non-cash impairment of Nutricima intangible assets.

Outlook

We anticipate that the current economic conditions in our key markets will remain challenging whilst we transition towards a return to revenue growth. Our new strategy increases resources and investment behind key categories and brands in those geographies that have scale to drive a sustainable improvement in Group performance.

Commenting today, Caroline Silver said:

"The Group's results for the year were mixed. A combination of solid performances in Europe & the Americas, with strong growth in the Beauty business unit and Asia Pacific, compared with very disappointing results in Africa. As we anticipated at the half year, the adjusted profit before tax of £69.8m reflects the negative impact of the extremely tough macroeconomic conditions in Nigeria, which has historically been a key profit driver.

"We cannot rely upon short term economic conditions improving markedly in our key markets and are therefore taking action to reposition the Group to return to profitable growth. We have today announced a new strategy, built around Focus, Scale and Accelerate.

"Our resources and investment will be prioritised behind key categories and brands in only those geographies offering the clearest opportunities in order to return the Group to sustainable, profitable growth. Our cost base will be tightly managed and we will act at pace. The results from this will not be immediate, but we expect 2019/20 to be an important transitional year.

"With good free cash flow and confidence in our new strategy, the Board is recommending a final dividend of 5.61p (2018: 5.61p) per share, making a total of 8.28p (2018: 8.28p) per share for the year in line with prior year. The overall dividend remains approximately 1.5 times covered by adjusted earnings per share. Subject to approval at the AGM, the final dividend will be paid on 3 October 2019 to shareholders on the register at the close of business on 9 August 2019."

Press Enquiries

PZ Cussons	**Alan Bergin (Interim Chief Financial Officer)**
Instinctif	**Tim Linacre / Guy Scarborough**

On 23, 24 and 25 July c/o Instinctif on 020 7457 2020
After 25 July to Alan Bergin on 0161 435 1236

An analysts' presentation will be held on 23 July 2019 at 10.00am at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ.

An 'on demand' replay of the presentation will be available after the presentation has finished through the Company's website at https://www.pzcussons.com/en_int/investor.

Notes

[1] Adjusted results are stated before exceptional items. Exceptional items before tax (2019: costs £32.8m; 2018 restated: costs £20.9m) are detailed in note 2.
[2] As required by IFRS 15, revenue has been stated excluding PZ Wilmar joint venture revenue of £124.2m (2018: £141.6m).
[3] Constant currency comparison (2018 results retranslated at 2019 exchange rates).
[4] Like for like comparison after adjusting 2018 for constant currency. There were no acquisitions or disposals in the current or prior year.
[5] Net debt above and hereafter is defined as cash, short-term deposits and current asset investments, less bank overdrafts and borrowings (as set out in note 8).

BASIS OF PREPARATION

In our financial statements we use alternative performance measures that are not recognised under IFRS. These metrics are used to allow the readers of the financial statements to obtain a more meaningful comparison of the underlying performance of the Group by adjusting for certain items which, if included, could distort the understanding of the Group's performance and comparability between periods.

The Directors believe that the adjusted presentation (and the columnar format adopted for the Group income statement) assists shareholders by providing a more meaningful basis upon which to analyse underlying business performance and make year-on-year comparisons. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group. The adjusted presentation is adopted on a consistent basis for each of the half year and full year results.

Adjusted results are presented before exceptional items which in the current period include certain restructuring and strategy costs, net profits on the sale of assets and charges relating to impairment of assets.

Where relevant, comparative IFRS measures have also been presented.

The reported results for the current year are presented with variances to reported prior year results and also as variances between the current and prior year on a constant currency basis. The constant currency impact was derived by retranslating the 2018 result using 2019 foreign currency exchange rates. The adverse translational impact on revenue and operating profit was £32.2m and £1.0m respectively. As there were no acquisitions or disposals in the current or prior period, the like for like impact is equal to the constant currency impact.

The principal risks and uncertainties for the Group are consistent with those previously reported in the 2018 Annual Report and Accounts.

BUSINESS REVIEW: GROUP PERFORMANCE

Revenue[1] (£m)	**2019**	*(Restated)** 2018	Reported % change	Constant currency % change[2]	Like for like % change[3]
Europe & the Americas	**264.0**	264.4	(0.2%)	(0.1%)	(0.1%)
Asia Pacific	**193.0**	201.3	(4.1%)	(1.2%)	(1.2%)
Africa	**232.4**	274.1	(15.2%)	(6.4%)	(6.4%)
	689.4	739.8	(6.8%)	(2.6%)	(2.6%)

Adjusted operating profit[4] (£m)	**2019**	2018	Reported % change	Constant currency % change[2]	Like for like % change[3]
Europe & the Americas	**57.1**	60.8	(6.1%)	(6.2%)	(6.2%)
Asia Pacific	**20.4**	18.6	9.7%	13.7%	13.7%
Africa	**(1.0)**	6.3	(115.9%)	(117.7%)	(117.7%)
	76.5	85.7	(10.7%)	(9.7%)	(9.7%)

*The results for the year ended 31 May 2018 have been restated to reflect the application of IFRS 15 and prior year adjustments. Further details are set out in note 9.

Notes
[1] As required by IFRS 15, revenue has been stated excluding PZ Wilmar joint venture revenue of £124.2m (2018: £141.6m).
[2] Constant currency comparison (2018 results retranslated at 2019 exchange rates).
[3] Like for like comparison after adjusting 2018 for constant currency. There were no acquisitions or disposals in the current or prior year.
[4] Adjusted operating profit is stated before exceptional items. Exceptional items before tax (2019: costs £32.8m; 2018 restated: costs £20.9m) relate to various items which are detailed in note 2. The segmental impact of exceptional items before tax is detailed in note 1.

The moderate decline in group revenue of 2.6% at constant currency was largely driven by the Personal Care and Home Care categories in Nigeria and the Food & Nutrition category in Europe & the Americas. This was due to economic volatility leading to the value brands being squeezed reflecting lower consumer confidence, price reductions and down-trading.

In our key markets of the UK, Indonesia and the US, and across Personal Care and Beauty, revenues grew year on year with a solid performance by core brands and successful innovations launched in the year.

Adjusted operating profit at £76.5m declined by 9.7% in constant currency with a strong performance in Asia Pacific and a solid result in Europe & the Americas impacted by poor results in Africa.

In Asia Pacific, strong operating profit growth in Australia reflected a decline in revenue offset by a focus on cost management with Indonesia growing both revenue and operating profit.

Adjusted operating profit for Europe & the Americas declined as a result of planned increased marketing investment in the UK offsetting the strong revenue and operating profit performance in the Beauty business unit.

Africa recognised an adjusted operating loss and was impacted by lower revenues in the Personal Care and Home Care categories in Nigeria, with continued, albeit reduced, losses in Nutricima as well as increased costs including the additional expense due to the issues at the Lagos port. This obscured a good performance by the Electricals category which grew both revenue and profit.

A NEW STRATEGIC DIRECTION

During the year, the Board undertook a comprehensive strategic review of the Group's operations. As part of this process, we consulted our key shareholders to ensure we understood their aspirations for the Group. We also engaged a third party strategy consultant to provide an independent external perspective of the Group's opportunities for growth.

Following the review, the Board approved a new strategy for the Group: 'Focus, Scale and Accelerate', the key features of which are as follows:

1. Focused investment on core Personal Care and Beauty brands in geographies that can scale growth

The Personal Care category, which includes Beauty, represents our strongest brands across the geographies that offer us the best opportunities for revenue and margin growth. By focusing on consumer needs, understanding which brands to drive, grow, transform or maintain, and accelerating our strategies for pursuing multiple and changing consumer channels, we can return the Group to sustainable, profitable growth.

2. Simplification of our Nigerian activities ready for the market recovery and continued investment in our partnerships with Haier and Wilmar

Nigeria has a large, young and growing population and, given our operating footprint, represents enormous potential. However, the country has endured a prolonged period of shrinking consumer disposable income and we must ensure our organisation fits current economic realities whilst still being ready to take advantage of future recovery. Along with prioritising our resources and investment in fewer categories and brands that have the best opportunity for scale in Nigeria, we will streamline our operations and control our costs. This will ensure we become more agile to deal with the risks and opportunities in Nigeria.

Our electricals and oils businesses, run in conjunction with our partners Haier and Wilmar respectively, have the potential to deliver disproportionate growth as the economy recovers.

3. Disposal of non-core brands and activities

We are reviewing the growth potential of some of our non-core brands. This will allow us to remain focused on the opportunities that will drive the biggest return in the future.

A more streamlined business will enable us to concentrate on growing PZ Cussons' core portfolio. This will ultimately result in a much greater proportion of Group earnings coming from Personal Care and Beauty. These categories provide us with our sharpest competitive edge and offer the highest margin earnings potential.

We will provide further information on this strategy in our 2019 Annual Report and Accounts.

BUSINESS REVIEW: REGIONAL PERFORMANCE

All growth percentages are stated in constant currency and operating profit is stated and discussed on an adjusted basis, unless otherwise noted.

EUROPE &THE AMERICAS

Revenue at £264.0m (2018 restated: £264.4m) was in line with prior year, with operating profit of £57.1m (2018: £60.8m) declining by 6.2%.

Revenue grew in our Beauty business due to strong new product development and joint customer programmes. This was offset by a decline in our Greece food business and to a lesser extent the impact of Q3 trading conditions in UK Personal Care, reducing the growth reported at the half year.

Operating profit declined by 6.2%. A strong result in our Beauty business unit, driven by an excellent performance in the US, was offset by planned increased marketing investment in the UK behind our key Personal Care brands.

In UK Personal Care we maintained our leadership of the hand wash segment with Carex accounting for over 36% market share. We remain a leading player in shower with nearly 20% market share represented by our Original Source and Imperial Leather brands. We maintained strong positions in both the bar soap and bath segments.

This year we planned and achieved strong growth in Original Source on the back of the introduction of a new bottle (which significantly reduced the amount of plastic in the packaging) together with new products such as Original Source Water Infusions. Imperial Leather revenue grew in a very competitive segment, with a strong performance by our premium Foamburst product supported by our partnership with Skinnydip, and trend-led innovation with Mermaid and the Funky Prints editions. The Carex brand remained strong, receiving excellent support through the successful Merlin entertainments consumer campaign, and the launch of new products in Q4.

Our Beauty business unit delivered a strong performance with revenue and operating profit significantly up. This was due to a strong core performance, the success of new products, significant focus on e-commerce and wider distribution.

St Tropez, our premium self-tan brand, remains the market leader in the UK and continued to deliver excellent growth in the US. The increase in St Tropez revenue was driven by our new product development of Purity bronzing waters, which received an excellent consumer response. Our Sanctuary brand returned to growth supported by wider distribution, including new online channels and product developments including the skin restage and sleep range.

In Greece, revenue was impacted by a reduction in the prices for edible oils but operating profit remained solid. Poland posted good results with operating profit ahead of prior year.

On an IFRS basis, reported operating profit was £49.6m (2018: £48.2m) with the strengthening of currency driving an improved performance compared to adjusted operating profit at constant currency.

ASIA PACIFIC

Revenue at £193.0m (2018 restated: £201.3m) was 1.2% down with operating profit significantly ahead of prior year, growing at 13.7% at £20.4m (2018: £18.6m).

Revenue grew modestly in a competitive market in Indonesia. This growth was offset by a small decline in Australia, mainly due to the consequences of increasing pricing in our Home Care category, and increased competition in our trading business, primarily in the Middle East.

Operating profit in Indonesia grew due to the performance of Cussons Baby. The brand maintained its leadership position in baby care, with market share of over 30%. This reflected good performance from the core products and new product launches such as Cussons Baby Happy Fresh and the Cussons Baby Newborn range. Cussons Kids continued to be a strong player.

In Australia operating profit also grew due to an improved focus on mix and cost base, despite a reduction in revenue. Morning Fresh continued to lead the dish care market with over 40% market share. Rafferty's Garden maintained its number one position in the baby food market with over 30% market share. We saw some good progress with St Tropez, and five:am delivered a strong brand awareness campaign, where implementation of our new Simply range helped to deliver revenue in line with the previous year.

The performance of our export business was adversely impacted by tougher trading conditions in the Middle East. In contrast, we developed a stronger platform for Rafferty's Garden in China and selected other Asia Pacific countries.

On an IFRS basis, the reported operating loss was £3.3m (2018 restated: reported operating profit of £15.0m) due predominantly to the non-cash impairment of the five:am Australian brand. See note 2 for further details.

AFRICA

Revenue at £232.4m (2018 restated: £274.1m) was 6.4% below prior year. This led to an adjusted operating loss with results disappointingly down on prior year.

Revenue in Nigeria was impacted by adverse economic conditions leading to contraction in the market, down-trading and increased price competition as well as delays in supply of raw materials due to additional port charges in Lagos, as discussed at the half year.

As a result, revenue declined in Home Care, Personal Care and Food & Nutrition categories. Revenue grew strongly in our Electricals category, mainly due to increased sales of our energy-saving products and well received consumer campaigns.

Our Nigeria Home and Personal Care categories delivered losses this year due to revenue reduction and increased costs driven by external factors. Nutricima also made a loss, albeit significantly reduced compared to the prior year. These losses masked the solid results in our Electricals business, which delivered a good operating profit result despite the impact of additional Lagos port charges.

Our market shares remain strong in Personal Care but increased competition and new entrants impacted our Home Care brands at the value end.

In Personal Care, our Premier brand was impacted at the value end but the more premium Premier Cool delivered a resilient performance. Cussons Baby grew revenue as a result of the success of our gift packs, as well as our baby oil and wipes products. The relaunch of Morning Fresh delivered strong revenue growth, despite the significant overall decline of the Home Care category due to increased competition.

Kenya revenue was slightly below the prior year, while operating profit grew as a result of improved margins. Ghana revenue declined, but operating profit was ahead of prior year despite a transactional impact associated with the devaluation of Ghanaian Cedi in the latter half of the year.

Our investment in PZ Wilmar, which is equity accounted for, delivered a very solid revenue performance despite difficult economic conditions and continued palm oil supply constraints. Operating profit improved versus prior year due to improved margins and lower interest payments. In the last quarter we launched our Kings and Mamador margarine products, following completion of the new manufacturing facility.

On an IFRS basis, the reported operating loss was £2.6m (2018: reported operating profit of £1.6m) reflecting the impact of the non-cash impairment of the Nutricima Nigerian brand. See note 2 for further details.

FINANCIAL REVIEW

Improving operating margin is a key objective under the Group's new strategy. Group adjusted operating margin was 11.1% (2018: 11.6%) on adjusted operating profit of £76.5m (2018: £85.7m) from revenue of £689.4m (2018 restated: £739.8m). In Africa adjusted operating margin declined to -1.4% (2018: 1.8%) due to increased costs including the impact of the port charges. Adjusted operating margin in Asia Pacific grew to 10.6% (2018: 9.2%), an increase of 140 basis points, largely due to an improved product mix and category focus. In Europe & the Americas adjusted operating margin declined slightly to 21.6% (2018: 23.0%), due to planned increased marketing investment in the UK.

Net finance costs of £6.7m (2018: £5.6m) were higher than last year reflecting the one-off impact associated with the refinancing of the Group's banking facility. The new facility is provided by a syndicate of lenders in the form of a £325 million Revolving Credit Facility committed until 28 November 2023.

Adjusted profit before tax at £69.8m (2018 £80.1m) reflects lower revenue and reduced margin, planned increased marketing expenditure and increased interest charges compared to last year.

The effective tax rate before exceptional items was 22.6% (2018: 27.6%). This reflects a lower mix of profits in the higher rate jurisdiction of Africa and higher profits in the lower rate Europe & the Americas and Asia Pacific. See note 4 for further detail.

Adjusted earnings per share of 13.01p (2018: 13.39p) declined by 2.8%, reflecting operating results, a lower tax rate and reduced minority interest due to Nigeria results.

Exceptional items of £32.8m (2018 restated: £20.9m) reflect the impairment of Food & Nutrition assets in Nigeria and Australia as well as the continuation of costs associated with the Group Structure and Systems project, partially offset by the profit on the sale of a non-strategic investment. In addition, during the year the Group incurred costs relating to the Group Strategy project. See note 2 for further details on exceptional items and note 9 for further details on restatement of prior year comparatives.

On an IFRS basis, reported profit before tax was £37.0m (2018 restated: £59.2m) with reported earnings per share of 6.24p (2018 restated: 9.63p) declining by 35.2% largely driven by the impact of exceptional items.

Net debt at £152.2m (2018: £165.4m) reduced due to increased focus across the business on working capital and capital expenditure. Our balance sheet remains strong with a gearing ratio of 1.5 as at 31 May 2019 (2018: 1.5) and net assets of £451.6m as at 31 May 2019 (2018 restated: £463.9m)

The Group's three UK pension schemes have an aggregate pension accounting surplus under IAS 19 of £36.3m (2018: £33.3m). Two of the three schemes are fully funded. As previously disclosed, the remaining scheme is currently expected to require deficit funding payments of c.£6.0 million per annum until 31 May 2022, by which point it is expected to be fully funded.

The UK remains a significant market for the Group and the impact of the planned exit of the UK from the EU remains a risk, particularly in terms of consumer confidence. Throughout the year multifunctional teams supported by external advisers have been focused across all functions reviewing our consumer plans, supply chain activities and other business areas to ensure we will be able to operate in the event of either an agreed or no deal exit.

We anticipate that current economic conditions in our key markets will remain challenging. The key focus this year will be the implementation of our new strategy and 2019/20 will be an important transitional year.

PZ CUSSONS PLC

Consolidated income statement for the year ended 31 May 2019

		Year ended 31 May 2019			(Restated)* Year ended 31 May 2018		
		Before exceptional items	**Exceptional items (note 2)**	**Total**	Before exceptional items	Exceptional items (note 2)	Total
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Continuing operations							
Revenue	1	**689.4**	**-**	**689.4**	739.8	-	739.8
Cost of sales		**(437.5)**	**-**	**(437.5)**	(477.5)	-	(477.5)
Gross profit		**251.9**	**-**	**251.9**	262.3	-	262.3
Selling and distribution costs		**(102.0)**	**-**	**(102.0)**	(101.1)	-	(101.1)
Administrative expenses		**(75.7)**	**(32.8)**	**(108.5)**	(76.9)	(21.2)	(98.1)
Share of results of joint ventures		**2.3**	**-**	**2.3**	1.4	0.3	1.7
Operating profit/(loss)	1	**76.5**	**(32.8)**	**43.7**	85.7	(20.9)	64.8
Finance income		**0.5**	**-**	**0.5**	0.9	-	0.9
Finance costs		**(7.2)**	**-**	**(7.2)**	(6.5)	-	(6.5)
Net finance costs	3	**(6.7)**	**-**	**(6.7)**	(5.6)	-	(5.6)
Profit/(loss) before taxation		**69.8**	**(32.8)**	**37.0**	80.1	(20.9)	59.2
Taxation	4	**(15.8)**	**4.6**	**(11.2)**	(22.1)	4.3	(17.8)
Profit/(loss) for the year		**54.0**	**(28.2)**	**25.8**	58.0	(16.6)	41.4
Attributable to:							
Owners of the Parent		**54.4**	**(28.3)**	**26.1**	56.0	(15.7)	40.3
Non-controlling interests		**(0.4)**	**0.1**	**(0.3)**	2.0	(0.9)	1.1
		54.0	**(28.2)**	**25.8**	58.0	(16.6)	41.4
Basic EPS (p)	6	**13.01**	**(6.77)**	**6.24**	13.39	(3.76)	9.63
Diluted EPS (p)	6	**13.01**	**(6.77)**	**6.24**	13.39	(3.76)	9.63

*The results for the year ended 31 May 2018 have been restated to reflect the application of IFRS 15 and prior year adjustments. Further details are set out in note 9.

Consolidated statement of comprehensive income for the year ended 31 May 2019

	2019 £m	(Restated)* 2018 £m
Profit for the year	**25.8**	41.4
Other comprehensive income / (expense)		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	**(2.4)**	26.7
Deferred tax gain/(loss) on remeasurement of post-employment benefit obligations	**0.4**	(4.5)
Tax on items that will not be subsequently reclassified to profit or loss	**(0.6)**	0.2
Total items that will not be reclassified to profit or loss	**(2.6)**	22.4
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(0.9)**	(29.0)
Cash flow hedges – fair value gain/(loss) in year	**0.6**	(1.8)
Cost of hedging reserve	**(0.3)**	-
Changes in the fair value during the year in relation to time-period related hedged items	**-**	-
Total items that may be subsequently reclassified to profit or loss	**(0.6)**	(30.8)
Other comprehensive expense for the year net of taxation	**(3.2)**	(8.4)
Total comprehensive income for the year	**22.6**	33.0
Attributable to:		
Owners of the Parent	**23.1**	36.5
Non-controlling interests	**(0.5)**	(3.5)

*The results for the year ended 31 May 2018 have been restated to reflect prior year adjustments. Further details are set out in note 9.

PZ CUSSONS PLC

Consolidated balance sheet as at 31 May 2019

	Notes	31 May 2019 £m	(Restated)* 31 May 2018 £m	(Restated)* 1 June 2017 £m
Assets				
Non-current assets				
Goodwill and other intangible assets	7	**369.2**	400.2	408.4
Property, plant and equipment		**148.8**	156.6	177.0
Other investments		**-**	0.3	0.3
Net investment in joint ventures		**35.6**	22.9	23.1
Trade and other receivables		**-**	0.4	1.6
Deferred taxation assets		**10.4**	-	-
Retirement benefit surplus		**36.3**	33.3	4.1
		600.3	613.7	614.5
Current assets				
Inventories		**131.9**	132.6	163.3
Trade and other receivables		**157.5**	163.9	190.3
Derivative financial assets		**1.6**	-	1.5
Current tax receivable		**2.1**	-	-
Current asset investments	8	**0.3**	0.3	0.3
Cash and short term deposits	8	**53.5**	102.7	150.6
		346.9	399.5	506.0
Assets classified as held for sale		**-**	-	2.2
Total current assets		**346.9**	399.5	508.2
Total assets		**947.2**	1,013.2	1,122.7
Equity				
Share capital		**4.3**	4.3	4.3
Capital redemption reserve		**0.7**	0.7	0.7
Hedging reserve		**0.3**	-	1.8
Currency translation reserve		**(86.7)**	(85.4)	(67.7)
Other reserve		**(39.0)**	(39.0)	(38.9)
Retained earnings		**543.8**	554.3	533.2
Attributable to owners of the Parent		**423.4**	434.9	433.4
Non-controlling interests		**28.2**	29.0	33.8
Total equity		**451.6**	463.9	467.2
Liabilities				
Non-current liabilities				
Borrowings	8	**204.0**	-	-
Trade and other payables		**0.6**	1.0	0.6
Deferred taxation liabilities		**72.1**	65.6	61.1
Retirement benefit obligations		**11.3**	12.0	17.9
		288.0	78.6	79.6
Current liabilities				
Overdrafts	8	**-**	16.5	-
Borrowings	8	**2.0**	251.9	294.7
Trade and other payables		**170.6**	174.4	248.9
Derivative financial liabilities		**1.0**	1.1	–
Current taxation payable		**32.4**	25.6	28.4
Provisions		**1.6**	1.2	3.9
		207.6	470.7	575.9
Total liabilities		**495.6**	549.3	655.5
Total equity and liabilities		**947.2**	1,013.2	1,122.7

*The results for the year ended 31 May 2018 have been restated to reflect prior year adjustments. Further details are set out in note 9

PZ CUSSONS PLC

Consolidated statement of changes in equity for the year ended 31 May 2019

	Attributable to owners of the Parent							
	Share capital £m	Currency translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Other reserve £m	Hedging reserve £m	Non-controlling interests £m	**Total £m**
At 1 June 2017 (as previously reported)	4.3	(58.6)	0.7	501.3	–	2.4	33.8	483.9
Effect of prior year adjustment	–	(9.1)	–	31.9	(38.9)	(0.6)	–	(16.7)
At 1 June 2017 (restated)*	**4.3**	**(67.7)**	**0.7**	**533.2**	**(38.9)**	**1.8**	**33.8**	**467.2**
Profit for the year (restated)*	–	–	–	40.3	–	–	1.1	41.4
Other comprehensive income/(expense)								
Re-measurement of post-employment obligations	–	–	–	26.7	–	–	–	26.7
Exchange differences on translation of foreign operations (restated)*	–	(24.4)	–	–	–	–	(4.6)	(29.0)
Cash flow hedges – fair value losses in year net of taxation	–	–	–	–	–	(1.8)	–	(1.8)
Deferred tax on re-measurement of post-employment obligations	–	–	–	(4.5)	–	–	–	(4.5)
Tax on other equity related items	–	–	–	0.2	–	–	–	0.2
Reclassification between reserves (restated)*	–	6.7	–	(6.7)	–	–	–	–
Total comprehensive (expense)/income for the year	–	(17.7)	–	56.0	–	(1.8)	(3.5)	33.0
Transactions with owners:								
Ordinary dividends	–	–	–	(34.6)	–	–	–	(34.6)
Acquisition of shares by ESOT (restated)*	–	–	–	(0.3)	(0.1)	–	–	(0.4)
Non-controlling interests dividend paid	–	–	–	–	–	–	(1.3)	(1.3)
Total transactions with owners recognised directly in equity	–	–	–	(34.9)	(0.1)	–	(1.3)	(36.3)
At 31 May 2018 (restated)*	4.3	(85.4)	0.7	554.3	(39.0)	–	29.0	463.9
At 1 June 2018 (restated)*	**4.3**	**(85.4)**	**0.7**	**554.3**	**(39.0)**	–	**29.0**	**463.9**
Profit for the year	**–**	**–**	**–**	**26.1**	**–**	**–**	**(0.3)**	**25.8**
Other comprehensive income/(expense)								
Re-measurement of post-employment obligations	**–**	**–**	**–**	**(2.4)**	**–**	**–**	**–**	**(2.4)**
Exchange differences on translation of foreign operations	**–**	**(0.7)**	**–**	**–**	**–**	**–**	**(0.2)**	**(0.9)**
Cash flow hedges – fair value gains in year net of taxation	**–**	**–**	**–**	**–**	**–**	**0.6**	**–**	**0.6**
Cost of hedging reserve	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Changes in the fair value during the year in relation to time-period related hedged items	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Deferred tax on re-measurement of post-employment obligations	**–**	**–**	**–**	**0.4**	**–**	**–**	**–**	**0.4**
Tax on other equity related items	**–**	**(0.6)**	**–**	**–**	**–**	**–**	**–**	**(0.6)**
Total comprehensive (expense)/income for the year	**–**	**(1.3)**	**–**	**24.1**	**–**	**0.3**	**(0.5)**	**22.6**
Transactions with owners:								
Ordinary dividends	**–**	**–**	**–**	**(34.6)**	**–**	**–**	**–**	**(34.6)**
Non-controlling interests dividend paid	**–**	**–**	**–**	–	**–**	**–**	**(0.3)**	**(0.3)**
Total transactions with owners recognised directly in equity	**–**	**–**	**–**	**(34.6)**	**–**	**–**	**(0.3)**	**(34.9)**
At 31 May 2019	**4.3**	**(86.7)**	**0.7**	**543.8**	**(39.0)**	**0.3**	**28.2**	**451.6**

**The results for the year ended 31 May 2018 have been restated to reflect prior year adjustments. Further details are set out in note 9*

PZ CUSSONS PLC

Consolidated cash flow statement for the year ended 31 May 2019

	Notes	**2019**	2018
		£m	£m
Cash flows from operating activities			
Cash generated from operations		**82.9**	59.1
Taxation paid		**(10.3)**	(18.0)
Interest paid		**(7.2)**	(6.5)
Net cash generated from operating activities		**65.4**	34.6
Cash flows from investing activities			
Interest income		**0.5**	0.9
Purchase of property, plant and equipment and software		**(14.1)**	(22.2)
Proceeds from sale of assets		**4.1**	10.6
Funding to joint ventures		**(6.8)**	-
Net cash used in investing activities		**(16.3)**	(10.7)
Financing activities			
Dividends paid to non-controlling interests		**(0.3)**	(1.3)
Purchase of shares for ESOT		**-**	(0.4)
Dividends paid to Company shareholders		**(34.6)**	(34.6)
Increase in borrowings		**204.0**	-
Repayment of loan facility		**(250.0)**	(7.9)
Net cash used in financing activities		**(80.9)**	(44.2)
Net decrease in cash and cash equivalents		**(31.8)**	(20.3)
Cash and cash equivalents at the beginning of the year		**86.2**	116.1
Effect of foreign exchange rates		**(0.9)**	(9.6)
Cash and cash equivalents at the end of the year	8	**53.5**	86.2

Reconciliation of profit before tax to cash generated from operations for the year ended 31 May 2019

	2019 **£m**	*(Restated)** 2018 £m
Profit before tax	**37.0**	59.2
Adjustment for net finance costs	**6.7**	5.6
Operating profit	**43.7**	64.8
Depreciation	**16.9**	18.1
Amortisation	**6.2**	6.4
Impairment loss on intangible assets	**24.8**	7.4
Impairment loss on tangible assets	**1.4**	2.8
Profit on sale of assets	**(3.5)**	(7.7)
Difference between pension charge and cash contributions	**(6.2)**	(6.5)
Share of results from joint ventures	**(2.3)**	(1.7)
Operating cash flows before movements in working capital	**81.0**	83.6
Movements in working capital:		
Inventories	**(0.1)**	16.2
Trade and other receivables	**7.5**	20.9
Trade and other payables	**(4.9)**	(59.0)
Provisions	**(0.6)**	(2.6)
Cash generated from operations	**82.9**	59.1

**The results for the year ended 31 May 2018 have been restated to reflect prior year adjustments. Further details are set out in note 9*

1 Segmental analysis

The Chief Operating Decision-Maker (CODM) has been identified as the Executive Board which comprises the Executive Director on the Plc Board. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports which include an allocation of central revenue and costs as appropriate.

The CODM considers the business from a geographic perspective, with Africa, Asia Pacific and Europe & the Americas being the operating segments. The CODM assesses the performance based on adjusted operating profit (i.e. before any exceptional items). Other information provided, except as noted below, to the CODM is measured in a manner consistent with that of the financial statements.

Revenue and operating profit of the Europe & the Americas and Asia Pacific segments arise from the sale of Personal Care, Home Care and Food & Nutrition products. Revenue and operating profit from the Africa segment arise from the sale of Personal Care, Home Care, Food & Nutrition and Electricals products.

2019	**Europe & the Americas £m**	**Asia Pacific £m**	**Africa £m**	**Eliminations £m**	**Total £m**
Gross segment revenue	**383.1**	**204.7**	**232.4**	**(130.8)**	**689.4**
Inter segment revenue	**(119.1)**	**(11.7)**	**-**	**130.8**	**-**
Revenue	**264.0**	**193.0**	**232.4**	**-**	**689.4**
Segmental operating profit before exceptional items and share of results of joint ventures	**57.1**	**20.4**	**(3.3)**	**-**	**74.2**
Share of results of joint ventures	**-**	**-**	**2.3**	**-**	**2.3**
Segmental operating profit before exceptional items	**57.1**	**20.4**	**(1.0)**	**-**	**76.5**
Exceptional items	**(7.5)**	**(23.7)**	**(1.6)**	**-**	**(32.8)**
Segmental operating profit	**49.6**	**(3.3)**	**(2.6)**	**-**	**43.7**
Finance income					**0.5**
Finance cost					**(7.2)**
Profit before taxation					**37.0**
Depreciation and amortisation	**12.0**	**3.6**	**7.5**	**-**	**23.1**
Impairment of intangible assets	**-**	**21.3**	**3.5**	**-**	**24.8**
Impairment of tangible assets	**-**	**1.0**	**0.4**	**-**	**1.4**

2018 (restated)*	Europe & the Americas £m	Asia Pacific £m	Africa £m	Eliminations £m	Total £m
Gross segment revenue	386.0	214.8	274.1	(135.1)	739.8
Inter segment revenue	(121.6)	(13.5)	-	135.1	-
Revenue	264.4	201.3	274.1	-	739.8
Segmental operating profit before exceptional items and share of results of joint ventures	60.8	18.6	4.9	-	84.3
Share of results of joint ventures	-	-	1.4	-	1.4
Segmental operating profit before exceptional items	60.8	18.6	6.3	-	85.7
Exceptional items	(12.6)	(3.6)	(4.7)	-	(20.9)
Segmental operating profit	48.2	15.0	1.6	-	64.8
Finance income					0.9
Finance cost					(6.5)
Profit before taxation					59.2
Depreciation and amortisation	12.7	3.9	7.9	-	24.5
Impairment of intangible assets	-	7.4	-	-	7.4
Impairment of tangible assets	2.8	-	-	-	2.8

**The results for the year ended 31 May 2018 have been restated to reflect prior year adjustments. Further details are set out in note 9*

The Group analyses its net revenue by the following categories:

	2019 £m	2018 £m
Personal Care	**403.5**	420.1
Home Care	**93.9**	116.3
Food & Nutrition	**109.8**	125.5
Electricals	**76.8**	72.1
Other	**5.4**	5.8
	689.4	739.8

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, but are not limited to, items such as certain foreign exchange losses, restructuring costs, acquisition related costs, material impairments of non-current assets, or, for example receivables, material profits and losses on disposal of property, plant, equipment and 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 magnitude 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 2019	**Exceptional items before taxation**	**Taxation**	**Exceptional items after taxation**
Exceptional cost / (income) included within operating profit:	**£m**	**£m**	**£m**
Group structure and systems project	**5.0**	**(1.1)**	**3.9**
Group strategy project	**4.2**	**-**	**4.2**
Sale of Norpalm investment in Ghana	**(3.3)**	**0.8**	**(2.5)**
Guaranteed Minimum Pension (GMP) past service cost	**0.7**	**(0.1)**	**0.6**
Impairment of Australian and Nigerian assets	**26.2**	**(4.2)**	**22.0**
	32.8	**(4.6)**	**28.2**

Year to 31 May 2018 (restated)*	Exceptional items before taxation	Taxation	Exceptional items after taxation
Exceptional cost / (income) included within operating profit:	£m	£m	£m
Group structure and systems project	11.6	(2.3)	9.3
Impairment of non-operational European fixed asset	3.7	-	3.7
Sale of land relating to redundant manufacturing site in Australia	(8.1)	2.1	(6.0)
Change in Naira exchange rate for translation purposes	6.3	(1.8)	4.5
Sale of Australian brand	-	(2.3)	(2.3)
Impairment of Australian intangible assets	7.4	-	7.4
	20.9	(4.3)	16.6

**The results for the year ended 31 May 2018 have been restated to reflect prior year adjustments. Further details are set out in note 9*

Explanation of exceptional items

Year to 31 May 2019

Group structure and systems project
The Group incurred exceptional costs of £5.0 million relating to the project to realign the organisation design to create a more effective operating model. These represent a continuation of the same project on which exceptional costs were recognised in previous years and mainly consist of restructuring costs.

Group strategy project
The Group incurred exceptional costs of £4.2 million relating to the strategic review of the Group's operating units. These costs largely represent professional services fees.

Sale of Norpalm investment in Ghana
In April 2019, the Group sold the Norpalm investment that was held in Ghana. Net proceeds of £3.6 million were received against a book value of £0.3 million resulting in exceptional income of £3.3 million.

Guaranteed Minimum Pension (GMP) past service cost
This relates to the provision required for GMP equalisation following a UK High Court judgement confirming companies are required to equalise male and female members' benefits. As at the half year to 30 November 2018, this provision was estimated at £2.0 million, however the provision as at 31 May 2019 has been revised to £0.7 million following a detailed analysis by the Group's third party independent actuary.

Impairment of Australian and Nigerian Assets
The Group performed a review of future growth assumptions in relation to five:am in Australia and Nutricima in Nigeria and concluded that the value in use of these cash generating units was lower than the carrying value and therefore booked an aggregate impairment charge of £26.2 million (£12.0 million goodwill, £12.8 million other intangible assets and £1.4 million property, plant and equipment) per IAS 36. See note 7 for further details.

Year to 31 May 2018

Group structure and systems project
The Group incurred exceptional costs of £11.6 million relating to the project to realign the organisation design to create a more effective operating model. These represent a continuation of the same project on which exceptional costs were recognised in previous years and mainly consist of restructuring, advisory and IT system related costs.

Impairment of a non-operational European fixed asset
A decision was made to impair a non-operational European fixed asset to its latest market value, resulting in a £3.7 million impairment loss being recognised.

Sale of land relating to redundant manufacturing site in Australia
In November 2017, the Group sold land relating to a redundant manufacturing site in Australia. Net proceeds of £10.3 million were received against a net book value of £2.2 million resulting in exceptional income of £8.1 million.

Change in Naira exchange rate for translation purposes
As a result of the evolution of the foreign exchange market in Nigeria, the Group has shifted over the course of the financial year to a position where it is now predominantly accessing US Dollars at the NIFEX rate, which is one of the three official rates of exchange in existence in Nigeria. As a result of this shift, in May 2018 the Directors reassessed the likely rate of settlement of the Group's Nigerian US Dollar monetary assets and liabilities and concluded that it is appropriate for the Group to move from translating both the Nigerian businesses' US Dollar denominated monetary assets and liabilities, and the balance sheets of its Nigerian operations, at the Central Bank of Nigeria (CBN) rate to the NIFEX exchange rate from May 2018 onwards. This change of accounting estimate resulted in an exceptional charge of £6.3 million as a result of translating the year end balances at the NIFEX rate rather than the CBN rate.

Sale of Australian brand
In May 2018, the Group sold a non-core Australian brand, resulting in an exceptional £2.3 million tax credit. The pre-tax profit on disposal was £nil.

Impairment of Australian intangible assets
The Group has recognised an impairment charge of £7.4 million on a restated goodwill balance within an Australian cash generating unit as a result of a prior year restatement. See note 9 for further details.

3 Net finance costs

	2019 £m	2018 £m
Interest receivable on cash deposits	**0.5**	0.9
Interest income	**0.5**	0.9
Interest payable on bank loans and overdrafts	**(5.6)**	(6.5)
Interest payable to external third parties	**(0.5)**	-
Finance costs incurred on revolving credit facility renewal	**(1.1)**	-
Net finance costs	**(6.7)**	(5.6)

4 Taxation

	2019 £m	2018 £m
Current tax		
UK corporation tax charge for the year	**4.3**	5.7
Adjustments in respect of prior years	**0.6**	0.1
Double tax relief	**(1.5)**	(2.1)
	3.4	3.7
Overseas corporation tax charge for the year	**10.4**	13.0
Adjustments in respect of prior years	**(0.5)**	-
	9.9	13.0
Total current tax charge	**13.3**	16.7
Deferred tax		
Origination and reversal of temporary timing differences	**(0.4)**	0.6
Adjustments in respect of prior years	**(0.7)**	(0.1)
Effect of rate change adjustments	**(1.0)**	0.6
Total deferred tax charge	**(2.1)**	1.1
Total tax charge	**11.2**	17.8

UK corporation tax is calculated at 19.0% (2018: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has chosen to use a weighted average tax rate rather than the UK rate for the reconciliation of the charge for the year to the profit before taxation per the consolidated income statement. The Group operates in a number of overseas jurisdictions which have tax rates in excess of the UK rate. As such, a weighted average tax rate is believed to provide more meaningful information to users of the financial statements. The approximate tax rate for this comparison is 17.02% (2018: 23.05%).

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

	2019 **£m**	(Restated)* 2018 £m
Profit before tax	**37.0**	59.2
Tax at the weighted average tax rate of 17.02% (2018: 23.05%).	**6.3**	13.6
Adjusted for:		
Tax effect of expenses that are not deductible	**8.7**	5.0
Tax effect of non-taxable income	**(3.0)**	(7.4)
Effect of rate change on deferred taxation	**(1.0)**	0.6
Tax effect of share of results of joint ventures	**(0.6)**	(0.5)
Overseas withholding tax suffered on dividends	**2.3**	1.8
Adjustment to amount carried in respect of unresolved tax matters	**(1.1)**	5.7
Creation / (utilisation) of deferred tax assets not recognised	**0.2**	(0.8)
Research and development relief	**-**	(0.2)
Adjustments in respect of prior periods	**(0.6)**	-
Tax charge for the year	**11.2**	17.8

**The results for the year ended 31 May 2018 have been restated to reflect prior year adjustments. Further details are set out in note 9*

Taxation on items taken directly to equity and other comprehensive income was a charge of £0.2 million (2018: charge of £4.3 million) and relates to deferred tax on pensions.

5 AGM and dividend

The Board is recommending a final dividend of 5.61p (2018: 5.61p) per share, making a total dividend for the year of 8.28p (2018: 8.28p) per share. The gross amount for the proposed final dividend is £23.5 million (2018: £23.5 million).

The date of the Annual General Meeting has been fixed for 25 September 2019. Subject to shareholder approval, dividend warrants in respect of the proposed final dividend will be posted on 3 October 2019 to members on the register at the close of business on 9 August 2019.

6 Earnings per share

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

	2019	2018
Basic weighted average (000)	**418,332**	418,313
Diluted weighted average (000)	**418,332**	418,313

The difference between the average number of Ordinary Shares and the basic weighted average number of Ordinary Shares represents the shares held by the Employee Share Option Trust, whilst any difference between the basic and diluted weighted average number of shares represents the potentially dilutive effect of the Executive Share Option Schemes and the Performance Share Plan. The average number of shares is reconciled to the basic and diluted weighted average number of shares below:

	2019	2018
Average number of Ordinary Shares in issue during the year (000)	**428,725**	428,725
Less weighted average number of Ordinary Shares held by the Employee Share Option Trust (000)	**(10,393)**	(10,412)
Basic weighted average Ordinary Shares in issue during the year (000)	**418,332**	418,313
Dilutive effect of share incentive plans (000)	**-**	-
Diluted weighted average Ordinary Shares in issue during the year (000)	**418,332**	418,313

The adjusted profit after tax for the year is as follows:

	2019 £m	(Restated)* 2018 £m
Profit attributable to owners of the Parent	**26.1**	40.3
Exceptional items	**28.3**	15.7
Adjusted profit after tax	**54.4**	56.0

	2019	(Restated)* 2018
Basic earnings per share	**6.24p**	9.63p
Exceptional items	**6.77p**	3.76p
Adjusted basic earnings per share	**13.01p**	13.39p
Diluted earnings per share	**6.24p**	9.63p
Exceptional items	**6.77p**	3.76p
Adjusted diluted earnings per share	**13.01p**	13.39p

**The results for the year ended 31 May 2018 have been restated to reflect prior year adjustments. Further details are set out in note 9*

7 Goodwill and other intangible assets

	Goodwill £m	Software £m	Other intangible assets £m	Total
Net book value as at 31 May 2017 (restated)*	**72.1**	**44.8**	**291.5**	**408.4**
Additions	-	6.8	-	6.8
Transfers from property, plant and equipment	-	2.6	-	2.6
Amortisation	-	(6.4)	-	(6.4)
Currency retranslation*	(1.1)	(0.3)	(2.4)	(3.8)
Impairment	(7.4)	-	-	(7.4)
Net book value as at 31 May 2018 (restated)*	**63.6**	**47.5**	**289.1**	**400.2**
Additions	**-**	**0.6**	**-**	**0.6**
Transfers from property, plant and equipment	**-**	**2.7**	**-**	**2.7**
Amortisation	**-**	**(6.2)**	**-**	**(6.2)**
Currency retranslation	**(0.6)**	**-**	**(2.7)**	**(3.3)**
Impairment	**(12.0)**	**-**	**(12.8)**	**(24.8)**
Net book value as at 31 May 2019	**51.0**	**44.6**	**273.6**	**369.2**

**The results for the year ended 31 May 2018 have been restated to reflect prior year adjustments. Further details are set out in note 9*

Goodwill and other intangible assets (excluding software), which include the Group's acquired brands, all have indefinite useful lives and are subject to annual impairment testing, or more frequent testing if there are indicators of impairment.

Having performed the annual impairment tests, impairments on two CGUs totaling £24.8 million have been recognised for the year ended 31 May 2019 (31 May 2018 restated: one CGU totaling £7.4 million). In forming this conclusion the Directors reviewed a sensitivity analysis performed by management, which focused on the reasonably possible downsides of key assumptions, both individually and in reasonably possible combinations, and considered whether these reasonably possible downsides give rise to an impairment, with the conclusion that no reasonably possible changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value, other than for Nutricima, five:am and Rafferty's Garden.

Full disclosures on the methodology used for impairment testing including the results of the tests will be detailed in the notes to the financial statements for the year ended 31 May 2019.

8 Net debt

	2019 **£m**	2018 £m
Cash at bank and in hand	**50.7**	97.8
Short-term deposits	**2.8**	4.9
Overdrafts	**-**	(16.5)
Cash and cash equivalents	**53.5**	86.2
Current asset investments	**0.3**	0.3
Loans due within one year	**(2.0)**	(251.9)
Loans due in greater than one year	**(204.0)**	-
Net debt	**(152.2)**	(165.4)

Loans due in greater than one year include the Group's main borrowing facility which was renewed during the year. This is provided by a syndicate of lenders in the form of a £325 million Revolving Credit Facility committed until 28 November 2023. The Group also has access to uncommitted working capital facilities amounting to £177.2 million (2018: £197.7 million) of which £2.0 million was drawn as at 31 May 2019 (2018: £16.5 million).

Overdrafts do not form part of the Group's main borrowing facility and arise as part of the Group's composite banking arrangements with key banking partners. Under the terms of this arrangement, cash and overdraft balances recognised by the Overdraft's Obligor Group are considered as one cash pool with the net position being monitored by the Directors and Lenders. These overdraft balances have been presented gross with a corresponding increase in cash at bank and in hand.

9 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 (IFRS IC).

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

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 June 2018:

- IFRS 15 'Revenue from Contracts'; and
- IFRS 9 'Financial Instruments'.

The impact of IFRS 15 is discussed in the 'restatement due to change in accounting policy' section below.

The impact of IFRS 9 is summarised as follows:

IFRS 9 'Financial Instruments' replaced the classification and measurement models for financial instruments in IAS 39 with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. IFRS 9 impacts The Group in three key areas:

1) Impairment of financial assets
The Group has assessed the impact of IFRS 9 based on a forward-looking expected credit loss model, using the existing impairment provision matrix whilst also incorporating forward-looking information into historical customer default rates. The impact of IFRS 9 is not material and as such no adjustment has been recognised in opening equity at the date of initial application. The Group has amended its accounting policy (as disclosed in the Group's Annual Report and Accounts) for the establishment of provisions against trade receivables to reflect the lifetime expected loss model (consistent with the simplified approach permitted under IFRS 9).

2) Changes to hedge accounting
Consistent with the non-complex nature of the Group's financial instruments, there has been no adjustment to the financial statements as a result of the implementation of IFRS 9. The Group has undertaken an assessment of its hedge relationships and has concluded that the Group's current hedge relationships continue to qualify for hedge accounting upon the adoption of IFRS 9. The Group has amended its accounting policy (as disclosed on page in the Group's Annual Report and Accounts) to reflect the requirements of IFRS 9.

3) Classification & measurement
The Group has assessed all financial assets within the scope of IFRS 9 and has concluded that there is no impact on the financial statements since all assets meets the criteria to be recognised at amortised cost, as they were previously measured under IAS 39.

Not adopted by the Group

The Group has assessed the expected impact of the following new standards, amendments and interpretations that are not effective for the year ended 31 May 2019:

- IFRS 16, 'Leases' (effective 1 January 2019)

The assessment of the expected impact of this new accounting standard is disclosed in the accounting policies section of the 2019 Annual Report and Accounts. This standard is expected to have a material impact on the Group's consolidated balance sheet, but with no material net impact on profit.

Restatement of Revenue due to change in accounting policy

During the year, the Group revised its accounting policy in relation to the recognition of revenue as a result of implementing IFRS 15 'Revenue from Contracts with Customers' from 1 June 2018.

The primary impact on the Group is a change in presentation of certain elements of trade spend that do not relate to the Group paying for a separate distinct good or service, but do relate to some form of payment or reduction in transaction price to a customer. These elements were previously recognised within selling and distribution costs, however under IFRS 15 these costs are now recognised as part of the transaction price and therefore as a reduction to revenue.

The Group has elected to restate comparative results under the full retrospective approach. The impacts of restatement due to the change in accounting policy are shown in the table below:

	31 May 2018 £m		
	Under previous policy	**Adjustment**	**As published**
Revenue	762.6	(22.8)	739.8
Selling and Distribution costs	(123.9)	22.8	(101.1)

The changes described above have not impacted the Group's operating profit, profit before tax or balance sheet for the comparative year.

Restatement due to prior year adjustments

The prior year adjustments reflect historical errors relating to the recognition of goodwill and other intangible assets (i.e. brand values). These errors resulted from incorrect application of the requirements of IFRS 3, IAS 21 and IAS 12 to historic purchase price accounting and are as follows:

- Goodwill and other intangible assets in foreign operations that were recognised in the presentational currency of the Group (GBP), rather than in the functional currency of the cash generating unit that the goodwill and other intangible assets are attributed to;
- Deferred tax liabilities that had not been recorded in relation to other intangible assets acquired in two foreign business combinations. The correction to record the deferred tax liabilities leads to a corresponding increase to goodwill arising on these acquisitions; and
- Impairments of goodwill that would have been recognised in prior years had the goodwill and other intangible assets been stated at the correct values following recognition of the deferred tax liabilities and foreign exchange remeasurements described above.

In addition, a presentational adjustment was made in respect of the classification of reserves in relation to the parent Company's Executive Share Option Trust (ESOT) and certain overseas restricted reserves. These reserves have now been included in the Statement of Changes In Equity and Consolidated Balance Sheet as 'Other Reserves' given their non-distributable nature.

Further, as a result of incorrect mapping of balances within the consolidation system there have been items recorded erroneously in the currency translation reserve and hedging reserve that should have been reflected in retained earnings.

These have been recognised as prior year errors in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' with the financial statements restated as appropriate. The impact of the prior year adjustments is shown in the tables below:

	31 May 2018 £m				1 June 2017 £m		
	As previously reported	Adjustment to brought forward reserves	Adjustment (In-year impact)	As restated	As previously reported	Adjustment to brought forward reserves	As restated
Consolidated Income Statement							
Exceptional Items	(13.5)	-	(7.4)	(20.9)	(15.5)	-	(15.5)
Operating Profit	72.2	-	(7.4)	64.8	89.3	-	89.3
Profit before tax	66.6	-	(7.4)	59.2	86.5	-	86.5
Profit attributable to owners of the parent	47.7	-	(7.4)	40.3	62.4	-	62.4
Consolidated Statement of Other Comprehensive Income							
Profit for the year	48.8	-	(7.4)	41.4	65.1	-	65.1
Exchange differences on translation of foreign operations	(25.8)	-	(3.2)	(29.0)	(53.4)	-	(53.4)
Other comprehensive income for the year net of taxation	(5.2)	-	(3.2)	(8.4)	(55.6)	-	(55.6)
Total comprehensive income for the year	43.6	-	(10.6)	33.0	9.5	-	9.5

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	31 May 2018 £m				1 June 2017 £m		
Consolidated Balance Sheet	**As previously reported**	**Adjustment to brought forward reserves**	**Adjustment (In-year impact)**	**As restated**	**As previously reported**	**Adjustment to brought forward reserves**	**As restated**
Goodwill and other intangible assets	406.1	5.0	(10.9)	400.2	403.4	5.0	408.4
Deferred Tax Liability	(44.2)	(21.7)	0.3	(65.6)	(39.4)	(21.7)	(61.1)
Retained Earnings	(536.4)	(31.9)	14.0	(554.3)	(501.3)	(31.9)	(533.2)
Other Reserve	-	38.9	0.1	39.0	-	38.9	38.9
Currency Translation Reserve	79.8	9.1	(3.5)	85.4	58.6	9.1	67.7
Hedging reserve	(0.6)	0.6	-	-	(2.4)	0.6	(1.8)
Equity attributable to owners of parent	(462.2)	16.7	10.6	(434.9)	(450.1)	16.7	(433.4)
Consolidated Statement of Changes in Equity							
Currency Translation Reserve							
At 1 June	58.6	9.1	-	67.7	19.1	-	19.1
Exchange differences on translation of foreign operations	21.2	-	3.2	24.4	39.5	-	39.5
Reclassification of reserves	-	-	(6.7)	(6.7)	-	-	-
At 31 May	79.8	9.1	(3.5)	85.4	58.6	-	58.6
Retained Earnings							
At 1 June	(501.3)	(31.9)	-	(533.2)	(477.4)	-	(477.4)
Profit for the year	(47.7)	-	7.4	(40.3)	(62.4)	-	(62.4)
Reclassification of reserves	-	-	6.7	6.7	-	-	-
Acquisition of shares by ESOT	0.4	-	(0.1)	0.3	1.2	-	1.2
At 31 May	(536.4)	(31.9)	14.0	(554.3)	(501.3)	-	(501.3)

10 Basis of financial statements

This announcement was approved by the Board of Directors on 23 July 2019. The financial information in this announcement does not constitute the Group's statutory accounts for the year ended 31 May 2019 or 31 May 2018 but it is derived from those accounts. Statutory accounts for 31 May 2018 have been delivered to the Registrar of Companies.

The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 May 2019 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

The audited consolidated financial statements from which the 2018 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 2019).

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue to operate for a period of at least 12 months from the date of approving the financial statements. Accordingly they continue to adopt the going concern basis in preparing this financial information.

There have been no post balance sheet events that require adjustment to the date of this report.

11 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 IFRS 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 basis of preparation, outlook, trading performance overview and regional reviews include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the board of Directors on 23 July 2019.