PZ CUSSONS PLC

26 July 2016

FINAL RESULTS
FOR THE YEAR ENDED 31 MAY 2016

PZ Cussons Plc, a leading international consumer products group, announces its final results for the year ended 31 May 2016.

Reported results (before exceptional items[1])	**Year ended 31 May 2016**	**Year ended 31 May 2015**	Reported % change	Constant currency % change[3]	Like for like % change[4]
Revenue[2]	**£821.2m**	**£819.1m**	0.3%	5.9%	(1.4%)
Operating profit	**£108.5m**	**£114.4m**	(5.2%)	(1.7%)	(4.5%)
Profit before tax	**£103.0m**	**£108.8m**	(5.3%)	(1.8%)	(4.7%)
Adjusted basic earnings per share	**17.22p**	**17.94p**	(4.0%)	(0.4%)	(3.7%)

Statutory results (after exceptional items[1])		
Operating profit	**£89.2m**	**£89.6m**
Profit before tax	**£83.7m**	**£84.0m**
Basic earnings per share	**16.16p**	**12.45p**
Total dividend per share	**8.11p**	**8.00p**
Net debt[5]	**(£147.1m)**	**(£157.4m)**

[1] Exceptional items before tax (2016: costs £19.3m; 2015: costs £24.8m), relate to various items which are detailed in note 2.
[2] Excludes joint ventures revenue of £176m (2015: £281m).
[3] Constant currency comparison (2015 results retranslated at 2016 exchange rates).
[4] Like for like comparison after adjusting 2015 for constant currency and 2016 for acquisitions and disposals in current and prior year. Also referred to as underlying.
[5] Net debt, above and hereafter, is defined as cash, short-term deposits and current asset investments, less bank overdrafts and borrowings (refer to note 9).

Highlights

Group

- Revenue growth of 5.9% and operating profit broadly flat on a constant currency basis, with a strong performance in Europe offsetting a difficult trading environment in Africa
- Group well placed for the future with three year project to move to a new operating model now complete and new product launches underpinning and expanding market shares in the Group's major markets and categories
- Strong balance sheet with net debt at 1.2 x EBITDA
- Dividend increased 1.4% marking 43rd consecutive year of year on year increases

Africa

- Tight liquidity and restricted foreign exchange availability in Nigeria, which has begun to improve post year end with a new flexible exchange rate resulting in an approximate 40% devaluation of the Naira
- Robust performance in Nigeria Home and Personal Care despite extremely competitive environment
- Revenue and profits in Nigeria Electricals lower as a result of squeeze on disposable income
- Strong performance in both Nutricima and PZ Wilmar food businesses despite lower raw material availability

Asia

- Continued growth in Indonesia in both baby care and non-baby care portfolios
- Good performance in Australia across Personal Care, Beauty and Food & Nutrition, offsetting more difficult trading conditions in Home Care

Europe

- UK washing and bathing division performing well with new product launches across Imperial Leather, Carex and Original Source
- Strong performance in the Beauty division driven in particular by St Tropez's new in shower gradual tan lotion and a new range of Sanctuary products

Commenting today, Richard Harvey (Chairman) said:

"These are a steady set of results, with a strong performance in Europe offsetting a very difficult trading environment in Nigeria and the impact of weaker currencies in both Asia and Africa. Despite these challenging trading conditions, to end the year on a constant currency basis with revenue growth of 5.9% and operating profit broadly flat is a creditable performance.

The liquidity squeeze and restrictions in foreign exchange availability in Nigeria, caused by the fall in the oil price, have created some of the most difficult trading conditions we have seen for some time and I am proud to see our 130 year experience in Nigeria carry us through this challenging period with our brands holding or growing share.

It is particularly pleasing to note that the investment we have put into our European region and newly acquired Australian food businesses has been driving growth and has helped rebalance Group profits reducing the dependence on Nigeria.

The end of the financial year also saw the successful completion of the three year project to move to a new operating model and this will stand us in good stead for the future.

The Group's balance sheet remains strong with net debt of 1.2 x EBITDA at the year end. The strength of our balance sheet gives us the flexibility to further evolve the Group's portfolio into new areas of growth and to take advantage of new investment opportunities as they arise.

Performance since the year end has been in line with expectations with liquidity in Nigeria beginning to improve. The Group's focus on its values, robust long-term strategy and innovative product pipeline, provides a strong platform for future sustainable growth, and the Board is pleased to declare a further increase in the full year dividend."

Press Enquiries

PZ Cussons	Brandon Leigh (Chief Financial Officer)
Instinctif	Tim Linacre / Guy Scarborough

On 26 and 27 July c/o Instinctif on 020 7457 2020.

After 28 July to Brandon Leigh on 0161 435 1236.

An analysts' presentation will be held on 26 July 2016 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/795-1194-17399/en

FINAL RESULTS
FOR THE YEAR ENDED 31 MAY 2016

Basis of Presentation

In our financial statements we use performance metrics that are not recognised under IFRS. These performance metrics are used to help the readers of our financial statements understand underlying business performance.

Reported results, also termed adjusted, are presented before exceptional items which include, acquisition and disposal related costs and income, and restructuring costs.

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 and like for like basis. The constant currency impact was derived by retranslating the 2015 result using 2016 foreign currency exchange rates. The adverse translational impact on revenue and operating profit was £43.4m and £3.9m respectively. The like for like impact, or underlying growth/decline, was derived at constant currency and by also excluding the impact of acquisitions and disposals in the current and prior year. The acquisitions of five:am and 100% of the Nutricima joint venture increased revenue in the current year by £3.3m and £53.0m respectively and operating profit by £0.5m and £2.6m respectively.

Business Review

Group Overview

The Group delivered a steady performance in the year to 31 May 2016 with a strong performance in Europe offsetting a particularly challenging trading environment in Nigeria and the impact of weaker currencies in both Asia and Africa.

Reported revenue was flat and operating profit only slightly lower despite the very challenging macro environment. The impact on translation of weaker exchange rates was to reduce revenue and operating profit by £43.4m and £3.9m respectively, and in addition a significant transactional exchange rate impact had to be mitigated through changes in relative pricing, particularly in Nigeria.

Acquisitions made in recent years in beauty in the UK and in food in Australia have performed well, providing further diversification to the Group's category portfolio and providing a rebalancing of the Group's geographic exposure so that Nigeria now accounts for 26% of Group EBIT.

This year saw the completion of the Group's three year project to implement a new operating model structured around three core functions of category, commercial and supply chain. This new way of working is enabling our brand development pipelines to be faster and more consistent and will help drive growth in all our markets. In addition, our new SAP enabled IT system has successfully gone live in Asia with the rest of the Group scheduled to go live within the next twelve months.

This rebalancing of the Group's category and geographic profile, together with a major improvement to the Group's operating model and systems, will stand the Group in good stead for the challenging macro conditions that are likely to persist.

Regional Overview

Africa's reported results show revenue flat with a robust performance in Home and Personal Care, as well as in Nutricima (with full consolidation following last year's buy-out of the JV), mitigating the impact on translation from a weaker Naira, as well as an underlying revenue decline in the Electricals business caused by a squeeze on disposable income. Reported operating profit is down 23.2% as a result of the lower Electrical sales and a broader translational and transactional impact from a weaker Naira. Adjustments to relative pricing across all business units took place across the financial year to mitigate the year on year impact of a weaker Naira and to reflect the higher cost of the Naira on the secondary market.

Asia's reported revenue and operating profit declines of 5.5% and 3.0% respectively are largely due to the impact on translation from the weaker Indonesian Rupiah and Australian Dollar. The strength of the Group's Indonesian business as well as the recent food acquisitions in Australia are mitigating the more difficult trading conditions in Australian Home Care as well as the broader translational and transactional impact from weaker currencies.

Europe's reported revenue and operating profit growth of 4.8% and 6.6% respectively were driven by strong performances in the UK washing and bathing and Beauty divisions as well as a solid contribution from the Group's smaller divisions in Poland and Greece.

Financial Position Overview

The Group's balance sheet remains strong with net debt of 1.2 x EBITDA at the year end. Capital expenditure remains above depreciation levels due to the SAP implementation project which is scheduled to complete as planned during the early part of the FY18 financial year.

Regional reviews

Performance by region

Revenue[1] (£m)	2016	2015	Reported % change	Constant currency % change[2]	Like for like % change[3]
Africa	**357.2**	356.8	0.1%	9.6%	(8.3%)
Asia	**188.2**	199.1	(5.5%)	(0.2%)	(2.0%)
Europe	**275.8**	263.2	4.8%	5.6%	5.6%
	821.2	819.1	0.3%	5.9%	(1.4%)

Operating profit before exceptional items[4] (£m)	2016	2015	Reported % change	Constant currency % change[2]	Like for like % change[3]
Africa	**30.4**	39.6	(23.2%)	(16.3%)	(23.5%)
Asia	**16.4**	16.9	(3.0%)	2.7%	(0.5%)
Europe	**61.7**	57.9	6.6%	6.3%	6.3%
	108.5	114.4	(5.2%)	(1.7%)	(4.5%)

[1] Excludes joint ventures revenue of £176m (2015: £281m).
[2] Constant currency comparison (2015 results retranslated at 2016 exchange rates).
[3] Like for like comparison after adjusting 2015 for constant currency and 2016 for acquisitions and disposals in current and prior year. Also referred to as underlying.
[4] Exceptional items before tax (2016: costs £19.3m; 2015: costs £24.8m), relate to various items which are detailed in note 2.

Africa

In **Nigeria**, the Group's knowledge of how to trade in volatile environments has served it well during the year supported by strong brand portfolios with leading market shares across four diverse categories, world class factories and a nationwide distribution infrastructure. All business units sold relatively well despite the very challenging macro environment with product offerings at all price points to cater for a consumer who is facing a significant squeeze on disposable income.

Whilst the official exchange rate remained stable against the US Dollar during the year, low oil prices contributed to an environment of tight liquidity with foreign exchange restrictions imposed for certain items. The market saw relative pricing being adjusted firstly at the beginning of the financial year to adjust for the 25% devaluation of the Naira that took place during the second half of the previous financial year, and more recently during the second half of the financial year to reflect the higher cost of the Naira on the secondary market.

In Personal Care and Home Care, revenue has been maintained at a similar level to the previous year despite an extremely competitive environment although margins have been affected in a market operating at lower volumes and higher costs. The portfolio remains diverse with leading brand shares across soaps, detergents, babycare, skincare, medicaments and dishcare, and relative pricing has continued to be adjusted post year end to restore margins.

In the Electricals division, revenue and operating profits were lower than the previous year driven primarily due to the squeeze on disposable incomes reducing sales volumes. Despite this, the Haier Thermocool brand remains very strong across fridges, freezers and air conditioners. Relative pricing has now successfully been adjusted and the division will benefit once growth returns to the market.

The two food businesses have seen more robust performance during the year with the products a necessity purchase by the consumer. Revenue and operating profit in the Nutricima milk business were ahead of the previous year driven by the success of its two key brands NuNu and Olympic. The Group is benefitting from the full consolidation of Nutricima following the buy-out of the former JV partner on 31 March 2015.

In the PZ Wilmar edible oil joint venture, whilst sales of bulk products were lower due to restrictions on raw material supply, consumer product sales doubled year on year under the Mamador and Devon King's brands leading to an overall increase in operating profits.

Overall performance in the smaller markets of **Ghana** and **Kenya** was lower than the previous year due to tough trading conditions and foreign exchange volatility.

Asia

In **Australia**, whilst trading conditions in the Home Care category remain challenging, good revenue and operating profit growth has been achieved across the Personal Care, Beauty and Food & Nutrition categories. The recently acquired food brands Rafferty's Garden and five:am have both performed particularly well successfully contributing to the diversification of the overall portfolio. This year saw the complete relaunch of the Rafferty's Garden range with new packaging and variants, including a range of chilled yoghurt products manufactured using the acquired five:am facilities, as well as growth in international distribution into New Zealand, Hong Kong, Singapore and China. five:am has also been relaunched with new packaging and variants across both its core range of yoghurts and newer categories such as granolas.

In **Indonesia**, revenue growth has continued to be strong despite the more challenging consumer environment as a result of slower GDP growth and a weaker exchange rate. Cussons Baby continues to be the number one brand in market and has been completely relaunched during the year in conjunction with its biggest ever nationwide 'Little Star' promotion. Imperial Leather, Carex, Original Source and Cussons Kids have all made good progress during the year contributing to the diversification of the overall portfolio.

In the smaller Asian markets, **Thailand** has performed well although revenue and profits in **Middle East** are lower than the previous year.

Europe

In the **UK** washing and bathing division, all brands have performed well with good revenue and profit growth driven by a continuous programme of renovation and innovation. The Imperial Leather portfolio has been extended with a new range of Sweets and Fruits products for bath and shower. The extension of the Carex brand into bath and shower products during the year has been very successful in addition to good growth across the core range of handwash products, including the launch of a new 'Love Hearts' kids handwash variant. Original Source has also performed well with new fragrances launched across its range of shower, handwash and body care products.

In the **Beauty** division, revenue and operating profit are significantly ahead of the previous year. St Tropez has seen excellent growth in its key markets of UK, US and Australia, with the gradual tan in shower lotion launched last year being particularly successful with the range also recently extended with a darker variant. Sanctuary has also delivered good growth benefiting from new product launches and a #LetGo campaign which has received over 25 million views online. New product launches have also taken place across Fudge and Charles Worthington brands.

In **Poland**, revenue and operating profit have increased across the range of Luksja, Carex and Original Source products.

In **Greece**, good profit and revenue growth has been achieved across the portfolio of edible oils, cheeses and spreads despite the challenging macro environment. The vinegar brand acquired last year has made excellent progress and a number of new product launches have taken place.

Exceptional items

An exceptional charge of £19.3m before tax was recorded during the year (2015: charge of £24.8m). £6.9m of this charge relates to previously announced items, being the current year cost of the Group Structure and Systems project (£4.8m) and the cost of further Supply Chain optimisation (£2.1m). Additional charges of £12.4m have also been incurred relating to a provision against a trade receivable in Europe (£5.9m) and foreign exchange losses in Nigeria relating to long outstanding trade payables denominated in US Dollars that were settled on the secondary market at higher than official exchange rates (£6.5m). All of the above have been tax effected along with a deferred tax credit relating to adjustments made to the UK Corporation Tax rate applied to deferred tax positions held in the balance sheet and a further tax credit arising due to the finalisation of a position relating to a disposal in a prior year. Please see note 2 for further detail.

As previously announced, and following on from the Nigeria foreign exchange position described above, the Group has incurred further exceptional foreign exchange losses of c. £11 million in the period after the balance sheet date. These losses relate to additional long outstanding trade payables denominated in US Dollars that are being settled at higher exchange rates than originally recognised due to the introduction of the new flexible exchange rate regime on 20 June 2016, resulting in an approximate 40% devaluation of the Naira.

The Group Structure and Systems project will be extended with further plans to optimise the Group operating model at a cost of £10 million over the next two years.

Taxation

The effective tax rate before exceptional items was 25.5% (2015: 25.6%).

Dividend

The Group aims to pay an attractive, sustainable and growing dividend. The Board is recommending a final dividend of 5.50p (2015: 5.39p) per share making a total of 8.11p (2015: 8.00p) per share for the year, a 1.4% increase and the 43rd successive year of dividend increases.

The overall dividend remains some 2.1 times covered by adjusted earnings per share. Subject to approval at the AGM, the final dividend will be paid on 6 October 2016 to shareholders on the register at the close of business on 12 August 2016.

Outlook

The Group is well placed for future growth with strong brand portfolios and excellent new product pipelines underpinned by a culture of a continuing focus on cost control.

The successful implementation of a new operating model is enabling a more efficient business model and this will be further enhanced with the completion of the SAP implementation in twelve month’s time.

Underlying growth in revenue and operating profit is expected to be delivered in all regions of Europe, Asia and Africa over the coming year, although there will be an impact on translation to sterling of the Nigerian results following the introduction of the new flexible exchange rate regime post year end.

Whilst it is very early days since the vote to leave the EU, our initial assessment is that Brexit is unlikely to have a significant near term impact on the Group, although we will be monitoring this on an ongoing basis.

The Group’s balance sheet remains strong and well placed to pursue new opportunities for growth as they arise.

Overall performance since the year end has been in line with expectations, with liquidity in Nigeria beginning to improve.

PZ CUSSONS PLC

Consolidated income statement for the year ended 31 May 2016

		Year ended 31 May 2016			Year ended 31 May 2015		
		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	821.2	-	**821.2**	819.1	-	**819.1**
Cost of sales		(510.1)	-	**(510.1)**	(493.3)	-	**(493.3)**
Gross profit		311.1	-	**311.1**	325.8	-	**325.8**
Selling and distribution costs		(134.1)	-	**(134.1)**	(146.7)	-	**(146.7)**
Administrative expenses		(71.7)	(19.3)	**(91.0)**	(69.0)	(24.8)	**(93.8)**
Share of results of joint ventures		3.2	-	**3.2**	4.3	-	**4.3**
Operating profit/(loss)	1	108.5	(19.3)	**89.2**	114.4	(24.8)	**89.6**
Finance income		0.6	-	**0.6**	0.8	-	**0.8**
Finance costs		(6.1)	-	**(6.1)**	(6.4)	-	**(6.4)**
Net finance costs	3	(5.5)	-	**(5.5)**	(5.6)	-	**(5.6)**
Profit/(loss) before taxation		103.0	(19.3)	**83.7**	108.8	(24.8)	**84.0**
Taxation	4	(26.3)	12.3	**(14.0)**	(27.8)	1.7	**(26.1)**
Profit/(loss) for the year		76.7	(7.0)	**69.7**	81.0	(23.1)	**57.9**
Attributable to:							
Owners of the Parent		72.1	(4.4)	**67.7**	75.5	(23.1)	**52.4**
Non-controlling interests		4.6	(2.6)	**2.0**	5.5	-	**5.5**
		76.7	(7.0)	**69.7**	81.0	(23.1)	**57.9**
Basic EPS (p)	6			**16.16**			**12.45**
Diluted EPS (p)	6			**16.15**			**12.44**
Adjusted basic EPS (p)	6			**17.22**			**17.94**
Adjusted diluted EPS (p)	6			**17.21**			**17.92**

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Consolidated statement of comprehensive income for the year ended 31 May 2016

	2016 £m	2015 £m
Profit for the year	**69.7**	57.9
Other comprehensive income/ (expense)		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment obligations	**9.4**	(6.7)
Deferred tax on remeasurement of post-employment obligations	**(1.2)**	1.3
Total items that will not be reclassified to profit or loss	**8.2**	(5.4)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**15.2**	(37.5)
Cash flow hedges – fair value gain in year	**0.7**	2.8
Tax on items that may be subsequently reclassified to profit or loss	**(0.1)**	(0.5)
Total items that may be subsequently reclassified to profit or loss	**15.8**	(35.2)
Other comprehensive income / (expense) for the year net of taxation	**24.0**	(40.6)
Total comprehensive income for the year	**93.7**	17.3
Attributable to:		
Owners of the Parent	**88.5**	18.6
Non-controlling interests	**5.2**	(1.3)

PZ CUSSONS PLC

Consolidated balance sheet as at 31 May 2016

	Notes	31 May 2016 £m	(Restated)* 31 May 2015 £m
Assets			
Non-current assets			
Goodwill and other intangible assets	7	**357.1**	356.6
Property, plant and equipment		**227.0**	209.1
Other investments		**0.3**	0.3
Net investment in joint ventures		**31.9**	28.6
Trade and other receivables		**1.4**	1.0
Retirement benefit surplus		**51.3**	43.4
		669.0	639.0
Current assets			
Inventories		**150.5**	163.7
Trade and other receivables		**174.5**	178.5
Current asset investments		**0.3**	0.3
Cash and short term deposits		**175.1**	110.7
		500.4	453.2
Total assets		**1,169.4**	1,092.2
Equity			
Share capital		**4.3**	4.3
Capital redemption reserve		**0.7**	0.7
Hedging reserve		**1.8**	1.2
Currency translation reserve		**(19.1)**	(31.1)
Retained earnings		**515.7**	478.1
Attributable to owners of the Parent		**503.4**	453.2
Non-controlling interests		**46.5**	43.8
Total equity		**549.9**	497.0
Liabilities			
Non-current liabilities			
Trade and other payables		**0.6**	0.6
Deferred taxation liabilities		**48.2**	47.8
Retirement benefit obligations		**17.0**	27.1
		65.8	75.5
Current liabilities			
Borrowings		**322.5**	268.4
Trade and other payables		**198.7**	205.8
Current taxation payable		**27.8**	32.1
Provisions		**4.7**	13.4
		553.7	519.7
Total liabilities		**619.5**	595.2
Total equity and liabilities		**1,169.4**	1,092.2

* Please refer to Note 10

PZ CUSSONS PLC

Consolidated statement of changes in equity for the year ended 31 May 2016

	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 2014	4.3	(0.4)	0.7	480.5	(1.1)	52.4	536.4
Profit for the year	-	-	-	52.4	-	5.5	57.9
Other comprehensive income							
Remeasurement of post-employment obligations	-	-	-	(6.7)	-	-	(6.7)
Exchange differences on translation of foreign operations	-	(30.7)	-	-	-	(6.8)	(37.5)
Cash flow hedges - fair value gains in year	-	-	-	-	2.8	-	2.8
Cash flow hedges – tax on fair value gains	-	-	-	-	(0.5)	-	(0.5)
Deferred tax on remeasurement of post-employment obligations	-	-	-	1.3	-	-	1.3
Total comprehensive income/(expense) for the year	-	(30.7)	-	47.0	2.3	(1.3)	17.3
Transactions with owners:							
Ordinary dividends	-	-	-	(33.0)	-	-	(33.0)
Acquisition of shares by ESOT	-	-	-	(8.5)	-	-	(8.5)
Share based payments credit	-	-	-	(0.9)	-	-	(0.9)
Deferred tax on share based payments	-	-	-	(0.2)	-	-	(0.2)
Acquisition of non-controlling interest	-	-	-	(6.8)	-	(3.1)	(9.9)
Non-controlling interests dividend paid	-	-	-	-	-	(4.2)	(4.2)
Total transactions with owners recognised directly in equity	-	-	-	(49.4)	-	(7.3)	(56.7)
At 31 May 2015	**4.3**	**(31.1)**	**0.7**	**478.1**	**1.2**	**43.8**	**497.0**
At 1 June 2015	**4.3**	**(31.1)**	**0.7**	**478.1**	**1.2**	**43.8**	**497.0**
Profit for the year	**-**	**-**	**-**	**67.7**	**-**	**2.0**	**69.7**
Other comprehensive income							
Remeasurement of post-employment obligations	**-**	**-**	**-**	**9.4**	**-**	**-**	**9.4**
Exchange differences on translation of foreign operations	**-**	**12.0**	**-**	**-**	**-**	**3.2**	**15.2**
Cash flow hedges - fair value gains in year	**-**	**-**	**-**	**-**	**0.7**	**-**	**0.7**
Cash flow hedges – tax on fair value gains	**-**	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Deferred tax on remeasurement of post-employment obligations	**-**	**-**	**-**	**(1.2)**	**-**	**-**	**(1.2)**
Total comprehensive income for the year	**-**	**12.0**	**-**	**75.9**	**0.6**	**5.2**	**93.7**
Transactions with owners:							
Ordinary dividends	**-**	**-**	**-**	**(33.3)**	**-**	**-**	**(33.3)**
Acquisition of shares by ESOT	**-**	**-**	**-**	**(4.2)**	**-**	**-**	**(4.2)**
Deferred tax on share based payments	**-**	**-**	**-**	**(0.3)**	**-**	**-**	**(0.3)**
Acquisition of non-controlling interest	**-**	**-**	**-**	**(0.5)**	**-**	**(0.3)**	**(0.8)**
Non-controlling interests dividend paid	**-**	**-**	**-**	**-**	**-**	**(2.2)**	**(2.2)**
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**(38.3)**	**-**	**(2.5)**	**(40.8)**
At 31 May 2016	**4.3**	**(19.1)**	**0.7**	**515.7**	**1.8**	**46.5**	**549.9**

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Consolidated cash flow statement for the year ended 31 May 2016

	2016 £m	2015 £m
Cash flows from operating activities		
Cash generated from operations	**106.4**	61.6
Taxation paid	**(17.9)**	(18.5)
Interest paid	**(6.1)**	(6.4)
Net cash generated from operating activities	**82.4**	36.7
Cash flows from investing activities		
Interest income	**0.6**	0.8
Purchase of property, plant and equipment	**(35.5)**	(36.5)
Proceeds from sale of property, plant and equipment	**2.6**	0.1
Costs incurred to gain control of Nutricima joint venture	**-**	(21.0)
Acquisition of five:am	**-**	(39.5)
Debt repaid as part of five:am acquisition	**-**	(6.4)
Acquisition of Greek vinegar brand and assets	**-**	(5.4)
Cash and cash equivalents obtained from acquired businesses	**-**	1.7
Repayment of short-term deposits to joint ventures	**-**	18.8
Net cash used in investing activities	**(32.3)**	(87.4)
Financing activities		
Dividends paid to non-controlling interests	**(2.2)**	(4.2)
Purchase of shares for ESOT	**(4.2)**	(8.5)
Dividends paid to Company shareholders	**(33.3)**	(33.0)
Acquisition of non-controlling interests	**(0.8)**	(9.9)
Repayment of term loan	**-**	(15.0)
Increase in borrowings	**45.4**	102.0
Net cash from financing activities	**4.9**	31.4
Net increase / (decrease) in cash and cash equivalents	**55.0**	(19.3)
Cash and cash equivalents at the beginning of the year	**47.8**	70.0
Effect of foreign exchange rates	**1.8**	(2.9)
Cash and cash equivalents at the end of the year	**104.6**	47.8

Reconciliation of profit before tax to cash generated from operations for the year ended 31 May 2016

	2016	2015
	£m	£m
Profit before tax	**83.7**	84.0
Adjustment for net finance costs	**5.5**	5.6
Operating profit	**89.2**	89.6
Depreciation	**21.8**	19.8
Impairment loss on tangible fixed assets	**0.2**	4.3
Loss on sale of tangible fixed assets	**0.3**	0.3
Difference between pension charge and cash contributions	**(9.0)**	(7.6)
Share of results from joint ventures	**(3.2)**	(4.3)
Share based payments credit	**-**	(0.9)
Operating cash flows before movements in working capital	**99.3**	101.2
Movements in working capital:		
Inventories	**19.4**	(3.6)
Trade and other receivables	**9.2**	(15.6)
Trade and other payables	**(10.5)**	(19.4)
Provisions	**(11.0)**	(1.0)
Cash generated from operations	**106.4**	61.6

1 Segmental analysis

The Chief Operating Decision-Maker (CODM) has been identified as the Executive Board which comprises the three Executive Directors.

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 and Europe being the operating segments. The CODM assesses the performance based on operating profit 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.

Revenues and operating profit of the Europe and Asia 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 Electrical products.

2016	**Africa £m**	**Asia £m**	**Europe £m**	**Eliminations £m**	**Total £m**
Gross segment revenue	**359.2**	**197.7**	**408.3**	**(144.0)**	**821.2**
Inter segment revenue	**(2.0)**	**(9.5)**	**(132.5)**	**144.0**	**-**
Revenue	**357.2**	**188.2**	**275.8**	**-**	**821.2**
Segmental operating profit before exceptional items and share of results of joint ventures	**27.2**	**16.4**	**61.7**	**-**	**105.3**
Share of results of joint ventures	**3.2**	**-**	**-**	**-**	**3.2**
Segmental operating profit before exceptional items	**30.4**	**16.4**	**61.7**	**-**	**108.5**
Exceptional items	**(7.8)**	**(2.6)**	**(8.9)**	**-**	**(19.3)**
Segmental operating profit	**22.6**	**13.8**	**52.8**	**-**	**89.2**
Finance income					**0.6**
Finance cost					**(6.1)**
Profit before taxation					**83.7**
Depreciation and amortisation	**9.3**	**3.8**	**8.7**		**21.8**
Impairment	**-**	**-**	**0.2**		**0.2**

2015	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Gross segment revenue	362.3	211.6	428.8	(183.6)	819.1
Inter segment revenue	(5.5)	(12.5)	(165.6)	183.6	-
Revenue	356.8	199.1	263.2	-	819.1
Segmental operating profit before exceptional items and share of results of joint ventures	35.3	16.9	57.9	-	110.1
Share of results of joint ventures	4.3	-	-	-	4.3
Segmental operating profit before exceptional items	39.6	16.9	57.9	-	114.4
Exceptional items	(6.7)	(6.6)	(11.5)	-	(24.8)
Segmental operating profit	32.9	10.3	46.4	-	89.6
Finance income					0.8
Finance cost					(6.4)
Profit before taxation					84.0
Depreciation and amortisation	8.2	3.3	8.3		19.8
Impairment	-	-	4.3		4.3

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

The Group analyses its net revenue by the following categories:

	2016 £m	2015 £m
Personal Care	**413.2**	415.9
Home Care	**124.5**	139.8
Food & Nutrition	**165.6**	116.2
Electricals	**111.7**	140.6
Other	**6.2**	6.6
	821.2	819.1

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 restructuring costs, acquisition related costs, material impairments of non-current assets, including 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 2016	**Exceptional items before taxation**	**Taxation**	**Exceptional items after taxation**
Exceptional items included within operating profit:	**£m**	**£m**	**£m**
Group structure and systems project	**4.8**	**(0.8)**	**4.0**
Supply chain optimisation project with associated restructuring costs	**2.1**	**(0.5)**	**1.6**
Provision against trade receivable in Europe	**5.9**	**(1.5)**	**4.4**
Foreign currency devaluation in Nigeria	**6.5**	**(2.0)**	**4.5**
Finalisation of tax position relating to a prior year disposal	**-**	**(3.3)**	**(3.3)**
Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands	**-**	**(4.2)**	**(4.2)**
	19.3	**(12.3)**	**7.0**

Year to 31 May 2015	**Exceptional items before taxation**	**Taxation**	**Exceptional items after taxation**
Exceptional items included within operating profit:	**£m**	**£m**	**£m**
Group structure and systems project	2.0	(0.4)	1.6
five:am acquisition & Australia integration costs	4.3	(1.1)	3.2
Supply chain optimisation project with associated restructuring costs	6.1	(1.4)	4.7
Polish Home Care brands divestment and manufacturing site disposal	6.4	3.0	9.4
Provision against Nigerian government receivables	6.0	(1.8)	4.2
	24.8	**(1.7)**	**23.1**

Explanation of exceptional items

Year to May 2016

Group structure and systems project
The Group has incurred exceptional costs of £4.8 million 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 project with associated restructuring costs
The Group has incurred exceptional costs of £2.1 million relating to further opportunities to reduce the Group's supply chain cost base identified in the prior year. The costs relate to restructuring costs associated with supply chain optimisation.

Provision against trade receivable in Europe
A provision of £5.9 million has been made against a trade receivable due from a European customer.

Foreign currency devaluation in Nigeria
During the final quarter of the year to 31 May 2016 the Group’s Nigerian subsidiaries accessed the secondary currency market in Nigeria in order to settle a number of long outstanding US Dollar denominated trade payables. This resulted in a transactional foreign exchange loss of £6.5m which the Directors have deemed to be exceptional due to the nature and magnitude of this effective devaluation.

Finalisation of a tax position relating to a prior year disposal
During the year the Group recognised a tax credit of £3.3 million following the finalisation of a position relating to a disposal made in a prior year.

Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands
The UK corporation tax rate reduces to 18% from 1 April 2020. As a result of this change, the deferred tax balances relating to UK assets and liabilities have been 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 2015

Group structure and systems project
The Group incurred exceptional costs of £2.0 million relating to the project to realign the non-manufacturing organisation design to create a more effective Group operating model. These costs mainly consisted of restructuring and advisory costs.

five:am acquisition and integration costs
During the prior year the Group acquired the entire share capital of Five AM Life Pty Limited. The Group incurred acquisition related costs and integration/restructuring costs of £4.3 million, as a result of integrating the business into existing operations.

Supply chain optimisation project with associated restructuring costs
The Group incurred exceptional costs of £6.1 million relating to further opportunities to reduce the Group's supply chain cost base identified in the prior year. The costs related to restructuring costs associated with supply chain optimisation and impairment costs associated with the write-down of supply chain assets.

Polish Home Care brands divestment and manufacturing site disposal
During the prior year the Group completed the full divestment of its Polish Home Care brands. Post year end the Group completed the separate sale of the associated manufacturing site. Included in the £6.4 million are redundancy costs and asset impairment costs.

Provision against Nigerian government receivables
During the prior year the Group made a full provision of £6.0 million against a Nigerian government receivable.

3 Net finance costs

	2016 £m	2015 £m
Finance income:		
Investment gains	**-**	0.1
Interest receivable	**0.6**	0.7
Interest income	**0.6**	0.8
Interest expense:		
Interest payable on bank loans and overdrafts	**(6.1)**	(6.4)
Net finance costs	**(5.5)**	(5.6)

4 Taxation

	2016 £m	2015 £m
Current tax		
UK corporation tax charge for the year	**5.4**	4.6
Adjustments in respect of prior years	**0.5**	-
	5.9	4.6
Overseas corporation tax charge for the year	**10.2**	14.5
Adjustments in respect of prior years	**(1.0)**	(0.8)
	9.2	13.7
Total current tax charge	**15.1**	18.3
Deferred tax		
Origination and reversal of temporary timing differences	**(1.8)**	6.1
Adjustments in respect of prior years	**0.7**	1.7
Total deferred tax (credit)/charge	**(1.1)**	7.8
Total tax charge	**14.0**	26.1

UK corporation tax is calculated at 20.00% (2015: 20.83%) 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 £1.5 million (2015: £0.6 million 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:

	2016 £m	2015 £m
Profit before tax	**83.7**	84.0
Tax at the UK corporation tax rate of 20.00% (2015: 20.83%)	**16.7**	17.5
Tax effect of expenses / revenue that are not deductible / taxable	**(1.6)**	(2.7)
Effect of different tax rates of subsidiaries in overseas jurisdictions	**3.5**	3.7
Effect of UK rate change on deferred taxation	**(4.1)**	-
Tax effect of share of results of joint ventures	**(1.0)**	(1.0)
Overseas withholding tax suffered on dividends	**-**	3.5
Derecognition of deferred tax assets not deemed recoverable	**0.3**	4.2
Adjustments in respect of prior periods	**0.2**	0.9
Tax charge for the year	**14.0**	26.1

5 AGM and dividend

The Board is recommending a final dividend of 5.50p (2015: 5.39p) per share, making a total dividend for the year of 8.11p (2015: 8.00p) per share. The gross amount for the proposed final dividend is £23.6 million (2015: £23.1 million).

The date of the Annual General Meeting has been fixed for 28 September 2016. Subject to shareholder approval dividend warrants in respect of the proposed final dividend will be posted on 6 October 2016 to members on the register at 5.00pm on 12 August 2016.

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.

	2016	2015
Basic weighted average (000)	**418,808**	420,851
Diluted weighted average (000)	**418,888**	421,282

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 the 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:

	2016	2015
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)	**(9,917)**	(7,874)
Basic weighted average Ordinary Shares in issue during the year (000)	**418,808**	420,851
Dilutive effect of share incentive plans (000)	**80**	431
Diluted weighted average Ordinary Shares in issue during the year (000)	**418,888**	421,282

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

	2016	2015
	£m	£m
Profit attributable to owners of the Parent	**67.7**	52.4
Exceptional items	**4.4**	23.1
Adjusted profit	**72.1**	75.5

	2016	2015
Basic earnings per share	**16.16p**	12.45p
Exceptional items	**1.06p**	5.49p
Adjusted basic earnings per share	**17.22p**	17.94p
Diluted earnings per share	**16.15p**	12.44p
Exceptional items	**1.06p**	5.48p
Adjusted diluted earnings per share	**17.21p**	17.92p

7 Goodwill and other intangible assets

	Goodwill	Other intangible assets [1]	Total
	£m	£m	£m
At 31 June 2014	45.8	241.9	287.7
Acquired during the year	16.4	53.4	69.8
Currency retranslation	-	(0.9)	(0.9)
At 31 May 2015	**62.2**	**294.4**	**356.6**
Currency retranslation	0.3	0.2	0.5
At 31 May 2016	**62.5**	**294.6**	**357.1**

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

8 Business combinations

i) Acquisition of 0.23% of share capital of PZ Cussons Nigeria Plc

Cost of acquisitions	£m
0.23% of share capital of PZ Cussons Nigeria Plc	**0.8**

Throughout the year to 31 May 2016, the Group has acquired additional share capital of its existing subsidiary PZ Cussons Nigeria Plc, increasing the Group's stake from 72.8% to 73.03%. The consideration for these additional shares was £0.8 million, resulting in the acquisition of a non-controlling interest of £0.3 million and an amount debited to retained earnings through the consolidated statement of changes in equity of £0.5 million.

9 Net debt

	2016	(Restated)* 2015
	£m	£m
Cash at bank and in hand	**160.4**	100.5
Short-term deposits	**14.7**	10.2
Overdrafts	**(70.5)**	(62.9)
Cash and cash equivalents	**104.6**	47.8
Current asset investments	**0.3**	0.3
Loans due within one year	**(252.0)**	(205.5)
Net debt	**(147.1)**	(157.4)

* Please refer to Note 10

Loans due within one year include the Group's main borrowing facility which is provided by a syndicate of three UK banks in the form of a £240 million committed multi-currency revolving credit facility with a final termination date of February 2020. In addition, the Group has a further £50 million of bilateral facilities which are utilised for general working capital and trade finance purposes and of which £12 million was utilised at 31 May 2016 (2015: £nil).

Overdrafts do not form part of the Group's main borrowing facilities and arise as part of the Group's composite banking arrangement with Barclays Bank Plc. Under the terms of this arrangement cash and overdraft balances recognised by the Group's UK operations are considered as one cash pool with the net position being monitored by the Directors and by Barclays. At 31 May 2016 these overdraft balances have been presented gross with a corresponding increase in cash at bank and in hand. Comparatives at 31 May have been restated accordingly (please also refer to Note 10).

10 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.

The following new and amended standards are relevant to the Group and have been adopted for the first time in the financial statements:

- Annual improvements 2010-2012 (effective 1 July 2014) (endorsed for 1 Feb 2015)
- Amendment to IAS 19, 'Employee benefits', on defined benefit plans (effective 1 July 2014) (endorsed for 1 Feb 2015)
- Annual improvements 2011-2013 (effective 1 July 2014) (endorsed for 1 Jan 2015)
- IFRIC 21, 'Levies' (effective 1 January 2014) (endorsed 17 June 2014)
- IFRS IC agenda decision regarding offsetting and cash pooling arrangements

The adoption of these new and amended standards has not had a material impact on the Group financial statements with the exception of the IFRS IC agenda decision which has the following impact on the closing balance sheet:

Restatement

The Group's UK operations operate a composite banking arrangement, under which the Group and its bankers have a legal right to offset certain balances which may be in a cash or overdraft position. Previously, the Group offset these cash and overdraft balances in determining cash and short term deposits as presented on the Group Balance Sheet.

In March 2016, the IFRS Interpretations Committee (IFRS IC) issued an agenda decision regarding the treatment of offsetting and cash-pooling arrangements in accordance with IAS 32: 'Financial instruments: Presentation'. This provided additional guidance on when bank overdrafts in cash-pooling arrangements would meet the requirements for offsetting in accordance with IAS 32. Following this additional guidance, the Group has reviewed its cash-pooling arrangements and has revised its presentation of bank overdrafts resulting in £70.5 million of bank overdrafts being reported in borrowings, with a corresponding increase in cash and short term deposits. Comparatives at 31 May 2015 have also been restated with an additional £55.3 million of bank overdrafts being reported in borrowings, with a corresponding increase in cash and short term deposits.

The Group has considered the requirements of IAS 8 in respect of changes in accounting policies and the requirement to present a balance sheet as at the start date of the comparative period. As the change in accounting policy has no impact on the Group's reported profit, or the net assets of the Group, the Group does not consider the adjustment to be material to require the presentation of an additional balance sheet. The impact on the opening comparative period, being as at 1 June 2014, would have been to increase both cash and short term deposits and borrowings by £34.3 million.

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. The following new standards, amendments and interpretations are effective from the dates stated below. Standards have not yet been endorsed by the EU unless otherwise stated.

- IFRS 9, 'Financial Instruments' (effective 1 January 2018)
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)
- IFRS 16, 'Leases' (effective 1 January 2019)

11 Basis of financial statements

This announcement was approved by the Board of Directors on 26 July 2016. The financial information in this announcement does not constitute the Group's statutory accounts for the year ended 31 May 2016 or 31 May 2015 but it is derived from those accounts. Statutory accounts for 31 May 2015 have been delivered to the Registrar of Companies, and those for 31 May 2016 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 2016).

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 the consolidated financial statements.

12 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 26 July 2016.