

INTERIM ANNOUNCEMENT OF RESULTS FOR THE HALF YEAR TO 30 NOVEMBER 2016

PZ Cussons Plc, a leading consumer products group, announces its unaudited interim results for the six months ended 30 November 2016.

Reported results (before exceptional items ¹)	Half year to 30 November 2016	Half year to 30 November 2015	Reported % change	Constant currency % change ³	Like for like % change ⁴
Revenue ²	£378.2m	£385.9m	(2.0%)	(2.6%)	(2.6%)
Operating profit	£41.8m	£45.2m	(7.5%)	(8.4%)	(8.4%)
Profit before tax	£40.2m	£42.1m	(4.5%)	(5.5%)	(5.5%)
Adjusted basic earnings per share	6.50p	7.28p	(10.7%)		
Statutory results (after exceptional items ¹)					
Operating profit	£26.5m	£43.1m	(38.5%)		
Profit before tax	£24.9m	£40.0m	(37.8%)		
Basic earnings per share	4.59p	6.75p	(32.0%)		
Interim dividend per share	2.67p	2.61p	2.3%		
Net debt ⁵	(£191.3m)	(£191.0m)			

¹ Exceptional items before tax (2016: costs £15.3m; 2015: costs £2.1m) are detailed in note 4.

² Excludes joint ventures revenue of £85.6m (2015: £90.5m).

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 the impact of acquisitions and disposals made in the current and prior period.

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 11).

HIGHLIGHTS

Group

- Sterling profits only slightly lower at profit before tax and exceptionals of £40.2m (prior period £42.1m) despite a challenging macro environment particularly in the Group's largest market of Nigeria
- Brand shares maintained or growing in all the Group's major markets and categories
- Strong balance sheet with net debt at 1.5 x EBITDA
- Interim dividend increased 2.3% at 2.67p per share

Africa

- Liquidity in Nigeria remains poor with the exchange rate continuing to weaken on both interbank and secondary markets
- Group's diverse brand portfolio working well with product offerings at all price points catering for a consumer under significant inflationary pressure

Asia

- Tough trading conditions in Australia across all categories with new product launches planned for the second half of the year to improve performance
- Good growth across the portfolio in Indonesia with significant brand initiatives planned for the second half of the year including a relaunch of the Cussons Kids range and a new range of Imperial Leather products

Europe

- Robust performance in the UK Washing and Bathing division with new product launches ensuring great shelf presence in a challenging trading environment
- Following a poor summer, performance in the Beauty division has been good for the remainder of the period with new product launches including an extension of the Sanctuary range planned for the second half of the year

PZ CUSSONS PLC

Commenting today, Caroline Silver (Chair) said:

"In this first half of the 2017 financial year, the Group has faced a backdrop full of challenges across most of the markets where we operate. This was by no means unexpected and so, despite this, the results presented today reflect a solid performance with revenue and profit only slightly lower than the previous period.

The strength and breadth of the Group's product portfolio has allowed us to hold or grow the share of our brands in our main markets and product categories. We intend to reinforce this in the second half of the financial year with a number of major launches and relaunches taking place. Our ability to be agile and nimble is a core strength and a differentiator against our larger competitors.

In Nigeria, consumers are faced with an almost doubling of costs for everything they have to buy and in this environment they turn strongly to brands that they know, love and trust. Our diverse range of well established products across multiple categories are well price positioned with good availability across the country.

The balance sheet remains strong, with net debt at 1.5 x EBITDA giving us the flexibility to take advantage of new investment opportunities as and when they arise.

We remain on track to deliver our full year expectations. In this context, the Board has increased the interim dividend by 2.3% to 2.67p per share."

Press Enquiries

PZ Cussons

Brandon Leigh (Chief Financial Officer)

Instinctif

Tim Linacre / Guy Scarborough

On 24 January c/o Instinctif on 020 7457 2020

After 24 January to Brandon Leigh on 0161 435 1236

Conference Call

The management team will host a conference call at 9.30am on 24 January 2017 for analysts and investors, to provide an overview of the interim results and a Q&A facility. An investor presentation will be published on the Group's website in advance of this. Dial in details for the conference call are as follows:

Telephone UK: **0800 694 0257**

Telephone International: **+44 (0)1452 555 566**

Conference ID: **50709872**

The conference call will be available 'on demand' through the PZ Cussons website
http://www.pzcussons.com/en_int/investor

Basis of preparation

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 business performance.

Reported results, also termed adjusted, are presented before exceptional items which in the current period include certain foreign exchange losses in Nigeria and restructuring costs.

The reported results for the current period are presented with variances to reported prior period results and also as variances between the current and prior period on a constant currency basis. The constant currency impact has been derived by retranslating the 2015 result using 2016 foreign currency exchange rates. The favourable translational impact on revenue and operating profit was £2.3m and £0.5m respectively and this is due to the strength of the US Dollar, Australian Dollar and Indonesian Rupiah against Sterling which offsets the impact of the weaker Nigerian Naira. As there were no acquisitions and disposals in the current or prior period the like for like impact equals the constant currency impact.

Business Review

Group Overview

The Group delivered a solid set of results with revenue and profits only slightly lower than the comparative period despite challenging macro conditions and a significant period on period devaluation of the Naira affecting the Group's largest market Nigeria.

Importantly, brand shares have either been held or grown in all the Group's main markets and categories, and a significant new product pipeline continues to play a key role in delivering growth through innovation to the consumer.

Following the completion last year of the Group's three year project to implement a new operating model and the successful go live of the new SAP enabled IT system in Asia, SAP has now also successfully gone live across all African operations during the period. Business benefits are already being realised and remaining markets will go live by July 2017.

PZ CUSSONS PLC

Regional overview

Africa's results have mainly been affected by the translation impact of an approximate 40% devaluation of the Naira to US Dollar on the interbank market, as well as a further weakening on the secondary market which is causing a transactional impact through higher costs. Successive changes to relative pricing over the past twelve months have been necessary to mitigate these higher costs resulting in lower volumes being sold at higher prices. Constant currency revenues have been able to be maintained as flat versus the prior period despite the very challenging trading conditions and successful implementation of mitigating actions have resulted in higher profits, albeit for the seasonally lower first half.

Asia's reported revenue growth is driven by the translation benefit of a stronger Australian Dollar and Indonesian Rupiah. Constant currency revenue growth in Indonesia has been offset by lower revenue in Australia where trading conditions across all categories have been tough and have also resulted in lower profitability. Additional brand costs in the first half in Indonesia have also been incurred ahead of significant product launches which are taking place in the second half.

Constant currency revenues in Europe were lower principally due to the Beauty division being affected by the lower UK performance of St Tropez as a result of the poor summer. Overall profits for the region were broadly flat due to a robust performance by the Washing and Bathing division as well as by the smaller markets of Poland and Greece.

Financial position – overview

Net debt at 30 November 2016 was broadly flat on the prior period at £191.3m (2015: £191.0m). The key elements that affect the Group's net debt position are operating cashflows, working capital movements and capital expenditure, with net debt typically peaking around the middle of the financial year due to seasonal factors. During the period, there was an overall inflow of working capital of £2.3m. Capital expenditure was £16.9m with a large component being the final year cost of the SAP implementation project which is scheduled to complete by July 2017. Overall, the Group's balance sheet remains strong with net debt at 1.5 x EBITDA.

Regional reviews

Performance by region

Revenue ¹ (£m)	2016	2015	Reported % change	Constant currency % change ²	Like for like % change ³
Africa	135.7	157.8	(14.0%)	0.4%	0.4%
Asia	107.9	91.3	18.2%	(1.4%)	(1.4%)
Europe	134.6	136.8	(1.6%)	(6.3%)	(6.3%)
	378.2	385.9	(2.0%)	(2.6%)	(2.6%)

Operating profit before exceptional items ⁴ (£m)	2016	2015	Reported % change	Constant currency % change ²	Like for like % change ³
Africa	11.6	10.6	9.4%	29.9%	29.9%
Asia	3.7	7.8	(52.6%)	(60.4%)	(60.4%)
Europe	26.5	26.8	(1.1%)	(3.2%)	(3.2%)
	41.8	45.2	(7.5%)	(8.4%)	(8.4%)

¹ Excludes joint ventures revenue of £85.6m (2015: £90.5m).

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 the impact of acquisitions and disposals made in the current and prior period.

⁴ Exceptional items before tax (2016: costs £15.3m; 2015: costs £2.1m) are detailed in note 4.

PZ CUSSONS PLC

Africa

In **Nigeria**, low oil prices have contributed to an environment of reduced income for the country leading to continued pressure on the currency. The introduction of a new flexible exchange rate regime in June 2016 led to a 40% devaluation of the Naira to US Dollar on the interbank market, with the exchange rate weakening from approximately 200 to 280 Naira to US Dollar (having weakened from 160 to 200 in 2015). However, liquidity has remained poor causing the interbank rate to weaken further to approximately 310, whilst the majority of liquidity only remains available on the secondary market at rates significantly higher. All businesses in the Nigerian market are therefore changing pricing and sizing of products to reflect both their blended actual cost as well as future replacement costs.

PZ Cussons remains well placed to deal with these challenges with strong local brands, local manufacturing for all products and an extensive distribution network. The Nigerian consumer is under significant inflationary pressure with most of their staple purchases, both local and imported, doubling in cost over the last twelve months. The consumer's preference is therefore to buy trusted local brands and PZ Cussons is able to tailor sizes to key price points to ensure consumer needs are met. In addition, we have prioritised the reduced currency availability towards purchases of materials for our key brands and faster moving product lines.

All business units across Personal Care, Home Care, Electricals and Food and Nutrition have performed relatively well in this challenging trading environment with market shares either held or grown, although volumes in all categories are lower as a result of changes to relative pricing. Constant currency revenues have been maintained versus the prior period and successful implementation of mitigating actions has resulted in higher profits, albeit for the seasonally lower first half.

In addition, all African businesses went live on the Group's new SAP enabled IT system in November 2016 and this is already providing business benefits through better and more consistent information.

Overall profitability for the smaller African businesses in **Ghana** and **Kenya** was ahead of the prior period.

Asia

In **Australia**, tough trading conditions have continued across all categories with higher levels of promotions required to maintain volumes. Therefore, whilst market shares have been maintained, there have been lower levels of profitability in the first half. New product launches and margin improvement initiatives are planned for the remainder of the year in order to improve profitability across our portfolio.

In **Indonesia**, good revenue growth has continued across the brand portfolio with Cussons Baby maintaining its number one share of the baby care market. Additional brand investment has been incurred in the first half ahead of significant brand initiatives planned for the second half targeting growth in the non-baby care portfolio. This includes a relaunch of the Cussons Kids range and a new range of Imperial Leather products.

Overall profitability for the smaller Asian businesses in **Thailand** and the **Middle East** was ahead of the prior period.

Europe

In the **UK**, performance in the Washing and Bathing division has been robust with new product launches under Imperial Leather, Carex and Original Source ensuring great shelf presence in a challenging trading environment. Ongoing renovation of the portfolio continues to be critical in ensuring new product news is delivered to both the retailer and the consumer. A particular highlight in the period has been the continued growth of the Carex Fun Editions range of handwash products for children which has seen the recent addition of a Love Hearts variant.

In the **Beauty** division, whilst a poor summer adversely affected sales of St Tropez in the UK, performance across the brand portfolio was good for the remainder of the period. New product launches are planned for the remainder of the year across all brands of Sanctuary, St Tropez, Fudge and Charles Worthington. In particular, an extension of the Sanctuary range will take place to broaden both the portfolio and the targeted consumer base. The US market also continues to play an important role in the growth of the division with St Tropez being the key driver.

Overall profitability for the smaller European businesses in **Poland** and **Greece** was ahead of the prior period.

PZ CUSSONS PLC

Exceptional items

As previously indicated, the Group has incurred exceptional costs of £15.3 million in the period relating to transactional foreign exchange losses in Nigeria (£12.0 million) and the Group structure and systems project (£3.3 million). The foreign exchange losses in Nigeria have arisen due to long outstanding brought forward trade payables denominated in US Dollars that have been settled at higher exchange rates than originally recognised due to the introduction of the new flexible exchange rate regime on 20 June 2016 which resulted in a devaluation of the Naira of greater than 40%.

Taxation

The effective tax rate before exceptional items was 26.4% (30 November 2015: 25.4%) and the effective tax rate post-exceptional items was 23.2% (30 November 2015: 25.5%).

Related parties

Related party disclosures are given in note 14.

Principal risks and uncertainties facing the Group

Our principal risks and uncertainties are explained in more detail in note 16 and remain as stated on pages 38 to 41 of our 2016 Strategic Report which is available on our website at www.pzcussons.com.

Board changes

As previously announced, Caroline Silver formally commenced as Non-executive Chair of PZ Cussons on 1 January 2017 following the retirement of Richard Harvey on 31 December 2016. Professor John Arnold also retired from the Board as a Non-executive Director on the same date.

Outlook

The strength of the Group's brand portfolio and innovation pipeline continues to ensure that brand shares remain strong in all markets despite tough trading conditions.

Brand renovation and innovation will underpin the trading result in the second half in Europe and Asia, with various mitigating actions planned across the UK businesses to counter higher costs.

In Nigeria, whilst currency liquidity and pressure on consumer disposable income remain a challenge, the brand portfolio is well positioned for the seasonally higher second half.

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

Performance since the period end has been in line with expectations.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited			Unaudited			Audited		
		Half-year to 30 November 2016			Half-year to 30 November 2015			Year to 31 May 2016		
		Before exceptional items £m	Exceptional items (note 4) £m	Total £m	Before exceptional items £m	Exceptional items (note 4) £m	Total £m	Before exceptional items £m	Exceptional items (note 4) £m	Total £m
Continuing operations										
Revenue	3	378.2	-	378.2	385.9	-	385.9	821.2	-	821.2
Cost of sales		(231.4)	-	(231.4)	(240.3)	-	(240.3)	(510.1)	-	(510.1)
Gross profit		146.8	-	146.8	145.6	-	145.6	311.1	-	311.1
Selling and distribution costs		(69.8)	-	(69.8)	(66.8)	-	(66.8)	(134.1)	-	(134.1)
Administrative expenses		(37.1)	(15.3)	(52.4)	(35.4)	(2.1)	(37.5)	(71.7)	(19.3)	(91.0)
Share of results of joint ventures		1.9	-	1.9	1.8	-	1.8	3.2	-	3.2
Operating profit/(loss)		41.8	(15.3)	26.5	45.2	(2.1)	43.1	108.5	(19.3)	89.2
Finance income		1.5	-	1.5	0.1	-	0.1	0.6	-	0.6
Finance costs		(3.1)	-	(3.1)	(3.2)	-	(3.2)	(6.1)	-	(6.1)
Net finance costs	5	(1.6)	-	(1.6)	(3.1)	-	(3.1)	(5.5)	-	(5.5)
Profit/(loss) before taxation		40.2	(15.3)	24.9	42.1	(2.1)	40.0	103.0	(19.3)	83.7
Taxation	7	(10.6)	4.8	(5.8)	(10.7)	0.5	(10.2)	(26.3)	12.3	(14.0)
Profit/(loss) for the period		29.6	(10.5)	19.1	31.4	(1.6)	29.8	76.7	(7.0)	69.7
Attributable to:										
Owners of the Parent		27.2	(8.0)	19.2	30.5	(1.6)	28.9	72.1	(4.4)	67.7
Non-controlling interests		2.4	(2.5)	(0.1)	0.9	-	0.9	4.6	(2.6)	2.0
		29.6	(10.5)	19.1	31.4	(1.6)	29.8	76.7	(7.0)	69.7
Basic EPS (p)	9			4.59			6.75			16.16
Diluted EPS (p)	9			4.59			6.75			16.15
Adjusted basic EPS (p)	9			6.50			7.28			17.22
Adjusted diluted EPS (p)	9			6.50			7.28			17.21

The notes on pages 11 to 20 are an integral part of these interim consolidated financial statements.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half-year to 30 November 2016 £m	Unaudited Half-year to 30 November 2015 £m	Audited Year to 31 May 2016 £m
Profit for the period	19.1	29.8	69.7
Other comprehensive income / expense			
<i>Items that will not subsequently be reclassified to profit or loss</i>			
Remeasurement of post-employment obligations (Note 12)	7.2	7.4	9.4
Deferred tax on remeasurement of post employment obligations	-	-	(1.2)
Total items that will not subsequently be reclassified to profit or loss	7.2	7.4	8.2
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	(42.1)	0.6	15.2
Cash flow hedges - fair value (loss) / gain in period	(0.8)	(0.8)	0.7
Tax on items that may be subsequently reclassified to profit or loss	-	-	(0.1)
Total items that may subsequently be reclassified to profit or loss	(42.9)	(0.2)	15.8
Other comprehensive (expense) / income for the period / year net of taxation	(35.7)	7.2	24.0
Total comprehensive (expense) / income for the period / year	(16.6)	37.0	93.7
Attributable to:			
Owners of the Parent	(4.2)	35.4	88.5
Non-controlling interests	(12.4)	1.6	5.2

The notes on pages 11 to 20 are an integral part of these interim consolidated financial statements.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 November 2016 £m	(Restated)* Unaudited 30 November 2015 £m	Audited 31 May 2016 £m
Assets				
Non-current assets				
Goodwill, software and other intangible assets	6	384.7	356.4	357.1
Property, plant and equipment	6	185.2	212.9	227.0
Other investments		0.3	0.3	0.3
Net investments in joint ventures		32.1	30.6	31.9
Trade and other receivables		0.7	1.2	1.4
Retirement benefit surplus	12	63.3	47.3	51.3
		666.3	648.7	669.0
Current assets				
Inventories		161.2	174.4	150.5
Trade and other receivables		209.0	183.7	174.5
Current asset investments	11	0.3	0.3	0.3
Cash and short term deposits	11	172.2	142.8	175.1
		542.7	501.2	500.4
Total assets		1,209.0	1,149.9	1,169.4
Equity				
Share capital		4.3	4.3	4.3
Capital redemption reserve		0.7	0.7	0.7
Currency translation reserve		(48.9)	(31.3)	(19.1)
Hedging reserve		1.0	0.4	1.8
Retained earnings		518.0	487.9	515.7
Attributable to owners of the Parent		475.1	462.0	503.4
Non-controlling interests		32.6	42.9	46.5
Total equity		507.7	504.9	549.9
Liabilities				
Non-current liabilities				
Borrowings	11	-	241.1	-
Trade and other payables		0.8	0.6	0.6
Deferred taxation liabilities		42.3	48.8	48.2
Retirement benefit obligations	12	20.2	18.8	17.0
		63.3	309.3	65.8
Current liabilities				
Borrowings	11	363.8	93.0	322.5
Trade and other payables		239.5	193.3	198.7
Current taxation payable		29.4	37.5	27.8
Provisions		5.3	11.9	4.7
		638.0	335.7	553.7
Total liabilities		701.3	645.0	619.5
Total equity and liabilities		1,209.0	1,149.9	1,169.4

* Please see Note 2.

The notes on pages 11 to 20 are an integral part of these interim consolidated financial statements.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent					Non controlling interests £m	Total £m
	Share capital £m	Currency translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Hedging reserve £m		
At 1 June 2015	4.3	(31.1)	0.7	478.1	1.2	43.8	497.0
Total comprehensive (expense)/income for the period	-	(0.2)	-	36.4	(0.8)	1.6	37.0
Transactions with owners:							
Ordinary dividends	-	-	-	(22.6)	-	-	(22.6)
Acquisition of shares by ESOT	-	-	-	(4.0)	-	-	(4.0)
Share-based payments charge	-	-	-	0.5	-	-	0.5
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	-	-	-	(26.6)	-	(2.5)	(29.1)
At 30 November 2015	4.3	(31.3)	0.7	487.9	0.4	42.9	504.9
At 1 June 2015	4.3	(31.1)	0.7	478.1	1.2	43.8	497.0
Total comprehensive income for the period	-	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
At 1 June 2016	4.3	(19.1)	0.7	515.7	1.8	46.5	549.9
Total comprehensive (expense)/income for the period	-	(29.8)	-	26.4	(0.8)	(12.4)	(16.6)
Transactions with owners:							
Ordinary dividends	-	-	-	(23.0)	-	-	(23.0)
Acquisition of shares by ESOT	-	-	-	(1.1)	-	-	(1.1)
Non-controlling interests dividend paid	-	-	-	-	-	(1.5)	(1.5)
Total transactions with owners recognised directly in equity	-	-	-	(24.1)	-	(1.5)	(25.6)
At 30 November 2016	4.3	(48.9)	0.7	518.0	1.0	32.6	507.7

The notes on pages 11 to 20 are an integral part of these interim consolidated financial statements.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Half-year to 30 November 2016 £m	Unaudited Half-year to 30 November 2015 £m	Audited Year to 31 May 2016 £m
Cash flows from operating activities			
Cash generated from operations (note 10)	33.8	19.5	118.3
Taxation paid	(4.2)	(4.8)	(17.9)
Interest paid (note 5)	(3.1)	(3.2)	(6.1)
Net cash generated from operating activities	26.5	11.5	94.3
Cash flows from investing activities			
Interest income (note 5)	1.5	0.1	0.6
Purchase of property, plant and equipment (note 6)	(16.9)	(17.1)	(35.5)
Proceeds from sale of property, plant and equipment	-	2.5	2.6
Advance of short term deposits to joint venture	(14.6)	(0.9)	(11.9)
Net cash used in investing activities	(30.0)	(15.4)	(44.2)
Cash flows from financing activities			
Dividends paid to non-controlling interests	(1.5)	(2.2)	(2.2)
Purchase of shares for ESOT	(1.1)	(4.0)	(4.2)
Dividends paid to Company shareholders (note 8)	(23.0)	(22.6)	(33.3)
Acquisition of non-controlling interests	-	(0.8)	(0.8)
Repayment of term loan	-	(205.5)	-
Increase in borrowings	19.5	241.1	45.4
Net cash (used in)/generated from financing activities	(6.1)	6.0	4.9
Net (decrease)/increase in cash and cash equivalents (note 11)	(9.6)	2.1	55.0
Cash and cash equivalents at the beginning of the period (note 11)	104.6	47.8	47.8
Effect of foreign exchange rates (note 11)	(12.8)	(0.1)	1.8
Cash and cash equivalents at the end of the period (note 11)	82.2	49.8	104.6

The notes on pages 11 to 20 are an integral part of these interim consolidated financial statements.

PZ CUSSONS PLC

1. Basis of preparation

The Company is a public limited company incorporated and domiciled in England. It has a primary listing on the London Stock Exchange. The address of its registered office is shown on page 24.

These condensed consolidated interim financial statements for the six months ended 30 November 2016, which have been reviewed, not audited, have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union (EU). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 May 2016 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the EU, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Standard Interpretations Committee (IFRS IC).

The condensed consolidated interim financial statements for the period ended 30 November 2016 do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The financial information set out in this statement relating to the year ended 31 May 2016 does not constitute statutory accounts for that year. Full audited statutory accounts of the Group in respect of that financial year were approved by the Board of Directors on 26 July 2016 and have been delivered to the Registrar of Companies. The report of the auditors on these statutory accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements were approved for issue on 24 January 2017.

Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 May 2016.

Going concern basis

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

After making enquiries and having considered the availability of resources, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

2. Accounting policies

The accounting policies are consistent with those of the annual financial statements for the year ended 31 May 2016.

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

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 June 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11;
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38;
- Annual improvements to IFRSs 2012 – 2014 cycle; and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 May 2017 reporting period and have not been early adopted by the Group. The Group will undertake an assessment of the impact of these new standards and interpretations in due course.

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

PZ CUSSONS PLC

2. Accounting policies (continued)

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 £90.0 million of bank overdrafts being reported in borrowings, with a corresponding increase in cash and short term deposits. Comparatives at 30 November 2015 have also been restated with an additional £89.1 million of bank overdrafts being reported in borrowings, with a corresponding increase in cash and short term deposits.

3. 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 performance based on operating profit before 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 and Nutrition products. Revenue and operating profit from the Africa segment arise from the sale of Personal Care, Home Care, Food and Nutrition and Electrical products.

Business segments

Half year to 30 November 2016	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Gross segment revenue	136.8	112.6	197.8	(69.0)	378.2
Inter segment revenue	(1.1)	(4.7)	(63.2)	69.0	-
Revenue	135.7	107.9	134.6	-	378.2
Segmental operating profit before exceptional items and share of results of joint ventures	9.7	3.7	26.5	-	39.9
Share of results of joint ventures	1.9	-	-	-	1.9
Segmental operating profit before exceptional items	11.6	3.7	26.5	-	41.8
Exceptional Items	(12.0)	(2.4)	(0.9)	-	(15.3)
Segmental operating profit	(0.4)	1.3	25.6	-	26.5
Finance income					1.5
Finance cost					(3.1)
Profit before taxation					24.9

Half year to 30 November 2015	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Gross segment revenue	158.7	96.9	209.6	(79.3)	385.9
Inter segment revenue	(0.9)	(5.6)	(72.8)	79.3	-
Revenue	157.8	91.3	136.8	-	385.9
Segmental operating profit before exceptional items and share of results of joint ventures	8.8	7.8	26.8	-	43.4
Share of results of joint ventures	1.8	-	-	-	1.8
Segmental operating profit before exceptional items	10.6	7.8	26.8	-	45.2
Exceptional Items	(0.6)	(0.8)	(0.7)	-	(2.1)
Segmental operating profit	10.0	7.0	26.1	-	43.1
Finance income					0.1
Finance cost					(3.2)
Profit before taxation					40.0

PZ CUSSONS PLC

3. Segmental analysis (continued)

Year to 31 May 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

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:

	Unaudited Half-year to 30 November 2016 £m	Unaudited Half-year to 30 November 2015 £m	Audited Year to 31 May 2016 £m
Personal Care	203.0	195.7	413.2
Home Care	54.3	57.1	124.5
Food and Nutrition	78.3	82.7	165.6
Electricals	37.8	45.4	111.7
Other	4.8	5.0	6.2
	378.2	385.9	821.2

4. Exceptional items

Half year to 30 November 2016

The Group incurred exceptional costs of £15.3 million as follows:

- Transactional foreign exchange losses of £12.0m in Nigeria relating to long outstanding brought forward trade payables denominated in US Dollars that have been settled at higher exchange rates than originally recognised due to the introduction of the flexible exchange rate regime on 20 June 2016 which resulted in a devaluation of the Naira of greater than 40%
- Costs of £3.3m relating to the Group structure and systems project to realign the organisation design to create a more effective operating model. These mainly consist of restructuring, advisory and IT system related costs

Half year to 30 November 2015

The Group incurred exceptional costs of £2.1 million as follows:

- Supply chain optimisation project with associated restructuring costs (charge of £1.2 million)
- Group structure and systems project costs (charge of £0.9 million)

Year to 31 May 2016

The Group recognised exceptional costs of £19.3 million as follows:

- Supply chain optimisation project with associated restructuring costs (charge of £2.1 million)
- Provision against a trade receivable in Europe (charge of £5.9 million)
- Group structure and systems project costs (charge of £4.8 million)
- Foreign exchange losses in Nigeria relating to long outstanding trade payables denominated in US Dollars (charge of £6.5 million)

PZ CUSSONS PLC

5. Net finance costs

	Unaudited Half-year to 30 November 2016	Unaudited Half-year to 30 November 2015	Audited Year to 31 May 2016
	£m	£m	£m
Interest receivable	1.5	0.1	0.6
Interest income	1.5	0.1	0.6
Interest payable on bank loans and overdrafts	(3.1)	(3.2)	(6.1)
Net finance costs	(1.6)	(3.1)	(5.5)

6. Property, plant and equipment and intangible assets

	Goodwill, software and other intangible assets	Property, plant and equipment
	£m	£m
Opening net book amount as at 1 June 2015	356.6	209.2
Additions	-	17.1
Disposals	-	(2.8)
Depreciation	-	(10.7)
Impairment	-	(0.2)
Currency retranslation	(0.2)	0.3
Closing net book amount as at 30 November 2015	356.4	212.9
Opening net book amount as at 1 June 2016	357.1	227.0
Additions	-	16.9
Disposals	-	(0.3)
Transfers	27.2	(27.2)
Depreciation	-	(9.0)
Amortisation	(0.4)	-
Currency retranslation	0.8	(22.2)
Closing net book amount as at 30 November 2016	384.7	185.2

Goodwill, software and other intangible assets comprise goodwill of £67.3 million (30 November 2015: £67.5 million), software of £26.8m, being the live element of a new SAP system within the Group (which was previously held in assets under construction within property, plant and equipment) and other intangible assets of £290.6 million (30 November 2015: £288.9 million) relating to the Group's acquired brands.

At 30 November 2016, the Group had entered into commitments for the acquisition of property, plant and equipment amounting to £5.0 million (30 November 2015: £0.5 million). At 30 November 2016, the Group's share in the capital commitments of joint ventures was £nil (30 November 2015: £nil).

PZ CUSSONS PLC

7. Taxation charge

	Unaudited Half-year to 30 November 2016 £m	Unaudited Half-year to 30 November 2015 £m	Audited Year to 31 May 2016 £m
United Kingdom	3.6	4.2	5.3
Overseas	2.2	6.0	8.7
	5.8	10.2	14.0

Income tax expense is recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year. The estimated average annual tax rate to be used for the year ending 31 May 2017, before exceptional items, is 26.4% (the tax rate for the half-year ended 30 November 2015 was 25.4%) and the effective tax rate to be used post-exceptional items, is 23.2% (30 November 2015: 25.5%).

8. Dividends

An interim dividend of 2.67p per share for the half-year to 30 November 2016 (30 November 2015: 2.61p) has been declared totalling £11.1 million (30 November 2015: £10.9 million) and is payable on 7 April 2017 to shareholders on the register at the close of business on 17 February 2017. This interim dividend has not been recognised in this half yearly report as it was declared after the end of the reporting period. The proposed final dividend for the year ended 31 May 2016 of 5.50p per share, totalling £23.0 million, was approved by shareholders at the Annual General Meeting of the Company and paid on 6 October 2016.

9. Earnings per share

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

	Unaudited Half-year to 30 November 2016	Unaudited Half-year to 30 November 2015	Audited Year to 31 May 2016
Basic weighted average (000)	418,537	419,013	418,808
Diluted weighted average (000)	418,547	419,108	418,888

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 dilutive effect of the Executive Share Option Schemes and the Performance Share Plan (together the 'share incentive plans'). The average number of shares is reconciled to the basic and diluted weighted average number of shares below:

	Unaudited Half-year to 30 November 2016	Unaudited Half-year to 30 November 2015	Audited Year to 31 May 2016
Average number of Ordinary Shares in issue during the period (000)	428,725	428,725	428,725
Less weighted average number of Ordinary Shares held by the Employee Share Option Trust (000)	(10,188)	(9,712)	(9,917)
Basic weighted average Ordinary Shares in issue during the period (000)	418,537	419,013	418,808
Dilutive effect of share incentive plans (000)	10	95	80
Diluted weighted average Ordinary Shares in issue during the period (000)	418,547	419,108	418,888

PZ CUSSONS PLC

9. Earnings per share (continued)

Adjusted basic and diluted earnings per share are calculated as follows:

	Unaudited	Unaudited	Audited
	Half-year to 30 November 2016	Half-year to 30 November 2015	Year to 31 May 2016
Basic earnings per share:			
- Adjusted basic earnings per share	6.50p	7.28p	16.16p
- Exceptional items	(1.91p)	(0.53p)	1.06p
Basic earnings per share	4.59p	6.75p	17.22p
Diluted earnings per share:			
- Adjusted diluted earnings per share	6.50p	7.28p	16.15p
- Exceptional items	(1.91p)	(0.53p)	1.06p
Diluted earnings per share	4.59p	6.75p	17.21p

The adjusted profit for the period has been calculated as follows:

	Unaudited	Unaudited	Audited
	Half-year to 30 November 2016	Half-year to 30 November 2015	Year to 31 May 2016
	£m	£m	£m
Profit attributable to owners of the Parent	19.2	28.9	67.7
Exceptional items (net of taxation effect)	8.0	1.6	4.4
Adjusted profit after tax	27.2	30.5	72.1

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

	Unaudited	Unaudited	Audited
	Half-year to 30 November 2016	Half-year to 30 November 2015	Year to 31 May 2016
	£m	£m	£m
Profit before taxation	24.9	40.0	83.7
Adjustment for net finance costs	1.6	3.1	5.5
Operating profit	26.5	43.1	89.2
Depreciation (note 6)	9.0	10.7	21.8
Amortisation (note 6)	0.4	-	-
Impairment loss on tangible fixed assets	-	0.2	0.2
Loss on sale of tangible fixed assets	0.3	0.3	0.3
Difference between pension charge and cash contributions	(2.8)	(4.7)	(9.0)
Share of results from joint ventures	(1.9)	(1.8)	(3.2)
Share-based payments charge	-	0.5	-
Operating cash flows before movements in working capital	31.5	48.3	99.3
Movements in working capital:			
Inventories	(17.1)	(10.4)	19.4
Trade and other receivables	(18.6)	(5.7)	21.1
Trade and other payables	38.6	(12.2)	(10.5)
Provisions	(0.6)	(0.5)	(11.0)
Cash generated from operations	33.8	19.5	118.3

PZ CUSSONS PLC

11. Net debt reconciliation

Group net debt comprises the following:

	Audited 1 June 2016 £m	Unaudited Cash flow £m	Unaudited Foreign exchange movements £m	Unaudited 30 November 2016 £m
Cash at bank and in hand	160.4	8.5	(12.8)	156.1
Overdrafts	(70.5)	(19.5)	-	(90.0)
Short term deposits	14.7	1.4	-	16.1
Cash and cash equivalents	104.6	(9.6)	(12.8)	82.2
Current asset investments	0.3	-	-	0.3
Loans due within one year	(252.0)	(19.5)	(2.3)	(273.8)
Net debt	(147.1)	(29.1)	(15.1)	(191.3)

Loans due within one year includes 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.

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 30 November 2016 these overdraft balances have been presented gross with a corresponding increase in cash at bank and in hand. Comparatives at 30 November have been restated accordingly (please also refer to Note 2).

12. Retirement benefits

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

	Unaudited 30 November 2016 £m	Unaudited 30 November 2015 £m	Audited 31 May 2016 £m
UK schemes in surplus	63.3	47.3	51.3
UK schemes in deficit	(9.8)	(11.3)	(8.5)
Net UK position	53.5	36.0	42.8
Overseas schemes in deficit	(10.4)	(7.5)	(8.5)
	43.1	28.5	34.3

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

The key financial assumptions (applicable to all UK schemes) applied in the actuarial review of the pension schemes have been reviewed in the preparation of these interim financial statements and amended where appropriate from those applied at 31 May 2016. The key assumptions made were:

	Unaudited Half-year to 30 November 2016 % per annum	Unaudited Half-year to 30 November 2015 % per annum	Audited Year to 31 May 2016 % per annum
Rate of increase in retirement benefits in payment	3.15%	2.95%	2.75%
Discount rate	2.85%	3.65%	3.30%
Inflation assumption	3.20%	3.00%	2.75%

PZ CUSSONS PLC

12. Retirement benefits (continued)

The movement during the period in the UK schemes is broken down as follows:

	Unaudited 30 November 2016 £m	Unaudited 30 November 2015 £m
Retirement benefit surplus as at 1 June	42.8	23.9
Net pension interest income	0.8	0.4
Administration expenses paid by the schemes	(0.4)	(0.3)
Contributions paid	3.1	4.6
Remeasurement (loss)/gain due to changes in financial assumptions	(48.6)	14.2
Return/(loss) on scheme assets (excluding interest income)	46.9	(12.4)
Remeasurement gain due to scheme experience	8.9	5.6
Retirement benefit surplus as at 30 November	53.5	36.0

13. Financial risk management and financial instruments

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

The condensed consolidated interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements. This information and related disclosures are presented in the Group's annual financial statements as at 31 May 2016. There have been no significant changes to risk management policies or processes since the year end.

i) Fair value estimation

The Group holds a number of financial instruments that are held at fair value within the condensed consolidated interim financial statements. Financial instruments have been classified as level 1 or level 2 dependant on the valuation method applied in determining their fair value.

The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

The financial instruments held at fair value by the Group relate to foreign currency forward contracts used as derivatives for hedging.

For both the six months ended 30 November 2016, 30 November 2015 and the year ended 31 May 2016 the assets and liabilities arising from foreign currency forward contracts have been classified as level 2. The fair value of these instruments at each of the period-ends was:

	Unaudited Half-year to 30 November 2016 £m	Unaudited Half-year to 30 November 2015 £m	Audited Year to 31 May 2016 £m
Assets			
Foreign currency forward contracts	-	-	-
Liabilities			
Foreign currency forward contracts	0.4	0.6	0.2

There have been no transfers between level 1 and 2 in any period.

PZ CUSSONS PLC

13. Financial risk management and financial instruments (continued)

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

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

ii) Valuation techniques used to derive fair values

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for level 2 derivatives.

iii) Group's valuation processes

The Group's finance department includes a treasury team that performs the valuations of financial assets required for financial reporting purposes.

14. Related party transactions

PZ Wilmar Limited and PZ Wilmar Food Limited

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

- At 30 November 2016 the outstanding loan balance receivable from PZ Wilmar Limited was £21.1 million (30 November 2015: £21.1 million) (31 May 2016: £21.1 million) and from PZ Wilmar Food Limited was £6.4 million (30 November 2015: £6.4 million) (31 May 2016: £6.4 million). These receivables relate to long term loan investments that have been made by both joint venture partners.
- The value of certain raw materials and services provided by the Group to PZ Wilmar Limited was £0.5 million (30 November 2015: £0.8 million). At 30 November 2016 the outstanding trade receivable balance from PZ Wilmar Limited was £1.7 million (30 November 2015: £0.5 million) (31 May 2016: £1.2 million).
- At 30 November 2016 the outstanding other receivable balance from PZ Wilmar Limited was £24.5 million (30 November 2015: £3.1 million) (31 May 2016: £11.0 million). These receivables relate to short term loan investments that have been made by the Group's Nigeria subsidiaries.

All trading balances will be settled in cash. There were no provisions for doubtful related party receivables at 30 November 2016 (30 November 2015: £nil) (31 May 2016: £nil) and no charge to the income statement in respect of doubtful related party receivables (30 November 2015: £nil) (31 May 2016: £nil).

Wilmar PZ International Pte Limited

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

- At 30 November 2016 the outstanding other receivable balance from Wilmar PZ International Pte Limited was £3.0 million (30 November 2015: £2.1 million) (31 May 2016: £2.4 million). These receivables relate to services provided by subsidiary companies to Wilmar PZ International Pte Limited.

15. Seasonality

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

PZ CUSSONS PLC

16. Principal risks and uncertainties

PZ Cussons has over 130 years of trading history with a long standing tradition of sustainable growth in our key regions of Europe, Africa and Asia. Our in-depth local understanding, strong brand position and robust infrastructure within these markets, allied to a strong Group balance sheet, enable us to withstand short-to medium-term political and financial instabilities that may adversely impact the Group.

The exchange rate fluctuation risk remains heightened, particularly in Nigeria where secondary currency market rates remain significantly higher than interbank rates. Further devaluation in future periods would lead to additional transactional impacts on outstanding US Dollar liabilities and ongoing input costs.

The Group's risk management framework is explained on page 36 of our 2016 Strategic Report which is available on our website at www.pzcussons.com. The Audit & Risk Committee assumes overall accountability for the management of risk and for reviewing the effectiveness of the Group's risk management and internal control systems. On its behalf, the Executive Committee takes the responsibility for identifying, assessing, prioritising and monitoring the principal risks affecting the Group and ensuring that, where possible, appropriate action is taken to manage and mitigate those risks.

The identified principal risks and uncertainties and measures to manage them are considered largely unchanged from those outlined on pages 38 to 41 of our 2016 Strategic Report. These are: political and social instability, exchange rate fluctuations, taxation, demand risks, material price fluctuations, product safety and quality, third party supplier management, business transformation, IT system dependency, staff retention and recruitment.

PZ CUSSONS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of PZ Cussons Plc are listed on page 24. A list of current Directors is maintained on the PZ Cussons Plc website.

By order of the Board

Mr S P Plant
Company Secretary
24 January 2017

PZ CUSSONS PLC

Independent review report to PZ Cussons Plc

Report on the consolidated interim financial statements

Our conclusion

We have reviewed PZ Cussons Plc's consolidated interim financial statements (the "interim financial statements") in the interim announcement of results of PZ Cussons Plc for the 6 month period ended 30 November 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 30 November 2016;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim announcement of results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim announcement of results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim announcement of results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim announcement of results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PZ CUSSONS PLC

We have read the other information contained in the interim announcement of results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

Leeds

24 January 2017

PZ CUSSONS PLC

Directors

Chair

R Harvey* (retired 31 December 2016)

C Silver * (appointed 1 January 2017)

Chief Executive

G A Kanellis

J Arnold * (retired 31 December 2016)

C G Davis

N Edozien *

B H Leigh

J Maiden * (appointed 1 November 2016)

J Nicolson *

H Owers *

* Non-executive

Secretary

S P Plant

Registered Office

Manchester Business Park

3500 Aviator Way

Manchester

M22 5TG

Registered number

Company registered number 00019457

Registrars

Computershare Investor Services PLC

The Pavilions

Bridgwater Road

Bristol

BS13 8AE

Website

www.pzcussons.com