PZ CUSSONS PLC

21 July 2015

FINAL RESULTS
FOR THE YEAR ENDED 31 MAY 2015

PZ Cussons Plc, a leading international consumer products group, announces its final results for the year ended 31 May 2015.

Reported results (before exceptional items[1])	**Year ended 31 May 2015**	**Year ended 31 May 2014**	Reported % change	Constant currency % change[3]	Like for like % change[4]
Revenue[2]	**£819.1m**	**£861.4m**	(4.9%)	0.7%	2.3%
Operating profit	**£114.4m**	**£116.4m**	(1.7%)	1.8%	2.7%
Profit before tax	**£108.8m**	**£115.0m**	(5.4%)	(1.9%)	(1.0%)
Adjusted basic earnings per share	**17.94p**	**17.96p**	(0.1%)	3.5%	4.5%

Statutory results (after exceptional items[1])			
Operating profit	**£89.6m**	**£125.1m**	(28.4%)
Profit before tax	**£84.0m**	**£123.7m**	(32.1%)
Basic earnings per share	**12.45p**	**21.52p**	(42.1%)
Total dividend per share	**8.00p**	**7.76p**	3.1%
Net debt[5]	**(£157.4m)**	**(£29.4m)**	

[1] Exceptional items before tax (2015: costs £24.8m; 2014: profit of £8.7m), relate primarily to restructuring and acquisition costs and are detailed in note 2.
[2] Excludes joint ventures revenue of £281m (2014: £260m).
[3] Constant currency comparison (2014 results retranslated at 2015 exchange rates).
[4] Like for like comparison after adjusting 2014 for constant currency and 2015 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 and operating profit growth of 2.3% and 2.7% respectively on a like for like basis
- Extensive brand renovation and innovation program driving growth in all regions
- Reported results reflect the negative exchange impact from weakening currencies and the net impact of acquisitions and disposals
- Australian food brand five:am acquired in August for initial consideration of £44.8m in cash and performing well
- Buy-out in April of joint venture partner of Nigerian beverage business for £21m in cash and performing well
- Strong balance sheet with net debt at 1.2 x EBITDA following acquisitions
- Dividend increased 3.1% marking 42nd consecutive year of year on year increases

Africa

- Underlying growth in revenue and operating profit in Nigeria despite tough trading conditions during the year
- Good progress in developing PZ Wilmar joint venture with growth in revenue from £194m to £225m

Asia

- Continued growth in Indonesia in both Baby Care and non-Baby Care portfolios
- Recent Food & Nutrition acquisitions in Australia performing well and mitigating tough trading conditions in Home and Personal Care

Europe

- UK Washing and Bathing division performing well driven by an exciting innovation pipeline
- Good performance in Beauty division particularly across St Tropez and Sanctuary brands

Commenting today, Richard Harvey (Chairman) said:

"I am pleased to report a solid performance in the year to 31 May 2015, as well as the completion of several strategic initiatives.

Despite tough trading conditions, particularly in our largest market Nigeria, underlying revenue and operating profit grew 2.3% and 2.7% respectively, and our market share positions were either held or grown in our core categories.

As part of our long-term strategy to focus the Group's portfolio on higher growth, value add businesses, a number of strategic initiatives were successfully completed in the year. To develop our Food & Nutrition Category further and to create a broader portfolio for expansion into South East Asia we acquired the Australian food brand five:am early in the financial year, following the acquisition last year of the Rafferty's Garden brand. In addition, we now own 100% of our Nigerian beverage business after completing the buy-out of Nutricima from our joint venture partner.

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.

The Board is pleased to declare a further increase in the full year dividend, marking 42 consecutive years that we have increased our dividend year-on-year, every year.

Performance since the year-end has been in line with expectations. Whilst the outlook remains challenging, the Group's focus on its values, robust long-term strategy, our innovative product pipeline, and the strategic steps we have taken, provide a strong and exciting platform for future sustainable growth."

Press Enquiries

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

On 21, 22 and 23 July c/o Instinctif on 020 7457 2020.

After 23 July to Brandon Leigh on 0161 435 1236.

An analysts' presentation will be held on 21 July 2015 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/795-1194-16085

FINAL RESULTS
FOR THE YEAR ENDED 31 MAY 2015

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 2014 result using 2015 foreign currency exchange rates. The adverse translational impact on revenue and operating profit was £48.3m and £4.0m 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 £19.1m and £13.4m respectively and operating profit by £3.9m and £1.4m respectively. The disposal of the Polish Home Care brands and Beauty Spa business negatively impacted revenue and operating profit in the current year by £45.4m and £6.3m respectively.

Business Review

Group Overview

The Group delivered a solid performance in the year to 31 May 2015 with underlying revenue and operating profit growth of 2.3% and 2.7% respectively. This has been achieved despite tough trading conditions in most markets with the global economy still fragile and challenging exchange rate volatility.

2015 has been a year of excellent progress in evolving the Group’s portfolio, following last year’s successful divestment of our Polish Home Care business.

During this financial year, we acquired the Australian food brand five:am which, together with the Rafferty’s Garden brand acquired last year, provides the Group with a broader Food and Nutrition portfolio for expansion both within Australia and also for other South East Asian markets.

Also in this year we secured 100% of our Nigerian beverage business Nutricima buying out our joint venture partner. This gives us greater control and synergy to drive the future growth of this important part of our portfolio.

Within existing portfolios, our brand innovation is ensuring we drive growth in our higher margin value add brands ensuring a stronger mix of business as the Group evolves.

Regional Overview

Within Africa and our largest market Nigeria, disruption in the north, the Ebola outbreak, presidential elections and a significant currency devaluation have all contributed to a very difficult operating environment. Notwithstanding this, we have delivered local growth across our consolidated and joint venture businesses and are well positioned with leading market shares to capitalise on Nigeria’s future growth.

In Asia, whilst profitability in our Australian HPC (Home and Personal Care) business has been significantly affected by the challenging retail environment, our newly acquired food brands have performed extremely well. In Indonesia, we have delivered another year of increased revenue well ahead of country GDP growth.

In Europe, our results reflect the first full year of trading following the strategic disposal of our Polish Home Care business last year. The performance of our UK Washing and Bathing and Beauty businesses has been strong, delivering profitable growth through excellent product innovation and channel diversification. In Greece, whilst revenue was lower year on year, good profit growth was delivered.

Financial Position Overview

The Group's balance sheet remains strong with net debt of 1.2 x EBITDA at the year-end. Cash outflow in the year relates primarily to the acquisition of five:am, the buy-out of our Nutricima joint venture and the higher working capital levels, principally in Nigeria, held as a natural hedge against currency devaluation.

Regional reviews

Performance by region

Revenue[1] (£m)	2015	2014	Reported % change	Constant currency % change[2]	Like for like % change[3]
Africa	**356.8**	361.3	(1.2%)	7.5%	3.5%
Asia	**199.1**	184.4	8.0%	14.0%	3.1%
Europe	**263.2**	315.7	(16.6%)	(14.2%)	0.6%
	819.1	861.4	(4.9%)	0.7%	2.3%

Operating profit before exceptional items[4] (£m)	2015	2014	Reported % change	Constant currency % change[2]	Like for like % change[3]
Africa	**39.6**	40.2	(1.5%)	5.2%	1.6%
Asia	**16.9**	19.3	(12.4%)	(6.7%)	(28.2%)
Europe	**57.9**	56.9	1.8%	2.2%	13.4%
	114.4	116.4	(1.7%)	1.8%	2.7%

[1] Excludes joint ventures revenue of £281m (2014: £260m).
[2] Constant currency comparison (2014 results retranslated at 2015 exchange rates).
[3] Like for like comparison after adjusting 2014 for constant currency and 2015 for acquisitions and disposals in current and prior year. Also referred to as underlying.
[4] Exceptional items before tax (2015: costs £24.8m; 2014: profit of £8.7m), relate primarily to restructuring and acquisition costs and are detailed in note 2.

Africa

In **Nigeria**, following a tough year from disruption in the north, the Ebola outbreak and a significant currency devaluation, April's presidential elections passed smoothly with only a short period of lost trading days. Whilst the Naira exchange rate has recently been stable, following a 25% devaluation in the second half of the financial year, low oil prices continue to impact the economy and there remains a risk of further currency devaluation. The market has begun to adjust relative pricing across all categories and consumer spending power is being impacted by imported inflation.

During the year, the Group increased its holding in its Nigerian listed subsidiary from 70.55% to 72.8% at a cost of £9.9m.

In Personal Care and Home Care, whilst revenue was at a similar level to the prior year despite the challenging macro environment, margins were lower impacted by commodity products, such as bulk detergents and laundry soaps, having to trade in an extremely competitive market. Pleasingly, good growth has been achieved in the value add part of the portfolio driven by a significant renovation programme across brands such as Premier, Zip, Robb, Carex, Morning Fresh and Cussons Baby. A good example of product innovation is Premier, Nigeria's number one bar soap, launching into the small but growing shower gel category.

In the Electricals division, a further year of good revenue and profit growth was achieved with Haier Thermocool continuing to hold clear number one market share position in refrigerators, freezers and washing machines. New product launches continue to be a key driver of growth with approximately 25% of sales in the year accounted for by recent launches. The brand continues to be premium priced with consumers recognising the product quality and after sales service capability which remains ahead of that offered by the competition. The HT Coolworld showrooms in Nigeria and Ghana remain important, both as sales outlets accounting for approximately 5% of total electrical sales, as well as being a showcase for the premium positioning of the brand.

Nutricima has seen strong double digit revenue and profit growth in the year driven in particular by the success of its two key brands NuNu and Olympic, with the image of both brands upgraded through a packaging relaunch, and distribution points being expanded across the country. The business is now fully owned and consolidated following PZ Cussons's buy-out of the joint venture partner on 31 March 2015.

The palm oil joint venture with Wilmar has performed very well with revenue increasing from £194m to £225m and good profit growth being achieved for the year. Focus continues to be placed on growing the consumer brands of Mamador and Devon King's, driven by distribution expansion and new product launches in multiple sizes in order to deliver excellent quality and value to the consumer at different price points.

Overall performance in the smaller markets of **Ghana** and **Kenya** was at a similar level to the previous year.

Asia

Asia profitability is lower principally due to a reduction in margins in the **Australian** Home Care category as a result of difficult trading conditions as well as the impact from the weaker Australian Dollar. During the year the Group's business in Australia has been further diversified with the acquisition, in August 2014, of the five:am food brand for initial consideration of £44.8m in cash. Both food brands of Rafferty's Garden and five:am have performed extremely well, partially offsetting the Home Care category and currency challenges. Focus is now on restoring Home Care margins through innovation and renovation across the portfolio of Radiant, Duo and Morning Fresh. During the year, Rafferty's Garden was relaunched in exciting new packaging and the brand also expanded into new markets of New Zealand and China. The five:am brand range was extended with new yoghurt variants as well as new products such as granolas and further range extensions are planned for the coming year.

In **Indonesia**, good revenue growth has continued to be achieved in both the Baby Care and non-Baby Care portfolios although profitability has been impacted by the weaker Rupiah. During the year the Cussons Baby range was extended with a number of new product launches, and the popularity of the brand has grown further through a nationwide 'Little Star' promotion culminating in a live television final. Imperial Leather, Carex and Cussons Kids have continued to perform well as has the more recently launched Original Source brand which is successfully expanding distribution as a result of its differentiated product offering.

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

Europe

In the **UK** Washing and Bathing division, all brands have performed well with revenue and profit ahead of the prior year driven by a significant renovation and innovation programme with over 70% of products relaunched or refreshed in the year. Imperial Leather has benefited from the relaunch of the entire range under Classic, Signature and Indulgence tiers, catering for multiple price points and distribution channels. Carex has performed particularly well with the range of Fun Edition hand wash products for children being extended into wipes and gels. A brand new range of Carex bodywash products was launched just after the year end and is an exciting extension to the overall brand. The Original Source brand range was significantly extended in the year with extreme fragrance shower gels and new products such as moisturising body lotions and body butters.

In the **Beauty** division, all four brands of St Tropez, Sanctuary, Fudge and Charles Worthington have performed well driving strong profitable growth versus the prior year, with a focus on the key markets of UK, US and Australia. An exciting first to market product for St Tropez is a gradual tan in shower lotion which has seen very strong initial sales on launch just before the year end and further enhances the brand's image as number one in its category. Sanctuary product sales have shown good year on year growth following the closure of the spa operations last year and the portfolio has been extensively refreshed with new skincare and bodycare ranges.

In **Poland**, the focus has been on growing the personal care brands of Luksja, Original Source and Carex following last year's sale of the Home Care brands.

In **Greece**, whilst revenue was lower year on year, good profit growth has been achieved across the portfolio of edible oils, cheeses and spreads despite the challenging macro environment. A small vinegar brand was acquired during the year for £5.4m in cash and has become part of the overall Minerva brand portfolio. Revenue and profit in Greece were circa £50m and £3m respectively.

Exceptional items

An exceptional charge of £24.8m before tax was recorded during the year (2014: profit of £8.7m). £18.8m relates to previously announced items being, the current year cost of the Group structure and systems project (£2.0m), the cost of the five:am acquisition and integration (£4.3m), the cost of further supply chain optimisation (£6.1m), and costs associated with completing the divestment of the Polish Home Care brands and manufacturing site (£6.4m). An exceptional charge of £6.0m was made relating to a provision against government receivables in Nigeria.

Taxation

The effective tax rate before exceptional items was 25.6% (2014: 26.0%) and is lower due to a change in the geographical mix of profits.

Dividend

The Group aims to pay an attractive, sustainable and growing dividend. The Board is recommending a final dividend of 5.39p (2014: 5.23p) per share making a total of 8.00p (2014: 7.76p) per share for the year, a 3.1% increase and the 42nd successive year of dividend increases.

The overall dividend remains some 2.2 times covered by adjusted earnings per share. Subject to approval at the AGM, the final dividend will be paid on 1 October 2015 to shareholders on the register at the close of business on 14 August 2015.

Outlook

The Group continues to demonstrate that its dynamic brand renovation and innovation programme is successful at delivering underlying growth in all regions. Alongside this, an ongoing cost reduction programme is ensuring that Group operations are structured as efficiently as possible.

Ongoing challenges relate principally to the impact of further weakening in exchange rates, particularly in Australia, Indonesia and Nigeria where imported inflation is affecting margins as well as consumer disposable income. In Nigeria, a recent tightening in foreign currency restrictions is also putting additional pressure on the exchange rate.

The strength of the Group’s new product pipeline together with the strategic initiatives completed during the year leaves the Group well placed to counter these challenges.

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.

PZ CUSSONS PLC

Consolidated income statement for the year ended 31 May 2015

	Notes	Year ended 31 May 2015 Before exceptional items £m	Year ended 31 May 2015 Exceptional items (note 2) £m	Year ended 31 May 2015 Total £m	Year ended 31 May 2014 Before exceptional items £m	Year ended 31 May 2014 Exceptional items (note 2) £m	Year ended 31 May 2014 Total £m
Continuing operations							
Revenue	1	819.1	-	**819.1**	861.4	-	**861.4**
Cost of sales		(493.3)	-	**(493.3)**	(524.4)	-	**(524.4)**
Gross profit		325.8	-	**325.8**	337.0	-	**337.0**
Selling and distribution costs		(146.7)	-	**(146.7)**	(145.3)	-	**(145.3)**
Administrative expenses		(69.0)	(24.8)	**(93.8)**	(76.8)	8.7	**(68.1)**
Share of results of joint ventures		4.3	-	**4.3**	1.5	-	**1.5**
Operating profit/(loss)	1	114.4	(24.8)	**89.6**	116.4	8.7	**125.1**
Finance income		0.8	-	**0.8**	2.6	-	**2.6**
Finance costs		(6.4)	-	**(6.4)**	(4.0)	-	**(4.0)**
Net finance costs	3	(5.6)	-	**(5.6)**	(1.4)	-	**(1.4)**
Profit/(loss) before taxation		108.8	(24.8)	**84.0**	115.0	8.7	**123.7**
Taxation	4	(27.8)	1.7	**(26.1)**	(29.9)	4.9	**(25.0)**
Profit/(loss) for the year		81.0	(23.1)	**57.9**	85.1	13.6	**98.7**
Attributable to:							
Owners of the Parent		75.5	(23.1)	**52.4**	76.3	15.1	**91.4**
Non-controlling interests		5.5	-	**5.5**	8.8	(1.5)	**7.3**
		81.0	(23.1)	**57.9**	85.1	13.6	**98.7**
Basic EPS (p)	6			**12.45**			**21.52**
Diluted EPS (p)	6			**12.44**			**21.45**
Adjusted basic EPS (p)	6			**17.94**			**17.96**
Adjusted diluted EPS (p)	6			**17.92**			**17.91**

PZ CUSSONS PLC

Consolidated statement of comprehensive income for the year ended 31 May 2015

	2015 £m	2014 £m
Profit for the year	**57.9**	98.7
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment obligations	**(6.7)**	(1.5)
Deferred tax on remeasurement of post-employment obligations	**1.3**	1.3
Total items that will not be reclassified to profit or loss	**(5.4)**	(0.2)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(37.5)**	(45.9)
Cash flow hedges – fair value gain/(loss) in year	**2.8**	(1.5)
Tax on items that may be subsequently reclassified to profit or loss	**(0.5)**	0.1
Total items that may be subsequently reclassified to profit or loss	**(35.2)**	(47.3)
Other comprehensive expense for the year net of taxation	**(40.6)**	(47.5)
Total comprehensive income for the year	**17.3**	51.2
Attributable to:		
Owners of the Parent	**18.6**	51.3
Non-controlling interests	**(1.3)**	(0.1)

PZ CUSSONS PLC
Consolidated balance sheet as at 31 May 2015

	Notes	31 May 2015 £m	31 May 2014 £m
Assets			
Non-current assets			
Goodwill and other intangible assets	7	**356.6**	287.7
Property, plant and equipment		**209.1**	195.3
Other investments		**0.3**	0.3
Long term loans to joint ventures		**28.6**	45.8
Trade and other receivables		**1.0**	4.4
Retirement benefit surplus		**43.4**	38.3
		639.0	571.8
Current assets			
Inventories		**163.7**	162.2
Trade and other receivables		**178.5**	166.7
Current asset investments		**0.3**	19.1
Cash and short term deposits		**55.4**	70.0
Current taxation receivable		**15.5**	13.1
		413.4	431.1
Total assets		**1,052.4**	1,002.9
Equity			
Share capital		**4.3**	4.3
Capital redemption reserve		**0.7**	0.7
Hedging reserve		**1.2**	(1.1)
Currency translation reserve		**(31.1)**	(0.4)
Retained earnings		**478.1**	480.5
Attributable to owners of the Parent		**453.2**	484.0
Non-controlling interests		**43.8**	52.4
Total equity		**497.0**	536.4
Liabilities			
Non-current liabilities			
Borrowings		**-**	103.5
Trade and other payables		**0.6**	0.7
Deferred taxation liabilities		**47.8**	41.8
Retirement benefit obligations		**27.1**	23.2
		75.5	169.2
Current liabilities			
Borrowings		**213.1**	15.0
Trade and other payables		**205.8**	222.4
Current taxation payable		**47.6**	46.8
Provisions		**13.4**	13.1
		479.9	297.3
Total liabilities		**555.4**	466.5
Total equity and liabilities		**1,052.4**	1,002.9

PZ CUSSONS PLC
Consolidated statement of changes in equity for the year ended 31 May 2015

	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 2013	**4.3**	**38.1**	**0.7**	**437.3**	**0.3**	**65.6**	**546.3**
Profit for the year	-	-	-	91.4	-	7.3	98.7
Other comprehensive income							
Remeasurement of post-employment obligations	-	-	-	(1.5)	-	-	(1.5)
Exchange differences on translation of foreign operations	-	(38.5)	-	-	-	(7.4)	(45.9)
Cash flow hedges - fair value losses in year	-	-	-	-	(1.5)	-	(1.5)
Cash flow hedges – tax on fair value losses	-	-	-	-	0.1	-	0.1
Deferred tax on remeasurement loss on post-employment obligations	-	-	-	1.3	-	-	1.3
Total comprehensive income/(expense) for the year	-	(38.5)	-	91.2	(1.4)	(0.1)	51.2
Other comprehensive income							
Ordinary dividends	-	-	-	(32.2)	-	-	(32.2)
Acquisition of shares by ESOT	-	-	-	(16.1)	-	-	(16.1)
Share based payments charge	-	-	-	0.7	-	-	0.7
Deferred tax on share based payments	-	-	-	0.2	-	-	0.2
Acquisition of non-controlling interest	-	-	-	(0.6)	-	(0.2)	(0.8)
Non-controlling interests dividend paid	-	-	-	-	-	(12.9)	(12.9)
Total transactions with owners recognised directly in equity	-	-	-	(48.0)	-	(13.1)	(61.1)
At 31 May 2014	**4.3**	**(0.4)**	**0.7**	**480.5**	**(1.1)**	**52.4**	**536.4**
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 loss on 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**

PZ CUSSONS PLC
Consolidated cash flow statement for the year ended 31 May 2015

	2015 £m	2014 £m
Cash flows from operating activities		
Cash generated from operations	**61.6**	96.9
Taxation paid	**(18.5)**	(19.9)
Interest paid	**(6.4)**	(4.0)
Net cash generated from operating activities	**36.7**	73.0
Cash flows from investing activities		
Interest income	**0.8**	2.6
Purchase of property, plant and equipment	**(36.5)**	(33.0)
Proceeds from sale of property, plant and equipment	**0.1**	1.1
Proceeds from sale of Polish Home Care brands	**-**	46.6
Cash costs of sale of Polish Home Care brands	**-**	(6.2)
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**	1.3
Acquisition of Rafferty's Garden	**-**	(42.2)
Repayment/(advance) of short-term deposits to joint ventures	**18.8**	(8.7)
Loans granted to joint ventures	**-**	(4.3)
Net cash used in investing activities	**(87.4)**	(42.8)
Financing activities		
Dividends paid to non-controlling interests	**(4.2)**	(12.9)
Purchase of shares for ESOT	**(8.5)**	(16.1)
Dividends paid to Company shareholders	**(33.0)**	(32.2)
Acquisition of non-controlling interests	**(9.9)**	(0.8)
Repayment of term loan	**(15.0)**	(15.0)
Increase in borrowings	**102.0**	33.5
Net cash used in financing activities	**31.4**	(43.5)
Net decrease in cash and cash equivalents	**(19.3)**	(13.3)
Cash and cash equivalents at the beginning of the year	**70.0**	93.0
Effect of foreign exchange rates	**(2.9)**	(9.7)
Cash and cash equivalents at the end of the year	**47.8**	70.0

Reconciliation of profit before tax to cash generated from operations for the year ended 31 May 2015

	2015 £m	2014 £m
Profit before tax	**84.0**	123.7
Adjustment for net finance expense	**5.6**	1.4
Operating profit	**89.6**	125.1
Depreciation	**19.8**	19.9
Impairment loss of tangible fixed assets	**4.3**	9.1
Profit on sale of Polish Home Care brands	**-**	(30.6)
Loss/(profit) on sale of tangible fixed assets	**0.3**	(0.1)
Pension scheme contributions paid	**(7.7)**	(7.7)
Net pension income for the year	**0.1**	0.6
Share of results from joint ventures	**(4.3)**	(1.5)
Share based payments (credit)/charge	**(0.9)**	0.7
Operating cash flows before movements in working capital	**101.2**	115.5
Movements in working capital:		
Inventories	**(3.6)**	(14.1)
Trade and other receivables	**(15.6)**	(5.9)
Trade and other payables	**(19.4)**	0.2
Provisions	**(1.0)**	1.2
Cash generated from operations	**61.6**	96.9

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 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.

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**

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

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:

	2015 £m	2014 £m
Personal Care	**415.9**	428.0
Home Care	**139.8**	194.2
Food and Nutrition	**116.2**	87.7
Electricals	**140.6**	139.9
Other	**6.6**	11.6
	819.1	861.4

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 is 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 and equipment, brands, material pension settlements and amendments and profit or loss on disposal or termination of operations. The Directors apply judgement in assessing the particular items, which by virtue of their scale and nature should be disclosed in a separate column of the income statement and notes to the financial statements as 'Exceptional items'. The Directors believe that the separate disclosure of these items is relevant to an understanding of the Group's financial performance.

Year to 31 May 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**

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

Explanation of exceptional items

Year to May 2015

Group structure and systems project
The Group has 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 consist of restructuring and advisory costs.

five:am acquisition and integration costs
During the 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 has 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 year the Group has completed the full divestment of its Polish Home Care brands. Post year end the Group completed the separate sale of the associated manufacturing site. Inclusive of the £6.4 million are redundancy costs and asset impairment costs.

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

Year to May 2014

Group structure and systems project
The Group incurred exceptional costs of £5.6 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.

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

Supply chain optimisation phase 2
During the supply chain optimisation programme further opportunities to reduce the Group's supply chain cost base were identified and a further exceptional charge of £20.0 million was forecast to be taken in the current and next financial year in respect of this extended programme. The costs relate to restructuring costs associated with supply chain optimisation and impairment costs associated with the write-down of supply chain assets.

Polish Home Care brands profit on divestment
The Group sold its Polish Home Care brands for £46.6 million cash consideration.

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

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

3 Net finance costs

	2015 £m	2014 £m
Finance income:		
Investment gains	**0.1**	0.1
Interest receivable	**0.7**	2.5
Interest income	**0.8**	2.6
Interest expense:		
Interest payable on bank loans and overdrafts	**(6.4)**	(4.0)
Net finance costs	**(5.6)**	(1.4)

4 Taxation

	2015 £m	2014 £m
Current tax		
UK corporation tax charge for the year	**4.6**	4.8
Adjustments in respect of prior years	**-**	-
	4.6	4.8
Overseas corporation tax charge for the year	**14.5**	22.0
Adjustments in respect of prior years	**(0.8)**	-
	13.7	22.0
Total current tax charge	**18.3**	26.8
Deferred tax		
Origination and reversal of temporary timing differences	**6.1**	(1.5)
Adjustments in respect of prior years	**1.7**	(0.3)
Total deferred tax charge/(credit)	**7.8**	(1.8)
Total tax charge	**26.1**	25.0

UK corporation tax is calculated at 20.83% (2014: 22.67%) 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 £0.6 million (2014: £1.6 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:

	2015 £m	2014 £m
Profit before tax	**84.0**	123.7
Tax at the UK corporation tax rate of 20.83% (2014: 22.67%)	**17.5**	28.0
Tax effect of revenue / expenses that are not taxable / deductible	**(2.7)**	(2.1)
Effect of different tax rates of subsidiaries in overseas jurisdictions	**3.7**	1.0
Effect of UK rate change on deferred taxation	**-**	(3.9)
Tax effect of share of results of joint ventures	**(1.0)**	(0.2)
Overseas withholding tax suffered on dividends	**3.5**	2.5
Derecognition of deferred tax assets not deemed recoverable	**4.2**	-
Adjustments in respect of prior periods	**0.9**	(0.3)
Tax charge for the year	**26.1**	25.0

5 AGM and dividend

The Board is recommending a final dividend of 5.39p (2014: 5.23p) per share, making a total dividend for the year of 8.00p (2014: 7.76p) per share. The gross amount for the proposed final dividend is £23.1 million (2014: £22.0 million).

The date of the Annual General Meeting has been fixed for 21 September 2015. Subject to shareholder approval dividend warrants in respect of the proposed final dividend will be posted on 1 October 2015 to members on the register at 5.00pm on 14 August 2015.

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.

	2015	2014
Basic weighted average (000)	**420,851**	424,738
Diluted weighted average (000)	**421,282**	426,129

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 Deferred Annual Share Bonus Scheme, 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:

	2015	2014
Average number of Ordinary Shares in issue during the period (000)	**428,725**	428,725
Less weighted average number of Ordinary Shares held by the Employee Share Option Trust (000)	**(7,874)**	(3,987)
Basic weighted average Ordinary Shares in issue during the period (000)	**420,851**	424,738
Dilutive effect of share incentive plans (000)	**431**	1,391
Diluted weighted average Ordinary Shares in issue during the period (000)	**421,282**	426,129

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

	2015	2014
	£m	£m
Profit attributable to owners of the Parent	**52.4**	91.4
Exceptional items	**23.1**	(15.1)
Adjusted profit	**75.5**	76.3

	2015	2014
Basic earnings per share	**12.45p**	21.52p
Exceptional items	**5.49p**	(3.56p)
Adjusted basic earnings per share	**17.94p**	17.96p
Diluted earnings per share	**12.44p**	21.45p
Exceptional items	**5.48p**	(3.54p)
Adjusted diluted earnings per share	**17.92p**	17.91p

7 Goodwill and other intangible assets

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

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

Acquisition of five:am

On 8 August 2014, the Group acquired the entire share capital of Five AM Life Pty Limited, for total consideration of £43.4 million. On acquisition the brand and goodwill was deemed to have a fair value of £33.3 million and £11.8 million respectively.

Acquisition of the entire share capital of Milk Ventures (UK) Limited

On 31 March 2015, the Group acquired the remaining 50% share capital of Milk Ventures (UK) Limited. The total purchase consideration was valued as £40.4 million. On acquisition the brands and goodwill were deemed to have a fair value of £15.5 million and £4.6 million respectively.

Acquisition of Greek vinegar brand and assets

On 18 December 2014 Minerva SA the Group's subsidiary in Greece acquired the TOP vinegar trademark and other assets including plant and machinery, for consideration of £5.4 million. On acquisition the brand was deemed to have a fair value of £4.6 million.

8 Business combinations

i) Acquisition of 2.25% of share capital of PZ Cussons Nigeria Plc

Cost of acquisitions	£m
2.25% of share capital of PZ Cussons Nigeria Plc	**9.9**

Throughout the year to 31 May 2015, the Group has acquired additional share capital of its existing subsidiary PZ Cussons Nigeria Plc, increasing the Group's stake from 70.55% to 72.8%. The consideration for these additional shares was £9.9 million, resulting in the acquisition of a non-controlling interest of £3.1 million and an amount debited to retained earnings through the consolidated statement of changes in equity of £6.8 million.

ii) Acquisition of the entire share capital of Five AM Life Pty Limited

On 8 August 2014, the Group acquired the entire share capital of Five AM Life Pty Limited, a company registered in Australia, whose principal activity is the manufacture and sale of organic yoghurt.

The net cash outflow on initial acquisition was £44.8 million that comprised of cash outflows of £39.5 million for consideration, £6.4 million for debt repayment and cash inflows of £1.1 million from acquired cash. Additional performance related consideration, that is currently fair valued at £3.9 million but could reach a maximum of £7.7 million, is payable subject to the performance of the business in its current financial year (to 30 June 2015).

Details of the acquisition are as follows:

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

	£m
Cash consideration	39.5
Contingent consideration	3.9
Total purchase consideration	**43.4**

The fair value of the contingent consideration was estimated by assessing the probability that the performance based targets will be achieved based on current and forecast trading performance. Contingent consideration has not been discounted as it is expected to be settled within the next 12 months. This is a level 3 fair value measurement.

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

	Book value	Fair value adjustment	Provisional fair value
	£m	£m	£m
Property, plant and equipment	3.5	-	3.5
Inventories	0.8	-	0.8
Trade and other receivables	2.7	-	2.7
Net debt	(5.3)	-	(5.3)
Trade and other payables	(2.9)	(0.5)	(3.4)
five:am brand	-	33.3	33.3
Net identifiable assets acquired	**(1.2)**	**32.8**	**31.6**
Goodwill			11.8
Consideration			**43.4**

The fair value adjustments relate to the recognition of the five:am brand and the recognition of a tax related provision. No deferred tax liability in relation to the recognition of the five:am brand has been recognised on the basis of an associated tax base being in place.

b) Goodwill

The goodwill of £11.8 million can be attributable to the synergies expected from combining the operations of the acquired business and the Group. None of the recognised goodwill will be deductible for tax purposes.

c) Acquisition and integration costs

Acquisition and integration costs of £4.3 million are included in the income statement and are treated as exceptional costs.

d) Revenue and profit contribution

The acquired business contributed revenues of £19.1 million and pre-exceptional operating profit of £3.9 million to the Group for the period from 8 August 2014 to 31 May 2015.

If the acquisition had occurred on 1 June 2014, Group consolidated revenue and consolidated operating profit before exceptional items for the year ended 31 May 2015 would have been £822.0 million and £114.9 million respectively.

iii) Acquisition of the entire share capital of Milk Ventures (UK) Limited

On 31 March 2015, the Group acquired the remaining 50% share capital of Milk Ventures (UK) Limited, a company registered in the UK, whose principal activities are the manufacturing and marketing of evaporated and powdered milk products and nutritional drinks to West African markets, through its trading subsidiary Nutricima Ltd.

For the year ended 31 May 2014, and up until 31 March 2015, the Milk Ventures (UK) Limited group was accounted for as a joint venture in accordance with IFRS 11, reflecting the Group's 50% shareholding amongst other factors considered in concluding on its treatment as a joint venture. The acquisition of the remaining 50% of the share capital, from the Group's joint venture partner, resulted in the Group obtaining control of Milk Ventures (UK) Limited and its subsidiaries.

The acquisition of Milk Ventures (UK) Limited represented an acquisition achieved in stages and has been accounted for in accordance with IFRS 3 'Business Combinations'.

The net cash outflow associated with gaining control was £21.0 million and represented additional loans issued to Milk Ventures (UK) Limited which were subsequently used to settle outstanding loans to the joint venture partner. The consideration paid for the equity stake in Milk Ventures (UK) Limited was £1. As at 31 March 2015, prior to acquisition, the Group's net investment in the Milk Ventures (UK) Limited joint venture totalled £39.7 million and represented an investment of £4.4 million, long terms loans to the joint venture of £40.4 million (after taking account of the additional loans of £21.0 million extended to fund the repayment of the joint venture partner loans) and the group share of losses in the joint venture of £5.1 million.

As required by IFRS 3, at the date of acquisition the Group has re-assessed the fair value of its existing interest in the joint venture to determine the fair value of consideration paid for 100% of the business. In considering the fair value the Directors considered the fair value of the Group's investment in the joint venture, with reference to the consideration paid for the 50% equity stake of £1, as well as considering the fair value of long terms loans issued to the joint venture. Having performed this assessment the Directors concluded that the investment in the joint venture should be impaired by £4.4 million, with the fair value of long term loans being uplifted by £5.1 million to take account of the Group not being liable for the share of losses previously recognised. The net impact of the fair value assessment was a £0.7 million gain that was included in the income statement and treated as an exceptional item.

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

	£m
Fair value of existing interest in the joint venture	40.4
Total purchase consideration	**40.4**

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

	Book value	**Fair value adjustment**	**Provisional fair value**
	£m	**£m**	**£m**
Property, plant and equipment	22.4	(7.4)	15.0
Inventories	15.3	(0.7)	14.6
Trade and other receivables	13.2	(5.6)	7.6
Cash and cash equivalents	0.6	-	0.6
Trade and other payables	(12.9)	-	(12.9)
Nutricima brand	-	15.5	15.5
Deferred tax	-	(4.6)	(4.6)
Net identifiable assets acquired	**38.6**	**(2.8)**	**35.8**
Goodwill			4.6
Consideration			**40.4**

The fair value adjustments relate to; the recognition of the Nutricima brands, the recognition of a provision against a Nigerian government receivable, the fair valuation of fixed assets using Group accounting policies, the recognition of a deferred tax liability on the recognition of the Nutricima brand and the recognition of goodwill arising from the acquisition attributable to the synergies expected from combining the operations of the acquired business and the Group. None of the recognised goodwill will be deductible for tax purposes.

b) Acquisition related costs

Acquisition related costs of £0.1 million are included in the income statement and treated as exceptional costs.

c) Revenue and profit contribution

The acquired business contributed revenues of £13.4 million and operating profit of £2.7 million to the Group for the period from 31 March 2015 to 31 May 2015.

If the acquisition had occurred on 1 June 2014, Group consolidated revenue and consolidated operating profit before exceptional items for the year ended 31 May 2015 would have been £875.1 million and £115.5 million respectively.

iv) Acquisition of Greek vinegar brand and assets

On 18 December 2014 Minerva SA, the Group's subsidiary in Greece, acquired the vinegar brand TOP trademark and other assets including plant and machinery, for consideration of £5.4 million. The brand was fair valued at £4.6 million. The acquisition incurred £0.7 million of deal related costs that were included in the income statement and treated as exceptional costs.

9 Net debt

	2015 £m	2014 £m
Cash at bank and in hand	**45.2**	48.1
Short-term deposits	**10.2**	21.9
Overdrafts	**(7.6)**	-
Cash and cash equivalents	**47.8**	70.0
Current asset investments	**0.3**	19.1
Loans due within one year	**(205.5)**	(15.0)
Loans greater than one year	**-**	(103.5)
Net debt	**(157.4)**	(29.4)

Subsequent to the year end the Group has refinanced its committed borrowing facilities in the UK. The new facility provided by a syndicate of three banks is composed of a £240 million multi-currency revolving credit facility with a final termination date of February 2020.

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 (IFRSIC).

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 these financial statements:

- IFRS 10, 'Consolidated Financial Statements' (effective 1 January 2013) (endorsed 1 January 2014)
- IFRS 11 'Joint arrangements' (effective 1 January 2013) (endorsed 1 January 2014)

- IFRS 12, 'Disclosures of Interests in Other Entities' (effective 1 January 2013) (endorsed 1 January 2014)
- IAS 27 (revised 2011) 'Separate Financial Statements' (effective 1 January 2013) (endorsed 1 January 2014)
- IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2013) (endorsed 1 January 2014)
- Amendments to IFRS 10,11 and 12 on transition guidance (effective 1 January 2013) (endorsed 1 January 2014)
- Amendments to IAS 32 on financial instruments asset and liability offsetting (effective 1 January 2014)
- Amendment to IAS 36 'Impairment of Assets' on recoverable amount disclosures (effective 1 January 2014)
- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' on novation of derivatives and hedge accounting (effective 1 January 2014)

The adoption of these new and amended standards has not had a material impact on the Group financial statements.

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 2017 / 2018)

11 Basis of financial statements

This announcement was approved by the Board of Directors on 21 July 2015. The financial information in this announcement does not constitute the Group's statutory accounts for the year ended 31 May 2015 or 31 May 2014 but it is derived from those accounts. Statutory accounts for 31 May 2014 have been delivered to the Registrar of Companies, and those for 31 May 2015 will be delivered after the Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

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

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 21 July 2015.