PZ CUSSONS PLC

28 January 2020

INTERIM ANNOUNCEMENT OF RESULTS FOR THE HALF YEAR TO 30 NOVEMBER 2019

Progress against new strategy in challenging market conditions

PZ Cussons Plc, a leading consumer products group, announces its interim results for the six months ended 30 November 2019.

Adjusted[1] results (before exceptional items)	**Half year to 30 November 2019**	Half year to 30 November 2018	Reported % change	Constant currency % change[2]
Revenue from continuing operations	**£293.3m**	£302.8m	(3.1%)	(4.3%)
Adjusted operating profit from continuing operations	**£30.3m**	£34.3m	(11.7%)	(13.0%)
Adjusted profit before tax from continuing operations	**£28.0m**	£31.8m	(11.9%)	(13.1%)
Adjusted profit for the period	**£21.4m**	£24.0m	(10.8%)	
Adjusted basic earnings per share	**5.33p**	5.67p		
Net debt[3]	**(£136.2m)**	(£177.2m)		
Reported results (IFRS) (after exceptional items)				
Revenue from continuing operations	**£293.3m**	£302.8m	(3.1%)	
Operating profit from continuing operations	**£37.0m**	£28.3m	30.7%	
Profit before tax from continuing operations	**£34.7m**	£25.8m	34.5%	
Profit for the period	**£28.8m**	£19.2m	50.0%	
Basic earnings per share	**7.10p**	4.57p		
Interim dividend per share	**2.67p**	2.67p		

[1] Exceptional items before tax (2019: income £6.7m; 2018: cost £6.1m) are detailed in note 4.
[2] Constant currency comparison. See page 3 for values of currency impact.
[3] Net debt, above and hereafter, is defined as cash, short-term deposits and current asset investments, less bank overdrafts and borrowings. It does not include IFRS 16 lease liabilities of £9.9m (refer to note 11).
IFRS 16 was adopted on 1 June 2019 for statutory reporting using the modified approach and therefore prior year figures have not been restated.

Commentary refers to adjusted results of continuing operations on a constant currency basis unless otherwise noted.

Group highlights

- Challenging market conditions across key geographies led to a decline in Group revenue of 4.3%.
- Adjusted operating profit of £30.3m, 13.0% lower, resulting from losses in Nigeria and lower profits in the UK and Australia offset by growth in Indonesia.
- Adjusted profit before tax of £28.0m, a reduction of 13.1% reflecting reduced operating profit.
- Reported profit before tax grew to £34.7m or +34.5%, driven by exceptional profit on disposal of our business in Greece and lower exceptional charges than in the prior period.
- Strategy announced in July 2019 delivering initial progress – two disposals announced, stable revenue in Focus Brands and initial action to reduce overhead costs.
- As a result, balance sheet further strengthened, with net debt of 1.5x EBITDA.
- Interim dividend maintained at 2.67p per share.

Europe & the Americas Highlights

- UK share growth in washing and bathing category despite difficult trading environment.
- 4.7% decline in revenue, reflecting continuing consumer uncertainty, trading down to private label in hand wash and well-documented challenges in the UK high street.
- Modest decline in operating profit of 4.3%, with UK weakness partially offset by a stable performance in Beauty.
- Continued growth in US Beauty retail sales and category market share.

Asia Pacific Highlights

- Continued growth in revenue and market share in Indonesia.
- Leadership maintained in Australia Home Care, but lower share in Food & Nutrition.
- 3.8% decline in revenue, with increased promotional activity and lower consumer confidence in Australia, partly offset by growth in Indonesia.
- Operating profit declined by 17.5% due to performance in Australia, together with increased marketing investment and higher manufacturing costs in the supply chain, more than offsetting increased profit in Indonesia.

Africa Highlights

- Challenging Nigerian economy resulted in continued weakness in mass market Home and Personal Care sales, with regional revenue 4.4% lower.
- Good revenue growth in Electricals, with profit growth in Kenya, Ghana and the joint venture food business, PZ Wilmar.
- Together with ongoing costs related to the Lagos port congestion, this led to an operating loss of £0.6m.

Outlook

A stronger second half profit before tax is expected subject to no further worsening of the economic and trading environments across our key geographies. The key areas of improvement for the business are expected to be:

- Return to stability in the UK primarily due to recovery in hand wash driven by environmentally friendly range and marketing plans at trade level;
- Increased revenue in the US Beauty business supported by significant marketing investment;
- Return to more stable results in Australia driven by marketing plans in Home Care and Food & Nutrition categories; and
- Stability in Africa largely driven by marketing investment in our Focus Brands and restructuring benefits.

Assuming these initiatives are successful, full year revenue and profit before tax from continuing operations is expected to be modestly below prior year.

Commenting today, Caroline Silver (Chair) said:

"The Group's adjusted results for the first half of the year were impacted by challenging market conditions across our key geographies.

We were pleased to see that the performance of our Focus Brands was stable overall compared to prior year. Our investment remains targeted towards these Focus Brands and this will continue in the second half of the year. We have started to restructure our portfolio of activities, disposing of our business in Greece and agreeing the sale of our Polish brand. Further portfolio reshaping is underway and initiatives to improve our operating efficiency are being implemented at pace.

The Board has maintained the interim dividend in line with last year at 2.67p per share.

On 12th December 2019 we announced that Chief Executive Officer Alex Kanellis will retire on 31st January 2020 after 26 years with the Group. Plans to appoint his successor are well advanced''.

Press Enquiries

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

On 28, 29, 30 January c/o Instinctif on 020 7457 2020

After 30 January to Alan Bergin on 0161 435 1027

Investor and Analyst conference call

Management will be hosting a conference call for investors and analysts at 9:30am (UK Time) today. Please call Guy Scarborough at Instinctif Partners for dial-in details on 020 7457 2047 or email Guy.Scarborough@instinctif.com.

The presentation slides to accompany the conference call are available to download from the Company's website at www.pzcussons.com.

Basis of Preparation

In our financial statements we use alternative performance measures that are not recognised under IFRS. These metrics are used to allow the readers of the financial statements to obtain a more meaningful comparison of the underlying performance of the Group by adjusting for certain items which, if included, could distort the understanding of the Group's performance and comparability between periods. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group. The adjusted presentation is adopted on a consistent basis for the purposes of the half year and full year reporting. Where relevant, comparative IFRS measures have also been presented.

Adjusted results are presented before exceptional items which in the current period include costs relating to the Group Strategy project as well as the continuation of costs associated with the Group Structure and Systems project, offset by the profit on the sale of the business in Greece.

The adjusted and reported results for the current period are presented with variances to 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 2018 result using 2019 foreign currency exchange rates. The favourable translational impact on revenue, adjusted operating profit and adjusted profit before tax was £3.6 million, £0.5 million and £0.5 million respectively.

Progress against strategy

Our strategy announced in July 2019 articulates three key success factors: Focus, Scale and Accelerate. Within that, we identified a number of Focus Brands where successful application of these principles will be key to our success. In addition, we have commenced simplification of our Nigerian activities ready for the market recovery. To better focus on our core business, we started to dispose of non-core brands and activities.

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

Key to delivering our strategy remains returning the Group to sustainable growth. Our Focus Brands' revenue was stable in the first half of the year, notwithstanding very challenging competitive conditions. Our Focus Brands receive the majority of our marketing investment and account for roughly two-thirds of our revenue. By region they are:

- Europe & the Americas: Imperial Leather, Carex, Original Source, St Tropez and Sanctuary
- Asia Pacific: Cussons Baby, Morning Fresh and Rafferty's Garden
- Africa: Premier, Cussons Baby, Morning Fresh and Electricals

In the first half of the year our marketing investment remained in line with prior year despite the drop in revenue and profit. Consistent with our strategy, we will increase investment across our Focus Brands in the second half.

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

Progress continues on the simplification of our Nigeria business with plans implemented in the first half to reduce our structural operating cost in the market, including portfolio changes where appropriate. This will both contribute to improved results in the second half, and allow the business to tighten its focus on understanding and serving its key consumers. We continue to invest in our partnerships with Haier and Wilmar. The Electricals category grew revenue, but was impacted by higher costs associated with the continuing Lagos Port issues. PZ Wilmar contributed a higher share of profit compared to the prior year.

3) Disposal of non-core brands and activities

Progress was made on the reshaping of our activities with the disposal of the business in Greece for £40.9m and the agreement to sell our Polish Personal Care brand Luksja for £9.2m. We are currently in discussions regarding reshaping in selected other brands and activities.

The following Group and Regional performance commentary is presented on a continuing operations basis. All growth percentages are stated in constant currency and operating profit is stated and discussed on an adjusted basis unless otherwise noted.

Business Review: Group Performance

Revenue at £293.3m declined by 4.3% due to a weaker performance across all three regions. In Europe & the Americas, US Beauty continued to grow in retail sales and category market share. UK performance was impacted by low levels of consumer confidence and down trading. Asia Pacific declined as a result of performance in Australia largely due to lower consumer confidence and increased promotional activity. This offset a good performance in Indonesia where share, sales and profit all grew. In Africa, the Nigerian economy remained challenging leading to further decline in Home and Personal Care.

Operating profit at £30.3m was 13.0% lower than prior year largely reflecting the challenges to revenue in the UK, Australia and Nigeria. In addition our Indonesian and Australian markets faced increased product costs. Reduced margins and additional expenses associated with the port issue in Lagos continued to weigh on our Nigerian business.

On an IFRS basis, reported operating profit was £37.0m (2018: £28.3m), with the improvement versus adjusted profit largely reflecting an exceptional profit on disposal of our business in Greece and lower exceptional costs than the prior year.

BUSINESS PERFORMANCE: REGIONAL PERFORMANCE

Continuing operations

Revenue (£m)	**2019**	2018	Reported % change	Constant currency % change[1]
Europe & the Americas	**91.6**	95.8	(4.4%)	(4.7%)
Asia Pacific	**94.2**	95.6	(1.5%)	(3.8%)
Africa	**107.5**	111.3	(3.4%)	(4.4%)
	293.3	302.8	(3.1%)	(4.3%)

Adjusted operating profit/(loss) before exceptional items[2] (£m)	**2019**	2018	Reported % change	Constant currency % change[1]
Europe & the Americas	**22.7**	23.5	(3.4%)	(4.3%)
Asia Pacific	**8.2**	9.6	(14.6%)	(17.5%)
Africa	**(0.6)**	1.2	(150.0%)	(148.6%)
	30.3	34.3	(11.7%)	(13.0%)

Reported (IFRS) operating profit/(loss) after exceptional items[2] (£m)	**2019**	2018	Reported % change	Constant currency % change[1]
Europe & the Americas	**29.6**	19.4	52.6%	51.4%
Asia Pacific	**8.0**	8.7	(8.0%)	(11.3%)
Africa	**(0.6)**	0.2	(400.0%)	(561.2%)
	37.0	28.3	30.7%	28.8%

[1] Constant currency comparison.
[2] Exceptional items before tax (2019: income £6.7m; 2018: cost £6.1m) are detailed in note 4.

EUROPE & THE AMERICAS

Revenue at £91.6m (2018: £95.8m) declined by 4.7% versus prior year with operating profit at £22.7m (2018: £23.5m) a reduction of 4.3%.

In the UK, consumer confidence declined amid Brexit and general economic and political uncertainty. This led to an increase in promotional activity in the first half of the year, with consumers trading down to private label and hard discounters.

As a result, revenue in UK Personal Care was lower, with Imperial Leather and Original Source in moderate decline while Carex was more severely impacted by growth in private label. However, our market share in washing and bathing grew as PZ Cussons became the volume market leader for the first time in the UK (Kantar, Dec 2019).

In the first half, we launched the Mr Men variant in Carex and the Mummy Diaries partnership. These activities were well received by the consumer and helped offset some of the impact from aggressive low price private label competition. In Imperial Leather we saw a better performance in the second quarter driven by overall core trading.

Beauty revenue was below last year. Sanctuary posted a robust set of results driven both by an increase in footprint online and growth in the multiples and specialist trade. St Tropez was impacted by the market conditions in the UK in the first half. While sell-out in the US remained strong, US shipments were impacted by trade stock policy in the first half of the year. St Tropez continue to grow its market share in the mass and premium categories, while in the UK the brand was impacted by strong promotional activity by lower price competitors.

Operating profit declined due to the revenue performance in the UK, partially offset by a robust Beauty performance. The region also benefited from a small profit on the disposal of a non-core brand.

On an IFRS basis, reported operating profit was £29.6m (2018: £19.4m), the improvement versus adjusted profit being mainly driven by a profit on disposal of our business in Greece. See note 16 for further details.

ASIA PACIFIC

Revenue at £94.2m (2018: £95.6m) declined by 3.8% versus prior year, with operating profit at £8.2m (2018: £9.6m), a reduction of 17.5%.

In Indonesia revenue continued to grow, and Cussons Baby market share increased by 1% to over 30%. There was an excellent performance in the hair care, wash and baby gift pack categories which were strongly supported by our trade partners. In the first half of the year we also delivered a successful restage for Cussons Baby of our hair care, cologne and body wash products.

In Australia revenue declined in the 6 months to 30 November 2019 due to increased promotional activity across all our categories. Morning Fresh maintained market share with over 40%, and revenue was slightly higher, while Rafferty's Garden suffered share loss leading to lower revenue. A restage of the brand was launched towards the end of the period. Our Personal Care and Beauty category was adversely impacted by price competition and discounting.

Operating profit was impacted by the performance in Australia and higher product costs partly driven by adverse currency movement. Marketing investment was higher than the comparative period in the prior year. This offset good operating profit growth in Indonesia.

On an IFRS basis, reported operating profit was £8.0m (2018: £8.7m) due to lower adjusted operating profit, partially offset by a reduction in exceptional costs.

Our manufacturing site in Indonesia was impacted by the severe flooding in Jakarta on 31 December 2019 and a magnificent response by our employees led to full operational status being restored by 8 January 2020. Initial indications are that costs associated with this disruption will not material.

AFRICA

Revenue at £107.5m (2018: £111.3m) declined by 4.4% versus prior year with an operating loss of £0.6m (2018: profit £1.2m).

Revenue in Nigeria was impacted by adverse economic conditions with the further contraction of mass market Home and Personal Care sales amid increased competition. This led to a reduction in prices and an increase in promotional spend.

Our Focus Brands of Cussons Baby and Morning Fresh grew in the first half of the year. Cussons Baby grew on the back of a well-received 'Moments' campaign which saw a significant increase in sales of our gift packs. Morning Fresh grew revenue due to increased pricing and availability in the market. Premier Cool was relaunched, but Premier overall declined due to a weaker core performance. The core Premier brand will be relaunched in the second half of the year.

Electricals revenue continued to grow strongly compared to last year, supported by the strong energy saving proposition, although this was partially offset by price reductions.

Overall operating profit declined due to Nigeria revenue performance in our Home and Personal Care categories, reduced margins due to pricing and promotional pressure and increased operating costs, including those associated with the Lagos port issues.

This offset growth in operating profits in Kenya supported by a good revenue performance. Cost savings were achieved in Ghana and our joint venture PZ Wilmar produced higher operating profit reflecting increased availability of palm oil to process. Our Food & Nutrition business operating results were in line with the comparative period last year.

On an IFRS basis, the reported operating loss was £0.6m (2018: reported operating profit of £0.2m). There were no exceptional items recognised in this region in the first half year.

FINANCIAL REVIEW

Group operating margin was 10.3% (2018:11.3%) on adjusted operating profit of £30.3m (2018: £34.3m) from revenue of £293.3m (2018: £302.8m).

In Europe & the Americas operating margin was 24.8% (2018: 24.5%), a good result given market conditions. The region was impacted by increased promotional spend and a poorer mix due to Carex performance, but this was offset by improved margins across our Beauty business and a small profit from the sale of a non-core brand. In Asia Pacific operating margin was 8.7% (2018: 10.0%), with the reduction driven by results in Australia and an increase in regional supply chain costs. In Africa, operating margin declined to a loss of 0.6% (2018: 1.1% profit) as a result of increased promotional spend, reduced pricing and higher operating costs.

Net finance costs of £2.3m (2018: £2.5m) were lower than last year reflecting higher cash balances and lower borrowings as a result of the proceeds from the disposals and improved working capital management. The Group is funded by a £325 million Revolving Credit Facility committed until 28 November 2023, of which £178m was drawn down at 30 November 2019.

Adjusted profit before tax at £28.0m (2018: £31.8m) reflected the reduced revenue and lower operating margin partially offset by lower finance costs.

The effective tax rate on adjusted profit was 24.3% (2018: 27.0%). This reflected a lower proportion of profits in the higher rate jurisdiction of Africa and higher proportion of profit from the lower rate Europe & the Americas and Asia Pacific. See note 7 for further detail. The 2019 Finance Bill in Nigeria was signed on 13 January 2020, which will mainly impact minimum tax rules & VAT. We are currently assessing the impact on our business but based on our initial review we do not expect it to have a material impact.

Adjusted earnings per share of 5.33p (2018: 5.67p) decreased by 6.0% as a result of the lower profit, partly offset by the reduction in tax rate.

Exceptional income of £6.7m (2018: costs of £6.0m) reflects the profit on disposal of our Greek business, partly offset by exceptional costs associated with implementing the Group Strategy project. In addition, during the period the Group incurred costs relating to the second year of the Group Structure and Systems project. We expect these exceptional charges to accelerate in the second half of the year in line with initiatives to maximise our operating efficiency and implement our strategy. See note 4 for further details on exceptional items.

On an IFRS basis, reported profit before tax was £34.7m (2018: £25.8m) with earnings per share of 7.10p (2018: 4.57p), growth by 55.4%, largely driven by the impact of exceptional items.

Net debt, defined as cash, short-term deposits and current asset investments, less bank overdrafts and borrowings, at £136.2m (2018: £177.2m) reduced due to proceeds from the disposal and increased focus across the business on managing working capital and capital expenditure. Our balance sheet remains strong with a gearing ratio of 1.5 as at 30th November 2019 (2018: 1.5) and net assets of £437.1m as at 30th November 2019 (2018: £451.3m).

The Group's three UK pension schemes have an aggregate pension accounting surplus under IAS 19 of £33.8m, after the restriction due to asset ceiling (2018: £22.7m). The overseas schemes reported a deficit of £7.0m (2018:£7.4m). (See note 12 for further details on retirement benefits)

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 18 and remain as stated on pages 44 to 49 of our 2019 Annual Report and Accounts which is available on our website at www.pzcussons.com.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited			Unaudited			Audited		
		Half year to 30 November 2019			Half year to 30 November 2018			Year to 31 May 2019		
	Note	**Before exceptional items**	**Exceptional items (note 4)**	**Total**	Before exceptional items	Exceptional items (note 4)	Total	Before exceptional items	Exceptional items (note 4)	Total
		£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Continuing operations										
Revenue	3	**293.3**	**-**	**293.3**	302.8	-	302.8	626.6	-	626.6
Cost of sales		**(186.9)**	**-**	**(186.9)**	(187.9)	-	(187.9)	(388.9)	-	(388.9)
Gross profit		**106.4**	**-**	**106.4**	114.9	-	114.9	237.7	-	237.7
Selling and distribution costs		**(44.6)**	**-**	**(44.6)**	(45.5)	-	(45.5)	(94.2)	-	(94.2)
Administrative expenses		**(33.3)**	**6.7**	**(26.6)**	(35.7)	(6.0)	(41.7)	(72.4)	(32.6)	(105.0)
Share of results of joint ventures		**1.8**	**-**	**1.8**	0.6	-	0.6	2.3	-	2.3
Operating profit		**30.3**	**6.7**	**37.0**	34.3	(6.0)	28.3	73.4	(32.6)	40.8
Finance income		**0.4**	**-**	**0.4**	0.2	-	0.2	-	-	-
Finance costs		**(2.7)**	**-**	**(2.7)**	(2.7)	-	(2.7)	(6.7)	-	(6.7)
Net finance costs	5	**(2.3)**	**-**	**(2.3)**	(2.5)	-	(2.5)	(6.7)	-	(6.7)
Profit before taxation		**28.0**	**6.7**	**34.7**	31.8	(6.0)	25.8	66.7	(32.6)	34.1
Taxation	7	**(6.8)**	**0.7**	**(6.1)**	(8.6)	1.3	(7.3)	(15.6)	4.6	(11.0)
Profit for the period from continuing operations		**21.2**	**7.4**	**28.6**	23.2	(4.7)	18.5	51.1	(28.0)	23.1
Discontinued operations	15									
Profit from discontinued operations		**0.2**	**-**	**0.2**	0.8	(0.1)	0.7	2.9	(0.2)	2.7
Profit for the period		**21.4**	**7.4**	**28.8**	24.0	(4.8)	19.2	54.0	(28.2)	25.8
Attributable to:										
Owners of the Parent		**22.3**	**7.4**	**29.7**	23.7	(4.6)	19.1	54.4	(28.3)	26.1
Non-controlling interests		**(0.9)**	**-**	**(0.9)**	0.3	(0.2)	0.1	(0.4)	0.1	(0.3)
		21.4	**7.4**	**28.8**	24.0	(4.8)	19.2	54.0	(28.2)	25.8
Basic EPS (p)	9	**5.33**	**1.77**	**7.10**	5.67	(1.10)	4.57	13.01	(6.77)	6.24
Diluted EPS (p)	9	**5.33**	**1.77**	**7.10**	5.67	(1.10)	4.57	13.01	(6.77)	6.24

IFRS 16 was adopted on 1 June 2019 for statutory reporting using the modified approach and therefore prior year figures have not been restated. As a result the primary statements are shown on an IFRS 16 basis for half year to 30 November 2019 and IAS 17 basis for prior periods.
The notes on pages 13 to 30 are an integral part of these condensed consolidated interim financial statements.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half year to 30 November 2019	Unaudited Half year to 30 November 2018	Audited Year to 31 May 2019
	£m	£m	£m
Profit for the period / year	**28.8**	19.2	25.8
Other comprehensive (expense) / income			
Items that will not subsequently be reclassified to profit or loss			
Remeasurement of post-employment obligations (note 12)	**(1.3)**	(7.7)	(2.4)
Deferred tax on remeasurement of post-employment obligations	**0.2**	-	0.4
Tax on items that will not be subsequently reclassified to profit or loss	**-**	-	(0.6)
Total items that will not subsequently be reclassified to profit or loss	**(1.1)**	(7.7)	(2.6)
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	**(8.5)**	(1.0)	(0.9)
Cash flow hedges - fair value (loss)/gain in period / year	**(0.2)**	0.7	0.6
Cost of hedging reserve	**-**	-	(0.3)
Recycle of equity reserves on disposal of subsidiary	**(8.6)**	-	-
Total items that may subsequently be reclassified to profit or loss	**(17.3)**	(0.3)	(0.6)
Other comprehensive expense for the period / year net of taxation	**(18.4)**	(8.0)	(3.2)
Total comprehensive income for the period / year	**10.4**	11.2	22.6
Attributable to:			
Owners of the Parent	**12.4**	11.6	23.1
Non-controlling interests	**(2.0)**	(0.4)	(0.5)

The notes on pages 13 to 30 are an integral part of these condensed consolidated interim financial statements.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED BALANCE SHEET	Notes	Unaudited 30 November 2019 £m	(Restated)* Unaudited 30 November 2018 £m	Audited 31 May 2019 £m
Assets				
Non-current assets				
Goodwill, software and other intangible assets	6	**350.9**	398.2	369.2
Property, plant and equipment	6	**124.1**	153.1	148.8
Long term right of use assets		**8.1**	-	-
Other investments		**-**	0.3	-
Net investments in joint ventures		**37.5**	29.2	35.6
Trade and other receivables		**-**	0.9	-
Deferred taxation assets		**9.5**	15.0	10.4
Current tax receivable	7	**6.4**	-	-
Retirement benefit surplus	12	**38.3**	26.8	36.3
		574.8	623.5	600.3
Current assets				
Inventories		**118.4**	150.7	131.9
Trade and other receivables		**139.8**	168.6	157.5
Derivative financial asset	13	**1.3**	0.5	1.6
Current tax receivable		**8.0**	3.5	2.1
Current asset investments	11	**0.3**	0.3	0.3
Cash and short term deposits	11	**41.5**	56.6	53.5
		309.3	380.2	346.9
Assets held for sale	15	**2.4**	-	-
Total assets		**886.5**	1,003.7	947.2
Equity				
Share capital		**4.3**	4.3	4.3
Capital redemption reserve		**0.7**	0.7	0.7
Hedging reserve		**0.1**	0.7	0.3
Currency translation reserve		**(103.8)**	(93.8)	(86.7)
Other reserve		**(39.0)**	(39.0)	(39.0)
Retained earnings		**548.5**	550.1	543.8
Attributable to owners of the Parent		**410.8**	423.0	423.4
Non-controlling interests		**26.3**	28.3	28.2
Total equity		**437.1**	451.3	451.6
Liabilities				
Non-current liabilities				
Borrowings	11	**178.0**	212.2	204.0
Trade and other payables		**0.9**	1.7	0.6
Long term lease liability		**9.9**	-	-
Deferred taxation liabilities		**66.1**	80.8	72.1
Retirement benefit obligations	12	**11.5**	11.5	11.3
		266.4	306.2	288.0
Current liabilities				
Borrowings	11	**-**	21.9	2.0
Trade and other payables		**142.7**	187.8	170.6
Derivative financial liabilities	13	**0.7**	0.3	1.0
Current taxation payable		**38.2**	32.2	32.4
Provisions		**1.4**	4.0	1.6
		183.0	246.2	207.6
Total liabilities		**449.4**	552.4	495.6
Total equity and liabilities		**886.5**	1,003.7	947.2

*See note 2 for details of restatement
The notes on pages 13 to 30 are an integral part of these condensed consolidated interim financial statements.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent							
	Share capital £m	Currency translation reserve £m	Capital redemption reserve £m	Retained Earnings £m	Other reserve £m	Hedging reserve £m	Non controlling interests £m	Total £m
At 1 June 2018 (restated)*	4.3	(85.4)	0.7	554.3	(39.0)	-	29.0	463.9
Profit for the period	-	-	-	19.1	-	-	0.1	19.2
Other comprehensive (expense)/income for the period (restated)*	-	(8.4)	-	0.2	-	0.7	(0.5)	(8.0)
Total comprehensive (expense)/income for the period	-	(8.4)	-	19.3	-	0.7	(0.4)	11.2
Transactions with owners:								
Ordinary dividends	-	-	-	(23.5)	-	-	-	(23.5)
Non-controlling interests dividend paid	-	-	-	-	-	-	(0.3)	(0.3)
Total transactions with owners recognised directly in equity	-	-	-	(23.5)	-	-	(0.3)	(23.8)
At 30 November 2018	4.3	(93.8)	0.7	550.1	(39.0)	0.7	28.3	451.3
At 1 June 2018 (restated)*	4.3	(85.4)	0.7	554.3	(39.0)	-	29.0	463.9
Profit for the year	-	-	-	26.1	-	-	(0.3)	25.8
Other comprehensive (expense)/income for the year	-	(1.3)	-	(2.0)	-	0.3	(0.2)	(3.2)
Total comprehensive (expense)/income for the year	-	(1.3)	-	24.1	-	0.3	(0.5)	22.6
Transactions with owners:								
Ordinary dividends	-	-	-	(34.6)	-	-	-	(34.6)
Non-controlling interests dividend paid	-	-	-	-	-	-	(0.3)	(0.3)
Total transactions with owners recognised directly in equity	-	-	-	(34.6)	-	-	(0.3)	(34.9)
At 31 May 2019	4.3	(86.7)	0.7	543.8	(39.0)	0.3	28.2	451.6
At 1 June 2019 as originally presented	4.3	(86.7)	0.7	543.8	(39.0)	0.3	28.2	451.6
Transition adjustment upon adoption of IFRS 16 Leases				(1.5)				(1.5)
At 1 June 2019	4.3	(86.7)	0.7	542.3	(39.0)	0.3	28.2	450.1
Profit for the period	-	-	-	29.7	-	-	(0.9)	28.8
Other comprehensive (expense)/income for the period	-	(17.1)	-	-	-	(0.2)	(1.1)	(18.4)
Total comprehensive (expense)/income for the period	-	(17.1)	-	29.7	-	(0.2)	(2.0)	10.4
Transactions with owners:								
Ordinary dividends	-	-	-	(23.5)	-	-	-	(23.5)
Non-controlling interests dividend paid	-	-	-	-	-	-	(0.4)	(0.4)
Non-controlling interests forfeited dividend	-	-	-	-	-	-	0.5	0.5
Total transactions with owners recognised directly in equity	-	-	-	(23.5)	-	-	0.1	(23.4)
At 30 November 2019	4.3	(103.8)	0.7	548.5	(39.0)	0.1	26.3	437.1

*See note 2 for details of restatement
The notes on pages 13 to 30 are an integral part of these condensed consolidated interim financial statements.
Of the £548.5m in retained earnings, £22.0m (2018: £22.0m) relates to revaluation reserve and is therefore non-distributable.

PZ CUSSONS PLC

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Half year to 30 November 2019 £m	Unaudited Half year to 30 November 2018 £m	Audited Year to 31 May 2019 £m
Cash flows from operating activities			
Cash generated from operations (note 10)	**24.4**	33.6	82.9
Taxation paid	**(11.9)**	(4.8)	(10.3)
Interest paid (note 5)	**(2.8)**	(3.0)	(7.2)
Net cash generated from operating activities	**9.7**	25.8	65.4
Cash flows from investing activities			
Interest income (note 5)	**0.5**	0.4	0.5
Purchase of property, plant and equipment and software (note 6)	**(2.8)**	(7.1)	(14.1)
Proceeds from sale of assets	**0.2**	-	4.1
Cash flow from disposal of companies & businesses	**35.2**	-	-
Advance of short term deposits to joint venture	**(0.5)**	(6.1)	(6.8)
Net cash used in investing activities	**32.6**	(12.8)	(16.3)
Cash flows from financing activities			
Dividends paid to non-controlling interests	**(0.4)**	(0.3)	(0.3)
Purchase of shares for ESOT	**-**	-	-
Dividends paid to Company shareholders (note 8)	**(23.5)**	(23.5)	(34.6)
IFRS 16 Finance Lease Payments	**(1.4)**	-	-
(Decrease) / increase in borrowings (note 11)	**(28.0)**	(24.8)	204.0
Repayment of loan facility	**-**	-	(250.0)
Net cash used in financing activities	**(53.3)**	(48.6)	(80.9)
Net decrease in cash and cash equivalents (note 11)	**(11.0)**	(35.6)	(31.8)
Cash and cash equivalents at the beginning of the period (note 11)	**53.5**	86.2	86.2
Effect of foreign exchange rates (note 11)	**(1.0)**	(0.9)	(0.9)
Cash and cash equivalents at the end of the period (note 11)	**41.5**	49.7	53.5

The notes on pages 13 to 30 are an integral part of these condensed consolidated interim financial statements.

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 32.

These condensed consolidated interim financial statements for the six months ended 30 November 2019, which have been neither audited nor reviewed, 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 2019 which have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 2019 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 2019 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 2019 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 28 January 2020.

Judgements and 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 annual financial statements for the year ended 31 May 2019.

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 2019 except for as described below. 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 2019:

- IFRS 16 Leases;
- IFRIC 23 - Uncertainty over Income Tax Treatments;
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures;
- Annual improvements to IFRSs: 2015-17 Cycle (Dec 2017); and
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

Only IFRS 16 Leases, and IFRIC 23 - Uncertainty over Income Tax Treatments have had any impact on the Group.

2. Accounting policies (continued)

Changes in accounting policies – IFRS 16
In the current year, the Group, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. The date of initial application of IFRS 16 for the Group is 1 June 2019.

The group has adopted IFRS 16 retrospectively from 1 June 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 June 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease, requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

The Group is not party to any leases where it acts as a lessor, but the Group does have a number of property and equipment leases.

Details of the Group's accounting policies under IFRS 16 are set out below, followed by a description of the impact of adopting IFRS 16. Significant judgements applied in the adoption of IFRS 16 included determining the lease term for those leases with termination or extension options, and determining an incremental borrowing rate where the rate implicit in a lease could not be readily determined.

The Group's leasing activities and its accounting policies under IFRS 16 Leases
The nature of the Group's leasing activities is mainly properties, with small elements of equipment and cars. Rental contracts are typically made for fixed periods of 1 to 15 years but may have extension options as described in (i) below.

(i) Extension and termination options
Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Until the FY20 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate.

2. Accounting policies (continued)

The Group did not make any such adjustments during the period presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Group does not have any leases that include purchase options or transfer ownership of the underlying asset.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset.

The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other operating expenses” in the income statement.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated income statement.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Approach to transition
The Group has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative information. In respect of those leases the Group previously treated as operating leases, the Group has elected to measure its right-of-use assets arising from property leases using the approach set out in IFRS 16.C8(b)(i). Under IFRS 16.C8(b)(i) right-of-use assets are calculated as if the Standard applied at lease commencement, but discounted using the borrowing rate at the date of initial application.

Other leases previously treated as operating leases have been measured following the approach in IFRS 16.C8(b)(ii), whereby right-of-use assets are set equal to the lease liability, adjusted for prepaid or accrued lease payments, including un-amortised lease incentives.

Practical expedients adopted on transition
The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered into or modified before 1 June 2019.

As part of the Group’s adoption of IFRS 16 and application of the modified retrospective approach to transition, the Group also elected to use the following practical expedients:

- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- right-of-use assets have been adjusted by the carrying amount of onerous lease provisions at 31 May 2019 instead of performing impairment reviews under IAS 36;
- reliance on the previous identification of a lease (under IAS 17) for all contracts that existed on 1 June 2019;
- exclusion of indirect costs from the measurement of the right to use asset at 1 June 2019;
- the accounting for operating leases with a remaining term of less than 12 months as a 1 June 2019 as short term leases: and
- the use of hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

2. Accounting policies (continued)

Impact on lessee accounting
Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

Applying IFRS 16, for all leases (except as noted above), the Group now recognises right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of the future lease payments as described above.

Lease incentives (e.g. rent free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

Under IFRS 16 the Group recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement, whereas under IAS 17 operating leases previously gave rise to a straight-line expense in other operating expenses.

Under IFRS 16 the Group separates the total amount of cash paid for leases that are on balance sheet into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement. Under IAS 17 operating lease payments were presented as operating cash outflows.

The Group’s weighted average incremental borrowing rate applied to lease liabilities as at 1 June 2019 is 4.6%.

Financial impact on adoption of IFRS 16
The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities.

The Group has chosen to use the table below to set out the adjustments recognised at the date of initial application of IFRS 16.

	As previously reported at 31 May 2019 £m	**Impact of IFRS 16 £m**	**As restated at 1 June 2019 £m**
Non-current assets			
Right-of-use asset	-	9.5	9.5
Deferred tax asset	-	0.4	0.4
Total impact on assets	-	9.9	9.9
Non-current liabilities			
Lease liabilities	-	11.4	11.4
Total impact on liabilities	-	11.4	11.4
Retained earnings			
As previously reported	543.8	-	543.8
Impact of IFRS 16	-	(1.9)	(1.9)
Deferred tax	-	0.4	0.4
Restated retained earnings	543.8	(1.5)	542.3

Of the total right-of-use assets of £9.5 million recognised at 1 June 2019, £8.2 million related to leases of property, £1.0 million to leases of vehicles and £0.3 related to machinery.

2. Accounting policies (continued)

The table below presents a reconciliation from operating lease commitments disclosed at 31 May 2019 to lease liabilities recognised at 1 June 2019.

	£m
Operating lease commitments disclosed under IAS 17 at 31 May 2019	13.5
Short-term and low value lease commitments straight-line expensed under IFRS 16	(0.2)
Effect of discounting	(1.9)
Lease liabilities recognised at 1 June 2019	**11.4**

In terms of the income statement impact, the application of IFRS 16 resulted in a decrease in other operating expenses and an increase in depreciation and interest expense compared to IAS 17. During the six months ended 30 November 2019, in relation to leases under IFRS 16 the Group recognised the following amounts in the consolidated income statement:

	£m
Depreciation	1.2
Interest expense	0.2
Variable lease payments (not depending on an index or rate)	(1.6)
	(0.2)

Change in Accounting Policies – IFRIC 23

From 1 June 2019, the Group has adopted IFRIC 23 which clarifies the application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. Upon adoption of IFRIC 23, there have been no material adjustments to the uncertain tax positions held on the balance sheet as at 30 November 2019. The Group have also reviewed the most appropriate methodology for the uncertain tax positions held at the balance sheet date. Based on the current facts and circumstances in each case, the Group have determined the most likely outcome method to be the most appropriate methodology to use, where applicable. This methodology will be reviewed upon the receipt of any new information.

Changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 May 2020 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.

Restatement due to prior year adjustments

As documented in the 2019 annual financial statements, during the year ended 31 May 2019, management identified a number of errors relating to prior periods. Accordingly, prior year adjustments were made, details of which can be found in note 1 of the 2019 Annual Report and Accounts Financial Statements.

The impacts of these prior year adjustments have been reflected and results restated for the period ended 30 November 2018.
See tables below for details:

Consolidated Balance Sheet

	30 November 2018 £m		
	As previously reported	Adjustment	As published
Goodwill, software and other intangible assets	403.9	(5.7)	398.2
Currency translation reserve	(80.5)	(13.3)	(93.8)
Hedging reserve	1.3	(0.6)	0.7
Other reserve	-	(39.0)	(39.0)
Retained earnings	524.4	25.7	550.1
Total Equity	478.5	(27.2)	451.3
Deferred taxation assets	-	15.0	15.0
Deferred taxation liabilities	44.3	36.5	80.8

2. Accounting policies (continued)

Consolidated Statement of Changes in Equity

	30 November 2018 £m		
	As previously reported	**Adjustment**	**As published**
Currency translation reserve			
At 1 June 2018	(79.8)	(5.6)	(85.4)
Other comprehensive expense for the period	(0.7)	(7.7)	(8.4)
At 30 November 2018	(80.5)	(13.3)	(93.8)
Retained earnings			
At 1 June 2018	536.4	17.9	554.3
Profit for the period	19.1	-	19.1
Other comprehensive (expense)/income for the period	(7.6)	7.8	0.2
Ordinary dividends	(23.5)	-	(23.5)
At 30 November 2018	524.4	25.7	550.1
Other Reserve			
At 1 June 2018	-	(39.0)	(39.0)
Other comprehensive expense for the period	-	-	-
At 30 November 2018	-	(39.0)	(39.0)
Hedging Reserve			
At 1 June 2018	0.6	(0.6)	-
Other comprehensive expense for the period	0.7	-	0.7
At 30 November 2018	1.3	(0.6)	0.7

The prior year adjustments have had no impact on the Consolidated Income Statement or Consolidated Statement of Comprehensive Income for the period to 30 November 2018 and therefore have had no impact on basic EPS and adjusted EPS.

3. Segmental analysis

The Chief Operating Decision Maker (CODM) has been identified as the Executive Board which comprises the Chief Executive Officer. 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. For reporting purposes, in accordance with IFRS 8 'Operating segments', the Board aggregates operating segments with similar economic characteristics and conditions into reporting segments, which form the basis of the reporting in the condensed consolidated interim financial statements.

The CODM considers the business from a geographic perspective, with Africa, Asia and Europe being the operating segments. The CODM assesses the performance based on operating profit before any exceptional items. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that of the Financial Statements.

Revenues and operating profit of the Europe and Asia segments arise from the sale of Personal Care, Home Care and Food & Nutrition products. Revenue and operating profit from the Africa segment arise from the sale of Personal Care, Home Care, Food & Nutrition and Electrical products. Sales between segments are carried out on an arm's length basis.

Business segments

Half year to 30 November 2019	**Europe & the Americas £m**	**Asia Pacific £m**	**Africa £m**	**Eliminations £m**	**Total £m**
Gross segment revenue	**144.4**	**98.7**	**107.5**	**(57.3)**	**293.3**
Inter segment revenue	**(52.8)**	**(4.5)**	**-**	**57.3**	**-**
Revenue	**91.6**	**94.2**	**107.5**	**-**	**293.3**
Segmental operating profit before exceptional items and share of results of joint ventures	**22.7**	**8.2**	**(2.4)**	**-**	**28.5**
Share of results of joint ventures	**-**	**-**	**1.8**	**-**	**1.8**
Segmental operating profit before exceptional items	**22.7**	**8.2**	**(0.6)**	**-**	**30.3**
Exceptional Items	**6.9**	**(0.2)**	**-**	**-**	**6.7**
Segmental operating profit	**29.6**	**8.0**	**(0.6)**	**-**	**37.0**
Finance income					**0.4**
Finance cost					**(2.7)**
Profit before taxation					**34.7**

3. Segmental analysis (continued)

Half year to 30 November 2018	Europe & the Americas £m	Asia Pacific £m	Africa £m	Eliminations £m	Total £m
Gross segment revenue	159.8	100.8	111.3	(69.1)	302.8
Inter segment revenue	(63.9)	(5.2)	-	69.1	-
Revenue	95.9	95.6	111.3	-	302.8
Segmental operating profit before exceptional items and share of results of joint ventures	23.5	9.6	0.6	-	33.7
Share of results of joint ventures	-	-	0.6	-	0.6
Segmental operating profit before exceptional items	23.5	9.6	1.2	-	34.3
Exceptional Items	(4.1)	(0.9)	(1.0)	-	(6.0)
Segmental operating profit	19.4	8.7	0.2	-	28.3
Finance income					0.2
Finance cost					(2.7)
Profit before taxation					25.8

Year to 31 May 2019	Europe & the Americas £m	Asia Pacific £m	Africa £m	Eliminations £m	Total £m
Gross segment revenue	319.2	204.1	232.4	(129.1)	626.6
Inter segment revenue	(118.0)	(11.1)	-	129.1	-
Revenue	201.2	193.0	232.4	-	626.6
Segmental operating profit before exceptional items and share of results of joint ventures	54.1	20.4	(3.4)	-	71.1
Share of results of joint ventures	-	-	2.3	-	2.3
Segmental operating profit before exceptional items	54.1	20.4	(1.1)	-	73.4
Exceptional Items	(7.3)	(23.6)	(1.7)	-	(32.6)
Segmental operating profit	46.8	(3.2)	(2.8)	-	40.8
Finance income					0.0
Finance cost					(6.7)
Profit before taxation					34.1

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 2019 £m	Unaudited Half year to 30 November 2018 £m	Audited Year to 31 May 2019 £m
Personal Care	**179.7**	188.5	387.5
Home Care	**42.6**	43.7	91.1
Food & Nutrition	**28.7**	33.3	65.8
Electricals	**38.3**	33.7	76.8
Other	**4.0**	3.6	5.4
	293.3	302.8	626.6

4. Exceptional items

Half year to 30 November 2019

The Group generated net exceptional income before tax of £6.7 million as follows:

- Income of £8.3 million relating to the disposal of the Group's Greece business (see note 16 for further details)
- Costs of £1.1 million relating to the Group Strategy Project regarding the disposal of non-core brands and activities. The majority of these costs are professional fees incurred on planned disposals; and
- Costs of £0.5 million relating to the Group structure and systems project to realign the organisation design to create a more effective operating model in line with our strategy launched in July 2019 to support the organisation to deliver on three success factors: Focus, Scale and Accelerate. These costs include initiatives underway to improve our operating efficiency across Head Office and all three Regions.
- These exceptional costs are expected to impact the current and next financial years and to be material in nature, and so are disclosed separately.

Half year to 30 November 2018

The Group generated net exceptional expenditure before tax of £6.1 million as follows:

- Costs of £4.1 million relating to the Group structure and systems project to realign the organisation design to create a more effective operating model. These represented a continuation of the same project on which exceptional costs were recognised in previous periods and mainly consist of restructuring, advisory and IT system related costs; and
- Costs of £2.0 million relating to estimated past service pension costs following a recent UK High Court judgement confirming that defined benefit pension schemes are required to equalise male and female members' benefits for the effect of guaranteed minimum pensions (GMPs). This estimate was trued up following completion of detailed analysis by the Group's third party actuary prior to 31 May 2019.

Year to 31 May 2019

The Group incurred net exceptional expenditure before tax of £32.8 million (£32.6m from continued operations, £0.2m from discontinued) as follows:

- Group structure and systems project costs (cost of £5.0 million);
- Group Strategy project costs (cost of £4.2 million);
- Sale of Norpalm investment in Ghana (income of £3.3 million);
- Guaranteed Minimum Pension (GMP) past service cost (cost of £0.7 million); and
- Impairment of Australian and Nigerian assets (cost of £26.2 million).

5. Net finance costs

Continued Operations	**Unaudited Half year to 30 November 2019**	Unaudited Half year to 30 November 2018	Audited Year to 31 May 2019
	£m	£m	£m
Interest receivable on cash deposits	**0.4**	0.2	**-**
Interest income	**0.4**	0.2	**-**
Interest payable on bank loans and overdrafts	**(1.9)**	(2.7)	**(5.2)**
Interest payable to external third parties	**(0.2)**	-	**(0.4)**
Interest expense on the lease liabilities recognised on transition to IFRS 16	**(0.2)**	-	**-**
Finance costs incurred on revolving credit facility renewal	**(0.4)**	-	**(1.1)**
Net finance costs	**(2.3)**	(2.5)	**(6.7)**

Discontinued Operations	**Unaudited Half year to 30 November 2019**	Unaudited Half year to 30 November 2018	Audited Year to 31 May 2019
	£m	£m	£m
Interest income	**0.1**	0.2	**0.5**
Interest payable	**(0.1)**	(0.3)	**(0.5)**
Net finance costs	**-**	(0.1)	**-**

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 2018 (restated)*	400.2	156.6
Additions	0.1	7.0
Disposals		(0.1)
Transfers between asset classification	0.7	(0.7)
Depreciation	-	(8.7)
Amortisation	(3.1)	-
Currency retranslation (restated)*	0.3	(1.0)
Closing net book amount as at 30 November 2018	**398.2**	**153.1**
Opening net book amount as at 1 June 2019	369.2	148.8
Additions	0.7	2.1
Disposals in relation to disposed entity	(10.2)	(15.3)
Impairment of software in relation to disposed entity	(3.1)	-
Transfers between asset classification	1.2	(1.2)
Depreciation	-	(8.0)
Amortisation	(3.2)	-
Currency retranslation	(3.7)	(2.3)
Closing net book amount as at 30 November 2019	**350.9**	**124.1**

*See note 2 for details of restatement

Goodwill, software and other intangible assets comprise goodwill of £45.2 million (30 November 2018 restated: £63.7 million), software of £40.0million (30 November 2018: £45.2 million), the majority of which relates to the implementation and associated costs of the SAP project and other intangible assets of £265.7 million (30 November 2018 restated: £289.3 million) relating to the Group's acquired brands.

Goodwill and other intangible assets (which include the Group's acquired brands), have all arisen from previous business combinations and all have indefinite useful lives and, in accordance with IAS36, are subject to annual impairment testing, or more frequent testing if there are indicators of impairment. The method used is as follows:

- intangible assets (including goodwill) are allocated to appropriate cash-generating units (CGUs) based on the smallest identifiable group of assets that generate cash inflows independently in relation to the specific intangible/goodwill.
- the recoverable amounts of the CGUs are estimated as the higher of an asset's fair value less costs of disposal and its value in use. Value in use is determined through calculations that use cash flow projections from approved budgets and plans over a period of five years which are then extrapolated beyond the five year period based on estimated long-term growth rates.

Key assumptions in the budgets and plans include future revenue volume/price growth rates, associated future levels of marketing support, cost base of manufacture and supply and directly associated overheads. These assumptions are based on historical trends and future market expectations specific to each CGU and the markets and geographies in which each CGU operates.

Other key assumptions applied in determining value-in-use are:

- growth rates – short term growth rates are based on the latest approved management forecasts. Cash flows beyond the five year forecast period are extrapolated using the estimated long-term growth rate applicable for the geographies in which the CGUs operate;
- terminal growth rates; and
- discount rate – the discount rate is based on a pre-tax Weighted Average Cost of Capital (WACC) for comparable companies operating in similar markets and geographies as the Group as the base discount rate, adjusted for risks specific to each CGU.

These assumptions are based on historical trends and future market expectations specific to each CGU and the markets and geographies in which it operates.

As at 30 November 2019, management identified impairment triggers, namely a revision to the expected future cash flows as a result of current trading performance and wider economic factors, in relation to the Rafferty's Garden, five:am and Nutricima CGUs. As a result, detailed impairment reviews were performed in respect of these three CGUs as at 30 November 2019.

6. Property, plant and equipment and intangible assets (continued)

The key assumptions applied in determining value-in-use for the purposes of the impairment reviews are growth rates; terminal growth rates; and discount rate. Management's models are highly sensitive to these assumptions, and in respect of all three of the CGUs reviewed for impairment as at 30 November 2019, reasonably possible changes in these assumptions, and in particular in the discount rates applied to the forecast cash flows in the value in use models, would give rise to impairment.

For the Rafferty's Garden CGU, the recoverable amount determined by the Directors was £53.3m. As the CGU had a carrying value of £40.5m, the Directors concluded that no impairment was necessary at this point in time. Whilst the FY20 performance has been broadly in line with previous expectations, management have revisited the forecasts for this CGU in the outer years i.e. FY21 – 24 and revised the forecasts accordingly based on the latest view of the market in which Rafferty's Garden operates. In assessing sensitivity of assumption, management noted that the discount rate had reduced since last measured. If the discount rate were to increase from 6.5% to 7.8%, a reasonably possible change, then the current headroom would be eliminated.

For the five:am CGU, the recoverable amount determined by the Directors was £33.5m. As the CGU had a carrying value of £22.3m, the Directors concluded that no impairment was necessary at this point in time. Whilst the FY20 performance has been broadly in line with previous expectations, management have revisited the forecasts for this CGU in the outer years i.e. FY21 – 24 and revised the forecasts accordingly based on the latest view of the market in which five:am operates which is extremely fragmented and has high levels of competition. The Directors believe that it is currently inappropriate to reverse the previously recorded impairment of five:am because the model used is sensitive to changes in key assumptions, volatility in the longer term economic forecasts for Australia and hence, whilst the discount rate applied has substantially reduced since the impairment, it is not yet clear that this will be a sustained reduction and therefore that the economic circumstances in which the CGU operates have materially improved. Were the current discount of 6.5% to increase to 8.5%, a reasonably possible change, the headroom would be eliminated.

For the Nutricima CGU, given that it is located in Nigeria where the macroeconomic environment continues to be volatile, management performed an impairment review to support the carrying value as at 30 November 2019. The recoverable amount determined by the Directors was marginally in excess of the CGU's carrying value, and as such the Directors concluded that no impairment was necessary at this point in time. The discount rate used had increased markedly from the previous year, which provides support to the decision not to impair. However, given the minimal headroom, any worsening of the assumptions would give rise to an impairment in the future.

Capital commitments

At 30 November 2019, the Group had entered into commitments for the acquisition of property, plant and equipment amounting to £5.1m (30 November 2018: £5.1 million). At 30 November 2019, the Group's share in the capital commitments of joint ventures was £nil (30 November 2018: £nil).

7. Tax

Continued Operations

	Unaudited Half year to 30 November 2019 £m	Unaudited Half year to 30 November 2018 £m	Audited Year to 31 May 2019 £m
United Kingdom	**3.2**	3.0	4.0
Overseas	**2.9**	4.3	7.0
	6.1	7.3	11.0

Income tax expense on discontinued operations is £nil for half year to 30 November 2019 (30 November 2018: £0.2m, 31 May 2019: £0.2m)

Income tax expense is recognised based on management's best estimate of the annual tax rate expected for the full financial year. The estimated average annual tax rate to be used for the year ending 31 May 2020, before exceptional items, is 24.1% (the tax rate for the half year ended 30 November 2018 was 26.8%) and the effective tax rate to be used, post-exceptional items, is 17.5% (30 November 2018: 28.1%).

The 2019 Finance Bill in Nigeria was signed on 13 January 2020, which will mainly impact minimum tax rules & VAT. We are currently assessing the impact on our business but based on our initial review we do not expect it to have a material impact.

Gross-Up of Uncertain Tax Positions

The Group holds a number of uncertain tax positions within the Group's current tax liability which represents the Group's estimated cash tax outflow should any of these risks crystallise. A number of these tax liabilities are in fact a net position, made up of a liability which would be payable to one competent authority and a corresponding asset which would be recoverable from another competent authority. For the period ended 30 November 2019, the Group has reclassified these corresponding assets into non-current assets. This adjustment has increased non-current assets by £6.4m with a corresponding reduction in current liabilities of the same amount. This revised presentation better reflects the facts and circumstances around these specific uncertain tax positions. It should be noted that this adjustment has had no impact on the income statement, net assets or cash flow of the Group for the period ended 30 November 2019.

8. Dividends

An interim dividend of 2.67p per share for the half year to 30 November 2019 (2018: 2.67p) has been declared totalling £11.2 million (2018: £11.2 million) and is payable on 6 April 2020 to shareholders on the register at the close of business on 14 February 2020. 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 2019 of 5.61p per share, totalling £23.5 million, was approved by shareholders at the Annual General Meeting of the Company and paid on 30 September 2019.

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 2019	Unaudited Half year to 30 November 2018	Audited Year to 31 May 2019
Basic weighted average (000)	**418,354**	418,323	418,332
Diluted weighted average (000)	**418,355**	418,324	418,332

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 Deferred Annual Share Bonus Scheme, 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 2019	Unaudited Half year to 30 November 2018	Audited Year to 31 May 2019
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)	**(10,371)**	(10,402)	(10,393)
Basic weighted average number of Ordinary Shares in issue during the period (000)	**418,354**	418,323	418,332
Dilutive effect of share incentive plans (000)	**1**	1	-
Diluted weighted average number of Ordinary Shares in issue during the period (000)	**418,355**	418,324	418,332

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

	Unaudited Half year to 30 November 2019	Unaudited Half year to 30 November 2018	Audited Year to 31 May 2019
Basic earnings per share:			
- Adjusted basic earnings per share	**5.33p**	5.67p	13.01p
- Exceptional items	**1.77p**	(1.10p)	(6.77p)
Basic earnings per share	**7.10p**	4.57p	6.24p
Diluted earnings per share:			
- Adjusted diluted earnings per share	**5.33p**	5.67p	13.01p
- Exceptional items	**1.77p**	(1.10p)	(6.77p)
Diluted earnings per share	**7.10p**	4.57p	6.24p

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

	Unaudited Half year to 30 November 2019	Unaudited Half year to 30 November 2018	Audited Year to 31 May 2019
	£m	£m	£m
Profit attributable to owners of the Parent	**29.7**	19.1	26.1
Exceptional items (net of taxation effect)	**(7.4)**	4.6	28.3
Adjusted profit after tax	**22.3**	23.7	54.4

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

	Unaudited	Unaudited	Audited
	Half year to 30 November 2019	Half year to 30 November 2018	Year to 31 May 2019
	£m	£m	£m
Profit before tax	**34.9**	26.7	37.0
Adjustment for net finance costs (note 5)	**2.3**	2.6	6.7
Operating profit	**37.2**	29.3	43.7
Depreciation (note 2 & 6)	**9.2**	8.7	16.9
Amortisation (note 6)	**3.2**	3.1	6.2
Impairment loss on intangible assets	**3.1**	-	24.8
Impairment loss on tangible assets	**-**	-	1.4
Profit on sale of assets	**0.1**	-	(3.5)
Profit on disposal of companies & businesses	**(13.1)**	-	-
Difference between pension charge and cash contributions	**(3.1)**	(1.0)	(6.2)
Hedge movements	**(0.2)**	-	-
Share of results from joint ventures	**(1.8)**	(0.6)	(2.3)
Operating cash flows before movements in working capital	**34.6**	39.5	81.0
Movements in working capital:			
Inventories	**(1.2)**	(18.6)	(0.1)
Trade and other receivables	**4.2**	(2.5)	7.5
Trade and other payables	**(13.0)**	15.2	(4.9)
Provisions	**(0.2)**	-	(0.6)
Cash generated from operations	**24.4**	33.6	82.9

11. Net debt reconciliation

Group net debt, comprises the following:

	Audited	Unaudited	Unaudited	**Unaudited**
	1 June 2019 £m	Cash flow £m	Foreign exchange movements £m	**30 November 2019 £m**
Cash at bank and in hand	50.7	(10.0)	(1.0)	**39.7**
Short term deposits	2.8	(1.0)	-	**1.8**
Cash and cash equivalents	53.5	(11.0)	(1.0)	**41.5**
Current asset investments	0.3	-	-	**0.3**
Loans due within one year	(2.0)	2.0	-	**-**
Loans due over one year	(204.0)	26.0	-	**(178.0)**
Net debt	(152.2)	17.0	(1.0)	**(136.2)**

Loans due over one year include the Group's main borrowing facility which was renewed during the year ended 31 May 2019. This is provided by a syndicate of lenders in the form of a £325 million Revolving Credit Facility committed until 28 November 2023. The Group also has access to uncommitted working capital facilities amounting to £132.6 million.

Overdrafts do not form part of the Group's main borrowing facility and only arise as part of the Group's composite banking arrangements with key banking partners. Under the terms of this arrangement, cash and overdraft balances recognised by the Overdraft's Obligor Group are considered as one cash pool with the net position being monitored by the Directors and Lenders.

Any IFRS16 liabilities have been excluded from the Net Debt number to support comparison with the prior period.

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 'Employee Benefits (revised)' and are as follows:

	Unaudited 30 November 2019 £m	Unaudited 30 November 2018 £m	Audited 31 May 2019 £m
UK schemes in surplus	**93.6**	81.5	92.2
UK schemes in deficit	**(4.5)**	(4.1)	(4.5)
Restriction due to asset ceiling	**(55.3)**	(54.7)	(55.9)
Net UK position	**33.8**	22.7	31.8
Overseas schemes	**(7.0)**	(7.4)	(6.8)
	26.8	15.3	25.0

The Group has four 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 condensed consolidated financial statements and amended where appropriate from those applied at 31 May 2019. The key assumptions made were:

	Unaudited Half year to 30 November 2019 % per annum	Unaudited Half year to 30 November 2018 % per annum	Audited Year to 31 May 2019 % per annum
Rate of increase in retirement benefits in payment	**2.80%**	3.05%	3.00%
Discount rate	**2.00%**	3.10%	2.35%
Inflation assumption	**2.85%**	3.25%	3.15%

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

	Unaudited 30 November 2019 £m	Unaudited 30 November 2018 £m
Retirement benefit surplus as at 1 June	**31.8**	29.1
Net pension interest income	**0.4**	0.4
Past service cost	**-**	(2.0)
Administration expenses paid by the schemes	**(0.2)**	(0.2)
Contributions paid	**3.0**	3.0
Employer direct benefit payments	**0.1**	0.1
Remeasurement (loss)/gain due to changes in financial assumptions	**(7.7)**	5.0
Gain/(loss) on scheme assets (excluding interest income)	**5.1**	(15.8)
Changes in asset ceiling (including interest)	**1.3**	3.1
Retirement benefit surplus as at 30 November	**33.8**	22.7

13. Financial risk management and financial instruments

The Group's operations expose it to a variety of financial risks including foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's treasury policy addresses issues of liquidity, funding and investment as well as currency, credit, liquidity and interest rate 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 2019. 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. In deriving the fair value, the derivative financial instruments are classified as level 1, level 2 or level 3 dependent on the valuation method applied in determining their fair value.

The different levels are defined as follows:

Level	
1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
3	Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

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 2019 and 30 November 2018 and the year ended 31 May 2019 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	Unaudited	Audited
	Half year to 30 November 2019	Half year to 30 November 2018	Year to 31 May 2019
	£m	£m	£m
Assets			
Foreign currency forward contracts	**1.3**	0.5	1.6
Liabilities			
Foreign currency forward contracts	**0.7**	(0.3)	1.0

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

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

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

ii) Fair value measurement

Level 2 trading and hedging derivatives comprise forward foreign currency exchange contracts. The fair value of forward foreign currency exchange contracts is determined using forward currency exchange rates quoted in an active market at the Balance Sheet date. The Group has considered but deemed the impact of discounting level 2 derivatives that mature in the next 12 months as generally insignificant.

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 2019 the outstanding loan balance receivable from PZ Wilmar Limited was £33.3 million (30 November 2018: £26.7 million) and from PZ Wilmar Food Limited was £7.9 million (30 November 2018: £8.1 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 £nil (30 November 2018: £nil). At 30 November 2019 the outstanding trade receivable balance from PZ Wilmar Limited was £1.0 million (30 November 2018: £2.1 million).

- At 30 November 2019 the outstanding other receivable balance from PZ Wilmar Limited was £nil (30 November 2018: £nil). These receivables related 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 2019 (30 November 2018: £nil) and no charge to the income statement in respect of doubtful related party receivables (30 November 2018: £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 2019 the outstanding other receivable balance from Wilmar PZ International Pte Limited was £0.3 million (30 November 2018: £4.3 million). These receivables relate to services provided by subsidiary companies to Wilmar PZ International Pte Limited.

15. Discontinued operations

On 28th August 2019, the Group entered into a sale agreement to dispose of Minerva S.A., which carried out the Group's food and nutrition operations in Greece as part of the Europe and the Americas regional segment. The disposal was effected as part of the Group's strategy to dispose of non-core brands and activities as part of Focus, Scale and Accelerate. The disposal was completed on 30th September 2019, on which date control of Minerva S.A. passed to the acquirer.

The Group has also agreed in principal the sale of the Polish Personal Care brand Luksja. This sale is subject to approval by the competition authorities. The sale agreement includes the sale of the inventory holding of PZ Polska SA, which has a value of £2.4m as at 30 November 2019. This asset has therefore been classified as 'held for sale' in accordance with IFRS 5.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Unaudited	Unaudited	Audited
	30 November 2019	30 November 2018	31 May 2019
	£m	£m	£m
Revenue	**22.0**	32.3	62.8
Expenses	**(21.8)**	(31.4)	(59.9)
Profit before tax	**0.2**	0.9	2.9
Attributable tax expense	**-**	(0.2)	(0.2)
	0.2	0.7	2.7
Profit on disposal of discontinued operations	**8.3**	-	-
Attributable tax expense	**-**	-	-
Net profit attributable to discontinued operations (attributable to owners of the Company)	**8.5**	0.7	2.7

15. Discontinued operations (continued)

The results of the discontinued operations, which have been included in the consolidated cash flow statement, were as follows:

	Unaudited	Unaudited	Audited
	30 November 2019	30 November 2018	31 May 2019
	£m	£m	£m
Net cash generated from operating activities	**1.6**	1.7	3.6
Net cash used in investing activities	**0.1**	(1.5)	(2.1)
Net cash used in financing activities	**-**	-	0.2
Net increase in cash and cash equivalents	**1.7**	0.2	1.7
Cash and cash equivalents at the beginning of the period	**5.2**	3.5	3.5
Effect of foreign exchange rates	**-**	-	-
Cash and cash equivalents at the end of the period	**6.9**	3.7	5.2

16. Disposal of subsidiary

As referred to in Note 15, on 30th September 2019 the Group disposed of its interest in Minerva S.A.. The net assets of Minerva S.A. at the date of disposal were as follows:

	Unaudited
	30 Sept 2019
	£m
Property, plant and equipment	**15.2**
Inventories	**9.2**
Trade receivable	**10.2**
Bank balances and cash	**5.7**
Deferred tax liability	**(3.3)**
Trade payables	**(10.2)**
Attributable goodwill and intangibles	**10.2**
Total net assets	**37.0**
Impairment of software relating to disposed subsidiary held by Group Company	**3.1**
Deal fees incurred by Group Company	**1.5**
Historical currency reserve crystallised on disposal	**(9.7)**
Historical revaluation reserve crystallised on disposal	**0.7**
Profit on disposal of discontinued operations	**8.3**
Total consideration	**40.9**
Satisfied by:	
Cash and cash equivalents	**40.9**
Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents	**40.9**
Less: Cash and cash equivalents disposed of	**(5.7)**
Deal fees incurred	**(1.5)**
	33.7

There were no disposals of subsidiaries made in 2018.
The impact of Minerva S.A. on the Group's results in the current and prior period is disclosed in note 15.
The gain on disposal is included in the profit for the year from discontinued operations (note 15).

17. 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.

18. 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 Group's risk management framework is explained on page 45 of our 2019 Strategic Report which is available on our website at www.pzcussons.com. The Board assumes overall accountability for the management of risk whilst the Audit & Risk Committee continues to monitor and review the effectiveness of the Group's risk management and internal control systems. The Executive Leadership Team ensures that the risk management framework is embedded and operates throughout the Group and regularly reviews both the regional and consolidated risk registers, verifying appropriate mitigation activities are operating effectively.

The identified principal risks are considered largely unchanged from those outlined on pages 48 to 49 of our 2019 Strategic Report. These are: consumer, customer and economic trends, IT and information security, sustainability and environment, legal and regulatory compliance, talent retention, business transformation, consumer safety, supply chain and logistics and treasury and tax.

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 32. A list of current Directors is maintained on the PZ Cussons Plc website.

By order of the Board

Mr S Plant
Company Secretary
28 January 2020

PZ CUSSONS PLC

Directors

Chair
C Silver * (Executive Chair from 31st January 2020)

Chief Executive
G Kanellis (retirement from 31st January 2020)

J Maiden *
J Nicolson *
H Owers *
T Minick-Scokalo * (on leave of absence)
D Kucz *
K Bashforth *
P Grimwood *

* Non-executive

Secretary
S Plant

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