23rd September 2020

FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2020

Strengthening of balance sheet amid mixed performance

PZ Cussons Plc, a leading international consumer products group, announces its final results for the year ended 31 May 2020.

Results	**Year ended 31 May 2020**	(Restated)* Year ended 31 May 2019	Reported % change	Constant currency % change[2]
Revenue from continuing operations	**£587.2m**	£603.0m	(2.6%)	(2.4%)
Adjusted[1] operating profit from continuing operations	**£66.1m**	£78.5m	(15.8%)	(16.0%)
Adjusted[1] profit before tax from continuing operations	**£62.0m**	£72.3m	(14.3%)	(14.5%)
Adjusted[1] profit for the period from continuing operations	**£47.3m**	£56.4m	(16.1%)	
Adjusted[1] basic earnings per share	**11.59p**	12.91p		
Net debt[3]	**(£49.2m)**	(£153.8m)		
Reported results (IFRS) (after exceptional items)				
Revenue from continuing operations	**£587.2m**	£603.0m	(2.6%)	
Operating profit from continuing operations	**£33.4m**	£49.8m	(32.9%)	
Profit before tax from continuing operations	**£29.3m**	£43.6m	(32.8%)	
Profit for the period from continuing operations	**£19.6m**	£32.1m	(38.9%)	
Basic earnings per share	**4.61p**	6.14p		
Total dividend per share	**5.80p**	8.28p		

[1] Exceptional items before tax (2020: cost £32.7m; 2019: cost £28.7m) are detailed in note 2.
[2] Constant currency comparison. See page 5 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 £13.8m (refer to note 11).
IFRS 16 was adopted on 1 June 2019 for statutory reporting using the modified retrospective approach and therefore prior year figures have not been restated for the impact of IFRS 16
*The results for the year ended 31 May 2019 have been restated to reflect discontinued operations and prior year adjustments. Further details are set out in note 9 and note 11.

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

Group

- Progress on strategy with three disposals announced this year, growth in Focus Brand revenue and reduction in organisational complexity.
- Moderate decline in revenue of 2.4% largely driven by Nigeria and the mixed impact of COVID-19 on our business.
- Focus Brand revenue grew compared to last year by 3.3% principally driven by Carex performance in Q4.
- Adjusted operating profit of £66.1m, 16.0% lower, resulting from losses in Nigeria, decline in Beauty and lower profits in Australia offsetting excellent results in the UK and Indonesia.
- Adjusted profit before tax £62.0m, a reduction of 14.5% reflecting the reduced adjusted operating profit partially offset by a lower interest charge.
- Reported profit before tax declined to £29.3m or 32.8%, largely due to the non-cash impairment of five:am and Rafferty's Garden offsetting profits on disposal of our operations in Greece and brand in Poland.
- Balance sheet significantly strengthened, with net debt of £49.2m versus £153.8m compared to last year, a net debt to adjusted EBITDA ratio of 0.6 times and external financing headroom at 31st May 2020 of £198m.
- Full year dividend at 5.80p to enable a more sustainable level and provide the capacity for investment in our key brands and in new opportunities such as hygiene amid COVID-19 related uncertainty.

Europe & the Americas

- Strong growth in revenue of 6.2%, reflecting an excellent performance in UK Personal Care partially offset by COVID-19 related decline in Beauty. Achieved market leadership in UK in washing and bathing category with Carex #1 brand.
- Imperial Leather and Original Source were adversely impacted by COVID-19 capacity constraints, prioritisation of Carex and contraction in shower category.
- Adjusted operating profit at £55.0m, 0.9% ahead of last year with growth in the UK offsetting decline in Beauty.
- Disposal of business in Greece for £40.9m and Polish Personal Care brand Luksja for £9.2m. These have been treated as discontinued operations in these results.

Asia Pacific

- Revenue declined by 3.7% driven by Australia with a stable performance in Indonesia.
- Market share growth in Indonesia and Australia Home Care category.
- Morning Fresh grew revenue and Cussons Baby was stable, while Food and Nutrition in Australia declined.
- Excellent results in Indonesia were offset by a lower top line and foreign exchange in Australia resulting in a decline in adjusted operating profit of 9.4%.
- Non-cash impairment of £36.6m driven by the impairment of Rafferty's Garden and five:am.

Africa

- Continued decline in Home and Personal Care value brands, adverse impact of COVID-19 and a challenging Nigerian economy resulted in revenue declining by 9.7%.
- Morning Fresh continued to grow but was offset by the decline of Premier and other brands.
- Adjusted operating loss of £7.4m due to lower revenue and margin in Nigeria together with the adverse impact of devaluation and some COVID-19 related costs.
- Growth in profit in Kenya, Ghana and our associate, PZ Wilmar.
- Announcement of disposal of Nutricima, our Nigerian milk business, for $20.3m (£15.6m). Nutricima is held as a discontinued operation with its assets and liabilities shown as held for sale at 31st May 2020.

Outlook

COVID-19 and its aftermath in terms of both economic factors and consumer confidence will clearly continue to have a significant impact on the consumption of our Personal Care, Home Care and Beauty products.

Despite the renewed momentum of our business in the first quarter of FY21 we expect volatility and risk to continue as well as increased investment in our brands and capabilities as we prepare for a multi-year turnaround of the business, starting with a comprehensive review of our strategy.

Commenting today, Caroline Silver (Chair) said:

''There is no doubt that this was one of the most challenging periods that the company has faced across its long history. Having reviewed our strategy last year, we expected there to be a period of transition and change as we moved to reset our business model and create the conditions to improve performance. Onto this however was added the immense challenges of responding to the global COVID-19 pandemic, which fully encompassed the final quarter of our financial year. We could not be more proud of the way that all our people responded, and on behalf of the Board I thank them for their incredible hard work, commitment and efforts.

Overall, it was a mixed year in terms of performance. We have taken key steps towards returning the Group to growth, including welcoming Jonathan Myers, our new Chief Executive Officer on 1 May 2020. We have made progress against the strategy that we set out last year, but there is more to do. We have shown that we can be swift to see opportunities, can move fast and are willing and able to take action. We saw extraordinary outperformance for Carex in the final quarter tempered with very difficult conditions in Beauty, both as a result of the coronavirus pandemic. Indonesia continued to perform well, but results in Nigeria remained very disappointing''.

The Board is recommending a final dividend of 3.13p (2019: 5.61p) per share, making a total of 5.80p (2019: 8.28p) per share for the year. The decrease primarily reflects the need to reset our dividend coverage to a more sustainable level. This will provide the business with the capacity for incremental investment in our key brands and in new opportunities such as hygiene amid COVID-19 related uncertainty. Subject to approval at the AGM, the final dividend will be paid on 3rd December 2020 to shareholders on the register at the close of business on 9th October 2020."

We enter this year with a stronger base to work from and new leadership. Our financial position, in terms of net debt and working capital management, is robust. We have significant opportunities in the increasingly important hygiene category and across Beauty as our business recovers. The restructuring of our Nigerian business, also under new leadership, is underway. There are plenty of uncertainties in the macroeconomic environment, but we have taken, and will continue to take, decisive actions to drive our return to growth''.

Press Enquiries

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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 consistent 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 the impairment of five:am and Rafferty's Garden, costs relating to the previously identified Group Strategy project and the continuation of costs associated with the Group Structure and Systems project, offset by the profit on the sale of the business in Greece and Poland.

Following the announcement in December 2019 of the retirement of Chief Executive Officer, Alex Kanellis, certain matters were brought to the attention of the Company which were subsequently announced in an RNS of 2 April 2020. As soon as it became aware of these matters, the Board immediately initiated an independent investigation, led by external law firm Addleshaw Goddard LLP, which is now complete. Following the investigation, the Committee determined it appropriate to engage KPMG to perform a wider review of the Group's controls environment, which has also been concluded. The KPMG review did not result in any findings which had led to any material misstatements, but it highlighted a number of opportunities for key controls to be improved or evolved. Management has prepared and the Board has endorsed a detailed action plan responding to each of the recommendations made by KPMG with clear executive ownership and timelines for each recommendation.

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 2019 result using 2020 foreign currency exchange rates. The translational impact was a £1.1 million loss on revenue, a £0.2 million gain on adjusting operating profit, and a £0.2 million gain on adjusted profit before tax.

Prior Year Adjustments

In preparing these Financial Statements, management have identified a small number of errors relating to prior periods. Accordingly, prior year adjustments have been made. These prior year adjustments reflect historical errors relating to the accounting for the effects of changes in foreign exchange rates, intercompany transactions and the recognition of reserves.

Progress Against Strategy Launched in July 2019

Our strategy announced in July 2019 aimed firstly to focus investment on our core Personal Care and Beauty brands, simplify our Nigerian operations and 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 ambition is to grow our Focus Brand revenue on an annual basis between 2 and 4%. 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

We achieved revenue growth of 3.3% across our Focus Brands compared to last year. This was driven largely by the outstanding performance of Carex in the UK with Morning Fresh also increasing sales in its respective markets. St Tropez and to a lesser extent Sanctuary were impacted adversely by COVID-19 due to the lockdown eliminating social gatherings and closing retail and disproportionately impacting results due to seasonality . Both Imperial Leather and Original Source declined in the first half reflecting consumer uncertainty and lower footfall in the UK and were impacted in the final quarter by the contraction in the shower category and the focus of the business to produce Carex given limitations in our supply chain as a result of the pandemic. Cussons Baby in Indonesia delivered a robust performance but was impacted by the reduced number of selling days this year while the brand in Nigeria was impacted by COVID-19 after growth in the first half of the year. Premier in Nigeria continued to decline and lost market share. Rafferty's Garden in Australia was relaunched and this led to a flattening of the decline in market share but the brand failed to significantly grow in China. Electricals growth in the first half was curtailed by COVID-19 and overall the revenue result was in line with the prior year.

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 which towards the end of this financial year included the following: a reduction in the senior management headcount which will focus all our categories under one leadership team, a review of our portfolio leading to a reduction in the number of SKUs and a working capital programme which has seen a strong improvement in trade receivables and a reduction in stock.

Regarding our operational partnerships in Nigeria we saw a stable revenue performance but a decline in Electricals profits driven by devaluation, higher costs due to the continuation of the Lagos Port issues and competitive pricing. At PZ Wilmar, where we account for our share of profit after tax only, we saw an increase in profitability due to higher sales as demand for food products increased as a result of COVID-19.

3) Disposal of non-core brands and activities

Progress was made on the reshaping of our activities with the disposal of both the business in Greece for £40.9m and our Polish Personal Care brand Luksja for £9.2m. We also announced the disposal of Nutricima, our Nigerian milk business, for $20.3m (£15.6m) which we expect to complete at the end of September 2020 following competition clearance and shareholder approvals. Furthermore we also simplified our organisation design with the elimination of roles at Head Office and the disbanding of regional structures. 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 £587.2m declined moderately by 2.4% with growth in the Europe & the Americas region offset by reductions in both the Africa and Asia Pacific regions. COVID-19 had a mixed impact on Group revenue resulting in an outstanding performance in the UK largely offset by the decline in Beauty, Nigeria and Australia with a stable performance in Indonesia.

Adjusted operating profit at £66.1m was 16.0% lower than prior year. Losses in Nigeria were driven by lower revenue and margins of our Nigerian value brands, the impact of devaluation and higher costs associated with COVID-19. Profits declined in our Beauty division with results impacted by COVID-19 while in Australia the strong performance in the Home Care category was not enough to offset foreign exchange, the impact of the pandemic on the beauty category and the high level of promotional spend. This was mitigated by the outstanding performance in the UK and the continuation of excellent profit growth in Indonesia.

On an IFRS basis, reported operating profit was £33.4m (2019: £49.8m), with the decline versus adjusted profit largely reflecting the non-cash impairments of five:am and Rafferty's Garden. The impairment of five:am reflects the revision of forecasts for the future as a result of increased competition, the de-listing of our Simply range and a more negative outlook on category and macroeconomic assumptions. The impairment of Rafferty's Garden reflects the disappointing results of attempts in China to grow the brand and a more negative outlook on category and macroeconomic assumptions partially offset by some success in the relaunch of the brand in Australia this year. These impairments are partially offset by the exceptional profit on disposal of our business and brand in Greece and Poland respectively.

We expect the Nutricima disposal to complete by the end of September with cash proceeds largely offsetting the asset value. Following completion of the transaction, a loss of £34.2m, which will be included within exceptional items, will be recognised in relation to the unwinding of the accounting for historic foreign exchange reserves.

Continuing operations

Revenue (£m)	**2020**	(Restated)* 2019	Reported % change	Constant currency % change[1]
Europe & the Americas	**214.5**	201.2	6.6%	6.2%
Asia Pacific	**185.2**	193.0	(4.0%)	(3.7%)
Africa	**187.5**	208.8	(10.2%)	(9.7%)
	587.2	603.0	(2.6%)	(2.4%)

Adjusted operating profit/(loss) before exceptional items[2] (£m)	**2020**	(Restated)* 2019	Reported % change	Constant currency % change[1]
Europe & the Americas	**55.0**	54.2	1.5%	0.9%
Asia Pacific	**18.5**	20.4	(9.3%)	(9.4%)
Africa	**(7.4)**	3.9	(289.7%)	(291.3%)
	66.1	78.5	(15.8%)	(16.0%)

Reported (IFRS) operating profit/(loss) after exceptional items[2] (£m)	**2020**	(Restated)* 2019	Reported % change	Constant currency % change[1]
Europe & the Americas	**61.2**	46.9	30.5%	30.0%
Asia Pacific	**(19.5)**	(3.3)	(490.9%)	(724.6%)
Africa	**(8.3)**	6.2	(233.8%)	(239.9%)
	33.4	49.8	(32.9%)	(33.9%)

[1] Constant currency comparison.
[2] Exceptional items before tax (2020: cost £32.7m; 2019: cost £28.7m) are detailed in note 2.
*The results for the year ended 31 May 2019 have been restated to reflect discontinued operations and prior year adjustments. Further details are set out in note 9 and note 11.

EUROPE & THE AMERICAS

Revenue at £214.5m (2019: £201.2m) grew by 6.2% versus prior year with growth in adjusted operating profit to £55.0m (2019: £54.2m).

UK Personal Care in the first nine months was adversely impacted by the decline in consumer confidence amid Brexit while our final quarter saw significant demand for our Carex brand as a result of the COVID-19 pandemic. The COVID-19 pandemic has seen consumers especially in the hygiene category favour those tried and trusted brands such as Carex.

PZ Cussons became the #1 in value and volume share terms in the washing and bathing category in the UK (Kantar 52 weeks to 17 May 2020). The COVID-19 pandemic has seen our trade partners and consumers reach for Carex which has a strong heritage and performance in antibacterial wash and sanitiser. Imperial Leather and Original Source also posted robust share results and hold the #3 and #6 positions in the category respectively.

The UK enjoyed an outstanding set of results growing revenue strongly this year as a result of the performance of the Carex brand. In the first half of the year Carex was back on TV after a number of years mainly to focus on the brand's hygiene credentials and contribution to society at large through the 'Mummy Diaries' and 'That's why we Carex' advertising campaign. The brand has a keen sense of social purpose and the 'That's why we Carex' campaign was increased during the height of the COVID-19 pandemic to support those most at risk in our communities. In addition this year saw a focus on the Eco refill system with consumer demand growing significantly compared to last year. To combat the impact of COVID-19, Carex launched a 300ml hand sanitizer from concept to store within six weeks. This has proven popular with both consumers and the trade as well as helping to keep the nation safe.

Both Original Source and Imperial Leather declined in revenue compared to last year partly as a result of the market contraction in the shower and bath products and also as a result of COVID-19 related capacity constraints with the prioritisation of Carex.

Original Source continues to focus on its natural credentials and this was reflected in our newly launched products using hemp and sea salt. The brand continues to be the UK #1 vegan shower gel. Imperial Leather implemented the 'Full of Wonderful campaign' this year which saw launches across our shower and bath range and also continued the innovative partnership with Skinny-Dip, further growing the Foamburst franchise. However these activities were all eclipsed by the impact of COVID-19 in the final quarter of the financial year.

Beauty revenue declined compared to last year. Revenue in the first nine months was impacted by lower consumer confidence in the UK while COVID-19 disproportionately impacted results due to the seasonality of revenue specifically in the US. Furthermore COVID-19 led to the cancellation of marketing activities in the US and UK in particular for St Tropez. St Tropez in the UK posted a small decline in market share driven by increased promotion and distribution by value competitors and the lower performance of our main trade partner. In the US prior to COVID-19 market share continued to grow. We lead this category in the US and the UK and have key marketing activities in the next financial year.

Sanctuary revenue declined versus last year. The negative impact of COVID-19 and decline in the Christmas gifting category were partially offset by the performance of our hero products, the move to year round gifting activities and the development of the brand through new trade channels. This year we launched new Sanctuary products in wellness, continuing to build hero products based on our heritage. In addition Sanctuary has continued to perform well online as well as extending distribution to further traditional retailers. As part of our COVID-19 initiatives we continued our Sanctuary donation programme to front line workers in the NHS.

Our hair brands revenue declined in the first nine months of the year and were also significantly impacted adversely with the closure of hair salons in the UK as a result of COVID-19.

Digital continues to be a key platform for our Beauty brands. Our digital sales increased again year-on-year to around 20% of our total revenue as we continue to grow our digital route to market. In June 2020 post year-end we launched D2C websites for some of our Beauty brands in collaboration with the Hut Group.

Adjusted operating profit for the region grew due to the revenue performance in the UK and specifically Carex offsetting the COVID-19 related decline of Beauty together with increased head office costs associated with investment in digital and other overheads. As noted in the interim results the region also benefited from a profit on the disposal of non-core brands.

On an IFRS basis, reported operating profit was £61.2m (2019: £46.9m), the improvement versus adjusted profit being mainly driven by a profit on disposal of our business and brand in Greece and Poland respectively. See note 9 for further details.

ASIA PACIFIC

Revenue at £185.2m (2019: £193.0m) declined by 3.7%, with adjusted operating profit at £18.5m (2019: £20.4m), a decrease of 9.4%.

Cussons Baby market share in Indonesia continued to grow. In Australia Morning Fresh performed strongly especially as a result of COVID-19 and also grew share this year. Rafferty's Garden remains the market leader but lost share, although the rate of decline was reduced by the restage of the brand in the latter half of the financial year.

In Indonesia, revenue was stable despite a reduction in the number of trading days associated with Lebaran this financial year and some volatility due to COVID-19. The first nine months of the year saw an increase in our higher margin hair care and creams, with the impact of COVID-19 changing the focus more to the hygiene products in the portfolio in the final quarter of the year. This year we continued to see the previous year's innovation of 'Happy fresh' grow and in addition the launch of products aimed at the newborn segment of the market which will be a focus for the future.

Our manufacturing site in Indonesia was impacted by the severe flooding in Jakarta on 31 December 2019 and an excellent response by our employees led to full operational status being restored by 8 January 2020. We stated in our interim accounts that initial indications were that costs associated with this disruption were not material, which proved to be the case.

Australia revenue was lower largely due to the decline in our food brands, the high level of promotional activity and the impact of COVID-19 on our beauty category in the final quarter of the year. This offset a strong performance by Morning Fresh with revenue growth supported by additional marketing activities, increase in price and COVID-19 demand. We also saw a strong performance by our other Home Care brand Radiant which grew market share as well as revenue. The Rafferty's Garden brand was restaged in the second half of the year with a new range, new packaging and increased healthy offers in the wet food segment and snacking. Though the brand declined in revenue compared to last year the rate reduced post the restage and some initial COVID-19 related purchasing.

Adjusted operating profit at £18.5m (2019: £20.4m) declined by 9.4%, with excellent growth in Indonesia driven by improved mix largely offset by the performance in Australia which was further impacted by foreign exchange movements.

On an IFRS basis, reported operating loss was £19.5m (2019: £3.3m) driven by the non-cash impairment associated with the Rafferty's Garden and five:am brands. The impairment of five:am reflects the revision of forecasts as a result of increased competition, the de-listing of our Simply range and a more negative outlook on category and macroeconomic assumptions. The impairment of Rafferty's Garden reflects the disappointing results in China to grow the brand, a more negative outlook on category and macroeconomic assumptions partially offset by some success in the relaunch of the brand in Australia this year. See note 7 on page 21 for further details.

AFRICA

Revenue at £187.5m (2019: £208.8m) declined by 9.7% versus prior year with an adjusted operating loss of £7.4m (2019: profit £3.9m).

Revenue in Nigeria was hampered by the continuation of adverse economic conditions, worsening in the final quarter of the financial year as a result of the decline in oil prices and the impact of COVID-19 which led to the initial closure of the open markets, difficulties in transporting products around the country and a focus by the consumer on food products. We have seen a corresponding contraction in our mass market Home and Personal Care brands resulting in price reductions and discounting and ultimately lower margins for the industry.

Morning Fresh grew revenue strongly reflecting price increases and improved distribution in the market. Cussons Baby was adversely impacted by COVID-19 in the final quarter of the financial year as consumers focused on other categories despite delivering a strong first half set of results. The Premier brand declined in revenue despite the relaunch of the Cool and Core variants driven by down-trading, discounting and in the final months of the year, the closure of the traditional open markets and other COVID-19 related impacts.

Electricals revenue was overall flat compared to last year, supported by a strong energy saving proposition. In the final months of the financial year, as a result of COVID-19, the closure of many retail points and focus of consumer spending on other categories offset good performance earlier in the year.

Overall the Africa adjusted operating loss was due to decline in our Home and Personal Care categories in Nigeria as a result of pricing and promotional pressure and accelerated in Q4 as a result of COVID-19 and associated restrictions in the country. Losses increased through the accounting impact of the devaluation in April 2020 and some COVID-19 related costs. The pandemic has prompted us to review key provisions on the balance sheet regarding stock and debtors.

This offset growth in adjusted operating profit in Kenya driven by a good revenue performance. Cost savings and sale of assets contributed towards an improvement in profit from Ghana while our joint venture PZ Wilmar produced higher adjusted operating profit reflecting increased availability of palm oil to process and the COVID-19 related demand for food products.

On an IFRS basis, the reported operating loss was £8.3m (2019: reported operating profit of £6.2m) largely driven by the operational performance in Nigeria.

FINANCIAL REVIEW

Group adjusted operating margin was 11.3% (2019:13.0%) on adjusted operating profit of £66.1m (2019: £78.5m) from revenue of £587.2m (2019: £603.0m). Despite COVID-19 impact in the final quarter, margins remain largely in line with last year apart from Africa where losses drove a decline for the Group overall.

In Europe & the Americas at constant currency adjusted operating margin was 25.7% (2019: 27.0%), with the region delivering strong margins despite the COVID-19 related decline of Beauty in the final quarter. The region benefited from the performance of Carex, a reduction in the intensity of promotional spend and a focus on higher margin products which all contributed to offset the adverse impact from decline in Beauty which traditionally enjoys the highest margins in the Group. In Asia Pacific at constant currency adjusted operating margin was 10.0% (2019: 10.6%), with the decline driven by results in Australia due to reduced revenues in the Beauty category and the adverse impact of foreign exchange partially offset by an increase in the margin in Indonesia. In Africa at constant currency, adjusted operating margin declined to a loss of 3.9% (2019: 1.9% profit) as a result of reduced margins in key brands, the impact of COVID-19 and continued high structural costs and promotional spend.

Net finance costs of £4.1m (2019: £6.2m) 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. We continue to reduce draw downs on our £325m credit facility which had a headroom at 31st May 2020 of £198m (2019: £121m).

Adjusted profit before tax at £62.0m (2019: £72.3m) reflected the reduced revenue and lower adjusted operating margin partially offset by lower finance costs.

The effective tax rate on adjusted profit was 23.7% (2019: 22.0%). The increase in the effective tax rate is driven by recent changes in legislation in Nigeria where tax is due despite losses and in the UK where a future reduction in the rate of corporate tax has been revised.

Adjusted earnings per share of 11.59p (2019: 12.91p) decreased by 10.2% as a result of the lower profit, together with an increase in the effective tax rate.

Net exceptional costs of £32.7m (2019: costs of £28.7m) reflect the non-cash impairment of our Raffertys Garden and five:am intangible assets and costs associated with the Group Strategy project and the Group Structure and Systems project partially offset by profit on disposals in Greece and Poland. Nutricima is held as a discontinued operation with its assets and liabilities shown as held for sale at 31st May 2020. We expect this disposal to complete by the end of September 2020 with cash proceeds largely offsetting the asset value. Following completion of the transaction, a loss of £34.2m, which will be included within exceptional items, will be recognised in relation to the unwinding of the accounting for historic foreign exchange reserves. In addition, during the period the Group incurred costs relating to the second year of the Group Structure and Systems project. See note 2 for further details on exceptional items.

On an IFRS basis, reported profit before tax was £29.3m (2019: £43.6m) with earnings per share of 4.61p (2019: 6.14p), a decline of 24.9% 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 and excluding IFRS 16 lease liabilities, at £49.2m (2019: £153.8m) reduced due to proceeds from the disposals and increased focus across the business on managing working capital and capital expenditure.

Total free cash flow, defined as cash generated from operating activities less capital expenditure, was £131.0m (2019: £68.8m) with a conversion rate of 143.0% (2019: 72.1%) demonstrating the strong cash management in the year. The conversion rate is defined as total free cash flow as a percentage of adjusted EBITDA. The results clearly show the focus of the business amid volatility to reduce stock, enforce trade terms and restrict investment.

Our balance sheet remains strong with a net debt to adjusted EBITDA ratio of 0.6 as at 31 May 2020 (2019: 1.5) and net assets of £416.9m as at 31 May 2020 (2019: £451.3m). The Group is funded by a £325 million Revolving Credit Facility committed until 28 November 2023, of which £127m was drawn down at 31 May 2020.

The Group's three UK pension schemes have an aggregate pension accounting surplus under IAS 19 of £38.4m, after the restriction due to asset ceiling (2019: £31.8m). The overseas schemes reported a deficit of £7.7m (2019: £6.8m).

The financial impact of COVID-19 on our business principally in the final quarter has been mixed. The downside impacts of COVID-19 largely in Nigeria and in Beauty have been somewhat mitigated by the performance of Carex in the UK. The Group has implemented new measures aimed at conserving cash as we face the uncertainty brought on by the pandemic in the months ahead. These measures include deferring discretionary capital expenditure, accelerating the simplification of our organisational structures and increasing focus on working capital. We ended the

19/20 financial year with a strong balance sheet including net debt at £49.2m, a net debt to adjusted EBITDA ratio of 0.6 times and a headroom of £198m on our Revolving Credit Facility.

The Directors continue to adopt the going concern basis in preparing the accounts on the basis that the Group's strong liquidity position and ability to reduce or minimise working capital as well as capital expenditure are sufficient to meet the Group's forecast funding needs, including those modelled in a downside case.

Reconciliation of Alternative Performance Measures to Reported (IFRS) Results	**Year ended 31 May 2020**	(Restated)* Year ended 31 May 2019
Reported (IFRS) profit before tax from continuing operations	**£29.3m**	**£43.6m**
Exceptional items	£32.7m	£28.7m
Adjusted profit before tax from continuing operations	**£62.0m**	**£72.3m**
Interest	£4.1m	£6.2m
Depreciation & amortisation	£18.7m	£16.9m
Adjusted EBITDA	**£91.6m**	**£95.4m**
Cash generated from operating activities	£137.7m	£82.9m
Less capital expenditure	(£6.7m)	(£14.1m)
Free cash flow	**£131.0m**	**£68.8m**
Free cash flow conversion rate[1]	**143.0%**	**72.1%**

[1]Cash generated from operating activities less capital expenditure as a % of adjusted EBITDA.

Consolidated Income Statement
Year ended 31 May 2020

	Notes	Year ended 31 May 2020 Before exceptional items £m	Exceptional items (note 2) £m	Total £m	(Restated)* Year ended 31 May 2019 Before exceptional items £m	Exceptional items (note 2) £m	Total £m
Continuing operations							
Revenue	1	**587.2**	**-**	**587.2**	603.0	-	603.0
Cost of sales		**(360.2)**	**-**	**(360.2)**	(365.0)	-	(365.0)
Gross profit		**227.0**	**-**	**227.0**	238.0	-	238.0
Selling and distribution costs		**(91.7)**	**-**	**(91.7)**	(89.9)	-	(89.9)
Administrative expenses		**(72.0)**	**(32.7)**	**(104.7)**	(71.3)	(28.7)	(100.0)
Share of results of joint ventures		**2.8**	**-**	**2.8**	1.7	-	1.7
Operating profit/(loss)	1	**66.1**	**(32.7)**	**33.4**	78.5	(28.7)	49.8
Finance income		**0.9**	**-**	**0.9**	0.5	-	0.5
Finance costs		**(5.0)**	**-**	**(5.0)**	(6.7)	-	(6.7)
Net finance costs	3	**(4.1)**	**-**	**(4.1)**	(6.2)	-	(6.2)
Profit/(loss) before taxation		**62.0**	**(32.7)**	**29.3**	72.3	(28.7)	43.6
Taxation	4	**(14.7)**	**5.0**	**(9.7)**	(15.9)	4.4	(11.5)
Profit/(loss) for the year from continuing operations		**47.3**	**(27.7)**	**19.6**	56.4	(24.3)	32.1
Discontinued operations							
Profit/(loss) from discontinued operations	9	**(2.4)**	**(1.7)**	**(4.1)**	(2.8)	(3.9)	(6.7)
Profit/(loss) for the year		**44.9**	**(29.4)**	**15.5**	53.6	(28.2)	25.4
Attributable to:							
Owners of the Parent		**48.5**	**(29.2)**	**19.3**	54.0	(28.3)	25.7
Non-controlling interests		**(3.6)**	**(0.2)**	**(3.8)**	(0.4)	0.1	(0.3)
		44.9	**(29.4)**	**15.5**	53.6	(28.2)	25.4
Basic EPS (p)	6	**11.59**	**(6.98)**	**4.61**	12.91	(6.77)	6.14
Diluted EPS (p)	6	**11.59**	**(6.98)**	**4.61**	12.91	(6.77)	6.14

IFRS 16 was adopted on 1 June 2019 for statutory reporting using the modified retrospective approach and therefore prior year figures have not been restated. As a result the primary statements are shown on an IFRS 16 basis for the year to 31 May 2020 and IAS 17 basis for prior periods. Further details are set out in note 11.
**The results for the year ended 31 May 2019 have been restated to reflect discontinued operations and prior year adjustments. Further details are set out in note 9 and note 11.*

Consolidated Statement of Comprehensive Income
Year ended 31 May 2020

	2020 £m	(Restated)* 2019 £m
Profit for the year	**15.5**	25.4
Other comprehensive income / (expense)		
Items that will not be reclassified to profit or loss		
Re-measurement of post-employment benefit obligations	**1.9**	(2.4)
Deferred tax (loss)/gain on re-measurement of post-employment benefit obligations	**(0.4)**	0.4
Tax on items that will not be subsequently reclassified to profit or loss	**-**	(0.6)
Total items that will not be reclassified to profit or loss	**1.5**	(2.6)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(6.6)**	(2.3)
Cash flow hedges – fair value (loss)/gain in year net of taxation	**(0.4)**	0.6
Cost of hedging reserve	**0.1**	(0.3)
Recycle of equity reserves on disposal of subsidiary	**(8.6)**	-
Total items that may be subsequently reclassified to profit or loss	**(15.5)**	(2.0)
Other comprehensive expense for the year net of taxation	**(14.0)**	(4.6)
Total comprehensive income for the year	**1.5**	20.8
Attributable to:		
Owners of the Parent	**5.5**	21.3
Non-controlling interests	**(4.0)**	(0.5)

**The results for the year ended 31 May 2019 have been restated to reflect prior year adjustments. Further details are set out in note 11.*

Consolidated Balance Sheet

At 31 May 2020

	Notes	**31 May 2020 £m**	(Restated)* 31 May 2019 £m	(Restated)* 1 June 2018 £m
Assets				
Non-current assets				
Goodwill and other intangible assets	7	**304.4**	369.2	400.2
Property, plant and equipment		**106.9**	148.8	156.6
Long term right of use assets		**13.7**	-	-
Other investments		**-**	-	0.3
Net investments in joint ventures		**40.9**	36.9	26.0
Trade and other receivables		**-**	-	0.4
Deferred taxation assets		**15.4**	10.4	-
Current tax receivable		**6.9**	-	-
Retirement benefit surplus		**42.9**	36.3	33.3
		531.1	601.6	616.8
Current assets				
Inventories		**104.6**	131.9	132.6
Trade and other receivables		**104.1**	157.5	163.9
Derivative financial assets		**0.7**	1.6	-
Current tax receivable		**9.6**	2.1	-
Current asset investments	8	**0.3**	0.3	0.3
Cash and short-term deposits	8	**78.7**	51.9	101.1
		298.0	345.3	397.9
Assets held for sale	10	**20.5**	-	-
		318.5	345.3	397.9
Total assets		**849.6**	946.9	1,014.7
Equity				
Share capital		**4.3**	4.3	4.3
Capital redemption reserve		**0.7**	0.7	0.7
Hedging reserve		**-**	0.3	-
Currency translation reserve		**(100.6)**	(84.5)	(81.8)
Other reserve		**(39.0)**	(39.0)	(39.0)
Retained earnings		**526.1**	540.3	551.2
Attributable to owners of the Parent		**391.5**	422.1	435.4
Non-controlling interests		**25.4**	29.2	30.0
Total equity		**416.9**	451.3	465.4
Liabilities				
Non-current liabilities				
Borrowings	8	**127.0**	204.0	-
Trade and other payables		**0.4**	0.6	1.0
Long term lease liability		**10.4**	-	-
Deferred taxation liabilities		**64.4**	72.1	65.6
Retirement benefit obligations		**12.2**	11.3	12.0
		214.4	288.0	78.6
Current liabilities				
Overdrafts	8	**1.2**	-	16.5
Borrowings	8	**-**	2.0	251.9
Trade and other payables		**161.8**	170.6	174.4
Short term lease liability		**3.4**	-	-
Derivative financial liabilities		**0.9**	1.0	1.1
Current taxation payable		**47.8**	32.4	25.6
Provisions		**3.2**	1.6	1.2
		218.3	207.6	470.7
Total liabilities		**432.7**	495.6	549.3
Total equity and liabilities		**849.6**	946.9	1,014.7

**The results for the year ended 31 May 2019 have been restated to reflect prior year adjustments. Further details are set out in note 11.*

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 (as previously reported)	4.3	(85.4)	0.7	554.3	(39.0)	-	29.0	463.9
Effect of prior year adjustment	-	3.6	-	(3.1)	-	-	1.0	1.5
At 1 June 2018 (restated)*	4.3	(81.8)	0.7	551.2	(39.0)	-	30.0	465.4
Profit for the year	-	-	-	25.7	-	-	(0.3)	25.4
Other comprehensive income/(expense)								
Re-measurement of post-employment obligations	-	-	-	(2.4)	-	-	-	(2.4)
Exchange differences on translation of foreign operations (restated)*	-	(2.1)	-	-	-	-	(0.2)	(2.3)
Cash flow hedges – fair value gains in year net of taxation	-	-	-	-	-	0.6	-	0.6
Cost of hedging reserve	-	-	-	-	-	(0.3)	-	(0.3)
Deferred tax on re-measurement of post-employment obligations	-	-	-	0.4	-	-	-	0.4
Tax on other equity related items	-	(0.6)	-	-	-	-	-	(0.6)
Total comprehensive (expense)/income for the year	-	(2.7)	-	23.7	-	0.3	(0.5)	20.8
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 (restated)*	4.3	(84.5)	0.7	540.3	(39.0)	0.3	29.2	451.3
At 1 June 2019 (restated)*	4.3	(84.5)	0.7	540.3	(39.0)	0.3	29.2	451.3
Transition adjustment upon adoption of IFRS 16 Leases	-	-	-	(1.5)	-	-	-	(1.5)
At 1 June 2019	4.3	(84.5)	0.7	538.8	(39.0)	0.3	29.2	449.8
Profit for the year	**-**	**-**	**-**	**19.3**	**-**	**-**	**(3.8)**	**15.5**
Other comprehensive income/(expense)								
Re-measurement of post-employment obligations	**-**	**-**	**-**	**1.9**	**-**	**-**	**-**	**1.9**
Exchange differences on translation of foreign operations	**-**	**(6.4)**	**-**	**-**	**-**	**-**	**(0.2)**	**(6.9)**
Cash flow hedges – fair value gains in year net of taxation	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**-**	**(0.4)**
Cost of hedging reserve	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Sale of subsidiary – recycle of equity reserves	**-**	**(9.7)**	**-**	**1.1**	**-**	**-**	**-**	**(8.6)**
Deferred tax on re-measurement of post-employment obligations	**-**	**-**	**-**	**(0.4)**	**-**	**-**	**-**	**(0.4)**
Tax on other equity related items	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income/(expense) for the year	**-**	**(16.1)**	**-**	**21.9**	**-**	**(0.3)**	**(4.0)**	**1.5**
Transactions with owners:								
Ordinary dividends	**-**	**-**	**-**	**(34.6)**	**-**	**-**	**-**	**(34.6)**
Non-controlling interests dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Non-controlling interests forfeited dividend	**-**	**-**	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**(34.6)**	**-**	**-**	**0.2**	**(34.4)**
At 31 May 2020	**4.3**	**(100.6)**	**0.7**	**526.1**	**(39.0)**	**-**	**25.4**	**416.9**

**The results for the year ended 31 May 2019 have been restated to reflect prior year adjustments. Further details are set out in note 11.*

Consolidated Cash Flow Statement
Year ended 31 May 2020

	2020 £m	(Restated)* 2019 £m
Cash flows from operating activities		
Cash generated from operations	**137.7**	82.9
Taxation paid	**(16.8)**	(10.3)
Interest paid	**(5.1)**	(7.2)
Net cash generated from operating activities	**115.8**	65.4
Cash flows from investing activities		
Interest income	**0.9**	0.5
Purchase of property, plant and equipment and software	**(6.7)**	(14.1)
Proceeds from sale of assets	**0.6**	4.1
Cash flow from disposal of subsidiaries and brands	**35.2**	-
Funding to joint ventures	**(1.5)**	(6.8)
Net cash used in investing activities	**28.5**	(16.3)
Cash flows from financing activities		
Dividends paid to non-controlling interests	**(0.3)**	(0.3)
Dividends paid to Company Shareholders	**(34.6)**	(34.6)
IFRS 16 Finance Lease Payments	**(3.2)**	-
Increase in borrowings	**-**	204.0
Repayment of loan facility	**(79.0)**	(250.0)
Net cash used in financing activities	**(117.1)**	(80.9)
Net decrease in cash and cash equivalents	**27.2**	(31.8)
Cash and cash equivalents at the beginning of the year	**51.9**	84.6
Effect of foreign exchange rates	**(1.6)**	(0.9)
Cash and cash equivalents at the end of the year	**77.5**	51.9

**The results for the year ended 31 May 2019 have been restated to reflect prior year adjustments. Further details are set out in note 11.*

Reconciliation of profit before tax to cash generated from operations for the year ended 31 May 2020

	2020 **£m**	(Restated)* 2019 £m
Profit before tax	**24.8**	36.6
Adjustment for net finance costs	**4.2**	6.7
Operating profit	**29.0**	43.3
Depreciation	**18.7**	16.9
Amortisation (note 7)	**6.8**	6.2
Impairment of assets	**42.9**	26.2
Loss/(profit) on sale of assets	**0.1**	(3.5)
Profit on disposal of subsidiaries and brands	**(13.0)**	-
Difference between pension charge and cash contributions	**(3.9)**	(6.2)
Share of results from joint ventures	**(1.2)**	(1.7)
Operating cash flows before movements in working capital	**79.4**	81.2
Movements in working capital:		
Inventories	**10.8**	(0.1)
Trade and other receivables	**39.1**	7.5
Trade and other payables	**8.7**	(5.1)
Provisions	**(0.3)**	(0.6)
Cash generated from operating activities	**137.7**	82.9

**The results for the year ended 31 May 2019 have been restated to reflect prior year adjustments. Further details are set out in note 11.*

1. Segmental analysis

The Chief Operating Decision Maker (CODM) has been identified as the Executive Board which comprises the Chief Executive Officer at the date of this report. 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 Annual Report.

The CODM considers the business from a geographic perspective, with Europe & the Americas, Asia Pacific and Africa 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 & the Americas and Asia Pacific segments arise from the sale of Personal Care, Home Care and Food & Nutrition products. Revenue and operating profit from the Africa segment arise from the sale of Personal Care, Home Care, Food & Nutrition and Electrical products. Sales between segments are carried out on an arm's length basis.

Reporting segments
Continued Operations

2020	**Europe & the Americas £m**	**Asia Pacific £m**	**Africa £m**	**Eliminations £m**	**Total £m**
Gross segment revenue	**310.8**	**194.7**	**187.5**	**(105.8)**	**587.2**
Inter segment revenue	**(96.3)**	**(9.5)**	**-**	**105.8**	**-**
Revenue	**214.5**	**185.2**	**187.5**	**-**	**587.2**
Segmental operating profit before exceptional items and share of results of joint ventures	**55.0**	**18.5**	**(10.2)**	**-**	**63.3**
Share of results of joint ventures	**-**	**-**	**2.8**	**-**	**2.8**
Segmental operating profit before exceptional items	**55.0**	**18.5**	**(7.4)**	**-**	**66.1**
Exceptional items	**6.2**	**(38.0)**	**(0.9)**	**-**	**(32.7)**
Segmental operating profit	**61.2**	**(19.5)**	**(8.3)**	**-**	**33.4**
Finance income					**0.9**
Finance cost					**(5.0)**
Profit before taxation					**29.3**
Depreciation and amortisation	**12.4**	**4.7**	**6.8**	**-**	**23.9**
Impairment of intangible assets	**6.3**	**34.8**	**-**	**-**	**41.1**
Impairment of tangible assets	**-**	**1.8**	**-**	**-**	**1.8**

2019 *(restated)**	Europe & the Americas £m	Asia Pacific £m	Africa £m	Eliminations £m	Total £m
Gross segment revenue	320.3	204.7	208.8	(130.8)	603.0
Inter segment revenue	(119.1)	(11.7)	-	130.8	-
Revenue	201.2	193.0	208.8	-	603.0
Segmental operating profit before exceptional items and share of results of joint ventures	54.2	20.4	2.2	-	76.8
Share of results of joint ventures	-	-	1.7	-	1.7
Segmental operating profit before exceptional items	54.2	20.4	3.9	-	78.5
Exceptional items	(7.3)	(23.7)	2.3	-	(28.7)
Segmental operating profit	46.9	(3.3)	6.2	-	49.8
Finance income					0.6
Finance cost					(6.8)
Profit before taxation					43.6
Depreciation and amortisation	11.0	3.6	6.4	-	21.0
Impairment of intangible assets	-	21.3	-	-	21.3
Impairment of tangible assets	-	1.0	-	-	1.0

The Group analyses its net revenue by the following categories:

	2020 £m	2019 £m
Personal Care	**380.0**	387.5
Home Care	**86.0**	91.1
Food & Nutrition	**37.2**	42.2
Electricals	**76.2**	76.8
Other	**7.8**	5.4
	587.2	603.0

** The results for the year ended 31 May 2019 have been restated to reflect discontinued operations and prior year adjustments. Further details are set out in note 9 and note 11.*

2. Exceptional items

The Group adopts a columnar income statement format to highlight significant items within the Group's results for the year. Such items are considered by the Directors to be exceptional in nature rather than being representative of the underlying trading of the Group, and may include, but are not limited to, items such as certain foreign exchange losses, restructuring costs, acquisition related costs, material impairments of non-current assets, or, for example receivables, material profits and losses on disposal of property, plant, equipment and brands, material pension settlements and amendments and profit or loss on disposal or termination of operations. The Directors apply judgement in assessing the particular items, which by virtue of their magnitude and nature should be disclosed in a separate column of the income statement and notes to the Financial Statements as 'Exceptional items'. The Directors believe that the separate disclosure of these items is relevant to an understanding of the Group's financial performance.

Year to 31 May 2020 Exceptional items included within operating profit:	**Exceptional items before taxation £m**	**Taxation £m**	**Exceptional items after taxation £m**
Group structure & systems project	4.9	(1.1)	3.8
Group Strategy	5.9	-	5.9
Profit on sale of Greece subsidiary	(7.9)	-	(7.9)
Profit on sale of Luksja brand	(5.1)	1.4	(3.7)
Impairment of Australian assets	36.6	(5.3)	31.3
	34.4	**(5.0)**	**29.4**

Year to 31 May 2019 Exceptional items included within operating profit:	Exceptional items before taxation £m	Taxation £m	Exceptional items after taxation £m
Group structure and systems project	5.0	(1.1)	3.9
Group Strategy	4.2	-	4.2
Sale of Norpalm investment in Ghana	(3.3)	0.8	(2.5)
Guaranteed Minimum Pension (GMP) past service cost	0.7	(0.1)	0.6
Impairment of Nigerian and Australian assets	26.2	(4.2)	22.0
	32.8	(4.6)	28.2

Explanation of exceptional items
Year to May 2020

Group structure and systems project
The Group incurred exceptional costs of £4.9 million relating to the continuation of the project to realign the organisation design to create a more effective operating model. These mainly consist of restructuring costs relating to reduction in the organisational model at HQ and in the Regions.

Group strategy project
The Group incurred exceptional costs of £5.9 million relating to the planned disposal of the assets of Nutricima. These costs largely relate to advisory and legal fees and the impairment of the ERP system.

Profit on sale of Greece business
The Group recognised exceptional income of £7.9 million relating to the sale of the Greece business. This represents the profit on disposal net of project related costs. More detail is provided in note 9.

Profit on sale of Luksja brand
In February 2020, the Group sold the Luksja personal care brand in Poland. Exceptional income of £5.1m has been recognised which represents the profit on disposal net of project related costs.

Impairment of Australian Assets
The Group performed a review of future growth assumptions in relation to five:am and Rafferty's Garden in Australia and concluded that the value in use of these cash generating units was lower than the carrying value and therefore booked an aggregate impairment charge of £36.6 million (£6.7 million goodwill, £28.1 million other intangible assets and £1.8 million property, plant and equipment) per IAS 36. More detail is provided in note 7.

Year to May 2019

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

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

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

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

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

3. Net finance costs

Continuing Operations

	2020	2019
	£m	£m
Interest receivable on cash deposits	**0.9**	0.5
Interest income	**0.9**	0.5
Interest payable on bank loans and overdrafts	**(3.6)**	(5.1)
Interest payable to external third parties	**(0.3)**	(0.5)
Interest expense on the lease liabilities recognised on transition to IFRS 16	**(0.5)**	-
Finance costs incurred on Revolving Credit Facility	**(0.6)**	(1.1)
Net finance costs	**(4.1)**	(6.2)

Discontinued Operations

	2020	2019
	£m	£m
Interest income	**-**	-
Interest payable	**(0.1)**	(0.5)
Net finance costs	**(0.1)**	(0.5)

4. Taxation

	2020 £m	2019 £m
Current tax		
UK corporation tax charge for the year	**7.8**	4.3
Adjustments in respect of prior years	**0.1**	0.6
Double tax relief	**(0.8)**	(1.5)
	7.1	3.4
Overseas corporation tax charge for the year	**11.1**	10.4
Adjustments in respect of prior years	**(0.4)**	(0.5)
	10.7	9.9
Total current tax charge	**17.8**	13.3
Deferred tax		
Origination and reversal of temporary timing differences	**(13.8)**	(0.4)
Adjustments in respect of prior years	**0.4**	(0.7)
Effect of rate change adjustments	**4.9**	(1.0)
Total deferred tax charge	**(8.5)**	(2.1)
Total tax charge	**9.3**	11.2

UK corporation tax is calculated at 19% (2019: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has chosen to use the UK corporation tax rate for the reconciliation of the charge for the year to the profit before taxation per the consolidated income statement, as this is where the majority of the Group's profit is derived.

	2020 £m	2019 £m
Profit before tax	**24.8**	37.0
Tax at the weighted average tax rate of 19.00% (2019: 19.00%)	**4.7**	7.0
Adjusted for:		
Tax effect of expenses that are not deductible/taxable	**8.7**	8.7
Tax effect of non-taxable income	**(6.8)**	(3.0)
Effect of UK rate change on deferred taxation	**4.9**	(1.0)
Tax effect of share of results of joint ventures	**(0.9)**	(0.6)
Overseas withholding tax suffered	**1.3**	2.3
Net adjustment to amount carried in respect of unresolved tax matters	**0.1**	(1.1)
Creation / (utilisation) of deferred tax assets not recognised	**0.2**	0.2
Research and development relief	**0.1**	-
Adjustments in respect of prior years	**(3.0)**	(0.6)
Difference in foreign tax rates (non-UK residents)	**9.3**	(0.7)
Tax charge for the year	**9.3**	11.2

Taxation on items taken directly to other comprehensive income was a credit of £3.5m (2019: gain of £0.4m) and mainly relates to deferred tax on pensions (charge of £0.4m) and Minerva SA (credit of £3.3m).

5. AGM and dividend

The Board is recommending a final dividend of 3.13p (2019: 5.61p) per share, making a total dividend for the year of 5.80p (2019: 8.28p) per share. The gross amount for the proposed final dividend is £13.1 million (2019: £23.5 million).

The date of the Annual General Meeting has been fixed for 26 November 2020. Subject to shareholder approval, dividend warrants in respect of the proposed final dividend will be posted on 3 December 2020 to members on the register at the close of business on 9 October 2020.

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:

	2020 Number 000	2019 Number 000
Basic weighted average	**418,353**	418,332
Diluted weighted average	**418,353**	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 any difference between the basic and diluted weighted average number of shares represents the potentially dilutive effect of the Executive Share Option Schemes and the Performance Share Plan. The average number of shares is reconciled to the basic and diluted weighted average number of shares below:

	2020 Number 000	2019 Number 000
Average number of Ordinary Shares in issue during the year	**428,725**	428,725
Less: weighted average number of shares held by Employee Share Option Trust	**(10,372)**	(10,393)
Basic weighted average shares in issue during the year	**418,353**	418,332
Dilutive effect of share incentive plans	**-**	-
Diluted weighted average shares in issue during the year	**418,353**	418,332

At 31 May 2020, the Employee Share Option Trust held 10,371,030 Ordinary Shares (2019: 10,384,591 Ordinary Shares).

Adjusted earnings per share

From continuing operations

	2020	(Restated)* 2019
Basic earnings per share	**5.59p**	7.75p
Exceptional items	**6.57p**	5.83p
Adjusted basic earnings per share	**12.17p**	13.58p
Diluted earnings per share	**5.59p**	7.75p
Exceptional items	**6.57p**	5.83p
Adjusted diluted earnings per share	**12.17p**	13.58p

From continuing and discontinued operations

	2020	(Restated)* 2019
Basic earnings per share	**4.61p**	6.14p
Exceptional items	**6.98p**	6.77p
Adjusted basic earnings per share	**11.59p**	12.91p
Diluted earnings per share	**4.61p**	6.14p
Exceptional items	**6.98p**	6.77p
Adjusted diluted earnings per share	**11.59p**	12.91p

**See note 11 for details*

Adjusted basic and diluted earnings per share figures are calculated by dividing adjusted profit after tax for the year by the weighted average number of shares in issue (as above). The adjusted profit after tax for the year is as follows:

From continuing operations

	2020 **£m**	(Restated)* 2019 £m
Profit attributable to owners of the Parent	**23.4**	32.4
Exceptional items (net of taxation effect)	**27.5**	24.4
Adjusted profit after tax	**50.9**	56.8

From continuing and discontinued operations

	2020 **£m**	(Restated)* 2019 £m
Profit attributable to owners of the Parent	**19.3**	25.7
Exceptional items (net of taxation effect)	**29.2**	28.3
Adjusted profit after tax	**48.5**	54.0

**See note 11 for details*

7. Goodwill and other intangible assets

	Goodwill £m	Software £m	Other £m	Total £m
Cost				
At 1 June 2018	71.0	55.2	289.1	415.3
Currency retranslation	(0.6)	0.1	(2.7)	(3.2)
Additions	-	0.6	-	0.6
Reclassifications from property, plant and equipment	-	3.1	-	3.1
Revised analysis between cost and amortisation of intangible assets between categories	-	1.0	-	1.0
At 31 May 2019	70.4	60.0	286.4	416.8
Currency retranslation	(0.1)	(0.1)	-	(0.2)
Additions	-	1.7	-	1.7
Sale of subsidiary	(1.2)	(1.0)	(8.9)	(11.1)
Reclassifications from property, plant and equipment	-	2.6	-	2.6
Reclassified as Held for Sale (note 10)	-	-	(9.2)	(9.2)
At 31 May 2020	**69.1**	**63.2**	**268.3**	**400.6**
Accumulated amortisation				
At 1 June 2018	7.4	7.7	-	15.1
Currency retranslation	-	0.1	-	0.1
Charge for the year	-	6.2	-	6.2
Reclassifications from property, plant and equipment	-	0.4	-	0.4
Revised analysis between cost and amortisation of intangible assets between categories	-	1.0	-	1.0
Impairment loss	12.0	-	12.8	24.8
At 31 May 2019	19.4	15.4	12.8	47.6
Currency retranslation	0.2	-	1.5	1.7
Charge for the year	-	6.8	-	6.8
Sale of subsidiary	-	(1.0)	-	(1.0)
Impairment loss	6.7	6.3	28.1	41.1
At 31 May 2020	**26.3**	**27.5**	**42.4**	**96.2**
Net book values				
At 31 May 2020	**42.8**	**35.7**	**225.9**	**304.4**
At 31 May 2019	51.0	44.6	273.6	369.2

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

Having performed the annual impairment tests, impairments on two CGUs totalling £36.6 million have been recognised for the year ended 31 May 2020 (31 May 2019: two CGUs totaling £24.8 million). In forming this conclusion the Directors reviewed a sensitivity analysis performed by management, which focused on the reasonably possible downsides of key assumptions including those presented by COVID-19, both individually and in reasonably possible combinations, and considered whether these reasonably possible downsides give rise to an impairment, with the conclusion that no reasonably possible changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value, other than for five:am and Rafferty's Garden.

Full disclosures on the methodology used for impairment testing including the results of the tests will be detailed in the notes to the Financial Statements for the year ended 31 May 2020.

8. Net debt

The Group had net debt positions as at 31 May 2020 and 31 May 2019 respectively, as shown below:

£m	**31 May 2020**	**(Restated)* 31 May 2019**
*Cash at bank and in hand	**77.8**	49.0
Short-term deposits	**0.9**	2.9
Bank overdrafts	**(1.2)**	-
Cash and cash equivalents	**77.5**	51.9
Current asset investments	**0.3**	0.3
Current interest-bearing loans and borrowings	**-**	(2.0)
Non-current interest-bearing loans and borrowings	**(127.0)**	(204.0)
Net Debt	**(49.2)**	(153.8)

**See note 11 for details*

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

Loans due in greater than one year include the Group's main borrowing facility which was renewed during the year. This is provided by a syndicate of lenders in the form of a £325 million Revolving Credit Facility committed until 28 November 2023.

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

9. Discontinued Operations

During the year, the Group has disposed of, or agreed in principal, the sale of 3 separate areas of the business. All 3 disposals were effected as part of the Group's strategy to dispose of non-core brands and activities as part of Focus, Scale and Accelerate. These were as follows:

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 completed on 30th September 2019, on which date control of Minerva S.A. passed to the acquirer.

On 12th August 2019, the Group entered into an agreement for the sale of the Polish Personal Care brand Luksja. The sale agreement included the sale of the inventory holding of PZ Polska SA. This disposal was completed on 28th February 2020, on which date rights to the Luksja brand passed to the acquirer.

On 18th March 2020, the Group exchanged contracts for the sale of the assets associated with Nutricima Ltd, which carried out the Group's food and nutrition operations in Africa. As at year-end, this sale is subject to approval by the competition authorities and therefore the associated assets and liabilities of the disposal group have 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:

	31 May 2020 £m	31 May 2019 £m
Revenue	**45.5**	86.5
Expenses	**(50.0)**	(93.2)
Loss before tax	**(4.5)**	(6.7)
Attributable tax income	**0.4**	-
	(4.1)	(6.7)
Profit on disposal of discontinued operations	**13.1**	-
Attributable tax expense	**(1.4)**	-
Net loss attributable to discontinued operations (attributable to owners of the Company)	**7.6**	(6.7)

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

	31 May 2020 £m	31 May 2019 £m
Net cash generated from operating activities	**7.2**	(6.8)
Net cash used in investing activities	**1.0**	(1.5)
Net cash used in financing activities	**-**	0.2
Net increase in cash and cash equivalents	**8.2**	(8.1)
Cash and cash equivalents at the beginning of the	**8.5**	16.9
Effect of foreign exchange rates	**(0.4)**	(0.3)
Cash and cash equivalents at the end of the period	**16.3**	8.5

10. Assets Held for Sale

On 18th March 2020, the Group exchanged contracts for the sale of the assets associated with Nutricima Ltd, which carried out the Group's food and nutrition operations in Africa. As at year-end, this sale is subject to approval by the competition authorities and therefore the associated assets have been classified as 'held for sale' in accordance with IFRS 5.

The assets included in the sale, which have been classified as 'held for sale' are as follows. These assets have been reviewed for impairment against the expected sales proceeds and no impairment was required.

	2020 £m
Assets	
Intangible assets (note 7)	**9.2**
Property, plant and equipment	**7.9**
Inventory	**3.4**
Total	**20.5**

11. Accounting policies

Whilst the financial information in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS.
The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union (EU), including International Accounting Standards (IAS) and interpretations issued by the International Financial Standards Reporting Interpretations Committee (IFRS IC).
The Financial Statements have been prepared on a historical cost basis, modified for fair values under IFRS.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting year commencing 1 June 2019 for IFRS 16 ‘Leases’;

IFRS 16 ‘Leases’

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.

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 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.

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.

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.

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	-	12.4	12.4
Prepayments	2.1	(2.1)	-
Deferred tax asset	-	0.4	0.4
Total impact on assets	2.1	10.7	12.8
Current liabilities			
Lease liabilities	-	2.8	2.8
Non-current liabilities			
Lease liabilities	-	9.4	9.4
Total impact on liabilities	-	12.2	12.2
Retained earnings			
As previously reported	540.3	(1.5)	538.8
Restated retained earnings	540.3	(1.5)	538.8

Of the total right-of-use assets of £12.4 million recognised at 1 June 2019, £9.0 million related to leases of property, £3.1 million to leases of vehicles and £0.3 related to machinery.

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	(0.3)
Effect of discounting	(1.0)
Lease liabilities recognised at 1 June 2019	**12.2**

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 twelve months ended 31 May 2020, in relation to leases under IFRS 16 the Group recognised the following amounts in the consolidated income statement:

£m	
Depreciation	2.9
Interest expense	0.5
Lease payments (not depending on an index or rate)	(3.7)
	(0.3)

Not adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 May 2020 reporting year and have not been early adopted by the Group. The Group will undertake an assessment of the impact of the following new standards and interpretations in due course:

- IFRS 17 'Insurance Contracts'
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28;
- Amendments to IFRS 3 'Business Combinations';
- Amendments to IAS 1 'Presentation of Financial Statements'; and
- Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors'

Restatement due to prior year adjustments

In preparing these Financial Statements, management have identified a number of errors relating to prior periods. Accordingly, prior year adjustments have been made. Certain of the prior year adjustments reflect historical errors relating to accounting for the effects of changes in foreign exchange rates, IAS 21, and the recognition of reserves, IAS 37. These errors are as follows:

- Certain foreign exchange losses on a loan with a group company in Ghana were not recognised;
- Certain intercompany transactions between the UK and Nigeria were not recognised as costs in Nigeria; and
- Certain accounting entries relating to currency revaluation of the group's permanent as equity loans has been incorrectly stated.

The net impact of these three adjustments is to increase net investments in joint ventures at 1 June 2018 by £3.1m (31 May 2019: increase by £1.3m), to decrease cash & short term deposits at 1 June 2018 by £1.6m (31 May 2019: decrease by 1.6m), to decrease the currency translation reserve at 1 June 2018 by £3.6m (31 May 2019: decrease by 2.2m), to decrease retained earnings at 1 June 2018 by £3.1m (31 May 2019: decrease by £3.5m) and to increase non-controlling interests at 1 June 2018 by £1.0m (31 May 2019: increase by £1.0). The impact of the adjustments on the income statement for the year ended 31 May 2019 is to reduce operating profit by £0.4 million which represents the losses on permanent as equity loans.

These adjustments have been recognised as prior year errors in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' with the Financial Statements restated accordingly. The impact of the prior year adjustments on the affected primary statement line items is shown in the tables below:

	31 May 2019 £m				1 June 2018 £m		
	As previously reported	**Adjustment to brought forward reserves**	**Adjustment (In-year impact)**	**As restated**	**As previously reported**	**Adjustment to brought forward reserves**	**As restated**
Consolidated Income Statement							
Share of results of joint ventures	2.3	-	(0.6)	1.7	1.7	-	1.7
Cost of sales (FX)	(437.5)	-	0.2	(437.3)	(477.5)	-	(477.5)
Operating profit	43.7	-	(0.4)	43.3	64.8	-	64.8
Profit before tax	37.0	-	(0.4)	36.6	59.2	-	59.2
Profit attributable to owners of the parent	26.1	-	(0.4)	25.7	40.3	-	40.3
Consolidated Statement of Other Comprehensive Income							
Profit for the year	25.8	-	(0.4)	25.4	41.4	-	41.4
Exchange differences on translation of foreign operations	(0.9)	-	(1.4)	(2.3)	(29.0)	-	(29.0)
Other comprehensive income for the year net of taxation	(3.2)	-	(1.4)	(4.6)	(8.4)	-	(8.4)
Total comprehensive income for the year	22.6	-	(1.8)	20.8	33.0	-	33.0
Consolidated Balance Sheet							
Net investments in joint ventures	35.6	3.1	(1.8)	36.9	22.9	3.1	26.0
Cash and short-term deposits	53.5	(1.6)	-	51.9	102.7	(1.6)	101.1
Currency Translation Reserve	86.7	(3.6)	1.4	84.5	85.4	(3.6)	81.8
Retained Earnings	(543.8)	3.1	0.4	(540.3)	(554.3)	3.1	(551.2)
Equity attributable to owners of parent	(423.4)	(0.5)	1.8	(422.1)	(434.9)	(0.5)	(435.4)
Non-controlling interests	(28.2)	(1.0)	-	(29.2)	(29.0)	(1.0)	(30.0)
Consolidated Statement of Changes in Equity							
Currency Translation Reserve							
At 1 June	85.4	(3.6)	-	81.8			
Exchange differences on translation of foreign operations	0.7	-	1.4	2.1			
At 31 May	86.7	(3.6)	1.4	84.5			
Retained Earnings							
At 1 June	(554.3)	3.1	-	(551.2)			
Profit for the year	(26.1)	-	0.4	(25.7)			
At 31 May	(543.8)	3.1	0.4	(540.3)			
Non-Controlling interests							
At 1 June	(29.0)	(1.0)	-	(30.0)			
At 31 May	(28.2)	(1.0)	-	(29.2)			

12. Basis of financial statements

This announcement was approved by the Board of Directors on 22nd September 2020. The financial information in this announcement does not constitute the Group's statutory accounts for the year ended 31 May 2020 or 31 May 2019 but it is derived from those accounts. Statutory accounts for 31 May 2019 have been delivered to the Registrar of Companies, and those for 31 May 2020 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 2020).

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

13. Events after the reporting period

By the end of September we expect to complete the sale of the assets associated with Nutricima Ltd, which carried out the Group's food and nutrition operations in Africa. The cash proceeds largely offset the asset values. Following completion of the transaction, a loss of £34.2m, which will be included within exceptional items, will be recognised in relation to historic foreign exchange reserves.

Post year end an action was filed on behalf of the government of Nigeria with the claim to three properties purchased historically by PZ Cussons. The book value of the properties are £2.5m. The claim is in its early stages and therefore it is not yet clear how the claim would be settled were it successful. This is not specific to PZ Cussons and impacts 150 properties in Lagos, Nigeria.

14. Statement of Directors' responsibilities

Each of the Directors confirms that, to the best of their knowledge:

- The financial statements within the full Annual Report and Accounts from which the financial information within this Final Results announcement has been extracted, have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- The basis of preparation, outlook, trading performance overview and regional reviews include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the board of Directors on 22nd September 2020.