9 February 2022

LIKE FOR LIKE REVENUE GROWTH IN Q2 AND MARGINS MAINTAINED DESPITE SIGNIFICANT COST INFLATION

INTERIM ANNOUNCEMENT OF RESULTS FOR THE HALF YEAR TO 30 NOVEMBER 2021

PZ Cussons plc ("PZ Cussons" or the "Group") today issues Interim Results for the half year ended 30 November 2021.

Alternative performance measures	**Half year to 30 November 2021**	(Restated)* Half year to 30 November 2020	Variance %	Like for like Variance %(1)
Revenue from continuing operations	**£283.7m**	£312.9m	(9.3)%	(2.0)%
Adjusted operating profit from continuing operations (2)	**£32.9m**	£36.4m	(9.6)%	
Adjusted profit before tax from continuing (2)	**£32.0m**	£34.9m	(8.3)%	
Adjusted basic EPS from continuing operations (2)	**5.64p**	6.67p	(15.4)%	
Net debt (3)	**£(10.5)m**	£(18.2)m		
Statutory measures				
Revenue from continuing operations	**£283.7m**	£312.9m	(9.3)%	
Operating profit from continuing operations	**£36.0m**	£33.9m	+6.2%	
Profit before tax from continuing operations	**£35.1m**	£32.4m	+8.3%	
Profit after tax from continuing operations	**£28.6m**	£24.9m	+14.9%	
Loss after tax from discontinued operations	**£(0.7)m**	£(10.7)m	(93.5)%	
Profit after tax	**£27.9m**	£14.2m	+96.5%	
Basic earnings per share (EPS)	**6.14p**	3.42p	+79.5%	
Interim dividend per share	**2.67p**	2.67p	Flat	

(1) Like for like revenue growth adjusts for constant currency and excludes the impact of continuing operations disposals (five:am)
(2) Adjusted profit measures reflect the statutory profit equivalents as adjusted only for the removal of adjusting items, which are detailed in note 4
(3) Net debt is defined as cash, short-term deposits & current asset investments, less bank overdrafts & borrowings, but excludes IFRS16 lease liabilities (note 11)
* The results for the half year to 30 November 2020 have been restated to reflect the prior year adjustments and accounting treatment amendments in the full year accounts for FY21. Further details are set out in note 2.

Commenting today, Jonathan Myers (CEO) said:

"We have seen continued progress against both our new strategy and our pursuit of sustainable, profitable revenue growth. The Q1 revenue decline was driven primarily by Carex lapping unprecedented demand for Hygiene products at the peak of the COVID-19 pandemic in the prior year. The business returned to revenue growth in Q2 with our core Baby and Beauty categories growing revenue in the first half overall. Revenue from Must Win Brands, excluding Carex, grew +10% and the overall business showed strong underlying momentum when comparing the results to the equivalent period two years ago. Continued Price / Mix improvements helped strengthen gross margin in the first half of the year, allowing us to increase Media & Consumer investment behind our brands and maintain our operating margin. These results demonstrate our ability to use the strength of our brands to protect margins in the face of cost headwinds.

Beyond our financial performance, we made continued progress against our strategy: *Building brands for life. Today and for future generations*. We have introduced new talent as we continue to strengthen our Executive Leadership Team and rolled out a new set of values to underpin our drive to build a stronger performance culture. At the same time we remain on track to simplify our Nigeria operations, realising value through the sale of some of our residential properties, and we are strengthening our sustainability plans on our path to B-Corp certification. The disposals of our Food & Nutrition businesses, the Nutricima milk business in Nigeria in FY21 and the five:am yoghurt business in Australia in FY22 demonstrate our determination to optimise our portfolio, explaining the temporary complexity in our alternative performance measures.

The Board has approved an interim dividend, maintained in line with the prior year, of 2.67p, reflecting our confidence in the underlying business momentum but also recognising that challenges remain for the second half. Commodity and freight costs show no sign of abating in the near term and we continue to anticipate cost pressures into FY23. Our focus is on both protecting our margins but also continuing to invest in the business, to secure future growth and build the capabilities we need to deliver against our strategy."

Financial Highlights

Alternative performance measures

Unless otherwise stated, in the following section, all references to revenue are in line with the alternative performance measure for revenue above; that is, on a like for like basis which adjusts for constant currency and excludes the impact of continuing operations disposals (five:am). See page 4 for a quantification of the impact of constant currency and disposals. All other metrics are not adjusted for constant currency or disposals.
Gross margin is defined as gross profit divided by statutory revenue. Adjusted operating margin is defined as adjusted operating profit from continuing operations divided by statutory revenue. Must Win Brands are defined on page 10 of our Annual Report and Financial Statements 2021.
See page 6 for a reconciliation of alternative performance measures by segment.

- A return to mid-single digit revenue growth in Q2, following the Q1 decline, limited first half revenue decline to -2%. First half revenue is up +13% when comparing to the equivalent period two years ago
- H1 revenue was up in both our core categories of Beauty (+21%) and Baby (+1%). Hygiene was down -12% but, excluding Carex, grew +6%. Carex declined against the peak of the COVID-19 pandemic but has gained significant share in a now larger UK hand hygiene category
- H1 revenue decline in Europe was offset by strong growth in Africa, in conjunction with improved profitability. Asia revenue held flat, despite COVID-19 restrictions in Indonesia, as we targeted the higher margin Baby sub-categories
- Revenue from Must Win Brands declined -11%. Excluding Carex, they grew +10% in aggregate, with each of the brands in growth
- Despite significant commodity, freight cost and FX headwinds, gross margin increased +40bps. Price / Mix improvements and continued strong Beauty momentum together more than offset the cost pressures
- After increased brand investment, adjusted operating margin was maintained in line with the prior period, at 11.6%
- Adjusted profit before tax from continuing operations of £32.0m was -8% lower, reflecting the normalised demand in the UK hand hygiene category and the impact of the five:am disposal, partially offset by a lower interest charge
- Adjusted basic earnings per share from continuing operations of 5.64 pence was -15% lower than the prior period, reflecting the decline in adjusted profit before tax from continuing operations and a higher share of profit owed to minority interests
- The balance sheet continues to strengthen with net debt(3) of £(10.5)m versus £(30.7)m at the start of the FY22 financial year, with undrawn financing facilities at 30 November 2021 of £219m

Statutory measures

- Revenue decline of -9% versus the prior period is predominantly due to the disposal of the non-core five:am yoghurt business in Australia and normalised demand for hand hygiene products in the UK
- Profit before tax from continuing operations of £35.1m was +8% higher than the prior period, largely as a result of the net income from adjusting items in this period compared to a net charge in the prior period
- Adjusting items in the period were a net income before tax of £3.1m predominantly driven by the profit on disposal of residential properties in Nigeria as part of the Nigeria Simplification project
- The loss from discontinued operations in the period (£0.7m) relates to the historical disposal of Minerva and in the prior period (£10.7m) is primarily related to the disposal of the loss-making non-core Nutricima business in Nigeria
- Profit after tax of £27.9m is nearly double the prior period (£14.2m) largely due to the impact of discontinued operations

The Board has approved an interim dividend, maintained in line with the prior year, of 2.67p. This reflects our confidence in the underlying business momentum but also recognises that we, like other consumer goods companies, continue to navigate uncertainty in the still volatile inflationary environment.

Outlook

Despite the backdrop of a volatile inflationary environment, with cost pressures accelerating, we expect to deliver adjusted profit before tax from continuing operations for FY22 within the current range of consensus estimates. Revenue Growth Management and cost mitigation initiatives are enabling us to continue to invest in the business for the long term.

For further enquiries, please contact

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Media	Tim Linacre / Guy Scarborough / Bryn Woodward - Instinctif	020 7457 2020

Investor and Analyst conference call

PZ Cussons' management will host a webcast for analysts and investors at 9.30am to present the results and provide the opportunity for Q&A.

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

The interim dividend will be paid on Thursday 7 April 2022 to shareholders on the register at the close of business on Friday 11 March 2022.

Business Review

The following performance commentary is presented on a continuing operations basis.
Unless otherwise stated, in the following section, all references to revenue are in line with the alternative performance measure for revenue above; that is, on a like for like basis which adjusts for constant currency and excludes the impact of continuing operations disposals (five:am). See page 4 for a quantification of the impact of constant currency and disposals. All other metrics are not adjusted for constant currency or disposals. Adjusted operating profit is presented on the basis explained on page 1.See page 6 for a reconciliation of alternative performance measures by segment.

Europe & the Americas Highlights

- Strong demand for our Beauty brands was driven by successful marketing activation, increased distribution and promotional efficiency. This was offset by lower demand for Hygiene products since the height of the pandemic
- Revenue decline of -19% was driven by Carex, up against the peak of the COVID-19 pandemic. Hand hygiene demand has normalised off the peak now restrictions have eased, but new consumer habits mean both the liquid hand wash and sanitiser gel categories are at higher levels than pre-pandemic. In addition, continued brand investment has enabled Carex to strengthen its market-leading position in the UK hand hygiene category, taking approximately 4ppts of share (IRI, 26 weeks ending 27 November 2021)
- Original Source returned to revenue growth and gained market share, following the introduction of the 'I'm Plant Based' range in addition to growth on the core product portfolio following the successful 'Force of Nature' through-the-line campaign and improvements in product formulation
- Imperial Leather revenue declined, facing increased competition in the shower segment. It gained share however in the overall UK Washing & Bathing category, driven by bar soap and handwash. Work is progressing on a major repositioning of the Imperial Leather brand, with the launch planned for FY23
- Sanctuary Spa revenue grew strongly, thanks to a new consumer insight through-the-line campaign. St.Tropez momentum continued, with revenue growth in both the US and UK, with favourable product mix. Both brands successfully de-seasonalised the brands, beyond gifting and peak spring / summer season, respectively
- Operating profit of £19.6m, -28% versus the prior period, with revenue decline in Hygiene and growth in Beauty

Asia Pacific Highlights

- Asia Pacific revenue grew +0.3%. Cussons Baby in Indonesia was flat, despite pandemic restrictions severely impacting retail channels. Cussons Baby maintained a market-leading position, with a share of approximately 25%, and also saw significant Price / Mix improvements both from a focus on driving the growth of the more profitable segments within the Baby category and price increases
- Revenue in Australia / New Zealand was held back by Q1 supply issues on Rafferty's Garden, which are now resolved. Morning Fresh revenue grew, despite being up against high consumption at the peak of the COVID-19 pandemic in the prior year, and gained over 4ppts of share of the Australia dishwash category (up to 47% Nielsen Australia Grocery Scan 26 weeks to 30 November 2021)
- Adjusted operating profit of £10.9m declined -7%, with improved underlying margins offset by the disposal of five:am
- Operating profit of £12.8m was +15% up on the prior period, including £1.9m of adjusting items related to the profit on disposal of five:am and compensation received from the Australian Competition & Consumer Commission relating to a historical legal claim

Africa Highlights

- Revenue grew by +22%, reflecting growth across all of Nigeria, Kenya and Ghana
- The Must Win Brands of Morning Fresh, Premier / Joy and Cussons Baby all grew revenue by double-digits versus the prior period. Revenue from Portfolio Brands, including Electricals, was also up. Premier / Joy both increased their market share positions and Morning Fresh maintained its market-leading position, with a share of 58% (Nielsen MAT period ended 30 November 2021)
- Price increases across all product categories offset significant input cost inflation arising from commodities, freight and forex
- Our Palm Oil joint venture, PZ Wilmar, improved profitability compared to the prior period through expanded distribution and successful pricing activity
- Adjusted operating profit of £8.4m was +£6.1m versus the prior period as a result of higher revenues, reduced overheads and a stronger contribution from PZ Wilmar
- Operating profit of £10.1m, +£9.3m versus the prior period, reflects a net credit of £3.8m recorded within adjusting items relating to the Nigerian Simplification programme, the credit being driven by profits on disposal of some residential properties. Total adjusting items are a net £1.7m credit

Central

- Adjusted operating loss of £(6.0)m compares to £(4.9)m in the prior period, driven by adverse foreign exchange impacts
- Overheads were broadly flat, as we maintained investment in strategic capabilities
- Operating loss of £(6.5)m further includes £(0.5)m of adjusting items in relation to the disposal of five:am, recycling of foreign exchange on quasi-equity loans and the derecognition of intangible assets related to cloud computing

Basis of Preparation

The accounting policies applied in our interim financial statements are consistent with those of the annual financial statements for the year ended 31 May 2021, apart from a change to the accounting policy in relation to cloud computing costs. See note 2 for further detail. The Directors continue to adopt the going concern basis in preparing the accounts on the basis that the Group's strong liquidity position is sufficient to meet the Group's forecasted funding needs, including those modelled in a downside case.

The discontinued operations for the 6 months to 30 November 2021 represent the resolution of a purchase price adjustment associated with Minerva, the Group's Greek operations disposed of in FY20. The discontinued operations presented in the comparative periods, include Nutricima Ltd as the assets of this business were disposed of on 28 September 2020.

On 4 June 2021, the Group completed the sale of the assets associated with five:am, our yoghurt business in Australia. On this date, the control of the assets passed to the acquirer, Barambah Organics. In line with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', the results of five:am have not been reported within discontinued operations in these financial statements as the disposal of five:am did not represent a disposal of a major line of business or an exit from a geographical area of operation.

In our financial statements we use alternative performance measures ('APMs') that are not recognised under IFRS. The Group believes that these measures are not considered to be a substitute for, or superior to, IFRS measures. These metrics are used to allow the readers of the financial statements to obtain a consistent comparison of the 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 adjustments made to obtain the APMs are detailed within the notes to the financial statements which allows a reader to form their own judgement on the trends, performance and position of the Group with the additional information provided. 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 APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. The adjusted items accounting policy was adopted for the previous year end results and represents a change from the Group's previous practice of reporting exceptional items. It will be adopted on a consistent basis for the purposes of the half year and full year reporting going forward. Where relevant, comparative IFRS measures have also been presented.

Adjusted results are presented having removed the impact of adjusting items which, in the financial year to date, include: items related to the Nigeria Simplification project; the profit on disposal of five:am; the recycling of accumulated foreign exchange losses due to a decision in the period to repay an intercompany quasi-equity loan; income received in settlement of an historical Australian Competition & Consumer Commission case; and the derecognition of amounts capitalised as intangible fixed assets in prior periods that related to cloud computing arrangements and which following the IFRIC agenda decision issued in March 2021 have been derecognised, in line with the Group's revised accounting policy. Further detail on adjusting items is available in note 4.

The adjusted and statutory results for the current period are presented with variances to prior period results and as variances between the current and prior period on a like for like basis which adjusts for constant currency and the impact of disposals (five:am). The constant currency impact has been derived by retranslating the prior period result using reported year foreign currency exchange rates. The translational impact was a £11.2 million loss on revenue, a £(0.8) million loss on adjusted operating profit and a £(0.5) million loss on reported operating profit. Five:am revenue was £8.1m in the prior period.

As a business we continue to make decisions on a geographic basis, and the information reviewed by the Chief Operating Decision Maker is based on a geographic segmentation of the business. Therefore, the financial performance discussed below is focused on the performance of the key regions. Further detail on the segmental performance is detailed in note 3 to the Financial Statements.

Financial Review

The statutory profit after tax of £27.9m compares to £14.2m in the prior period. The results for the 6 months ended 30 November 2021 include £3.5m of net income from adjusting items, including profits on disposal of Nigerian residential properties of £11.2m, whereas the prior period included net adjusting costs of £(9.7)m predominantly related to the loss on disposal of Nutricima, the Group's milk business in Nigeria. Basic earnings per share were 6.14p (2020: 3.42p).

Adjusted profit before tax from continuing operations was £32.0m, a decline of -8.3% compared to last year driven by the reduction in revenue which was predominantly due to the decline seen in the UK business and the impact of the disposal of five:am. Statutory profit before tax was £35.1m, +8.3% compared to last year, with the decline in revenue offset by the net income from adjusting items.

Revenue, at £283.7m, declined -9.3% compared to the prior period with decline across Europe & the Americas and Asia Pacific partially offset by growth in Africa. The growth in Africa was due to growth in our key Must Win Brands and Portfolio Brands, including Electricals. The decline in Asia Pacific was largely driven by the disposal of five:am. The revenue decline in Europe was due to the decline of Carex, which is compared to the peak demand from COVID-19 in Q1 FY21. On a constant currency basis and excluding the impact of five:am disposal, Asia Pacific revenue was flat compared to the prior period and Group revenue was -2.0% below the prior period.

Gross profit of £109.9m was -8.3% lower than the prior period with improvement in gross margin, at 38.7%, compared to 38.3% in the prior period. This was due to Price / Mix improvements and strong performance in our Beauty business offsetting input cost inflation in the first half.

Net finance costs of £0.9m (2020: £1.5m) were lower than the prior period, reflecting higher cash balances and lower borrowings as a result of positive operating cash flow and proceeds from the disposals of the residential properties in Nigeria, and five:am.

Adjusted profit before tax from continuing operations, at £32.0m, (2020: £34.9m) reflected the reduced revenue across Europe & the Americas and Asia Pacific, despite improved gross margins and reduced finance costs. Statutory profit before tax of £35.1m compared favourably to £32.4m in the prior period.

The effective tax rate on adjusted profit before tax was 21.6% (2020: 22.6%). The effective tax rate on statutory profit before tax was 18.5% (2020: 23.1%). The reduction in statutory effective tax rate is due to a deferred tax release linked to the disposal of five:am, which is disclosed within adjusting items.

Adjusted earnings per share from continuing operations of 5.64p (2020: 6.67p) decreased by -15.4% as a result of the lower adjusted profit after tax. Statutory earnings per share from continuing operations of 6.31p (2020: 5.98p) increased as a result of the higher statutory profit after tax.

In the half year to 30 November 2021 the Group recognised adjusting items which aggregated to a net credit, after tax, of £3.5m. Further detail is available in note 4. £2.8m of net income after tax was recognised in relation to the Nigeria Simplification project; within this, £11.2m related to profit on disposal of residential properties, offset by £(7.4)m recognised on the impairment of factory assets and associated engineering spare parts held in inventory, together with a net tax charge of £1.0m. Additionally, the Group recognised an adjusting item representing £2.5m of profit after tax linked to the disposal of five:am, the Group's Australian yoghurt business. A further £(1.6)m of costs were recognised due to the recycling of historical foreign exchange losses following a decision in the period to repay a quasi-equity loan held the Group's Ghana subsidiary. Additionally, the Group recognised £1.0m income after tax due to the receipt of a compensation payment from the Australian Competition & Consumer Commission related to a historical case. The Group has also recognised a £(1.2)m loss after tax related to the derecognition of amounts capitalised as intangible fixed assets in prior periods that related to cloud computing arrangements and which, following the IFRIC agenda decision issued in March 2021, have been derecognised in line with the Group's revised accounting policy.

The £(0.7)m loss from discontinued operations in the period related predominantly to the resolution of a purchase price adjustment in relation to the historical Minerva disposal. In the prior period, the loss from discontinued operations was £(10.7)m which was predominantly related to the loss on disposal of Nutricima, the Group's Nigerian milk business. Further detail is available within note 16.

Total profit for the period was £27.9m, compared to £14.2m in the prior period. In broad terms, this reflects the loss on disposal of Nutricima recognised in the prior period and the net income recognised in the current year from the disposal of five:am and the Nigerian residential properties. Statutory earnings per share of 6.14p (2020: 3.42p) increased compared to the prior period due to the increase in statutory profit, as described above.

Net debt, defined as cash, short-term deposits and current asset investments, less bank overdrafts and borrowings and excluding IFRS 16 lease liabilities, at £10.5m (November 2020: £18.2m, May 2021: £30.7m), reduced due to operating cash inflows, alongside the proceeds from the disposals of the Nigerian residential properties and five:am. The draw down on our £325m credit facility was marginally lower than last year; we had headroom at 30 November 2021 of £219m (2020: £217m).

Total free cash flow, defined as cash generated from operations less capital expenditure, was £20.3m (2020: £31.6m). Working capital has increased since the start of the financial year with a net outflow of £(14.6)m. Inventory levels increased largely because of the traditional seasonality in Africa ahead of the peak dry season and also impacted by higher commodity costs, although this was largely offset by increased payables. Debtors also increased, with closing balances higher because of improved Q2 trading, particularly in our Beauty and Africa businesses.

Our balance sheet remains strong with net assets of £417.1m as at 30 November 2021 (November 2020: £413.9m, May 2021: £381.8m). The Group is funded by a £325 million Revolving Credit Facility committed until 28 November 2023, with £219m in headroom as at 30 November 2021.

The Group's three UK pension schemes have an aggregate pension accounting surplus under IAS 19 of £41.2m, after the restriction due to asset ceiling (2020: £35.8m). The overseas schemes reported a deficit of £9.3m (2020: £7.6m).

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 19 and remain as stated on page 54 of our 2021 Annual Report and Financial Statements which is available on our website at www.pzcussons.com.

Business Performance: Regional Performance

Revenue from continuing operations (£m)	**2021**	2020 (restated)*	Variance %	Like for like variance %(1)
Europe & the Americas	**95.1**	117.1	(18.8)%	(18.5)%
Asia Pacific	**84.4**	95.9	(12.0)%	+0.3%
Africa	**102.2**	94.9	+7.7%	+22.1%
Central	**2.0**	5.0	(60.0)%	(61.2)%
	283.7	312.9	(9.3)%	(2.0)%

Adjusted operating profit/(loss) from continuing operations(2) (£m)	**2021**	2020 (restated)*	Variance %
Europe & the Americas	**19.6**	27.3	(28.2)%
Asia Pacific	**10.9**	11.7	(6.8)%
Africa	**8.4**	2.3	+265.2%
Central	**(6.0)**	(4.9)	(22.4)%
	32.9	36.4	(9.6)%

Operating profit/(loss)(2) from continuing operations (£m)	**2021**	2020 (restated)*	Variance %
Europe & the Americas	**19.6**	27.2	(27.9)%
Asia Pacific	**12.8**	11.1	+15.3%
Africa	**10.1**	0.8	+1162.5%
Central	**(6.5)**	(5.2)	(25.0)%
	36.0	33.9	+6.2%

(1) Like for like revenue variance is calculated at constant currency and excludes the impact of disposals. See page 4 for further information
(2) Adjusting items before tax (2021: income £3.1m; 2020: expense £2.5m) are detailed in note 4.
* The results for the half year to 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

The following performance commentary is presented on a continuing operations basis.
Unless otherwise stated, in the following section, all references to revenue are in line with the alternative performance measure for revenue above; that is, on a like for like basis which adjusts for constant currency and excludes the impact of disposals that are not treated as discontinued operations (five:am). All other metrics are not adjusted for constant currency or disposals. See page 4 for a quantification of the impact of constant currency and disposals. Adjusted operating profit is presented on the basis explained on page 1.

Europe & the Americas

Revenue, at £95.1m, declined -18.5% versus the prior period with a decline in adjusted operating profit to £19.6m (2020: £27.3m).

In comparison to the prior period, UK Personal Care revenue declined, driven by reduced demand for hand hygiene products as the UK laps the peak demand of the COVID-19 pandemic. The category has normalised at levels higher than before the pandemic.

Carex has driven the decline versus the prior period. The brand successfully maintained its number 1 position in the combined hand hygiene category, increasing its share of both liquid handwash (up to 41%, IRI 26 weeks ending 27 November 2021) and hand sanitiser (up to 26%, IRI 26 weeks ending 27 November 2021). This was achieved in the face of ongoing demand volatility, a resurgence of private label products and increased competition from new entrants as well as existing category players.

Original Source revenue grew versus the prior period and increased its market share of the shower category to 7.7% (Kantar, value share, 24 weeks to 28 November 2021) due to the successful introduction of the 'I'm Plant Based' range and the growth of its core proposition after the success of the new 'Force of Nature' through-the-line campaign which grew brand awareness, penetration and share.

Imperial Leather revenue declined versus the prior period as the brand lost out to strong competition in the shower segment. Despite this, the brand gained 1ppt of share within the overall UK Washing & Bathing category (Kantar, value share, 24 weeks to 28 November 2021) driven by gains in the bar soap and hand wash segments. Work is progressing on a major repositioning of the Imperial Leather brand, with the launch planned for FY23.

There was strong revenue growth from Beauty, most notably St.Tropez in both the US and UK where we have seen a category recovery post pandemic, continued online revenue growth and successful de-seasonalisation. The brand gained share in both markets. Fudge also performed well with the recovery of the professional haircare market and implementation of a new distribution strategy.

Sanctuary Spa maintained its momentum from FY21 despite a reduction in category demand post COVID-19 lockdowns, gaining approximately 5ppts of market share (Kantar World Panel MAT period ended 27 November 2021). The brand's biggest-ever campaign launch successfully aligned with the broader consumer trend of 'self-care'.

Adjusted operating profit from continuing operations for the region declined due to revenue performance in the UK, offset by Beauty performance. Operating profit was £19.6m (2020: £27.2m), in line with adjusted operating profit.

Asia Pacific

Revenue, at £84.4m, grew by +0.3%, with adjusted operating profit of £10.9m (2020: £11.7m).

Cussons Baby in Indonesia was flat, with growth in the higher margin categories of oils, cologne, liquid wash and hair lotion but this was offset by the choice to protect margin in the more highly-promoted wipes category. The brand continued to gain share in the higher margin segments of focus such as cologne and hair lotion (Nielsen, Scantrack November 2021).

In Australia / New Zealand, revenue growth in the key Home Care brands of Morning Fresh and Radiant was achieved despite the high consumption in the prior year during COVID-19 lockdowns. Morning Fresh continues to go from strength to strength as the number 1 brand in the manual dishwash segment, with share increased by 4ppts (up to 47%, Nielsen Australia Grocery Scan 26 weeks to 30 November 2021) on the back of portfolio development, continued marketing investment and increased ranging with retailers. The Beauty category rebounded strongly from the pandemic, with both St.Tropez and Fudge in double-digit revenue growth. Offsetting this were declines in Rafferty's Garden, which retained its clear category leadership, with a 29% share (Nielsen Australia Grocery Scan 26 weeks to 30 November 2021) in baby food, despite temporary wet food pouch supply shortages in Q1, and also the reduced ranging of our Reflect laundry brand in New Zealand.

Adjusted operating profit from continuing operations of £10.9m (2020: £11.7m) declined -2.7%. The key driver of this was the disposal of five:am, partially offset by improved margins from Price / Mix. Revenue Growth Management initiatives included the Radiant brand restage and a combination of price increases and promotional plan optimisations across the Rafferty's Garden portfolio, Beauty momentum in Australia and growth in the higher margin Baby segments in Indonesia.

Operating profit was £12.8m (2020: £11.1m), ahead of adjusted results due to the inclusion of the profit on disposal of five:am, which is classified as an adjusting item. See note 4 for further details.

Africa

Revenue of £102.2m was up +22.1% versus the prior period with our Personal Care, Home Care and Electricals categories all in growth. We experienced double-digit revenue growth in all Nigerian Must Win Brands as well as our larger Portfolio brands, including Stella, Canoe and Robb.

Market-leading Morning Fresh, with its 58% share in Nigeria (Nielsen MAT period ended 30 November 2021), successfully grew value share, but with a marginal decline in volume share as we increased price to protect margins. Cussons Baby gained both volume and value share. Premier both grew revenue and gained share (Nielsen MAT period ended 30 November 2021), helped by the Premier Cool national consumer promotion as well as a more strategic approach to trade promotions. The performance was also supported by improved instore visibility and NPD launches. Electricals showed strong double-digit revenue growth with price increases across our core ranges of freezers, generators, washing machines and fridges offsetting volume decline.

Adjusted operating profit from continuing operations of £8.4m (2020: £2.3m) increased as a result of the profitable revenue growth across all business units and an increase in the profit contribution from our Palm Oil joint venture, PZ Wilmar.

Statutory operating profit was £10.1m (2020: £0.8m) due to the profit on disposal of some residential properties in Nigeria, partially offset by costs incurred as part of the Nigeria Simplification project. See note 4 for further details.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**Unaudited Half year to 30 November 2021** Business performance excluding adjusting items	Adjusting items (note 4)	Statutory results for the half year	(Restated)* Unaudited Half year to 30 November 2020 Business performance excluding adjusting items	Adjusting items (note 4)	Statutory results for the half year	Audited Year to 31 May 2021 Business performance excluding adjusting items	Adjusting items (note 4)	Statutory results for the half year
		£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Continuing operations										
Revenue	3	**283.7**	**-**	**283.7**	312.9	-	312.9	603.3	-	603.3
Cost of sales		**(173.8)**	**-**	**(173.8)**	(193.1)	-	(193.1)	(366.4)	-	(366.4)
Gross profit		**109.9**	**-**	**109.9**	119.8	-	119.8	236.9	-	236.9
Selling and distribution costs		**(44.5)**	**-**	**(44.5)**	(49.0)	-	(49.0)	(100.3)	-	(100.3)
Administrative expenses		**(36.6)**	**3.1**	**(33.5)**	(36.7)	(2.5)	(39.2)	(71.2)	(5.4)	(76.6)
Share of results of joint ventures		**4.1**	**-**	**4.1**	2.3	-	2.3	5.6	-	5.6
Operating profit		**32.9**	**3.1**	**36.0**	36.4	(2.5)	33.9	71.0	(5.4)	65.6
Finance income		**0.7**	**-**	**0.7**	0.5	-	0.5	1.5	-	1.5
Finance costs		**(1.6)**	**-**	**(1.6)**	(2.0)	-	(2.0)	(3.9)	-	(3.9)
Net finance costs	5	**(0.9)**	**-**	**(0.9)**	(1.5)	-	(1.5)	(2.4)	-	(2.4)
Profit before taxation		**32.0**	**3.1**	**35.1**	34.9	(2.5)	32.4	68.6	(5.4)	63.2
Taxation	7	**(6.9)**	**0.4**	**(6.5)**	(7.9)	0.4	(7.5)	(14.4)	(13.8)	(28.2)
Profit for the period from continuing operations		**25.1**	**3.5**	**28.6**	27.0	(2.1)	24.9	54.2	(19.2)	35.0
Discontinued operations	16									
Profit/(Loss) from discontinued operations		**(0.7)**	**-**	**(0.7)**	(3.1)	(7.6)	(10.7)	(5.3)	(46.3)	(51.6)
Profit for the period		**24.4**	**3.5**	**27.9**	23.9	(9.7)	14.2	48.9	(65.5)	(16.6)
Attributable to:										
Owners of the Parent		**22.9**	**2.8**	**25.7**	24.8	(10.5)	14.3	49.6	(66.2)	(16.6)
Non-controlling interests		**1.5**	**0.7**	**2.2**	(0.9)	0.8	(0.1)	(0.7)	0.7	-
		24.4	**3.5**	**27.9**	23.9	(9.7)	14.2	48.9	(65.5)	(16.6)
Basic EPS from continuing operations (p)	9	**5.64**	**0.67**	**6.31**	6.67	(0.69)	5.98	13.12	(4.75)	8.37
Diluted EPS from continuing operations (p)	9	**5.61**	**0.67**	**6.28**	6.67	(0.69)	5.98	13.10	(4.75)	8.35
Basic EPS (p)	9	**5.47**	**0.67**	**6.14**	5.93	(2.51)	3.42	11.85	(15.82)	(3.97)
Diluted EPS (p)	9	**5.44**	**0.67**	**6.11**	5.93	(2.51)	3.42	11.84	(15.80)	(3.96)

*The results for the half year to 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.
The notes on pages 13 to 28 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half year to 30 November 2021	(Restated)* Unaudited Half year to 30 November 2020	Audited Year to 31 May 2021
	£m	£m	£m
Profit / (loss) for the period / year	**27.9**	14.2	(16.6)
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss			
Re-measurement of post-employment obligations (note 12)	**11.8**	(2.6)	(9.5)
Deferred tax gain / (loss) on re-measurement of post-employment benefit obligations	**(2.2)**	0.5	2.4
Total items that will not be reclassified to profit or loss	**9.6**	(2.1)	(7.1)
Items that may be subsequently or have been reclassified to profit or loss			
Exchange differences on translation of foreign operations	**7.7**	(13.8)	(31.9)
Deferred tax on foreign exchange related to quasi-equity loans	**-**	-	1.4
Cash flow hedges - fair value loss in period / year	**0.7**	(0.7)	(0.6)
Cost of hedging reserve	**0.1**	-	0.2
Recycle of foreign exchange equity reserves on repayment of quasi-equity loans	**1.5**	-	-
Recycle of foreign exchange equity reserves on disposals	**(0.2)**	7.5	39.9
Recycle of equity reserves on disposal of subsidiary	**0.3**	-	-
Total items that may subsequently be or have been reclassified to profit or loss	**10.1**	(7.0)	9.0
Other comprehensive income / (expense) for the period / year	**19.7**	(9.1)	1.9
Total comprehensive income / (expense) for the period / year	**47.6**	5.1	(14.7)
Attributable to:			
Owners of the Parent	**44.1**	7.2	(9.7)
Non-controlling interests	**3.5**	(2.1)	(5.0)

*The results for the half year to 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.
The notes on pages 13 to 28 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 November 2021 £m	(Restated)* Unaudited 30 November 2020 £m	Audited 31 May 2021 £m
Assets				
Non-current assets				
Goodwill, software and other intangible assets	6	**293.8**	303.5	297.5
Property, plant and equipment	6	**85.3**	102.1	91.5
Long term right of use assets	15	**11.3**	11.8	11.7
Net investments in joint ventures		**40.7**	40.0	34.2
Deferred taxation assets		**5.9**	16.9	5.9
Tax receivable		**1.7**	4.3	1.7
Retirement benefit surplus	12	**45.9**	40.4	33.6
		484.6	519.0	476.1
Current assets				
Inventories		**109.2**	92.2	91.1
Trade and other receivables		**130.1**	110.7	110.7
Derivative financial asset	13	**1.2**	0.8	1.0
Current tax receivable		**14.4**	10.2	14.2
Current asset investments	11	**0.3**	0.3	0.3
Cash and short-term deposits	11	**95.3**	89.5	87.0
		350.5	303.7	304.3
Assets held for sale		**0.7**	-	7.6
Total assets		**835.8**	822.7	788.0
Equity				
Share capital		**4.3**	4.3	4.3
Capital redemption reserve		**0.7**	0.7	0.7
Hedging reserve		**0.4**	(0.7)	(0.4)
Currency translation reserve		**(79.7)**	(104.8)	(87.4)
Other reserve		**(37.1)**	(38.1)	(39.1)
Retained earnings		**505.0**	529.4	483.7
Attributable to owners of the Parent		**393.6**	390.8	361.8
Non-controlling interests		**23.5**	23.1	20.0
Total equity		**417.1**	413.9	381.8
Liabilities				
Non-current liabilities				
Borrowings	11	**106.0**	108.0	118.0
Other payables		**0.5**	0.6	0.3
Long term lease liability	15	**7.5**	9.2	8.7
Deferred taxation liabilities		**76.0**	67.0	75.2
Retirement & other long-term employee benefit obligations	12	**14.0**	12.2	12.9
		204.0	197.0	215.1
Current liabilities				
Overdrafts	11	**0.1**	-	-
Trade and other payables		**171.4**	166.6	150.9
Short-term lease liability	15	**3.7**	2.9	3.1
Derivative financial liabilities	13	**1.1**	1.2	0.7
Current taxation payable		**37.6**	38.0	35.2
Provisions		**0.8**	3.1	0.7
		214.7	211.8	190.6
Liabilities directly associated with assets held for sale		**-**	-	0.5
Total liabilities		**418.7**	408.8	406.2
Total equity and liabilities		**835.8**	822.7	788.0

*The results for the half year to 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.
The notes on pages 13 to 28 are an integral part of these condensed consolidated interim financial statements.

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 2020 (restated)*	4.3	(100.5)	0.7	530.3	(39.0)	-	25.4	421.2
Profit for the period	-	-	-	14.3	-	-	(0.1)	14.2
Other comprehensive (expense)/income for the period	-	(4.3)	-	(2.1)	-	(0.7)	(2.0)	(9.1)
Total comprehensive (expense)/income for the period	-	(4.3)	-	12.2	-	(0.7)	(2.1)	5.1
Transactions with owners:								
Ordinary dividends	-	-	-	(13.1)	-	-	-	(13.1)
Acquisition of non-controlling interests	-	-	-	-	-	-	(0.2)	(0.2)
Share based payments charges	-	-	-	-	0.9	-	-	0.9
Total transactions with owners recognised directly in equity	-	-	-	(13.1)	0.9	-	(0.2)	(12.4)
At 30 November 2020 (restated)*	4.3	(104.8)	0.7	529.4	(38.1)	(0.7)	23.1	413.9
At 1 June 2020 (restated)*	4.3	(100.5)	0.7	530.3	(39.0)	-	25.4	421.2
Loss for the year	-	-	-	(16.6)	-	-	-	(16.6)
Other comprehensive income/(expense) for the year	-	13.1	-	(5.7)	(0.1)	(0.4)	(5.0)	1.9
Total comprehensive income/(expense) for the year	-	13.1	-	(22.3)	(0.1)	(0.4)	(5.0)	(14.7)
Transactions with owners:								
Ordinary dividends	-	-	-	(24.3)	-	-	-	(24.3)
Non-controlling interests dividend paid	-	-	-	-	-	-	(0.2)	(0.2)
Acquisition of non-controlling interests	-	-	-	-	-	-	(0.2)	(0.2)
Total transactions with owners recognised directly in equity	-	-	-	(24.3)	-	-	(0.4)	(24.7)
At 31 May 2021	4.3	(87.4)	0.7	483.7	(39.1)	(0.4)	20.0	381.8
At 1 June 2021	4.3	(87.4)	0.7	483.7	(39.1)	(0.4)	20.0	381.8
Profit for the period	-	-	-	25.7	-	-	2.2	27.9
Other comprehensive income for the period	-	7.7	-	9.9	-	0.8	1.3	19.7
Total comprehensive income for the period	-	7.7	-	35.6	-	0.8	3.5	47.6
Transactions with owners:								
Ordinary dividends	-	-	-	(14.3)	-	-	-	(14.3)
Share based payments charges	-	-	-	-	2.0	-	-	2.0
Total transactions with owners recognised directly in equity	-	-	-	(14.3)	2.0	-	-	(12.3)
At 30 November 2021	4.3	(79.7)	0.7	505.0	(37.1)	0.4	23.5	417.1

*The results for the half year to 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.
The notes on pages 13 to 28 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	Unaudited Half year to 30 November 2021 £m	(Restated)* Unaudited Half year to 30 November 2020 £m	Audited Year to 31 May 2021 £m
Cash flows from operating activities				
Cash generated from operations	**10**	**25.0**	34.0	73.4
Taxation paid		**(5.9)**	(11.3)	(20.0)
Interest paid	5	**(1.4)**	(2.0)	(2.9)
Net cash generated from operating activities		**17.7**	20.7	50.5
Cash flows from investing activities				
Interest income	5	**0.7**	0.3	1.2
Investment income		**-**	0.2	0.3
Purchase of property, plant and equipment and software	6	**(4.7)**	(2.4)	(8.9)
Cash flow from sale of assets		**12.6**	-	0.1
Cash flow from disposal of companies & businesses(1)	16 & 17	**6.4**	17.1	16.2
Repayment of loans by joint ventures		**1.8**	-	3.4
Funding provided to joint venture		**-**	-	(9.6)
Net cash used in investing activities		**16.8**	15.2	2.7
Cash flows from financing activities				
Dividends paid to non-controlling interests		**-**	-	(0.2)
Dividends paid to Company shareholders	8	**(14.3)**	-	(24.3)
Acquisition of non-controlling interests		**-**	(1.1)	(1.1)
Repayment of capital element of leases	15	**(1.9)**	(1.5)	(4.0)
Repayment of loan facility	11	**(12.0)**	(19.0)	(9.0)
Net cash used in financing activities		**(28.2)**	(21.6)	(38.6)
Net increase in cash and cash equivalents	11	**6.3**	14.3	14.6
Cash and cash equivalents at the beginning of the period	11	**87.0**	77.5	77.5
Effect of foreign exchange rates	11	**1.9**	(2.3)	(5.1)
Cash and cash equivalents at the end of the period	11	**95.2**	89.5	87.0

*The results for the half year to 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

(1) Includes £7.2 million cash inflow in relation to the disposal of Five:am and £0.8m cash outflow in respect of Minerva

The notes on pages 13 to 28 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 31.

These condensed consolidated interim financial statements for the six months ended 30 November 2021, which have been reviewed, not audited, have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the UK. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 May 2021 which have been prepared in accordance with UK adopted international accounting standards, 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 2021 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 2021 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 30 September 2021 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 8 February 2022.

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 2021.

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 2021 except 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 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2; and
- Amendments to IFRS 16 – COVID-19 Related Rent Concessions.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods. Certain new accounting standards and interpretations have been published that are not mandatory for the 31 May 2022 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.

The Group has reviewed the April 2021 IFRIC agenda decision regarding the treatment of costs related to cloud computing. The Group has implemented an amended accounting policy based on the guidance published within the IFRIC agenda decision and this policy will be described fully within the full year financial statements for the year ended 31st May 2022. The Group has conducted analysis to identify those projects that, in light of the agenda decision, would have been recognised directly as expenses, rather than capitalised as intangible assets, related to cloud computing. The Group does not consider the impact to historic periods to be material and does not intend to make any adjustment to those periods related to this accounting policy adoption. The Group has instead derecognised the brought forward capitalised costs that were previously held within intangible assets, which total £1.5m, and recorded these as expenses in the income statement in the period ended 30 November 2021. Given its nature and magnitude, the amount is disclosed as an adjusting item.

2. Accounting policies (continued)

Restatement due to prior year adjustments

As documented in the 2021 annual financial statements, during the year ended 31 May 2021, management identified a number of errors relating to prior periods. Accordingly, prior year adjustments were made, which are summarised below; further details of which can be found in note 1 of the 2021 Annual Report and Financial Statements.

Corrections were made to the previously disclosed split of the income statement amounts between 'continuing' and 'discontinued operations', along with reclassifications between 'cash generated from operating activities' and 'investing activities' all related to the treatment of the disposal of Nutricima, which completed in September 2020.

Corrections were made in relation to investment properties in Ghana that had not been correctly recorded in the Group's accounts, nor had the subsequent disposal of one of these properties been correctly recorded.

In addition to the prior year adjustments summarised above, in the consolidated cash flow statement in the interim financial statements for the period ending 30 November 2020, cash outflows of £1.1m relating to the acquisition of non-controlling interests were incorrectly presented within investing activities. These should have been presented within financing activities, and a correction has been made in these financial statements in that regard.

The impacts of these prior year adjustments have been reflected and results restated for the period ended 30 November 2020. See table below for details:

	30 Nov 2020 £m						
	As previously reported	**Reclassification between Continuing and Discontinued Operations**	**Reclassification between Cash Generated from Operating Activities and Investing Activities**	**Reclassification between Cash used in investing activities and financing activities**	**Recognition of investment property**	**Disposal of investment property**	**As restated**
Consolidated Income Statement							
Continuing Operations							
Administrative expenses	(35.3)	(3.9)	-	-	-	-	(39.2)
Operating profit	37.8	(3.9)	-	-	-	-	33.9
Profit before tax	36.3	(3.9)	-	-	-	-	32.4
Taxation	(7.9)	0.4	-	-	-	-	(7.5)
Profit/(Loss) from continuing operations	28.4	(3.5)	-	-	-	-	24.9
(Loss)/Profit from discontinued operations	(14.2)	3.5	-	-	-	-	(10.7)
Profit attributable to owners of the parent	14.3	-	-	-	-	-	14.3
Consolidated Cash Flow Statement							
Cash generated from operations	35.4	-	(1.4)	-	-	-	34.0
Net cash generated from operating activities	22.1	-	(1.4)	-	-	-	20.7
Proceeds from sale of assets	15.7	-	(15.7)	-	-	-	-
Cash flow from disposal of companies & businesses	-	-	17.1	-	-	-	17.1
Acquisition of non-controlling interests	(1.1)	-	-	1.1	-	-	-
Net cash generated from investing activities	12.7	-	1.4	1.1	-	-	15.2
Acquisition of non-controlling interests	-	-	-	(1.1)	-	-	(1.1)
Net cash used in financing activities	(20.5)	-	-	(1.1)	-	-	(21.6)
Net increase/(decrease) in cash and cash equivalents	14.3	-	-	-	-	-	14.3
Balance Sheet							
Property plant and equipment	97.1	-	-	-	5.1	(0.1)	102.1
Deferred tax liability	(65.9)	-	-	-	(1.3)	0.2	(67.0)
Current tax payable	(38.1)	-	-	-	-	0.1	(38.0)
Currency reserves	(104.6)	-	-	-	(0.4)	0.2	(104.8)
Retained earnings	525.2	-	-	-	4.2	-	529.4
Reserves attributable to owners of the parent	386.8	-	-	-	3.8	0.2	390.8

3. Segmental analysis

The segmental information presented in this note is consistent with management reporting provided to the Executive Leadership Team ('ELT'), which is the Chief Operating Decision Maker ('CODM'). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources and has determined the operating segments based on these reports which include an allocation of central revenue and costs as appropriate. The CODM considers the business from a geographic perspective, with Europe & the Americas, Asia Pacific, Africa and Central being the operating segments.

In accordance with IFRS 8 'Operating Segments', the ELT has identified these reportable segments which aggregate the Group's trading entities by geographic location as these entities are considered to have similar economic characteristics. The number of countries that the Group operates in within these segments is limited to no more than five countries per segment, which share similar customer bases and encounter comparable micro environmental challenges.

The CODM assesses the performance based on operating profit before any adjusting items. Revenues and operating profit of the Europe & the Americas and Asia Pacific segments arise from the sale of Hygiene, Beauty and Baby products. Revenue and operating profit from the Africa segment also arise from the sale of Hygiene, Beauty and Baby products as well as Electrical products. The Central segment refers to the activities in terms of revenue of our in-house fragrance house and in terms of cost of expenditure associated with the Global headquarters and above market functions net of recharges to our regions. The prices between Group companies for intra-group sales of materials, manufactured goods, and charges for franchise fees and royalties, are carried out on an arm's length basis.

Reporting used by the CODM to assess performance does contain information about brand specific performance but global segmentation between the portfolio of brands is not part of the regular internally reported financial information.

Business segments

Half year to 30 November 2021	Europe & the Americas £m	Asia Pacific £m	Africa £m	Central £m	Eliminations £m	Total £m
Gross segment revenue	**97.0**	**86.8**	**102.2**	**40.5**	**(42.8)**	**283.7**
Inter segment revenue	**(1.9)**	**(2.4)**	**-**	**(38.5)**	**42.8**	**-**
Revenue	**95.1**	**84.4**	**102.2**	**2.0**	**-**	**283.7**
Segmental operating profit before adjusting items and share of results of joint ventures	**19.6**	**10.9**	**4.3**	**(6.0)**	**-**	**28.8**
Share of results of joint ventures	**-**	**-**	**4.1**	**-**	**-**	**4.1**
Segmental operating profit before adjusting items	**19.6**	**10.9**	**8.4**	**(6.0)**	**-**	**32.9**
Adjusting Items	**-**	**1.9**	**1.7**	**(0.5)**	**-**	**3.1**
Segmental operating profit	**19.6**	**12.8**	**10.1**	**(6.5)**	**-**	**36.0**
Finance income						**0.7**
Finance cost						**(1.6)**
Profit before taxation						**35.1**

Half year to 30 November 2020 (restated)*	Europe & the Americas £m	Asia Pacific £m	Africa £m	Central £m	Eliminations £m	Total £m
Gross segment revenue	**119.2**	**100.1**	**94.9**	**30.2**	**(31.5)**	**312.9**
Inter segment revenue	**(2.1)**	**(4.2)**	**-**	**(25.2)**	**31.5**	**-**
Revenue	**117.1**	**95.9**	**94.9**	**5.0**	**-**	**312.9**
Segmental operating profit before adjusting items and share of results of joint ventures	**27.3**	**11.7**	**-**	**(4.9)**	**-**	**34.1**
Share of results of joint ventures	**-**	**-**	**2.3**	**-**	**-**	**2.3**
Segmental operating profit before adjusting items	**27.3**	**11.7**	**2.3**	**(4.9)**	**-**	**36.4**
Adjusting Items	**(0.1)**	**(0.6)**	**(1.5)**	**(0.3)**	**-**	**(2.5)**
Segmental operating profit	**27.2**	**11.1**	**0.8**	**(5.2)**	**-**	**33.9**
Finance income						**0.5**
Finance cost						**(2.0)**
Profit before taxation						**32.4**

*The results for the half year ended 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

3. Segmental analysis (continued)

Year to 31 May 2021	Europe & the Americas	Asia Pacific	Africa	Central	Eliminations	Total
	£m	£m	£m	£m	£m	£m
Gross segment revenue	220.9	194.5	192.6	50.9	(55.6)	603.3
Inter segment revenue	(4.0)	(7.3)	-	(44.3)	55.6	-
Revenue	216.9	187.2	192.6	6.6	-	603.3
Segmental operating profit before adjusting items and share of results of joint ventures	52.1	20.7	5.1	(12.5)	-	65.4
Share of results of joint ventures	-	-	5.6	-	-	5.6
Segmental operating profit before adjusting items	52.1	20.7	10.7	(12.5)	-	71.0
Adjusting Items	(1.1)	0.1	(1.7)	(2.7)	-	(5.4)
Segmental operating profit	51.0	20.8	9.0	(15.2)	-	65.6
Finance income						1.5
Finance cost						(3.9)
Profit before taxation						63.2

The Group analyses its net revenue by the following categories:

	Unaudited Half year to 30 November 2021	Unaudited Half year to 30 November 2020	Audited Year to 31 May 2021
	£m	£m	£m
Hygiene	**147.4**	174.5	322.4
Baby	**50.1**	52.2	100.0
Beauty	**38.6**	32.3	74.1
Electricals	**42.8**	38.6	79.4
Other	**4.8**	15.3	27.4
	283.7	312.9	603.3

4. Adjusting items

Half year to 30 November 2021	**Adjusting items before taxation £m**	**Taxation £m**	**Adjusting items after taxation £m**
Adjusting items included within continuing operations:			
Profit on disposal of five:am	(0.8)	(1.7)	(2.5)
Nigeria Simplification	(3.8)	1.0	(2.8)
Recycling of foreign exchange on quasi-equity loans	1.5	0.1	1.6
Compensation from Australian Competition & Consumer Commission	(1.5)	0.5	(1.0)
Derecognition of capitalised costs related to cloud computing arrangements	1.5	(0.3)	1.2
Total adjusting items	**(3.1)**	**(0.4)**	**(3.5)**

Half year to 30 November 2020 (restated)*	**Adjusting items before taxation £m**	**Taxation £m**	**Adjusting items after taxation £m**
Adjusting items included within continuing operations:			
Group strategy project	2.5	(0.4)	2.1
	2.5	**(0.4)**	**2.1**
Adjusting items included within discontinued operations:			
Loss on disposal of Nutricima	8.9	(1.3)	7.6
	8.9	(1.3)	7.6
Total adjusting items	**11.4**	**(1.7)**	**9.7**

4. Adjusting items (continued)

Year to 31 May 2021	Adjusting items before taxation £m	Taxation £m	Adjusting items after taxation £m
Adjusting items included within continuing operations:			
Group and regional restructuring	2.8	(0.5)	2.3
Impact of classification of five:am assets as held for sale	(1.2)	0.3	(0.9)
Nigeria Simplification	3.8	(0.2)	3.6
UK tax rate change – deferred tax impact	-	14.2	14.2
	5.4	**13.8**	**19.2**
Adjusting items included within discontinued operations:			
Loss on disposal of Nutricima	40.7	5.2	45.9
Disposal of Luksja brand	0.4	-	0.4
	41.1	5.2	46.3
Total adjusting items	**46.5**	**19.0**	**65.5**

*The results for the half year to 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

Explanation of adjusting items

Half year to 30 November 2021

The Group incurred net income before tax of £3.1 million from adjusting items as follows:

Profit on disposal of five:am – continuing operations
On 4 June 2021, PZ Cussons plc completed the sale of the assets associated with five:am, which was the Group's yoghurt business in Australia. On this date, the control of the assets passed to the acquirer, Barambah Organics. Proceeds for the sale were £7.2m. The pre-tax profit recognised on disposal was £0.8m and the post-tax profit was £2.5m. This profit is stated after accounting for the recycling to the profit and loss account of historical accumulated foreign exchange losses of £0.4m that were initially recorded directly in equity, and the release of the £1.2m deferred tax liability associated with the disposed brand. See note 17 for a full breakdown of this value. The results of five:am have not been reported within discontinued operations in the FY22 or FY21 results as five:am does not represent a disposal of a major line of business or an exit from a geographic area of operation as per IFRS 5.32.

Nigeria Simplification – continuing operations
£3.8m of net income before tax was recognised relating to the Nigeria Simplification project. The amount comprises £11.2m of profit on disposal of a number of residential properties in Nigeria as well as £7.4m of costs related to the impairment of factory assets and associated engineering spares held in inventory. These assets relate to product categories that are being reduced as part of the Group's simplification strategy.

Recycling of foreign exchange losses – continuing operations
£1.5m of costs were recognised related to the recycling of accumulated historical foreign exchange losses following a decision taken in the period to repay the intercompany quasi-equity loan between PZ Cussons Ghana Ltd and PZ Cussons Holdings Ltd.

Compensation from Australian Competition & Consumer Commission – continuing operations
In the period the Group received a payment of £1.5m from the Australian Competition & Consumer Commission as compensation towards legal costs incurred by the Group in a successful defence of a legal case related to competition in the laundry market in Australia dating from 2008-2009.

Derecognition of capitalised costs related to cloud computing arrangements – continuing operations

The Group has reviewed the April 2021 IFRIC agenda decision regarding the treatment of costs related to cloud computing. The net book value of those costs, as at 30th November 2021, was £1.5m. The Group has derecognised these brought forward capitalised costs, that were previously held within intangible assets, and recorded these as expenses in the income statement for the period ended 30 November 2021. The impact of this derecognition has been disclosed as an adjusting item due its nature and magnitude, in line with the Group's adjusting items policy. Please see note 6 for further information.

Half year to 30 November 2020

The Group recognised pre-tax adjusting items of £11.4 million as follows:

- Costs of £8.9m in relation to the loss on disposal of the assets of the Nutricima business. Sales proceeds were in line with the net book value of the assets, with the loss arising as a result of recycling of the currency reserve associated with these assets to the income statement.
- Costs of £2.5 million relating to the Group Strategy Project to realign the organisation design to create a more effective operating model in line with our strategy to support the organisation. These costs largely reflect the expansion of this project to include the simplification of our Nigerian operations.

4. Adjusting items (continued)

Year to 31 May 2021

The Group recognised pre-tax adjusting items of £46.5 million (£5.4m from continuing operations, £41.1m from discontinued) as follows:

- Group and regional restructuring (cost of £2.8 million);
- Impact of classification of five:am assets as held for sale (income of £1.2 million);
- Nigeria Simplification (cost of £3.8 million);
- Loss on disposal of Nutricima assets (cost of £40.7 million); and
- Disposal of Luksja brand (cost of £0.4 million).

5. Net finance costs

Continuing Operations	**Unaudited**	Unaudited	Audited
	Half year to 30 November 2021	Half year to 30 November 2020	Year to 31 May 2021
	£m	£m	£m
Interest receivable on cash deposits	**0.5**	0.2	0.9
Interest receivable on defined benefit pension scheme	**0.2**	0.3	0.6
Interest income	**0.7**	0.5	1.5
Interest payable on bank loans and overdrafts	**(0.9)**	(0.8)	(1.2)
Interest payable to external third parties	**(0.2)**	(0.2)	(0.5)
Interest payable on defined benefit pension scheme	**-**	-	(0.6)
Interest expense on lease liabilities	**(0.2)**	(0.7)	
Finance costs related to revolving credit facility	**(0.3)**	(0.3)	(0.6)
Finance costs	**(1.6)**	(2.0)	(3.9)
Net finance costs	**(0.9)**	(1.5)	(2.4)

6. Property, plant and equipment and intangible assets

	Goodwill, software and other intangible assets	**(Restated)* Property, plant and equipment**
	£m	**£m**
Opening net book amount as at 1 June 2020	304.4	112.3
Additions	0.7	1.7
Acquisition of non-controlling interest	0.9	-
Depreciation	-	(6.0)
Amortisation	(3.1)	-
Impairment	-	(0.2)
Currency retranslation	0.6	(5.7)
Closing net book amount as at 30 November 2020	**303.5**	**102.1**
Opening net book amount as at 1 June 2021	297.5	91.5
Additions	1.3	3.4
Disposals	-	(1.5)
Transfers between asset classification	0.1	(0.1)
Depreciation	-	(4.6)
Amortisation	(3.4)	-
Impairment	-	(6.4)
Derecognition of capitalised costs related to cloud computing arrangements (see note 4)	(1.5)	-
Currency retranslation	(0.2)	3.0
Closing net book amount as at 30 November 2021	**293.8**	**85.3**

*The results for the half-year to 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

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

Goodwill, software and other intangible assets comprise goodwill of £43.3 million (30 November 2020: £43.6 million), software of £29.9 million (30 November 2020: £32.6 million), the majority of which relates to the implementation and associated costs of the SAP project and other intangible assets of £220.6 million (30 November 2020: £227.3 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 at the year end date, 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.

As at 30 November 2021, management did not identify any indicators of impairment nor of reversal of previously recorded impairment provisions. As a result, no full impairment review has been performed.

Capital commitments

At 30 November 2021, the Group had entered into commitments for the acquisition of property, plant and equipment amounting to £1.0m (30 November 2020: £2.3 million). At 30 November 2021, the Group's share in the capital commitments of joint ventures was £nil (30 November 2020: £nil).

7. Tax

Continuing Operations

	Unaudited Half year to 30 November 2021	(Restated)* Unaudited Half year to 30 November 2020	Audited Year to 31 May 2021
	£m	£m	£m
United Kingdom	**2.7**	7.7	22.3
Overseas	**3.8**	(0.2)	5.9
	6.5	7.5	28.2

Income tax income on discontinued operations is £nil for half year to 30 November 2021 (30 November 2020: £1.3m income, 31 May 2021: £4.7m expense)

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 2022, before adjusting items, is 22.0% (the tax rate for the half year ended 30 November 2020 was 24.8%) and the effective tax rate to be used, post-adjusting items, is 18.9% (30 November 2020: 30.0%).

The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. At 30 November 2021, the Group had contingent liabilities of £27m in respect of such uncertain tax positions (31st May 2021 - £26m), which are in relation to claims and assessments in two of our overseas markets. In these markets there is a history of large claims being received which are considered to have little or no basis, and ultimately result in immaterial cash outflows, but which take time to conclude. Whilst the Group considers that there is a low possibility of any material outflow as a result of these claims, they have been disclosed as contingent liabilities in accordance with IAS37.

8. Dividends

An interim dividend of 2.67p per share for the half year to 30 November 2021 (2020: 2.67p) has been approved by the board totalling £11.2 million (2020: £11.2 million) and is payable on Thursday 7 April 2022 to shareholders on the register at the close of business on Friday 11 March 2022. 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 2021 of 3.42p per share, totalling £14.3 million, was approved by shareholders at the Annual General Meeting of the Company and paid on 30 November 2021.

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:

	30 November 2021 Number 000	30 November 2020 Number 000	31 May 2021 Number 000
Basic weighted average	**418,456**	418,385	418,402
Diluted weighted average	**420,456**	418,398	419,016

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:

	30 November 2021 Number 000	30 November 2020 Number 000	31 May 2021 Number 000
Average number of ordinary shares in issue during the year	**428,725**	**428,725**	428,725
Less: weighted average number of shares held by Employee Share Option Trust	**(10,269)**	**(10,340)**	(10,323)
Basic weighted average shares in issue during the year	**418,456**	418,385	418,402
Dilutive effect of share incentive plans	**2,000**	**13**	614
Diluted weighted average shares in issue during the year	**420,456**	418,398	419,016

Total earnings per share

	30 November 2021 £	(Restated*) 30 November 2020 **£**	31 May 2021 £
Profit/(loss) after tax attributable to owners of the parent	**25.7**	14.3	(16.6)
Adjusting items after taxation, attributable to owners of the parent	**(2.8)**	10.5	66.2
Adjusted profit after tax attributable to owners of the parent	**22.9**	24.8	49.6

	30 November 2021 pence	(Restated*) 30 November 2020 **pence**	31 May 2021 pence
Basic earnings/(loss) per share	**6.14**	3.42	(3.97)
Impact of adjusting items	**(0.67)**	2.51	15.82
Adjusted basic earnings per share	**5.47**	5.93	11.85
Diluted earnings/(loss) per share	**6.11**	3.42	(3.96)
Impact of adjusting items	**(0.67)**	2.51	15.80
Adjusted diluted earnings per share	**5.44**	5.93	11.84

*The results for the half year ended 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

9. Earnings per share (continued)

From continuing operations

	30 November 2021 £	(Restated*) 30 November 2020 £	31 May 2021 £
Profit after tax from continuing operations attributable to owners of the parent	**26.4**	25.0	35.0
Adjusting items after taxation, attributable to owners of the parent	**(2.8)**	2.9	19.9
Adjusted profit after tax attributable to owners of the parent	**23.6**	27.9	54.9

	30 November 2021 pence	(Restated*) 30 November 2020 pence	31 May 2021 pence
Basic earnings per share	**6.31**	5.98	8.37
Impact of adjusting items	**(0.67)**	0.69	4.75
Adjusted basic earnings per share	**5.64**	6.67	13.12
Diluted earnings per share	**6.28**	5.98	8.35
Impact of adjusting items	**(0.67)**	0.69	4.75
Adjusted diluted earnings per share	**5.61**	6.67	13.10

*The results for the half year ended 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

From discontinued operations

	30 November 2021 £	(Restated*) 30 November 2020 £	31 May 2021 £
Loss after tax from discontinued operations attributable to owners of the parent	**(0.7)**	(10.7)	(51.6)
Adjusting items after taxation, attributable to owners of the parent	**-**	7.6	46.3
Adjusted profit/(loss) after tax attributable to owners of the parent	**(0.7)**	(3.1)	(5.3)

	30 November 2021 pence	(Restated*) 30 November 2020 pence	31 May 2021 pence
Basic loss per share	**(0.17)**	(2.56)	(12.33)
Impact of adjusting items	**-**	1.82	11.06
Adjusted basic earnings/(loss) per share	**(0.17)**	(0.74)	(1.27)
Diluted loss per share	**(0.17)**	(2.56)	(12.31)
Impact of adjusting items	**-**	1.82	11.05
Adjusted diluted earnings/(loss) per share	**(0.17)**	(0.74)	(1.26)

*The results for the half year ended 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

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

	Unaudited	(Restated)* Unaudited	Audited
	Half year to 30 November 2021	Half year to 30 November 2020	Year to 31 May 2021
	£m	£m	£m
Profit before tax from continuing operations	**35.1**	32.4	63.2
Loss before tax from discontinued operations	**(0.7)**	(12.0)	(46.9)
Profit before tax	**34.4**	20.4	16.3
Adjustment for net finance costs (note 5)	**0.9**	1.5	2.4
Operating profit	**35.3**	21.9	18.7
Depreciation (note 6 & 15)	**6.3**	8.0	14.3
Amortisation (note 6)	**3.4**	3.1	6.3
Impairment of tangible and intangible assets	**6.4**	0.2	0.5
Impairment reversal on intangible assets reclassified as held for sale	**-**	-	(1.5)
Impairment of equity investment in joint venture	**-**	-	2.2
(Profit) / loss on sale of assets	**(11.1)**	(0.2)	0.4
(Profit) / loss on disposal of companies & businesses	**(1.7)**	8.8	40.7
Derecognition of capitalised costs related to cloud computing arrangements	**1.5**	-	-
Other recycling of foreign exchange losses	**1.5**	-	0.6
Difference between pension charge and cash contributions	**0.1**	-	0.5
Share based payment charges	**2.0**	0.9	-
Share of results from joint ventures	**(4.1)**	(2.3)	(5.6)
Operating cash flows before movements in working capital	**39.6**	40.4	77.1
Movements in working capital:			
Inventories	**(14.8)**	8.8	2.2
Trade and other receivables	**(16.6)**	(10.0)	(5.9)
Trade and other payables	**16.8**	(5.3)	1.3
Provisions	**-**	0.1	(1.3)
Cash generated from operations	**25.0**	34.0	73.4

*The results for the half year ended 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

11. Net debt reconciliation

Group net debt, which is an alternative performance measure, comprises the following:

	Audited	Unaudited	Unaudited	Unaudited	**Unaudited**
	1 June 2021 £m	Cash flow £m	Foreign exchange movements £m	Other £m	**30 November 2021 £m**
Cash at bank and in hand	79.4	12.6	1.6	**-**	**93.6**
Short term deposits	7.6	(6.2)	0.3	**-**	**1.7**
Overdrafts	-	(0.1)	-	**-**	**(0.1)**
Cash and cash equivalents	87.0	6.3	1.9	**-**	**95.2**
Current asset investments	0.3	-	-	**-**	**0.3**
Loans due over one year	(118.0)	12.0	-	**-**	**(106.0)**
Net debt	(30.7)	18.3	1.9	**-**	**(10.5)**

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 £325m Revolving Credit Facility committed until 28 November 2023. The Group also has access to uncommitted working capital facilities amounting to £98.2m.

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.

12. Retirement benefits & other long-term employee obligations

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 2021 £m	Unaudited 30 November 2020 £m	Audited 31 May 2021 £m
UK schemes in surplus	**104.4**	98.2	87.2
UK schemes in deficit	**(4.7)**	(4.6)	(4.5)
Restriction due to asset ceiling	**(58.5)**	(57.8)	(53.6)
Net UK position	**41.2**	35.8	29.1
Overseas schemes	**(9.3)**	(7.6)	(8.4)
	31.9	28.2	20.7

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 2021. The key assumptions made were:

	Unaudited Half year to 30 November 2021 % per annum	Unaudited Half year to 30 November 2020 % per annum	Audited Year to 31 May 2021 % per annum
Rate of increase in retirement benefits in payment	**3.35%**	2.80%	3.05%
Discount rate	**1.60%**	1.55%	1.95%
Inflation assumption	**3.50%**	2.95%	3.20%

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

	Unaudited 30 November 2021 £m	Unaudited 30 November 2020 £m
Retirement benefit surplus as at 1 June	**29.1**	38.4
Net pension interest income	**0.2**	0.3
Past service cost	**-**	(0.2)
Administration expenses paid by the schemes	**-**	(0.2)
Contributions paid	**-**	-
Employer direct benefit payments	**0.1**	0.1
Remeasurement loss due to changes in financial assumptions	**(28.5)**	(10.5)
Gain on scheme assets (excluding interest income)	**44.6**	3.8
Changes in asset ceiling (including interest)	**(4.3)**	4.1
Retirement benefit surplus as at 30 November	**41.2**	35.8

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 2021. 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 2021 and 30 November 2020 and the year ended 31 May 2021 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 2021	Half year to 30 November 2020	Year to 31 May 2021
	£m	£m	£m
Assets			
Foreign currency forward contracts	**1.2**	0.8	1.0
Liabilities			
Foreign currency forward contracts	**1.1**	1.2	0.7

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 the above subsidiary companies during the year under the terms of a joint venture agreement with Singapore based Wilmar International Limited. The assets, liabilities and undertakings of PZ Wilmar Food Limited were merged into PZ Wilmar Limited in March 2021 and therefore this has been reflected in the values given below:

- At 30 November 2021 the outstanding loan balance receivable from PZ Wilmar Limited was £37.5 million (30 November 2020: £37.3 million PZ Wilmar Limited and £7.7m PZ Wilmar Food Ltd). These receivables relate to long term loan investments that have been made by both joint venture partners and are presented as part of the Group's net investment in its joint venture. These loans are non-interest bearing, repayable following a notice period of 12 months and are not secured.

- At 30 November 2021 the outstanding current loan balance receivable from PZ Wilmar Limited was £7.2 million (30 November 2020: £nil). These loans are interest bearing, repayable on demand and not secured.

- At 30 November 2021 the outstanding trade receivable balance from PZ Wilmar Limited was £2.2 million (30 November 2020: £1.2 million and PZ Wilmar Food Limited £nil).

All trading balances will be settled in cash. There were no provisions for doubtful related party receivables at 30 November 2021 (30 November 2020: £nil) and no charge to the income statement in respect of doubtful related party receivables (30 November 2020: £nil).

15. IFRS 16 'Leases'

The Group has lease contracts for various items of property, vehicles and other equipment used in its operations. Leases of property generally have lease terms between 3 and 12 years, while motor vehicles and other equipment generally have lease terms between 1 and 4 years.

The Group also has certain leases of vehicles with lease terms of 12 months or less and leases of equipment with low-value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land & buildings	Cars	Other equipment	**Total**
	£m	£m	£m	**£m**
As at 1 June 2021	10.3	1.2	0.2	11.7
Additions	-	1.0	-	1.0
Depreciation	(1.4)	(0.2)	(0.1)	(1.7)
Currency translation	0.2	0.1	-	0.3
As at 30 Nov 2021	**9.1**	**2.1**	**0.1**	**11.3**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liability	**Total £m**
As at 1 June 2021	11.8
Additions	0.9
Accretion of interest	0.2
Payments	(1.9)
Currency translation	0.2
As at 30 Nov 2021	**11.2**
Current liabilities	3.7
Non-current liabilities	7.5
Total lease liabilities	**11.2**

The following are the amounts recognised in profit or loss:

	Unaudited Half Year to 30 November 2021	Unaudited Half Year to 30 November 2020
	£m	£m
Depreciation expense of right-of-use assets	**1.7**	1.6
Interest expense on lease liabilities	**0.2**	0.7
Expense relating to short term or low-value assets	**0.1**	0.1
Total amount recognised in profit or loss	**2.0**	2.4

16. Discontinued operations

On 18 March 2020, the Group exchanged contracts for the sale of the assets associated with Nutricima Ltd, which carried out the Group's Food & Nutrition operations in Africa. The sale completed on 28 September 2020, on which date control of the assets passed to the acquirer. The assets included in the sale were land & buildings and plant & machinery of the Nutricima factory, intellectual property relating to the brands of Nutricima and the inventory holding of Nutricima on the date of disposal. Following completion of the sale, Nutricima Ltd ceased to make commercial sales, but final business activities, such as collection of remaining debtors and settlement of liabilities continued until May 2021.

On 28 August 2019, the Group entered into a sale agreement to dispose of Minerva S.A., which carried out the Group's Food & Nutrition operations in Greece as part of the Europe & the Americas regional segment. The disposal was completed on 30 September 2019, on which date control of Minerva S.A. passed to the acquirer. As part of the sale agreement, the Group agreed to reimburse an amount of consideration, £0.8m, if certain subsidies were not received by Minerva. The date for receipt of the grants has passed and as such, the Group has made the relevant settlements. This amount is shown in discontinued operations within the half year to 30 November 2021.

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

	Unaudited	(Restated)* Unaudited	Audited
	30 November 2021	30 November 2020	31 May 2021
	£m	£m	£m
Revenue	**-**	2.5	2.4
Expenses	**(0.7)**	(5.6)	(8.2)
Loss before tax	**(0.7)**	(3.1)	(5.8)
Attributable tax income	**-**	-	0.5
	(0.7)	(3.1)	(5.3)
Adjusting items (note 4)			
Costs of liquidation following disposal of Luksja	**-**	-	(0.4)
Loss on disposal of discontinued operations	**-**	(8.9)	(40.7)
Attributable tax income/(expense)	**-**	1.3	(5.2)
	-	(7.6)	(46.3)
Net loss attributable to discontinued operations (attributable to owners of the Company)	**(0.7)**	(10.7)	(51.6)

*The results for the half year ended 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

The cash flows that are attributable to the activities of the discontinued operations are as follows:

	Unaudited	(Restated)* Unaudited	Audited
	30 November 2021	30 November 2020	31 May 2021
	£m	£m	£m
Net cash used in operating activities	**(0.2)**	(5.2)	(7.5)
Net cash (used in) / generated from investing activities	**(0.8)**	17.3	16.0
Net cash used in financing activities	**-**	-	-
Net (decrease) / increase in cash and cash equivalents	**(1.0)**	12.1	8.5

*The results for the half year ended 30 November 2020 have been restated to reflect prior year adjustments. Further details are set out in note 2.

17. Disposal of five:am

As referred to in note 4 'Adjusting items', on 4 June 2021 the Group disposed of the assets associated with five:am. The assets and liabilities that were disposed of were as follows:

	30 Nov 2021 £m
Property, plant and equipment	(0.4)
Inventories	(0.7)
Attributable intangible assets	(5.9)
Right of use assets	(0.2)
Lease liabilities	0.2
Employee provisions	0.5
Deferred tax liability	1.8
Total net assets disposed of	**(4.7)**
Cash consideration	7.2
Historical foreign exchange reserves recycled on disposal	
- Relating to intangible assets	(0.4)
- Relating to deferred tax on intangible assets	0.6
Other disposal costs	(0.2)
Profit on disposal	**2.5**

18. 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.

19. 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 54 of our 2021 Annual Report and Financial Statements 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 unchanged from those outlined on pages 59 to 61 of our 2021 Strategic Report. These are: pandemic, consumer, customer and economic trends, IT and information security, sustainability and environment, legal and regulatory compliance, talent retention and development, business transformation, health & 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', 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 31. A list of current Directors is maintained on the PZ Cussons plc website.

By order of the Board

Mr K Massie
Company Secretary
8 February 2022

INDEPENDENT REVIEW REPORT TO PZ CUSSONS PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2021 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the cash flow statement and related notes 1 to 19. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Manchester, UK
9 February 2022

Directors

Chair
C Silver *

Chief Executive
J Myers

Chief Financial Officer
S Pollard

J Townsend *
J Nicolson *
D Kucz *
K Bashforth *
J Sodha *
V Juarez *

* Non-executive

Secretary
K Massie

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