

PZ CUSSONS PLC

29th July 2008

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR TO 31ST MAY 2008

PZ Cussons Plc, the leading international consumer products group in personal and non-personal care categories, announces its preliminary results for the year ended 31st May 2008.

Results (before exceptional items ¹)	YE 31/05/08	YE 31/05/07	% change
Revenue	£660.9m	£577.9m	+14%
Operating profit	£76.4m	£66.2m	+15%
Profit before tax	£76.5m	£68.3m	+12%
Adjusted basic earnings per share	10.78p	9.78p	+10%
Statutory results			
Operating profit	£76.4m	£65.8m	+16%
Profit before tax	£76.5m	£67.9m	+13%
Basic earnings per share	11.04p	9.99p	+11%
Dividend per share	4.70p	4.27p	+10%
Net (debt) / funds ²	(£32.0m)	£60.3m	

¹ Exceptional items are detailed in note 2.

² Net (debt) / funds, above and hereafter, is defined as cash, short-term deposits and current asset investments less borrowings.

Highlights

- Strong trading performance across all regions, particularly in Nigeria
- Innovation and margin improvement programmes have successfully countered significant ongoing increases in raw material costs

Africa

- Significant growth in our electricals and nutrition joint ventures in Nigeria
- Successful first year of the electrical retail superstore in Lagos and the opening of two further stores in Nigeria
- Commencement of a £39m investment programme to upgrade the Nigerian manufacturing facilities over the next three years

Asia

- Revenues and profitability in both Australia and Indonesia ahead of last year

Europe

- Acquisition and successful integration of The Sanctuary brand and spa, acquired in January 2008 for a consideration of £75m in cash
- No. 1 position in the UK personal wash category extended through a successful brand renovation programme
- Construction of the new £26m Innovation Centre in Manchester on schedule with production now started at the new facility

Group

- Healthy balance sheet maintained with only a small net debt position of £32m following The Sanctuary acquisition
- Strong cashflow supporting an on-going capital investment programme
- Creation of an 'Operational Board' to support the Plc board in the operational management of the Group's businesses and to enable further growth opportunities to be pursued
- Total dividend increased 10% year on year

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Commenting today, Anthony Green (Chairman) said:

“2008 has been another successful year for PZ Cussons with profitability being delivered on track despite the challenging economic environment and the significant increases in input costs.

The diverse geographic spread of our businesses together with the growing number of categories in which we operate has demonstrated that we can successfully evolve both as markets develop and as economic conditions, both local and global, change.

It is the strength of the Group’s balance sheet which enabled the acquisition of The Sanctuary brand and spa whilst still leaving us in a strong position. This will serve us well in the challenging global environment and still allow us the potential to pursue further investment opportunities.

The creation of an ‘Operational Board’ during the year provides the senior management capability to press ahead with the significant number of opportunities that exist in our current markets.

Overall performance since the year end has been in line with management expectations and we face the year with optimism, whilst at the same time remaining conscious of the external economic environment.”

Press Enquiries

PZ Cussons Graham Calder (Deputy Chairman)
 Brandon Leigh (Finance Director)

Hogarth Partnership John Olsen, Sarah MacLeod, Sarah Richardson

On 29th July and 30th July 2008 c/o Hogarth on 020 7357 9477.

After 30th July to Graham Calder / Brandon Leigh on 0161 491 8000.

An analysts’ presentation will be held on 29th July 2008 at 9.30am at the offices of JP Morgan Cazenove, 20 Moorgate, London, EC2R 6DA.

Overview

PZ Cussons is pleased to report another year of considerable progress for the twelve months to 31st May 2008. Profit before tax and exceptional items rose 12% to £76.5m (2007: £68.3m) on revenue up 14% to £660.9m (2007: £577.9m). After exceptional items reported profit before tax increased by 13% to £76.5m (2007: £67.9m). Basic earnings per share were 11.04p (2007: 9.99p). Adjusted for exceptional items, earnings per share rose 10% to 10.78p (2007: 9.78p). As at 31st May 2008 the Group had net debt of £32.0m (2007 net funds: £60.3m).

The board is recommending a final dividend of 3.625p per share (2007: 3.27p) to give a total dividend for the year of 4.70p per share (2007: 4.27p), a 10% increase for the year. Subject to approval at the annual general meeting, the final dividend will be paid on 1st October 2008 to shareholders on the register at the close of business on 22nd August 2008.

Trading performance – overview

Operating profit before exceptional items rose by 15% to £76.4m (2007: £66.2m) on revenue up 14% to £660.9m (2007: £577.9m). This includes four months of results from The Sanctuary which was acquired at the end of January and has contributed £1.0m to operating profit and £5.3m to revenue in the period. The Sanctuary results, during the seasonally low trading months of the year, are in line with expectations.

Overall, all regions performed well in the year, with Nigeria in particular experiencing good top and bottom line growth. The Group performance was achieved despite a continued weakening of the US dollar and very significant increases in the costs of most raw materials and other input costs such as utilities and fuel.

Financial position - overview

The Group’s balance sheet remains strong with only a small net debt position of £32m following The Sanctuary acquisition earlier in the year. The Group continues to fund the majority of its organic growth and capital investment programme through cash generated from existing operations, with the potential to borrow further amounts should the right investment opportunities arise.

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Major projects

Updates on major projects are as follows:

Construction of the new Innovation Centre in Manchester, at a total cost of £26m, is on schedule. Phase one which is the upgrade and transfer of the manufacturing facilities from the existing manufacturing site is well underway with the first production now commenced at the new site. Transfer of the remaining production will take place before the end of the calendar year. Phase two which is the construction of a new research and development centre together with the transfer of the fragrance production facility from Ellesmere Port will be completed early in 2009.

During the year the Group announced a major investment programme to upgrade its Nigerian manufacturing facilities to world class standards. Phase one of the investment (known internally as Project Unity) will see £18m invested in the upgrade of the health and beauty production facilities which will relocate from our central Lagos site at Ilupeju to our larger production site at Ikorodu just outside Lagos. This phase also includes the upgrade of the logistical and distribution facilities at the Ilupeju site to cater for the growth of the electricals business which is located there. Phase two will see £21m invested in upgrading the soaps and detergents production facilities at the Ikorodu site and at our site in Aba in the east of Nigeria. The investment programme has now commenced and the total expenditure of £39m will be incurred over the next three financial years.

Regional reviews

Performance by region

	Revenue (£m)		Operating profit before exceptional items ¹ (£m)	
	2008	2007	2008	2007
Africa	309.1	252.9	33.6	26.1
Asia	116.0	107.2	10.2	9.8
Europe	235.8	217.8	32.6	30.3
Total	660.9	577.9	76.4	66.2

¹ Exceptional items are detailed in note 2.

Africa

In **Nigeria**, the political environment remains stable, supported by rising oil prices which have bolstered Nigeria's currency reserves and which together with continued inward foreign investment, provides an excellent environment for economic growth. During the year, the Naira has strengthened slightly against the US dollar which has helped mitigate further translation losses from the year on year weakening of the dollar against sterling.

During the year our Nigerian operations were structured as follows:

- PZ Cussons Nigeria Plc – listed on the Lagos Stock Exchange and 61% owned by the PZ Cussons Group. The business segments within this operation are as follows:
 - Soaps and Detergents
 - Health and Beauty
 - Supply Chain and Distribution
- HPZ Ltd – the joint venture with Haier manufacturing electrical goods and 74% owned by PZ Cussons Nigeria Plc
- Nutricima Ltd – the joint venture with Glanbia manufacturing nutritional beverages and 50% owned by the PZ Cussons Group

The soaps and detergents business performed well with revenue ahead of the prior year, however profitability remained at the prior year level due to the significant increase in raw material costs. Whilst selling prices have risen, further detergent supply has come on stream from our competitors providing for a more competitive market. However, the business remains well placed with a strong overall portfolio catering to the economy, mid

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and premium segments. The overall market continues to evolve with the demand for the more traditional economy products of laundry soap and bulk detergents declining as consumers switch to the growing toilet soap and branded detergent ranges. During the year, there have been a number of new product launches including Elephant Colour fabric detergent, Jet multi-purpose detergent and Ava liquid air freshener.

The health and beauty business also performed well in the year with revenue and profitability ahead of last year. Growth has come from focus on the core brands of Robb (medicaments), Venus, Joy and Carex (personal care) and Cussons Baby. The success of this business comes from focusing on traditional product ranges, such as Robb, which are sold nationally and on understanding regional preferences with brands such as Excel and Stella which are sold predominately in the north of Nigeria. At the same time, preferences and consumer appetites for more sophisticated brands are developing and product relaunches such as the Venus haircare pan-African launch are successfully catering for these requirements. The health and beauty business will be the first to benefit from the capital investment project discussed earlier which will see the manufacturing relocate on a more efficient basis to our Ikorodu site just outside Lagos at the end of the calendar year.

Following the year end, the soaps and detergents and health and beauty businesses have been reorganised into Personal Care and Home Care divisions as part of the modernisation of the Nigerian business. As an example, this will result in toilet soaps which are currently managed under the soaps and detergents division, being managed as part of the new Personal Care division.

Revenue and profitability of the electricals business has grown year on year as consumer demand for such products continues to increase, supported by an emerging middle class who desire products both of a functional and an aspirational nature. The brand name Haier Thermocool has continued to live up to its reputation of affordable quality and this is being underpinned by the establishment of a nationwide after-sales service capability. Growth has come across the core product range of fridges, freezers, air-conditioners and televisions, with the more recent launches of microwaves, washing machines, water heaters, DVD players and home theatre systems performing well. HT Cool World, Nigeria's first world-class standard electrical retail superstore, which opened in June 2007, has performed well in the year and has captured a further segment of the market with a particular focus on premium products. Following the success of this superstore, two further HT Cool Worlds have opened just after the year end, one in Nigeria's capital Abuja and one in Kano (the north's major city).

The nutrition joint venture has continued to grow well with revenue increasing year on year, benefiting from this being the first full year of sales from the core brands of Nunu, Coast and Powerfist. However, profitability has been affected by rising milk costs which increased throughout the first half of the financial year although these started to decline towards the end of the second half. The business is expected to move into profitability in the second half of the new financial year. As previously announced, the second factory will come on stream early in 2009 with a new range of products to be launched in UHT format.

In supply chain and distribution, there have been a number of initiatives including:

- Construction commenced of a world-class standard distribution centre on the Ikorodu site including a fully automated warehouse system. This will facilitate the consolidation of stock holdings at the central level allowing for lower stock holdings to be maintained at the 26 depot locations nationwide.
- Further partnerships with third party transport providers to improve the quality and reliability of transportation of raw materials from port to the factories and of finished goods from the factories to the depots.
- Investment in processes and IT systems to provide greater visibility of the end-to-end supply chain.
- Further outsourcing of non-core manufacturing operations to local third party providers.

Revenue and profitability of the other African territories, **Ghana** and **Kenya**, were ahead of the prior year, benefiting from good local product ranges together with the roll-out of pan-regional products such as Venus haircare. In addition, sales of electrical products in Ghana continued to perform well. The Kenya business successfully recovered from the political turmoil early in the year with little impact on performance.

Asia

In **Australia**, the market for branded detergent products has become very competitive over the last few years following the introduction of private label ranges by the two retailers who account for the majority of the trade. Despite the trading environment continuing to be competitive, sales and profitability were higher than the prior year due to continued innovation across the brand portfolio of Radiant and Duo (clothes care), Morning Fresh (dishwash) and Pure (personal wash). A major innovation launch in the year was 'Aquasave' which is a new technology that allows the cleaning cycle to be as effective using shorter washes and therefore less water in a country which faces continuing pressures on its water resources. This innovative technology has been utilised effectively in both fabric care and in dishwash. Further margin improvement initiatives were launched in the year to counter the ongoing increases in raw material costs which have particularly affected the detergent category.

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In **Indonesia**, sales and profitability were higher than the previous year due to the continued success of the Cussons Baby range which remains the number one baby personal care brand in the Indonesian market. This position has been strengthened by the launches last year of the Cussons Sahaja 'basics' range and a baby needs range including bottles, plates and feeding spoons. The other brands of Imperial Leather and Extreme continue to perform well. The nationwide depot network which provides distribution to over 100,000 outlets remains a valuable asset to support the business growth.

Sales and profitability of the other Asian units, **Thailand**, **Malaysia** and the **Middle East**, were at a similar level to the prior year.

Europe

In the **UK**, trading has been strong with like-for-like revenue (excluding The Sanctuary) up 9% versus the prior year. This growth has been achieved through continued focus on renovating the brand portfolios and delivering products that meet the needs of UK consumers.

All the UK brands performed well in the year, with the business extending its number one market share position in the personal wash category.

The largest brand of the UK business, Imperial Leather, had another successful year with a 'Huggable, Snuggable Skin' media campaign reinforcing the brand's credentials of family and luxury. In the last few months, the entire Imperial Leather range has been relaunched with a fresh new look and exciting new fragrances. The range has also been extended through the launch of a new product concept called Imperial Leather 'Skin Bliss'. This range features innovative 'moisture-lock' technology that moisturises skin in a completely new way by cleansing without stripping the skin of its natural oils.

Carex continues to be the UK market's number one anti-bacterial handwash with high consumer loyalty to the brand. Recent extensions to the range such as anti-bacterial wipes and waterless hand gels are performing well. The brand continues to be supported through specific media exposure both on TV and in magazines.

Original Source was the UK market's fastest growing brand in the personal wash category last year. The brand's image is based upon its natural fragrances with its target consumers those who are looking for a 'cool and funky' experience. The recent range extensions of skin food in pouches and bath milk have strengthened the brand's image and have demonstrated the brand's stretch potential using innovative formulations and packaging. The brand has been supported in the year with 'short burst' TV advertisements together with non-traditional forms of support such as sponsorship of 'extreme sports' events. Further extension of the portfolio will take place over the next few months with the launch of a new men's range of products.

In haircare, the Charles Worthington brand has maintained its number two position in the professional haircare category by delivering high quality affordable haircare products to UK consumers through the major retailers. The core 'Results' range of shampoos and conditioners, including the successful takeaway 'miniature' products, is complemented with other haircare products in aftercare and styling. An exciting new range of products called 'Time Defy' will be launched over the next few months introducing further innovation into the category.

The Sanctuary brand and spa, purchased in January 2008, has continued to perform well under the Group's ownership. Approximately two thirds of revenue and profits are derived from product sales out of Boots, the sole UK distributor, with the balance arising from The Sanctuary Spa in Covent Garden, London.

A post-acquisition review of the business has confirmed the exciting growth potential of The Sanctuary which will come from three areas: the UK products business, international product sales and the spa division. The majority of the management team and staff at The Sanctuary's head office in Hemel Hempstead have been retained with the spa at Covent Garden continuing to run as an independent site.

The UK products business of The Sanctuary has a strong pipeline of new product development both across the core 'Spa Essentials' range and the speciality ranges such as 'Signatures' which has just been refreshed with new themes and fragrances. In addition, skincare is identified as an area with good growth potential. International sales of The Sanctuary products, whilst small at present, also have good growth potential in the medium term with distribution agreements already established in the US, Canada and certain Asian territories.

The spa in Covent Garden continues to be run well and profitably with the 64,000 visitors a year at or around maximum capacity with the spa itself an excellent source of ideas and product innovation. The management is currently considering whether it is appropriate to introduce other spa locations in the UK to extend the reach of

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The Sanctuary spa experience to consumers outside London. In the meantime, a 'spa roadshow' will tour major UK towns this summer to promote the brand and to allow consumers to experience The Sanctuary treatments.

As discussed earlier, the new Innovation Centre in Manchester is on schedule with the production facility to be completed by the end of the calendar year and the fragrance and research facility to be completed early in 2009. Whilst the surplus sites at Ellesmere Port and Nottingham remain on the market, given the current economic situation it is not now expected that these will be sold in the next financial year.

As a final stage of the modernisation of its UK facilities, the Group recently announced that it will move its head office to Manchester Business Park, adjacent to Manchester Airport with the new build, to be occupied on a lease basis, scheduled to be completed in spring 2010.

Finally in the UK, the Group completed the closure of its three UK based final salary pension schemes on 31st May 2008 as part of the modernisation of its reward packages.

In **Poland**, sales of the two key brands 'E' and Luksja were ahead of last year in a very competitive market. During the year, the 'Uroda' brand, which comprised a range of traditional skincare products, was sold with the sale proceeds being reinvested in the core brands of 'E' and Luksja. The 'E' range was renovated in the year with new products launched across fabric detergents, fabric conditioners and household cleaning products. The Luksja range of bar soaps and shower gels continues to increase its market share through innovation such as the introduction of the successful 'limited editions' concept that has worked well in the UK.

In **Greece**, sales were ahead of last year due to continued focus on the product range which was rebranded in the year under the Minerva master brand. The range of olive and other seed oils together with fats and spreads provides Greek consumers with a variety of functional and indulgent products under a brand name that they know represents local quality. During the year, a small local butter brand was purchased to strengthen the overall portfolio.

People

During the year, an 'Operational Board' was formed to support the Plc board in the operational management of the Group's businesses and to enable further growth opportunities to be pursued. The team comprises two commercial Area Director roles and six functional heads covering HR, Finance, Supply Chain, Innovation, Corporate Services and New Business Development. The team is made up of both internal promotions and external recruits from a variety of international companies.

Exceptional items

A net operating charge of nil (2007: £0.4m) for exceptional items has been made, with restructuring costs in the UK and Africa being offset by profit on disposal of fixed assets and a UK pension curtailment gain. Further details are given in note 2.

Taxation

The effective tax rate before exceptional items was 28.0% (2007: 29.0%).

Outlook

Overall performance since the year end has been in line with expectations although the Group remains conscious of the external environment and in particular:

- the continuing increases in raw material and other input costs such as utilities and fuel;
- general global inflationary pressures together with high interest rates; and
- the uncertain economic situation in the UK and the potential consequences of reduced consumer spending power and the impact on the major retailers.

The Group believes it is well placed to counter the above given that:

- a significant proportion of revenues are derived from international markets, and in particular Nigeria, which are much less affected by the global credit crunch

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- our 'local brands for local markets' strategy enables greater flexibility in renovating product portfolios to support changing local conditions
- our manufacturing is generally located close to the market of sale thus minimising the impact of rising transport costs
- our strong balance sheet with a small net debt funding position, together with positive cashflow, still allows scope to fund other growth opportunities as they arise

In summary, the Group looks to the year ahead with cautious optimism and a continued focus on its strategy of selected markets, leading brands, first class distribution driven by a great team of people.

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Consolidated income statement for the year to 31st May 2008

	Notes	Before exceptional items £m	Exceptional items (note 2) £m	Total 2008 £m	Before exceptional items £m	Exceptional Items (note 2) £m	Total 2007 £m
Revenue	1	660.9	-	660.9	577.9	-	577.9
Cost of sales		(419.1)	(3.1)	(422.2)	(365.9)	-	(365.9)
Gross profit		241.8	(3.1)	238.7	212.0	-	212.0
Selling and distribution expenses		(105.0)	-	(105.0)	(86.1)	-	(86.1)
Administrative expenses		(60.2)	3.1	(57.1)	(58.9)	(0.4)	(59.3)
Share of results of joint venture		(0.2)	-	(0.2)	(0.8)	-	(0.8)
Operating profit	1	76.4	-	76.4	66.2	(0.4)	65.8
Finance income		3.4	-	3.4	2.8	-	2.8
Finance costs		(3.3)	-	(3.3)	(0.7)	-	(0.7)
Net finance income	3	0.1	-	0.1	2.1	-	2.1
Profit before taxation		76.5	-	76.5	68.3	(0.4)	67.9
Taxation	4	(21.4)	0.2	(21.2)	(19.8)	1.3	(18.5)
Profit for the year		55.1	0.2	55.3	48.5	0.9	49.4
Attributable to:							
Equity holders of the parent	6	45.9	1.1	47.0	41.5	0.9	42.4
Minority interest		9.2	(0.9)	8.3	7.0	-	7.0
		55.1	0.2	55.3	48.5	0.9	49.4
Basic EPS (p)	6			11.04			9.99
Diluted EPS (p)	6			10.96			9.89
Adjusted basic EPS (p)	6			10.78			9.78
Adjusted diluted EPS (p)	6			10.71			9.68

The results shown above for both 2008 and 2007 relate to continuing operations.

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Consolidated balance sheet as at 31st May 2008

	31st May 2008	31st May 2007
	£m	£m
Assets		
Non-current assets		
Goodwill and other intangible assets (note 7)	152.2	54.2
Property, plant and equipment	180.0	143.2
Other investments	0.7	0.8
Receivables	22.9	11.7
Non-current assets held for sale	-	2.6
Retirement benefit surplus	21.5	23.1
	377.3	235.6
Current assets		
Inventories	167.4	150.4
Receivables and prepayments	113.6	85.0
Investments	0.3	12.8
Cash and short-term deposits	44.0	53.3
Current taxation receivable	2.1	3.7
	327.4	305.2
Total assets	704.7	540.8
Liabilities		
Current liabilities		
Borrowings	(16.4)	(5.8)
Trade and other payables	(113.9)	(95.7)
Current taxation payable	(13.0)	(11.2)
Provisions	(2.1)	(7.3)
	(145.4)	(120.0)
Non-current liabilities		
Borrowings	(59.9)	-
Other liabilities	(1.5)	(1.4)
Deferred tax liabilities	(40.7)	(20.1)
Retirement benefit obligation	(47.9)	(37.2)
Provisions	(3.4)	(2.7)
	(153.4)	(61.4)
Total liabilities	(298.8)	(181.4)
Net assets	405.9	359.4
Equity		
Ordinary share capital	4.3	4.3
Capital redemption reserve	0.7	0.7
Revaluation reserve	29.8	29.6
Other reserve	(2.6)	(3.0)
Currency translation reserve	23.0	0.9
Retained earnings	293.5	279.3
Equity attributable to equity holders of the parent	348.7	311.8
Equity minority interest	57.2	47.6
Total equity	405.9	359.4

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Consolidated cash flow statement for the year to 31st May 2008

	2008 £m	2007 £m
Operating activities		
Cash generated from operations	53.0	58.7
Taxation	(17.1)	(19.3)
Net cash flow from operating activities	35.9	39.4
Investing activities		
Investment income received	3.5	3.1
Purchase of property, plant and equipment	(37.6)	(27.5)
Sale of property, plant and equipment	9.8	12.6
Purchase of intangible assets	(0.7)	-
Proceeds from disposal of subsidiary	-	2.5
Net cash balances disposed of with subsidiary undertaking	-	(1.0)
Acquisition of subsidiary	(74.4)	-
Sales / (purchase) of current asset investments	13.8	(10.4)
Loans to joint ventures	(9.9)	(0.5)
Net cash flow from investing activities	(95.5)	(21.2)
Financing activities		
Interest paid	(3.3)	(0.7)
Dividends paid to minority interests	(2.2)	(2.3)
Purchase of shares for ESOT	(0.2)	(0.5)
Ordinary dividends paid	(18.5)	(16.7)
Net increase / (decrease) in borrowings	67.8	(1.9)
Net cash flow from financing activities	43.6	(22.1)
Net decrease in cash and cash equivalents	(16.0)	(3.9)
Cash and cash equivalents at the beginning of the year	50.1	53.9
Effect of foreign exchange rates	4.0	0.1
Cash and cash equivalents at the end of the year (note 8)	38.1	50.1

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Reconciliation of profit before tax to cash generated from operations for the year to 31st May 2008

	2008	2007
	£m	£m
Profit before tax	76.5	67.9
Adjustment for finance income	(0.1)	(2.1)
Operating profit	76.4	65.8
Depreciation	15.7	14.5
Profit on sale of tangible fixed assets	(5.5)	(7.2)
Profit on sale of intangible fixed assets	(4.3)	-
Share of results from joint ventures	0.2	0.8
Loss on sale of operations	-	0.5
Charge for ESOT shares to be awarded	0.6	0.4
Operating cash flows before movements in working capital	83.1	74.8
Movements in working capital:		
Inventories	(3.8)	(12.6)
Receivables	(13.7)	(11.0)
Payables	(7.6)	7.2
Provisions	(5.0)	0.3
Cash generated from operations	53.0	58.7

Consolidated statement of recognised income and expense for the year to 31st May 2008

	2008	2007
	£m	£m
Actuarial losses on defined benefit pension schemes	(21.4)	(8.3)
Exchange differences on translation of foreign operations	29.2	(4.0)
Taxation on items taken directly to equity	4.2	4.1
Net income / (expense) recognised directly in equity	12.0	(8.2)
Profit for the year	55.3	49.4
Total net income and expense recognised for the year	67.3	41.2
Attributable to:		
Equity holders of the parent	54.7	35.9
Minority interests	12.6	5.3

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NOTES

1 Segmental analysis

Geographic segments

2008	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Total gross segment revenue	309.1	134.5	416.5	(199.2)	660.9
Inter segment revenue	-	(18.5)	(180.7)	199.2	-
Revenue	309.1	116.0	235.8	-	660.9
Segmental operating profit before exceptional items	33.6	10.2	32.6	-	76.4
Exceptional items (note 2)	(4.2)	-	4.2	-	-
Segmental operating profit	29.4	10.2	36.8	-	76.4
2007					
Total gross segment revenue	252.9	120.4	372.1	(167.5)	577.9
Inter segment revenue	-	(13.2)	(154.3)	167.5	-
Revenue	252.9	107.2	217.8	-	577.9
Segmental operating profit before exceptional items	26.1	9.8	30.3	-	66.2
Exceptional items (note 2)	(0.5)	-	0.1	-	(0.4)
Segmental operating profit	25.6	9.8	30.4	-	65.8

Business segments

	Revenue by business segment	
	2008 £m	2007 £m
Toiletries and household	486.3	431.6
Food and nutrition	104.7	93.9
Electrical goods	69.9	52.4
Total	660.9	577.9

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2 Exceptional items

The Group has adopted a columnar income statement format which seeks to highlight significant items within the Group's results for the period. Such items are considered by the directors to be exceptional in nature rather than being representative of the underlying trading of the Group, and may include such items as restructuring costs, material impairments of non-current assets, material pension curtailments and profit or loss on disposal or termination of operations. The directors believe that the separate disclosure of these items is relevant to an understanding of the Group's financial performance.

Year to 31st May 2008

Exceptional items included within operating profit:	Effect on:	Profit before taxation £m	Taxation £m	Profit after taxation £m
Restructuring of UK operations (i)		(3.3)	1.0	(2.3)
Profit on disposal of fixed assets (ii)		2.1	(0.6)	1.5
Restructuring of African operations (iii)		(4.4)	1.4	(3.0)
Pension curtailment (iv)		5.6	(1.6)	4.0
Total		-	0.2	0.2

(i) Restructuring of UK operations

A significant restructuring of the UK business, associated with the relocation of manufacturing from the existing site, made up of redundancy and other associated restructuring costs.

(ii) Profit on disposal of fixed assets

The sale of the UK manufacturing site in Manchester resulted in an exceptional gain on disposal of £2.1 million.

(iii) Restructuring of African operations

A significant restructuring of African businesses (Project Unity), made up of redundancy and other associated restructuring costs.

(iv) Pension curtailment

The closure of the UK based defined benefit pension schemes on 31st May 2008 resulted in an exceptional curtailment gain of £5.6 million, net of associated costs.

Year to 31st May 2007

Exceptional items included within operating profit:	Effect on:	Profit before taxation £m	Taxation £m	Profit after taxation £m
Restructuring of UK operations (i)		(5.1)	1.5	(3.6)
Profit on disposal of fixed assets (ii)		4.7	(0.2)	4.5
Total		(0.4)	1.3	0.9

(i) Restructuring of UK operations

A significant restructuring of the UK business, made up of redundancy and other associated restructuring costs.

(ii) Profit on disposal of fixed assets

The sale of the Polish head office in Warsaw resulted in an exceptional gain on disposal of £5.2 million, while a net loss of £0.5 million was realised in relation to the sale of the Cameroun business, due to rationalisation of the Group's smaller operations.

3 Net finance income

	2008 £m	2007 £m
Current asset investment income:		
Net investment gains	0.2	0.1
Interest and dividends receivable	3.2	2.7
	3.4	2.8
Interest payable on bank loans and overdrafts	(3.3)	(0.7)
Total	0.1	2.1

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4 Taxation

	2008 £m	2007 £m
Current tax		
UK corporation tax charge for the year	4.9	5.8
Adjustments in respect of prior periods	0.9	(0.2)
	5.8	5.6
Overseas corporation tax charge for the year	13.0	12.2
Adjustments in respect of prior periods	-	(1.0)
	13.0	11.2
Total current tax charge	18.8	16.8
Deferred tax		
Temporary differences, origination and reversal	3.1	1.2
Adjustments in respect of prior periods	(0.7)	0.5
Total deferred tax	2.4	1.7
Total tax charge	21.2	18.5

UK corporation tax is calculated at 29.67% (2007: 30%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Taxation on items taken directly to equity was £4.2 million (2007: £2.5 million) relates to the release of deferred tax provision on disposed properties and the movement in deferred tax on actuarial losses.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2008 £m	2007 £m
Profit before tax	76.5	67.9
Tax at the UK corporation tax rate of 29.67% (2007: 30%)	22.7	20.4
Tax effect of revenue / expenses that are not deductible / (taxable) in determining taxable profit	0.2	(0.4)
Tax effect of utilisation of tax losses and other assets not recognised in deferred tax	-	(1.1)
Effect of different tax rates of subsidiaries in overseas jurisdictions	(0.9)	0.4
Tax effect of share of results of joint ventures	-	0.2
Sale of properties	(0.6)	(0.3)
Effect of change in UK corporation tax rate	(0.4)	-
Prior period adjustment	0.2	(0.7)
Tax charge for the year	21.2	18.5

5 AGM and dividend

The board is recommending a dividend increase of 10% for the year with a proposed final dividend of 3.625p (2007: 3.27p) per share for a total of 4.70p (2007: 4.27p). The gross amount for the proposed final dividend is £15.4 million (2007: £13.9 million).

The date of the annual general meeting has been fixed for 29th September 2008 and dividend warrants in respect of the proposed final dividend, subject to shareholders' approval, will be posted on 1st October 2008 to members on the register at 5.00 pm on 22nd August 2008.

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6 Earnings per share

Basic earnings per share and diluted earnings per share are calculated by dividing profit for the period attributable to equity holders by the weighted average number of shares in issue.

	2008	2007
Basic weighted average (000)	425,766	424,348
Diluted weighted average (000)	428,725	428,725

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the deferred annual share bonus scheme and the executive share option scheme.

The profit attributable to equity holders for the period is as follows:

	2008	2007
Profit attributable to ordinary equity shareholders	47.0	42.4
Exceptional items	(1.1)	(0.9)
Adjusted profit	45.9	41.5

	2008	2007
Basic earnings per share	11.04p	9.99p
Exceptional items	(0.26)p	(0.21)p
Adjusted basic earnings per share	10.78p	9.78p
Diluted earnings per share	10.96p	9.89p
Exceptional items	(0.25)p	(0.21)p
Adjusted diluted earnings per share	10.71p	9.68p

7 Goodwill and other intangible assets

	Goodwill	Other intangible assets	Total
	£m	£m	£m
Cost			
At 1st June 2006	8.8	45.2	54.0
Currency retranslation	-	0.2	0.2
At 31st May 2007	8.8	45.4	54.2
Acquired during the year	21.0	75.3	96.3
Other	(0.5)	1.2	0.7
Currency retranslation	-	1.0	1.0
At 31st May 2008	29.3	122.9	152.2

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7 Goodwill and other intangible assets (continued)

Intangible assets include the Group's acquired brands: Charles Worthington, Original Source, The Sanctuary and Trix. During the year the Group acquired The Sanctuary, see note 9 for disclosure on the acquisition. In accordance with IFRS 3 'Business Combinations', a deferred tax provision is recognised on the difference between the fair value of an acquired asset and its equivalent tax value. The effect of this difference, from The Sanctuary acquisition, is an increase in deferred tax liabilities by £21.0 million as at 31st May 2008 and a corresponding increase in goodwill.

During the year the 'Uroda' brand in Poland was sold with the net sales proceeds of £4.3 million being reinvested in the core brands of 'E' and Luksja.

8 Net funds

	2008 £m	2007 £m
Cash at bank and in hand *	20.4	21.2
Deposits *	23.6	32.1
Current asset investments	0.3	12.8
Overdrafts *	(5.9)	(3.2)
Loans due within one year	(10.5)	(2.6)
Loans due after one year	(59.9)	-
Net (debt) / funds	(32.0)	60.3

* constitutes cash and cash equivalents.

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9 Acquisition

On 29th January 2008, the Group acquired the entire share capital of The Sanctuary Spa Holdings Limited and its wholly owned subsidiaries for a cash consideration of £74.4 million on a cash and debt-free basis, including associated costs.

The acquired business contributed revenues of £5.3 million and operating profit of £1.0 million to the Group for the period from 29th January 2008 to 31st May 2008. If the acquisition had occurred on 1st June 2007, Group revenue would have increased by £26.4 million, and operating profit would have increased by £5.7 million. These amounts have been calculated using the Group's accounting policies, together with the consequential tax effects.

Details of the preliminary fair value assessment of the assets and liabilities acquired and the goodwill are as follows:

Purchase consideration:	£m
- Cash paid	73.5
- Direct costs relating to the acquisition	0.9
Total purchase consideration	74.4

The assets and liabilities acquired as of 29th January 2008 arising from the acquisition are as follows:

	Provisional fair value £m	Acquiree's carrying amount £m
Property, plant and equipment	3.5	3.5
Brand (included in other intangible assets)	75.3	-
Inventories	2.0	2.2
Trade and other receivables	2.1	2.3
Trade and other payables	(8.2)	(7.1)
Deferred tax liabilities	(0.3)	(0.3)
Net assets acquired	74.4	0.6
Purchase consideration settled in cash		74.4
Cash outflow on acquisition		74.4

Under IFRS 3 on business combinations, a deferred tax provision is recognised on the difference between the fair value of an acquired asset and its equivalent tax value. The effect of this difference is an increase in deferred tax liabilities of £21.0 million as at 31st May 2008 (2007: nil). This has resulted in the creation of goodwill of £21.0 million (2007: nil).

Fair value adjustments relate to provisions for inventory, receivables and tax.

There were no acquisitions in the year ended 31st May 2007.

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10 Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU), including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on a historical cost basis.

Whilst the financial information in this preliminary announcement has been computed in accordance with IFRS this announcement does not itself contain sufficient information to comply with IFRS. The company expects to publish full financial statements that comply with IFRS on 21st August 2008.

The accounting policies are consistent with those presented in the Annual Report and Financial Statements for 2007 with the exception of the following new statements which have been adopted for the first time:

- IFRS 7 'Financial Instruments: Disclosures'
- Amendment to IAS 1 'Presentation of Financial Statements: Capital Disclosures'

11 Basis of financial statements

The 2008 results are an abridged version of the statutory financial statements for the year ended 31st May 2008 which have been approved by the board of directors and which carry an unqualified audit report. The 2007 results for the year ended 31st May 2007 which were prepared in accordance with IFRS carry an unqualified audit report and have been filed with the Registrar of Companies. Neither financial statements contain a statement in respect of s.237(2) or (3) of the Companies Act 1985.

Approved by the board of directors on 29th July 2008.