PZ Cussons

Interim Statement for the half-year to 30 November 2008

FINANCIAL HIGHLIGHTS

Results for the six month period to 30 November 2008

Results (before exceptional items[1])	**Half-year to 30 November 2008**	Half-year to 30 November 2007	Change %
Revenue	**£393.8m**	£299.5m	+31.5%
Operating profit	**£39.0m**	£32.0m	+21.9%
Profit before taxation	**£36.9m**	£32.5m	+13.5%
Adjusted basic earnings per share	**5.25p**	4.69p	+11.9%
Statutory results			
Operating profit	**£36.9m**	£34.9m	+5.7%
Profit before taxation	**£34.8m**	£35.4m	–1.7%
Basic earnings per share	**4.90p**	5.33p	–8.1%
Interim dividend per share	**1.185p**	1.075p	+10.2%
Net (debt) / funds[2]	**(£40.8m)**	£40.2m	

[1]Exceptional items are detailed in note 4.
[2]Net (debt) / funds, above and hereafter, are defined as cash, short-term deposits, current asset investments less borrowings.

OPERATIONAL HIGHLIGHTS

Group

- Good trading performance across all territories has resulted in strong revenue and profitability growth
- Local brands for local markets business model has enabled fast reaction to local economic conditions
- Margin improvement initiatives have offset further raw material cost increases in first half
- Healthy balance sheet with strong cash generation during the period funding ongoing capital investment programme
- Interim dividend increased by 10.2% to 1.185p per share from 1.075p per share

Africa

- Main market of Nigeria relatively less impacted by the effects of the global credit crunch
- Trading across Personal Care, Home Care and Electricals categories in Nigeria has been strong
- Nutrition joint venture expected to move into profitability in second half and new UHT factory about to be commissioned
- £39m investment programme in supply chain facilities in Nigeria well underway

Asia

- Good growth, particularly in Indonesia, driven by new product launches in first half

Europe

- No.1 position in personal wash category in UK maintained, with strong performance driven by significant new product launches in first half
- The Sanctuary, purchased in January 2008, continues to deliver profitable growth, continuing post period end with strong performance in Christmas gifts
- New £26m Innovation Centre in Manchester on schedule for completion during next few months

NET (DEBT) / FUNDS

	30 November 2008 £m	30 November 2007 £m	31 May 2008 £m
Cash and short-term deposits	**41.4**	44.6	44.0
Current asset investments	**0.3**	13.5	0.3
Borrowings due within one year	**(30.1)**	(17.9)	(16.4)
Borrowings due after one year	**(52.4)**	–	(59.9)
Net (debt) / funds	**(40.8)**	40.2	(32.0)

The Group has delivered a strong performance in the first half despite the worsening global economic conditions. The Group's diverse geographical spread, together with its ability to react quickly on a local basis, is ensuring continued profitable growth. The first half performance was achieved despite further increases in raw material costs and significant exchange rate volatility in most markets.

Our major investment projects in Nigeria and the UK are progressing to plan. The Sanctuary, purchased for £75 million in January 2008, has performed well demonstrating that a strong brand which offers value for money to a loyal consumer base can perform well even in a tightening economic environment.

The Group continues to benefit from a strong balance sheet with a modest net debt position at the period end.

Overall performance since the period end has been in line with management expectations and the Group remains cautiously optimistic for the full year out-turn despite the uncertain global economic picture.

Overview

PZ Cussons Plc is pleased to report that profit before tax and exceptional items rose 13.5% to £36.9 million (30 November 2007: £32.5 million) on revenue up 31.5% to £393.8 million (30 November 2007: £299.5 million). After exceptional items, reported profit before tax reduced by 1.7% to £34.8 million (30 November 2007: £35.4 million). Basic earnings per share were 4.90p (30 November 2007: 5.33p). Adjusted for exceptional items, basic earnings per share rose 11.9% to 5.25p (30 November 2007: 4.69p).

As at 30 November 2008 the Group had net debt of £40.8 million (30 November 2007: net funds of £40.2 million) with the main movement from the comparative period end being the £75 million acquisition of The Sanctuary.

The board is recommending a dividend increase of 10.2% for the period with an interim dividend of 1.185p per share (30 November 2007: 1.075p) to be paid on 6 April 2009 to shareholders on the register at the close of business on 27 February 2009.

Major projects

In the UK, construction of the Group's £26 million 'Personal Wash Centre of Excellence' in Manchester is on schedule and almost complete. Phase one, which was the transfer and upgrade of liquids manufacturing capability from the previous site has now been completed. 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 during the next few months.

In Nigeria, the two major investment projects are also on schedule. Firstly Project Unity, which is the £39 million investment in the manufacturing and broader supply chain facilities over the next few years is well underway. And secondly, the new UHT factory which is being constructed as part of the nutrition joint venture will be completed in the second half of the financial year.

Trading performance – overview

Overall, trading performance has been strong with revenue and operating profits before exceptional items increasing 31.5% and 21.9% respectively versus the comparative period. Exchange rate movements have overall been favourable, principally from the strengthening of the dollar versus sterling, and have contributed circa £40 million and £1 million to revenue and operating profits respectively. On a constant currency basis, revenue and operating profits have therefore increased 18% and 19% respectively, including the contribution from The Sanctuary purchased in January 2008.

Margin improvement initiatives have continued to offset the combined effect of further raw material cost increases during the period and the depreciation of certain African and Asian currencies versus the dollar.

After interest charges, mainly relating to the facility for the acquisition of The Sanctuary, profit before tax has increased 14% versus the comparative period. Excluding the £1 million exchange benefit, profit before tax rose 10%.

Financial position – overview

The Group's balance sheet remains healthy with a modest net debt position at the period end. Cash flow has been strong with a focus on working capital management and all capital expenditure funded from cash generation. The Group's net asset position has also benefited from the retranslation of overseas net assets at favourable exchange rates.

Regional reviews

Performance by region

Revenue (£m)

	2008	2007
Africa	**184.9**	131.3
Asia	**63.1**	54.4
Europe	**145.8**	113.8
Total	**393.8**	299.5

Operating profit before exceptional items (£m)

	2008	2007
Africa	**13.3**	11.4
Asia	**4.9**	4.8
Europe	**20.8**	15.8
Total	**39.0**	32.0

Africa

At a macro level, **Nigeria** remains relatively less impacted by the effects of the global credit crunch, with the high oil price during the past year allowing for the accumulation of significant foreign exchange reserves. Whilst oil prices have now moved downwards, the Nigerian government budget for 2009 has been set at a similar level to actual expenditure in 2008 with both years' budgets based on an oil price of $40 to $50 per barrel, and further supported by a managed depreciation of the Naira during January to enhance liquidity levels in the market.

Overall, performance in Nigeria has been strong with revenue and profitability up on the same period last year, with the business continuing to operate across the

four categories of Personal Care, Home Care, Electricals and Nutrition. The Group's holding in its listed Nigerian subsidiary has been increased from 61% to 63% following the period end.

In Personal Care and Home Care, growth has been driven by continued renovation of the core brands in haircare, skincare, babycare, medicaments and fabric care. Further raw material cost increases in the period have been offset, either by selling price increases or through cost reduction initiatives. Going forward, Project Unity will significantly modernise and upgrade the manufacturing platform of these businesses over the next three years.

In Electricals, revenue and profitability have continued to improve with continued high demand for the Haier-Thermocool brand across both white and brown goods. Further initiatives have taken place to enhance our point of differentiation in order to maintain the premium priced position which the brand enjoys in the market. These initiatives include the further roll-out of service centres which now total 23 nationwide and the establishment of a national customer call centre. The HT Coolworld retail outlets continue to be successful and reinforce the premium position of the brand. Three outlets have now been opened in Nigeria with a further outlet opened in Ghana during December.

Margins in the Nutrition joint venture were adversely affected in the first half by higher milk costs resulting in a small loss in the period. Milk costs are now falling and the business is expected to move into profitability in the second half. The core brands of Nunu and Coast continue to perform well in the market and the portfolio has been enhanced with the launch of a powdered yoghurt drink under the brand name Yo!. The breadth of the product portfolio will be expanded further when the UHT factory comes on stream in the second half.

In supply chain and distribution, further initiatives continue in addition to the Project Unity investment in order to improve our working capital management. These include investment in IT and processes in order to provide greater visibility of stock levels in the factories and depot network as well as reduction of supply chain lead times.

Ghana and **Kenya** have continued to perform well despite rising input costs in the first half as a result of both raw material cost increases and a depreciation of their currencies versus the dollar. In Ghana, sales of both electrical and nutrition products continue to progress well.

Asia

In **Australia**, performance for the period was at a similar level to the comparative period despite further raw material cost increases and a depreciation of the Australian dollar versus the US dollar. The brands continue to maintain their market leading positions in fabric care and dishwash supported by further new product launches in the first half. In addition, the business is well prepared with a strong product range in place ahead of an industry move to super-concentrated detergents in the second half.

Revenue in **Indonesia** is ahead of the same period last year, predominantly as a result of good growth of the Cussons Baby brand. Towards the end of the first half, a significant range extension to the brand was launched, 'Cussons First Years'. The extensive product range covering ante-natal, baby and toddler needs has been well received in the market and has extended the brand's number one position. Profitability was at a similar level to the comparative period despite the impact of adverse cost and exchange rate movements.

Revenue and profitability in the other Asian units of **Thailand** and the **Middle East** were ahead of the same period in the prior year.

Europe

In the **UK**, performance has been strong despite the worsening economic environment with all brands continuing to perform well. The Imperial Leather brand was completely relaunched in the period with a refreshed look and exciting new fragrances. The range has been extended with the launch of Imperial Leather 'Skin Bliss', a moisturising shower gel incorporating 'moisture-lock' technology. The Original Source range was also extended through new product launches including a new men's range of products. Carex has maintained its position as the UK's number one anti-bacterial handwash with sales of the new waterless hand gels performing well. This ongoing programme of new product innovation focused on the UK market has ensured continued good performance and maintenance of the business's number one position in the UK personal wash category. In haircare, Charles Worthington has also performed well again supported by new product launches such as the 'Time Defy' range of products, resulting in maintenance of the number two position in the professional haircare category. Supply chain efforts in the UK have been focused on the move of manufacturing facilities to the new site which has now been completed.

The Sanctuary, purchased in January 2008, has continued to perform well during the period with a product range that represents excellent value in the current climate supported by brand innovation and a loyal consumer base. Sales in the important Christmas trading period post period end were well ahead of the prior year. The spa continues to run well with visitor numbers in line with the previous year and close to capacity.

In **Poland**, trading is at a similar level to the comparative period with continued focus on the two core brands of 'E' (clothes detergent, fabric conditioner and household cleaning products) and Luksja (bar soaps and shower gels). Focus in the period has been on extending the new product pipeline as a platform for future growth.

Revenue and profitability in **Greece** are ahead of the same period last year following further growth across the Minerva range which is evolving into the leading local Greek brand providing nutrition through its sub-ranges of Horio, So Real and Benecol products. During the period, a small cheese manufacturing facility was acquired at a cost of £3 million in order to launch a range of cheeses under the current brand structure in the second half of the year.

Exceptional items

Exceptional items for the period ended 30 November 2008 relate to restructuring of the UK business. Further details are given in note 4.

Taxation

The effective tax rate before exceptional items was 29.0% (30 November 2007: 28.9%).

Directors

As part of the planned development of the senior management structure, Graham Calder, Deputy Chairman, moved to a part-time basis from 1 December and Sam Plant, Head of Corporate Services on the Operational Board, has assumed the role of Company Secretary.

Chris Davis, formerly Regional Director Africa, has now assumed the wider role of Commercial Director.

Outlook

The outlook for the full year remains positive despite the global economic downturn. The Group's geographical spread, its ability to adapt its business model to suit local economic conditions, falling raw material costs and a strong pipeline of new products should allow the Group to continue to perform well throughout the downturn.

We remain cautiously optimistic for the future having built a strong platform for future growth.

The strength of the Group's balance sheet with its modest net debt position and healthy cash flow will allow the Group to fund its remaining capital investment programme from operating cash flows whilst still allowing scope to fund future growth opportunities.

Overall performance since the period end has been in line with expectations.

Principal risks and uncertainties facing the Group

Our principal risks and uncertainties for the remaining six months of the financial year remain as stated on page 35 of our 2008 Annual Report which is available on our website at www.pzcussons.com.

		Unaudited Half-year to 30 November 2008			Unaudited Half-year to 30 November 2007			Audited Year to 31 May 2008		
	Note	**Before exceptional items £m**	**Exceptional items (note 4) £m**	**Total £m**	Before exceptional items £m	Exceptional items (note 4) £m	Total £m	Before exceptional items £m	Exceptional items (note 4) £m	Total £m
Continuing operations										
Revenue	3	**393.8**	**–**	**393.8**	299.5	–	299.5	660.9	–	660.9
Cost of sales		**(256.3)**	**–**	**(256.3)**	(182.8)	–	(182.8)	(419.1)	(3.1)	(422.2)
Gross profit		**137.5**	**–**	**137.5**	116.7	–	116.7	241.8	(3.1)	238.7
Selling and distribution costs		**(61.0)**	**–**	**(61.0)**	(54.7)	–	(54.7)	(105.0)	–	(105.0)
Administrative expenses		**(36.2)**	**(2.1)**	**(38.3)**	(30.8)	2.9	(27.9)	(60.2)	3.1	(57.1)
Share of results of joint venture		**(1.3)**	**–**	**(1.3)**	0.8	–	0.8	(0.2)	–	(0.2)
Operating profit	3	**39.0**	**(2.1)**	**36.9**	32.0	2.9	34.9	76.4	–	76.4
Finance income		**1.3**	**–**	**1.3**	1.5	–	1.5	3.4	–	3.4
Finance costs		**(3.4)**	**–**	**(3.4)**	(1.0)	–	(1.0)	(3.3)	–	(3.3)
Net finance (costs) / income	5	**(2.1)**	**–**	**(2.1)**	0.5	–	0.5	0.1	–	0.1
Profit before taxation		**36.9**	**(2.1)**	**34.8**	32.5	2.9	35.4	76.5	–	76.5
Taxation	7	**(10.7)**	**0.6**	**(10.1)**	(9.4)	(0.2)	(9.6)	(21.4)	0.2	(21.2)
Profit for the period		**26.2**	**(1.5)**	**24.7**	23.1	2.7	25.8	55.1	0.2	55.3
Attributable to:										
Equity holders of the parent		**22.4**	**(1.5)**	**20.9**	19.9	2.7	22.6	45.9	1.1	47.0
Minority interests		**3.8**	**–**	**3.8**	3.2	–	3.2	9.2	(0.9)	8.3
		26.2	**(1.5)**	**24.7**	23.1	2.7	25.8	55.1	0.2	55.3
Basic EPS (p)	9			**4.90**			5.33			11.04
Diluted EPS (p)	9			**4.88**			5.27			10.96
Adjusted basic EPS (p)	9			**5.25**			4.69			10.78
Adjusted diluted EPS (p)	9			**5.23**			4.64			10.71

The notes on pages 7 to 13 form an integral part of this condensed half-yearly information.

	Note	**Unaudited 30 November 2008 £m**	Unaudited 30 November 2007 £m	Audited 31 May 2008 £m
Assets				
Non-current assets				
Goodwill and other intangible assets		**151.4**	55.0	152.2
Property, plant and equipment	6	**215.2**	147.7	180.0
Other investments		**0.8**	0.7	0.7
Receivables		**28.8**	12.6	22.9
Non-current assets held for sale		**–**	5.8	–
Retirement benefit surplus		**15.8**	23.1	21.5
		412.0	244.9	377.3
Current assets				
Inventories		**227.0**	162.9	167.4
Trade and other receivables		**138.3**	106.2	113.6
Other investments		**0.3**	13.5	0.3
Cash and short-term deposits		**41.4**	44.6	44.0
Current taxation receivable		**3.0**	2.4	2.1
		410.0	329.6	327.4
Total assets		**822.0**	574.5	704.7
Liabilities				
Current liabilities				
Borrowings		**(30.1)**	(17.9)	(16.4)
Trade and other payables		**(177.7)**	(104.0)	(113.9)
Current taxation payable		**(15.5)**	(11.9)	(13.0)
Provisions		**(2.4)**	(4.7)	(2.1)
		(225.7)	(138.5)	(145.4)
Non-current liabilities				
Borrowings		**(52.4)**	–	(59.9)
Other liabilities		**(2.1)**	(0.7)	(1.5)
Deferred tax liabilities		**(42.6)**	(20.3)	(40.7)
Retirement benefit obligations		**(36.9)**	(37.2)	(47.9)
Provisions		**(3.9)**	(3.1)	(3.4)
		(137.9)	(61.3)	(153.4)
Total liabilities		**(363.6)**	(199.8)	(298.8)
Net assets		**458.4**	374.7	405.9
Equity				
Ordinary share capital		**4.3**	4.3	4.3
Capital redemption reserve		**0.7**	0.7	0.7
Revaluation reserve		**35.8**	30.5	29.8
Other reserve		**(2.6)**	(3.0)	(2.6)
Currency translation reserve		**45.6**	6.5	23.0
Hedging reserve		**(1.1)**	–	–
Retained earnings		**301.9**	286.2	293.5
Equity attributable to equity holders of the parent		**384.6**	325.2	348.7
Equity minority interest		**73.8**	49.5	57.2
Total equity	12	**458.4**	374.7	405.9

The notes on pages 7 to 13 form an integral part of this condensed half-yearly information.

	Unaudited Half-year to 30 November 2008 £m	Unaudited Half-year to 30 November 2007 £m	Audited Year to 31 May 2008 £m
Actuarial gains / (losses) on defined benefit pension schemes	**4.0**	–	(21.4)
Exchange differences on translation of foreign operations	**46.5**	6.9	29.2
Interest rate hedge – fair value of losses	**(1.5)**	–	–
Taxation on items taken directly to equity	**(1.2)**	–	4.2
Net income recognised directly in equity	**47.8**	6.9	12.0
Profit for the period	**24.7**	25.8	55.3
Total net income and expense recognised for the period	**72.5**	32.7	67.3
Attributable to:			
Equity holders of the parent	**50.8**	27.8	54.7
Minority interests	**21.7**	4.9	12.6

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Half-year to 30 November 2008 £m	Unaudited Half-year to 30 November 2007 £m	Audited Year to 31 May 2008 £m
Operating activities			
Cash generated from operations (note 10)	**37.3**	10.5	53.0
Taxation	**(5.9)**	(6.8)	(17.1)
Net cash flow from operating activities	**31.4**	3.7	35.9
Investing activities			
Investment income received	**1.3**	1.5	3.5
Purchase of property, plant and equipment	**(22.9)**	(15.6)	(37.6)
Sale of property, plant and equipment	**0.8**	6.7	9.8
Sale / (purchase) of intangible assets	**4.3**	(0.6)	(0.7)
Loans granted to joint ventures	**(0.5)**	–	(9.9)
Acquisition of subsidiary	**–**	–	(74.4)
Sale of current asset investments	**–**	0.6	13.8
Net cash flow from investing activities	**(17.0)**	(7.4)	(95.5)
Financing activities			
Interest paid	**(3.4)**	(1.0)	(3.3)
Dividends paid to minority interests	**(2.0)**	(2.0)	(2.2)
Purchase of shares for Employee Share Option Trust	**–**	–	(0.2)
Dividends paid to company shareholders (note 8)	**(15.5)**	(13.9)	(18.5)
Net (decrease) / increase in borrowings	**(4.6)**	(0.6)	67.8
Net cash flow from financing activities	**(25.5)**	(17.5)	43.6
Net decrease in cash and cash equivalents	**(11.1)**	(21.2)	(16.0)
Cash and cash equivalents at the beginning of the period (note 11)	**38.1**	50.1	50.1
Effect of foreign exchange rates (note 11)	**(2.0)**	(0.3)	4.0
Cash and cash equivalents at the end of the period (note 11)	**25.0**	28.6	38.1

The notes on pages 7 to 13 form an integral part of this condensed half-yearly information.

1 Basis of preparation

These interim financial statements for the period ended 30 November 2008, which have been reviewed but not audited, have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union (EU). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 May 2008, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The interim financial statements for the period ended 30 November 2008 do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The financial information set out in this statement relating to the year ended 31 May 2008 does not constitute statutory accounts for that period. Full audited accounts of the Group in respect of that financial period have been delivered to the Registrar of Companies. The report of the auditors on these accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under either Section 237(2) or (3) of the Companies Act 1985.

2 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 May 2008, as described in those annual financial statements. IFRIC 12, 'Service concession arrangements' is mandatory for the first time for the financial year ending 31 May 2009 but is not expected to have a material impact for the Group.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ending 31 May 2009 and have not been early adopted:

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply IFRS 8 from 1 June 2009. The expected impact is still being assessed in detail.

- IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures' is effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This is applicable to the Group from 1 June 2010. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and joint ventures on the Group.

- IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The Group will apply IAS 1 (amended) from 1 June 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. The interpretation clarifies the limitations on recognising defined benefit pension surpluses (and the related deferred tax liabilities) in the balance sheet and may also require recognition of an additional liability for any committed future contributions. This is applicable to the Group from 1 June 2009. The expected impact is still being assessed by management.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ending 31 May 2009 and have no material impact for the Group:

- IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (amended) from 1 June 2009, but it is currently not applicable.

- IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The Group will apply IAS 32 (amended) from 1 June 2009. This is not relevant for the Group, as it does not have any puttable instruments.

- IFRS 2 (amendment), 'Share-based payment transactions', effective for annual periods beginning on or after 1 January 2009. The Group will apply IFRS 2 (amended) from 1 June 2009. The impact is not expected to be material.

- IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group's operations.

3 Segmental analysis

The Group's primary segment reporting is by geographic sector with business sector reporting being the secondary format. The Group has three geographic sectors which are based on the location of customers and they comprise of Africa, Asia and Europe. The Group has three main business sectors, being: toiletries and household products; food and nutrition; and electrical goods.

Geographic segments (unaudited)

Half-year to 30 November 2008

	Africa £m	**Asia £m**	**Europe £m**	**Eliminations £m**	**Total £m**
Total gross segment revenue	**184.9**	**81.4**	**266.2**	**(138.7)**	**393.8**
Inter segment revenue	**–**	**(18.3)**	**(120.4)**	**138.7**	**–**
Revenue	**184.9**	**63.1**	**145.8**	**–**	**393.8**
Segmental operating profit before exceptional items and share of results of joint venture	**14.6**	**4.9**	**20.8**	**–**	**40.3**
Share of results of joint venture	**(1.3)**	**–**	**–**	**–**	**(1.3)**
Segmental operating profit before exceptional items	**13.3**	**4.9**	**20.8**	**–**	**39.0**
Exceptional items (note 4)	**–**	**–**	**(2.1)**	**–**	**(2.1)**
Segmental operating profit	**13.3**	**4.9**	**18.7**	**–**	**36.9**

Half-year to 30 November 2007

	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Total gross segment revenue	131.3	65.0	193.1	(89.9)	299.5
Inter segment revenue	–	(10.6)	(79.3)	89.9	–
Revenue	131.3	54.4	113.8	–	299.5
Segmental operating profit before exceptional items and share of results of joint venture	10.6	4.8	15.8	–	31.2
Share of results of joint venture	0.8	–	–	–	0.8
Segmental operating profit before exceptional items	11.4	4.8	15.8	–	32.0
Exceptional items (note 4)	–	–	2.9	–	2.9
Segmental operating profit	11.4	4.8	18.7	–	34.9

Business segments

The following table provides an analysis of the Group's revenue by business segment.

	Unaudited Half-year to 30 November 2008 £m	Unaudited Half-year to 30 November 2007 £m
Toiletries and household	**288.5**	224.0
Food and nutrition	**63.0**	49.1
Electrical goods	**42.3**	26.4
Revenue	**393.8**	299.5

4 Exceptional items

Half-year to 30 November 2008

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 resulting in an exceptional charge of £2.1 million.

Half-year to 30 November 2007

Profit on disposal of property, plant and equipment
The sale of the UK manufacturing site in Manchester resulted in an exceptional gain on disposal of £2.9 million.

Year to 31 May 2008
The exceptional charge of nil is made up of the following items:

- **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 resulting in an exceptional charge of £3.3 million.

- **Profit on disposal of property, plant and equipment**
  The sale of the UK manufacturing site in Manchester resulted in an exceptional gain on disposal of £2.1 million.

- **Restructuring of African operations**
  A significant restructuring of African businesses (Project Unity), made up of redundancy and other associated restructuring costs resulting in an exceptional charge of £4.4 million.

- **Pension curtailment**
  The closure of the UK based defined benefit pension schemes resulted in an exceptional curtailment gain of £5.6 million, net of associated costs.

5 Net finance (costs) / income

	Unaudited Half-year to 30 November 2008 £m	Unaudited Half-year to 30 November 2007 £m	Audited Year to 31 May 2008 £m
Net investment gains	**–**	–	0.2
Interest and dividends receivable	**1.3**	1.5	3.2
	1.3	1.5	3.4
Interest payable on bank loans and overdrafts	**(3.4)**	(1.0)	(3.3)
	(2.1)	0.5	0.1

6 Capital expenditure

During the half-year ended 30 November 2008 the Group acquired capital equipment amounting to £24.1 million (30 November 2007: £15.8 million) and disposed of capital equipment with a net book value of £0.5 million (30 November 2007: £3.1 million).

At 30 November 2008, the Group had entered into commitments for the acquisition of property, plant and equipment amounting to £23.9 million. At 30 November 2008, the Group had entered into capital commitments of £4.7 million in relation to its interests in joint ventures and the Group's share was £2.4 million.

7 Taxation

	Unaudited Half-year to 30 November 2008 £m	Unaudited Half-year to 30 November 2007 £m	Audited Year to 31 May 2008 £m
United Kingdom	**4.2**	4.4	7.1
Overseas	**5.9**	5.2	14.1
	10.1	9.6	21.2

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 May 2009 is 28% (the estimated tax rate for the half-year to 30 November 2007 was 29%).

8 Dividends

An interim dividend of 1.185p per share for the half-year to 30 November 2008 (30 November 2007: 1.075p) has been declared totalling £5.1 million (30 November 2007: £4.6 million) and is payable on 6 April 2009 to ordinary shareholders on the register on 27 February 2009. This interim dividend has not been recognised in this half yearly report. The proposed final dividend for the year ended 31 May 2008 of 3.625p per share, totalling £15.5 million, was approved by shareholders at the annual general meeting of the company and paid on 1 October 2008.

9 Earnings per share

Basic earnings per share and diluted earnings per share are calculated by dividing profit for the period by the following weighted average number of shares in issue:

	Unaudited Half-year to 30 November 2008	Unaudited Half-year to 30 November 2007	Audited Year to 31 May 2008
Basic weighted average (000)	**426,665**	424,348	425,766
Diluted weighted average (000)	**428,699**	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, executive share option schemes and performance share plan. The basic and diluted earnings per share for the period are as follows:

	Unaudited Half-year to 30 November 2008	Unaudited Half-year to 30 November 2007	Audited Year to 31 May 2008
Basic earnings per share:			
– Adjusted basic earnings per share	**5.25p**	4.69p	10.78p
– Exceptional items	**(0.35)p**	0.64p	0.26p
– Basic earnings per share	**4.90p**	5.33p	11.04p
Diluted earnings per share:			
– Adjusted diluted earnings per share	**5.23p**	4.64p	10.71p
– Exceptional items	**(0.35)p**	0.63p	0.25p
– Diluted earnings per share	**4.88p**	5.27p	10.96p

10 Reconciliation of profit before taxation to cash generated from operations

	Unaudited Half-year to 30 November 2008 £m	Unaudited Half-year to 30 November 2007 £m	Audited Year to 31 May 2008 £m
Profit before taxation	**34.8**	35.4	76.5
Adjustment for finance costs / (income)	**2.1**	(0.5)	(0.1)
Operating profit	**36.9**	34.9	76.4
Depreciation	**8.7**	7.6	15.7
Profit on sale of tangible fixed assets	**(0.3)**	(3.5)	(5.5)
Profit on sale of intangible fixed assets	**–**	–	(4.3)
Share of result from joint ventures	**1.3**	(0.8)	0.2
Share based payments	**0.6**	–	0.6
Operating cash flows before movements in working capital	**47.2**	38.2	83.1
Movements in working capital:			
Inventories	**(29.9)**	(9.5)	(3.8)
Receivables	**(12.7)**	(18.8)	(13.7)
Payables	**32.0**	2.9	(7.6)
Provisions	**0.7**	(2.3)	(5.0)
Cash generated from operations	**37.3**	10.5	53.0

11 Net debt reconciliation

Group net debt comprises the following:

	Audited 1 June 2008 £m	Unaudited Cash flow £m	Unaudited Foreign exchange £m	Unaudited Non cash items £m	**Unaudited 30 November 2008 £m**
Cash at bank and in hand	20.4	(0.5)	0.1	–	**20.0**
Overdrafts	(5.9)	(7.8)	(2.7)	–	**(16.4)**
Short term deposits	23.6	(2.8)	0.6	–	**21.4**
Cash and cash equivalents	**38.1**	**(11.1)**	**(2.0)**	**–**	**25.0**
Current asset investments	0.3	–	–	–	**0.3**
Bank loans less than 1 year	(10.5)	4.6	(0.3)	(7.5)	**(13.7)**
Bank loans greater than 1 year	(59.9)	–	–	7.5	**(52.4)**
Net debt	**(32.0)**	**(6.5)**	**(2.3)**	**–**	**(40.8)**

12 Condensed reconciliation of movement in consolidated equity

	Unaudited Half-year to 30 November 2008 £m	Unaudited Half-year to 30 November 2007 £m	Audited Year to 31 May 2008 £m
Total net income recognised for the period	**72.5**	32.7	67.3
Ordinary dividends	**(15.5)**	(13.9)	(18.5)
Shares purchased for ESOT	**–**	–	(0.2)
Shares to be awarded from ESOT	**–**	–	0.6
Share-based payments	**0.6**	–	0.3
Minority interest dividend charged	**(5.1)**	(3.5)	(3.0)
Net increase in equity for the period	**52.5**	15.3	46.5
Opening equity	**405.9**	359.4	359.4
Closing equity	**458.4**	374.7	405.9
Attributable to:			
Equity shareholders of the parent	**384.6**	325.2	348.7
Minority interests	**73.8**	49.5	57.2

13 Retirement benefits

The Group has three main defined benefit schemes which are based and administered in the UK and are now closed. The amounts recognised in the balance sheet are determined as follows:

	Unaudited 30 November 2008 £m	Unaudited 30 November 2007 £m	Audited 31 May 2008 £m
Present value of scheme liabilities	**(210.6)**	(243.3)	(251.3)
Fair value of scheme assets	**189.5**	229.2	224.9
Retirement benefit deficit	**(21.1)**	(14.1)	(26.4)

The key financial assumptions applied in the actuarial review of the pension schemes have been reviewed in the preparation of these interim accounts and amended where appropriate. The principal assumptions made were:

	Unaudited Half-year to 30 November 2008 % per annum	Unaudited Half-year to 30 November 2007 % per annum	Audited Year to 31 May 2008 % per annum
Rate of increase in salaries	**4.00**	4.10	4.80
Rate of increase in retirement benefits in payment	**3.00**	3.10	3.80
Discount rate	**6.00**	5.20	5.70
Inflation assumption	**3.00**	3.10	3.80

The last triennial actuarial valuations of the schemes administered in the UK were performed by independent professional actuaries at 1 June 2006.

The movement during the period is as follows:

	Unaudited £m
Retirement benefit deficit as at 1 June 2008	(26.4)
Expected return on scheme assets	7.0
Interest cost	(7.0)
Employer contributions	1.3
Actuarial gain	4.0
Retirement benefit deficit as at 30 November 2008	(21.1)

14 Related party transactions

The following related party transactions were entered into by subsidiary companies during the period under the terms of a joint venture agreement with Glanbia Plc.

At 30 November 2008 the outstanding balance receivable from Milk Ventures (UK) Ltd was £23.8 million (31 May 2008: £23.2 million). There was no outstanding balance payable to Milk Ventures (UK) Ltd (31 May 2008: nil).

The Group sourced and then sold fixed assets and raw materials to Nutricima Ltd to the value of £26.9 million (30 November 2007: £23.1 million). At 30 November 2008 the amount outstanding from Nutricima Ltd was £8.5 million (31 May 2008: £4.4 million).

Nutricima Ltd sold £28.4 million (30 November 2007: £23.0 million) of goods to PZ Cussons Nigeria Plc. The amount outstanding from PZ Cussons Nigeria Plc at 30 November 2008 was £4.6 million (31 May 2008: £2.7 million). All trading balances will be settled in cash.

There were no provisions for doubtful related party receivables at 30 November 2008 (31 May 2008: nil) and no charge to the income statement in respect of doubtful related party receivables (30 November 2007: nil).

The Directors' confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of PZ Cussons Plc are listed in the PZ Cussons Plc Annual Report for 31 May 2008.

By order of the Board

Brandon Leigh
Finance Director
27 January 2009

Introduction

We have been engaged by PZ Cussons Plc to review the condensed set of financial statements in the interim financial report for the half year to 30 November 2008, which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Recognised Income and Expense, Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the interim 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 interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed within the Basis of Preparation note, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to PZ Cussons Plc a conclusion on the condensed set of financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 Ireland) 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 interim financial report for the half year to 30 November 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Manchester
27 January 2009

Notes:

(a) The maintenance and integrity of the PZ Cussons Plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors

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A J Green

Deputy Chairman
A G Calder

Chief Executive
G A Kanellis

J A Arnold*
C G Davis
S J N Heale*
B H Leigh
D W Lewis*
J Pantelireis
J T J Steel*

*Non-executive

Company Secretary
S P Plant

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